Oliver Gardens Limited Dividend Housing Association Limited Partnership

(a Michigan limited partnership)

MSHDA Development No. 3007

Financial Report
with Additional Information
December 31, 2016

Certificate of Partners

I hereby certify that I have examined the accompanying financial statements and additional information of Oliver Gardens Limited Dividend Housing Association Limited Partnership (a Michigan limited partnership), MSHDA Development No. 3007, and to the best of my knowledge and belief, they represent a true statement of the data set forth therein for the year ended December 31, 2016.

Patricia Baines-Lake
Executive Director

March 1, 2017
Date

ID# 20-453000
Employer Identification Number

Management Agent's Certification

I certify that I have examined the attached financial statements and additional information of Oliver Gardens Limited Dividend Housing Association Limited Partnership (a Michigan limited partnership), MSHDA Development No. 3007, and to the best of my knowledge and belief, they represent a true statement of the data set forth therein for the year ended December 31, 2016.

Patricia Baines-Lake
Executive Director

March 1, 2017
Date

(517) 487-6550
Telephone Number

ID# 38-2801459
Management Company Employer Identification Number

Lansing Housing Commission
Property Manager

Oliver Gardens Limited Dividend Housing Association Limited Partnership
MSHDA Development No. 3007

Contents

Plante & Moran, PLLC
Suite 500
2601 Cambridge Court
Auburn Hills, MI 48326
Tel: 248.375.7100
Fax: 248.375.7101
plantemoran.com

Independent Auditor's Report

To the Partners
Oliver Gardens Limited Dividend Housing
Association Limited Partnership

Report on the Financial Statements

We have audited the accompanying financial statements of Oliver Gardens Limited Dividend Housing Association Limited Partnership (the "Partnership"), MSDHA Development No. 3007, as of and for the ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Oliver Gardens Limited Dividend Housing Association Limited Partnership's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Oliver Gardens Limited Dividend Housing Association Limited Partnership, MSDHA Development No. 3007, as of December 31, 2016 and the respective changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Prior Year Financial Statements and Restatement

As discussed in Note 7 to the basic financial statements, the 2015 basic financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

The basic financial statements of Oliver Gardens Limited Dividend Housing Association Limited Partnership as of and for the year ended December 31, 2015 were audited by a predecessor auditor, who expressed an unmodified opinion. The predecessor auditor's report was dated February 29, 2016.

To the Partners
Oliver Gardens Limited Dividend Housing
Association Limited Partnership

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2017 on our consideration of Oliver Gardens Limited Dividend Housing Association Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oliver Gardens Limited Dividend Housing Association Limited Partnership's internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 1, 2017

Oliver Gardens Limited Dividend Housing Association Limited Partnership
MSHDA Development No. 3007

Balance Sheet

December 31, 2016 and 2015

	2016	2015
Assets		
Cash - Operating	$ 33,994	$ 30,294
Accounts receivable:		
Resident rents	537	-
Related party (Note 6)	1,799	1,799
Prepaid expenses	3,783	5,161
Escrows: (Note 4)		
Replacement reserve	101,250	85,491
Operating reserve	12,307	4,860
Operating assurance	136,821	127,255
Tax and insurance escrow	50,500	57,825
Tenant security deposits	4,406	4,406
Tax credit fees - Net of amortization	7,638	9,165
Investment in rental property - At cost:		
Land	685,162	685,162
Building and land improvements	3,318,485	3,318,485
Equipment and fixtures	188,459	188,459
Accumulated depreciation	(1,572,977)	(1,432,717)
Total assets	**$ 2,972,164**	**$ 3,085,645**
Liabilities and Partners' Deficit		
Liabilities		
Developer fee payable (Note 6)	$ 405,767	$ 405,767
Related party payable (Note 6)	270,693	264,258
Accrued liabilities and other:		
Property taxes	17,915	25,067
Accrued liabilities:		
Accrued interest	49,799	44,843
Deferred interest on first mortgage (Note 5)	89,796	81,880
Management fees (Note 6)	73,005	58,875
Utilities	3,685	3,685
Asset management fees (Note 6)	54,675	48,151
Accrued partnership management fees (Note 6)	90,000	80,000
Unearned rental income - Operating	1,381	-
Tenant security deposits	4,528	4,502
Notes payable:		
Notes payable - CDBG (Note 5)	550,000	550,000
Long-term related party loans	300,133	300,133
Mortgage note payable (Note 5)	1,534,650	1,561,719
HOME loan (Note 5)	170,000	170,000
Total liabilities	3,616,027	3,598,880
Partners' Deficit - As restated (Note 7)	(643,863)	(513,235)
Total liabilities and partners' deficit	**$ 2,972,164**	**$ 3,085,645**

Statement of Operations

Years Ended December 31, 2016 and 2015

	2016	2015
Revenue		
Rental income	$ 260,063	$ 257,747
Vacancy loss	-	(2,590)
Net rental income	260,063	255,157
Other income:		
Interest income	20,968	18,692
Other	-	25
Total other income	20,968	18,717
Total revenue	281,031	273,874
Expenses		
Administrative:		
Management fees (Note 6)	14,130	14,130
Administrative:		
Administrative payroll	5,934	8,508
Telephone	3,312	1,857
Miscellaneous	112	8,816
Utilities	67,907	72,719
Operating and maintenance:		
Maintenance payroll	2,902	16,736
Operating and maintenance	17,984	20,156
Other expenses:		
Property taxes	18,338	4,086
Interest	93,331	94,756
Insurance	14,348	12,587
Depreciation and amortization	141,787	140,329
Asset management fee	6,524	6,334
Audit fee	15,050	6,300
Partnership management fee	10,000	10,000
Total expenses	411,659	417,314
Net Loss	**$ (130,628)**	**$ (143,440)**

Oliver Gardens Limited Dividend Housing Association Limited Partnership
MSHDA Development No. 3007

Statement of Partners' Deficit

Years Ended December 31, 2016 and 2015

	General Partner 0.01%	Limited Partner 99.99%	Total
Balance - January 1, 2015 - As restated (Note 7)	$ (42)	$ (369,753)	$ (369,795)
Net loss	(14)	(143,426)	(143,440)
Balance - December 31, 2015	(56)	(513,179)	(513,235)
Net loss	(77,678)	(52,950)	(130,628)
Balance - December 31, 2016	**$ (77,734)**	**$ (566,129)**	**$ (643,863)**

Oliver Gardens Limited Dividend Housing Association Limited Partnership
MSHDA Development No. 3007

Statement of Cash Flows

Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Net loss	$ (130,628)	$ (143,440)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation	140,260	138,802
Deferred financing costs	1,298	1,298
Amortization	1,527	1,527
Changes in operating assets and liabilities which (used) provided cash:		
Accounts receivable	(537)	-
Utilities payable	-	(1,020)
HUD subsidy payable	-	(26,929)
Prepaid expenses and other assets	1,378	(1,628)
Accounts payable	1,381	(4,706)
Deferred interest on mortgage	7,916	8,054
Mortgage interest	3,658	4,862
Management fees	30,680	30,464
Real estate taxes	(7,152)	(10,643)
Related party payable	6,435	-
Tenant security deposits - Net	-	(92)
Net cash provided by (used in) operating activities	56,216	(3,451)
Cash Flows from Investing Activities		
Funded reserves - Net	(25,447)	(16,778)
Purchase of property and equipment	-	(12,510)
Net cash used in investing activities	(25,447)	(29,288)
Cash Flows from Financing Activities		
Payments on debt	(27,069)	(26,986)
Owner advances	-	52,107
Net cash (used in) provided by financing activities	(27,069)	25,121
Net Increase (Decrease) in Cash	3,700	(7,618)
Cash - Beginning of year	30,294	37,912
Cash - End of year	**$ 33,994**	**$ 30,294**
Supplemental Cash Flow Information - Cash paid for interest	$ 87,077	$ 80,542

See notes to financial statements.

Note 1 - Nature of Business

Oliver Gardens Limited Dividend Housing Association Limited Partnership (the "Partnership") was formed as a limited partnership under the laws of the State of Michigan on June 30, 2006, under the Michigan Uniform Limited Partnership Act, for the purpose of acquiring, rehabilitating, and operating a rental housing project as regulated by the Michigan State Housing Development Authority (MSHDA). The project consists of 30 units located in Lansing, Michigan and is currently operating under the name of Oliver Gardens. Project operations began during July 2007.

Agreements with MSHDA provide for the regulation of rental charges, restrictions on the disposition of property, and limitations on annual cash distributions to partners.

The building of the project has qualified for and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42), which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. The building of the project must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits. In addition, the Partnership has executed an Extended Use Agreement, which requires the utilization of the project pursuant to Section 42 for a minimum of 30 years, even if the Partnership disposes of the project.

Under the terms of the Regulatory Agreement executed in connection with obtaining a mortgage loan, the Michigan State Housing Development Authority (MSHDA) regulates distributions to partners and requires funding of various escrows and reserves.

Note 2 - Significant Accounting Policies

Basis of Accounting

The Partnership maintains its accounting records and prepares its financial statements on an accrual basis, which is in accordance with accounting principles generally accepted in the United States of America.

Classification of Assets and Liabilities

The financial affairs of the Partnership do not generally involve a business cycle. Accordingly, the classification of assets and liabilities between current and long term is not used.

As required by MSHDA, certain items in the financial statements have been designated as operating items as they relate to the operation of the housing project and certain items have been designated as Partnership items as they relate to the operation of the Partnership that owns the housing project.

Payments in Lieu of Property Taxes

The Partnership is a participant in a tax abatement program providing for payments in lieu of property taxes. The payments are computed as 10 percent of the net of 95 percent of rental income, less utilities expense. The payments are deducted in the income statement in the year in which the related rental income and utilities expense are recognized.

Tenant Accounts Receivable

Tenant accounts receivable are stated at net rent amounts. The Partnership considers any tenant accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts are determined to be uncollectible, they are charged to operations at that time.

Note 2 - Significant Accounting Policies (Continued)

Rental Income

The Partnership records apartment rentals at gross potential rent as adjusted for vacancy loss as prescribed by MSHDA. Rental value of vacancies is stated separately to present net rental income. Units that are designated for occupancy by eligible low-income tenants under a Section 8 Housing Assistance Payment contract require tenants to contribute a portion of the contract rent based on formulas prescribed by the Department of Housing and Urban Development. Housing assistance payments are received for the balance of contract rent from HUD. The current contract expires on July 31, 2017. Total subsidy income recorded for the years ended December 31, 2016 and 2015 was $174,911 and $172,653, respectively.

Property and Equipment

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives. Buildings are depreciated over 40 years, land improvements are depreciated over 15 years, and furniture and fixtures are depreciated over five years. Costs of maintenance and repairs are charged to expense when incurred.

Depreciation expense for property and equipment totaled $140,260 and $138,802 for the years ended December 31, 2016 and 2015, respectively.

Tenant Security Deposits

The Partnership maintains a tenant security deposit account to cover the security deposit liability. The account consists of cash.

Income Taxes

The Partnership is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Partnership. Partners are taxed individually on their pro-rata ownership share of the Partnership’s earnings. The Partnership’s net income or loss is allocated among the partners in accordance with the Partnership’s operating agreement.

Partner Allocation of Profits and Losses

The Partnership has one general partner, Oliver Gardens, LLC (the "General Partner"), which has a .01 percent interest, and one limited partner, NEF Assignment Corporation (the "Limited Partner"), which has a 99.99 percent interest.

Generally, profits and losses are allocated .01 percent to the General Partner and 99.99 percent to the Limited Partner.

Distributable cash flow, as defined by the operating agreement, is distributable as follows:

1. To the Limited Partner to the extent of any amount which the Limited Partner is entitled to receive to satisfy any payment required pursuant to the credit adjusters section in the partnership agreement

2. To the developer to pay any unpaid balance on the deferred development fee

3. Payment of any accrued and payable asset management fees to the asset manager

4. To the operating reserve account until such time as such account is equal to the operating reserve target amount

5. To pay any accrued and unpaid interest and unpaid principal on loans made by the Limited Partner

6. To pay any accrued and unpaid interest and unpaid principal on loans made by the General Partner

Note 2 - Significant Accounting Policies (Continued)

7. To the General Partner (in order of loans made, with earlier loans repaid in full before subsequent loans are repaid) to repay any amounts treated as loans to the Partnership (without interest) by the General Partner pursuant to the partnership agreement

8. $10,000 to the General Partner as a partnership management fee, on a cumulative basis

9. If any remaining cash flow shall be distributed, it is distributable 80 percent to the General Partner and 20 percent to the Limited Partner.

Deferred Tax Credit Costs

Tax credit fees are amortized using the straight-line method over 15 years. Tax credit fees amount to $22,917 as of December 31, 2016 and 2015. Amortization expense was $1,527 for each of the years ended December 31, 2016 and 2015. Accumulated amortization was $15,279 and $13,752 as of December 31, 2016 and 2015, respectively.

Impairment or Disposal of Long-lived Assets

The Partnership recognizes impairment of long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. No impairment of the Partnership's rental property has occurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including March 1, 2017, which is the date the financial statements were available to be issued.

Note 3 - Change in Accounting Principle

As of January 1, 2016, the Partnership adopted new guidance related to the presentation of debt issuance costs in its balance sheet. Under the new guidance, debt issuance costs are reported as a direct deduction from the carrying amount of the related debt. Previously, debt issuance costs were presented as an asset. The new presentation requirements have been applied retrospectively and amounts reported in the 2015 balance sheet have been restated as follows:

Balance Sheet

	As Originally Reported	As Restated	Effect of Change
Assets - Debt issuance costs	$ 34,389	$ -	$ (34,389)
Liabilities - Long-term debt	$ 1,596,108	$ 1,561,719	$ (34,389)

Note 3 - Change in Accounting Principle (Continued)

The new guidance does not affect how the debt issuance costs are accounted for after initial recognition and these amounts continue to be amortized over the term of the related debt. However, the amortization of debt issuance costs is now required to be reported as a component of interest expense; previously, these amounts were reported as part of amortization expenses. The statement of operations for 2015 has been restated to report $1,298 of amortization of debt issuance costs as a component of interest expense.

Note 4 - Escrows and Reserves

The operating assurance reserve, replacement reserve, and the taxes and insurance reserve are maintained under the control of the mortgagee for the benefit of the project. These reserves are restricted as to their use based upon the applicable regulatory documents.

It is MSHDA's position, under Michigan statute, that project cash surplus cannot be used to pay off the MSHDA mortgage and, upon such payoff from other funds, MSHDA is entitled to any surplus cash, including reserves and escrows remaining at such time as is in excess of the maximum cash return allowable to the property owners set forth in the Regulatory Agreement at such time as the loan was consummated. The potential amount to be returned upon such an event cannot be determined and as such, no related amounts have been reflected in the financial statements.

Operating Assurance Reserve

The Partnership is required to establish an operating assurance reserve in the initial amount of $135,000. The reserve shall be used for operating expenses and other expenses benefiting the project. This reserve was funded in a prior year. The operating assurance reserve balance was $136,821 and $127,255 as of December 31, 2016 and 2015, respectively.

Replacement Reserve

The Partnership is required to fund a replacement reserve with MSHDA each month in the amount of $625 for the first year. Subsequent to the first year of operation, monthly installments shall be made based upon an amount equal to one-twelfth of 3.24 percent of the gross annual rent potential (including tenant and subsidy rent). The reserve was appropriately funded as of December 31, 2016 and 2015. The balance in the reserve was $101,250 and $85,491 as of December 31, 2016 and 2015, respectively.

Tax and Insurance Escrows

The Partnership is required to make monthly payments into property tax and insurance escrow accounts with MSHDA. The required monthly payments must be sufficient to fund the actual real estate tax bills and insurance premiums for the year or an amount determined by MSHDA. The tax and insurance escrow balance was $50,500 and $57,825 as of December 31, 2016 and 2015, respectively.

Note 5 - Long-term Debt

Long-term debt at December 31 is as follows:

	2016	2015
First mortgage dated October 17, 2006, held by MSHDA in the amount of $1,775,482. Interest accrues at a rate of 5.5 percent, although an amount equal to 0.5 percent is deferred until the principal portion of the mortgage is paid in full. Total interest incurred in 2016 and 2015 was $87,076 and $88,596, respectively. The total amount deferred was $7,916 and $8,054 in 2016 and 2015, respectively. Deferred interest of $89,796 and $81,880 remained payable at December 31, 2016 and 2015, respectively. Financing fees of $45,415 were incurred by the Partnership in connection with obtaining loans to rehabilitate the property. These costs are being amortized over the term of the related debt and are reported net of debt on the balance sheet. As of December 31, 2016 and 2015, total accumulated amortization related to these costs was $12,324 and $11,026, respectively. The note is secured by land and substantially all property owned by the Partnership and is due on February 1, 2043	$ 1,567,741	$ 1,596,108
CDBG loan, originally dated May 31, 2006, was assigned and assumed by the Partnership. The loan is held by the City of Lansing under the Community Development Block Grant Program in the amount of $550,000. The loan bears interest at 0.5 percent, compounded annually, on $150,000 of the loan. Accrued interest of $7,995 and $7,209 remained payable at December 31, 2016 and 2015, respectively. No principal or interest is due until the loan matures in full on May 2, 2046. The loan is secured by land and substantially all property owned by the Partnership	550,000	550,000
HOME loan, originally dated June 1, 2006, was assigned and assumed by the Partnership. The loan is held by the City of Lansing under the HOME Investments Partnership Program in the amount of $170,000. The loan bears interest at 0.5 percent, compounded annually. Accrued interest of $9,062 and $8,171 remained payable at December 31, 2016 and 2015, respectively. No principal or interest is due until the loan matures in full on December 31, 2041. The note is collateralized by land and substantially all property owned by the Partnership	170,000	170,000
Total	$ 2,287,741	$ 2,316,108

The balance of the above debt matures as follows:

Years Ending	Amount
2017	$ 29,818
2018	31,343
2019	32,947
2020	34,643
2021	36,404
Thereafter	2,122,586
Total	$ 2,287,741

Note 6 - Related Party Transactions

The following is a description of transactions between the Partnership and related parties:

Note Payable

The Partnership has a loan with Lansing Housing Commission, an affiliate of the General Partner, originally dated December 31, 2007. This loan was assigned and assumed by the Partnership. The loan is held by the City of Lansing in the amount of $300,133. The loan bears interest at 1 percent, compounded annually. Accrued interest of $32,742 and $29,463 remained payable at December 31, 2016 and 2015, respectively. No principal or interest is due until the loan matures on January 1, 2048. The note is secured by land and substantially all real property owned by the Partnership. The balance of the note payable was $300,133 for the years ended December 31, 2016 and 2015.

Asset Management Fees

According to the partnership agreement, the Limited Partner is entitled to a cumulative annual asset management fee of $5,000 per annum, increasing 3 percent annually. For the years ended December 31, 2016 and 2015, the Partnership incurred expenses related to management fees of $6,524 and $6,334, respectively. No asset management fees were paid during 2016 or 2015. As of December 31, 2016 and 2015, accrued asset management fees were $54,675 and $48,151, respectively.

Property Management Fees

The Partnership entered into a property management agreement with Lansing Housing Commission, an affiliate of the General Partner. For the years ended December 31, 2016 and 2015, the maximum property management fee allowed was up to $504 per unit per year, as defined by MSHDA. Property management fees for the years ended December 31, 2016 and 2015 were $14,130. No property management fees were paid during 2016 or 2015. As of December 31, 2016 and 2015, accrued property management fees were $73,005 and $58,875, respectively.

Partnership Management Fees

According to the partnership agreement, the Limited Partner is entitled to a cumulative annual partnership management fee of $10,000 per annum. For the years ended December 31, 2016 and 2015, the Partnership incurred expenses related to partnership management fees of $10,000. As of December 31, 2016 and 2015, accrued partnership management fees were $90,000 and $80,000, respectively.

Related Party Receivables and Advances

During 2013, the Partnership paid expenses of $1,799 on behalf of an affiliate of the General Partner. The Regulatory Agreement restricts distributions of operating cash to related parties. As of December 31, 2016 and 2015, $1,799 remains receivable from the affiliate of the General Partner.

An affiliate of the General Partner has advanced funds to the Partnership to cover operating expenses. Advances received by the Partnership during the years ended December 31, 2016 and 2015 were $6,435 and $52,107, respectively. As of December 31, 2016 and 2015, $270,693 and $264,258, respectively, remains payable. The advances are noninterest bearing, due on demand, and payable from surplus cash as defined in the Regulatory Agreement.

Developer Fee

According to the development agreement, LHC Non-Profit Development Corporation, an affiliate of the General Partner, is entitled to a developer fee in the amount of $561,993. The outstanding balance is payable from surplus cash and does not bear interest. No developer fee payments were made during 2016 and 2015. As of December 31, 2016 and 2015, developer fees payable were $405,767.

Note 6 - Related Party Transactions (Continued)

2016									
Name of Related Party	Relationship	Brief Description of Work/Services Performed	General Ledger Account	Partnership or Operating Account	Beginning Balance	Increase	Decrease	Ending Balance	Terms of Settlement
Lansing Housing Commission	General partner affiliate	Note payable	Note payable	Operating	$ 300,133	$ -	$ -	$ 300,133	Long-term payable
NEF Assignment Corporation	Limited partner	Asset management fees	Asset management fees	Partnership	48,151	6,524	-	54,675	Payable from surplus cash
Lansing Housing Commission	General partner affiliate	Property management fees	Property management fees	Operating	58,875	14,130	-	73,005	Payable from surplus cash
NEF Assignment Corporation	Limited partner	Partnership management fee	Partnership management fee	Partnership	80,000	10,000	-	90,000	Payable from surplus cash
Lansing Housing Commission	General partner affiliate	Related party receivable	Related party receivable	Operating	1,799	-	-	1,799	Current receivable
Lansing Housing Commission	General partner affiliate	Related party payable	Related party payable	Operating	264,258	6,435	-	270,693	Payable from surplus cash
LHC Non-profit Development Corporation	General partner affiliate	Developer fee	Developer fee	Partnership	405,767	-	-	405,767	Outstanding portion of developer fee

Note 6 - Related Party Transactions (Continued)

2015									
Name of Related Party	Relationship	Brief Description of Work/Services Performed	General Ledger Account	Partnership or Operating Account	Beginning Balance	Increase	Decrease	Ending Balance	Terms of Settlement
Lansing Housing Commission	General partner affiliate	Note payable	Note payable	Operating	$ 300,133	$ -	$ -	$ 300,133	Long-term payable
NEF Assignment Corporation	Limited partner	Asset management fees	Asset management fees	Partnership	41,817	6,334	-	48,151	Payable from surplus cash
Lansing Housing Commission	General partner affiliate	Property management fees	Property management fees	Operating	44,745	14,130	-	58,875	Payable from surplus cash
NEF Assignment Corporation	Limited partner	Partnership management fee	Partnership management fee	Partnership	70,000	10,000	-	80,000	Payable from surplus cash
Lansing Housing Commission	General partner affiliate	Related party receivable	Related party receivable	Operating	1,799	-	-	1,799	Current receivable
Lansing Housing Commission	General partner affiliate	Related party payable	Related party payable	Operating	212,151	52,107	-	264,258	Payable from surplus cash
LHC Non-profit Development Corporation	General partner affiliate	Developer fee	Developer fee	Partnership	405,767	-	-	405,767	Outstanding portion of developer fee

Note 7 - Prior Period Adjustment

The accompanying financial statements for 2015 have been restated to correct an error. According to the partnership agreement, the Limited Partner was entitled to a cumulative annual partnership management fee of $10,000 per annum since inception of the Partnership. The Partnership did not previously recognize this expense and accrual. The effect of the restatement was to decrease net income for 2016 and 2015 by $10,000. Partners' deficit at the beginning of 2015 has been adjusted for the effects of the restatement on prior years.

	General Partner 0.01 percent	Limited Partner 99.99 percent	Total
Partners' deficit - December 31, 2014 - As previously reported	$ (35)	$ (299,760)	$ (299,795)
Correction of error	(7)	(69,993)	(70,000)
Partners' deficit - December 31, 2014 - As restated	$ (42)	$ (369,753)	$ (369,795)

Note 8 - Current Vulnerability Due to Certain Concentrations

The Partnership's sole asset is a 30-unit apartment building (the "project"). The project's operations are concentrated in the multifamily real estate market. In addition, the project operates in a heavily regulated environment. The operations of the project are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, MSDHA. Such administrative directives, rules, and regulations are subject to change by an Act of Congress or an administrative change mandated by MSDHA. Such changes may occur with little notice or inadequate funding to pay for the related cost, including additional administrative burden, to comply with a change.

Note 9 - Contingencies

The Partnership's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the Limited Partner.

Additional Information

Plante & Moran, PLLC
Suite 500
2601 Cambridge Court
Auburn Hills, MI 48326
Tel: 248.375.7100
Fax: 248.375.7101
plantemoran.com

Independent Auditor's Report on Additional Information

To the Partners
Oliver Gardens Limited Dividend Housing
Association Limited Partnership

We have audited the financial statements of Oliver Gardens Limited Dividend Housing Association Limited Partnership as of and for the years ended December 31, 2016 and have issued our report thereon dated March 1, 2017, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the 2016 financial statements as a whole. The information on pages 18 through 22 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2016 financial statements as a whole.

Plante & Moran, PLLC

March 1, 2017

Schedule of Unadjusted Items

December 31, 2016

Description of Variances	Amount of Over (Under) Statement
None	$ -

OLIVER GARDENS MSHDA NO. 3007

SCHEDULE I
FUNDS AVAILABLE FOR DISTRIBUTION
December 31, 2016

SECTION 1			
1	Operating Cash	$ 33,994	
2	MSHDA-Held Operating Reserve Account	12,307	
3	Other Non-Restricted Cash Reserve Accounts	-0-	
4	TOTAL AVAILABLE CASH (PER AUDIT) (ADD Lines 1 through Line 3)		$ 46,301
SECTION 2			
ADD:			
5	Resident Rent Receivable	$ 537	
6	Other Resident Charges	-0-	
7	Non-Resident Receivable	1,799	
8	Unadjusted Items-Accounts Receivable	-0-	
9	Subsidy Receivable	-0-	
10	Development Cost Escrow Interest	-0-	
11	Tax/Insurance Escrow Surplus (Deficit)	-0-	
12	Escrow Draws Receivable	-0-	
13	TOTAL ADDITIONS (ADD Lines 5 through Line 12)		$ 2,336
14	TOTAL CASH AND ADDITIONS (Line 4 PLUS Line 13)		48,637
SECTION 3			
DEDUCT:			
15	Trade Accounts And Surcharges Payable, Accrued Expenses Liabilities And Other Short-term Operating Liabilities	$ 449,413	
16	Subsidy Payable	-0-	
17	Unadjusted Items-Liabilities	-0-	
18	Unused Authorized Section 236 Excess Income	-0-	
19	Unapproved Section 236 Excess Income Payable to HUD	-0-	
20	Authorized Section 236 Excess Income Payable to HUD	-0-	
21	Approved Undisbursed Limited Dividend (L.D.) Payments	-0-	
22	Prepaid Rent/Unearned Rental Income	1,381	
23	Delinquent Mortgage Principal Payments or Deferred Mortgage Principle Payment as a Result of Mortgage Workout	-0-	
24	Delinquent Interest Payment or Deferred Mortgage Interest Payment as a Result of Mortgage Workout	89,796	
25	R/R Deferrals, Delinquent MSHDA Loans/Grants	-0-	
26	Security Deposit Not Funded (Over Funded)	122	
27	One Month's Gross Rent Potential	21,672	
28	TOTAL DEDUCTIONS (ADD Lines 15 through 27)		$ 562,384
29	**SURPLUS FUNDS** (Line 14 MINUS Line 28). Insert the actual amount even if it is negative.		$ (513,747)

SECTION 4

30	Replacement Reserve Needs	$ -0-	
31	Subtotal (Line 29 MINUS Line 30)	(513,747)	
32	Amenity Improvement/Deferred Maintenance Loan	-0-	
33	Subtotal (Line 31 MINUS Line 32)	(513,747)	
34	Amount of Workout Repayment Obligations	-0-	
35	Subtotal (Line 33 MINUS Line 34)	(513,747)	
36	Amount of MSHDA Subsidy Repayment Obligations	-0-	
37	Subtotal (Line 35 MINUS Line 36)	(513,747)	

The following developments have additional surplus cash repayment requirements as identified on Lines 38-41. All others go to Line 42.

Duvernay Park #1039
The Depot #971
Maplewood Manor #3180

38	**DUVERNAY PARK -** Surplus cash to be distributed to replacement reserve. (Line 37 if positive, if negative enter -0-)	-0-	
39	**THE DEPOT -** Surplus cash to be distributed to deferred interest (25% of Line 37, if negative enter -0-)	-0-	
40	**MAPLEWOOD MANOR -** 25% of Outstanding Balance of Preservation Fund Loan	-0-	
41	**MAPLEWOOD MANOR -** Surplus cash to be distributed to Preservation Fund Loan (Less of Line 37 or Line 40, if Line 37 negative enter -0-)	-0-	
42	**SURPLUS FUNDS** (LINE 37 MINUS LINES 38, 39 AND 41)		$ (513,747)

All properties with MSHDA HOME Loans complete Lines 43 and 44. All others go to Line 45.

SECTION 5

43	Outstanding Balance of MSHDA HOME Loan	170,000	
44	Amount to be Repaid on HOME Loan Enter 25% of Line 42, or if Line 42 is negative enter -0-. Oak Meadows is required to submit 100% The following are NOT required to submit HOME loan payments from surplus cash: Gardenview Estates #3181 Orianna Ridge #1074 Research Park #300 Rosewood Park #1022 Rouge Woods #3223 The Depot #971	-0-	
45	**SURPLUS FUNDS AVAILABLE FOR DISTRIBUTION (LINE 42 MINUS LINE 44)**		$ (513,747)
46	Current Years Maximum Potential L.D. Payment		230,176
47	Subtotal (Line 45 MINUS Line 46)		(743,923)
48	Sum of Lines 2 and 10	$ 12,307	
49	OPERATING RESERVE CASH TO BE SUBMITTED TO MSHDA: DEDUCT LINE 48 FROM LINE 47. If LINE 47 is negative, insert "0".		$ -0-

SECTION 6

SUMMARY OF CHECKS AND/OR MSHDA-HELD RESERVE TRANSFERS DUE:

A SEPARATE CHECK AND/OR MSHDA-HELD RESERVE TRANSFER REQUEST MUST BE SUBMITTED FOR EACH AMOUNT REPORTED ON LINES 50 THROUGH 59 WITHIN 120 DAYS AFTER THE DEVELOPMENT'S YEAR-END. PLEASE INDICATE THE PURPOSE ON EACH CHECK OR MSHDA-HELD RESERVE TRANSFER REQUEST. FAILURE TO COMPLY WITH THIS REQUEST WILL AFFECT THE MANAGEMENT AGENT'S ELIGIBILITY FOR PREMIUM MANAGEMENT FEES.

50	The amount from Line 11, if a deficit (Tax/Insurance Escrow)	$	-0-
51	The lesser of Line 31 or Line 32-Amenity Improvement/Deferred Maintenance Loan (If Line 31 is negative, insert "0")	$	-0-
52	The lesser of Line 33 or Line 34-Workout Repayment Obligations (If Line 33 is negative, insert "0")	$	-0-
53	The lesser of Line 35 or Line 36-MSHDA Subsidy Repayment Obligations (If Line 35 is negative, insert "0")	$	-0-
54	The amount from Line 44 (MSHDA HOME Loan)	$	-0-
55	The amount from Line 49 (Operating Reserve Cash)	$	-0-
56	The lesser or Line 29 or Line 30-Replacement Reserve Needs (If Line 29 is negative, insert "0").	$	-0-
57	The amount from Line 38 (Replacement Reserve)	$	-0-
58	The amount from Line 39 (Deferred Interest)	$	-0-
59	The amount from Line 41 (Preservation Fund Loan)	$	-0-

OLIVER GARDENS MSHDA NO.3007

SCHEDULE II
FUNDS AVAILABLE FOR DISTRIBUTION
December 31, 2016

1.	OWNER INITIAL EQUITY		$ 1,150,880
1a.	SECTION 8/236 PRESERVATION		$ -0-
2.	MAXIMUM L.D. PAYMENT:		$ 230,176
3.	CUMULATIVE %	20%	$ 230,176
4.	NON-CUMULATIVE %	0%	$ -0-
	CUT-OFF DATE:	February 11, 2008	

5. SALE/PRESERVATION TRANSACTION
CLOSING DATE:

I. YEAR OF OPERATION	II. AVAILABLE FOR DISTRIBUTION	III. POTENTIAL L.D.	IV. L.D. PAID	V. CARRY FORWARD
2008	(31,528)	122,592	0	122,592
2009	(83,207)	149,614	0	272,206
2010	(21,678)	161,123	0	433,329
2011	(70,288)	161,123	0	594,452
2012	(98,798)	184,141	0	778,593
2013	(64,204)	195,650	0	974,243
2014	(14,414)	207,158	0	1,181,401
2015	(64,160)	218,667	0	1,400,068
2016	(513,747)	230,176	0	1,630,244

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

plante moran

Plante & Moran, PLLC
Suite 500
2601 Cambridge Court
Auburn Hills, MI 48326
Tel: 248.375.7100
Fax: 248.375.7101
plantemoran.com

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Partners
Oliver Gardens Limited Dividend Housing
Association Limited Partnership

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Oliver Gardens Limited Dividend Housing Association Limited Partnership (the "Partnership"), which comprise the balance sheet as of December 31, 2016 and the related statements of operations, partners' deficit, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Partnership's financial statements, and have issued our report thereon dated December 31, 2016. The financial statements of the Partnership were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Partnership's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Partnership's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance. We consider the following deficiency described below to be a material weakness.

During our audit, it was noted that there was a cumulative general partnership management fee that was not recorded. This fee should have been recorded in prior year. There is a lack of review of the partnership activity that should be recorded each year. The Partnership should implement reviews of the operating agreement and reconcile required fees to the financial statements.

To Management and the Partners
Oliver Gardens Limited Dividend Housing
Association Limited Partnership

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Partnership's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including compliance with specific provisions of the MSHDA Regulatory Agreement, MSHDA directives, HUD regulations, HOME requirements, and MSHDA Multifamily Audit Guidelines, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted the following instance of noncompliance with the MSHDA Regulatory Agreement:

- The Partnership did not maintain the security deposit cash account at an amount exceeding the security deposit liability.

We have compared the December 31, 2016 monthly income and expense (MIE) report submitted to MSHDA with balances in the financial statements for the year ended December 31, 2016, audited by us and covered by our report dated March 1, 2017. The account balances set forth therein are in material agreement (defined by MSHDA as differences not exceeding 10 percent and $3,000), except as noted below.

Accrued Expenses Reconciliation

Accrued expenses on the MSHDA report includes accrued payroll, which has been included in related party payable in the audited financial statements of the Partnership.

Balance per the MIE	$ 192,374
Reconciling items - Accrued payroll	(61,009)
Balance per the balance sheet	$ 131,365

Short-term Related Party Advances/Liabilities Reconciliation

Short-term Related Party Advances/Liabilities on the MSHDA report did not include accrued payroll, which has been included in related party payable in the audited financial statements of the Partnership.

Balance per the MIE	$ 209,684
Reconciling items - Accrued payroll	61,009
Balance per the balance sheet	$ 270,693

Premium Management Fees Reconciliation

Premium Management Fees on the MSHDA report included asset management fees, which have been included in asset management fee expense in the audited financial statements of the Partnership.

Balance per the MIE	$ 6,524
Reconciling items - Asset management fee	(6,524)
Balance per the statement of operations	$ -

To Management and the Partners
Oliver Gardens Limited Dividend Housing
Association Limited Partnership

Deferred Developer Fee Payable Reconciliation

Deferred developer fee payable on the MSHDA report did not include the developer fee; this has been properly classified in the audited financial statements of the Partnership.

Balance per the MIE	$ -
Reconciling items - Developer fee payable	405,767
Balance per the balance sheet	$ 405,767

Other Long-term Liabilities Reconciliation

Other Long-term Liabilities on the MSHDA report included the developer fee; this has been properly classified in the audited financial statements of the Partnership.

Balance per the MIE	$ 405,767
Reconciling items - Developer fee payable	(405,767)
Balance per the balance sheet	$ -

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Partnership's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Partnership's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

March 1, 2017