

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP**

**REPORT ON FINANCIAL STATEMENTS  
(with supplementary information)**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Partners  
Hillside Limited Dividend Housing Association  
Limited Partnership

### Report on the Financial Statements

We have audited the accompanying financial statements of Hillside Limited Dividend Housing Association Limited Partnership, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of profit and loss, changes in 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hillside Limited Dividend Housing Association Limited Partnership 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***Report on Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Manes Costeiran PC*

February 3, 2021

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current assets		
Cash in bank - operating	\$ 10,582	\$ 1,182
Receivables		
Tenant	10,025	19,505
Other	-	6,270
Prepaid expenses	<u>18,201</u>	<u>1,670</u>
Total current assets	<u>38,808</u>	<u>28,627</u>
Fixed assets		
Land	70,227	70,227
Land improvements	597,913	597,913
Building and improvements	5,548,083	5,546,712
Furniture and fixtures	<u>706,251</u>	<u>706,251</u>
Total fixed assets	6,922,474	6,921,103
Less accumulated depreciation	<u>1,153,848</u>	<u>874,829</u>
Net fixed assets	<u>5,768,626</u>	<u>6,046,274</u>
Restricted cash and funded reserves		
Tenant deposits held in trust	15,019	16,209
Operating reserve	20,260	20,260
Replacement reserve	39,823	43,535
Other escrow	<u>10,383</u>	<u>17,149</u>
Total restricted cash and funded reserves	<u>85,485</u>	<u>97,153</u>
Other assets		
Tax credit fees, net of accumulated amortization of \$13,256 and \$10,008 in 2020 and 2019, respectively	<u>35,472</u>	<u>38,720</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,928,391</u></u>	<u><u>\$ 6,210,774</u></u>

See notes to financial statements.

	<u>2020</u>	<u>2019</u>
<b>LIABILITIES AND PARTNERS' EQUITY</b>		
Current liabilities		
Accounts payables		
Trade	\$ 10,941	\$ 12,833
Related party	27,768	28,882
Accrued wages	1,493	1,655
Accrued interest	5,191	5,273
Unearned rental revenue - tenants	8,964	5,013
Mortgage payable - current portion	<u>19,228</u>	<u>18,210</u>
Total current liabilities	<u>73,585</u>	<u>71,866</u>
Deposit liabilities		
Tenant security deposits	<u>13,525</u>	<u>11,774</u>
Total deposit liabilities	<u>13,525</u>	<u>11,774</u>
Long-term liabilities		
Loans payable		
Mortgage payable, less current portion	1,123,661	1,142,889
Related party loan	1,907,144	1,907,144
Less unamortized debt issuance costs	<u>(73,302)</u>	<u>(78,210)</u>
Total loans payable - net	2,957,503	2,971,823
Developer fee payable	171,018	171,018
Deferred interest - related party loan	304,348	209,714
Accrued investor service fee	<u>5,323</u>	<u>2,622</u>
Total long-term liabilities	<u>3,438,192</u>	<u>3,355,177</u>
TOTAL LIABILITIES	3,525,302	3,438,817
PARTNERS' EQUITY	<u>2,403,089</u>	<u>2,771,957</u>
TOTAL LIABILITIES AND PARTNERS' EQUITY	<u>\$ 5,928,391</u>	<u>\$ 6,210,774</u>

See notes to financial statements.

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
STATEMENTS OF PROFIT AND LOSS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
REVENUE		
Rent	\$ 289,733	\$ 273,357
Interest	122	682
Other	<u>12,372</u>	<u>35,973</u>
TOTAL REVENUES	<u>302,227</u>	<u>310,012</u>
EXPENSES		
Administrative	65,220	51,123
Management fees	15,686	15,686
Utilities	29,299	30,683
Operating and maintenance	93,966	113,502
Taxes and insurance	17,287	13,590
Financial	162,289	124,037
Depreciation and amortization	284,647	283,230
Investor service fee	<u>2,701</u>	<u>2,622</u>
TOTAL EXPENSES	<u>671,095</u>	<u>634,473</u>
NET LOSS	<u>\$ (368,868)</u>	<u>\$ (324,461)</u>

See notes to financial statements.

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
STATEMENTS OF CHANGES IN PARTNERS' EQUITY  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>Limited Partners</u>	<u>General Partner</u>	<u>Total</u>
BALANCE, January 1, 2019	\$ 3,000,389	\$ 96,029	\$ 3,096,418
DEDUCT			
Net loss	<u>(324,429)</u>	<u>(32)</u>	<u>(324,461)</u>
BALANCE, December 31, 2019	2,675,960	95,997	2,771,957
DEDUCT			
Net loss	<u>(368,831)</u>	<u>(37)</u>	<u>(368,868)</u>
BALANCE, December 31, 2020	<u><u>\$ 2,307,129</u></u>	<u><u>\$ 95,960</u></u>	<u><u>\$ 2,403,089</u></u>

See notes to financial statements.



**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND FUNDED RESERVES		
Cash provided by operating activities		
Net loss	\$ (368,868)	\$ (324,461)
Adjustments to reconcile net loss to net cash provided (used) by operating activities		
Depreciation and amortization	284,647	283,230
Amortization of debt issuance costs	4,908	4,908
Accounts receivable	15,750	(3,720)
Prepaid insurance	(16,531)	3,647
Accounts payable	(3,006)	36,303
Accrued wages payable	(162)	(1,974)
Accrued partnership management fee	-	(29,000)
Accrued investor service fee	2,701	76
Accrued interest payable	(82)	(79)
Deferred interest - related party loan	94,634	35,414
Deferred income	3,951	3,249
Changes in tenant deposits held in trust	1,751	(1,345)
Loss on disposal of assets	4,669	430
Total adjustments	<u>393,230</u>	<u>331,139</u>
Net cash provided by operating activities	<u>24,362</u>	<u>6,678</u>
Cash flows from investing activities		
Purchase of property and equipment	(24,690)	(23,174)
Proceeds from disposal of assets	16,270	15,582
Net cash used by investing activities	<u>(8,420)</u>	<u>(7,592)</u>
Cash flows from financing activities		
Repayment of developer fee payable	-	(68,631)
Repayment of long term debt	(18,210)	(17,246)
Net cash used by financing activities	<u>(18,210)</u>	<u>(85,877)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND FUNDED RESERVES	(2,268)	(86,791)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND FUNDED RESERVES		
Beginning of year	<u>98,335</u>	<u>185,126</u>
End of year	<u>\$ 96,067</u>	<u>\$ 98,335</u>

See notes to financial statements.

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization, Risks, and Uncertainties - Hillside Limited Dividend Housing Association Limited Partnership (the "Partnership") was formed on August 8, 2013 under the Michigan Uniform Limited Partnership Act for the purpose of acquiring, owning, constructing, and operating a rental housing project for persons of low and moderate income, or for persons whose income does not exceed limits established in Act No. 346 of Public Acts of 1966 of the State of Michigan, as amended, (the "Housing Act") and §42 of the Internal Revenue Code. The Project consists of 32 units located in Harbor Springs, Michigan and is currently operating under the name The Village of Hillside (the "Project"). The Project was occupied in October 2016.

The Partnership qualified for and was allocated low-income housing tax credits of \$3,904,710 on September 3, 2015 pursuant to Internal Revenue Code Section 42, which regulates the use of the Project's units as to occupant eligibility and unit gross rent, among other requirements. The Project's units must meet the provisions of these regulations during each of 15 consecutive years in order for the Partnership to remain qualified to receive the credits.

The Federal Housing Administration (FHA) has contracted with the Partnership under Section 8 of Title II of the Housing and Community Development Act of 1974, to make housing assistance payments to the Partnership on behalf of qualified tenants. The Partnership's Section 8 program is less than \$500,000 and the Partnership is not subject to the *Consolidated Audit Guide for Audits of HUD Programs*. The terms of the agreements are as follows:

Contract Number	Rental Units Covered	Start Date	End Date
MI33-R000-005	24	10/1/2013	10/1/2032

The Partnership is not required by HUD to maintain a replacement reserve or residual receipts account. Distributions are not restricted by HUD and no distributions were paid to the Partners in 2020 or 2019. However, for HUD reporting purposes, the Partnership is required to complete the computation of surplus cash.

The Partnership is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Partnership to concentrations of credit risk consist principally of temporary cash investments.

The Partnership places its temporary cash investments with FDIC insured financial institutions. Although such investments and cash balances exceeded the federally insured limits at certain times during the year, they are, in the opinion of management, subject to minimal risk.

The Partnership evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through February 3, 2021, which is the date the financial statements were available to be issued.

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state, and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state, and local tax returns generally remain open for examination by the various taxing authorities for a period of three to four years.

The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on tenants, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition and results of operations is uncertain. On January 20, 2021, the Center for Disease Control and Prevention (CDC) extended the federal moratorium on tenant evictions until March 31, 2021.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of February 3, 2021. Accordingly, upon settlement, actual results may differ from estimated amounts.

Method of Accounting - The Partnership maintains its accounting records and prepares its financial statements on an accrual basis, which is in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents - The Partnership's cash and cash equivalents are considered to be cash on hand, demand deposits, and any unrestricted investment instruments with original maturities of three months or less. As of December 31, 2020 and 2019, cash and cash equivalents consists of operating cash.

Restricted Cash and Funded Reserves - Tenant security deposits, operating reserve, reserve for replacement, and escrow deposits are considered restricted due to restrictions placed on these accounts.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash and funded reserves reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows as of December 31, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 10,582	\$ 1,182
Restricted cash and funded reserves	85,485	97,153
Total cash and cash equivalents and restricted cash and funded reserves	\$ 96,067	\$ 98,335

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Accounts Receivable and Bad Debt - Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Accounts receivable represents the Partnership's right to consideration that is unconditional if only the passage of time is required before payment of that consideration is due. Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. 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.

Property, Equipment, and Depreciation - Assets are stated at cost. Depreciation is computed over the estimated useful life of the assets utilizing straight-line and accelerated methods for financial reporting purposes.

Partners' Capital and Earnings - Partners' capital and earnings are determined in accordance with provisions of the partnership agreement.

Partners' Personal Interest - These statements do not give effect to any assets the partners may have outside their interests in the business nor to any personal obligations, including income taxes, of the members.

Distributions - The Partnership's distributions are not limited.

Advertising Costs - Advertising costs are expensed as incurred.

Rent Increases - Under the Section 8 business agreement, the Partnership may not increase rents charged to tenants without prior HUD approval.

Federal Income Taxes - Federal income taxes are not payable by, or provided for, the Partnership. Partners are taxed individually on their share of the partnership earnings.

Syndication Costs - Syndication costs represent costs incurred by the project in obtaining investor partners. Partners' equity is presented net of \$26,500 of syndication costs. Amounts were recorded as a deduction to equity in the year they were paid.

Debt Issuance Costs - Debt issuance costs are amortized over the life of the loan utilizing the straight-line method. Amortization of debt issuance costs is reported in the statement of profit and loss as interest expense.

Tax Credit Fees - Tax credit fees are amortized over 15 years utilizing the straight-line method.

Unearned Rental Income - The Partnership records unearned rental income when cash payments are received or due in advance of the Partnership's performance, including amounts which are refundable.

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue Recognition - The Partnership recognized net rental revenue in the period in which the rent is earned. Revenue received from contracts with tenants for housing and related services is recorded over the period of the lease term. Performance obligations identified in the contracts are satisfied on a monthly basis as housing and other services are provided to each tenant. Revenue is recognized in an amount that reflects consideration the Partnership expects to be entitled to in exchange for the housing and other related services provided. In accordance with the HUD financial reporting requirements, net rental revenue represents total possible rent revenue as if all units are 100% occupied during the year less vacancy loss.

The following schedule shows the Partnership's revenues disaggregated according to the timing of transfer of goods or services for the years ended December 31:

Contract revenue recognized at a point in time		
Resident charges	\$ 5,790	\$ 6,277
Contract revenue recognized over time		
Net rental revenue	<u>289,733</u>	<u>273,357</u>
Total contract revenue	295,523	279,634
Interest revenue	122	682
Contributions and other	<u>6,582</u>	<u>29,696</u>
Total revenue	<u><u>\$ 302,227</u></u>	<u><u>\$ 310,012</u></u>

**NOTE 2 - PARTNERS' CAPITAL CONTRIBUTIONS**

In accordance with the partnership agreement, the limited partners are required to contribute \$3,839,059. As of December 31, 2020 and 2019, the limited partners have contributed \$3,645,321 and \$3,574,296, respectively, in capital.

The Partnership's general partner and its respective ownership is as follows:

Hillside Development, LLC	00.0100%
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The current limited partners and their respective ownership are as follows:

Great Lakes Capital Fund for Housing Limited Partnership 30	74.9925%
Great Lakes Capital Fund Michigan Community Limited Partnership XX-3	24.9975%

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - REVENUE RECOGNITION DISCLOSURE**

Opening and closing balances of tenant accounts receivable, subsidy receivable, unearned rental revenue, and tenant security deposits liability consist of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Contract assets:		
Accounts receivable - tenants, beginning of year	\$ 19,505	\$ 17,352
Accounts receivable - tenants, end of year	\$ 10,025	\$ 19,505
Accounts receivable - subsidy, beginning of year	\$ -	\$ 4,703
Accounts receivable - subsidy, end of year	\$ -	\$ -
Contract liabilities:		
Unearned rental revenue - tenants, beginning of year	\$ 5,013	\$ 1,764
Unearned rental revenue - tenants, end of year	\$ 8,964	\$ 5,013
Tenant security deposits liability, beginning of year	\$ 11,774	\$ 13,119
Tenant security deposits liability, end of year	\$ 13,525	\$ 11,774

**NOTE 4 - LONG-TERM DEBT**

Long term debt payable at December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
The "Related party loan" is payable to PVM dated September 8, 2015 in the amount of \$1,907,144 due on September 8, 2034. Payment is based on cash flow. Interest accrues at 3% per annum. Accrued interest at December 31, 2020 and 2019 is \$304,348 and \$209,714, respectively.	\$ 1,907,144	\$ 1,907,144
A "Mortgage payable" is held by Cinnaire Investment Corporation dated October 26, 2017 in the amount of \$1,196,000. Interest is due on the first of the month in the amount of 5.45%. Principal and interest payments of \$6,753 are due monthly with any remaining balance due on November 1, 2035. The loan is collateralized by land and improvements of the Project. Accrued interest at December 31, 2020 and 2019 is \$5,191 and \$5,273, respectively.	1,142,889	1,161,099
Less current portion	3,050,033 <u>(19,228)</u>	3,068,243 <u>(18,210)</u>
Long-term debt	<u>\$ 3,030,805</u>	<u>\$ 3,050,033</u>

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - LONG-TERM DEBT (continued)**

The principal maturities are as follows:

Year Ending December 31,		
2021	\$	19,228
2022		20,302
2023		21,437
2024		22,634
2025		23,899
2026 and thereafter		2,942,533
	<b>\$</b>	<b>3,050,033</b>

The fair value of the mortgages payable is estimated based on the current rates offered to the project for debt of the same remaining maturities. At December 31, 2020 and 2019, the fair value of the mortgages payable approximates the amounts recorded in the financial statements.

**NOTE 5 - RELATED PARTY TRANSACTIONS**

Management Fee

Presbyterian Villages of Michigan (PVM), an affiliate of the general partner, manages the project and earned management fees of \$15,686 and \$15,686 during 2020 and 2019, respectively. The management fee is based on an amount equal to 5.74% of gross collections received during each proceeding month and the fee is capped at \$40.85 per-unit, per-month. Presbyterian Villages of Michigan was owed \$27,768 and \$28,882 at December 31, 2020 and 2019, respectively, for management fees and other operating advances. The current management agreement started on February 28, 2017 and continually renews until cancelled by either ownership or management.

Salaries and Wages

The salaries and wages and the related payroll taxes and benefits for the employees of the Partnership are paid by PVM as the management agent. The Partnership reimburses PVM for these expenses. During the years ended December 31, 2020 and 2019, the Partnership paid PVM approximately \$53,000 and \$55,000, respectively for reimbursable payroll costs.

Investor Services Fee

Pursuant to the investor services agreement, the Partnership shall pay an affiliate of the limited partner an amount not to exceed \$2,400, paid annually out of net cash flows, increasing at 3% per year after the first year, and is cumulative. Investor services fee expense for the years ended December 31, 2020 and 2019 was \$2,701 and \$2,622, respectively. As of December 31, 2020 and 2019, investor services fees payable were \$5,323 and \$2,622, respectively.

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - RELATED PARTY TRANSACTIONS (continued)**

Partnership Management Fee

The partnership management fee is payable to the general partner for certain services related to the monitoring of operations of the Partnership per the partnership management services agreement. The fee is payable from net cash flow in an annual cumulative amount not to exceed the lesser of \$14,500 or, collectively with the incentive management fee below, 49.9% of the remaining cash flow. No amounts were accrued for the years ended December 31, 2020 and 2019.

Incentive Management Fee

The partnership incentive management fee is payable to the general partner for certain services related to the monitoring of operations of the Partnership per the partnership management services agreement. The fee is payable from net cash flow in an annual noncumulative amount not to exceed the lesser of \$14,500 or collectively with the partnership management fee above, 49.9% of the remaining cash flow. No amounts were accrued for the years ended December 31, 2020 and 2019.

Developer Fee

The developer fee is payable to Presbyterian Villages of Michigan, the sole owner of the general partner, for services rendered in negotiating, coordinating, and servicing the planning architectural, engineering, and construction services necessary for the project. The development agreement specifies total payments of \$761,400. The developer fee is capitalized as part of the building and improvements and has been earned and recognized in accordance with the development fee arrangements. As of December 31, 2020 and 2019, \$171,018 and \$171,018, respectively, of this developer fee remains payable. If the developer fee has not been paid by 2029, the general partner is required to make a capital contribution sufficient to satisfy the remaining portion of the fee which in turn shall be immediately payable to the developer.

**NOTE 6 - FUNDED RESERVES AND ESCROW DEPOSITS**

Funded reserves include a replacement reserve and an operating assurance reserve established in the amount of \$20,920 in 2017 to cover operating deficits. For the years ended December 31, 2020 and 2019, the operating reserve balance was \$20,260.

Replacement reserves are designed for capital improvements over the life of the Project otherwise funded by cash flows. Replacement reserves are required to be funded monthly in the amount of \$300 per unit per year. For the years ended December 31, 2020 and 2019, the replacement reserve balance was \$39,823 and \$43,535, respectively.

The insurance escrow account was funded initially in 2017 upon closing of the permanent loan. For the years ended December 31, 2020 and 2019, the insurance escrow balance was \$10,383 and \$17,149, respectively.



**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - TENANT SECURITY DEPOSITS**

HUD regulations provide that tenant security deposits be segregated from the operating cash of the Partnership. All of the funds owed to tenants have been segregated in restricted cash accounts as of December 31, 2020 and 2019. At both current and previous year-end, the cash balance of the segregated security deposits exceeded the liability.

**NOTE 8 - DISTRIBUTION AND APPLICATION OF CASH FLOW**

Generally, profits and losses are allocated 0.01% to the general partner and 99.99% to the limited partners. Profits and losses arising from the sale, refinancing, or other disposition of all or substantially all of the Partnership's assets will be specially allocated as prioritized in the partnership agreement. Additionally, the partnership agreement provides for other instances in which special allocation of profits, losses, and distributions may be required.

Net cash flows, as more completely described in the partnership agreement, are mainly composed of all cash received from rents, lease payments, and certain other sources, minus all cash expenditures, all expenses unpaid and properly accrued, which have been incurred in the operation of the Partnership's business, payments on loans, and payments to increase reserves.

Net cash flow as defined by the partnership agreement, is distributed as follows:

- (i) First, to the limited partners to the extent of any amount which the limited partners are entitled to receive from cash flow as payment to satisfy any limited partner loans, any credit reduction payment which has not been satisfied as of the date of the distribution, and any other payments owed to the limited partners pursuant to the terms of this agreement, the guaranty, or the development agreement.
- (ii) Second, to Cinnaire an investor services fee pursuant to the investor services agreement between the Partnership and Cinnaire of even date herewith in an amount not to exceed \$2,400, which fee shall be paid annually, increasing 3% per year thereafter, and is cumulative.
- (iii) Third, to the developers to pay any unpaid and deferred development fee payable pursuant to the development agreement between the Partnership and the developers of even date herewith.
- (iv) Fourth, 75% of the balance to Presbyterian Villages of Michigan (the "Sponsor"), to repay interest, if any, and principal on the sponsor loan until the sponsor loan is paid in full.
- (v) Fifth, to the general partner a partnership management fee pursuant to the partnership management services agreement between the Partnership and the general partner in an annual cumulative amount not to exceed the lesser of \$14,500 or, collectively with the incentive management fee, 49.9% of the remaining cash flow. The terms of the partnership management services agreement shall not be amended without approval of the limited partners.
- (vi) Sixth, 90% of the balance, if any, to the general partner as an incentive management fee pursuant to the incentive management fee agreement between the Partnership and the general partner of even date herewith provided in no event shall said fee exceed the lesser of \$14,500 or, collectively with the partnership management fee, 49.9% of the remaining cash flow per annum on a noncumulative basis. The terms of the incentive management agreement shall not be amended without approval of the limited partners.
- (vii) Seventh, any remaining cash flow shall be distributed to the partners in accordance with the following percentages: (a) 49.9% to the General Partner and (b) 50.1 % to the limited partners.

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - LOW-INCOMING HOUSING TAX CREDITS (UNAUDITED)**

The Partnership received an allocation of low-income housing tax credits in the total amount of \$3,904,710. First year tax credits were deferred to 2017. For the year ended December 31, 2017, a pro rata amount of tax credits was claimed based on actual lease up. Credits are expected to be claimed annually thereafter of \$390,471 until the final year of credits expected to be claimed in 2027. The limited partner investors are expected to exit in 2031.

The expected availability of remaining annual credits are as follows:

Year Ending December 31,		
2021	\$	390,471
2022		390,471
2023		390,471
2024		390,471
2025		390,471
2026 and thereafter		390,471
		\$ 2,342,826

**NOTE 10 - CONTINGENCY**

The Project's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor limited partner.

**NOTE 11 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The project's sole asset is a 32-unit apartment project in Harbor Springs, Michigan. The project's operations are concentrated in the real estate rental market. In addition, the project operates in a heavily regulated environment. The operations of the project 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.

## **SUPPLEMENTARY INFORMATION**

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
SUPPLEMENTARY DATA REQUIRED BY HUD  
BALANCE SHEET DATA  
DECEMBER 31, 2020**

ASSETS		
Current assets		
1120	Cash - operations	\$ 10,582
1130	Tenant accounts receivable	10,025
1200	Prepaid expenses	<u>18,201</u>
1100T	Total current assets	<u>38,808</u>
1191	Tenant/patient deposits held in trust	<u>15,019</u>
Restricted deposits		
1310	Escrow deposits	10,383
1330	Other reserves - operating reserve and replacement reserve	<u>60,083</u>
1300T	Total restricted deposits	<u>70,466</u>
Property and land		
1410	Land	70,227
1420	Buildings and improvements	5,548,083
1450	Furniture and fixtures	706,251
1490	Land improvements	<u>597,913</u>
1400T	Total fixed assets	6,922,474
1495	Less accumulated depreciation	<u>1,153,848</u>
1400N	Net fixed assets	<u>5,768,626</u>
Other assets		
1590	Deferred tax credit fees	<u>35,472</u>
1000T	TOTAL ASSETS	<u><u>\$ 5,928,391</u></u>

LIABILITIES AND PARTNERS' EQUITY		
Current liabilities		
2110	Accounts payable - operations	\$ 38,709
2120	Accrued wages payable	1,493
2131	Accrued interest - first mortgage payable	5,191
2170	Mortgage payable - first mortgage (short term)	19,228
2210	Prepaid revenue	<u>8,964</u>
2122T	Total current liabilities	<u>73,585</u>
Other liabilities		
2191	Tenant/patient deposits held in trust (contra)	<u>13,525</u>
Long-term liabilities		
2322	Other mortgage payable	1,123,661
2324	Related party loan	1,907,144
2331	Accrued interest - related party loan	304,348
2340	Debt issuance costs, net	(73,302)
2390	Miscellaneous long term liabilities	<u>176,341</u>
2300T	Total long-term liabilities	<u>3,438,192</u>
2000T	TOTAL LIABILITIES	3,525,302
PARTNERS' EQUITY		
3130	Partners' equity	<u>2,403,089</u>
2033T	TOTAL LIABILITIES AND PARTNERS' EQUITY	<u><u>\$ 5,928,391</u></u>

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
SUPPLEMENTARY DATA REQUIRED BY HUD  
STATEMENT OF PROFIT AND LOSS DATA  
YEAR ENDED DECEMBER 31, 2020**

REVENUES		
5120	Rent revenue - gross potential	\$ 182,446
5121	Tenant assistance payments	<u>114,926</u>
5100T	Total potential rent revenue	297,372
5220	Vacancies - apartments	<u>7,639</u>
5152N	Net rental revenue	<u>289,733</u>
5490	Revenue from investments - non-HUD replacement reserve	<u>122</u>
5400T	Total financial revenue	<u>122</u>
5910	Laundry and vending revenue	44
5920	Tenant charges	5,746
5990	Miscellaneous revenue	<u>6,582</u>
5900T	Total other revenues	<u>12,372</u>
5000T	TOTAL REVENUE	<u>302,227</u>
EXPENSES		
6210	Advertising and marketing	330
6250	Other renting expense	500
6310	Office salaries	32,695
6311	Office expenses	15,910
6320	Management fee	15,686
6350	Audit expense	6,000
6370	Bad debts	8,290
6390	Miscellaneous administrative expenses	<u>1,495</u>
6263T	Total administrative expenses	<u>80,906</u>
6450	Electricity	9,830
6451	Water	3,933
6452	Gas	6,168
6453	Sewer	<u>9,368</u>
6400T	Total utilities expense	<u>29,299</u>
6510	Payroll	18,037
6515	Supplies	5,116
6520	Contracts	39,896
6525	Garbage and trash removal	3,255
6546	Heating/cooling repairs and maintenance	1,874
6548	Snow removal	11,428
6590	Construction	<u>14,360</u>
6500T	Total operating and maintenance expenses	<u>93,966</u>

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
SUPPLEMENTARY DATA REQUIRED BY HUD  
STATEMENT OF PROFIT AND LOSS DATA  
YEAR ENDED DECEMBER 31, 2020**

EXPENSES (continued)

6711	Payroll taxes	\$ 3,332
6720	Property and liability insurance (hazard)	9,000
6722	Workmen's compensation	785
6723	Health insurance and other employee benefits	<u>4,170</u>
6700T	Total taxes and insurance expenses	<u>17,287</u>
6820	Interest on first mortgage (or bonds) payable	<u>162,289</u>
6800T	Total financial expenses	<u>162,289</u>
6000T	Total costs of expenses before depreciation	<u>383,747</u>
5060T	CHANGE IN NET ASSETS BEFORE DEPRECIATION	<u>(81,520)</u>
6600	Depreciation expense	281,398
6610	Amortization expense	<u>3,249</u>
5060N	Operating loss	<u>(366,167)</u>
7190	Other expenses	<u>(2,701)</u>
7100T	Net entity revenue (expense)	<u>(2,701)</u>
3250	Net loss	<u><u>\$ (368,868)</u></u>
S1000-010	Total first mortgage (or bond) principal payments required during the audit period (usually 12 months). This applies to all direct loans, HUD-held and HUD-insured first mortgages.	<u><u>\$ -</u></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><u>\$ -</u></u>
S1000-030	Replacement reserves, or residual receipts and releases which are included as expense items on this statement of activities.	<u><u>\$ -</u></u>
S1000-040	Project improvement reserve releases under the Flexible Subsidy Program that are included as expense items on this statement of activities.	<u><u>\$ -</u></u>

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
SUPPLEMENTARY DATA REQUIRED BY HUD  
STATEMENT OF CHANGES IN PARTNERS' EQUITY DATA  
YEAR ENDED DECEMBER 31, 2020**

	<u>Total</u>
S1100-010 EQUITY, January 1, 2020	\$ 2,771,957
3250 Net loss	<u>(368,868)</u>
3130 EQUITY, December 31, 2020	<u>\$ 2,403,089</u>



**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
SUPPLEMENTARY DATA REQUIRED BY HUD  
STATEMENT OF CASH FLOWS DATA  
YEAR ENDED DECEMBER 31, 2020**

INCREASE IN CASH			
Cash flows from operating activities			
S1200-010	Rental receipts	\$ 309,434	
S1200-020	Interest receipts	122	
S1200-030	Other receipts	17,041	
S1200-040	Total receipts	<u>17,041</u>	\$ 326,597
S1200-050	Administrative	(34,600)	
S1200-070	Management fee	(15,686)	
S1200-090	Utilities	(29,299)	
S1200-100	Salaries and wages	(49,933)	
S1200-110	Operating and maintenance	(77,805)	
S1200-140	Property insurance	(25,547)	
S1200-150	Miscellaneous taxes and insurance	(8,287)	
S1200-160	Changes in tenant security deposits	2,941	
S1200-180	Interest on first mortgage	(62,829)	
S1200-230	Total disbursements	<u>(62,829)</u>	<u>(301,045)</u>
S1200-240	Net cash provided by operating activities		25,552
Cash flow from investing activities			
S1200-245	Net deposits to the mortgage escrow account	3,712	
S1200-255	Net deposits to other reserves	6,766	
S1200-330	Net purchase of fixed assets	(24,690)	
S1200-340	Proceeds from disposal of assets	<u>16,270</u>	
S1200-350	Net cash provided by investing activities		2,058
Cash flow from financing activities			
S1200-370	Principal payments - other mortgage	<u>(18,210)</u>	
S1200-460	Net cash used by financing activities		<u>(18,210)</u>
S1200-470	Net increase in cash and cash equivalents		9,400
S1200-480	Cash - beginning of year		<u>1,182</u>
S1200T	Cash - end of year		<u><u>\$ 10,582</u></u>

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
SUPPLEMENTARY DATA REQUIRED BY HUD  
STATEMENT OF CASH FLOWS DATA  
YEAR ENDED DECEMBER 31, 2020**

	Reconciliation of net loss to net cash provided by operating activities		
3250	Net loss		<u>\$ (368,868)</u>
	Adjustments to reconcile net loss to net cash provided (used) by operating activities		
6600	Depreciation	\$ 281,398	
6610	Amortization	3,249	
S1200-486	Amortization of debt issuance costs	4,908	
S1200-490	Accounts receivable - tenant and subsidy	9,480	
S1200-500	Accounts receivable - other	6,270	
S1200-520	Prepaid expenses	(16,531)	
S1200-540	Accounts payable	(3,006)	
S1200-560	Accrued liabilities	2,457	
S1200-580	Changes in tenant security deposits	2,941	
S1200-590	Deferred income	3,951	
S1200-600	Other adjustments to reconcile net loss to net cash provided by operating activities	<u>99,303</u>	
	Total adjustments		<u>394,420</u>
S1200-610	Net cash provided by operating activities		<u><u>\$ 25,552</u></u>

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
SUPPLEMENTARY INFORMATION REQUIRED BY HUD  
DECEMBER 31, 2020**

Schedule of Reserve for Replacement

There is no requirement for replacement reserve as there is no HUD held or HUD insured mortgage. However, the mortgage agreement requires funding of a replacement reserve, as described in Note 6 and the balance has been included with HUD account number 1330.

Residual Receipts

There is no requirement for residual receipts as there is no HUD held or HUD insured mortgage. However, the Partnership is required to complete the computation.

Changes in Fixed Asset Accounts

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Building Equipment</u>	<u>Total Fixed Assets</u>
<b>Cost</b>					
Balance, January 1, 2020	\$ 70,227	\$ 597,913	\$ 5,546,712	\$ 706,251	\$ 6,921,103
Additions	-	-	24,690	-	24,690
Disposals	-	-	(23,319)	-	(23,319)
Balance, December 31, 2020	<u>70,227</u>	<u>597,913</u>	<u>5,548,083</u>	<u>706,251</u>	<u>6,922,474</u>
<b>Accumulated depreciation</b>					
Balance, January 1, 2020	-	189,339	438,159	247,331	874,829
Current provisions	-	59,791	142,415	79,192	281,398
Disposals	-	-	(2,379)	-	(2,379)
Balance, December 31, 2020	<u>-</u>	<u>249,130</u>	<u>578,195</u>	<u>326,523</u>	<u>1,153,848</u>
Net book value, December 31, 2020	<u>\$ 70,227</u>	<u>\$ 348,783</u>	<u>\$ 4,969,888</u>	<u>\$ 379,728</u>	<u>\$ 5,768,626</u>

Schedule of Additions to Buildings and Improvements

Elevator drive replacement	<u>\$ 24,690</u>
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Schedule of Disposals of Buildings and Improvements

Elevator drive replacement	<u>\$ 23,319</u>
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**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
SUPPLEMENTARY INFORMATION REQUIRED BY HUD  
DECEMBER 31, 2020**

Detail of Accounts - Balance Sheet Data

Miscellaneous long-term liabilities (Account No. 2390)	
Developer fee payable, net of current portion	\$ 171,018
Accrued investor service fee	5,323
	<u>\$ 176,341</u>

Detail of Accounts - Statement of Activities Data

Miscellaneous revenue (Account No. 5990)	
Contributions	<u>\$ 6,582</u>

Miscellaneous administrative expenses (Account No. 6390)	
Bank service charge	<u>\$ 1,495</u>

Interest on first mortgage (or bonds) payable (Account No. 6820)	
Interest on first mortgage	\$ 157,381
Amortization of debt issuance costs	4,908
	<u>\$ 162,289</u>

Other expenses (Account No. 7190)	
Investor service fee	<u>\$ 2,701</u>

Detail of Accounts - Statement of Cash Flows Data

Other adjustments to reconcile net loss to net cash provided by operating activities (Account No. S1200-600)	
Increase in deferred interest - related party loan	\$ 94,634
Loss on sale of assets	4,669
	<u>\$ 99,303</u>

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP  
SUPPLEMENTARY INFORMATION REQUIRED BY HUD  
DECEMBER 31, 2020**

Computation of Surplus Cash, Distributions, and Residual Receipts

S1300-010	Cash	<u>\$ 25,601</u>	
S1300-040	Total cash		\$ 25,601
S1300-050	Accrued mortgage interest payable	5,191	
S1300-075	Accounts payable (due within 30 days)	38,709	
S1300-100	Accrued expenses (not escrowed)	1,493	
2191	Tenant security deposit liability	13,525	
2210	Prepaid revenue	<u>8,964</u>	
S1300-140	Total current obligations		<u>67,882</u>
S1300-150	Surplus cash		<u><u>\$ (42,281)</u></u>

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP**

**PROJECT OWNER'S CERTIFICATION**

I hereby certify that I have examined the accompanying financial statements and supplementary information of Hillside Limited Dividend Housing Association Limited Partnership, and, to the best of my knowledge and belief, the same are complete and accurate as of and for the year ended December 31, 2020.

General Partner:

*Brian W. Carnaghi*

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Brian Carnaghi,  
Hillside Development, LLC

Partnership Employer Identification # 47-1923681

**HILLSIDE LIMITED DIVIDEND HOUSING ASSOCIATION  
LIMITED PARTNERSHIP**

**MANAGEMENT AGENT'S CERTIFICATION**

I hereby certify that I have examined the accompanying financial statements and additional information of Hillside Limited Dividend Housing Association Limited Partnership, and, to the best of my knowledge and belief, the same are complete and accurate as of and for the year ended December 31, 2020.

Management Agent:

Cheryl  
Carney

Digitally signed by Cheryl Carney  
DN: cn=Cheryl Carney, o=PVM, ou,  
email=ccarney@pvm.org, c=US  
Date: 2021.03.25 13:08:04 -0400

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Cheryl Carney,  
Presbyterian Villages of Michigan

Property Manager:

Employer Identification Number: #38-1387145

February 3, 2021

To the Partners  
Hillside Limited Dividend Housing Association  
Limited Partnership

We have audited the financial statements of Hillside Limited Dividend Housing Association Limited Partnership for the year ended December 31, 2020, and we will issue our report thereon dated February 3, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Hillside Limited Dividend Housing Association Limited Partnership are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by Hillside Limited Dividend Housing Association Limited Partnership during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the useful lives of fixed assets is based on depreciable lives as defined in Note 1 of the financial statements. We evaluated the key factors and assumptions used to develop the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.



### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 3, 2021.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Hillside Limited Dividend Housing Association Limited Partnership's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Hillside Limited Dividend Housing Association Limited Partnership's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Other Information in Documents Containing Audited Financial Statements*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Partners and management of Hillside Limited Dividend Housing Association Limited Partnership and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Maney Costeiran PC*