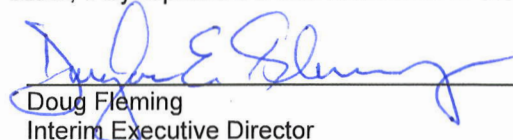

Oliver Gardens Limited Dividend Housing
Association Limited Partnership
(a Michigan limited partnership)
MSHDA Development No. 3007

**Financial Report
with Additional Information
December 31, 2018**

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

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, 2018.



Doug Fleming
Interim Executive Director

February 25, 2019

Date

ID# 20-453000

Employer Identification Number

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

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, 2018.



Doug Fleming
Interim Executive Director

February 25, 2019

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

Independent Auditor's Report	1-2
Financial Statements	
Balance Sheet	3
Statement of Operations	4
Statement of Partners' Deficit	5
Statement of Cash Flows	6
Notes to Financial Statements	7-13
Additional Information	14
Independent Auditor's Report on Additional Information	15
Schedule of Unadjusted Items	16
Schedule I - Funds Available for Distribution	17-19
Schedule II - Funds Available for Distribution	20
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21-23

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 years ended December 31, 2018 and 2017 and the related notes to the financial statements, which collectively comprise Oliver Gardens Limited Dividend Housing Association Limited Partnership's 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 audits. We conducted our audits 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 audits 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, 2018 and 2017 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.

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 February 25, 2019 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 & Moreau, PLLC

February 25, 2019

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

Balance Sheet

December 31, 2018 and 2017

	2018	2017
Assets		
Cash - Operating	\$ 40,754	\$ 36,295
Accounts receivable:		
Resident rents	3,240	2,355
Related party (Note 5)	1,799	1,799
Prepaid expenses	4,920	4,460
Escrows: (Note 3)		
Replacement reserve	129,411	115,889
Operating reserve cash	44,335	58,347
Operating assurance	148,308	143,545
Tax and insurance escrow	19,348	13,313
Tenant security deposits	5,071	4,807
Tax credit fees - Net of amortization	4,583	6,111
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	(1,853,569)	(1,713,237)
Total assets	\$ 2,740,306	\$ 2,865,790
Liabilities and Partners' Deficit		
Liabilities		
Accounts payable - Operating	\$ 1,965	\$ 5,288
Developer fee payable (Note 5)	405,767	405,767
Related party payable (Note 5)	287,858	279,332
Accrued liabilities and other:		
Property taxes	19,255	17,791
Accrued liabilities:		
Accrued interest (Notes 4 and 5)	59,868	54,813
Deferred interest on first mortgage (Note 4)	105,185	97,567
Management fees (Note 5)	101,265	87,135
Utilities	9,718	4,125
Asset management fees (Note 5)	68,316	61,395
Accrued partnership management fees (Note 5)	110,000	100,000
Unearned rental income - Operating	593	157
Tenant security deposits	5,071	4,807
Notes payable:		
Notes payable - CDBG (Note 4)	550,000	550,000
Long-term related party loans (Note 5)	300,133	300,133
Mortgage note payable - Net of unamortized deferred financing fees (Note 4)	1,476,085	1,506,131
HOME loan - (Note 4)	170,000	170,000
Total liabilities	3,671,079	3,644,441
Partners' Deficit	(930,773)	(778,651)
Total liabilities and partners' deficit	\$ 2,740,306	\$ 2,865,790

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

Statement of Operations

Years Ended December 31, 2018 and 2017

	2018	2017
Revenue		
Rental income	\$ 293,762	\$ 268,332
Vacancy loss	(15,064)	(3,507)
Net rental income	278,698	264,825
Other income:		
Interest income	10,991	15,476
Other	255	44
Total other income	11,246	15,520
Total revenue	289,944	280,345
Expenses		
Administrative:		
Management fees (Note 5)	14,130	14,130
Bad debt expense	1,936	-
Other administrative:		
Administrative payroll	6,413	6,632
Telephone	3,630	2,850
Miscellaneous	1,389	420
Utilities	72,213	73,673
Operating and maintenance:		
Maintenance payroll	2,113	2,007
Noncapitalized repairs and maintenance	47,081	23,548
Other expenses:		
Taxes	19,255	17,792
Interest expense	90,156	91,793
Insurance	15,494	14,581
Depreciation and amortization	141,860	141,787
Asset management fee (Note 5)	6,921	6,720
Audit fee	9,475	9,200
Partnership management fee (Note 5)	10,000	10,000
Total expenses	442,066	415,133
Net Loss	\$ (152,122)	\$ (134,788)

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

Statement of Partners' Deficit

Years Ended December 31, 2018 and 2017

	General Partner 0.01%	Limited Partner 99.99%	Total
Balance - January 1, 2017	\$ (77,734)	\$ (566,129)	\$ (643,863)
Net loss	<u>(9,540)</u>	<u>(125,248)</u>	<u>(134,788)</u>
Balance - December 31, 2017	(87,274)	(691,377)	(778,651)
Net loss	<u>(119,651)</u>	<u>(32,471)</u>	<u>(152,122)</u>
Balance - December 31, 2018	<u>\$ (206,925)</u>	<u>\$ (723,848)</u>	<u>\$ (930,773)</u>

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

Statement of Cash Flows

Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Net loss	\$ (152,122)	\$ (134,788)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation	140,332	140,260
Bad debt expense	1,936	-
Amortization of deferred financing fees	1,298	1,298
Amortization of tax credit fees	1,528	1,527
Changes in operating assets and liabilities that (used) provided cash:		
Accounts receivable	(2,821)	(1,818)
Prepaid expenses and other assets	(460)	(677)
Accounts payable	(3,323)	5,288
Deferred interest on mortgage	7,618	7,771
Accrued and other liabilities	5,593	440
Unearned rental income	436	(1,224)
Mortgage interest	3,757	3,716
Management fees	31,051	30,850
Real estate taxes	1,464	(124)
Related party payable	8,526	8,639
Tenant security deposits - Net	-	(122)
Net cash provided by operating activities	44,813	61,036
Cash Flows Used in Investing Activities - Funded reserves - Net	(10,308)	(30,216)
Cash Flows Used in Financing Activities - Payments on debt	(30,046)	(28,519)
Net Increase in Cash	4,459	2,301
Cash - Beginning of year	36,295	33,994
Cash - End of year	\$ 40,754	\$ 36,295
Supplemental Cash Flow Information - Cash paid for interest	\$ 76,185	\$ 85,481

Oliver Gardens Limited Dividend Housing Association Limited Partnership

MSHDA Development No. 3007

Notes to Financial Statements

December 31, 2018 and 2017

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.

Oliver Gardens Limited Dividend Housing Association Limited Partnership

MSHDA Development No. 3007

Notes to Financial Statements

December 31, 2018 and 2017

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, 2022. Total subsidy income recorded for the years ended December 31, 2018 and 2017 was \$191,445 and \$178,470, 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 \$140,332 and \$140,260 for the years ended December 31, 2018 and 2017, 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 0.01 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 0.01 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 that 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

Notes to Financial Statements

December 31, 2018 and 2017

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. A total of \$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, 2018 and 2017. Amortization expense was \$1,528 and \$1,527 for the years ended December 31, 2018 and 2017, respectively. Accumulated amortization was \$18,334 and \$16,806 as of December 31, 2018 and 2017, 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 February 25, 2019, which is the date the financial statements were available to be issued.

Note 3 - 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 \$148,308 and \$143,545 as of December 31, 2018 and 2017, respectively, and the operating reserve cash balance was \$44,335 and \$58,347 at December 31, 2018 and 2017, respectively.

Oliver Gardens Limited Dividend Housing Association Limited Partnership

MSHDA Development No. 3007

Notes to Financial Statements

December 31, 2018 and 2017

Note 3 - Escrows and Reserves (Continued)

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 1/12 of 3.24 percent of the gross annual rent potential (including tenant and subsidy rent). The reserve was appropriately funded as of December 31, 2018 and 2017. The balance in the reserve was \$129,411 and \$115,889 as of December 31, 2018 and 2017, 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 \$19,348 and \$13,313 as of December 31, 2018 and 2017, respectively.

Note 4 - Long-term Debt

Long-term debt at December 31 is as follows:

	2018	2017
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. Monthly payments of principal and interest are \$8,961. Total interest incurred in 2018 and 2017 was \$83,802 and \$85,481, respectively. The total amount deferred was \$7,618 and \$7,771 in 2018 and 2017, respectively. Deferred interest of \$105,185 and \$97,567 remained payable at December 31, 2018 and 2017, 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, 2018 and 2017, total accumulated amortization related to these costs was \$14,920 and \$13,622, respectively. The note is secured by land and substantially all property owned by the Partnership and is due on February 1, 2043	\$ 1,476,085	\$ 1,506,131
CDBG loan, originally dated May 31, 2006, was assigned and assumed by the Partnership. The loan is held by the City of Lansing, Michigan 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 \$9,579 and \$8,785 remained payable at December 31, 2018 and 2017, 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

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

Notes to Financial Statements

December 31, 2018 and 2017

Note 4 - Long-term Debt (Continued)

	2018	2017
HOME loan, originally dated June 1, 2006, was assigned and assumed by the Partnership. The loan is held by the City of Lansing, Michigan 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 \$10,857 and \$9,958 remained payable at December 31, 2018 and 2017, 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	<u>\$ 2,196,085</u>	<u>\$ 2,226,131</u>

Minimum principal payments on the above notes to maturity as of December 31, 2018 are as follows:

Years Ending	Amount
2019	\$ 32,947
2020	34,634
2021	36,404
2022	38,267
2023	40,224
Thereafter	<u>2,044,104</u>
Total	<u>\$ 2,226,580</u>

Note 5 - 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, Michigan in the amount of \$300,133. The loan bears interest at 1 percent, compounded annually. Interest expense for the years ended December 31, 2018 and 2017 was \$3,362 and \$3,329, respectively. Accrued interest of \$39,432 and \$36,070 remained payable at December 31, 2018 and 2017, 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, 2018 and 2017.

Asset Management Fees

According to the partnership agreement, the General 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, 2018 and 2017, the Partnership incurred expenses related to management fees of \$6,921 and \$6,720, respectively. No asset management fees were paid during 2018 or 2017. As of December 31, 2018 and 2017, accrued asset management fees were \$68,316 and \$61,395, respectively.

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

Notes to Financial Statements

December 31, 2018 and 2017

Note 5 - Related Party Transactions (Continued)

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, 2018 and 2017, 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, 2018 and 2017 were \$14,130. No property management fees were paid during 2018 or 2017. As of December 31, 2018 and 2017, accrued property management fees were \$101,265 and \$87,135, 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, 2018 and 2017, the Partnership incurred expenses related to partnership management fees of \$10,000. As of December 31, 2018 and 2017, accrued partnership management fees were \$110,000 and \$100,000, 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, 2018 and 2017, \$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, 2018 and 2017 were \$8,526 and \$8,639, respectively. As of December 31, 2018 and 2017, \$287,858 and \$279,332, 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 2018 and 2017. As of December 31, 2018 and 2017, developer fees payable were \$405,767.

2018									
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	-	6,921	-	6,921	
NEF Assignment Corporation	Limited partner	Asset management fees	Asset management fees payable	Partnership	61,395	6,921	-	68,316	Payable from surplus cash
Lansing Housing Commission	General partner affiliate	Property management fees	Management fees	Operating	-	14,130	-	14,130	
Lansing Housing Commission	General partner affiliate	Property management fees	Management fee payable	Operating	87,135	14,130	-	101,265	Payable from surplus cash
Oliver Gardens, LLC	General partner	Partnership management fee	Partnership management fee	Partnership	-	10,000	-	10,000	
Oliver Gardens, LLC	General partner	Partnership management fee	Accrued partnership management fees	Partnership	100,000	10,000	-	110,000	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	279,332	8,526	-	287,858	Payable from surplus cash
LHC Non-Profit Development Corporation	General partner affiliate	Developer fee	Developer fee payable	Partnership	405,767	-	-	405,767	Outstanding portion of developer fee

Oliver Gardens Limited Dividend Housing Association Limited Partnership

MSHDA Development No. 3007

Notes to Financial Statements

December 31, 2018 and 2017

Note 5 - Related Party Transactions (Continued)

2017									
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	-	6,720	-	6,720	
NEF Assignment Corporation	Limited partner	Asset management fees	Asset management fees payable	Partnership	54,675	6,720	-	61,395	Payable from surplus cash
Lansing Housing Commission	General partner affiliate	Property management fees	Management fees	Operating	-	14,130	-	14,130	
Lansing Housing Commission	General partner affiliate	Property management fees	Management fee payable	Operating	73,005	14,130	-	87,135	Payable from surplus cash
Oliver Gardens, LLC	General partner	Partnership management fee	Partnership management fee	Partnership	-	10,000	-	10,000	
Oliver Gardens, LLC	General partner	Partnership management fee	Accrued partnership management fees	Partnership	90,000	10,000	-	100,000	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	270,693	8,639	-	279,332	Payable from surplus cash
LHC Non-Profit Development Corporation	General partner affiliate	Developer fee	Developer fee payable	Partnership	405,767	-	-	405,767	Outstanding portion of developer fee

Note 6 - 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 7 - 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

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 year ended December 31, 2018 and have issued our report thereon dated February 25, 2019, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the 2018 financial statements as a whole. The information on pages 16 through 20 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 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 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 2018 financial statements as a whole.

A handwritten signature in black ink that reads "Plante & Moran, PLLC".

February 25, 2019

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

Schedule of Unadjusted Items

December 31, 2018

Description of Variances	Amount of Over (Under) Statement
None	<u><u>\$ -</u></u>

OLIVER GARDENS**MSHDA NO. 3007**

SCHEDULE I
FUNDS AVAILABLE FOR DISTRIBUTION
December 31, 2018

SECTION 1

1	Operating Cash	\$ 40,754	
2	MSHDA-Held Operating Reserve Account	44,335	
3	Other Non-Restricted Cash Reserve Accounts	-0-	
4	TOTAL AVAILABLE CASH (PER AUDIT) (ADD Lines 1 through Line 3)		\$ 85,089

SECTION 2**ADD:**

5	Resident Rent Receivable	\$ 3,240	
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)		\$ 5,039
14	TOTAL CASH AND ADDITIONS (Line 4 PLUS Line 13)		90,128

SECTION 3**DEDUCT:**

15	Trade Accounts And Surcharges Payable, Accrued Expenses Liabilities And Other Short-term Operating Liabilities	\$ 669,017	
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	593	
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	105,185	
25	R/R Deferrals, Delinquent MSHDA Loans/Grants	-0-	
26	Security Deposit Not Funded (Over Funded)	-0-	
27	One Month's Gross Rent Potential	24,480	
28	TOTAL DEDUCTIONS (ADD Lines 15 through 27)		\$ 799,275

29	SURPLUS FUNDS (Line 14 MINUS Line 28). Insert the actual amount even if it is negative.		<u>\$ (709,147)</u>
SECTION 4			
30	Replacement Reserve Needs	\$ 283,929	
31	Subtotal (Line 29 MINUS Line 30)	<u>(993,076)</u>	
32	Amenity Improvement/Deferred Maintenance Loan	<u>-0-</u>	
33	Subtotal (Line 31 MINUS Line 32)	<u>(993,076)</u>	
34	Amount of Workout Repayment Obligations	<u>-0-</u>	
35	Subtotal (Line 33 MINUS Line 34)	<u>(993,076)</u>	
36	Amount of MSHDA Subsidy Repayment Obligations	<u>-0-</u>	
37	Subtotal (Line 35 MINUS Line 36)	<u>(993,076)</u>	
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-)	<u>-0-</u>	
39	THE DEPOT - Surplus cash to be distributed to deferred interest (25% of Line 37, if negative enter -0-)	<u>-0-</u>	
40	MAPLEWOOD MANOR #3180 (25%) OR VILLAGE OF APPLIEDORN #3539 (50%)- % of Outstanding Balance of Preservation Fund Loan	<u>-0-</u>	
41	MAPLEWOOD MANOR #3180 OR VILLAGE OF APPLIEDORN #3539 - Surplus cash to be distributed to Preservation Fund Loan (Less of Line 37 or Line 40, if Line 37 negative enter -0-)	<u>-0-</u>	
42	SURPLUS FUNDS (LINE 37 MINUS LINES 38, 39 AND 41)		<u>\$ (993,076)</u>
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% Line 42, or if Line 42 is negative enter -0-.		
Lakewood Manor #924 is required to submit 60%			
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			
45	SURPLUS FUNDS AVAILABLE FOR DISTRIBUTION (LINE 42 MINUS LINE 44)	<u>-0-</u>	<u>\$ (993,076)</u>
46	Current Years Maximum Potential L.D. Payment		<u>253,194</u>
47	Subtotal (Line 45 MINUS Line 46)		<u>(1,246,270)</u>
48	Sum of Lines 2 and 10	\$ 44,335	
49	OPERATING RESERVE CASH TO BE SUBMITTED TO MSHDA: DEDUCT LINE 48 FROM LINE 47. If LINE 47 is negative, insert "0".		<u>\$ -0-</u>

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 of 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, 2018

1.	OWNER INITIAL EQUITY	\$	1,150,880
1a.	SECTION 8/236 PRESERVATION	\$	-0-
2.	MAXIMUM L.D. PAYMENT:	\$	253,194
3.	CUMULATIVE % 22%	\$	253,194
4.	NON-CUMULATIVE % 0%	\$	-0-
	CUT-OFF DATE: February 11, 2008		
5.	SALE/PRESERVATION TRANSACTION		
	CLOSING DATE:		

I.	II.	III.	IV.	V.
YEAR OF OPERATION	AVAILABLE FOR DISTRIBUTION	POTENTIAL L.D.	L.D. PAID	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
2017	(926,715)	241,685	0	1,871,929
2018	(993,076)	253,194	0	2,125,123

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*

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 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, MSHDA Development No. 3007 (the "Partnership"), which comprise the basic balance sheet as of December 31, 2018 and the related basic statements of operations, partners' deficit, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated February 25, 2019.

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 opinion 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.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 have compared the December 31, 2018 monthly income and expense (MIE) report submitted to MSHDA with balances in the financial statements for the year ended December 31, 2018, audited by us and covered by our report dated February 25, 2019. 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.

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

Accounts Payable (L1) Reconciliation

Accounts payable and accrued expenses as of December 31, 2018, as noted in the MSHDA input template, is \$181,403. The accounts payable and accrued expenses as of December 31, 2018, as noted on the balance sheet of the audited financial statements, is \$112,948, which is composed of accounts payable - operating of \$1,965, accrued management fees of \$101,265, and accrued utilities of \$9,718. To reconcile from the MIE to the balance sheet, accrued utilities (as separately stated in the balance sheet) should be added, and accrued payroll (included in related party balance in the balance sheet) should be subtracted.

Balance per the MIE	\$ 181,403
Reconciling items:	
Accrued utilities separately stated on the balance sheet and included in line L2 accrued expenses in the MIE	9,718
Accrued payroll included in related party payable on the balance sheet and in line L1 accounts payable in the MIE	(78,174)
Miscellaneous reconciling item	1
	<u>\$ 112,948</u>

Long-term Related Party Advances (F15) Reconciliation

As of December 31, 2018, management has reported \$177,762 in line F15 long-term related party advance in the MIE. This balance has been included as part of the related party payable balance, which totals \$287,858 as reported in the audited financial statements as of December 31, 2018.

Balance per the MIE	\$ 177,762
Reconciling items - A portion of the related party payable balance of \$287,858, as reported in the balance sheet, has been broken out and reported in line F15 long-term related party advance on the MIE	<u>(177,762)</u>
Balance per the balance sheet	<u>\$ -</u>

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

February 25, 2019