

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**HUD Project No. 086-35415**

**Financial Statements**

**Year Ended September 30, 2020**

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Table of Contents**  
**Year Ended September 30, 2020**

	<u>Page</u>
Independent Auditor's Report .....	1 - 2
<b>Financial Statements</b>	
Balance Sheet.....	3 - 4
Statement of Operations.....	5
Statement of Changes in Member's Equity .....	6
Statement of Cash Flows .....	7 - 8
Notes to Financial Statements.....	9 - 14
<b>Supplementary Information</b>	
Supplementary Information .....	15 - 25
<b>Reports on Internal Control and Compliance</b>	
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> .....	26 - 27
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> .....	28 - 30
Schedule of Findings, Questioned Costs, and Recommendations .....	31
Schedule of the Status of Prior Audit Findings, Questioned Costs, and Recommendations .....	32
Mortgagor's Certification.....	33
Managing Agent's Certification.....	34



## **Independent Auditor's Report**

To the Member of  
MDHA Kirkpatrick Park, LLC  
(A Tennessee Limited Liability Company)

### **Report on the Financial Statements**

We have audited the accompanying financial statements of MDHA Kirkpatrick Park, LLC (a Tennessee limited liability company), HUD Project No. 086-35415, 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.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

MCM CPAs & Advisors LLP

P 317.347.5200

F 317.347.5211

9229 Delegates Row #250

Indianapolis, IN 46240

[www.mcmcpa.com](http://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 Kirkpatrick Park, LLC (a Tennessee limited liability company) as of September 30, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note B3, MDHA Kirkpatrick Park, 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 Kirkpatrick Park, 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 Kirkpatrick Park, 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 Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Balance Sheet**  
**September 30, 2020**

**Assets**

Property and equipment	
Land and land improvements	\$ 1,948,448
Buildings	21,023,496
Furniture and equipment	<u>565,778</u>
Total property and equipment	23,537,722
Accumulated depreciation	<u>(848,911)</u>
Property and equipment, net	22,688,811
Cash and receivables	
Cash - operations	457,917
Accounts receivable - tenant, net	21,441
Accounts receivable - HUD	<u>782</u>
	480,140
Deposits held in trust - funded	
Restricted cash - tenant deposits held in trust	87,078
Restricted deposits and funded reserves	
Restricted cash - escrow deposits	29,451
Restricted cash - replacement reserve	<u>29,385</u>
	58,836
Other assets	
Prepaid expenses	<u>37,614</u>
Total assets	<u><u>\$23,352,479</u></u>

See accompanying notes.

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Balance Sheet (Continued)**  
**September 30, 2020**

**Liabilities and member's equity**

Liabilities applicable to investment in real estate	
Mortgage payable	\$ 13,593,115
Less unamortized debt issuance costs	<u>334,663</u>
Mortgage payable less unamortized debt issuance costs	13,258,452
Miscellaneous long term liabilities	<u>2,813</u>
	13,261,265
Other liabilities	
Accounts payable - operations	6,466
Accrued wages payable	3,684
Accrued interest payable - mortgage	44,178
Prepaid revenue	20,275
Tenant deposits held in trust (contra)	<u>74,497</u>
	<u>149,100</u>
Total liabilities	13,410,365
Member's equity	<u>9,942,114</u>
Total liabilities and member's equity	<u><u>\$ 23,352,479</u></u>

See accompanying notes.

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Statement of Operations**  
**Year Ended September 30, 2020**

Revenues	
Rent revenue, net	\$ 1,111,902
Financial revenue	2,469
Other revenue	<u>53,504</u>
Total revenues	1,167,875
Operating expenses before depreciation	
Administrative	268,963
Utilities	116,254
Operating and maintenance	181,148
Taxes and insurance	<u>21,467</u>
Total operating expenses before depreciation	<u>587,832</u>
Income before financial and depreciation expenses	580,043
Financial and depreciation expenses	
Financial	519,598
Depreciation	<u>699,679</u>
Total financial and depreciation expenses	<u>1,219,277</u>
Net loss	<u><u>\$ (639,234)</u></u>

See accompanying notes.

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Statement of Changes in Member's Equity**  
**Year Ended September 30, 2020**

Member's equity, October 1, 2019	\$ 10,189,493
Contributions	391,855
Net loss for 2020	<u>(639,234)</u>
Member's equity, September 30, 2020	<u><u>\$ 9,942,114</u></u>

See accompanying notes.



**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Statement of Cash Flows**  
**Year Ended September 30, 2020**

Cash flows from operating activities	
Receipts	
Rental	\$ 1,104,370
Interest	2,469
Other operating	56,314
	<hr/>
Total receipts	1,163,153
Disbursements	
Administrative	108,184
Management fee	92,387
Utilities	114,443
Salaries and wages	64,456
Operating and maintenance	188,723
Real estate taxes	5,780
Property insurance	15,193
Miscellaneous taxes and insurance	494
Tenant security deposits	(23,307)
Interest on mortgage	501,884
Mortgage insurance premium	49,535
	<hr/>
Total disbursements	1,117,772
	<hr/>
Net cash provided by operating activities	45,381
Cash flows from investing activities	
Purchase of fixed assets	<hr/> (1,652,502)
	<hr/>
Net cash used in investing activities	(1,652,502)
Cash flows from financing activities	
Principal payments on mortgage	(37,396)
Proceeds from mortgage	992,917
Capital contributions	391,855
Payment of development fee	(143,884)
Loan fees paid	(114,664)
	<hr/>
Net cash provided by financing activities	1,088,828
	<hr/>
Net decrease in cash and restricted cash	(518,293)
Cash and restricted cash, beginning of year	<hr/> 1,122,124
	<hr/>
Cash and restricted cash, end of year	<u><u>\$ 603,831</u></u>

See accompanying notes.

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Statement of Cash Flows (Continued)**  
**Year Ended September 30, 2020**

Reconciliation of net loss to	
net cash provided by operating activities	
Net loss	\$ (639,234)
Adjustments to reconcile net loss to net cash provided by operating activities	
Depreciation	699,679
Amortization of debt issuance costs	2,105
Changes in certain assets and liabilities	
(Increase) decrease in tenant accounts receivable	(14,340)
(Increase) decrease in accounts receivable - other	(763)
(Increase) decrease in prepaid expenses	(37,614)
Increase (decrease) in accounts payable - trade	(5,515)
Increase (decrease) in accrued liabilities	3,684
Increase (decrease) in accrued interest payable	3,688
Increase (decrease) in tenant deposits held in trust (contra)	23,307
Increase (decrease) in prepaid revenue	7,571
Increase (decrease) in miscellaneous long term liabilities	<u>2,813</u>
Net cash provided by operating activities	<u><u>\$ 45,381</u></u>
Reconciliation of cash and restricted cash to the balance sheet	
Cash - operations	\$ 457,917
Restricted cash - tenant deposits held in trust	87,078
Restricted cash - escrow deposits	29,451
Restricted cash - replacement reserve	<u>29,385</u>
Total cash and restricted cash	<u><u>\$ 603,831</u></u>

See accompanying notes.

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Notes to Financial Statements**  
**Year Ended September 30, 2020**

**Note A - Nature of Organization and Operations**

MDHA Kirkpatrick Park, LLC (the "Company") was organized in December 2016 as a Tennessee limited liability company for the purpose of constructing and operating 94 residential rental units (the "Project") located in Nashville, Tennessee. The Company is owned 100% by Metropolitan Development Housing Agency ("MDHA") (the "Member").

Construction of the Project was substantially completed in September 2019. The Company's financing is insured by the Department of Housing and Urban Development ("HUD") under Section 221(d)(4) of the National Housing Act. The Company has also executed a Section 8 Housing Assistance Payment ("HAP") Contract with HUD for 36 units (38 percent) under the Rental Assistance Demonstration ("RAD") Program, which provides for rental assistance for low income individuals. The HAP contract expires in June 2039. In accordance with the Regulatory Agreement, the Company may not increase rents charged to tenants under Section 8 without HUD approval. The Company's major program is its Section 221(d)(4) insured loan.

**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, Cash Equivalents and Restricted Cash: 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.

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. 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, an allowance for doubtful accounts of \$59,418 has been assessed based on management's estimation of collectability.
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 sheet. Amortization of these costs is included in financial expense.

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Notes to Financial Statements (Continued)**  
**Year Ended September 30, 2020**

**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 5 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.

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 the member.
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 (including Section 8 HAP subsidies) is recognized monthly as earned. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants of the apartment 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. Advertising cost for the year ended September 30, 2020 was \$3,133.
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.
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 (including Section 8 HAP subsidies), which is outside of the scope of Topic 606.

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Notes to Financial Statements (Continued)**  
**Year Ended September 30, 2020**

**Note B - Summary of Significant Accounting Policies (Continued)**

13. Change in Accounting Principle (Continued): 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**

The Company completed financing of the Project by entering into a loan agreement dated November 1, 2017 with Walker & Dunlop, LLC under a loan commitment of \$13,776,500. The loan is insured by HUD under Section 221(d)(4) of the National Housing Act and is secured by the Company's property and land. The loan bears interest at an annual rate of 3.90%. Interest only payments were required during construction of the Project. Beginning July 1, 2019, monthly principal and interest payments of \$56,723 are required. Final endorsement of the loan occurred in June 2020. The loan matures on June 1, 2059. The balance of the loan, net of unamortized debt issuance costs, is \$13,258,452 as of September 30, 2020.

The note allows for the principal balance to be prepaid in whole on the last day of any calendar month, upon 30 days advance written notice, with a prepayment penalty or charge on the amount prepaid in accordance with the following schedule:

July 1, 2020 to June 30, 2021	10%
July 1, 2021 to June 30, 2022	10%
July 1, 2022 to June 30, 2023	7%
July 1, 2023 to June 30, 2024	6%
July 1, 2024 to June 30, 2025	5%
July 1, 2025 to June 30, 2026	4%
July 1, 2026 to June 30, 2027	3%
July 1, 2027 to June 30, 2028	2%
July 1, 2028 to June 30, 2029	1%
July 1, 2029 and thereafter	No prepayment premium

Notwithstanding any prepayment prohibition imposed and/or penalty required by the note with respect to prepayments made prior to July 1, 2028, 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.

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Notes to Financial Statements (Continued)**  
**Year Ended September 30, 2020**

**Note C - Mortgage Payable (Continued)**

Interest expense on the mortgage loan for the year ended September 30, 2020 was \$505,572.

Debt issuance costs related to the mortgage loan of the Company, in the amount of \$337,931, have been capitalized and are being amortized over the term of the loan. At September 30, 2020, \$334,663 remains to be amortized. Amortization of these costs is included in financial expense and amounted to \$2,105 for the year ended September 30, 2020.

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	\$ 153,270
2022	159,356
2023	165,683
2024	172,262
2025	179,101
Thereafter	<u>12,763,443</u>
	<u><u>\$ 13,593,115</u></u>

**Note D - Related Party Transactions**

The Company is managed by MDHA, who has certified to HUD that it is not considered an identity of interest entity. MDHA is paid an annual fee of 8.15% of residential income collected and \$2 per unit per month for special fees, which is included in administrative expenses on the statement of operations. The Company recognized management fee expense of \$92,387 for the year ended September 30, 2020.

The Member was entitled to a development fee of \$575,530 for overseeing the development of the Project. The remaining development fee of \$143,884 was paid during the year ended September 30, 2020 upon final endorsement of the Project with HUD.

**Note E - Distributions Payable and Surplus Cash**

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, RAD Agreement or under the mortgage note. No amounts were distributed during the year ended September 30, 2020. The amount available for distribution at September 30, 2020 is \$376,936.

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Notes to Financial Statements (Continued)**  
**Year Ended September 30, 2020**

**Note F - 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 the member during 2020. During the year ended September 30, 2020, the Member made capital contributions in the amount of \$391,855 to the Company. Attention is directed to the Operating Agreement for further detail on the capital structure of the Company.

**Note G - Limited Liability**

The liability of the Member for the losses, debts or liabilities of the Company shall not exceed the amount of the Member's equity account.

**Note H - 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.

As described in Note A, the Company receives rental assistance payments for 36 apartment units under a Section 8 Housing Assistance Payment (HAP) contract, which is scheduled to expire in 2039. Renewal of this contract is currently subject to the provisions of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA), regulations issued by HUD and certain provisions of the annual HUD Fiscal Year Appropriations Act as enacted by U.S. Congress. Provided the Company's contract rent is below or at comparable market rents, HUD will renew contracts at current rents with increases in some circumstances, but in no case above comparable market rents. Management is of the opinion that the Company's current contract will be renewed upon expiration.

**Note I - 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.

**Note J - Restricted Deposits and Funded Reserves**

Tenant Security Deposits

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. At September 30, 2020, the balance of the escrow account is \$87,078. Refundable security deposits of \$74,497 were adequately funded as of September 30, 2020.

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Notes to Financial Statements (Continued)**  
**Year Ended September 30, 2020**

**Note J - Restricted Deposits and Funded Reserves (Continued)**

Reserves for Replacements and Repairs

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. The balance in the replacement reserve is \$29,385 as of September 30, 2020.

Reserve for Mortgage Insurance Premium

Under the terms of the mortgage note, the Company is required to establish a reserve for mortgage insurance premiums ("MIP") in an amount determined by the insurance provider sufficient to pay the next installment of mortgage insurance premiums on the property. The MIP reserve is funded by monthly deposits in an amount sufficient to cover annual premiums. The balance in the MIP reserve is \$14,828 as of September 30, 2020.

Reserve for Taxes and Insurance

Under the terms of the mortgage note, the Company is required to make monthly deposits into a mortgage escrow account in an amount determined by the lender to be sufficient to pay the next installment of payments in lieu of taxes and insurance premiums on the property. The reserve is funded by monthly deposits in an amount sufficient to cover annual costs. The balance in the reserve is \$14,623 as of September 30, 2020.

Mortgage Principal Reserve and Change Order Escrow

The Company was required to maintain funds in a mortgage principal reserve and change order escrow during construction of the Project and through final endorsement of the HUD loan. The remaining balances of these reserves in the total amount of \$382,902 were utilized during the year ended September 30, 2020 as required. The balance in both reserves at September 30, 2020 was \$0.

**Note K - Working Capital and Operating Deficit Escrows**

The Company was required to establish and maintain a working capital escrow in the amount of \$551,060 to cover lease-up and marketing costs and any construction costs in excess of available loan proceeds. In accordance with the loan agreement, the Company satisfied this obligation by obtaining an irrevocable letter of credit from Pinnacle Bank in the amount of \$551,060. The letter of credit was renewed during the year to November 21, 2021 for a reduced amount of \$275,530. There were no draws on the letter of credit during the year ended September 30, 2020.

The Company was required to establish and maintain an operating deficit escrow in the amount of \$413,295 to fund any cash deficits (as defined by the loan agreement) experienced through the date of final endorsement of the loan. In accordance with the loan agreement, the Company satisfied this obligation by obtaining an irrevocable letter of credit from Pinnacle Bank in the amount of \$413,295. The letter of credit was renewed during the year to November 21, 2021. There were no draws on the letter of credit during the year ended September 30, 2020.



## **Supplementary Information**

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Supplementary Information**  
**Balance Sheet Data**  
**September 30, 2020**

**Assets**

Current assets

1120	Cash - operations	\$ 457,917
1130	Accounts receivable - tenant, net	21,441
1135	Accounts receivable - HUD	782
1200	Prepaid expenses	<u>37,614</u>
1100T	Total current assets	517,754

Deposits held in trust - funded

1191	Tenant deposits held in trust	87,078
------	-------------------------------	--------

Restricted deposits and funded reserves

1310	Escrow deposits	29,451
1320	Replacement reserve	<u>29,385</u>
1300T	Total restricted deposits and funded reserves	58,836

Fixed assets

1410	Land and land improvements	1,948,448
1420	Buildings	21,023,496
1450	Furniture	<u>565,778</u>

1400T	Total fixed assets	23,537,722
-------	--------------------	------------

1495	Accumulated depreciation	<u>(848,911)</u>
------	--------------------------	------------------

1400N	Net fixed assets	<u>22,688,811</u>
-------	------------------	-------------------

1000T	Total assets	<u><u>\$ 23,352,479</u></u>
-------	--------------	-----------------------------

See independent auditor's report.

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Supplementary Information (Continued)**  
**Balance Sheet Data (Continued)**  
**September 30, 2020**

**Liabilities and member's equity**

Current liabilities

2110	Accounts payable - operations	\$	6,466
2120	Accrued wages payable		3,684
2131	Accrued interest payable - first mortgage		44,178
2170	Mortgage payable - first mortgage - current portion		153,270
2210	Prepaid revenue		<u>20,275</u>
2122T	Total current liabilities		227,873

Deposit liabilities

2191	Tenant deposits held in trust (contra)		74,497
------	--	--	--------

Long-term liabilities

2320	Mortgage payable - first mortgage - less current portion		13,439,845
2340	Debt issuance costs		(334,663)
2390	Miscellaneous long term liabilities		<u>2,813</u>
2300T	Total long-term liabilities		<u>13,107,995</u>
2000T	Total liabilities		13,410,365

Member's equity

3130	Member's equity		<u>9,942,114</u>
2033T	Total liabilities and member's equity		<u><u>\$ 23,352,479</u></u>

See independent auditor's report.

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Supplementary Information (Continued)**  
**Profit and Loss Data**  
**Year Ended September 30, 2020**

Revenues		
5120	Rent revenue - gross potential	\$ 968,555
5121	Tenant assistance payments	<u>240,349</u>
5100T	Total potential rent revenue	1,208,904
5220	Vacancies - apartments	(69,459)
5250	Vacancies - rental concessions	<u>(27,543)</u>
5152N	Net rental revenue	1,111,902
5410	Financial revenue - project operations	2,450
5440	Revenue from investments - replacement reserve	10
5490	Revenue from investments - miscellaneous	<u>9</u>
5400T	Total financial revenue	2,469
5920	Tenant charges	51,479
5990	Miscellaneous revenue	<u>2,025</u>
5900T	Total other revenue	<u>53,504</u>
5000T	Total revenues	1,167,875
Expenses		
6210	Advertising and marketing	3,133
6250	Other renting expenses	17,084
6310	Office salaries	68,140
6311	Office expenses	7,269
6320	Management fee	92,387
6340	Legal expenses	2,975
6351	Bookkeeping fees/accounting services	5,180
6370	Bad debts	69,425
6390	Miscellaneous administrative expenses	<u>3,370</u>
6263T	Total administrative expenses	268,963
6450	Electricity	48,451
6451	Water	<u>67,803</u>
6400T	Total utilities expense	116,254

See independent auditor's report.

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Supplementary Information (Continued)**  
**Profit and Loss Data (Continued)**  
**Year Ended September 30, 2020**

Expenses (Continued)		
6515	Supplies	\$ 147
6520	Contracts	170,427
6530	Security payroll contract	<u>10,574</u>
6500T	Total operating and maintenance expenses	181,148
6710	Real estate taxes	5,780
6720	Property and liability insurance	15,193
6722	Workmen's compensation insurance	187
6790	Miscellaneous taxes, licenses, permits and insurance	<u>307</u>
6700T	Total taxes and insurance	21,467
6820	Interest on first mortgage payable	507,677
6850	Mortgage insurance premium	<u>11,921</u>
6800T	Total financial expenses	<u>519,598</u>
6000T	Total cost of operations before depreciation	<u>1,107,430</u>
5060T	Net profit before depreciation	60,445
6600	Depreciation expense	<u>699,679</u>
	Total depreciation and amortization	<u>699,679</u>
3250	Net loss	(639,234)
S1100-010	Member's equity, beginning of year	10,189,493
S1200-410	Contributions	<u>391,855</u>
3130	Member's equity, end of year	<u><u>\$ 9,942,114</u></u>

See independent auditor's report.

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**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>\$ 37,396</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>\$ 23,500</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 Kirkpatrick Park, LLC

(A Tennessee Limited Liability Company)

Project No. 086-35415

Supplementary Information (Continued)

Cash Flows Data

Year Ended September 30, 2020

Cash flows from operating activities

Receipts

S1200-010	Rental	\$	1,104,370
S1200-020	Interest		2,469
S1200-030	Other operating		56,314

S1200-040 Total receipts 1,163,153

Disbursements

S1200-050	Administrative		108,184
S1200-070	Management fee		92,387
S1200-090	Utilities		114,443
S1200-100	Salaries and wages		64,456
S1200-110	Operating and maintenance		188,723
S1200-120	Real estate taxes		5,780
S1200-140	Property insurance		15,193
S1200-150	Miscellaneous taxes and insurance		494
S1200-160	Tenant security deposits		11,693
S1200-180	Interest on first mortgage		501,884
S1200-210	Mortgage insurance premium		49,535

S1200-230 Total disbursements 1,152,772

S1200-240 Net cash provided by operating activities 10,381

Cash flows from investing activities

S1200-245	Net receipts from the mortgage escrow account		21,611
S1200-250	Net deposits to the reserve for replacement account		(23,510)
S1200-255	Net receipts from other reserves		382,902
S1200-330	Net purchase of fixed assets		(1,652,502)

S1200-350 Net cash used in investing activities (1,271,499)

Cash flows from financing activities

S1200-360	Principal payments - first mortgage		(37,396)
S1200-365	Proceeds from mortgage		992,917
S1200-430	Contributions		391,855
S1200-450	Payment of development fee		(143,884)
S1200-450	Loan fees paid		(114,664)

S1200-460 Net cash provided by financing activities 1,088,828

S1200-470 Net decrease in cash (172,290)

S1200-480 Cash, beginning of year 630,207

S1200T Cash, end of year \$ 457,917

See independent auditor's report.

**MDHA Kirkpatrick Park, LLC**

(A Tennessee Limited Liability Company)

**Project No. 086-35415**

**Supplementary Information (Continued)**

**Cash Flows Data (Continued)**

**Year Ended September 30, 2020**

Reconciliation of net loss to net cash provided by operating activities

3250	Net loss	\$	(639,234)
	Adjustments to reconcile net loss to net cash provided by operating activities		
6600	Depreciation expenses		699,679
S1200-486	Amortization of debt issuance costs		2,105
	Changes in certain assets and liabilities		
S1200-490	(Increase) in tenant accounts receivable		(14,340)
S1200-500	(Increase) in accounts receivable - other		(763)
S1200-520	(Increase) in prepaid expenses		(37,614)
S1200-530	(Increase) in tenant deposits held in trust		(35,000)
S1200-540	(Decrease) in accounts payable - trade		(5,515)
S1200-560	Increase in accrued liabilities		3,684
S1200-570	Increase in accrued interest payable		3,688
S1200-580	Increase in tenant deposits held in trust (contra)		23,307
S1200-590	Increase in prepaid revenue		7,571
S1200-600	Increase in miscellaneous long-term liabilities		2,813
			<hr/>
S1200-610	Net cash provided by operating activities	\$	<u>10,381</u>



**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Supplementary Information (Continued)**  
**Schedule of Reserve for Replacement**  
**Year Ended September 30, 2020**

1320P	Balance at beginning of year	\$	5,875
1320DT	Total monthly deposits		23,500
1320INT	Interest on replacement reserve account		<u>10</u>
1320	Balance at end of year, confirmed by mortgagee	\$	<u><u>29,385</u></u>
1320R	Deposits suspended or waived indicator		N

See independent auditor's report.

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Supplementary Information (Continued)**  
**Computation of Surplus Cash Distributions - Annual**  
**Year Ended September 30, 2020**

Cash		
S1300-010	Cash	\$ 544,995
1135	Accounts receivable - HUD	<u>782</u>
S1300-040	Total cash	545,777
Current obligations		
S1300-050	Accrued mortgage interest payable	44,178
S1300-075	Accounts payable due within 30 days	6,466
S1300-100	Accrued expenses not escrowed	3,684
2210	Prepaid revenue	20,275
2191	Tenant security deposit liability	74,497
S1300-110	Current mortgage principal payment, replacement reserve & escrow deposits	<u>19,741</u>
S1300-140	Total current obligations	<u>168,841</u>
S1300-150	Surplus cash	<u><u>\$ 376,936</u></u>

See independent auditor's report.

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**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	\$ 1,948,448	\$ -	\$ -	\$ 1,948,448
1420 Buildings	20,673,496	350,000	-	21,023,496
1450 Furniture	565,778	-	-	565,778
1400T Total fixed assets	<u>\$ 23,187,722</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 23,537,722</u>
1495 Accumulated depreciation	<u>\$ 149,232</u>	<u>\$ 699,679</u>	<u>\$ -</u>	<u>\$ 848,911</u>
1400N Net book value				<u>\$ 22,688,811</u>
 <u>Schedule of fixed asset additions</u>				
		<u>Description</u>		<u>Amount</u>
1420AT Buildings		Final payment for building construction		<u>\$ 350,000</u>

See independent auditor's report.

**MDHA Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Supplementary Information (Continued)**  
**Miscellaneous Account Detail for the Balance Sheet Data**  
**Year Ended September 30, 2020**

2390 Miscellaneous long-term liabilities

Description	Amount
Accrued compensated absences	\$ 2,813

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 Kirkpatrick Park, 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 Kirkpatrick Park, LLC (a Tennessee limited liability company), HUD Project No. 086-35415, 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 Kirkpatrick Park, 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 Kirkpatrick Park, LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of MDHA Kirkpatrick Park, 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 Kirkpatrick Park, 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 Kirkpatrick Park, LLC  
(A Tennessee Limited Liability Company)

**Report on Compliance for the Major HUD Program**

We have audited MDHA Kirkpatrick Park, LLC's (a Tennessee limited liability company), HUD Project No. 086-35415, 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 Kirkpatrick Park, LLC for the year ended September 30, 2020. MDHA Kirkpatrick Park, 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	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 programs.

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 Kirkpatrick Park, 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 Kirkpatrick Park, 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 opinion on compliance for the major HUD program. However, our audit does not provide a legal determination of MDHA Kirkpatrick Park, LLC's compliance.

**Opinion on the Major HUD Program**

In our opinion, MDHA Kirkpatrick Park, 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 Kirkpatrick Park, 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 Kirkpatrick Park, 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 Kirkpatrick Park, 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.

**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)**

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.

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 Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**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 Kirkpatrick Park, LLC**  
**(A Tennessee Limited Liability Company)**  
**Project No. 086-35415**  
**Schedule of the Status of Prior Audit Findings,**  
**Questioned Costs, and Recommendations**  
**Year Ended September 30, 2020**

**Section 1 - Prior Audit Findings:**

There have been no HUD audit reports issued by auditors prior to the current audit period.

**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 KIRKPATRICK PARK, LLC (A TENNESSEE LIMITED LIABILITY COMPANY), HUD PROJECT NO. 086-35415, 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 KIRKPATRICK PARK, LLC (A TENNESSEE LIMITED LIABILITY COMPANY), HUD PROJECT NO. 086-35415, AND, TO THE BEST OF OUR KNOWLEDGE AND BELIEF, THE SAME ARE ACCURATE AND COMPLETE.

Metropolitan Development and Housing Agency  
Managing Agent

---

Officer

---

Employer Identification Number