

Hyder Development Group, LP

HUD Project No.: 085-11205
Financial Statements and Supplemental Information
with Report of Independent Auditors

December 31, 2020 and 2019



Report of Independent Auditors

To the Partners of

Hyder Development Group, LP:

Report on the Financial Statements

We have audited the accompanying financial statements of Hyder Development Group, LP, a Missouri limited partnership, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, partners' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hyder Development Group, LP as of December 31, 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.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, which includes HUD-required financial data templates, 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, Office of the Inspector General, and is not a required part of the financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The schedule of eligible and allocated federal and state tax credits, schedule of the status of prior audit findings, questioned costs, and recommendations, mortgagor certification and the managing agent certification have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2021 on our consideration of Hyder Development Group, LP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Hyder Development Group, LP's internal control over financial reporting and compliance.

Novogradac & Company LLP

Austin, Texas

February 15, 2021

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
BALANCE SHEETS
December 31, 2020 and 2019

Assets

		December 31,	
		2020	2019
Current Assets			
1120	Cash - operations	\$ 152,224	\$ 109,639
1125	Cash - entity	628,481	625,142
1130	Tenant accounts receivable	3,447	2,324
1135	Accounts receivable - HUD	14,339	14,339
1190	Miscellaneous current assets (Supplemental Schedule > \$1,000)	724	724
1200	Miscellaneous prepaid expenses (Supplemental Schedule > \$1,000)	38,300	33,271
1100T	Total Current Assets	837,515	785,439
Deposits Held in Trust - Funded			
1191	Tenant deposits held in trust	33,587	33,988
Restricted Deposits And Funded Reserves			
1310	Escrow deposits	(4,683)	946
1320	Replacement reserve	196,376	198,896
1340	Residual receipts reserve	86,568	86,420
1300T	Total Deposits	278,261	286,262
Fixed Assets			
1420	Buildings	6,235,659	6,219,272
1460	Furnishings	219,440	220,013
1480	Motor vehicles	1,633	1,633
1490	Miscellaneous fixed assets	115,953	93,708
1400T	Total Fixed Assets	6,572,685	6,534,626
1495	Less: Accumulated depreciation	2,914,205	2,729,742
1400N	Net Fixed Assets	3,658,480	3,804,884
Other Assets			
1520	Intangible assets	82,408	83,418
1500T	Total Other Assets	82,408	83,418
1000T	Total Assets	\$ 4,890,251	\$ 4,993,991

see accompanying notes

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
BALANCE SHEETS (CONTINUED)
December 31, 2020 and 2019

Liabilities

		December 31,	
		2020	2019
Current Liabilities			
2110	Accounts payable - operations	\$ 7,666	\$ 76,929
2131	Accrued interest payable - first mortgage	7,962	10,309
2133	Accrued interest payable - other loans and notes (surplus cash)	69,270	52,557
2170	Mortgage payable - first mortgage (short-term)	126,029	112,541
2190	Miscellaneous current liabilities (Supplemental Schedule > \$1,000)	19,580	19,349
2210	Prepaid revenue	3,743	4,551
2122T	Total Current Liabilities	234,250	276,236
Deposit And Prepayment Liabilities			
2191	Tenant deposits held in trust (contra)	33,470	33,787
Long-Term Liabilities			
2320	Mortgage payable - first mortgage	2,813,679	2,942,018
2323	Other loans and notes payable - surplus cash	557,099	557,099
2340	Debt Issuance Costs	(79,824)	(88,091)
2300T	Total Long-Term Liabilities	3,290,954	3,411,026
2000T	Total Liabilities	3,558,674	3,721,049
Partners' Equity			
3130	Partners' equity	1,331,577	1,272,942
2033T	Total Liabilities And Partners' Equity	\$ 4,890,251	\$ 4,993,991

see accompanying notes

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
STATEMENT OF INCOME
For the Year Ended December 31, 2020

	Description of Account	Acct. No.	Amount
Rent Revenue 5100	Rent Revenue - Gross Potential	5120	\$ 396,043
	Tenant Assistance Payments	5121	\$ 654,929
	Rent Revenue - Stores and Commercial	5140	\$ —
	Garage and Parking Spaces	5170	\$ —
	Flexible Subsidy Revenue	5180	\$ —
	Miscellaneous Rent Revenue	5190	\$ —
	Excess Rent	5191	\$ —
	Rent Revenue/Insurance	5192	\$ —
	Special Claims Revenue	5193	\$ —
	Retained Excess Income	5194	\$ —
	Total Rent Revenue	5100T	\$ 1,050,972
Vacancies 5200	Apartments	5220	\$ 66,796
	Stores and Commercial	5240	\$ —
	Rental Concessions	5250	\$ —
	Loss to Lease	5260	\$ —
	Garage and Parking Space	5270	\$ —
	Miscellaneous	5290	\$ —
	Total Vacancies	5200T	\$ 66,796
Net Rental Revenue <i>Rent Revenue Less Vacancies</i>	5152N	\$ 984,176	
Supportive Services - 5390	Supportive Services Revenue (attach Schedule)	5390	\$ —
Financial Revenue 5400	Financial Revenue - Project Operations	5410	\$ 3,534
	Revenue from Investments - Residual Receipts	5430	\$ 148
	Revenue from Investments - Replacement Reserve	5440	\$ 332
	Revenue from Investments - Miscellaneous	5490	\$ —
	Total Financial Revenue	5400T	\$ 4,014
Other Revenue 5900	Laundry and Vending Revenue	5910	\$ 7,616
	Tenant Charges	5920	\$ 5,844
	Interest Reduction Payments Revenue	5945	\$ —
	Cable TV / Internet Access Revenue	5954	\$ —
	Miscellaneous Revenue	5990	\$ 5,757
	Total Other Revenue	5900T	\$ 19,217
Total Revenue	5000T	\$ 1,007,407	
Administrative Expenses 6200/6300	Conventions and Meetings	6203	\$ 483
	Management Consultants	6204	\$ —
	Advertising and Marketing	6210	\$ 3,644
	Other Renting Expenses	6250	\$ 97
	Office Salaries	6310	\$ 58,360
	Office Expenses	6311	\$ 18,588
	Office or Model Apartment Rent	6312	\$ —
	Leased Furniture	6313	\$ —
	Management Fee/Bookkeeping/Accounting Services	6320	\$ 52,360
	Manager or Superintendent Salaries	6330	\$ 49,635
	Administrative Rent Free Unit	6331	\$ —
	Legal Expense - Project	6340	\$ 767
	Audit Expense	6350	\$ 5,800
	Telephone Expense	6360	\$ 9,265
	Bad Debts	6370	\$ 5,548
	Miscellaneous Administrative Expenses	6390	\$ 18,681
	Total Administrative Expenses	6263T	\$ 223,228
Utilities	Electricity	6450	\$ 39,320
	Water	6451	\$ 13,559
	Gas	6452	\$ 12,983
	Sewer	6453	\$ 9,843
	Cable TV / Internet Access	6454	\$ —
	Total Utilities Expense	6400T	\$ 75,705
Total Expenses (Carry Forward to Page 2)		\$ 298,933	

see accompanying notes

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
STATEMENT OF INCOME (CONTINUED)
For the Year Ended December 31, 2020

		Balance Carried Forward		\$ 298,933
Operating Maintenance Expenses 6500	Payroll	6510	\$ 40,809	
	Supplies	6515	\$ 34,619	
	Contracts	6520	\$ 61,724	
	Operating and Maintenance Rent Free Unit	6521	\$ —	
	Garbage and Trash Removal	6525	\$ 5,112	
	Security Payroll/Contract	6530	\$ 15,876	
	Security Rent Free Unit	6531	\$ —	
	Heating/Cooling Repairs and Maintenance	6546	\$ 3,526	
	Snow Removal	6548	\$ 2,717	
	Vehicle and Maintenance Equipment Operation and Repairs	6570	\$ 992	
	Maintenance Tools and Equipment	6571	\$ —	
	Pool Supplies and Pool Maintenance/Contracts	6572	\$ —	
	Exterminating	6573	\$ 6,046	
	Elevator Maintenance/Contracts	6574	\$ 11,774	
	Vacant Unit Preparation	6580	\$ 13,725	
	Miscellaneous Operating and Maintenance Expenses	6590	\$ 641	
	Total Operating and Maintenance Expenses	6500T		\$ 197,561
Taxes and Insurance 6700	Real Estate Taxes	6710	\$ —	
	Payroll Taxes (Project's Share)	6711	\$ 11,039	
	Property and Liability Insurance (Hazard)	6720	\$ 28,392	
	Fidelity Bond Insurance	6721	\$ 500	
	Workmen's Compensation	6722	\$ 20	
	Health Insurance and Other Employee Benefits	6723	\$ 59,069	
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790	\$ —	
	Total Taxes and Insurance	6700T		\$ 99,020
Financial Expenses 6800	Interest on Mortgage Payable	6820	\$ 113,360	
	Interest Attributable to Debt Issuance Costs	6822	\$ 8,267	
	Interest on Notes Payable (Long-Term)	6830	\$ —	
	Interest on Notes Payable (Short-Term)	6840	\$ —	
	Mortgage Insurance Premium/Service Charge	6850	\$ 7,484	
	Miscellaneous Financial Expenses	6890	\$ 6	
	Total Financial Expenses	6800T		\$ 129,117
Supportive Services	Supportive Services Expenses (attach Schedule)	6990	\$ —	\$ —
	Total Cost of Operations before Depreciation and Amortization	6000T		\$ 724,631
	Profit (Loss) before Depreciation and Amortization	5060T		\$ 282,776
	Depreciation Expense	6600	\$ 201,979	
	Amortization Expense	6610	\$ 1,010	
		Total Depreciation and Amortization		
	Operating Profit or (Loss)	5060N		\$ 79,787
Corporate or Mortgagor Entity Expenses 7100	Entity Revenue	7105	\$ —	
	Officer's Salaries	7110	\$ —	
	Asset Management, Partnership, & Incentive Performance Fee	7115	\$ —	
	Legal Expenses	7120	\$ —	
	Federal, State, and Other Income Taxes	7130	\$ —	
	Fidelity & Bond Expense	7135	\$ 4,439	
	Interest on Notes Payable (subordinate/surplus cash/non-MHDC loans)	7141	\$ —	
	Interest on Mortgage Payable (subordinate/surplus cash/non-MHDC loan)	7142	\$ 16,713	
	Other Expenses	7190	\$ —	
		Net Entity Expenses	7100T	
	Profit or Loss (Net Income or Loss)	3250		\$ 58,635
Miscellaneous or other Income and Expense Sub-account Groups. If miscellaneous or other income and/or expense sub-accounts (5190, 5290, 5490, 5990, 6390, 6590, 6790, 6890 and 7190) exceed the Account Groupings by 10% or more, attach a separate schedule.				
Part II				
1. Total mortgage principal payments required during the audit year (12 monthly payments). (Account 7001)				\$ 114,851
2. Total of 12 monthly deposits in the audit year into the Replacement Reserve account. (Account 7002)				\$ 115,000
3. Replacement Reserve or Residual Receipts releases which are included as expense items on this Profit and Loss Statement. (Account 7003)				\$ 18,088
4. Debt Service for other loans (surplus cash / non-mhdc / partner loans) (Account 7145)				\$ —

see accompanying notes

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
STATEMENT OF INCOME (CONTINUED)
For the Year Ended December 31, 2019

	Description of Account	Acct. No.	Amount	
Rent Revenue 5100	Rent Revenue - Gross Potential	5120	\$ 393,953	
	Tenant Assistance Payments	5121	\$ 641,167	
	Rent Revenue - Stores and Commercial	5140	\$ —	
	Garage and Parking Spaces	5170	\$ —	
	Flexible Subsidy Revenue	5180	\$ —	
	Miscellaneous Rent Revenue	5190	\$ —	
	Excess Rent	5191	\$ —	
	Rent Revenue/Insurance	5192	\$ —	
	Special Claims Revenue	5193	\$ 3,777	
	Retained Excess Income	5194	\$ —	
		Total Rent Revenue	5100T	\$ 1,038,897
Vacancies 5200	Apartments	5220	\$ 71,471	
	Stores and Commercial	5240	\$ —	
	Rental Concessions	5250	\$ 4,986	
	Loss to Lease	5260	\$ —	
	Garage and Parking Space	5270	\$ —	
	Miscellaneous	5290	\$ —	
		Total Vacancies	5200T	\$ 76,457
	Net Rental Revenue <i>Rent Revenue Less Vacancies</i>	5152N	\$ 962,440	
Supportive Services - 5390	Supportive Services Revenue (attach Schedule)	5390	\$ —	
Financial Revenue 5400	Financial Revenue - Project Operations	5410	\$ 12,878	
	Revenue from Investments - Residual Receipts	5430	\$ 388	
	Revenue from Investments - Replacement Reserve	5440	\$ 890	
	Revenue from Investments - Miscellaneous	5490	\$ —	
		Total Financial Revenue	5400T	\$ 14,156
Other Revenue 5900	Laundry and Vending Revenue	5910	\$ 7,750	
	Tenant Charges	5920	\$ 2,653	
	Interest Reduction Payments Revenue	5945	\$ —	
	Cable TV / Internet Access Revenue	5954	\$ —	
	Miscellaneous Revenue	5990	\$ 6,276	
		Total Other Revenue	5900T	\$ 16,679
	Total Revenue	5000T	\$ 993,275	
Administrative Expenses 6200/6300	Conventions and Meetings	6203	\$ 2,594	
	Management Consultants	6204	\$ —	
	Advertising and Marketing	6210	\$ 3,837	
	Other Renting Expenses	6250	\$ 146	
	Office Salaries	6310	\$ 64,689	
	Office Expenses	6311	\$ 18,838	
	Office or Model Apartment Rent	6312	\$ —	
	Leased Furniture	6313	\$ —	
	Management Fee/Bookkeeping/Accounting Services	6320	\$ 46,944	
	Manager or Superintendent Salaries	6330	\$ 47,315	
	Administrative Rent Free Unit	6331	\$ —	
	Legal Expense - Project	6340	\$ 2,378	
	Audit Expense	6350	\$ 7,800	
	Telephone Expense	6360	\$ 8,543	
	Bad Debts	6370	\$ 302	
	Miscellaneous Administrative Expenses	6390	\$ 5,987	
		Total Administrative Expenses	6263T	\$ 209,373
Utilities	Electricity	6450	\$ 43,239	
	Water	6451	\$ 14,901	
	Gas	6452	\$ 12,924	
	Sewer	6453	\$ 10,790	
	Cable TV / Internet Access	6454	\$ —	
		Total Utilities Expense	6400T	\$ 81,854
		Total Expenses (Carry Forward to Page 2)		\$ 291,227

see accompanying notes

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
STATEMENT OF INCOME (CONTINUED)
For the Year Ended December 31, 2019

		Balance Carried Forward		\$ 291,227
Operating Maintenance Expenses 6500	Payroll	6510	\$ 37,024	
	Supplies	6515	\$ 50,766	
	Contracts	6520	\$ 86,877	
	Operating and Maintenance Rent Free Unit	6521	\$ —	
	Garbage and Trash Removal	6525	\$ 4,234	
	Security Payroll/Contract	6530	\$ 11,630	
	Security Rent Free Unit	6531	\$ —	
	Heating/Cooling Repairs and Maintenance	6546	\$ 10,826	
	Snow Removal	6548	\$ 3,875	
	Vehicle and Maintenance Equipment Operation and Repairs	6570	\$ 2,070	
	Maintenance Tools and Equipment	6571	\$ —	
	Pool Supplies and Pool Maintenance/Contracts	6572	\$ —	
	Exterminating	6573	\$ 5,046	
	Elevator Maintenance/Contracts	6574	\$ 10,560	
	Vacant Unit Preparation	6580	\$ 17,015	
	Miscellaneous Operating and Maintenance Expenses	6590	\$ 582	
	Total Operating and Maintenance Expenses	6500T		\$ 240,505
Taxes and Insurance 6700	Real Estate Taxes	6710	\$ —	
	Payroll Taxes (Project's Share)	6711	\$ 11,131	
	Property and Liability Insurance (Hazard)	6720	\$ 28,467	
	Fidelity Bond Insurance	6721	\$ 500	
	Workmen's Compensation	6722	\$ —	
	Health Insurance and Other Employee Benefits	6723	\$ 64,974	
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790	\$ —	
	Total Taxes and Insurance	6700T		\$ 105,072
Financial Expenses 6800	Interest on Mortgage Payable	6820	\$ 125,731	
	Interest Attributable to Debt Issuance Costs	6822	\$ 8,513	
	Interest on Notes Payable (Long-Term)	6830	\$ —	
	Interest on Notes Payable (Short-Term)	6840	\$ —	
	Mortgage Insurance Premium/Service Charge	6850	\$ 7,843	
	Miscellaneous Financial Expenses	6890	\$ 5	
	Total Financial Expenses	6800T		\$ 142,092
Supportive Services	Supportive Services Expenses (attach Schedule)	6990	\$ —	\$ —
	Total Cost of Operations before Depreciation and Amortization	6000T		\$ 778,896
	Profit (Loss) before Depreciation and Amortization	5060T		\$ 214,379
	Depreciation Expense	6600	\$ 191,733	
	Amortization Expense	6610	\$ 1,010	
		Total Depreciation and Amortization		
	Operating Profit or (Loss)	5060N		\$ 21,636
Corporate or Mortgagor Entity Expenses 7100	Entity Revenue	7105	\$ —	
	Officer's Salaries	7110	\$ —	
	Asset Management, Partnership, & Incentive Performance Fee	7115	\$ —	
	Legal Expenses	7120	\$ —	
	Federal, State, and Other Income Taxes	7130	\$ —	
	Fidelity & Bond Expense	7135	\$ 2,746	
	Interest on Notes Payable (subordinate/surplus cash/non-MHDC loans)	7141	\$ —	
	Interest on Mortgage Payable (subordinate/surplus cash/non-MHDC loan)	7142	\$ 17,096	
	Other Expenses	7190	\$ —	
		Net Entity Expenses	7100T	
	Profit or Loss (Net Income or Loss)	3250		\$ 1,794
Miscellaneous or other Income and Expense Sub-account Groups. If miscellaneous or other income and/or expense sub-accounts (5190, 5290, 5490, 5990, 6390, 6590, 6790, 6890 and 7190) exceed the Account Groupings by 10% or more, attach a separate schedule.				
Part II				
1. Total mortgage principal payments required during the audit year (12 monthly payments). (Account 7001)				\$ 108,081
2. Total of 12 monthly deposits in the audit year into the Replacement Reserve account. (Account 7002)				\$ 115,000
3. Replacement Reserve or Residual Receipts releases which are included as expense items on this Profit and Loss Statement. (Account 7003)				\$ 63,232
4. Debt Service for other loans (surplus cash / non-mhdc / partner loans) (Account 7145)				\$ 25,565

see accompanying notes

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
STATEMENT OF PARTNERS' EQUITY
For the Years Ended December 31, 2020 and 2019

Account	Limited Partner	General Partner	Total Partners' Equity
Allocation Percentage	99.99%	0.01%	100.00%
Balance, January 1, 2019	\$ 1,271,218	\$ (70)	\$ 1,271,148
Net income	1,794	—	1,794
Balance, December 31, 2019	\$ 1,273,012	\$ (70)	\$ 1,272,942
3250 Net income	58,629	6	58,635
3130 Balance, December 31, 2020	\$ 1,331,641	\$ (64)	\$ 1,331,577

see accompanying notes

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 58,635	\$ 1,794
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	201,979	191,733
Amortization expense	1,010	1,010
Interest expense - debt issuance costs	8,267	8,513
Change in tenant security deposits held in trust	401	(1,335)
Change in accounts receivable	(1,123)	(413)
Change in prepaid expenses	(5,029)	636
Change in accounts payable	(69,263)	23,284
Change in security deposits payable	(317)	1,935
Change in prepaid rent	(808)	203
Change in accrued interest	14,366	16,731
Change in accrued expenses	231	(200)
Net cash provided by operating activities	208,349	243,891
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(55,575)	(111,247)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of second mortgage	-	(25,565)
Payment of mortgage	(114,851)	(108,081)
Net cash used in financing activities	(114,851)	(133,646)
Net change in cash, cash equivalents and restricted cash	37,923	(1,002)
Cash, cash equivalents and restricted cash at beginning of year	1,021,043	1,022,045
Cash, cash equivalents and restricted cash at end of year	\$ 1,058,966	\$ 1,021,043
Cash and cash equivalents	\$ 780,705	\$ 734,781
Restricted cash	278,261	286,262
Total cash, cash equivalents and restricted cash	\$ 1,058,966	\$ 1,021,043
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 115,707	\$ 126,096

see accompanying notes

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

1. Organization

Hyder Development Group, LP (the “Entity”), a Missouri limited partnership, was formed October 3, 2001. The Entity was formed to acquire an interest in real property and to rehabilitate and operate a 116-unit apartment complex for the elderly located in Jefferson City, Missouri known as Robert Hyder Apartments (the “Property”). The Property is rented to low-income tenants and is operated in a manner necessary to qualify for the federal low-income housing tax credit program as described in Internal Revenue Code Section 42.

In prior years, U.S Bancorp Community Development Corporation and U.S Bancorp Missouri Low-Income Housing Tax Credit Fund, LLC (collectively the “Original Limited Partners”) transferred and assigned its rights, title, and interest in the Entity to Hyder Apartments Investment Corporation (the “Limited Partner”).

The general partner is Hyder Development Corporation (the “General Partner”). Pursuant to the Amended and Restated Agreement of Limited Partnership dated August 18, 2003, and the subsequent amendments (“the Partnership Agreement”), profits, losses and tax credits are allocated 0.01% to the General Partner and 99.99% to the Limited Partner.

The Property is regulated by the Missouri Housing Development Commission (“MHDC”) as to rent charges and operating methods. The regulatory agreement with MHDC stipulates that Net Earnings, as defined in the Acts and Regulations, may be declared or made only as of or after the end of an annual fiscal period. Net Earnings are defined by MHDC as the difference between Property Income and the payment of all operating expenses, taxes, insurance, reserve payments, payments necessary to maintain all escrow accounts fully funded, if any, and debt service. Any undistributed amounts are cumulative and may be distributed in subsequent years if future operations provide Surplus Cash in excess of current requirements. In addition, the Entity is required to deposit all Surplus Cash in excess of the cumulative allowable distributions into a residual receipts fund.

Pursuant to the terms of the Partnership Agreement, the Original Limited Partners were required to provide capital contributions totaling \$2,467,367, subject to potential adjustments based on the amount of low-income housing tax credits ultimately allocated to the Property in addition to other potential occurrences as more fully explained in the Partnership Agreement. As of December 31, 2020 and 2019, no capital contributions remained outstanding.

2. Summary of significant accounting policies and nature of operations

Basis of accounting

The Entity prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Estimates

The preparation 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. Summary of significant accounting policies and nature of operations (continued)

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, residual receipts, repairs or improvements to the buildings, and annual insurance payments.

Cash - entity

The Entity has established a HAP reserve from the proceeds of the Original Limited Partner's capital installments. The General Partner may use the funds in the HAP reserve to (a) fund any HAP Operating Deficits; (b) fund the purchase price and other costs and expenses payable to the Original Limited Partners for the transfer of its limited partner interest; (c) pay for remediation work at the Property; (d) make payments on the note to MHDC secured by the second mortgage on the Property; and (e) to replenish the reserve for replacement. Withdrawals from the HAP reserve require prior approval from the Limited Partner. As of December 31, 2020 and 2019, the balance in the HAP reserve was \$605,824 and \$602,496, respectively.

The Entity has also self-reserved a working capital reserve from the proceeds of the refinance of the Mortgage. Withdrawals from the reserve do not require approval from the Limited Partner or the U.S Department of Housing and Urban Development ("HUD"). As of December 31, 2020 and 2019, the balance in the working capital reserve was \$22,657 and \$22,646, respectively.

Concentration of credit risk

The Entity maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Entity has not experienced any losses in such accounts. The Entity believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. For the years ended December 31, 2020 and 2019, bad debt expense was \$5,548 and \$302, respectively.

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. Summary of significant accounting policies and nature of operations (continued)

Fixed assets and depreciation

Fixed assets are recorded at cost. Buildings, which include building improvements, are depreciated over their estimated useful life of 40 years using the straight-line method. Land improvements are depreciated over their estimated useful life of 15 years using the straight-line method. Furniture and equipment are depreciated over their estimated useful life of 10 years using the straight-line method. Depreciation expense for the years ended December 31, 2020 and 2019 was \$201,979 and \$191,733, respectively.

Impairment of long-lived assets

The Entity reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. No impairment losses were recognized during 2020 or 2019.

Cash distributions

Cash distributions are limited by agreements between the Entity and HUD to the extent of surplus cash as defined by HUD. Undistributed amounts are cumulative and may be distributed in subsequent years if future operations provide surplus cash in excess of current requirements. For the years ended December 31, 2020 and 2019, no distributions were made to the partners.

Income taxes

Income taxes on Entity income are levied on the partners at the partner level. Accordingly, all profits and losses of the Entity are recognized by each partner on its respective tax return.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Entity to report information regarding its exposure to various tax positions taken by the Entity. Management has determined whether any tax positions have met the recognition threshold and has measured the Entity's exposure to those tax positions. Management believes that the Entity has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Entity are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Revenue recognition

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue includes fees for late payments, cleaning, damages, laundry facilities and other charges and is recorded when earned. Advance receipts of revenue are deferred and classified as liabilities until earned.

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. Summary of significant accounting policies and nature of operations (continued)

Federally-subsidized rent income

The Property is subject to two Section 8 Housing Assistance Payments Program (“HAP”) agreements with HUD. The effective date of these agreement are April 1, 2018, and the agreements expire on March 31, 2038. HUD agreed to pay the owner the difference between the contract rent, as defined in the HAP agreement, and that portion of such rent payable by qualified tenants. Rental subsidy for the years ended December 31, 2020 and 2019 totaled \$654,929 and \$641,167, respectively.

Economic concentrations

The Entity operates one property in Jefferson City, Missouri. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing. In addition, the Entity operates in a heavily regulated environment. The operations of the Entity 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.

Impact of COVID-19 pandemic

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The severity and extent of the impact of COVID-19 on the Entity’s operations will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Entity’s tenants, all of which are highly uncertain and cannot be predicted at this time. The Entity’s future results could be adversely impacted by delays in rent collections. Significant uncertainty remains regarding the ongoing effects of the COVID-19 pandemic on the Entity’s operations. Management is unable to reasonably estimate the impact of COVID-19 on its financial condition, results of operations or cash flows.

Subsequent events

Subsequent events have been evaluated through February 15, 2021, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

3. Restricted deposits and funded reserves

Escrow deposits

Pursuant to a regulatory agreement between the Entity and HUD, required monthly payments to the mortgagee include amounts for deposit to mortgage escrow funds. These are held by the mortgagee for future payment of real estate taxes and property and mortgage insurance. This fund is restricted in accordance with the provisions of the regulatory agreement. As of December 31, 2020 and 2019, the escrow deposits had a deficit balance of \$4,683 and a balance of \$946, respectively.

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

3. Restricted deposits and funded reserves (continued)

Replacement reserve

Pursuant to a regulatory agreement between the Entity and HUD, monthly deposits of \$9,583 are made to the replacement reserve account. These deposits are held by the mortgagee until HUD approval is obtained for use of the funds to repair or replace certain assets of the Property. As of December 31, 2020 and 2019, the balance was \$196,376 and \$198,896, respectively.

Residual receipts reserve

Pursuant to a regulatory agreement between the Entity and MHDC, surplus cash in excess of the cumulative allowable distributions are deposited into the residual receipts reserve account. These deposits are held by MHDC until approval is obtained for use of the funds. As of December 31, 2020 and 2019 the balance was \$86,568 and \$86,420, respectively .

4. Mortgage payable – first mortgage

On June 15, 2018, the Entity refinanced the original mortgage with a permanent loan (the “Permanent Loan”) in the amount of \$3,206,400 from Gershman Investment Corporation (the “Lender”). The Permanent Loan had an interest rate of 4.05% per annum. The Permanent Loan matures on July 1, 2038. Principal and interest payments of \$19,515 were due monthly. The Permanent Loan is secured by a first Deed of Trust and an Assignment of Rents. The Permanent Loan is insured by the US Department of Housing and Urban Development under the 223(f) program.

On August 1, 2020, the Entity executed a Modification of Note Agreement with the Lender to reduce the interest rate from 4.05% per annum to 3.25% per annum. The maturity date remained the same. Principal and interest payments were reduced to \$18,309 per month. The effective date of the modification was September 1, 2020, with the first modified payment amount due on October 1, 2020. During 2020 and 2019, interest expense was \$113,360 and \$125,731, respectively. As of December 31, 2020 and 2019, accrued interest was \$7,962 and \$10,309, respectively.

Debt issuance costs of \$99,720 are being amortized to interest expense over the term of the loan. For the years ended December 31, 2020 and 2019, the effective interest rate was 4.13% and 4.32%, respectively. During 2020 and 2019, amortization expense for debt issuance costs was \$8,267 and \$8,513, respectively.

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

4. Mortgage payable – first mortgage (continued)

Future minimum principal payment requirements over the next five years and thereafter are as follows:

Year ending December 31,	
2021	\$ 126,029
2022	130,186
2023	134,481
2024	138,917
2025	143,500
Thereafter	<u>2,266,595</u>
Total	<u>\$ 2,939,708</u>

5. Other loans and notes payable – surplus cash

Permanent financing was provided by MHDC under a \$1,000,000 loan commitment (the “Second Mortgage”). The nonrecourse loan is secured by a second Deed of Trust. The Second Mortgage has an interest rate of 3.0% per annum and matures on January 1, 2040. Principal and interest payments are payable from surplus cash beginning September 1, 2003. As of December 31, 2020 and 2019, the principal balance was \$557,099 each year. During 2020 and 2019, interest expense was \$16,713 and \$17,096, respectively. As of December 31, 2020 and 2019, accrued interest was \$69,270 and \$52,557, respectively.

6. Related party transactions

Property management fee

The Entity entered into a management agreement with the Housing Authority of the City of Jefferson, Missouri (the “Management Agent”), a related party of the General Partner, for services rendered in connection with the leasing and operation of the Property. The Management Agent fee for its services was \$36 per occupied unit per month. Effective January 1, 2020, and upon approval from MHDC, the fee was increased to \$40 per occupied unit per month. During 2020 and 2019, property management fees of \$52,360 and \$46,944, respectively, were incurred and paid.

Partnership administration fee

Pursuant to the Partnership Administration Agreement, the Entity pays a partnership administration fee to the General Partner, subject to available cash flow. The fee is noncumulative and paid annually from available cash flow, as defined in the Partnership Agreement. During 2020 and 2019, no partnership administration fee was incurred.

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

6. Related party transactions (continued)

Ground lease

The Entity entered into a 99-year ground lease with the Housing Authority of the City of Jefferson, Missouri, an affiliate of the General Partner, for \$100,000. The lease was prepaid by the Entity. Deferred ground lease costs have been recorded for the full amount and are being amortized on a straight-line basis over the life of the lease, with amortization expense being recognized on the statement of operations. For 2020 and 2019, ground lease amortization expense was \$1,010 each year.

7. Low-income housing tax credits

The Entity expects to generate an aggregate of \$1,964,750 of federal low-income housing tax credits and \$1,964,750 of state low-income housing tax credits ("Tax Credits"). Generally, such credits become available for use by its partners pro-rata over a ten-year period, which began in 2004. The year in which the credit period begins is determined on a building-by-building basis within the Entity. In order to qualify for these credits, the Property must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. The Entity has also agreed to maintain and operate the Property as low-income housing for an additional 15 years beyond the initial 15-year compliance period. Because the Tax Credits are subject to compliance with certain requirements, there can be no assurance that the aggregate amount of Tax Credits will be realized, and failure to meet all such requirements or to correct noncompliance within a specified time period may result in generating a lesser amount of Tax Credits than expected in future years, and/or recapture of Tax Credits previously allocated. A reduction of future credits or recapture would require credit deficit payments to the Limited Partner under the terms of the Partnership Agreement.

As of December 31, 2014, the complete amount of Tax Credits, \$3,929,500, had been fully allocated to the Entity.

The Entity does not anticipate generating additional Tax Credits in future years.

**MHDC
SUPPLEMENTARY
INFORMATION**

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
Schedule of Funds in Financial Institutions
December 31, 2020

Funds in Financial Institutions as of December 31, 2020

A. Funds Held by Mortgagor, Regular Accounts:

1. Central Bank, operating cash, investment account	\$ 152,224
2. Central Bank, working capital reserve, business checking	22,657
3. Central Bank, HAP reserve, business checking	30,887
4. Central Bank, HAP reserve, investment account	574,937

B. Funds Held by Mortgagor, in Trust, Tenant Security Deposit:

Jefferson Bank, business checking	<u>33,587</u>
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Funds Held by Mortgagor, TOTAL \$ 814,292

C. Funds Held by Mortgagee, in Trust:

1. Residual receipts reserve, Gershman Investment Corp.	\$ 86,568
2. Replacement reserve, Gershman Investment Corp.	196,376
3. Property insurance escrow, Gershman Investment Corp.	<u>(4,683)</u>

Funds Held by Mortgagee, TOTAL \$ 278,261

TOTAL Funds in Financial Institutions \$1,092,553

Balances audited/verified as of December 31, 2020

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
TIN # 43-1940604
Schedule of Eligible and Allocated Federal and State Tax Credits (Unaudited)
December 31, 2020

Credit Year	Calendar Year	Annual Federal LIHTC		Annual State LIHTC	
		Allocated	Eligible	Allocated	Eligible
1	2000	196,475	181,661	196,475	181,661
2	2001	196,475	196,475	196,475	196,475
3	2002	196,475	196,475	196,475	196,475
4	2003	196,475	196,475	196,475	196,475
5	2004	196,475	196,475	196,475	196,475
6	2005	196,475	196,475	196,475	196,475
7	2006	196,475	196,475	196,475	196,475
8	2007	196,475	196,475	196,475	196,475
9	2008	196,475	196,475	196,475	196,475
10	2009	196,475	196,475	196,475	196,475
11	2010	-	14,814	-	14,814
12	2011	-	-	-	-
13	2012	-	-	-	-
14	2013	-	-	-	-
15	2014	-	-	-	-

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HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
Schedule of Replacement Reserves and Residual Receipts
Supporting Schedule Required by MHDC
December 31, 2020

Replacement Reserve

Balance, January 1, 2020	\$ 198,896
Monthly deposits	115,000
Interest earned	332
Release of funds	<u>(117,852)</u>
Balance, December 31, 2020	
Confirmed by mortgagee	<u><u>\$ 196,376</u></u>

Residual Receipts Reserve

Balance, January 1, 2020	\$ 86,420
Interest earned	<u>148</u>
Balance, December 31, 2020	
Confirmed by mortgagee	<u><u>\$ 86,568</u></u>

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**COMPUTATION OF SURPLUS CASH,
DISTRIBUTIONS AND RESIDUAL RECEIPTS**

Project Name	Fiscal Period Ended	Project Number
Hyder Development Group, LP	December 31, 2020	085-11205

PART A - COMPUTE SURPLUS CASH

CASH	1. Cash (<i>Accounts 1120, 1170, 1191</i>)	\$ 185,811	
	2. Tenant subsidy vouchers due for period covered by financial statement	\$ 14,339	
	3. Other (<i>Describe</i>) (<i>S1300-030</i>)	\$ -	
	<i>(a) Total Cash (Add Lines 1, 2, and 3)</i>		\$ 200,150
CURRENT OBLIGATIONS	4. Accrued mortgage interest payable	\$ 7,962	
	5. Delinquent mortgage principal payments	\$ -	
	6. Delinquent deposits to reserve for replacements	\$ -	
	7. Accounts payable (<i>due within 30 days</i>)	\$ 7,666	
	8. Loans and notes payable... (<i>due within 30 days</i>)	\$ -	
	9. Deficient Tax Insurance or MIP Escrow Deposits	\$ -	
	10. Accrued expenses (<i>not escrowed</i>)	\$ 19,580	
	11. Prepaid Rents (<i>Account 2210</i>)	\$ 3,743	
	12. Tenant security deposits liability (<i>Account 2191</i>)	\$ 33,470	
	Other current obligations: required mortgage payments due in following month	\$ 22,856	
	<i>(b) Less Total Current Obligations (Add Lines 4 through 13)</i>		\$ 95,277
	<i>(c) Surplus Cash (Deficiency) (Line (a) minus Line (b))</i>		\$ 104,873

PART B - COMPUTE DISTRIBUTIONS TO OWNERS AND REQUIRED DEPOSIT TO RESIDUAL RECEIPTS

1. Surplus Cash		\$ 104,873
LIMITED DIVIDEND PROJECTS	2a. Annual Distribution Earned During Fiscal Period Covered by the Statement	
	2b. Distributions Accrued and Unpaid as of the End of the Prior Fiscal Period	
	2c. Distributions Paid During Fiscal Period Covered by Statement	
	3. Amount to be Carried on Balance Sheet as Distribution Earned but Unpaid (<i>Line 2a plus 2b minus 2c</i>)	\$ -
4. Amount Available for Distribution During Next Fiscal Period		\$ 104,873
5. Deposit Due Residual Receipts <i>(Must be deposited with Mortgagee within 60 days after Fiscal Period ends)</i>		-

PREPARED BY		REVIEWED BY	
LOAN TECHNICIAN		LOAN SERVICER	
DATE		DATE	

HYDER DEVELOPMENT GROUP, LP
 HUD PROJECT NO. 085-11205
 COMPUTATION OF DISTRIBUTIONS TO OWNERS AND
 REQUIRED DEPOSIT TO RESIDUAL RECEIPTS

Development Name: Hyder Development Group, LP
 MHDC #: 03-019-MT

Fiscal Period	from: <u>January 1, 2020</u> to: <u>December 31, 2020</u>
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A. Annual distribution earned during fiscal period covered by statement:

Current Equity *	\$943,001 (1)
Distribution percent per Regulatory Agreement	6% (2)
Annual distribution earned for: <u>2020</u>	\$56,580 (3)

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

Distributions earned per Regulatory Agreement at 12/31, or end of accounting year,
 if different, for years:

2019	\$ 56,580
2018	\$ 249,586
2017	\$ 94,383
2016	\$ 87,300
2015	\$ 75,703
2014	\$ 69,752
2013	\$ 59,839
2012	\$ 56,443
2011	\$ 53,508
2010	\$ 50,724
2009	\$ 48,104
2008	\$ 44,937
2007 and prior years	\$ 109,157
Total prior year distributions earned	\$ 1,056,016 (4)
Less: Distributions made to partners in prior years	\$ 450,000 (5)
Less: Other Asset Management Fee	\$ 30,325 (6)

**Distributions accrued and unpaid as of period covered
 by statement:**

\$ 575,691 (7)

C. Distributions paid during period covered by statement:

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

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

Line (3) + Line (7) - Line (10) **

\$ 632,271 (11)

E. Amount available for distribution during next fiscal period:

Surplus Cash (from form HUD-93486, Line 1. of Part B)

\$ 104,873 (12)

F. Deposit due to Residual Receipts account:

If Line (11) is greater than Line (12), enter zero (\$0), else enter
 Line (12) - Line (11), and deposit amount within 60 days of fiscal
 year end into joint account with mortgagee (MHDC).

\$ - (13)

* Current equity represents initial equity investment plus mortgage principal reduction through end of fiscal period.

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

**HUD
SUPPLEMENTARY
INFORMATION**

HYDER DEVELOPMENT GROUP, LP
 HUD PROJECT NO. 085-11205
 BALANCE SHEET - HUD BASIS
 December 31, 2020

ASSETS

CURRENT ASSETS

1120	Cash - operations	\$	152,224
1125	Cash - entity		628,481
1130	Tenant accounts receivable		3,447
1130N	Net tenant accounts receivable		<u>3,447</u>
1135	Accounts receivable - HUD		14,339
1190	Miscellaneous current assets		724
1200	Prepaid expenses		<u>33,617</u>
1100T	Total current assets		832,832
1191	Tenant deposits held in trust		33,587

RESTRICTED DEPOSITS AND FUNDED RESERVES

1320	Replacement reserve		196,376
1340	Residual receipts reserve		86,568
1300T	Total deposits		<u>282,944</u>

FIXED ASSETS

1420	Buildings		6,235,659
1460	Furnishings		219,440
1480	Motor vehicles		1,633
1490	Miscellaneous fixed assets		115,953
1400T	Total fixed assets		<u>6,572,685</u>
1495	Accumulated depreciation		2,914,205
1400N	Net fixed assets		<u>3,658,480</u>

OTHER ASSETS

1590	Miscellaneous other assets		
	Ground lease		82,408
1500T	Total other assets		<u>82,408</u>

1000T	TOTAL ASSETS	\$	<u><u>4,890,251</u></u>
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HYDER DEVELOPMENT GROUP, LP
 HUD PROJECT NO. 085-11205
 BALANCE SHEET - HUD BASIS (CONTINUED)
 December 31, 2020

LIABILITIES AND EQUITY

CURRENT LIABILITIES

2110 Accounts payable - operations	\$	7,666
2131 Accrued interest payable - first mortgage (or bonds)		7,962
2133 Accrued interest payable - other loans and notes (surplus cash)		69,270
2170 Mortgage (or bonds) payable - short-term		126,029
2190 Miscellaneous current liabilities		
Accrued expenses		19,580
2210 Prepaid revenue		3,743
2122T Total current liabilities		234,250

DEPOSIT LIABILITIES

2191 Tenant deposits held in trust - contra		33,470
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LONG-TERM LIABILITIES

2320 Mortgage (or bonds) payable - first mortgage		2,813,679
2323 Other loans and notes payable - surplus cash		557,099
2340 Debt issuance costs		79,824
2300T Total long-term liabilities		3,290,954

2000T Total liabilities		3,558,674
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3130 Total equity		1,331,577
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2033T TOTAL LIABILITIES AND EQUITY	\$	4,890,251
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HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
STATEMENT OF PROFIT AND LOSS - HUD BASIS
For the year ended December 31, 2020

RENTAL INCOME		
5120	Rent revenue - gross potential	\$ 396,043
5121	Tenant assistance payments	654,929
5100T	Total rental revenue	<u>1,050,972</u>
VACANCIES		
5220	Apartments	<u>66,796</u>
5200T	Total vacancies	<u>66,796</u>
5152N	Net rental revenue (rent revenue less vacancies)	984,176
FINANCIAL REVENUE		
5410	Financial revenue - project operations	3,534
5430	Revenue from investments - residual receipts	148
5440	Revenue from investments - replacement reserve	332
5400T	Total financial revenue	<u>4,014</u>
OTHER REVENUE		
5910	Laundry and vending	7,616
5920	Tenant charges	5,844
5990	Miscellaneous (specify)	
	Miscellaneous revenue	<u>5,757</u>
5900T	Total other revenue	<u>19,217</u>
5000T	Total revenue	<u>1,007,407</u>
ADMINISTRATIVE EXPENSES		
6210	Advertising and marketing	4,127
6250	Other renting expense	97
6310	Office salaries	58,360
6311	Office expenses	27,853
6320	Management fee	52,360
6330	Manager or superintendent salaries	49,635
6340	Legal expenses - project	767
6350	Auditing expenses	5,800
6370	Bad debts	5,548
6390	Miscellaneous administrative expenses (specify)	
	Miscellaneous administrative expenses	<u>18,681</u>
6263T	Total administrative expenses	<u>223,228</u>
UTILITY EXPENSES		
6450	Electricity (light and miscellaneous power)	39,320
6451	Water	13,559
6452	Gas	12,983
6453	Sewer	9,843
6400T	Total utility expenses	<u>\$ 75,705</u>

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HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
STATEMENT OF PROFIT AND LOSS - HUD BASIS (CONTINUED)
For the year ended December 31, 2020

OPERATING AND MAINTENANCE EXPENSES

6510	Payroll	\$ 40,809
6515	Supplies	34,619
6520	Contracts	93,269
6525	Garbage and trash removal	5,112
6530	Security payroll/contract	15,876
6546	Heating/cooling repairs and maintenance	3,526
6548	Snow removal	2,717
6570	Vehicle and maintenance equipment operation and repairs	992
6590	Miscellaneous operating and maintenance expenses (specify)	
	Miscellaneous operating and maintenance expenses	<u>641</u>
6500T	Total operating and maintenance expenses	<u>197,561</u>

TAXES AND INSURANCE

6711	Payroll taxes (project's share)	11,039
6720	Property and liability insurance (hazard)	28,392
6721	Fidelity bond insurance	4,939
6722	Workmen's compensation	20
6723	Health insurance and other employee benefits	<u>59,069</u>
6700T	Total taxes and insurance	<u>103,459</u>

FINANCIAL EXPENSES

6820	Interest on first mortgage (or bonds) payable	121,627
6850	Mortgage insurance premium/service charge	7,484
6890	Miscellaneous financial expenses (specify)	
	Interest on security deposit account	<u>6</u>
6800T	Total financial expenses	<u>129,117</u>

OPERATING RESULTS

6000T	Total costs of operation before depreciation	<u>729,070</u>
5060T	Profit (loss) before depreciation	278,337
6600	Depreciation expenses	201,979
6610	Amortization expenses	1,010
5060N	Operating profit or (loss)	<u>75,348</u>

CORPORATE OR MORTGAGOR ENTITY EXPENSES

7142	Interest on mortgage payable - surplus cash	<u>16,713</u>
7100T	Net entity expenses	<u>16,713</u>
3250	Net income or (loss)	<u>\$ 58,635</u>

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HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
STATEMENT OF PROFIT AND LOSS - HUD BASIS (CONTINUED)
For the year ended December 31, 2020

Part II

S1000-010 Total first mortgage (or bond) principal payments required during the audit period (12 monthly payments). This applies to all direct loans, HUD-held and HUD-insured first mortgages.	<u>\$ 114,851</u>
S1000-020 The total of all monthly reserve for replacement deposits (usually 12 months) required during the audit period even if deposits have been temporarily waived or suspended.	<u>\$ 115,000</u>
S1000-030 Replacement Reserves, or Residual receipts and Releases which are included as expense items on this Profit and Loss statement.	<u>\$ 18,088</u>
S1000-040 Project Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Profit and Loss Statement.	<u>\$ -</u>

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HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
STATEMENT OF EQUITY - HUD BASIS
For the year ended December 31, 2020

S1100-010	Beginning of year balance	\$ 1,272,942
3250	Net income or (loss)	<u>58,635</u>
3130	End of year balance	<u><u>\$ 1,331,577</u></u>

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HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
STATEMENT OF CASH FLOWS - HUD BASIS
For the year ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

S1200-010	Rental receipts	\$ 982,245
S1200-020	Interest receipts	4,014
S1200-030	Other operating receipts	19,217
S1200-040	Total receipts	1,005,476

CASH PAID FOR:

S1200-050	Administrative expenses	(131,905)
S1200-070	Management fee expense	(52,360)
S1200-090	Utilities expenses	(75,705)
S1200-100	Salaries and wages expense	(218,932)
S1200-110	Operating and maintenance expenses	(156,752)
S1200-140	Property insurance expense	(32,731)
S1200-160	Tenant security deposits	84
S1200-180	Interest on first mortgage	(115,707)
S1200-210	Mortgage insurance premium	(7,484)
S1200-220	Miscellaneous financial	(6)
S1200-230	Total disbursements	(791,498)

S1200-240	Net cash provided by (used in) operating activities	213,978
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CASH FLOWS FROM INVESTING ACTIVITIES

S1200-250	Net deposits to the reserve for replacement account	2,520
S1200-260	Net deposits to the residual receipts account	(148)
S1200-330	Net purchase of fixed assets	(55,575)
S1200-350	Net cash provided by (used in) investing activities	(53,203)

CASH FLOWS FROM FINANCING ACTIVITIES

S1200-360	Principal payments - first mortgage (or bonds)	(114,851)
S1200-460	Net cash provided by (used in) financing activities	(114,851)

S1200-470	NET INCREASE (DECREASE) IN CASH & EQUIVALENTS	45,924
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S1200-480	BEGINNING OF PERIOD CASH	734,781
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S1200T	END OF PERIOD CASH	\$ 780,705
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HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
STATEMENT OF CASH FLOWS - HUD BASIS (CONTINUED)
For the year ended December 31, 2020

RECONCILIATION OF NET PROFIT (LOSS) TO NET		
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
3250	NET PROFIT OR (LOSS)	\$ 58,635
ADJUSTMENTS TO RECONCILE NET PROFIT (LOSS) TO NET CASH		
PROVIDED BY (USED IN) OPERATING ACTIVITIES		
6600	Depreciation expense	201,979
6610	Amortization expense	1,010
S1200-486	Amortization of debt issuance costs	8,267
Changes in asset and liability accounts		
Decrease (increase) in assets		
S1200-490	Decrease (increase) in tenant accounts receivable	(1,123)
S1200-520	Decrease (increase) in prepaid expenses	(346)
S1200-530	Decrease (increase) in cash restricted for tenant security deposits	401
Increase (decrease) in liabilities		
S1200-540	Increase (decrease) in accounts payable	(69,263)
S1200-560	Increase (decrease) in accrued liabilities	231
S1200-570	Increase (decrease) in accrued interest payable	14,366
S1200-580	Increase (decrease) in tenant security deposits held in trust	(317)
S1200-590	Increase (decrease) in prepaid revenue	(808)
S1200-600	Other adjustments (include detail):	
S1200-601	Mortgage escrow accounts	946
S1200-610	NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 213,978</u>

see report of independent auditors

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
SCHEDULE OF CHANGES IN REPLACEMENT RESERVE
For the year ended December 31, 2020

BALANCE, JANUARY 1, 2020	\$	198,896
Monthly deposits		115,000
Interest income		332
Disbursements (approved by HUD)		<u>(117,852)</u>
BALANCE, DECEMBER 31, 2020	<u>\$</u>	<u>196,376</u>
Deposits Suspended or Waived indicator		No

see report of independent auditors

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
COMPUTATION OF SURPLUS CASH - HUD BASIS
For the year ended December 31, 2020

COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND RESIDUAL RECEIPTS

S1300-010	Cash (Accounts 1120,1170, and 1191)	\$ 185,811
1135	Accounts receivable - HUD	14,339
S1300-040	Total cash	200,150
S1300-050	Accrued mortgage (or bond) interest payable	7,962
S1300-075	Accounts payable (due within 30 days)	7,666
S1300-100	Accrued expenses (not escrowed)	19,580
2210	Prepaid revenue	3,743
2191	Tenant deposits held in trust	33,470
S1300-110	Other current obligations:	
S1300-120	First mortgage principal due in the following month	
S1300-130	\$ 10,347	
S1300-120	Mortgage insurance premium due in the following month	
S1300-130	\$ 610	
S1300-120	Replacement reserve deposit due in the following month	
S1300-130	\$ 9,583	
S1300-120	Escrow deposits due in the following month	
S1300-130	\$ 2,316	22,856
S1300-140	Less total current obligations	95,277
S1300-150	Surplus cash (deficiency)	\$ 104,873
S1300-200	Amount available for distribution during next fiscal period	\$ 104,873

see report of independent auditors

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS
For the year ended December 31, 2020

	Beginning Balance	Additions	Deductions	Ending Balance
1420 Buildings	\$ 6,219,272	\$ 23,574	\$ (7,187)	\$ 6,235,659
1460 Furnishings	220,013	-	(573)	219,440
1480 Motor vehicles	1,633	-	-	1,633
1490 Miscellaneous fixed assets	93,708	32,001	(9,756)	115,953
	<u>6,534,626</u>	<u>\$ 55,575</u>	<u>\$ (17,516)</u>	<u>6,572,685</u>
TOTAL	6,534,626	<u>\$ 55,575</u>	<u>\$ (17,516)</u>	6,572,685
Accumulated depreciation	<u>(2,729,742)</u>	<u>\$ (201,979)</u>	<u>\$ 17,516</u>	<u>(2,914,205)</u>
Net book value	<u>\$ 3,804,884</u>			<u>\$ 3,658,480</u>

see report of independent auditors

REPORT OF INDEPENDENT AUDITORS 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 Partners of

Hyder Development Group, LP:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hyder Development Group, LP, which comprise the balance sheet as of December 31, 2020, and the related statements of operations, changes in partners' capital, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hyder Development Group, LP's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hyder Development Group, LP's internal control. Accordingly, we do not express an opinion on the effectiveness of Hyder Development Group, LP's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hyder Development Group, LP'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.

Novogradac & Company LLP

Austin, Texas

February 15, 2021

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR HUD PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE CONSOLIDATED AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS

To the Partners of

Hyder Development Group, LP:

Report on Compliance for Each Major HUD Program

We have audited Hyder Development Group, LP's compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide") that could have a direct and material effect on each of Hyder Development Group, LP's major U.S. Department of Housing and Urban Development ("HUD") programs for the year ended December 31, 2020. Hyder Development Group, LP's major HUD programs and the related direct and material compliance requirements are as follows:

Name of Major HUD Program

Direct and Material Compliance Requirements

Section 223(f)
Multifamily Acquisition/Refinance

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

Section 8
Housing Assistance Payments

cash receipts, cash disbursements, tenant application, eligibility, and recertification, units leased to extremely low-income families, tenant security deposits, and management functions

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Hyder Development Group, LP's major HUD programs based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain

reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major HUD program occurred. An audit includes examining, on a test basis, evidence about Hyder Development Group, LP'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 each major HUD program. However, our audit does not provide a legal determination of Hyder Development Group, LP's compliance.

Opinion on Each Major HUD Program

In our opinion, Hyder Development Group, LP complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major HUD programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Novogradac & Company LLP

Austin, Texas

February 15, 2021

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND RECOMMENDATIONS
December 31, 2020 and 2019

Findings – Financial Statements Audit

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

see report of independent auditors

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS, QUESTIONED COSTS,
AND RECOMMENDATIONS (UNAUDITED)
December 31, 2020 and 2019

Findings – Financial Statement Audit for the year ended December 31, 2019

Audit report, dated March 16, 2020, for the year ended December 31, 2019, issued by Novogradac and Company, LLP.

There were no financial statement audit findings for the year ended December 31, 2019.

Findings from Other Audits or Studies

Physical, Management, and Occupancy Review (POR) report was issued on January 23, 2020 by the Missouri Housing Development Commission. The POR rating was satisfactory or higher for each assessment category. As of May 26, 2020, all findings and/or errors were responded to, according to the required corrective action requirements, and the property was removed from the monitoring status.

Findings from Deficiencies Listed in Letters or Reports Issued by HUD Management

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

HYDER DEVELOPMENT GROUP, LP
HUD PROJECT NO. 085-11205
MORTGAGOR'S (OWNERS) CERTIFICATION
December 31, 2020 and 2019

I hereby certify that I have examined the accompanying financial statements and supplemental data of Hyder Development Group, LP and, to the best of my knowledge and belief, the same is complete and accurate.

Hyder Development Group, LP
(A Missouri Limited Partnership)



Signature

February 15, 2021

Date

Name of Signatory

Cynthia Quetsch

Title of Certifying Official

President of the General Partner

Employer Identification Number of the owner

43-1940604

Auditee Telephone Number

(573) 635-6163
