
HYDER DEVELOPMENT GROUP L.P.

085-11205

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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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, 2018, and the related statements of profit and loss, partners' equity and cash flows for the period beginning June 15, 2018 and ended December 31, 2018, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2018, and the results of its operations and its cash flows for the period beginning June 15, 2018 and ended December 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, shown on pages 19 through 24, 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 24, 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 24, 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 24 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 28, 2019, 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 28, 2019

HYDER DEVELOPMENT GROUP L.P.
085-11205

BALANCE SHEET
December 31, 2018
Page 1 Of 2

Assets

Current Assets

| | | |
|-------|---|----------------|
| 1120 | Cash - operations | \$ 117,065 |
| 1125 | Cash - entity (Note 1) | 614,314 |
| 1130 | Tenant accounts receivable | 1,911 |
| 1135 | Accounts receivable - HUD | 14,339 |
| 1190 | Miscellaneous current assets - AHRMA subscriber savings account | 724 |
| 1200 | Prepaid expenses | 33,907 |
| 1100T | Total Current Assets | <u>782,260</u> |

Deposits Held In Trust - Funded

| | | |
|------|-------------------------------|---------------|
| 1191 | Tenant deposits held in trust | <u>32,653</u> |
|------|-------------------------------|---------------|

Restricted Deposits And Funded Reserves (Note 1)

| | | |
|-------|---------------------------|----------------|
| 1320 | Replacement reserve | 204,634 |
| 1340 | Residual receipts reserve | 86,032 |
| 1300T | Total Deposits | <u>290,666</u> |

Fixed Assets (Notes 3 And 4)

| | | |
|-------|--------------------------------|------------------|
| 1410 | Land improvements | 93,708 |
| 1420 | Building | 6,130,217 |
| 1460 | Furnishings | 202,467 |
| 1465 | Office furniture and equipment | 11,488 |
| 1470 | Maintenance equipment | 4,225 |
| 1480 | Motor vehicle | 1,633 |
| 1400T | Total Fixed Assets | <u>6,443,738</u> |
| 1495 | Less: Accumulated depreciation | <u>2,558,368</u> |
| 1400N | Net Fixed Assets | <u>3,885,370</u> |

Other Assets

| | | |
|-------|---|----------------------------|
| 1520 | Deferred ground lease costs (Notes 1 and 2) | <u>84,428</u> |
| 1000T | Total Assets | <u><u>\$ 5,075,377</u></u> |

HYDER DEVELOPMENT GROUP L.P.
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BALANCE SHEET
December 31, 2018
Page 2 Of 2

Liabilities

Current Liabilities

| | | |
|-------|---|----------------|
| 2110 | Accounts payable - operations | \$ 53,645 |
| 2131 | Accrued interest payable - first mortgage (Note 3) | 10,674 |
| 2132 | Accrued interest payable - second mortgage (Note 4) | 35,461 |
| 2170 | Mortgage note payable - first mortgage (short-term) (Note 3) | 108,081 |
| 2190 | Miscellaneous current liabilities compensated absences | 19,549 |
| 2210 | Prepaid revenue | 4,348 |
| 2122T | Total Current Liabilities | <u>231,758</u> |

Deposit And Prepayment Liabilities

| | | |
|------|--|---------------|
| 2191 | Tenant deposits held in trust (contra) | <u>31,852</u> |
|------|--|---------------|

Long-Term Liabilities

| | | |
|-------|---|------------------|
| 2320 | Mortgage note payable - first mortgage Principal amount (Note 3) | 3,054,559 |
| | Less: Unamortized debt issuance costs (Note 1) | <u>96,604</u> |
| | Mortgage payable less unamortized debt issuance costs | 2,957,955 |
| 2323 | Other loans and notes payable - surplus cash (Note 4) | <u>582,664</u> |
| 2300T | Total Long-Term Liabilities | <u>3,540,619</u> |
| 2000T | Total Liabilities | 3,804,229 |

Partners' Equity

| | | |
|-------|---|---------------------|
| 3130 | Partners' equity | <u>1,271,148</u> |
| 2033T | Total Liabilities And Partners' Equity | <u>\$ 5,075,377</u> |

HYDER DEVELOPMENT GROUP L.P.
085-11205

STATEMENT OF PROFIT AND LOSS
For The Period Beginning June 15, 2018
And Ended December 31, 2018

| Part 1 | Description of Account | Acct. No. | Amount |
|---------------------------------------|--|-----------|------------|
| Rent Revenue 5100 | Rent Revenue - Gross Potential | 5120 | \$ 225,353 |
| | Tenant Assistance Payments | 5121 | \$ 369,563 |
| | 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 | \$ 766 |
| | Retained Excess Income | 5194 | \$ — |
| | Total Rent Revenue | 5100T | \$ 595,682 |
| Vacancies 5200 | Apartments | 5220 | \$ 39,883 |
| | Stores and Commercial | 5240 | \$ — |
| | Rental Concessions | 5250 | \$ 400 |
| | Loss to Lease | 5260 | \$ — |
| | Garage and Parking Space | 5270 | \$ — |
| | Miscellaneous | 5290 | \$ — |
| | Total Vacancies | 5200T | \$ 40,283 |
| | Net Rental Revenue <i>Rent Revenue Less Vacancies</i> | 5152N | \$ 555,399 |
| Supportive Services 5390 | Supportive Services Revenue | 5390 | \$ — |
| Financial Revenue 5400 | Financial Revenue - Project Operations | 5410 | \$ 6,529 |
| | Revenue from Investments - Residual Receipts | 5430 | \$ 194 |
| | Revenue from Investments - Replacement Reserve | 5440 | \$ 495 |
| | Cable TV / Internet Access Revenue | 5954 | \$ — |
| | Revenue from Investments - Other Reserves | 5490 | \$ — |
| | Total Financial Revenue | 5400T | \$ 7,218 |
| Other Revenue 5900 | Laundry and Vending Revenue | 5910 | \$ 5,314 |
| | Tenant Charges | 5920 | \$ 2,621 |
| | Interest Reduction Payments Revenue | 5945 | \$ — |
| | Miscellaneous Revenue | 5990 | \$ 3,671 |
| | Total Other Revenue | 5900T | \$ 11,606 |
| | Total Revenue | 5000T | \$ 574,223 |
| Administrative Expenses 6200/6300 | Conventions and Meetings | 6203 | \$ 968 |
| | Management Consultants | 6204 | \$ 18,577 |
| | Advertising and Marketing | 6210 | \$ 1,854 |
| | Other Renting Expenses | 6250 | \$ 112 |
| | Office Salaries | 6310 | \$ 24,340 |
| | Office Expenses | 6311 | \$ 6,390 |
| | Office or Model Apartment Rent | 6312 | \$ — |
| | Leased Furniture | 6313 | \$ — |
| | Management Fee/Bookkeeping/Accounting Services | 6320 | \$ 27,540 |
| | Manager or Superintendent Salaries | 6330 | \$ 23,890 |
| | Administrative Rent Free Unit | 6331 | \$ — |
| | Legal Expense - Project | 6340 | \$ 12,605 |
| | Audit Expense | 6350 | \$ — |
| | Telephone Expense | 6360 | \$ 4,854 |
| | Bad Debts | 6370 | \$ 249 |
| Miscellaneous Administrative Expenses | 6390 | \$ 9,981 | |
| | Total Administrative Expenses | 6263T | \$ 131,360 |
| Utilities Expense 6400 | Fuel Oil/Coal | 6420 | \$ — |
| | Electricity | 6450 | \$ 36,317 |
| | Water | 6451 | \$ 8,763 |
| | Gas | 6452 | \$ 7,616 |
| | Sewer | 6453 | \$ 7,644 |
| | Cable TV / Internet Access | 6454 | \$ — |
| | Total Utilities Expense | 6400T | \$ 60,340 |
| | Total Expenses <i>(Carry Forward to Page 2)</i> | | \$ 191,700 |

Project Name: Hyder Development Group L.P.

| | | Balance Carried Forward | \$ 191,700 |
|--|---|--------------------------------|--------------|
| Operating Maintenance Expenses 6500 | Payroll | 6510 | \$ 29,112 |
| | Supplies | 6515 | \$ 43,021 |
| | Contracts | 6520 | \$ 67,196 |
| | Operating and Maintenance Rent Free Unit | 6521 | \$ — |
| | Garbage and Trash Removal | 6525 | \$ 2,026 |
| | Security Payroll/Contract | 6530 | \$ 6,632 |
| | Security Rent Free Unit | 6531 | \$ — |
| | Heating/Cooling Repairs and Maintenance | 6546 | \$ 3,552 |
| | Snow Removal | 6548 | \$ 157 |
| | Vehicle and Maintenance Equipment Operation and Repairs | 6570 | \$ 2,465 |
| | Maintenance Tools and Equipment | 6571 | \$ — |
| | Pool Supplies and Pool Maintenance/Contracts | 6572 | \$ — |
| | Exterminating | 6573 | \$ 4,269 |
| | Elevator Maintenance/Contracts | 6574 | \$ 4,862 |
| | Vacant Unit Preparation | 6580 | \$ 12,950 |
| | Miscellaneous Operating and Maintenance Expenses | 6590 | \$ 7,243 |
| | Total Operating and Maintenance Expenses | 6500T | \$ 183,485 |
| Taxes and Insurance 6700 | Real Estate Taxes | 6710 | \$ — |
| | Payroll Taxes (Project's Share) | 6711 | \$ 5,688 |
| | Property and Liability Insurance (Hazard) | 6720 | \$ 20,204 |
| | Fidelity Bond Insurance | 6721 | \$ — |
| | Workmen's Compensation | 6722 | \$ 1,978 |
| | Health Insurance and Other Employee Benefits | 6723 | \$ 34,510 |
| | Miscellaneous Taxes, Licenses, Permits and Insurance | 6790 | \$ — |
| | Total Taxes and Insurance | 6700T | \$ 62,380 |
| Financial Expenses 6800 | Interest on Mortgage Payable | 6820 | \$ 108,208 |
| | Amortization of Debt Issuance Costs | 6822 | \$ 3,116 |
| | Interest on Notes Payable (Long-Term) | 6830 | \$ — |
| | Interest on Notes Payable (Short-Term) | 6840 | \$ — |
| | Mortgage Insurance Premium/Service Charge | 6850 | \$ 5,739 |
| | Miscellaneous Financial Expenses | 6890 | \$ 3 |
| | Total Financial Expenses | 6800T | \$ 117,066 |
| Supportive Services 6990 | Supportive Services Expenses | 6990 | \$ — |
| | | | |
| | Total Cost of Operations before Depreciation and Amortization | 6000T | \$ 554,631 |
| | Profit (Loss) before Depreciation and Amortization | 5060T | \$ 19,592 |
| | Depreciation Expense | 6600 | \$ 115,238 |
| | Amortization Expense | 6610 | \$ 589 |
| | Total Depreciation and Amortization | | \$ 115,827 |
| | Operating Profit or (Loss) | 5060N | \$ (96,235) |
| Corporate or Mortgagor Entity Expenses 7100 | Entity Revenue | 7105 | \$ — |
| | Officer's Salaries | 7110 | \$ — |
| | Asset Management, Partnership and Incentive Performance Fee | 7115 | \$ — |
| | 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) | 7142 | \$ 13,110 |
| | Other Expenses | 7190 | \$ 158,263 |
| | Net Entity Expenses | 7100T | \$ 171,373 |
| | Profit or Loss (Net Income or Loss) | 3250 | \$ (267,608) |

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) | \$ 43,760 |
| 2. Total of 12 monthly deposits in the audit year into the Replacement Reserve account. (Account 7002) | \$ 51,003 |
| 3. Replacement Reserve or Residual Receipts releases which are included as expense items on this Profit and Loss Statement. (Account 7003) | \$ 34,782 |
| 4. Debt Service for other loans (surplus cash / non-MHDC / partner loans) (Account 7145) | \$ — |

HYDER DEVELOPMENT GROUP L.P.
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STATEMENT OF PROFIT AND LOSS (Continued)
For The Period Beginning June 15, 2018
And Ended December 31, 2018

| | | <u>Account</u> | |
|-------------------------------------|----------------------------------|----------------|--------------------------|
| 5990 - Miscellaneous Revenue | | | |
| 5990-010 | Other income | 5990-020 | \$ 362 |
| 5990-010 | Insurance proceeds | 5990-020 | <u>3,309</u> |
| Total Miscellaneous Revenue | | | <u><u>\$ 3,671</u></u> |
| 7190 - Other Expenses | | | |
| 7190-010 | Write off of debt issuance costs | 7190-020 | <u><u>\$ 158,263</u></u> |

HYDER DEVELOPMENT GROUP L.P.
085-11205

STATEMENT OF PARTNERS' EQUITY
For The Period Beginning June 15, 2018
And Ended December 31, 2018

| | | <u>Limited Partner</u> | <u>General Partner</u> | <u>Total</u> |
|------------------------------|------------------------------------|----------------------------|----------------------------|--------------|
| Allocation Percentage | | 99.99% | 0.01% | 100.00% |
| S1100-010 | Balance - June 15, 2018 | \$ 1,538,799 | \$ (43) | \$ 1,538,756 |
| 3250 | Net Loss | (267,581) | (27) | (267,608) |
| 3130 | Balance - December 31, 2018 | \$ 1,271,218 | \$ (70) | \$ 1,271,148 |

HYDER DEVELOPMENT GROUP L.P.
085-11205

STATEMENT OF CASH FLOWS
For The Period Beginning June 15, 2018
And Ended December 31, 2018
Page 1 Of 2

Cash Flows From Operating Activities

| | | |
|----------------|--|----------------|
| Receipts: | | |
| S1200-010 | Rental receipts | \$ 554,131 |
| S1200-020 | Interest receipts | 7,218 |
| S1200-030 | Other operating receipts | 11,606 |
| S1200-040 | Total Receipts | <u>572,955</u> |
| Disbursements: | | |
| S1200-050 | Administrative | 46,472 |
| S1200-070 | Management fee | 27,540 |
| S1200-090 | Utilities | 50,684 |
| S1200-100 | Salaries and wages | 77,342 |
| S1200-110 | Operating and maintenance | 129,696 |
| S1200-140 | Property insurance | 17,645 |
| S1200-150 | Miscellaneous taxes and insurance | 35,202 |
| S1200-160 | Tenant security deposits | 438 |
| S1200-180 | Interest on mortgage note payable | 111,070 |
| S1200-210 | Mortgage insurance premium (MIP) | 5,739 |
| S1200-220 | Miscellaneous financial | 3 |
| S1200-230 | Total Disbursements | <u>501,831</u> |
| S1200-240 | Net Cash Provided By Operating Activities | <u>71,124</u> |

Cash Flows From Investing Activities

| | | |
|-----------|--|-----------------|
| S1200-245 | Net withdrawals from mortgage escrow account | 20,658 |
| S1200-250 | Net withdrawals from reserve for replacement account | 11,506 |
| S1200-260 | Net deposits to residual receipts reserve | (194) |
| S1200-330 | Net purchases of fixed assets | <u>(17,050)</u> |
| S1200-350 | Net Cash Provided By Investing Activities | <u>14,920</u> |

Cash Flows From Financing Activities

| | | |
|-----------|---|-------------------|
| S1200-360 | Principal payments - first mortgage | (43,760) |
| S1200-365 | Proceeds from mortgages, loans or notes payable | 69,613 |
| S1200-450 | Other financing activities | |
| S1200-451 | Payment of debt issuance costs (S1200-452) | <u>(51,770)</u> |
| S1200-460 | Net Cash Used In Financing Activities | <u>(25,917)</u> |
| S1200-470 | Net Increase (Decrease) In Cash | 60,127 |
| S1200-480 | Beginning Of Period Cash | <u>671,252</u> |
| S1200T | End Of Period Cash | <u>\$ 731,379</u> |

HYDER DEVELOPMENT GROUP L.P.
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STATEMENT OF CASH FLOWS
For The Period Beginning June 15, 2018
And Ended December 31, 2018
Page 2 Of 2

Reconciliation Of Net Loss To Net Cash
Provided By Operating Activities

| | | |
|-----------|---|-------------------------|
| 3250 | Net loss | \$ (267,608) |
| | Adjustments to reconcile net loss to net cash provided by operating activities: | |
| 6600 | Depreciation | 115,238 |
| 6610 | Amortization | 589 |
| S1200-486 | Amortization of debt issuance costs | 3,116 |
| | Change in assets and liabilities: | |
| | (Increase) decrease in assets: | |
| S1200-490 | Tenant accounts receivable | (564) |
| S1200-520 | Prepaid expenses | (660) |
| S1200-530 | Cash restricted for tenant security deposits | 1,526 |
| | Increase (decrease) in liabilities: | |
| S1200-540 | Accounts payable | 53,644 |
| S1200-570 | Accrued interest payable | 10,248 |
| S1200-580 | Tenant security deposits held in trust | (1,964) |
| S1200-590 | Prepaid revenue | (704) |
| S1200-600 | Other adjustments: | |
| S1200-601 | Write off of debt issuance costs (S1200-602) | <u>158,263</u> |
| S1200-610 | Net Cash Provided By Operating Activities | <u><u>\$ 71,124</u></u> |

HYDER DEVELOPMENT GROUP L.P.
085-11205

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

1. Organization And Summary Of Significant Accounting Policies (S3100-010)

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. Any undistributed amounts are cumulative and may be distributed in subsequent years if future operations provide Surplus Cash in excess of current requirements. In addition, the Partnership is required to deposit all Surplus Cash in excess of the cumulative allowable distributions into a residual receipts fund.

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

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.

HYDER DEVELOPMENT GROUP L.P.

Notes To Financial Statements *(Continued)*

Cash - Operations

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.

Cash - Entity

The Partnership has established a HAP Reserve from the proceeds of the Assigning Limited Partner's capital installments. The General Partner may use the funds in the HAP Reserve (a) to fund any HAP Operating Deficits; (b) to fund the purchase price and other costs and expenses payable to the Assigning Limited Partner for the transfer of its limited partner interest; (c) to pay for remediation work at the Project; (d) to make payments on the note to MHDC secured by the second mortgage on the Project; and (e) to replenish the reserve for replacement. Withdrawals from the HAP Reserve require prior approval from the Limited Partner. As of December 31, 2018, the HAP Reserve totaled \$591,673.

The Partnership has also self-reserved a working capital reserve from the proceeds of the 2018 refinance (Note 3). Withdrawals from the reserve do not require approval from the Limited Partner or HUD. As of December 31, 2018, the reserve totaled \$22,641.

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 replacement reserve and the residual receipts reserve can only be used upon prior approval of HUD.

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

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.

HYDER DEVELOPMENT GROUP L.P.

Notes To Financial Statements *(Continued)*

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.

Debt Issuance Costs

Debt issuance costs totaling \$246,648 related to the original permanent financing were capitalized and were being amortized using the straight-line method over the life of the loan. In connection with refinance of the first mortgage, unamortized debt issuance costs totaling \$158,263 were written off.

During the period beginning January 1, 2017 and ended June 14, 2018, the Partnership incurred additional debt issuance costs totaling \$47,950 in connection with refinancing the first mortgage. During the period beginning June 15, 2018 and ended December 31, 2018, the Partnership incurred additional debt issuance costs totaling \$51,770. Debt issuance costs totaling \$99,720 were capitalized and are being amortized using the straight-line method over the life of the loan. Accumulated amortization totals \$3,116 as of December 31, 2018. Amortization expense is included in financial expenses on the statement of profit and loss.

Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method.

Ground Lease Costs

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

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 and state 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.

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 (S3100-240)

Deferred costs consist of:

| | |
|---|------------------|
| Ground lease costs (net of accumulated amortization of \$15,572 at December 31, 2018) | <u>\$ 84,428</u> |
|---|------------------|

3. Mortgage Note Payable (S3100-050)

Construction and permanent financing was 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 was secured by a first deed of trust and an assignment of rents. The loan had an annual interest rate of 5.125% and monthly payments of \$20,001 until the bonds matured in January 2040.

On June 15, 2018, the Partnership refinanced the first mortgage with Gershman Investment Corporation under a loan commitment of \$3,206,400. The loan is insured by HUD under Section 207/223(f) of the National Housing Act and secured by a first deed of trust and an assignment of rents. The note is payable in monthly installments of \$19,515. The note accrues interest at a rate of 4.05% per annum, through maturity on July 1, 2038.

As of December 31, 2018, principal of \$3,162,640 remained payable. During the period beginning June 15, 2018 and ended December 31, 2018, interest expense of \$108,208, was incurred. Accrued interest at December 31, 2018, amounted to \$10,674.

HYDER DEVELOPMENT GROUP L.P.

Notes To Financial Statements (Continued)

The scheduled maturities of the mortgage note payable at December 31, 2018 are as follows:

| <u>Year</u> | <u>Account</u> | <u>Amount</u> |
|-------------|----------------|---------------------|
| 2019 | S3100-060 | \$ 108,081 |
| 2020 | S3100-070 | 112,541 |
| 2021 | S3100-080 | 117,184 |
| 2022 | S3100-090 | 122,019 |
| 2023 | S3100-100 | 127,054 |
| Thereafter | S3100-110 | 2,575,760 |
| | | <u>\$ 3,162,640</u> |

4. Second Mortgage Note Payable (S3100-130)

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. Accrued interest at December 31, 2018 amounted to \$35,461. As of December 31, 2018, principal of \$582,664 remained payable on the second mortgage.

| | | |
|-----------|----------------------|---|
| S3100-140 | Creditor | MHDC |
| S3100-150 | Purpose | Permanent financing |
| S3100-160 | Date Incurred | June 1, 2000 |
| S3100-170 | Terms | Principal and interest payments are payable from Surplus Cash |
| S3100-180 | Amount Due | \$582,664 |

5. Related Party Transactions (S3100-200)

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 \$27,540 for the period beginning June 15, 2018 and ended December 31, 2018.

| | | |
|-----------|------------------------|--|
| S3100-210 | Company Name | Housing Authority of the City of Jefferson, Missouri |
| S3100-220 | Amount Received | \$27,540 |

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

6. Commitments (S3100-240)

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.

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 March 2038. 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) (S3100-240)

The Partnership was allocated federal and state low-income housing tax credits by MHDC amounting to \$1,964,750 each. As of December 31, 2018, 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.
085-11205

SUPPORTING DATA REQUIRED BY HUD
December 31, 2018

Replacement Reserve

In accordance with the provisions of the regulatory agreement, restricted cash to be used for replacement of property with the approval of HUD is held by Gershman Investment Corporation as follows:

| | | |
|---------|--------------------------------|--------------------------|
| 1320P | Balance at beginning of period | \$ 216,140 |
| 1320DT | Total monthly deposits | 51,003 |
| 1320INT | Interest | 495 |
| 1320WT | Approved withdrawals | <u>(63,004)</u> |
| 1320 | Balance at end of period | <u><u>\$ 204,634</u></u> |

Schedule Of Residual Receipts Reserve

| | | |
|---------|--------------------------------|-------------------------|
| 1340P | Balance at beginning of period | \$ 85,838 |
| 1340INT | Interest | <u>194</u> |
| 1340 | Balance at end of period | <u><u>\$ 86,032</u></u> |

Computation of Surplus Cash, Distributions and Residual Receipts

| | | | |
|---|------------------------------------|-----------------------------|------------|
| PROJECT NAME Hyder Development Group L.P. | FISCAL PERIOD ENDED: 12/31/2018 | PROJECT NUMBER 085-11205 | |
| Part A - Compute Surplus Cash | | | |
| Cash | | | |
| 1. Cash (Accounts 1120, 1170, 1191 minus Account 2105) (S1300-010) | \$ 149,718 | | |
| 2. Tenant subsidy due for period covered by financial statement (1135) | \$ 14,339 | | |
| 3. Other -Receivable - replacement reserve withdrawal (S1300-030) | \$ — | | |
| (a) Total Cash (Add Lines 1, 2, and 3) (S1300-040) | | \$ 164,057 | |
| Current Obligations | | | |
| 4. Accrued mortgage interest payable (S1300-050) | \$ 10,674 | | |
| 5. Delinquent mortgage principal payments (S1300-060) | \$ — | | |
| 6. Delinquent deposits to reserve for replacements (S1300-070) | \$ — | | |
| 7. Accounts payable - 30 days (S1300-075) | \$ 53,645 | | |
| 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) | \$ 19,549 | | |
| 11. Prepaid revenue (2210) | \$ 4,348 | | |
| 12. Tenant security deposits liability (2191) | \$ 31,852 | | |
| 13. Other current obligations (January 2019 principal and replacement reserve deposit) (S1300-110) | \$ 18,424 | | |
| (b) Total Current Obligations (Add Lines 4 through 13) (S1300-140) | | | \$ 138,492 |
| (c) Surplus Cash (Deficiency) [Line (a) minus Line (b)] (S1300-150) | | | \$ 25,565 |
| Part B - Compute Distributions to Owners and Required Deposit to Residual Receipts | | | |
| 1. Surplus Cash | | \$ 25,565 | |
| 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) | \$ | | |
| Distributions and entity expenses paid during fiscal period covered by statement 2c. (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.
085-11205

SUPPORTING DATA REQUIRED BY HUD (Continued)
December 31, 2018

Schedule Of Fixed Assets

| | Balance | | | Balance |
|-------------------------------------|---------------------|--------------------|-------------------|---------------------|
| | June 15, | Additions | Deductions | December 31, |
| | 2018 | | | 2018 |
| 1410 Land improvements | \$ 93,708 | \$ — | \$ — | \$ 93,708 |
| 1420 Building | 6,118,866 | 12,825 | (1,474) | 6,130,217 |
| 1460 Furnishings | 203,679 | — | (1,212) | 202,467 |
| 1465 Office furniture and equipment | 11,488 | — | — | 11,488 |
| 1470 Maintenance equipment | — | 4,225 | — | 4,225 |
| 1480 Motor vehicle | 1,633 | — | — | 1,633 |
| Total | 6,429,374 | 17,050 | (2,686) | 6,443,738 |
| 1495 Accumulated depreciation | 2,445,816 | 115,238 | 2,686 | 2,558,368 |
| 1400N Net Book Value | \$ 3,983,558 | \$ (98,188) | \$ — | \$ 3,885,370 |

HYDER DEVELOPMENT GROUP L.P.
085-11205

SUPPORTING DATA REQUIRED BY MHDC
December 31, 2018

Funds In Financial Institutions

A. Funds Held By Mortgagor

| | |
|--|------------|
| 1. Operating cash, Central Bank, investment account ⁽¹⁾ | \$ 117,065 |
| 2. Working capital reserve, Central Bank, business checking ⁽¹⁾ | 22,641 |
| 3. HAP Reserve, Central Bank, business checking ⁽¹⁾ | 91,803 |
| 4. HAP Reserve, Central Bank, investment account ⁽¹⁾ | 499,870 |

B. Funds Held By Mortgagor, In Trust, Tenant Security Deposits

| | |
|---|---------------|
| 1. Jefferson Bank, business checking ⁽¹⁾ | <u>32,653</u> |
|---|---------------|

Funds Held By Mortgagor, TOTAL

764,032

C. Funds Held By Mortgagee (In Trust)

| | |
|--|----------------|
| 1. Residual receipts reserve, Gershman Investment Corp. ⁽¹⁾ | 86,032 |
| 2. Replacement reserve, Gershman Investment Corp. ⁽¹⁾ | <u>204,634</u> |

Funds Held By Mortgagee, TOTAL

290,666

Total Funds In Financial Institutions

\$ 1,054,698

HYDER DEVELOPMENT GROUP L.P.
085-11205

SUPPORTING DATA REQUIRED BY MHDC (Continued)
December 31, 2018

| | | |
|---|----------------------|--|
| Development Name: Hyder Development Group L.P. | Fiscal Period | From: <u>June 15, 2018</u> To: <u>December 31, 2018</u> |
|---|----------------------|--|

A. Annual distribution earned during fiscal period covered by the statement:

| | | Line Item |
|---|---------------|-----------|
| Current Equity | *\$ 4,159,773 | (1) |
| Multiply percent per regulatory agreement | x 6% | (2) |
| Annual distribution earned for 2018 | =\$ 249,586 | (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: | | |
| 2017 | \$ 94,383 | |
| 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 | \$ 749,850 | (4) |
| Less: Distributions made to partners in prior years | -\$ 450,000 | (5) |
| Less: Other: Asset Management Fee | -\$ 30,325 | (6) |

| | | |
|--|-------------|-----|
| Distributions accrued and unpaid as of period covered by statement: | =\$ 269,525 | (7) |
|--|-------------|-----|

C. Distributions paid during period covered by statement:

| | | |
|---|-------|------|
| To partners | \$ — | (8) |
| Other: Asset Management Fee | \$ — | (9) |
| Total distributions paid during period covered by statement | =\$ — | (10) |

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

| | | |
|-----------------------------------|--------------|------|
| Line (3) + Line (7) - Line (10) = | **\$ 519,111 | (11) |
|-----------------------------------|--------------|------|

E. Amount available for distribution during next fiscal period:

| | | |
|---|-----------|------|
| Surplus Cash (from page 21, Line 1 of Part B) | \$ 25,565 | (12) |
|---|-----------|------|

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) |
|--|------|------|

* 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.
085-11205

SUPPORTING DATA REQUIRED BY MHDC (Continued)
December 31, 2018

**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, 2018, and the related statements of profit and loss, partners' equity and cash flows for the period beginning June 15, 2018 and ended December 31, 2018 and the related notes to the financial statements, and have issued our report thereon dated March 28, 2019.

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 28, 2019

**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 period beginning June 15, 2018 and ended December 31, 2018. Hyder Development Group L.P.'s major HUD program is as follows:

| |
|---|
| Name Of The Major HUD Program |
| <i>Existing Multifamily Rental Housing (Section 207/223(f))</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 period beginning June 15, 2018 and ended December 31, 2018.

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 28, 2019

HYDER DEVELOPMENT GROUP L.P.
085-11205

**SCHEDULE OF FINDINGS, QUESTIONED COSTS,
AND RECOMMENDATIONS (S2700-x1x)**
December 31, 2018

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

HYDER DEVELOPMENT GROUP L.P.
085-11205

**SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS,
QUESTIONED COSTS, AND RECOMMENDATIONS (S2800-x1x)**
December 31, 2018

- 1.) Audit Report, dated March 20, 2018, for the year ended December 31, 2017, issued by RubinBrown LLP.

The audit for the year ended December 31, 2017 disclosed no findings that were required to be reported under the HUD Consolidated Audit Guide.

- 2.) Audit Report issued on March 2, 2018 by MHDC, titled Physical, Management, and Occupancy Review Report.

S2800-005 **Previous Finding Reference Number** - BIN # MO-03-01901

S2800-010 **Narrative** - During the field review of tenant files by MHDC, it was determined that five units were missing required documentation in the tenant files (Exhibit 3-7, Owner's Summary of Family).

S2800-020 **Status** - In March 2018, JCHA attached Exhibit 3-7 to the deficient tenant files. As of December 31, 2018, the finding was considered resolved.

S2800-030 **Reporting Period** - As of February 16, 2018

- 3.) There were no letters or reports issued by HUD management during the period covered by this audit.

HYDER DEVELOPMENT GROUP L.P.
085-11205

MORTGAGOR CERTIFICATION
For The Period Beginning June 15, 2018
And Ended December 31, 2018

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 28, 2019
Date

HYDER DEVELOPMENT GROUP L.P.
085-11205

MANAGING AGENT CERTIFICATION
For The Period Beginning June 15, 2018
And Ended December 31, 2018

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 28, 2019
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 28, 2019