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Redford Manor Limited Dividend Housing  
Association Limited Partnership  
(a Michigan limited partnership)  
MSHDA Development No. 1061

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**Financial Report  
with Additional Information  
December 31, 2020**

# Redford Manor Limited Dividend Housing Association Limited Partnership MSHDA Development No. 1061

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## Certificate of Partners

I hereby certify that I have examined the accompanying financial statements and additional information of Redford Manor Limited Dividend Housing Association Limited Partnership, MSHDA Development No. 1061, and to the best of my knowledge and belief, they represent a true statement of the data set forth therein for the year ended December 31, 2020.

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Brian W. Carnaghi  
General Partner Representative  
Redford Manor, LLC

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February 26, 2021  
Date

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ID# 36-4531303  
Partnership Employer Identification Number

# Redford Manor Limited Dividend Housing Association Limited Partnership

## MSHDA Development No. 1061

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## **Independent Auditor's Report**

To the Partners  
Redford Manor Limited Dividend Housing  
Association Limited Partnership

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

We have audited the accompanying financial statements of Redford Manor Limited Dividend Housing Association Limited Partnership (a Michigan limited partnership), MSHDA Development No. 1061 (the "Partnership"), which comprise the balance sheet as of December 31, 2020 and 2019 and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

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

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Redford Manor Limited Dividend Housing Association Limited Partnership, MSHDA Development No. 1061, 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.

To the Partners  
Redford Manor Limited Dividend Housing  
Association Limited Partnership

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2021 on our consideration of Redford Manor Limited Dividend Housing Association Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 Redford Manor Limited Dividend Housing Association Limited Partnership's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

February 26, 2021

**Redford Manor Limited Dividend Housing Association Limited Partnership**  
**MSHDA Development No. 1061**

**Balance Sheet**

**December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash - Operating	\$ 14,443	\$ 5,799
Accounts receivable:		
Other resident charges	22,749	13,883
Nonresidents	-	8,322
Prepaid expenses	43,652	29,928
Escrows: (Note 3)		
Replacement reserve	567,343	538,151
Real estate taxes	35,684	8,791
Insurance	94	11,417
Operating reserve	2,951	2,881
Operating assurance	677,589	661,539
Tenant security deposits accounts - Savings	17,791	30,997
Investment in rental property - At cost:		
Land	853,248	853,248
Building and land improvements	10,993,940	10,992,564
Equipment and fixtures	742,801	736,504
Accumulated depreciation	<u>(5,472,624)</u>	<u>(5,125,025)</u>
Total assets	<b><u>\$ 8,499,661</u></b>	<b><u>\$ 8,768,999</u></b>
<b>Liabilities and Partners' Deficit</b>		
<b>Liabilities</b>		
Accounts payable - Operating	\$ 24,773	\$ 80,448
Owner advances - Operating (Note 4)	224,561	233,109
Accrued liabilities and other:		
Property taxes	54,598	27,537
Mortgage interest (Note 5)	909,197	864,522
Payroll	7,824	5,810
Other accrued liabilities - Operating	599	444
Unearned rental income - Operating	9,097	6,300
Tenant security deposits	17,482	16,344
Mortgage note payable - Net of deferred financing costs (Note 5)	<u>8,899,191</u>	<u>9,142,496</u>
Total liabilities	10,147,322	10,377,010
<b>Partners' Deficit</b>	<u>(1,647,661)</u>	<u>(1,608,011)</u>
Total liabilities and partners' deficit	<b><u>\$ 8,499,661</u></b>	<b><u>\$ 8,768,999</u></b>

**Redford Manor Limited Dividend Housing Association Limited Partnership**  
**MSHDA Development No. 1061**

**Statement of Operations**

**Years Ended December 31, 2020 and 2019**

	2020	2019
<b>Revenue</b>		
Rental income	\$ 1,457,472	\$ 1,436,863
Vacancy loss	(76,089)	(118,956)
Loss to lease	(1,632)	(11,082)
Net rental income	1,379,751	1,306,825
Other income:		
Interest income	30,205	38,157
Laundry income	4,986	2,731
Carport income	14,653	18,143
Other resident charges	23,210	48,667
Total other income	73,054	107,698
Total revenue	1,452,805	1,414,523
<b>Expenses</b>		
Administrative expenses:		
Management fees (Note 4)	59,808	59,028
Marketing:		
Marketing payroll	22,049	18,855
Marketing - Other	2,790	6,654
Legal	2,462	735
Bad debt expense	-	25,020
Other administrative:		
Administrative payroll	74,405	44,689
Payroll taxes	12,568	10,451
Telephone	37,847	42,047
Office	2,053	1,229
Auditing	8,230	14,730
Credit reports	1,970	1,932
Human services program	2,011	1,523
Miscellaneous	21,835	25,883
Utilities	105,357	117,726
Operating and maintenance:		
Maintenance payroll	46,291	47,258
Janitorial	30,656	35,375
Grounds maintenance	14,840	15,879
Repairs and maintenance	55,301	72,599
Other operating expenses	38,284	38,997
Other expenses:		
Taxes	27,061	31,222
Interest expense	511,295	525,124
Insurance	67,743	66,368
Depreciation	347,599	338,895
Total expenses	1,492,455	1,542,219
<b>Net Loss</b>	<b>\$ (39,650)</b>	<b>\$ (127,696)</b>

**Redford Manor Limited Dividend Housing Association Limited Partnership**  
**MSHDA Development No. 1061**

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**Statement of Partners' Equity (Deficit)**

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**Years Ended December 31, 2020 and 2019**

	<u>General Partner</u>	<u>Limited Partner</u>	<u>Total</u>
<b>Balance</b> - January 1, 2019	\$ 212,538	\$ (1,692,853)	\$ (1,480,315)
Net loss	(13)	(127,683)	(127,696)
<b>Balance</b> - December 31, 2019	212,525	(1,820,536)	(1,608,011)
Net loss	(4)	(39,646)	(39,650)
<b>Balance</b> - December 31, 2020	<u><u>\$ 212,521</u></u>	<u><u>\$ (1,860,182)</u></u>	<u><u>\$ (1,647,661)</u></u>



**Redford Manor Limited Dividend Housing Association Limited Partnership**  
**MSHDA Development No. 1061**

**Statement of Cash Flows**

**Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ (39,650)	\$ (127,696)
Adjustments to reconcile net loss to net cash and restricted cash from operating activities:		
Depreciation	347,599	338,895
Bad debt expense	-	25,020
Interest expense from deferred financing costs	9,343	9,594
Changes in operating assets and liabilities that (used) provided cash and restricted cash:		
Resident accounts receivable	(544)	(17,762)
Accrued interest	44,675	45,956
Prepaid expenses and other	(13,724)	(6,667)
Accrued and other liabilities	(55,675)	42,852
Unearned rental income	2,797	679
Accrued liabilities	29,230	3,776
Security deposit liability	1,138	2,681
Net cash and restricted cash provided by operating activities	<u>325,189</u>	<u>317,328</u>
<b>Cash Flows from Investing Activities</b>		
Investment in building improvements and equipment	(7,673)	(252,936)
Escrows and reserve funding	(60,882)	133,919
Net cash and restricted cash used in investing activities	<u>(68,555)</u>	<u>(119,017)</u>
<b>Cash Flows from Financing Activities</b>		
Payments on mortgage note	(252,648)	(240,352)
Advances (to) from affiliates	(8,548)	11,011
Net cash and restricted cash used in financing activities	<u>(261,196)</u>	<u>(229,341)</u>
<b>Net Decrease in Cash and Restricted Cash</b>	(4,562)	(31,030)
<b>Cash and Restricted Cash - Beginning of year</b>	<u>36,796</u>	<u>67,826</u>
<b>Cash and Restricted Cash - End of year</b>	<u><u>\$ 32,234</u></u>	<u><u>\$ 36,796</u></u>
<b>Classification of Cash and Restricted Cash</b>		
Operating	\$ 14,443	\$ 5,799
Tenant security deposits accounts - Savings	17,791	30,997
Total cash and restricted cash	<u><u>\$ 32,234</u></u>	<u><u>\$ 36,796</u></u>
<b>Supplemental Cash Flow Information - Cash paid for interest</b>	\$ 457,277	\$ 469,574

# Redford Manor Limited Dividend Housing Association Limited Partnership MSHDA Development No. 1061

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## Notes to Financial Statements

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December 31, 2020 and 2019

### Note 1 - Nature of Business

Redford Manor Limited Dividend Housing Association Limited Partnership (the "Partnership") was formed as a limited partnership on April 16, 2003 under the laws of the Michigan Uniform Limited Partnership Act, as regulated by the Michigan State Housing Development Authority (MSHDA), for the purpose of constructing and operating a rental housing project. The project consists of 112 units located in Redford, Michigan and is currently operating under the name of Villa at Redford (the "Project").

Under the terms of the Regulatory Agreement executed in connection with obtaining the mortgage loan, MSHDA regulates rental rates and distributions to owners. The Regulatory Agreement contains requirements including operating policies, maintaining a reserve fund for replacement, maintaining an operating assurance escrow, and limiting distributions to partners.

The Project qualified for and was allocated low-income housing tax credit of \$1,593,250 by MSHDA on November 8, 2005 pursuant to Internal Revenue Code Section 42, which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. The Project must meet the provisions of these regulations during each of 20 consecutive years in order to remain qualified to receive the credit. In addition, the Partnership has executed an extended low-income housing agreement, which requires the utilization of the Project pursuant to Section 42 for a minimum of 35 years, even if the Partnership disposes of the Project.

### Note 2 - Significant Accounting Policies

#### ***Basis 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.

#### ***Classification of Assets and Liabilities***

The financial affairs of the Partnership do not generally involve a business cycle. Accordingly, the classification of assets and liabilities between current and long term is not used.

#### ***Resident Accounts Receivable and Rental Income***

The resident accounts receivable are stated at net rent amounts. An allowance for doubtful accounts is established based on specific assessments of all invoices that remain unpaid following normal resident payment periods. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. There was no allowance for doubtful accounts for the years ended December 31, 2020 and 2019.

The Partnership records apartment rentals at gross potential rent, as adjusted for vacancy loss, as prescribed by MSHDA. Rental value of vacancies is stated separately to present net rental income. Rental income is recognized when rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

#### ***Investment in Rental Property***

Rental property is recorded at cost. Depreciation is calculated using the straight-line and alternative bases for financial reporting purposes. Buildings and improvements are depreciated over 40 years using the straight-line basis, land improvements are depreciated over 20 years using the alternative basis, equipment is depreciated over 9 years using the alternative basis, and furniture and fixtures are depreciated over 5 years using the straight-line basis.

# Redford Manor Limited Dividend Housing Association Limited Partnership

## MSHDA Development No. 1061

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### Notes to Financial Statements

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December 31, 2020 and 2019

#### Note 2 - Significant Accounting Policies (Continued)

Depreciation expense was \$347,599 and \$338,895 for the years ended December 31, 2020 and 2019, respectively. For income tax purposes, accelerated methods are used. Maintenance, repairs, and renewals that do not involve any substantial betterments are charged to expense when incurred. Expenditures that increase the useful life of the property are capitalized.

##### ***Impairment of Assets***

The Partnership recognizes impairment of long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. No impairment of the Partnership's rental property has occurred.

##### ***Partnership Interests and Contributions***

As of December 31, 2020, the Partnership has one general partner, Redford Manor LLC (the "general partner"), which has a 0.01 percent interest, and one limited partner, Redford Manor LP, LLC (the "limited partner"), which has a 99.99 percent interest.

On December 31, 2019, there was a voluntary transfer of partnership interests. Michigan Capital Fund for Housing Limited Partnership VIII transferred its 99.99 percent interest in the Partnership to Redford Manor LP, LLC for a purchase price of \$409,000 paid by Redford Manor LP, LLC and transaction costs of \$20,700 covered by the general partner.

##### ***Partner Allocation of Profits, Losses, and Distributions***

Generally, profits and losses are allocated 0.01 percent to the general partner and 99.99 percent to the limited partner. 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. Cash flow, as defined by the partnership agreement, is allocated 50 percent to the general partner and 50 percent to the limited partner. Cash flow, as defined by the partnership agreement, is distributed as follows:

1. First, to the limited partner to the extent of any amount to which the limited partner is entitled to receive from cash flow as payment to satisfy any tax credit reduction payment
2. Second, to the developers to pay any unpaid and deferred development fee payable pursuant to the development agreement
3. Third, to the limited partner an investor service fee pursuant to the investor services agreement in an amount not to exceed \$5,000, which fee shall be paid annually but is noncumulative
4. Fourth, to the general partner a partnership management fee pursuant to the partnership management services agreement in an annual noncumulative amount not to exceed \$37,500
5. Fifth, 50 percent of the balance to the general partner as an incentive management fee pursuant to the incentive management fee agreement in an annual noncumulative amount not to exceed \$30,000
6. The remaining cash flow shall be distributed to the partners in accordance with the following percentages: general partner, 50 percent and limited partner, 50 percent.

##### ***Debt Issuance Costs***

Debt issuance costs were incurred by the Partnership in connection with obtaining the mortgage. These costs are recorded as a reduction in the recorded balance of the outstanding debt. The costs are amortized over the term of the related debt and reported as a component of interest expense.

# Redford Manor Limited Dividend Housing Association Limited Partnership

## MSHDA Development No. 1061

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### Notes to Financial Statements

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December 31, 2020 and 2019

#### Note 2 - Significant Accounting Policies (Continued)

##### *Income Taxes*

No provision has been made in the financial statements for income taxes because, as a partnership, all income and expenses are allocated to the partners for inclusion on their respective income tax returns.

##### *Payment in Lieu of Taxes (PILOT)*

The Partnership is a participant in a tax abatement program providing for an assessed service charge in lieu of property taxes. The service charge is assessed annually at a fixed rate of \$20,000 in the initial year and an increase at a rate of 3 percent each year thereafter. The estimated service charge in lieu of taxes is recorded in the year paid.

##### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### *Other Reporting*

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. This outbreak has impacted millions of individuals worldwide and continues to have global impact on businesses and economies, and ultimate impact to the Partnership and its operations cannot be predicted. Management immediately responded to the outbreak with personal protective equipment purchases, additional sanitization procedures, limitations on visitors and outside contractors, and the postponing of certain capital projects. The Partnership has been able to maintain reasonably normal operating levels, and no permanent impairments have been recognized.

##### *Subsequent Events*

The financial statements and related disclosures include evaluation of events up through and including February 26, 2021, which is the date the financial statements were available to be issued.

#### Note 3 - Escrows and Reserves

Escrows for real estate taxes and insurance and replacement reserves and an operating assurance reserve are maintained under the control of the mortgagee for the benefit of the Project.

According to the Regulatory Agreement, the partnership-funded replacement reserve requirement shall be equal to one-twelfth of 1.831 percent of the gross annual potential rent. The balance in this reserve at December 31, 2020 and 2019 was \$567,343 and \$538,151, respectively.

According to the Regulatory Agreement, the Partnership was required to fund an operating assurance reserve equal to \$394,342 at the time of the initial disbursement of the mortgage proceeds. The reserve was funded as required. The Partnership must fund the operating reserve cash account annually from available surplus cash based on the priority of distribution, as outlined on Schedule I. The reserve balance was \$677,589 and \$661,539 at December 31, 2020 and 2019, respectively.

Insurance and tax escrows are maintained as required for payment of expenditures in accordance with the Regulatory Agreement. The balance in the insurance and tax escrows was \$35,778 and \$20,208 at December 31, 2020 and 2019, respectively. Escrows are maintained for the benefit of the Project. These escrowed funds are restricted as to their use based upon the applicable regulatory documents.

# Redford Manor Limited Dividend Housing Association Limited Partnership

## MSHDA Development No. 1061

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### Notes to Financial Statements

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December 31, 2020 and 2019

#### **Note 3 - Escrows and Reserves (Continued)**

It is MSHDA's position, under Michigan statute, that project cash surplus cannot be used to pay off the MSHDA mortgage, and, upon such payoff from other funds, MSHDA is entitled to any surplus cash, including reserves and escrows remaining at such time as is in excess of the maximum cash return allowable to the property owners set forth in the Regulatory Agreement at such time as the loan was consummated. The potential amount to be returned upon such an event cannot be determined, and, as such, no related amounts have been reflected in the financial statements.

#### **Note 4 - Related Party Transactions**

##### ***Affiliate Advances***

Advances from affiliate consist of advances made by Presbyterian Villages of Michigan (PVM), an affiliate of the general partner and limited partner, to cover disbursements of the Partnership when the need arises due to lags in cash receipts. The amount outstanding at December 31, 2020 and 2019 was \$224,561 and \$233,109, respectively. In addition, during 2020 and 2019, the Partnership paid Presbyterian Villages of Michigan \$181,327 and \$155,470, respectively, for reimbursable payroll costs. These advances are non-interest bearing, unsecured, and due on demand.

##### ***Congregate Services***

Under the Regulatory Agreement, congregate services expenses may not be paid from the operations of the rental property. To the extent that congregate services income is inadequate to cover the related expenses, PVM is responsible for funding the difference. For the years ended December 31, 2020 and 2019, PVM was required to reimburse the property \$855 and \$1,297, respectively.

##### ***Developer Fees***

According to the development agreement, an affiliate of the general partner is entitled to a developer fee in the amount of \$1,500,000. Developer fees are payable for services rendered in negotiating, coordinating, and supervising the planning, architectural, engineering, and construction services necessary for construction of the Project. The developer fees are capitalized as part of the building and improvements and have been earned and recognized in accordance with the development fee agreement. During 2017, the general partner contributed funds to pay the remaining balance on the developer fee.

##### ***Property Management Fees***

In accordance with the property management agreement, the Partnership shall pay Presbyterian Villages of Michigan, an affiliate of the general partner and limited partner, an annual property management fee of \$534 and \$527 per unit per year for 2020 and 2019, respectively. Total property management fees incurred totaled \$59,808 and \$59,028 for the years ended December 31, 2020 and 2019, respectively. In accordance with MSHDA budget guidelines, the Partnership may also incur an annual premium management fee of \$82 in 2020 and \$81 in 2019 per unit, payable to Presbyterian Villages of Michigan. The Partnership must meet certain performance and liquidity factors in accordance with MSHDA guidelines for Presbyterian Villages of Michigan to earn this fee. The Partnership did not record any premium management fee expense for the year ended December 31, 2020.

##### ***Partnership Management Fee***

According to the partnership management service agreement, the Partnership shall pay the general partner an annual noncumulative partnership management fee of \$37,500, payable from cash flow, as defined in the partnership agreement. No amounts were incurred or accrued at December 31, 2020 and 2019.

# Redford Manor Limited Dividend Housing Association Limited Partnership MSHDA Development No. 1061

## Notes to Financial Statements

December 31, 2020 and 2019

### Note 4 - Related Party Transactions (Continued)

#### *Investor Service Fees*

The Partnership shall pay the limited partner an annual noncumulative asset management fee of \$5,000, payable from cash flow, as defined in the partnership agreement. No amounts were incurred or accrued at December 31, 2020 and 2019.

#### *Incentive Management Fee*

According to the partnership agreement, the Partnership shall pay the general partner an annual noncumulative incentive management fee in an amount equal to 50 percent of the Partnership's remaining cash flow, not to exceed \$30,000. No amounts were incurred or accrued at December 31, 2020 and 2019.

The following is a summary of fees paid or accrued to related parties:

2020									
Name of Related Party	Relationship	Brief Description of Work/Services Performed	General Ledger Account	Partnership or Operating Account	Beginning Balance	Increase	Decrease	Ending Balance	Terms of Settlement
PVM	General partner affiliate and limited partner	Advances from affiliate	Accounts payable	Operating	\$ 233,109	\$ -	\$ 8,548	\$ 224,561	Current payable
PVM	General partner affiliate and limited partner	Property management fees	Management fee expense	Operating	-	59,808	-	-	
2019									
Name of Related Party	Relationship	Brief Description of Work/Services Performed	General Ledger Account	Partnership or Operating Account	Beginning Balance	Increase	Decrease	Ending Balance	Terms of Settlement
PVM	Affiliate of the general partner and limited partner	Advances from affiliate	Accounts payable	Operating	\$ 222,098	\$ 11,011	\$ -	\$ 233,109	Current payable
PVM	Affiliate of the general partner and limited partner	Property management fees	Management fee expense	Operating	-	59,028	-	-	

### Note 5 - Mortgage Note Payable - MSHDA

The Partnership has a permanent mortgage note with MSHDA in the original amount of \$11,722,200. The balance payable was \$9,007,660 and \$9,260,308 at December 31, 2020 and 2019, respectively. The loan is evidenced by a mortgage note document and agreement and bears an annual effective interest rate of 5.5 percent. Monthly payments of interest only were payable until January 31, 2007. Principal and interest payments of \$59,161 at an interest rate of 5.0 percent began thereafter and are payable until the loan matures. The additional 0.5 percent interest will be deferred until maturity. Total deferred interest at December 31, 2020 and 2019 is \$871,665 and \$825,937, respectively, and is included in mortgage interest on the balance sheet. The loan matures on February 1, 2041. The loan is collateralized by real and personal property of the Project.

**Redford Manor Limited Dividend Housing Association Limited Partnership  
MSHDA Development No. 1061**

**Notes to Financial Statements**

**December 31, 2020 and 2019**

**Note 5 - Mortgage Note Payable - MSHDA (Continued)**

Mortgage costs of \$234,444 are shown net of the primary mortgage and amortized over the term of the mortgage loan using the effective interest method. Total accumulated amortization related to these costs is \$125,975 and \$116,632 at December 31, 2020 and 2019, respectively. Related amortization expense of \$9,343 and \$9,594 for the years ended December 31, 2020 and 2019, respectively, is included in interest expense on the statement of operations.

Minimum principal payments on the mortgage note payable to maturity as of December 31, 2020 are as follows:

2021	\$	265,574
2022		279,162
2023		293,444
2024		308,547
2025		324,238
Thereafter		7,536,695
Unamortized financing costs		<u>(108,469)</u>
Total	\$	<u>8,899,191</u>

**Note 6 - Low-income Housing Tax Credit (Unaudited)**

The Partnership received an allocation of low-income housing tax credit in the total amount of \$1,593,250 to be allocated over a 10-year period. Prorated first-year credit of \$106,212 was claimed in 2005, and the full annual amount of \$159,325 was claimed in the years 2006-2014.

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## Additional Information

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**Independent Auditor's Report on Additional Information**

To the Partners  
Redford Manor Limited Dividend Housing  
Association Limited Partnership

We have audited the financial statements of Redford Manor Limited Dividend Housing Association Limited Partnership as of and for the year ended December 31, 2020 and have issued our report thereon dated February 26, 2021, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information and MSHDA schedules on pages 15 through 19 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Plante & Moran, PLLC*

February 26, 2021

**Redford Manor Limited Dividend Housing Association Limited Partnership**  
**MSHDA Development No. 1061**

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**Schedule of Unadjusted Items**

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**December 31, 2020**

Description of Variances	Amount of Over (Under) Statement
None	<u>\$ -</u>

# REDFORD MANOR MSHDA NO. 1061

## SCHEDULE I FUNDS AVAILABLE FOR DISTRIBUTION December 31, 2020

### SECTION 1

1	<a href="#">Operating Cash</a>	\$ 14,443	
2	<a href="#">MSHDA-Held Operating Reserve Account</a>	2,951	
3	<a href="#">Other Non-Restricted Cash Reserve Accounts</a>	-0-	
4	TOTAL AVAILABLE CASH (PER AUDIT) (ADD Lines 1 through Line 3)		\$ 17,394

### SECTION 2

#### ADD:

5	<a href="#">Resident Rent Receivable</a>	\$ 22,749	
6	<a href="#">Other Resident Charges</a>	-0-	
7	<a href="#">Non-Resident Receivable</a>	-0-	
8	<a href="#">Unadjusted Items-Accounts Receivable</a>	-0-	
9	<a href="#">Subsidy Receivable</a>	-0-	
10	<a href="#">Development Cost Escrow Interest</a>	-0-	
11	<a href="#">Tax/Insurance Escrow Surplus (Deficit)</a>	(18,884)	
12	<a href="#">Escrow Draws Receivable</a>	-0-	
13	TOTAL ADDITIONS (ADD Lines 5 through Line 12)		\$ 3,865
14	TOTAL CASH AND ADDITIONS (Line 4 PLUS Line 13)		21,259

### SECTION 3

#### DEDUCT:

15	<a href="#">Trade Accounts And Surcharges Payable, Accrued Expenses Liabilities And Other Short-term Operating Liabilities</a>	\$ 33,196	
16	<a href="#">Subsidy Payable</a>	-0-	
17	<a href="#">Unadjusted Items-Liabilities</a>	-0-	
18	<a href="#">Unused Authorized Section 236 Excess Income</a>	-0-	
19	<a href="#">Unapproved Section 236 Excess Income Payable to HUD</a>	-0-	
20	<a href="#">Authorized Section 236 Excess Income Payable to HUD</a>	-0-	
21	<a href="#">Approved Undisbursed Limited Dividend (L.D.) Payments</a>	-0-	
22	<a href="#">Prepaid Rent/Unearned Rental Income</a>	9,097	
23	<a href="#">Delinquent Mortgage Principal Payments or Deferred Mortgage Principle Payment as a Result of Mortgage Workout</a>	-0-	
24	<a href="#">Delinquent Interest Payment or Deferred Mortgage Interest Payment as a Result of Mortgage Workout</a>	-0-	
25	<a href="#">R/R Deferrals, Delinquent MSHDA Loans/Grants</a>	-0-	
26	<a href="#">Security Deposit Not Funded (Over Funded)</a>	(309)	
27	<a href="#">One Month's Gross Rent Potential</a>	121,456	
28	TOTAL DEDUCTIONS (ADD Lines 15 through 27)		\$ 163,440

29	<b>SURPLUS FUNDS</b> (Line 14 MINUS Line 28). Insert the actual amount even if it is negative.		\$ (142,181)
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**SECTION 4**

30	<a href="#">Replacement Reserve Needs</a>	\$ -0-	
31	Subtotal (Line 29 MINUS Line 30)	(142,181)	
32	<a href="#">Amenity Improvement/Deferred Maintenance Loan</a>	-0-	
33	Subtotal (Line 31 MINUS Line 32)	(142,181)	
34	<a href="#">Amount of Workout Repayment Obligations</a>	-0-	
35	Subtotal (Line 33 MINUS Line 34)	(142,181)	
36	<a href="#">Amount of MSHDA Subsidy Repayment Obligations</a>	-0-	
37	Subtotal (Line 35 MINUS Line 36)	(142,181)	

**The following developments have additional surplus cash repayment requirements as identified on Lines 38-41. All others go to Line 42.**

**Duvernay Park #1039**

**The Depot #971**

**Maplewood Manor #3180**

38	<b>DUVERNAY PARK</b> - Surplus cash to be distributed to replacement reserve. (Line 37 if positive, if negative enter -0-)	-0-	
39	<b>THE DEPOT</b> - Surplus cash to be distributed to deferred interest (25% of Line 37, if negative enter -0-)	-0-	
40	<b>MAPLEWOOD MANOR #3180 (25%) OR VILLAGE OF APPLIEDORN #3539 (50%)</b> - % of Outstanding Balance of Preservation Fund Loan	-0-	
41	<b>MAPLEWOOD MANOR #3180 OR VILLAGE OF APPLIEDORN #3539</b> - Surplus cash to be distributed to Preservation Fund Loan (Less of Line 37 or Line 40, if Line 37 negative enter -0-)	-0-	
42	<b>SURPLUS FUNDS</b> (LINE 37 MINUS LINES 38, 39 AND 41)	-0-	\$ (142,181)

**All properties with MSHDA HOME Loans complete Lines 43 and 44. All others go to Line 45.**

**SECTION 5**

43	<a href="#">Outstanding Balance of MSHDA HOME Loan</a>	-0-	
44	Amount to be Repaid on HOME Loan Enter 25% Line 42, or if Line 42 is negative enter -0-. Lakewood Manor #924 is required to submit 60% The following are NOT required to submit HOME loan payments from surplus cash: Gardenview Estates #3181 Orianna Ridge #1074 Research Park #300 Rosewood Park #1022 Rouge Woods #3223 The Depot #971	-0-	
45	<b>SURPLUS FUNDS AVAILABLE FOR DISTRIBUTION (LINE 42 MINUS LINE 44)</b>	-0-	\$ (142,181)
46	<a href="#">Current Years Maximum Potential L.D. Payment</a>	312,795	312,795
47	Subtotal (Line 45 MINUS Line 46)	(454,976)	(454,976)
48	Sum of Lines 2 and 10	\$ 2,951	
49	<b>OPERATING RESERVE CASH TO BE SUBMITTED TO MSHDA: DEDUCT LINE 48 FROM LINE 47. If LINE 47 is negative, insert "0".</b>	-	\$ -0-

SECTION 6

**SUMMARY OF CHECKS AND/OR MSHDA-HELD RESERVE TRANSFERS DUE:**

**A SEPARATE CHECK AND/OR MSHDA-HELD RESERVE TRANSFER REQUEST MUST BE SUBMITTED FOR EACH AMOUNT REPORTED ON LINES 50 THROUGH 59 WITHIN 120 DAYS AFTER THE DEVELOPMENT'S YEAR-END. PLEASE INDICATE THE PURPOSE ON EACH CHECK OR MSHDA-HELD RESERVE TRANSFER REQUEST. FAILURE TO COMPLY WITH THIS REQUEST WILL AFFECT THE MANAGEMENT AGENT'S ELIGIBILITY FOR PREMIUM MANAGEMENT FEES.**

50	The amount from Line 11, if a deficit (Tax/Insurance Escrow)	\$ 18,884
51	The lesser of Line 31 or Line 32-Amenity Improvement/Deferred Maintenance Loan (If Line 31 is negative, insert "0")	\$ -0-
52	The lesser of Line 33 or Line 34-Workout Repayment Obligations (If Line 33 is negative, insert "0")	\$ -0-
53	The lesser of Line 35 or Line 36-MSHDA Subsidy Repayment Obligations (If Line 35 is negative, insert "0")	\$ -0-
54	The amount from Line 44 (MSHDA HOME Loan)	\$ -0-
55	The amount from Line 49 (Operating Reserve Cash)	\$ -0-
56	The lesser of Line 29 or Line 30-Replacement Reserve Needs (If Line 29 is negative, insert "0").	\$ -0-
57	The amount from Line 38 (Replacement Reserve)	\$ -0-
58	The amount from Line 39 (Deferred Interest)	\$ -0-
59	The amount from Line 41 (Preservation Fund Loan)	\$ -0-

# REDFORD MANOR MSHDA NO.1061

## SCHEDULE II FUNDS AVAILABLE FOR DISTRIBUTION December 31, 2020

1.	OWNER INITIAL EQUITY		\$	1,251,181
1a.	SECTION 8/236 PRESERVATION		\$	-0-
<hr/>				
2.	MAXIMUM L.D. PAYMENT:		\$	312,795
3.	CUMULATIVE %	25%	\$	312,795
4.	NON-CUMULATIVE %	0%	\$	-0-
<hr/>				
	CUT-OFF DATE:	February 16, 2006		
5.	SALE/PRESERVATION TRANSACTION			
	CLOSING DATE:			

I.	II.	III.	IV.	V.
YEAR OF OPERATION	AVAILABLE FOR DISTRIBUTION	POTENTIAL L.D.	L.D. PAID	CARRY FORWARD
2006	99,561	131,220	0	131,220
2007	182,238	162,654	0	293,874
2008	24,605	175,165	0	469,039
2009	79,519	187,677	0	656,716
2010	51,025	200,189	0	856,905
2011	32,154	212,701	0	1,069,606
2012	26,519	225,213	32,154	1,262,665
2013	22,739	237,724	26,519	1,473,870
2014	(7,850)	250,326	15,127	1,709,069
2015	(90,520)	262,748	0	1,971,817
2016	(121,076)	275,260	0	2,247,077
2017	(120,583)	287,772	0	2,534,849
2018	(82,453)	300,283	0	2,835,132
2019	(177,242)	312,795	0	3,147,927
2020	(142,181)	312,795	0	3,460,722

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Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements  
Performed in Accordance with *Government  
Auditing Standards*

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

### Independent Auditor's Report

To Management and the Partners  
Redford Manor Limited Dividend Housing  
Association Limited Partnership

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Redford Manor Limited Dividend Housing Association Limited Partnership, MSHDA Development No. 1061 (the "Partnership"), which comprise the balance sheet as of December 31, 2020 and the related statements of operations, partners' equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated February 26, 2021.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Partnership's internal control over financial reporting (internal control) as a basis for designing 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 the Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership'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 Partnership'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 the Partnership's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including compliance with specific provisions of the MSHDA Regulatory Agreement, MSHDA directives, and MSHDA Multifamily Audit Guidelines, noncompliance with which could have a direct and material effect on the financial statements. 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*.

We have compared the December 31, 2020 monthly income and expense (MIE) report submitted to MSHDA with balances in the financial statements for the year ended December 31, 2020, audited by us and covered by our report dated February 26, 2021. The account balances set forth therein are in material agreement (defined by MSHDA as differences not exceeding 10 percent and \$3,000), except as noted below.



To Management and the Partners  
Redford Manor Limited Dividend Housing  
Association Limited Partnership

**Total Accounts Payable and Accrued Expenses Reconciliation**

Accounts payable on the MIE report include related party operating advances that are recorded as advances from affiliate on the audited financial statements.

Balance per the MIE report	\$	257,006
Reconciling items:		
Related party payables recorded in the MIE report and reported as accounts payable and reported as advances from affiliates in the audited financial statements		(224,561)
Other reconciling items		<u>152</u>
Balance per the balance sheet - Accounts payable, accrued payroll and other accrued liabilities - Operating	\$	<u><u>32,597</u></u>

**Operating Advances from Affiliate Reconciliation**

Reconciliation of payables on the MIE report for various operating and maintenance expenses from accounts payable and accrued expenses to advances from affiliate on the audited financial statements:

Balance per the MIE report	\$	-
Reconciling items:		
Related party payables recorded in the MIE report as accounts payable and reported as advances from affiliates in the audited financial statements		<u>224,561</u>
Balance per the balance sheet	\$	<u><u>224,561</u></u>

**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 Partnership'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 Partnership's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moran, PLLC*

February 26, 2021