
HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS
FINANCIAL STATEMENTS
DECEMBER 31, 2017

Contents

	Page
Independent Auditors' Report	1 - 3
Balance Sheet.....	4 - 5
Statements Of Profit And Loss.....	6 - 10
Statement Of Partners' Equity.....	11
Statement Of Cash Flows.....	12 - 13
Notes To Financial Statements.....	14 - 20
Supporting Data Required By MHDC	21 - 26
Independent Auditors' 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>	27 - 28
Independent Auditors' Report On Compliance For The Major HUD Program And On Internal Control Over Compliance Required By The <i>Consolidated Audit Guide For Audits Of HUD Programs</i>	29 - 31
Schedule Of Findings, Questioned Costs, And Recommendations.....	32
Schedule Of The Status Of Prior Audit Findings, Questioned Costs, And Recommendations	33
Mortgagor Certification	34
Managing Agent Certification	35
Auditors' Transmittal Letter	36



RubinBrown LLP
Certified Public Accountants
& Business Consultants

One North Brentwood
Saint Louis, MO 63105

T 314.290.3300
F 314.290.3400

W rubinbrown.com
E info@rubinbrown.com

Independent Auditors' Report

Partners
Hyder Development Group L.P.
Jefferson City, Missouri

Report On The Financial Statements

We have audited the accompanying financial statements of Hyder Development Group L.P., which comprise the balance sheet as of December 31, 2017 and 2016, and the related statements of profit and loss, partners' equity and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' 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 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 auditors' 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 financial position of Hyder Development Group L.P., as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, shown on pages 21 through 26, is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information, except for page 26, has been subjected to the auditing procedures applied in the audit of the 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, except for page 26, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The accompanying other information presented on page 26 has been prepared from the tax return information of Hyder Development Group L.P. and has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The Schedule of the Status of Prior Audit Findings, Questioned Costs, and Recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2018, on our consideration of Hyder Development Group L.P.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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 Hyder Development Group L.P.'s internal control over financial reporting and compliance.

RubinBrown LLP

March 20, 2018

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

BALANCE SHEET
Page 1 Of 2

Assets

		December 31,	
		2017	2016
Current Assets			
1120	Cash - operations	\$ 11,341	\$ 89,242
1130	Tenant accounts receivable	1,227	1,750
1135	Accounts receivable - HUD	15,105	18,570
1140	Accounts receivable - operations (replacement reserve)	171,375	—
1160	Accounts receivable - other	—	4,701
1200	Prepaid expenses	50,665	35,414
1100T	Total Current Assets	249,713	149,677
Deposits Held In Trust - Funded			
1191	Tenant deposits held in trust	35,452	35,142
Restricted Deposits And Funded Reserves (Note 1)			
1310	Escrow deposits	18,620	17,344
1320	Replacement reserve	242,849	414,020
1330	Other reserves - working capital escrow	22,641	22,508
1330	Other reserves - HAP reserve	672,493	1,117,981
1340	Residual receipts reserve	85,838	85,335
1300T	Total Deposits	1,042,441	1,657,188
Fixed Assets (Note 3)			
1410	Land improvements	93,708	93,708
1420	Building	6,105,891	5,932,137
1460	Furnishings	203,679	202,522
1465	Office furniture and equipment	11,488	11,488
1480	Motor vehicle	1,633	6,166
1400T	Total Fixed Assets	6,416,399	6,246,021
1495	Less: Accumulated depreciation	2,359,798	2,178,146
1400N	Net Fixed Assets	4,056,601	4,067,875
Other Assets			
1520	Deferred ground lease costs (Notes 1 and 2)	85,438	86,448
1000T	Total Assets	\$ 5,469,645	\$ 5,996,330

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

BALANCE SHEET
Page 2 Of 2

Liabilities

		December 31,	
		2017	2016
Current Liabilities			
2110	Accounts payable - operations	\$ 109,549	\$ 6,259
2123	Accounts payable - entity - asset management fee (Note 5)	—	3,025
2131	Accrued interest payable - first mortgage (Note 3)	13,536	13,858
2132	Accrued interest payable - second mortgage (Note 3)	17,981	20,581
2170	Mortgage note payable - first mortgage (short-term) (Note 3)	79,430	75,470
2190	Miscellaneous current liabilities	122,626	16,562
2210	Prepaid revenue	5,850	4,970
2122T Total Current Liabilities		348,972	140,725
Deposit And Prepayment Liabilities			
2191	Tenant deposits held in trust (contra)	34,870	35,121
Long-Term Liabilities (Note 3)			
2320	Mortgage note payable - first mortgage		
	Principal amount	3,089,960	3,169,391
	Less: Unamortized debt issuance costs (Note 1)	189,713	164,429
	Mortgage payable less unamortized debt issuance costs	2,900,247	3,004,962
2322	Mortgage note payable - second mortgage	582,664	625,242
2300T Total Long-Term Liabilities		3,482,911	3,630,204
2000T Total Liabilities		3,866,753	3,806,050
Partners' Equity			
3130	Partners' equity (Note 4)	1,602,892	2,190,280
2033T Total Liabilities And Partners' Equity		\$ 5,469,645	\$ 5,996,330

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

STATEMENT OF PROFIT AND LOSS
For The Year Ended December 31, 2017

Part 1	Description of Account	Acct. No.	Amount	
Rent Revenue 5100	Rent Revenue - Gross Potential	5120	\$ 354,728	
	Tenant Assistance Payments	5121	\$ 649,288	
	Rent Revenue - Stores and Commercial	5140	\$ —	
	Garage and Parking Spaces	5170	\$ —	
	Flexible Subsidy Revenue	5180	\$ —	
	Miscellaneous Rent Revenue	5190	\$ —	
	Excess Rent	5191	\$ —	
	Rent Revenue/Insurance	5192	\$ —	
	Special Claims Revenue	5193	\$ 811	
	Retained Excess Income	5194	\$ —	
	Total Rent Revenue	5100T		\$ 1,004,827
Vacancies 5200	Apartments	5220	\$ 18,247	
	Stores and Commercial	5240	\$ —	
	Rental Concessions	5250	\$ —	
	Loss to Lease	5260	\$ —	
	Garage and Parking Space	5270	\$ —	
	Miscellaneous	5290	\$ —	
	Total Vacancies	5200T		\$ 18,247
	Net Rental Revenue <i>Rent Revenue Less Vacancies</i>	5152N		\$ 986,580
Supportive Services 5390	Supportive Services Revenue	5390		\$
Financial Revenue 5400	Financial Revenue - Project Operations	5410	\$ 5,491	
	Revenue from Investments - Residual Receipts	5430	\$ 503	
	Revenue from Investments - Replacement Reserve	5440	\$ 2,444	
	Cable TV / Internet Access Revenue	5954	\$ —	
	Revenue from Investments - Other Reserves	5490	\$ 146	
	Total Financial Revenue	5400T		\$ 8,584
Other Revenue 5900	Laundry and Vending Revenue	5910	\$ 7,801	
	Tenant Charges	5920	\$ 3,593	
	Interest Reduction Payments Revenue	5945	\$ —	
	Miscellaneous Revenue	5990	\$ 5,796	
	Total Other Revenue	5900T		\$ 17,190
	Total Revenue	5000T		\$ 1,012,354
Administrative Expenses 6200/6300	Conventions and Meetings	6203	\$ 996	
	Management Consultants	6204	\$ 31,914	
	Advertising and Marketing	6210	\$ 2,013	
	Other Renting Expenses	6250	\$ 116	
	Office Salaries	6310	\$ 50,394	
	Office Expenses	6311	\$ 12,911	
	Office or Model Apartment Rent	6312	\$ —	
	Leased Furniture	6313	\$ —	
	Management Fee/Bookkeeping/Accounting Services	6320	\$ 49,284	
	Manager or Superintendent Salaries	6330	\$ 39,594	
	Administrative Rent Free Unit	6331	\$ —	
	Legal Expense - Project	6340	\$ 28,396	
	Audit Expense	6350	\$ 7,000	
	Telephone Expense	6360	\$ 7,752	
	Bad Debts	6370	\$ 173	
	Miscellaneous Administrative Expenses	6390	\$ 1,014	
	Total Administrative Expenses	6263T		\$ 231,557
Utilities Expense 6400	Fuel Oil/Coal	6420	\$ —	
	Electricity	6450	\$ 49,023	
	Water	6451	\$ 12,198	
	Gas	6452	\$ 11,641	
	Sewer	6453	\$ 11,056	
	Cable TV / Internet Access	6454	\$ —	
	Total Utilities Expense	6400T		\$ 83,918
	Total Expenses <i>(Carry Forward to Page 2)</i>			\$ 315,475

Project Name: Hyder Development Group L.P.

			Balance Carried Forward	\$ 315,475
Operating Maintenance Expenses 6500	Payroll	6510	\$ 63,423	
	Supplies	6515	\$ 52,103	
	Contracts	6520	\$ 133,556	
	Operating and Maintenance Rent Free Unit	6521	\$ —	
	Garbage and Trash Removal	6525	\$ 2,928	
	Security Payroll/Contract	6530	\$ 26,617	
	Security Rent Free Unit	6531	\$ —	
	Heating/Cooling Repairs and Maintenance	6546	\$ 14,877	
	Snow Removal	6548	\$ 562	
	Vehicle and Maintenance Equipment Operation and Repairs	6570	\$ 3,767	
	Maintenance Tools and Equipment	6571	\$ —	
	Pool Supplies and Pool Maintenance/Contracts	6572	\$ —	
	Exterminating	6573	\$ 17,171	
	Elevator Maintenance/Contracts	6574	\$ 8,005	
	Vacant Unit Preparation	6580	\$ 13,825	
Miscellaneous Operating and Maintenance Expenses	6590	\$ 4,195		
	Total Operating and Maintenance Expenses	6500T		\$ 341,029
Taxes and Insurance 6700	Real Estate Taxes	6710	\$ —	
	Payroll Taxes (Project's Share)	6711	\$ 10,964	
	Property and Liability Insurance (Hazard)	6720	\$ 26,630	
	Fidelity Bond Insurance	6721	\$ 500	
	Workmen's Compensation	6722	\$ 1,898	
	Health Insurance and Other Employee Benefits	6723	\$ 58,668	
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790	\$ —	
		Total Taxes and Insurance	6700T	
Financial Expenses 6800	Interest on Mortgage Payable	6820	\$ 164,220	
	Amortization of Debt Issuance Costs	6822	\$ 6,166	
	Interest on Notes Payable (Long-Term)	6830	\$ —	
	Interest on Notes Payable (Short-Term)	6840	\$ —	
	Mortgage Insurance Premium/Service Charge	6850	\$ 1,375	
	Miscellaneous Financial Expenses	6890	\$ 30	
	Total Financial Expenses	6800T		\$ 171,791
Supportive Services 6990	Supportive Services Expenses	6990		\$ —
	Total Cost of Operations before Depreciation and Amortization	6000T		\$ 926,955
	Profit (Loss) before Depreciation and Amortization	5060T		\$ 85,399
	Depreciation Expense	6600	\$ 200,550	
	Amortization Expense	6610	\$ 1,010	
	Total Depreciation and Amortization			\$ 201,560
	Operating Profit or (Loss)	5060N		\$ (116,161)
Corporate or Mortgagor Entity Expenses 7100	Entity Revenue	7105	\$ —	
	Officer's Salaries	7110	\$ —	
	Asset Management, Partnership and Incentive Performance Fee	7115	\$ 3,025	
	Legal Expenses	7120	\$ —	
	Federal, State and Other Income Taxes	7130	\$ —	
	Fidelity and Bond Expense	7135	\$ 221	
	Interest on Notes Payable (subordinate/surplus cash/non-MHDC loans)	7141	\$ —	
	Interest on Mortgage Payable (subordinate/surplus cash/non-MHDC loan)	7142	\$ 17,981	
	Other Expenses	7190	\$ —	
		Net Entity Expenses	7100T	
	Profit or Loss (Net Income or Loss)	3250		\$ (137,388)

Miscellaneous or other Income and Expense Sub-account Groups. If miscellaneous or other income and/or expense sub-accounts (5190, 5290, 5490, 5990, 6390, 6590, 6790, 6890 and 7190) exceed the Account Groupings by 10% or more, attach a separate schedule describing or explaining the miscellaneous income or expense.

Part II

1. Total mortgage principal payments required during the audit year (12 monthly payments). (Account 7001)	\$ 75,471
2. Total of 12 monthly deposits in the audit year into the Replacement Reserve account. (Account 7002)	\$ 36,640
3. Replacement Reserve or Residual Receipts releases which are included as expense items on this Profit and Loss Statement. (Account 7003)	\$ 23,895
4. Debt Service for other loans (surplus cash / non-MHDC / partner loans) (Account 7145)	\$ —

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

STATEMENT OF PROFIT AND LOSS (Continued)
For The Year Ended December 31, 2016

Part 1	Description of Account	Acct. No.	Amount	
Rent Revenue 5100	Rent Revenue - Gross Potential	5120	\$ 357,993	
	Tenant Assistance Payments	5121	\$ 629,031	
	Rent Revenue - Stores and Commercial	5140	\$ —	
	Garage and Parking Spaces	5170	\$ —	
	Flexible Subsidy Revenue	5180	\$ —	
	Miscellaneous Rent Revenue	5190	\$ —	
	Excess Rent	5191	\$ —	
	Rent Revenue/Insurance	5192	\$ —	
	Special Claims Revenue	5193	\$ 5,099	
	Retained Excess Income	5194	\$ —	
	Total Rent Revenue	5100T		\$ 992,123
Vacancies 5200	Apartments	5220	\$ 27,644	
	Stores and Commercial	5240	\$ —	
	Rental Concessions	5250	\$ —	
	Loss to Lease	5260	\$ —	
	Garage and Parking Space	5270	\$ —	
	Miscellaneous	5290	\$ —	
Total Vacancies	5200T		\$ 27,644	
	Net Rental Revenue Rent Revenue Less Vacancies	5152N		\$ 964,479
Supportive Services 5390	Supportive Services Revenue	5390	\$ —	
Financial Revenue 5400	Financial Revenue - Project Operations	5410	\$ 5,347	
	Revenue from Investments - Residual Receipts	5430	\$ 503	
	Revenue from Investments - Replacement Reserve	5440	\$ 2,398	
	Cable TV / Internet Access Revenue	5954	\$ —	
	Revenue from Investments - Other Reserves	5490	\$ 109	
	Total Financial Revenue	5400T		\$ 8,357
Other Revenue 5900	Laundry and Vending Revenue	5910	\$ 8,410	
	Tenant Charges	5920	\$ 4,868	
	Interest Reduction Payments Revenue	5945	\$ —	
	Miscellaneous Revenue	5990	\$ 13,205	
	Total Other Revenue	5900T		\$ 26,483
	Total Revenue	5000T		\$ 999,319
Administrative Expenses 6200/6300	Conventions and Meetings	6203	\$ 1,892	
	Management Consultants	6204	\$ 28,246	
	Advertising and Marketing	6210	\$ 5,496	
	Other Renting Expenses	6250	\$ 140	
	Office Salaries	6310	\$ 49,202	
	Office Expenses	6311	\$ 12,943	
	Office or Model Apartment Rent	6312	\$ —	
	Leased Furniture	6313	\$ —	
	Management Fee/Bookkeeping/Accounting Services	6320	\$ 49,104	
	Manager or Superintendent Salaries	6330	\$ 45,041	
	Administrative Rent Free Unit	6331	\$ —	
	Legal Expense - Project	6340	\$ 7,369	
	Audit Expense	6350	\$ 6,800	
	Telephone Expense	6360	\$ 7,598	
	Bad Debts	6370	\$ —	
	Miscellaneous Administrative Expenses	6390	\$ 855	
	Total Administrative Expenses	6263T		\$ 214,686
Utilities Expense 6400	Fuel Oil/Coal	6420	\$ —	
	Electricity	6450	\$ 50,947	
	Water	6451	\$ 14,546	
	Gas	6452	\$ 13,127	
	Sewer	6453	\$ 10,987	
	Cable TV / Internet Access	6454	\$ —	
Total Utilities Expense	6400T		\$ 89,607	
	Total Expenses (Carry Forward to Page 2)			\$ 304,293

Project Name: Hyder Development Group L.P.

		Balance Carried Forward		\$ 304,293
Operating Maintenance Expenses 6500	Payroll	6510	\$ 61,197	
	Supplies	6515	\$ 29,579	
	Contracts	6520	\$ 44,848	
	Operating and Maintenance Rent Free Unit	6521	\$ —	
	Garbage and Trash Removal	6525	\$ 3,809	
	Security Payroll/Contract	6530	\$ 21,212	
	Security Rent Free Unit	6531	\$ —	
	Heating/Cooling Repairs and Maintenance	6546	\$ 10,179	
	Snow Removal	6548	\$ 1,389	
	Vehicle and Maintenance Equipment Operation and Repairs	6570	\$ 5,358	
	Maintenance Tools and Equipment	6571	\$ —	
	Pool Supplies and Pool Maintenance/Contracts	6572	\$ —	
	Exterminating	6573	\$ 3,756	
	Elevator Maintenance/Contracts	6574	\$ 10,001	
	Vacant Unit Preparation	6574	\$ 12,860	
	Miscellaneous Operating and Maintenance Expenses	6590	\$ 2,130	
Total Operating and Maintenance Expenses	6500T		\$ 206,318	
Taxes and Insurance 6700	Real Estate Taxes	6710	\$ —	
	Payroll Taxes (Project's Share)	6711	\$ 12,145	
	Property and Liability Insurance (Hazard)	6720	\$ 26,651	
	Fidelity Bond Insurance	6721	\$ 64	
	Workmen's Compensation	6722	\$ 2,054	
	Health Insurance and Other Employee Benefits	6723	\$ 59,704	
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790	\$ —	
Total Taxes and Insurance	6700T		\$ 100,618	
Financial Expenses 6800	Interest on Mortgage Payable	6820	\$ 167,998	
	Amortization of Debt Issuance Costs	6822	\$ 6,166	
	Interest on Notes Payable (Long-Term)	6830	\$ —	
	Interest on Notes Payable (Short-Term)	6840	\$ —	
	Mortgage Insurance Premium/Service Charge	6850	\$ 16,522	
	Miscellaneous Financial Expenses	6890	\$ 30	
Total Financial Expenses	6800T		\$ 190,716	
Supportive Services 6990				
Supportive Services Expenses	6990		\$ —	
	Total Cost of Operations before Depreciation and Amortization	6000T		\$ 801,945
	Profit (Loss) before Depreciation and Amortization	5060T		\$ 197,374
	Depreciation Expense	6600	\$ 162,500	
	Amortization Expense	6610	\$ 2,440	
	Total Depreciation and Amortization			\$ 164,940
	Operating Profit or (Loss)	5060N		\$ 32,434
Corporate or Mortgagor Entity Expenses 7100	Entity Revenue	7105	\$ —	
	Officer's Salaries	7110	\$ —	
	Asset Management, Partnership and Incentive Performance Fee	7115	\$ 3,025	
	Legal Expenses	7120	\$ —	
	Federal, State and Other Income Taxes	7130	\$ —	
	Fidelity and Bond Expense	7135	\$ —	
	Interest on Notes Payable (subordinate/surplus cash/non-MHDC loans)	7141	\$ —	
	Interest on Mortgage Payable (subordinate/surplus cash/non-MHDC loan)	7142	\$ 20,581	
	Other Expenses	7190	\$ —	
	Net Entity Expenses	7100T		\$ 23,606
Profit or Loss (Net Income or Loss)	3250		\$ 8,828	

Miscellaneous or other Income and Expense Sub-account Groups. If miscellaneous or other income and/or expense sub-accounts (5190, 5290, 5490, 5990, 6390, 6590, 6790, 6890 and 7190) exceed the Account Groupings by 10% or more, attach a separate schedule describing or explaining the miscellaneous income or expense.

Part II

1. Total mortgage principal payments required during the audit year (12 monthly payments). (Account 7001)	\$ 71,707
2. Total of 12 monthly deposits in the audit year into the Replacement Reserve account. (Account 7002)	\$ 36,036
3. Replacement Reserve or Residual Receipts releases which are included as expense items on this Profit and Loss Statement. (Account 7003)	\$ 15,814
4. Debt Service for other loans (surplus cash / non-MHDC / partner loans) (Account 7145)	\$ —

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

STATEMENT OF PROFIT AND LOSS (Continued)

		For The Years	
		Ended December 31,	
Account		2017	2016
5990 - Miscellaneous Revenue			
5990-010	Other income	5990-020 \$ 5,796	\$ 5,760
5990-013	Insurance proceeds	5990-020 —	7,445
Total Miscellaneous Revenue		\$ 5,796	\$ 13,205

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

STATEMENT OF PARTNERS' EQUITY
For The Years Ended December 31, 2017 And 2016

	Assigning Limited Partner	New Limited Partner	General Partner	Total
Allocation Percentage	0.00%	99.99%	0.01%	0.01%
Balance (Deficit) - January 1, 2016	\$ 2,181,476	\$ —	\$ (24)	\$ 2,181,452
Net Income	8,827	—	1	8,828
S1100-010 Balance (Deficit) - December 31, 2016	2,190,303	—	(23)	2,190,280
3250 Net Loss	(125,926)	(11,448)	(14)	(137,388)
Transfer Of Interest	(1,614,377)	1,614,377	—	—
S1200-420 Distribution	(450,000)	—	—	(450,000)
3130 Balance (Deficit) - December 31, 2017	\$ —	\$ 1,602,929	\$ (37)	\$ 1,602,892

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

STATEMENT OF CASH FLOWS

Page 1 Of 2

		For The Years Ended December 31,	
		2017	2016
Cash Flows From Operating Activities			
Receipts:			
S1200-010	Rental receipts	\$ 991,448	\$ 963,070
S1200-020	Interest receipts	13,285	7,917
S1200-030	Other operating receipts	17,190	26,483
S1200-040	Total Receipts	1,021,923	997,470
Disbursements:			
S1200-050	Administrative	92,285	74,450
S1200-070	Management fee	49,284	49,104
S1200-090	Utilities	83,918	89,607
S1200-100	Salaries and wages	147,347	166,553
S1200-110	Operating and maintenance	174,316	145,121
S1200-140	Property insurance	41,881	27,485
S1200-150	Miscellaneous taxes and insurance	72,251	73,967
S1200-160	Tenant security deposits	561	(300)
S1200-180	Interest on mortgage note payable	164,542	168,305
S1200-210	Mortgage insurance premium (MIP)	1,375	16,552
S1200-220	Miscellaneous financial	30	—
S1200-225	Entity disbursements:		
S1200-226	Asset management fee (S1200-227)	6,050	3,025
S1200-226	Interest on notes payable (S1200-227)	20,581	22,946
S1200-230	Total Disbursements	854,421	836,815
S1200-240	Net Cash Provided By Operating Activities	167,502	160,655
Cash Flows From Investing Activities			
S1200-245	Net deposits to mortgage escrow account	(1,276)	(22,404)
S1200-250	Net deposits to reserve for replacement account	(204)	(19,567)
S1200-255	Net (deposits to) withdrawals from other reserves	445,355	(4,806)
S1200-260	Net deposits to residual receipts account	(503)	(502)
S1200-330	Net purchases of fixed assets	(189,276)	(18,017)
S1200-350	Net Cash Provided By (Used In) Investing Activities	254,096	(65,296)
Cash Flows From Financing Activities			
S1200-360	Principal payments - first mortgage	(75,471)	(71,707)
S1200-361	Principal payments - second mortgage	(42,578)	(121,567)
S1200-420	Distributions	(450,000)	—
S1200-450	Other financing activities		
S1200-451	Payment of debt issuance costs (S1200-452)	(31,450)	—
S1200-451	Advances from affiliated entities (S1200-452)	100,000	—
S1200-460	Net Cash Used In Financing Activities	(499,499)	(193,274)
S1200-470	Net Decrease In Cash	(77,901)	(97,915)
S1200-480	Beginning Of Period Cash	89,242	187,157
S1200T	End Of Period Cash	\$ 11,341	\$ 89,242

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

STATEMENT OF CASH FLOWS

Page 2 Of 2

		For The Years	
		Ended December 31,	
		2017	2016
Reconciliation Of Net Income (Loss) To Net Cash			
Provided By Operating Activities			
3250	Net income (loss)	\$ (137,388)	\$ 8,828
	Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
6600	Depreciation	200,550	162,500
6822	Amortization of debt issuance costs	6,166	6,166
6610	Amortization	1,010	2,440
	(Increase) decrease in assets:		
S1200-490	Tenant accounts receivable	3,988	(424)
S1200-510	Accounts receivable - other	4,701	(440)
S1200-520	Prepaid expenses	(15,251)	(834)
S1200-530	Cash restricted for tenant security deposits	(310)	(1,148)
	Increase (decrease) in liabilities:		
S1200-540	Accounts payable	103,290	(3,111)
S1200-560	Accrued liabilities	6,064	(11,113)
S1200-570	Accrued interest payable	(322)	(307)
S1200-580	Tenant security deposits held in trust	(251)	1,448
S1200-590	Prepaid revenue	880	(985)
S1200-605	Entity liability accounts:		
S1200-606	Accrued interest on second mortgage (S1200-607)	(2,600)	(2,365)
S1200-606	Asset management fee (S1200-607)	(3,025)	—
S1200-610 Net Cash Provided By Operating Activities		\$ 167,502	\$ 160,655

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 And 2016

1. Organization And Summary Of Significant Accounting Policies

Organization

Hyder Development Group L.P. (the Partnership) was originally organized on October 3, 2001 and was amended and restated as of August 19, 2003, as a limited partnership, and shall continue until December 31, 2102 unless sooner terminated under the terms stated in the agreement. The Partnership was formed to acquire an interest in real property located in Jefferson City, Missouri and to rehabilitate and operate a one-building, 116-unit occupancy apartment complex for the elderly (the Project). The Project is regulated by the Missouri Housing Development Commission (MHDC) as to rent charges and operating methods. Rehabilitation commenced in August 2003 and was completed in November 2004. Effective November 30, 2017, the Partnership agreement was amended to admit Hyder Apartments Investment Corporation (New Limited Partner) and remove U.S. Bancorp Community Development Corporation (Assigning Limited Partner).

The regulatory agreement with MHDC stipulates that Net Earnings, as defined in the Acts and Regulations, may be declared or made only as of or after the end of an annual fiscal period. Net Earnings are defined by MHDC as the difference between Project Income and the payment of all operating expenses, taxes, insurance, reserve payments, payments necessary to maintain all escrow accounts fully funded, if any, and debt service. The maximum distributable amount for the years ended December 31, 2017 and 2016 was \$94,383 and \$87,300, respectively. The Partnership did not have surplus cash at December 31, 2017. Surplus cash amounted to \$66,184 at December 31, 2016. Undistributed amounts are cumulative and may be distributed in subsequent years if future operations provide surplus cash in excess of current requirements. At December 31, 2017 and 2016, distributions earned but unpaid amounted to \$719,525 and \$631,192 respectively, and are not reflected in the accompanying balance sheet. In addition, the Partnership is required to deposit all surplus cash in excess of the cumulative allowable distributions into a residual receipts fund. There was no amount due to residual receipts at December 31, 2017 or 2016.

Certain terms as defined in the Partnership Agreement are denoted with initial capital letters throughout the notes to the financial statements.

HYDER DEVELOPMENT GROUP L.P.

Notes To Financial Statements *(Continued)*

Estimates And Assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash

The Partnership deposits its cash in financial institutions. At times, such deposits exceed federally insured limits. The Partnership has not experienced losses in such accounts.

Tenant Accounts Receivable

Tenant accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of the credit history with tenants having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year end will be immaterial.

Restricted Deposits And Funded Reserves

The escrow deposits, replacement reserve and the residual receipts reserve can only be used upon prior approval of MHDC. Total required monthly deposits to the replacement reserve were \$3,037 from January through August, and \$3,086 from October through December.

The working capital escrow is to be used to meet any cash deficits in construction, operation, maintenance or management of the Project.

The HAP reserve can be used for any Partnership purpose upon prior approval from the Limited Partner. The reserve shall be exhausted before any call is made on the Operating Deficit Guaranty. During 2017, in connection with the sale of partnership interest, \$450,000 was released out of the HAP reserve and reflected as a distribution to U.S. Bancorp Community Development Corporation. In addition to the distribution, \$5,000 of legal fees related to the sale of the partnership interest were funded from the HAP reserve during 2017.

The restricted deposits and funded reserves are money market and bond funds and are valued at cost since they are readily convertible to cash.

HYDER DEVELOPMENT GROUP L.P.

Notes To Financial Statements *(Continued)*

Rental Property

Rental property is stated at cost, less accumulated depreciation. Depreciation is provided using straight-line and accelerated methods over the estimated useful lives of the assets ranging from 5 to 40 years.

The Partnership, using its best estimates based on reasonable and supportable assumptions and projections, reviews its building, property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of its assets might not be recoverable.

Development Fees

Development fees incurred for the development of the Project have been capitalized and added to the depreciable basis of the building.

Capitalized Interest

Interest incurred during construction amounting to \$43,533 has been capitalized and added to the depreciable basis of the building.

Debt Issuance Costs

Debt issuance costs totaling \$246,648 related to the original permanent financing were capitalized and are being amortized using the effective interest method over the life of the loan. The Partnership incurred additional loan costs during 2017 totaling \$31,450 in connection with refinancing activities. Accumulated amortization totals \$88,385 and \$82,219 as of December 31, 2017 and 2016, respectively. Amortization expense is included in financial expenses on the statement of profit and loss.

Ground Lease Costs

Ground lease costs have been capitalized and are being amortized over the 99-year lease term.

Syndication Costs

Costs incurred in the syndication of the limited partner interest are recorded as an offset against capital raised.

Rental Revenue

The rental property is generally leased to tenants under one-year noncancelable operating leases. Rental revenue is recognized on a straight-line basis over the terms of the leases. Rental payments received in advance are deferred until earned.

HYDER DEVELOPMENT GROUP L.P.

Notes To Financial Statements *(Continued)*

Income Taxes

Under provisions of the Internal Revenue Code and applicable state laws, the Partnership is not directly subject to federal income taxes; the results of its operations are includable in the tax returns of its partners. Therefore, no provision for income tax expense has been included in the accompanying financial statements.

The Partnership follows accounting rules for uncertain tax positions. These rules require financial statement recognition of the impact of a tax position if a position is more likely than not of being sustained on audit, based on the technical merits of the position. These rules also provide guidance on measurement, derecognition, classification, interest and penalties and disclosure requirements for uncertain tax positions. The Partnership's federal and state tax returns for tax years 2014 and later remain subject to examination by taxing authorities.

Subsequent Events

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

2. Deferred Costs

Deferred costs consist of:

	<u>2017</u>	<u>2016</u>
Ground lease costs (net of accumulated amortization of \$14,562 at December 31, 2017 and \$13,552 at December 31, 2016)	<u>\$ 85,438</u>	<u>\$ 86,448</u>

3. Mortgage Notes Payable

Construction and permanent financing is provided by MHDC under a loan commitment of \$3,825,000. Loan funds were obtained via the issuance of Multifamily Housing Revenue Bonds. The permanent mortgage loan is secured by a first deed of trust and an assignment of rents. The loan has an annual interest rate of 5.125% and monthly payments of \$20,001 until the bonds mature in January 2040.

As of December 31, 2017 and 2016, \$3,169,390 and \$3,244,861, respectively, was payable. During 2017 and 2016, interest expense of \$164,220 and \$167,998, respectively, was incurred. Accrued interest at December 31, 2017 and 2016, amounted to \$13,536 and \$13,858, respectively.

HYDER DEVELOPMENT GROUP L.P.

Notes To Financial Statements (Continued)

Permanent financing is also provided by MHDC under a \$1,000,000 loan commitment. The nonrecourse loan is secured by a second deed of trust on the property and bears interest at an annual rate of 3%. Interest-only payments are due from Surplus Cash commencing September 1, 2003. In the event the interest is not paid, the interest shall accrue and become payable at maturity. The entire balance of unpaid principal is due on January 1, 2040. Principal and interest payments of \$42,578 and \$20,581, respectively, were made from available Surplus Cash and under the direction and guidance of MHDC during 2017. Principal and interest payments of \$121,567 and \$22,946, respectively, were made from available Surplus Cash and under the direction and guidance of MHDC during 2016. Accrued interest at December 31, 2017 and 2016 amounted to \$17,981 and \$20,581, respectively. The balance due on the second mortgage is \$582,664 and \$625,242 at December 31, 2017 and 2016, respectively.

The scheduled maturities of the mortgage notes payable at December 31, 2017 are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 79,430
2019	83,598
2020	87,985
2021	92,601
2022	97,460
Thereafter	3,310,980
	<u>\$ 3,752,054</u>

4. Limited Partner Equity

Contingent upon various requirements as outlined in the Partnership Agreement, the limited partner is to contribute cash totaling \$2,467,367 to the Partnership in multiple installments. Through December 31, 2017, the limited partner has contributed the entire \$2,467,367.

HYDER DEVELOPMENT GROUP L.P.

Notes To Financial Statements *(Continued)*

5. Related Party Transactions

The Project is managed by the Housing Authority of the City of Jefferson, Missouri (JCHA), an affiliate of the general partner. Under this agreement, JCHA is to receive a fee of \$33 per occupied unit per month. In January 2016, JCHA received approval from MHDC to increase the fee to \$36 per occupied unit per month. This fee amounted to \$49,284 and \$49,104 for 2017 and 2016, respectively.

During 2017, JCHA advanced \$100,000 to the Partnership for various improvements to the property. The advance was repaid in January 2018. The advance at December 31, 2017 is included in miscellaneous current liabilities.

JCHA earned a development fee totaling \$600,000 as consideration for services rendered to the Partnership during the construction phase. As of December 31, 2017, this fee had been paid in full.

The Partnership Agreement provides for various guarantees and obligations of the general partner and certain affiliated entities.

The limited partner is entitled to an annual asset management fee of \$2,500, indexed at 10% every five years, for its review of the operations of the Partnership and the apartment complex. Such fee is payable from cash flow and to the extent that such fee is not paid in any year, such fee shall accrue interest at 10% per year. During 2017 and 2016, fees of \$3,025, were incurred. As of December 31, 2016, fees of \$3,025 were payable and included in accounts payable - entity. No amounts were due at December 31, 2017.

S3100-210	Company Name	Housing Authority of the City of Jefferson, Missouri
S3100-220	Amount Received	\$49,284

S3100-210	Company Name	U.S. Bancorp Community Development Corporation
S3100-220	Amount Received	\$6,050

6. Commitments

The Partnership has entered into a regulatory agreement with MHDC which regulates, among other things, the rents which may be charged for apartment units in the Project, prohibits the sale of the Project without MHDC consent, limits the annual distribution of cash flow to the partners and otherwise regulates the relationship between the Partnership and MHDC.

HYDER DEVELOPMENT GROUP L.P.

Notes To Financial Statements (*Continued*)

A land use restriction agreement filed with MHDC requires that 100% of the residential units shall be set aside and made available for rental solely to eligible low-income individuals or families, as defined in the Internal Revenue Code.

The Partnership has executed a ground lease agreement with JCHA. The agreement is subject to various use restrictions and operating requirements, as defined in the agreement. Upon expiration of the agreement, the Partnership has an option to purchase the property. As JCHA acts as the Land Clearance Redevelopment Authority of Jefferson City, Missouri and also holds the fee title to the property, the property is exempt from the payment of real estate taxes as long as JCHA continues to hold the property.

Pursuant to two agreements with HUD, under Section 8 of the Housing Assistance Payment Program, the Partnership is entitled to receive housing assistance payments on behalf of qualified tenants. The agreements expire in December 2023 and August 2026. The agreements are subject to automatic renewal. The Partnership cannot sell or otherwise substantially liquidate its assets during each period that the agreement with HUD for the housing assistance program is in existence without its prior approval.

7. Low-Income Housing Tax Credits (Unaudited)

The Partnership was allocated federal and state low-income housing tax credits by MHDC amounting to \$1,964,750 each. As of December 31, 2017, all available credits have been allocated to the partners.

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 reasonable time period could result in recapture of previously taken tax credits, plus interest. In addition, any such noncompliance, if it were to occur, may result in an adjustment to the contributed capital of the limited partner.

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

SUPPORTING DATA REQUIRED BY MHDC
December 31, 2017

Replacement Reserve

1320P	Balance at beginning of year	\$ 414,020
1320DT	Total monthly deposits	36,640
1320ODT	Other deposits	
1320 ODT-010	Overwithdrawal repayment	
1320 ODT-020	\$8,572	8,572
1320 INT	Interest on replacement reserve accounts	2,444
1320WT	Approved withdrawals	<u>(218,827)</u>
1320 WT-010	Reimbursement	
1320 WT-020	\$218,827	
1320	Balance at end of year, confirmed by mortgagee	<u>242,849</u>

Residual Receipts

1340P	Balance at beginning of year	85,335
1340 INT	Other deposits	<u>503</u>
1340 INT-010	Interest income	
1340 INT-020	\$503	
1340	Balance at end of year, confirmed by mortgagee	<u>85,838</u>

Tax And Insurance Escrow

1330P	Balance at beginning of year	17,344
1330DT	Total monthly deposits	44,327
1330 INT	Other deposits	139
1330 INT-010	Interest income	
1330 INT-020	\$139	
1330WT	Approved withdrawals	<u>(43,190)</u>
1330 WT-010	Insurance premiums	
1330 WT-020	\$43,190	
1330	Balance at end of year, confirmed by mortgagee	<u>18,620</u>

Working Capital Escrow

1330P	Balance at beginning of year	22,508
1330 INT	Other deposits	<u>133</u>
1330 INT-010	Interest income	
1330 INT-020	\$133	
1330	Balance at end of year, confirmed by mortgagee	<u>22,641</u>

HAP Reserve

1330P	Balance at beginning of year	1,117,981
1330 INT	Other deposits	
1330 INT-010	Interest income	9,512
1330 INT-020	\$9,512	
1330WT	Approved withdrawals	<u>(455,000)</u>
1330 WT-010	Transfer of interest	
1330 WT-020	\$455,000	
1330	Balance at end of year, confirmed by mortgagee	<u>672,493</u>
		<u>\$ 1,042,441</u>

Computation of Surplus Cash, Distributions and Residual Receipts

PROJECT NAME	FISCAL PERIOD ENDED:	PROJECT NUMBER
Hyder Development Group L.P.	12/31/2017	03-019-MTE/RS
Part A - Compute Surplus Cash		
Cash		
1. Cash (Accounts 1120, 1170, 1191 minus Account 2105) (S1300-010)	\$ 46,793	
2. Tenant subsidy due for period covered by financial statement (1135)	\$ 15,105	
3. Other -Receivable - replacement reserve withdrawal (S1300-030)	\$ 171,375	
(a) Total Cash (Add Lines 1, 2, and 3) (S1300-040)	\$ 233,273	
Current Obligations		
4. Accrued mortgage interest payable (S1300-050)	\$ 13,536	
5. Delinquent mortgage principal payments (S1300-060)	\$ —	
6. Delinquent deposits to reserve for replacements (S1300-070)	\$ —	
7. Accounts payable - 30 days (S1300-075)	\$ 109,549	
8. Loans and notes payable (due within 30 days) (S1300-080)	\$ —	
9. Deficient tax insurance or MIP escrow deposits (S1300-090)	\$ —	
10. Accrued expenses (not escrowed) (S1300-100)	\$ 122,626	
11. Prepaid revenue (2210)	\$ 5,850	
12. Tenant security deposits liability (2191)	\$ 34,870	
13. Other current obligations (describe) (S1300-110)	\$ —	
(b) Total Current Obligations (Add Lines 4 through 13) (S1300-140)	\$ 286,431	
(c) Surplus Cash (Deficiency) [Line (a) minus Line (b)] (S1300-150)	\$ (53,158)	
Part B - Compute Distributions to Owners and Required Deposit to Residual Receipts		
1. Surplus Cash	\$ None	
Limited Dividend Projects		
2a. Annual distribution earned during fiscal period covered by the statement (S1300-160)	\$	
2b. Distribution accrued and unpaid as of the end of the prior fiscal period (S1300-170)	\$	
2c. Distributions and entity expenses paid during fiscal period covered by statement (S1300-180)	\$	
3. Distribution earned but unpaid (Line 2a plus 2b minus 2c) (S1300-190)	\$	
4. Amount available for distribution during next fiscal period (S1300-200)	\$	
5. Deposit due residual receipts (S1300-210)	\$	

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

**COMPUTATION OF DISTRIBUTIONS TO OWNERS AND
REQUIRED DEPOSIT TO RESIDUAL RECEIPTS**

Development Name: Hyder Development Group L.P.	Fiscal Period	From: <u>January 1, 2017</u> To: <u>December 31, 2017</u>
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A. Annual distribution earned during fiscal period covered by the statement:

		Line Item
Current Equity	*\$ 1,573,046	(1)
Multiply percent per regulatory agreement	x 6%	(2)
Annual distribution earned for 2017	=\$ 94,383	(3)

B. Distribution accrued and unpaid as of the end of the prior fiscal period:

Distributions earned per Regulatory Agreement at 12/31, or end of accounting year, if different, for years:		
2016	\$ 87,300	
2015	\$ 75,703	
2014	\$ 69,752	
2013	\$ 59,839	
2012	\$ 56,443	
2011	\$ 53,508	
2010	\$ 50,724	
2009	\$ 48,104	
2008	\$ 44,937	
2007 and prior years	\$ 109,157	
Total prior year distributions earned	\$ 655,467	(4)
Less: Distributions made to partners in prior years	-\$ —	(5)
Less: Other: Asset Management Review Fee	-\$ 24,275	(6)

Distributions accrued and unpaid as of period covered by statement:	=\$ 631,192	(7)
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C. Distributions paid during period covered by statement:

To partners	\$ 450,000	(8)
Other: Asset Management Fee	\$ 6,050	(9)
Total distributions paid during period covered by statement	=\$ 456,050	(10)

D. Amount to be carried as distributions earned but unpaid:

Line (3) + Line (7) - Line (10) =	**\$ 269,525	(11)
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E. Amount available for distribution during next fiscal period:

Surplus Cash (from page 21, Line 1 of Part B)	\$ None	(12)
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F. Deposits due residual receipts:

If Line (11) is greater than Line (12), enter zero (\$0), else enter Line (12) - Line (11), and deposit amount within 60 days of fiscal year end into joint account with mortgagee (MHDC).	\$ —	(13)
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* Current equity represents initial equity investment plus mortgage principal reductions through end of fiscal period.

** Distributions may only be made to the extent that there is surplus cash available as shown in Part E.

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

SUPPORTING DATA REQUIRED BY MHDC (Continued)
December 31, 2017

Funds In Financial Institutions

A. Funds Held By Mortgagor, Regular Operating Account	
Central Bank, investment account ⁽¹⁾	\$ 11,341
B. Funds Held By Mortgagor, In Trust, Tenant Security Deposits	
Jefferson Bank, business checking ⁽¹⁾	35,452
C. Funds Held By Mortgagor, In Trust, HAP Reserve	
1. Central Bank, business checking ⁽¹⁾	102,756
2. Central Bank, investment account ⁽¹⁾	569,737
	<u>719,286</u>
Funds Held By Mortgagor, TOTAL	<u>719,286</u>
D. Funds Held By Mortgagee (In Trust)	
1. Residual receipts reserve, Missouri Housing Development Commission ⁽¹⁾	85,838
2. Replacement reserve, Missouri Housing Development Commission ⁽¹⁾	242,849
3. Working capital escrow, Missouri Housing Development Commission ⁽¹⁾	22,641
4. Tax and insurance escrow, Missouri Housing Development Commission ⁽¹⁾	18,620
	<u>369,948</u>
Funds Held By Mortgagee, TOTAL	<u>369,948</u>
Total Funds In Financial Institutions	<u><u>\$ 1,089,234</u></u>

⁽¹⁾ Balances audited as of December 31, 2017

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

SUPPORTING DATA REQUIRED BY MHDC (Continued)
December 31, 2017

Schedule Of Fixed Assets

	Balance				Balance
	January 1,	Additions	Deductions		December 31,
	2017				2017
1410 Land improvements	\$ 93,708	\$ —	\$ —	\$	\$ 93,708
1420 Building	5,932,137	184,266	10,512		6,105,891
1460 Furnishings	202,522	5,652	4,495		203,679
1465 Office furniture and equipment	11,488	—	—		11,488
1480 Motor vehicle	6,166	—	4,533		1,633
Total	6,246,021	189,918	19,540		6,416,399
1495 Accumulated depreciation	2,178,146	200,550	18,898		2,359,798
1400N Net Book Value	\$ 4,067,875	\$ (10,632)	\$ (642)	\$	\$ 4,056,601

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

SUPPORTING DATA REQUIRED BY MHDC (Continued)
December 31, 2017

**Schedule Of Eligible And Allocated Federal And
State Tax Credits (Unaudited)**

TIN #: 43-1940604

Credit Year	Calendar Year	Annual Federal LIHTC		Annual State LIHTC	
		Allocated	Eligible	Allocated	Eligible
1	2004	\$ 196,475	\$ 181,661	\$ 196,475	\$ 181,661
2	2005	196,475	196,475	196,475	196,475
3	2006	196,475	196,475	196,475	196,475
4	2007	196,475	196,475	196,475	196,475
5	2008	196,475	196,475	196,475	196,475
6	2009	196,475	196,475	196,475	196,475
7	2010	196,475	196,475	196,475	196,475
8	2011	196,475	196,475	196,475	196,475
9	2012	196,475	196,475	196,475	196,475
10	2013	196,475	196,475	196,475	196,475
11	2014	N/A	14,814	N/A	14,814
12	2015	N/A		N/A	
13	2016	N/A		N/A	
14	2017	N/A		N/A	
15	2018	N/A		N/A	

**Independent Auditors' 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***

Partners
Hyder Development Group L.P.
Jefferson City, Missouri

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 Hyder Development Group L.P., which comprise the balance sheet as of December 31, 2017, and the related statements of profit and loss, partners' equity and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated March 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hyder Development Group L.P.'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 Hyder Development Group L.P.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Hyder Development Group L.P.'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 entity'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 Hyder Development Group L.P.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

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 Hyder Development Group L.P.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hyder Development Group L.P.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

March 20, 2018

**Independent Auditors' Report
On Compliance For The Major
HUD Program And On Internal
Control Over Compliance Required
By The *Consolidated Audit
Guide For Audits Of HUD Programs***

Partners
Hyder Development Group L.P.
Jefferson City, Missouri

Report On Compliance For The Major HUD Program

We have audited Hyder Development Group L.P.'s compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the Guide) that could have a direct and material effect on Hyder Development Group L.P.'s major U.S. Department of Housing and Urban Development (HUD) program for the year ended December 31, 2017. Hyder Development Group L.P.'s major HUD program is as follows:

Name Of The Major HUD Program
<i>Section 8 Housing Assistance Payment Program</i>

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its HUD program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Hyder Development Group L.P.'s major HUD program based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major HUD program occurred. An audit includes examining, on a test basis, evidence about Hyder Development Group L.P.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major HUD program. However, our audit does not provide a legal determination of Hyder Development Group L.P.'s compliance.

Opinion On The Major HUD Program

In our opinion, Hyder Development Group L.P. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major HUD program for the year ended December 31, 2017.

Report On Internal Control Over Compliance

Management of Hyder Development Group L.P. is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hyder Development Group L.P.'s internal control over compliance with the requirements that could have a direct and material effect on the major HUD program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major HUD program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hyder Development Group L.P.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a HUD program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a HUD program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement of a HUD program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose Of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

RubinBrown LLP

March 20, 2018

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

**SCHEDULE OF FINDINGS, QUESTIONED COSTS,
AND RECOMMENDATIONS (S2700-x1x)**
December 31, 2017

Our audit disclosed no findings that are required to be reported herein under the HUD Consolidated Audit Guide.

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

**SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS,
QUESTIONED COSTS, AND RECOMMENDATIONS (S2800-x1x)**
December 31, 2017

- 1.) Audit Report, dated March 7, 2017, for the year ended December 31, 2016, issued by RubinBrown LLP.

The audit for the year ended December 31, 2016 disclosed no findings that were required to be reported under the HUD Consolidated Audit Guide.

- 2.) There were no reports issued by HUD OIG or Other Federal agencies or contract administrators during the period covered by this audit.
- 3.) There were no letters or reports issued by HUD management during the period covered by this audit.

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

MORTGAGOR CERTIFICATION
For The Year Ended December 31, 2017

We hereby certify that we have examined the accompanying financial statements and supplementary information of Hyder Development Group L.P. and, to the best of our knowledge and belief, the same is complete and accurate.

Hyder Development Group L.P.
(A Missouri Limited Partnership)

By: 
Signature of Signer

Cynthia Quetsch
Printed Name of Signer

President
Title of Signer

43-1940604
Employer Identification Number

March 20, 2018
Date

HYDER DEVELOPMENT GROUP L.P.
03-019-MTE/RS

MANAGING AGENT CERTIFICATION
For The Year Ended December 31, 2017

We hereby certify that we have examined the accompanying financial statements and supplementary information of Hyder Development Group L.P. and, to the best of our knowledge and belief, the same is complete and accurate.

Housing Authority of the City of Jefferson,
Missouri

By: 
Signature of Signer

Cynthia Quetsch
Printed Name of Signer

Executive Director
Title of Signer

44-6005933
Employer Identification Number


Signature of Individual Responsible for
Management of Property

Michelle Wessler
Printed Name of Individual Responsible for
Management of Property

March 20, 2018
Date

S3200-005

Auditors' Transmittal Letter

S3200-010 Audit Firm RubinBrown LLP

S3200-020 Lead Auditor First Name Tracy

S3200-030 Lead Auditor Middle Name Lynn

S3200-040 Lead Auditor Last Name Senf

S3200-050 Auditor Street Address Line 1 One North Brentwood

S3200-060 Auditor Street Address Line 2 _____

S3200-070 Auditor City St. Louis

S3200-080 Auditor State Missouri

S3200-090 Auditor Zip Code 63105

S3200-100 Auditor Zip Code Extension _____

S3200-110 Auditor Telephone Number (314) 290-3300

S3200-120 Auditor Firm TIN 43-0765316

S3200-130 Date of Independent Auditors' Report March 20, 2018