

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
HUD Project No. 086-35394

Financial Statements

Years Ended September 30, 2020 and 2019

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Table of Contents
Years Ended September 30, 2020 and 2019

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Balance Sheets	3 - 4
Statements of Operations	5
Statements of Changes in Member's Equity	6
Statements of Cash Flows	7 - 8
Notes to Financial Statements	9 - 15
Supplementary Information	
Supplementary Information	16 - 26
Reports on Internal Control and Compliance	
Independent Auditor's 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 Auditor's 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's Certification	34
Managing Agent's Certification	35



Independent Auditor's Report

To the Member of
MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)

Report on the Financial Statements

We have audited the accompanying financial statements of MDHA 10th & Jefferson, LLC (a Tennessee limited liability company), HUD Project No. 086-35394, which comprise the balance sheets as of September 30, 2020 and 2019, and the related statements of operations, changes in member's 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.

Auditor's Responsibility

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

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

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

MCM CPAs & Advisors LLP

P 317.347.5200
F 317.347.5211
9229 Delegates Row #250
Indianapolis, IN 46240
www.mcmcpa.com
888.587.1719

A Member of PrimeGlobal - An Association
of Independent Accounting Firms

Indiana
Kentucky
Ohio

Independent Auditor's Report (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MDHA 10th & Jefferson, LLC (a Tennessee limited liability company) as of September 30, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note B3, MDHA 10th & Jefferson, LLC has adopted Financial Accounting Standards Board Accounting Standards Update 2016-18, *Statement of Cash Flows (Topic 230)*. Our opinion is not modified with respect to this matter.

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 presented on pages 15 - 25 is presented for purposes of additional analysis as required by the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development ("HUD"), Office of the Inspector General, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 30, 2020, on our consideration of MDHA 10th & Jefferson, LLC'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 and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MDHA 10th & Jefferson, LLC's internal control over financial reporting and compliance.



MCM CPAs & Advisors LLP
27-1235638
Rebekah S. Payne - Engagement Partner
Indianapolis, Indiana
December 30, 2020

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Balance Sheets
September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Property and equipment		
Land and land improvements	\$ 804,280	\$ 804,280
Buildings	7,992,662	8,816,344
Furniture and equipment	<u>238,321</u>	<u>238,321</u>
Total property and equipment	9,035,263	9,858,945
Accumulated depreciation	<u>(706,234)</u>	<u>(459,871)</u>
Property and equipment, net	8,329,029	9,399,074
Cash and receivables		
Cash - operations	112,065	81,657
Accounts receivable - tenant	4,254	4,028
Accounts receivable - insurance proceeds	<u>823,682</u>	<u>-</u>
	940,001	85,685
Deposits held in trust - funded		
Restricted cash - tenant deposits held in trust	11,867	25,792
Restricted deposits and funded reserves		
Restricted cash - escrow deposits	39,385	33,590
Restricted cash - replacement reserve	63,057	49,530
Restricted cash - other reserve	<u>248,707</u>	<u>248,707</u>
	351,149	331,827
Other assets		
Prepaid expenses	<u>25,080</u>	<u>25,080</u>
Total assets	<u><u>\$ 9,657,126</u></u>	<u><u>\$ 9,867,458</u></u>

See accompanying notes.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Balance Sheets (Continued)
September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Liabilities and member's equity		
Liabilities applicable to investment in real estate		
Mortgage payable	\$ 7,600,007	\$ 7,684,843
Less unamortized debt issuance costs	<u>114,078</u>	<u>117,060</u>
Mortgage payable less unamortized debt issuance costs	7,485,929	7,567,783
Other liabilities		
Due to Member	-	213,023
Accounts payable - construction/development	-	3,211
Accrued interest payable	26,917	27,217
Prepaid revenue	3,909	10,332
Tenant deposits held in trust (contra)	<u>11,867</u>	<u>25,792</u>
	<u>42,693</u>	<u>279,575</u>
Total liabilities	7,528,622	7,847,358
Member's equity	<u>2,128,504</u>	<u>2,020,100</u>
Total liabilities and member's equity	<u>\$ 9,657,126</u>	<u>\$ 9,867,458</u>

See accompanying notes.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Statements of Operations
Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues		
Rent revenue, net	\$ 724,464	\$ 664,820
Financial revenue	27	23
Extension fees refunded	-	170,000
Gain on disposal of property damaged by tornado	52,338	-
Other revenue	12,387	18,192
	<u>789,216</u>	<u>853,035</u>
Total revenues		
Operating expenses before depreciation		
Administrative	136,061	142,756
Utilities	47,752	41,032
Operating and maintenance	164,456	123,255
Taxes and insurance	8,472	8,197
	<u>356,741</u>	<u>315,240</u>
Total operating expenses before depreciation		
Income before financial and depreciation expenses	432,475	537,795
Financial and depreciation expenses		
Financial	376,976	349,668
Depreciation	298,701	298,414
	<u>675,677</u>	<u>648,082</u>
Total financial and depreciation expenses		
Net loss	<u>\$ (243,202)</u>	<u>\$ (110,287)</u>

See accompanying notes.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Statements of Changes in Member's Equity
Years Ended September 30, 2020 and 2019

Member's equity, October 1, 2018	\$ 2,130,387
Net loss for 2019	<u>(110,287)</u>
Member's equity, September 30, 2019	2,020,100
Contributions	351,606
Net loss for 2020	<u>(243,202)</u>
Member's equity, September 30, 2020	<u><u>\$ 2,128,504</u></u>

See accompanying notes.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Statements of Cash Flows
Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Receipts		
Rental	\$ 717,815	\$ 675,799
Interest	27	23
Other operating	<u>12,387</u>	<u>188,192</u>
Total receipts	730,229	864,014
Disbursements		
Administrative	53,326	62,400
Management fee	31,407	36,601
Utilities	50,963	41,032
Salaries and wages	88,628	67,040
Operating and maintenance	127,156	109,158
Property insurance	4,063	29,027
Miscellaneous taxes and insurance	4,409	4,250
Tenant security deposits	13,925	(11,167)
Interest on mortgage	324,966	295,411
Mortgage insurance premium	<u>49,328</u>	<u>24,803</u>
Total disbursements	<u>748,171</u>	<u>658,555</u>
Net cash (used in) provided by operating activities	(17,942)	205,459
Cash flows from investing activities		
Purchase of fixed assets	-	(12,500)
Payment of construction costs	<u>-</u>	<u>(462,303)</u>
Net cash used in investing activities	-	(474,803)
Cash flows from financing activities		
Principal payments on mortgage	(84,836)	(190,756)
Proceeds from mortgage	-	808,061
Contributions	351,606	-
Net repayment of advances from member	<u>(213,023)</u>	<u>(433,410)</u>
Net cash provided by financing activities	<u>53,747</u>	<u>183,895</u>
Net increase (decrease) in cash and restricted cash	35,805	(85,449)
Cash and restricted cash, beginning of year	<u>439,276</u>	<u>524,725</u>
Cash and restricted cash, end of year	<u>\$ 475,081</u>	<u>\$ 439,276</u>

See accompanying notes.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Statements of Cash Flows (Continued)
Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of net loss to		
net cash (used in) provided by operating activities		
Net loss	\$ (243,202)	\$ (110,287)
Adjustments to reconcile net loss to net cash		
(used in) provided by operating activities		
Depreciation	298,701	298,414
Amortization of debt issuance costs	2,982	2,237
Gain on disposal of property damaged by tornado	(52,338)	-
Changes in certain assets and liabilities		
(Increase) decrease in tenant accounts receivable	(226)	3,701
(Increase) decrease in accounts receivable - other	-	2,903
(Increase) decrease in prepaid expenses	-	(25,080)
Increase (decrease) in accounts payable - trade	(3,211)	(9,188)
Increase (decrease) in accrued interest payable	(300)	27,217
Increase (decrease) in tenant deposits held in trust (contra)	(13,925)	11,167
Increase (decrease) in prepaid revenue	(6,423)	4,375
	<u>(17,942)</u>	<u>205,459</u>
Net cash (used in) provided by operating activities	<u>\$ (17,942)</u>	<u>\$ 205,459</u>
Reconciliation of cash and restricted cash to the balance sheets		
Cash - operations	\$ 112,065	\$ 81,657
Restricted cash - tenant deposits held in trust	11,867	25,792
Restricted cash - escrow deposits	39,385	33,590
Restricted cash - replacement reserve	63,057	49,530
Restricted cash - other reserve	248,707	248,707
	<u>475,081</u>	<u>439,276</u>
Total cash and restricted cash	<u>\$ 475,081</u>	<u>\$ 439,276</u>

See accompanying notes.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Notes to Financial Statements (Continued)
Years Ended September 30, 2020 and 2019

Note A - Nature of Organization and Operations

MDHA 10th & Jefferson, LLC (the "Company") was organized in October 2015 as a Tennessee limited liability company for the purpose of constructing and leasing a 54-unit apartment building in Nashville, Tennessee, known as 10th and Jefferson Apartments (the "Project"). The Company is 100% owned by Metropolitan Development Housing Agency (the "Member").

Construction of the Project was substantially completed in March 2018. The Company is financed with debt that carries a mortgage insured through the U.S. Department of Housing and Urban Development ("HUD") Section 221(d)(4) loan program. As part of this program, the Company has signed a Regulatory Agreement with HUD (Form HUD-92466M rev. 06/14). The Regulatory Agreement contains various restrictions regarding operating methods, distributions of surplus cash, and rental payments. This loan program is a major HUD program.

Note B - Summary of Significant Accounting Policies

1. Personal Assets and Liabilities of the Member: These financial statements reflect only those assets and liabilities pertaining to the operations of the Company and do not reflect personal assets and liabilities of the Member.
2. Accrual Basis of Accounting: The accompanying financial statements have been prepared using the accrual basis of accounting.
3. Cash Equivalents: All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents. The Company had no cash equivalents at September 30, 2020 and 2019.

In November 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-18, *Statement of Cash Flows (Topic 230)*. This standard requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Consequently, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. This standard is effective for the year ending September 30, 2020 and the Company has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to the September 30, 2019 year presented. The beginning of year balance in the accompanying statement of cash flows has thus been restated to include restricted cash with cash when reconciling the beginning and end of the year amounts reflected on the statement of cash flows. In accordance with guidance issued by HUD, the presentation of the statement of cash flows included in the supplementary information will not change for ASU 2016-18. Accordingly, the presentation of the statement of cash flows included in the supplementary information follows the data templates for the Real Estate Assessment Center ("REAC") submission of financial data which differs from the presentation included in the basic financial statements.

4. Tenant Accounts Receivable: Tenant accounts receivable are stated at the amount management expects to collect from balances outstanding at period end. As of September 30, 2020 and 2019, there is no allowance for doubtful accounts as management considers all amounts due from tenants to be fully collectible.
5. Debt Issuance Costs: Debt issuance costs are capitalized and amortized over the term of the corresponding mortgage loan. These amounts are reported as a reduction of the mortgage liability in the accompanying balance sheets. Amortization of these costs is included in financial expense.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Notes to Financial Statements (Continued)
Years Ended September 30, 2020 and 2019

Note B - Summary of Significant Accounting Policies (Continued)

6. Depreciation: Property and equipment are recorded at cost. Property and equipment placed in service from inception are depreciated using the straight-line method. Land improvements have been assigned economic lives ranging between 8 and 20 years. The buildings and building components have been assigned economic lives ranging between 3 and 40 years. Personal property is being depreciated over assigned economic lives between 5 and 12 years.

The Company reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Impairment is determined by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. Fair value may be determined by appraisal of the property, discounted cash flows, or other valuation methods. There was no impairment loss recognized in 2020 and 2019 (see also Note N).

7. Federal and State Income Tax Liability: The Company does not pay federal or state income taxes since the net profit or loss of the Company flows through to the individual member, and the income taxes, if any, are paid personally by it.
8. Uncertain Tax Positions: The Company has evaluated tax positions taken in the tax returns filed and has determined that there are no uncertain tax positions as defined by generally accepted accounting principles.
9. Rental Income and Other Revenue: Rental income is recognized monthly as earned. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants of the Project are operating leases. Other revenues include income from sundry tenant charges. Such revenues are recorded monthly when services are provided.
10. Advertising and Marketing Costs: Advertising and marketing costs are expensed as incurred and totaled \$12,500 and \$19,562, respectively, for the years ended September 30, 2020 and 2019.
11. Use of Estimates: The presentation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.
12. Subsequent Events: Subsequent events for the Company have been considered through the date of the Independent Auditor's Report which represents the date the financial statements were available to be issued (see Note N).

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Notes to Financial Statements (Continued)
Years Ended September 30, 2020 and 2019

Note B - Summary of Significant Accounting Policies (Continued)

13. Change in Accounting Principle: On October 1, 2019, the Company adopted ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). Topic 606 creates a single framework for recognizing revenue from contracts with customers that fall within its scope and supersedes nearly all existing GAAP for revenue recognition guidance. The standard's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The majority of the Company's revenue comes from lease income from tenants which is outside of the scope of Topic 606. The impacted revenue streams under Topic 606 primarily consist of income from miscellaneous tenant charges. The Company evaluated the income from these revenue streams and determined that no adjustments were required upon adoption of this standard.
14. Recent Accounting Pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of operations. This standard will be effective for the year ending September 30, 2023.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statement of operations will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the year ending September 30, 2024.

The Company is currently in the process of evaluating the impact of adoption of ASU 2016-02 and ASU 2016-13 on the financial statements.

Note C - Mortgage Payable

On October 1, 2015, the Company entered into a construction loan agreement with Walker & Dunlop, LLC with maximum available borrowings of \$7,875,600 (the "Note"). The Note has an interest rate of 4.25% and upon final endorsement requires 480 monthly payments of principal and interest of \$34,150. The loan matures on April 1, 2057. The Note is secured by a security deed on the Company's property and land and is governed by the existing 221(d)(4) Regulatory Agreement with HUD. The final draw in the amount of \$808,061 occurred during the year ended September 30, 2019. The balance of the Note, net of unamortized debt issuance costs, is \$7,485,929 and \$7,567,783 at September 30, 2020 and 2019, respectively.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Notes to Financial Statements (Continued)
Years Ended September 30, 2020 and 2019

Note C - Mortgage Payable (Continued)

The Note restricts prepayment in whole or in part prior to May 1, 2027. If prepayments are made prior to that date, the Company is subject to a prepayment premium applied to the outstanding principal balance as disclosed in the following table:

May 1, 2020 to April 30, 2021	7%
May 1, 2021 to April 30, 2022	6%
May 1, 2022 to April 30, 2023	5%
May 1, 2023 to April 30, 2024	4%
May 1, 2024 to April 30, 2025	3%
May 1, 2025 to April 30, 2026	2%
May 1, 2026 to April 30, 2027	1%
May 1, 2027 and thereafter	No prepayment premium

Any prepayment must also be approved by HUD. Subsequent to May 1, 2027, the Note can be repaid in full without prepayment premium.

Notwithstanding any prepayment prohibition imposed and/or penalty required by the note with respect to prepayments made prior to May 1, 2026, the indebtedness may be prepaid in part or in full without consent of the mortgagee and without prepayment penalty if HUD determines that prepayment will avoid a mortgage insurance claim and is therefore in the best interest of the Federal Government.

Interest expense on the mortgage loan for the years ended September 30, 2020 and 2019 was \$324,666 and \$322,628, respectively.

Note C - Mortgage Payable (Continued)

Debt issuance costs related to the mortgage loan of the Company, in the amount of \$119,297, have been capitalized and are being amortized over the term of the loan. At September 30, 2020 and 2019, \$114,078 and \$117,060, respectively, remains to be amortized. Amortization of these costs is included in financial expense and amounted to \$2,982 and \$2,237 for the years ended September 30, 2020 and 2019, respectively.

The following schedule lists the principal to be paid against the outstanding mortgage note during each of the next five years and thereafter.

<u>Year</u>	<u>Amount due</u>
2021	\$ 88,513
2022	92,349
2023	96,351
2024	100,527
2025	104,883
Thereafter	<u>7,117,384</u>
	<u>\$ 7,600,007</u>

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Notes to Financial Statements (Continued)
Years Ended September 30, 2020 and 2019

Note D - Related Party Transactions

Through September 30, 2019, the Member has paid certain expenses on behalf of the Company which have been classified as advances due to the Member. The expenses paid by the Member are primarily for debt service and fees paid to the lender to extend the 221(d)(4) loan final endorsement date. During the year ended September 30, 2020, the net amount of repayments to the Member was \$213,023. During the year ended September 30, 2019, the net amount of repayments to the Member was \$433,410. The balance due to the Member was \$0 and \$213,023 at September 30, 2020 and 2019, respectively.

Note E - Construction Costs

Construction costs incurred during the Project's development totaling \$3,211 were paid during the year ended September 30, 2020. During the year ended September 30, 2019, construction costs totaling \$462,303 were paid. These costs are now considered paid in full.

Note F - Distributions Payable and Surplus Cash

Annual and semi-annual distributions payable from funds provided by rental operations are permitted by Section 13 of the Company's Regulatory Agreement with HUD, provided: (1) surplus cash, as defined by HUD, is available for such purposes; (2) the Project is in compliance with all outstanding notices of requirements for proper maintenance; and, (3) there is no default under the Regulatory Agreement or under the mortgage note. No amounts were distributed during the years ended September 30, 2020 and 2019. The maximum distributable amount for the year ended September 30, 2020 is \$68,347.

Note G - Member's Equity

Surplus Cash, as defined by HUD, shall be distributed to the sole member of the Company. There have been no changes in members during 2020 and 2019. The Member contributed a net amount of \$351,606 to the Project in the current year after a dispute was settled with a general contractor involved in the construction of the Project. (see Note L - Contingencies for additional detail). Attention is directed to the Operating Agreement for further detail on the capital structure of the Company.

Note H - Limited Liability

The liability of the Member for the debts, losses and obligations of the Company shall not exceed the amount of such Member's capital account. The Member shall be indemnified by the Company against losses paid in settlement of claims by it relating to the Company provided such losses were not the result of negligence or misconduct on the part of the Member.

Note I - Current Vulnerability Due to Certain Concentrations

The Company's sole asset is a government regulated apartment project. The operations of the Company are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Notes to Financial Statements (Continued)
Years Ended September 30, 2020 and 2019

Note J - Restricted Cash

Under the terms of the Regulatory Agreement with HUD, the Company is required to make monthly deposits to the Replacement Reserve account which is held by the mortgagee. Withdrawals from the Replacement Reserve account can only be made with written approval from HUD.

Under the terms of the mortgage note, the Company is required to make monthly deposits to the Escrow account which is held by the mortgagee. The funds in this account are to be used for payment of property taxes, property insurance and mortgage insurance.

Under the terms of the Regulatory Agreement with HUD, any funds collected as security deposits are required to be kept separate from all other funds of the Company. The balance in the security deposit account shall at all times equal or exceed the aggregate of the tenant security deposit liability. The use of tenant security deposits for operations is prohibited unless a tenant has forfeited the deposit.

The Company was required to make monthly deposits into a mortgage escrow account in an amount determined by the lender until final endorsement of the 221(d)(4) loan. Deposits are no longer required to be made into this reserve account. During the year ended September 30, 2019, \$129,450 was withdrawn from this account upon final endorsement of the mortgage loan and applied to the mortgage principal balance. The remaining balance of this reserve will be held for at least 12 months from the final endorsement date of the mortgage loan. The balance in the reserve is \$248,707 at both September 30, 2020 and 2019.

The change order escrow was established to fund change orders during construction. The remaining funds were withdrawn from this escrow during the year ended September 30, 2019 upon final endorsement of the 221(d)(4) loan. The balance in the change order escrow is \$0 as of both September 30, 2020 and 2019.

Note K - Management Agreement

The Company has a management agreement with a third-party management company. The management company collects a fee of 5.5% of residential income collected, which is included in administrative expenses on the statements of operations. The Company recognized management fee expense of \$31,407 and \$36,601, respectively, for the years ended September 30, 2020 and 2019.

Note L - Contingencies

The Company is subject to claims and legal actions in the ordinary course of its business. The Company was engaged in a dispute with the general contractor used for the construction of the Project. As part of this dispute, the Member has estimated an amount of liquidated damages and reimbursement of financing fees charged to extend the final endorsement date of the 221(d)(4) loan. During the year ended September 30, 2020, the Member settled the dispute and contributed a net amount of \$351,606 to the Company. During the year ended September 30, 2019, the Company received a refund of \$170,000 which was related to the extension fees.

Note M - COVID-19 Contingency

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 ("COVID-19") outbreak a pandemic. Further, the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States. As of the date the financial statements were available to be issued, the Company's operations have not been significantly impacted by the COVID-19 outbreak. The Company's operations could be adversely affected as a result of COVID-19, but the impact is not known at this point as the scale and severity of the outbreak, and resulting economic impact, is still largely unknown.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Notes to Financial Statements (Continued)
Years Ended September 30, 2020 and 2019

Note N - Casualty Loss

The Project sustained tornado damage during the year ended September 30, 2020. The Company received insurance proceeds in the amount of \$823,682 in December 2020 which will be held in escrow with the mortgage company until the repairs are completed. This amount is recognized as accounts receivable - insurance proceeds in the balance sheet at September 30, 2020. Due to the extent of damage incurred, the portion of the building damaged by the tornado has been disposed of and the replacement costs will be capitalized upon completion. The total gain recognized on the disposition of the building was \$52,338. No replacement costs were incurred during the year ended September 30, 2020. All replacement costs are expected to be completed during the year ended September 30, 2021.

Supplementary Information

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Supplementary Information
Balance Sheet Data
September 30, 2020

Assets

Current assets

1120	Cash - operations	\$ 112,065
1130	Accounts receivable - tenant	4,254
1140	Accounts and notes receivable - insurance proceeds	823,682
1200	Prepaid expenses	<u>25,080</u>
1100T	Total current assets	965,081

Deposits held in trust - funded

1191	Tenant deposits held in trust	11,867
------	-------------------------------	--------

Restricted deposits and funded reserves

1310	Escrow deposits	39,385
1320	Replacement reserve	63,057
1330	Other escrows	<u>248,707</u>
1300T	Total restricted deposits and funded reserves	351,149

Fixed assets

1410	Land and land improvements	804,280
1420	Buildings	7,992,662
1450	Furniture	<u>238,321</u>

1400T	Total fixed assets	9,035,263
-------	--------------------	-----------

1495	Accumulated depreciation	<u>(706,234)</u>
------	--------------------------	------------------

1400N	Net fixed assets	<u>8,329,029</u>
-------	------------------	------------------

1000T	Total assets	<u><u>\$ 9,657,126</u></u>
-------	--------------	----------------------------

See independent auditor's report.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Supplementary Information (Continued)
Balance Sheet Data (Continued)
September 30, 2020

Liabilities and member's equity

Current liabilities

2131	Accrued interest payable	\$ 26,917
2170	Mortgage payable - current portion	88,513
2210	Prepaid revenue	<u>3,909</u>

2122T	Total current liabilities	119,339
-------	---------------------------	---------

Deposit liabilities

2191	Tenant deposits held in trust (contra)	11,867
------	--	--------

Long-term liabilities

2320	Mortgage payable - less current portion	7,511,494
2340	Debt issuance costs	<u>(114,078)</u>

2300T	Total long-term liabilities	<u>7,397,416</u>
-------	-----------------------------	------------------

2000T	Total liabilities	7,528,622
-------	-------------------	-----------

Member's equity

3130	Member's equity	<u>2,128,504</u>
------	-----------------	------------------

2033T	Total liabilities and member's equity	<u>\$ 9,657,126</u>
-------	---------------------------------------	---------------------

See independent auditor's report.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Supplementary Information (Continued)
Profit and Loss Data
Year Ended September 30, 2020

Revenues		
5120	Rent revenue - gross potential	\$ 723,950
5192	Rent revenue/insurance	<u>193,055</u>
5100T	Total potential rent revenue	917,005
5220	Vacancies - apartments	(149,707)
5250	Vacancies - rental concessions	<u>(42,834)</u>
5152N	Net rental revenue	724,464
5440	Revenue from investments - replacement reserve	<u>27</u>
5400T	Total financial revenue	27
5920	Tenant charges	10,155
5990	Miscellaneous revenue	<u>54,570</u>
5900T	Total other revenue	<u>64,725</u>
5000T	Total revenues	789,216
Expenses		
6210	Advertising and marketing	12,500
6250	Other renting expenses	4,705
6310	Office salaries	51,328
6311	Office expenses	19,539
6320	Management fee	31,407
6340	Legal expenses	1,084
6350	Auditing expense	623
6370	Bad debts	3,239
6390	Miscellaneous administrative expenses	<u>11,636</u>
6263T	Total administrative expenses	136,061
6450	Electricity	30,854
6451	Water	<u>16,898</u>
6400T	Total utilities expense	47,752

See independent auditor's report.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Supplementary Information (Continued)
Profit and Loss Data (Continued)
Year Ended September 30, 2020

Expenses (Continued)		
6510	Payroll	\$ 37,300
6515	Supplies	10,459
6520	Contracts	107,122
6530	Security payroll contract	<u>9,575</u>
6500T	Total operating and maintenance expenses	164,456
6720	Property and liability insurance	4,063
6722	Workmen's compensation insurance	1,654
6790	Miscellaneous taxes, licenses, permits and insurance	<u>2,755</u>
6700T	Total taxes and insurance	8,472
6820	Interest on first mortgage payable	327,648
6850	Mortgage insurance premium	<u>49,328</u>
6800T	Total financial expenses	<u>376,976</u>
6000T	Total cost of operations before depreciation	<u>733,717</u>
5060T	Net profit before depreciation	55,499
6600	Depreciation expense	<u>298,701</u>
	Total depreciation and amortization	<u>298,701</u>
3250	Net loss	(243,202)
S1100-010	Member's equity, beginning of year	2,020,100
S1200-420	Contributions	<u>351,606</u>
3130	Member's equity, end of year	<u><u>\$ 2,128,504</u></u>

See independent auditor's report.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Supplementary Information (Continued)
Profit and Loss Data (Continued)
Year Ended September 30, 2020

S1000-010	Total mortgage principal payments required during the audit year (12 monthly payments).	<u>\$ 84,836</u>
S1000-020	Total of 12 monthly deposits in the audit year into the replacement reserve account, as required by the Regulatory Agreement even if payments may be temporarily suspended or reduced.	<u>\$ 13,500</u>
S1000-030	Replacement reserves, or residual receipts releases which are included as expense items on this profit and loss statement.	<u>\$ -</u>

See independent auditor's report.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Supplementary Information (Continued)
Cash Flows Data
Year Ended September 30, 2020

Cash flows from operating activities		
	Receipts	
S1200-010	Rental	\$ 717,815
S1200-020	Interest	27
S1200-030	Other operating	12,387
		<hr/>
S1200-040	Total receipts	730,229
	Disbursements	
S1200-050	Administrative	53,326
S1200-070	Management fee	31,407
S1200-090	Utilities	50,963
S1200-100	Salaries and wages	88,628
S1200-110	Operating and maintenance	127,156
S1200-140	Property insurance	4,063
S1200-150	Miscellaneous taxes and insurance	4,409
S1200-180	Interest on mortgage	324,966
S1200-210	Mortgage insurance premium	49,328
		<hr/>
S1200-230	Total disbursements	734,246
		<hr/>
S1200-240	Net cash used in operating activities	(4,017)
Cash flows from investing activities		
S1200-245	Net deposits to the mortgage escrow account	(5,795)
S1200-250	Net deposits to the reserve for replacement account	(13,527)
		<hr/>
S1200-350	Net cash used in investing activities	(19,322)
Cash flows from financing activities		
S1200-360	Principal payments - mortgage	(84,836)
S1200-430	Contributions	351,606
S1200-450	Net repayment of advances from member	(213,023)
		<hr/>
S1200-460	Net cash provided by financing activities	53,747
		<hr/>
S1200-470	Net increase in cash	30,408
S1200-480	Cash, beginning of year	81,657
		<hr/>
S1200T	Cash, end of year	<u><u>\$ 112,065</u></u>

See independent auditor's report.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Supplementary Information (Continued)
Cash Flows Data (Continued)
Year Ended September 30, 2020

Reconciliation of net loss to net cash used in operating activities		
3250	Net loss	\$ (243,202)
	Adjustments to reconcile net loss to net cash used in operating activities	
6600	Depreciation expenses	298,701
S1200-486	Amortization of debt issuance costs	2,982
S1200-600	Gain on disposal of property damaged by tornado	(52,338)
	Changes in certain assets and liabilities	
S1200-490	(Increase) in tenant accounts receivable	(226)
S1200-530	Decrease in tenant deposits held in trust	13,925
S1200-540	(Decrease) in accounts payable - trade	(3,211)
S1200-570	(Decrease) in accrued interest payable	(300)
S1200-580	(Decrease) in tenant deposits held in trust (contra)	(13,925)
S1200-590	(Decrease) in prepaid revenue	<u>(6,423)</u>
S1200-610	Net cash used in operating activities	<u>\$ (4,017)</u>

See independent auditor's report.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Supplementary Information (Continued)
Schedule of Reserve for Replacement
Year Ended September 30, 2020

1320P	Balance at beginning of year	\$	49,530
1320DT	Total monthly deposits		13,500
1320INT	Interest on replacement reserve account		<u>27</u>
1320	Balance at end of year, confirmed by mortgagee	\$	<u><u>63,057</u></u>
1320R	Deposits suspended or waived indicator		N

See independent auditor's report.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Supplementary Information (Continued)
Computation of Surplus Cash Distributions - Annual
Year Ended September 30, 2020

Cash			
S1300-010	Cash		\$ 123,932
Current obligations			
S1300-050	Accrued mortgage interest payable		26,917
2210	Prepaid revenue		3,909
2191	Tenant security deposit liability		11,867
S1300-110	Current mortgage principal payment, replacement reserve and escrow deposits		<u>12,892</u>
S1300-140	Total current obligations		<u>55,585</u>
S1300-150	Surplus cash		<u>\$ 68,347</u>

See independent auditor's report.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Supplementary Information (Continued)
Schedule of Changes in Fixed Asset Accounts
Year Ended September 30, 2020

Fixed assets	Beginning balance	Additions	Deductions	Ending balance
1410 Land and land improvements	\$ 804,280	\$ -	\$ -	\$ 804,280
1420 Buildings	8,816,344	-	(823,682)	7,992,662
1450 Furniture	238,321	-	-	238,321
1400T Total fixed assets	<u>\$ 9,858,945</u>	<u>\$ -</u>	<u>\$ (823,682)</u>	<u>\$ 9,035,263</u>
1495 Accumulated depreciation	<u>\$ 459,871</u>	<u>\$ 298,701</u>	<u>\$ (52,338)</u>	<u>\$ 706,234</u>
1400N Net book value				<u>\$ 8,329,029</u>

Schedule of fixed asset deductions	Description	Amount
1420DT Buildings	Roofs damaged by tornado	\$ 233,000
	Buildings damaged by tornado	590,682
		<u>\$ 823,682</u>

See independent auditor's report.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Supplementary Information (Continued)
Miscellaneous Account Detail for the Profit and Loss Data
Year Ended September 30, 2020

5990 Miscellaneous revenue

Description	Amount
Gain on disposal of property damaged by tornado	\$ 52,338
Grant revenue	2,232
Total	<u>\$ 54,570</u>

6790 Miscellaneous taxes, licenses, permits and insurance

Description	Amount
Payments in lieu of taxes	\$ 2,700
Miscellaneous titles and fees	55
Total	<u>\$ 2,755</u>

See independent auditor's report.

Reports on Internal Control and Compliance



Independent Auditor's 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*

To the Member of
MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of MDHA 10th & Jefferson, LLC (a Tennessee limited liability company), HUD Project No. 086-35394, which comprise the balance sheet as of September 30, 2020, and the related statements of operations, changes in member's equity and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated December 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered MDHA 10th & Jefferson, LLC'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 MDHA 10th & Jefferson, LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of MDHA 10th & Jefferson, LLC'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.

MCM CPAs & Advisors LLP

P 317.347.5200

F 317.347.5211

9229 Delegates Row #250

Indianapolis, IN 46240

www.mcmcpa.com

888.587.1719

A Member of PrimeGlobal - An Association
of Independent Accounting Firms

Independent Auditor's 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 (Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MDHA 10th & Jefferson, LLC'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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



MCM CPAs & Advisors LLP
27-1235638
Rebekah S. Payne - Engagement Partner
Indianapolis, Indiana
December 30, 2020

**Independent Auditor's 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***

To the Member of
MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)

Report on Compliance for the Major HUD Program

We have audited MDHA 10th & Jefferson, LLC's (a Tennessee limited liability company), HUD Project No. 086-35394, 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 the major HUD program of MDHA 10th & Jefferson, LLC for the year ended September 30, 2020. MDHA 10th & Jefferson, LLC's major HUD program and the related direct and material compliance requirements are as follows:

Name of Major HUD Program	Direct and Material Compliance Requirement
Section 221(d)(4) Multifamily Rental Housing for Moderate Income Families	Federal Financial Reporting, Mortgage Status, Replacement Reserve, Distributions to Owners, Equity Skimming, Cash Receipts, Cash Disbursements, Tenant Security Deposits, Management Functions, Unauthorized Change of Ownership/Acquisition of Liabilities, and Unauthorized Loans of Project Funds

Management's Responsibility

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

MCM CPAs & Advisors LLP

P 317.347.5200

F 317.347.5211

9229 Delegates Row #250

Indianapolis, IN 46240

www.mcmcpa.com

888.587.1719

A Member of PrimeGlobal - An Association
of Independent Accounting Firms

**Indiana
Kentucky
Ohio**

**Independent Auditor's 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 (Continued)***

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the major HUD program of MDHA 10th & Jefferson, LLC 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 the major HUD program occurred. An audit includes examining, on a test basis, evidence about MDHA 10th & Jefferson, LLC'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 audit opinion on compliance for the major HUD program. However, our audit does not provide a legal determination of MDHA 10th & Jefferson, LLC's compliance.

Opinion on the Major HUD Program

In our opinion, MDHA 10th & Jefferson, LLC 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 September 30, 2020.

Report on Internal Control over Compliance

Management of MDHA 10th & Jefferson, LLC 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 MDHA 10th & Jefferson, LLC'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 MDHA 10th & Jefferson, LLC'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.

**Independent Auditor's 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* (Continued)**

Report on Internal Control over Compliance (Continued)

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.



MCM CPAs & Advisors LLP
27-1235638
Rebekah S. Payne - Engagement Partner
Indianapolis, Indiana
December 30, 2020

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Schedule of Findings, Questioned Costs, and Recommendations
Year Ended September 30, 2020

Our audit disclosed no findings that are required to be reported herein under the *Consolidated Audit Guide for Audits of HUD Programs*.

MDHA 10th & Jefferson, LLC
(A Tennessee Limited Liability Company)
Project No. 086-35394
Schedule of the Status of Prior Audit Findings,
Questioned Costs, and Recommendations
Year Ended September 30, 2020

Section 1 - Prior Audit Findings:

Independent Auditor's Reports, dated December 27, 2019, for the period ended September 30, 2019, issued by MCM CPAs & Advisors LLP.

There were no open findings from the prior auditor's reports.

Section 2 - Findings from Audits, Attestation or Other Studies Performed by HUD, another Federal Agency, or a Contract Administrator Issued During the period from October 1, 2019 through December 30, 2020:

There were no reports issued by HUD, other federal agencies, or contract administrators during the period covered by this audit.

Section 3 - Deficiencies listed in letters or reports issued by HUD management as a result of reviews of the entity's activities that relate to the audit objectives during the period from October 1, 2019 through December 30, 2020:

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

MORTGAGOR'S CERTIFICATION

WE HEREBY CERTIFY THAT WE HAVE EXAMINED THE ACCOMPANYING FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION AND REPORTS ON INTERNAL CONTROL AND COMPLIANCE OF MDHA 10TH & JEFFERSON, LLC (A TENNESSEE LIMITED LIABILITY COMPANY), HUD PROJECT NO. 086-35394, AND, TO THE BEST OF OUR KNOWLEDGE AND BELIEF, THE SAME ARE ACCURATE AND COMPLETE.

Sole Member

615-252-8442
Telephone Number

December 30, 2020
Date

MANAGING AGENT'S CERTIFICATION

WE HEREBY CERTIFY THAT WE HAVE EXAMINED THE ACCOMPANYING FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION AND REPORTS ON INTERNAL CONTROL AND COMPLIANCE OF MDHA 10TH & JEFFERSON, LLC (A TENNESSEE LIMITED LIABILITY COMPANY), HUD PROJECT NO. 086-35394, AND, TO THE BEST OF OUR KNOWLEDGE AND BELIEF, THE SAME ARE ACCURATE AND COMPLETE.

Freeman Webb Company, Realtors
Managing Agent

Officer

Employer Identification Number