

DADE OAKS, LLC
HUD PROJECT NO.: 067-35487

FINANCIAL STATEMENTS
(WITH SUPPLEMENTAL INFORMATION)
AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2023 AND 2022



Dade Oaks, LLC
HUD Project No.: 067-35487

December 31, 2023

TABLE OF CONTENTS

	PAGE
MORTGAGOR'S CERTIFICATION	4
MANAGING AGENT'S CERTIFICATION	5
INDEPENDENT AUDITOR'S REPORT	6
FINANCIAL STATEMENTS	
BALANCE SHEETS	9
STATEMENTS OF OPERATIONS	11
STATEMENTS OF MEMBERS' EQUITY (DEFICIT)	14
STATEMENTS OF CASH FLOWS	15
NOTES TO FINANCIAL STATEMENTS	18
SUPPLEMENTAL INFORMATION	
BALANCE SHEET DATA	29
STATEMENT OF OPERATIONS DATA	31
STATEMENT OF MEMBERS' EQUITY (DEFICIT) DATA	35
STATEMENT OF CASH FLOWS DATA	36
RESERVE FOR REPLACEMENTS	39
COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND RESIDUAL RECEIPTS	40
CHANGES IN FIXED ASSET ACCOUNTS	41
DETAIL OF ACCOUNTS - BALANCE SHEET	42
DETAIL OF ACCOUNTS - STATEMENT OF OPERATIONS	43

(continued)

Dade Oaks, LLC
HUD Project No.: 067-35487

December 31, 2023

TABLE OF CONTENTS – CONTINUED

	PAGE
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AN ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	44
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR MAJOR HUD PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE CONSOLIDATED AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS	46
SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND RECOMMENDATIONS	49
SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS, QUESTIONED COSTS, AND RECOMMENDATIONS (UNAUDITED)	50

Dade Oaks, LLC
HUD Project No.: 067-35487

December 31, 2023

MORTGAGOR'S CERTIFICATION

We hereby certify that we have examined the accompanying financial statements and supplemental data of Dade Oaks, LLC, and, to the best of our knowledge and belief, the same are complete and accurate.

Dade Oaks, LLC, a Wisconsin limited liability company,

By: Dade Oaks MM, LLC, a Wisconsin limited liability company, its Managing Member

By: Gorman Employee Group Dade Oaks, LLC, a Wisconsin limited liability company, its Manager

By: Gorman & Company, Inc., a Wisconsin corporation, its Manager

By: Authorized Signer

Date

Mortgagor's Employee Identification
Number: 80-0963609

Dade Oaks, LLC
HUD Project No.: 067-35487

December 31, 2023

MANAGING AGENT'S CERTIFICATION

I hereby certify that I have examined the accompanying financial statements and supplemental data of Dade Oaks, LLC, and, to the best of my knowledge and belief, the same are complete and accurate.

MANAGING AGENT

Royal American Management, Inc.

Management Agent's Representative

Tracy Curtis
Property Manager

Managing Agent Taxpayer
Identification Number: 59-1886258



INDEPENDENT AUDITOR'S REPORT

To the Members
Dade Oaks, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Dade Oaks, LLC, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dade Oaks, LLC as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dade Oaks, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dade Oaks, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement due to fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Dade Oaks, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dade Oaks, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on pages 29 through 43 is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

The accompanying other information on page 50 has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2024 on our consideration of Dade Oaks, LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Dade Oaks, LLC's 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 Dade Oaks, LLC's internal control over financial reporting and compliance.

Tidwell Group, LLC

Atlanta, GA
February 28, 2024

Taxpayer Identification Number:
27-1490692

Lead Auditor: Joshua Northcutt, CPA

Dade Oaks, LLC
HUD Project No.: 067-35487

BALANCE SHEETS

December 31, 2023 and 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash - operations	\$ 186,767	\$ 391,966
Tenant accounts receivable	92,148	66,361
Accounts receivable - HUD	43,058	18,881
Accounts and notes receivable - operations	-	24,809
Prepaid expenses	38,928	46,898
Total current assets	360,901	548,915
DEPOSITS HELD IN TRUST - FUNDED		
Tenant deposits	16,045	13,931
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Escrow deposits	43,578	24,681
Reserve for replacements	198,322	168,962
Other reserves	300,514	299,783
Total restricted deposits and funded reserves	542,414	493,426
RENTAL PROPERTY		
Land	1,771,340	1,771,340
Buildings	10,591,400	10,591,400
Office furniture and equipment	1,008,597	1,008,597
	13,371,337	13,371,337
Less accumulated depreciation	(3,825,594)	(3,460,767)
Total rental property	9,545,743	9,910,570
OTHER ASSETS		
Miscellaneous other assets	104,091	118,154
Total other assets	104,091	118,154
TOTAL ASSETS	\$ 10,569,194	\$ 11,084,996

(continued)

Dade Oaks, LLC
HUD Project No.: 067-35487

BALANCE SHEETS - CONTINUED

December 31, 2023 and 2022

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts payable - operations	\$ 18,973	\$ 5,645
Accrued management fee payable	4,583	4,647
Accrued interest payable - first mortgage	14,684	14,885
Accrued interest payable - other mortgages	97,916	72,916
Mortgage payable - first mortgage, current maturities	59,087	56,633
Miscellaneous current liabilities	45,800	50,072
Prepaid rent	24,275	46,747
	<hr/>	<hr/>
Total current liabilities	265,318	251,545
DEPOSITS LIABILITY		
Tenant deposits held in trust (contra)	9,053	14,451
	<hr/>	<hr/>
LONG-TERM LIABILITIES		
Mortgage payable - first mortgage, net of current maturities	3,899,437	3,952,825
Other mortgages payable	5,050,000	5,050,000
	<hr/>	<hr/>
Total long-term liabilities	8,949,437	9,002,825
	<hr/>	<hr/>
Total liabilities	9,223,808	9,268,821
	<hr/>	<hr/>
MEMBERS' EQUITY (DEFICIT)	1,345,386	1,816,175
	<hr/>	<hr/>
Total liabilities and members' equity (deficit)	<u>\$ 10,569,194</u>	<u>\$ 11,084,996</u>

See notes to financial statements

Dade Oaks, LLC
HUD Project No.: 067-35487

STATEMENTS OF OPERATIONS

For the years ended December 31, 2023 and 2022

	2023	2022
RENTAL REVENUE		
Rent revenue - gross potential	\$ 240,111	\$ 161,145
Tenant assistance payments	890,345	1,040,025
	1,130,456	1,201,170
VACANCIES		
Apartments	(52,687)	(25,217)
	(52,687)	(25,217)
	1,077,769	1,175,953
FINANCIAL REVENUE		
Financial revenue - project operations	802	9
Revenue from investments - replacement reserve	4,198	563
	5,000	572
OTHER REVENUE		
Laundry and vending	24,662	16,457
Tenant charges	8,872	3,279
Miscellaneous revenue	50	-
	33,584	19,736
	1,116,353	1,196,261

(continued)

Dade Oaks, LLC
HUD Project No.: 067-35487

STATEMENTS OF OPERATIONS - CONTINUED

For the years ended December 31, 2023 and 2022

	2023	2022
ADMINISTRATIVE EXPENSES		
Conventions and meetings	2,685	4,338
Advertising and marketing	140	22
Office expenses	17,482	29,203
Management fee	50,759	57,959
Manager or superintendent salaries	54,087	52,406
Legal expense - project	745	895
Auditing expense	13,300	12,300
Bad debts	26,396	-
Miscellaneous administrative expenses	29,997	975
	195,591	158,098
UTILITIES EXPENSE		
Electricity	6,443	7,136
Water	29,702	26,977
Gas	-	666
Sewer	31,018	32,053
	67,163	66,832
OPERATING AND MAINTENANCE EXPENSES		
Payroll	16,642	32,387
Supplies	3,735	4,750
Contracts	86,590	49,857
Garbage and trash removal	14,452	14,507
Heating/cooling repairs and maintenance	11,623	6,712
Miscellaneous operating and maintenance expenses	82,498	84,554
	215,540	192,767

(continued)

Dade Oaks, LLC
HUD Project No.: 067-35487

STATEMENTS OF OPERATIONS - CONTINUED

For the years ended December 31, 2023 and 2022

	2023	2022
TAXES AND INSURANCE		
Real estate taxes	62,672	53,155
Payroll taxes	5,296	6,318
Property and liability insurance	103,777	82,767
Workmen's compensation	965	1,762
Health insurance and other employee benefits	7,733	9,685
Miscellaneous taxes, licenses, permits and insurance	7,218	16,993
Total taxes and insurance	187,661	170,680
FINANCIAL EXPENSES		
Interest on first mortgage payable	183,020	185,381
Interest on other mortgages	25,000	25,000
Mortgage insurance premium/service charge	18,775	19,025
Miscellaneous financial expenses	9,132	9,132
Total financial expenses	235,927	238,538
Total cost of operations before depreciation and amortization	901,882	826,915
Income (loss) before depreciation and amortization	214,471	369,346
DEPRECIATION AND AMORTIZATION		
Depreciation expense	364,827	364,353
Amortization expense	14,063	14,063
Total depreciation and amortization	378,890	378,416
Operating income (loss)	(164,419)	(9,070)
CORPORATE OR MORTGAGOR ENTITY REVENUE AND EXPENSES		
Other expenses	155,851	46,133
Net entity expenses	155,851	46,133
Total expenses	1,436,623	1,251,464
Net loss	\$ (320,270)	\$ (55,203)

See notes to financial statements

Dade Oaks, LLC
HUD Project No.: 067-35487

STATEMENTS OF MEMBERS' EQUITY (DEFICIT)

For the years ended December 31, 2023 and 2022

	<u>Managing Member</u>	<u>Investment Member</u>	<u>Special Member</u>	<u>Total</u>
Members' equity (deficit) December 31, 2021	\$ (78,911)	\$ 1,954,088	\$ -	\$ 1,875,177
Distributions	-	(3,799)	-	(3,799)
Net income (loss)	<u>(6)</u>	<u>(55,197)</u>	<u>-</u>	<u>(55,203)</u>
Members' equity (deficit) December 31, 2022	(78,917)	1,895,092	-	1,816,175
Distributions	(121,111)	(29,408)	-	(150,519)
Net income (loss)	<u>(32)</u>	<u>(320,238)</u>	<u>-</u>	<u>(320,270)</u>
Members' equity (deficit) December 31, 2023	<u>\$ (200,060)</u>	<u>\$ 1,545,446</u>	<u>\$ -</u>	<u>\$ 1,345,386</u>
Members' percentage of losses	<u>0.01%</u>	<u>99.99%</u>	<u>0.00%</u>	<u>100.00%</u>

See notes to financial statements

Dade Oaks, LLC
HUD Project No.: 067-35487

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Rental receipts	\$ 978,937	\$ 1,137,586
Interest receipts	5,000	572
Other operating receipts	47,647	33,799
	1,031,584	1,171,957
Administrative expenses paid	(42,324)	(68,056)
Management fees paid	(50,823)	(57,355)
Utilities paid	(67,163)	(66,832)
Salaries and wages paid	(70,729)	(84,793)
Operating and maintenance paid	(201,682)	(167,442)
Real estate taxes paid	(62,672)	(53,155)
Property insurance paid	(95,199)	(83,331)
Miscellaneous taxes and insurance paid	(7,218)	(16,993)
Net tenant security deposits received (paid)	(5,398)	(731)
Other operating expenses paid	(13,822)	(7,263)
Interest paid on first mortgage	(177,522)	(179,874)
Mortgage insurance premium paid	(18,994)	(19,244)
Miscellaneous financial expenses paid	(9,132)	(9,132)
Entity/construction expenses paid (include detail)		
Incentive supervisory fee	(143,551)	(34,191)
Asset management fee	(6,150)	(5,971)
Administrative management fee	(6,150)	(5,971)
	(978,529)	(860,334)
Total disbursements	(978,529)	(860,334)
Net cash provided by operating activities	53,055	311,623
Cash flows from investing activities		
Fixed asset additions	-	(5,000)
	-	(5,000)
Net cash provided by (used in) investing activities	-	(5,000)

(continued)

Dade Oaks, LLC
HUD Project No.: 067-35487

STATEMENTS OF CASH FLOWS - CONTINUED

For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from financing activities		
Mortgage principal payments - first mortgage	(56,633)	(54,280)
Principal payments on bonds payable	-	(3,799)
Distributions	<u>(150,519)</u>	<u>-</u>
Net cash used in financing activities	<u>(207,152)</u>	<u>(58,079)</u>
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	(154,097)	248,544
Cash and restricted cash, beginning	<u>899,323</u>	<u>650,779</u>
Cash and restricted cash, ending	<u><u>\$ 745,226</u></u>	<u><u>\$ 899,323</u></u>

(continued)

Dade Oaks, LLC
HUD Project No.: 067-35487

STATEMENTS OF CASH FLOWS - CONTINUED

For the years ended December 31, 2023 and 2022

	2023	2022
Reconciliation of net income (loss) to net cash provided by operating activities		
Net income (loss)	\$ (320,270)	\$ (55,203)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation	364,827	364,353
Amortization	14,063	14,063
Amortization of debt issuance costs	5,699	5,699
Changes in asset and liability accounts		
(Increase) decrease in assets		
Tenant accounts receivable	(25,787)	(52,865)
Accounts receivable - other	632	(31,737)
Prepaid expenses	7,970	(1,172)
Increase (decrease) in liabilities		
Accounts payable	13,328	492
Accrued liabilities	(64)	604
Accrued interest payable	24,799	24,808
Tenant security deposits held in trust	(5,398)	(731)
Prepaid revenue	(22,472)	32,974
Other adjustments (include detail)		
Miscellaneous current liabilities	(4,272)	10,338
Total adjustments	373,325	366,826
Net cash provided by operating activities	\$ 53,055	\$ 311,623

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1 - ORGANIZATION

Dade Oaks, LLC (the Company), a Wisconsin limited liability company, was formed on November 21, 2013 to construct, own, and lease a 69-unit multifamily apartment project, known as Hilltop Landings Apartments (the Project) in Dade City, Florida. The Project was acquired on May 23, 2016. The Project is rented to low-income housing residents as provided for in Section 42 of the Internal Revenue Code (Section 42). The Project entered into a loan agreement under Section 221(d)(4) of the National Housing Act as regulated by the U.S. Department of Housing and Urban Development (HUD).

The Company acquired the Project effective as of May 23, 2016. As part of the closing, HUD approved an assignment of the Section 8 Housing Assistance Payments (HAP) contract covering 69 units on May 23, 2016 of contracts effective June 1, 2016. Certain operating and reporting requirements are imposed by HUD in accordance with the HAP contract assignment.

Pursuant to the Second Amended and Restated Operating Agreement, dated February 20, 2015, the managing member is Dade Oaks MM, LLC, (the Managing Member), the investment member was Boston Capital Commonwealth Tax Credit Fund III, LP, (the Former Investment Member), and the special member is BCCC, Inc. (the Special Member), collectively, the Members.

Effective January 1, 2021, Boston Financial Investment Management acquired the funds of Boston Capital. The investment member is now BF Garden Commonwealth Tax Credit Fund III, LP (the Investment Member).

Profits, losses, and tax credits are generally allocated based on each member's ownership percentage, pursuant to the operating agreement. However, the Members have determined that profits, losses, and tax credits will be allocated as follows:

Managing Member	0.01%
Investment Member	99.99%
Special Member	0.00%
	<u>100.00%</u>

The major activities of the Company are governed by the operating agreement and Section 42. Each building of the Project has qualified for and expects to be allocated low-income housing tax credits pursuant to Section 42, which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Each building of the Project must meet the provisions of these regulations during each of 15 consecutive years in order to continue to qualify to receive the tax credits. Failure to comply with occupant eligibility and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken low-income housing tax credits plus interest.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

Such potential noncompliance may require an adjustment to the contributed capital by the Investment Member.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Company are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cash and Restricted Cash

Cash and restricted cash include all cash balances and bank overdrafts. Cash and restricted cash as of December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Cash	\$186,767	\$391,966
Restricted deposits and funded reserves	<u>558,459</u>	<u>507,357</u>
Total cash and restricted cash shown on the statements of cash flows	<u>\$745,226</u>	<u>\$899,323</u>

Rental Property

Property and equipment is recorded at cost. Expenditures for maintenance and repairs are charged to expenses as incurred while major renewals and betterment are capitalized. Upon disposal of depreciable property, the appropriate accounts will be reduced by the related costs and accumulated depreciation. The resulting gains and losses will be reflected in the statements of operations. Rental property is depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	40 years
Land improvements	15 years
Furniture, fixtures, and equipment	5 years

Accounts Receivable and Bad Debts

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. GAAP requires 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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

obtained under the allowance method. For the years ended December 31, 2023 and 2022, bad debt expense was \$26,396 and \$0, respectively.

Impairment of Long-lived Assets

The Company reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss was recognized during the years ended December 31, 2023 or 2022.

Debt Issuance Costs

In accordance with GAAP, debt issuance costs are presented as an offset of the related debt instruments within the liabilities section of the balance sheets. Debt costs are being amortized using the straight-line method over the term of the mortgage and amortization expense is included in interest expense on the accompanying statements of operations.

Permanent financing fees of \$227,956 are being amortized over the life of the permanent loan. GAAP requires that the effective interest method be used to amortize debt costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective interest method. Amortization expense during the years ended December 31, 2023 and 2022 was \$5,699 and \$5,699, respectively. Accumulated amortization of deferred financing fees as of December 31, 2023 and 2022, was \$40,368 and \$34,669, respectively. Estimated amortization expense for each of the five ensuing years is \$5,699.

Tax Credit Fees

Costs related to obtaining low-income housing tax credits of \$210,946 are being amortized over the mandatory 15-year compliance period, starting on May 1, 2016. Amortization expense during the years ended December 31, 2023 and 2022 was \$14,063 and \$14,063, respectively. Accumulated amortization of tax credit fees as of December 31, 2023 and 2022 was \$107,816 and \$93,753, respectively. Estimated amortization expense for each of the five ensuing years is \$14,063.

Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants of the Project are operating leases and are generally for the term of one year or less.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

Advertising Costs

The Company's policy is to expense advertising costs when incurred. During the years ended December 31, 2023 and 2022, \$140 and \$22 respectively, were incurred.

Income Taxes

The Company has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Company's federal tax status as a pass-through entity is based on its legal status as a limited liability company. Accordingly, the Company is not required to take any tax positions in order to qualify as a pass-through entity. The Company is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure. Generally, income tax returns filed by the Company are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2020 remain open.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 may differ from those estimates.

Reclassifications

Certain items from prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on the previous members' equity (deficit) or net income (loss) of the Company.

NOTE 3 - RESTRICTED DEPOSITS AND RESERVES

Operating Deficit Reserve

In accordance with the terms of the operating agreement, the operating deficit account shall be funded by the fifth installment in an amount equal to \$297,500. The funds can be used to fund operating deficits from and after rental achievement through the compliance period with approval from the Special Member. At the end of the compliance period remaining funds will be released to the Company and applied first to any outstanding asset management fees and then to any deferred development fees. As of December 31, 2023 and 2022, the balance in

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

the operating deficit reserve was \$300,514 and \$299,783, respectively, and is included in other reserves on the accompanying balance sheets.

Replacement Reserve

In accordance with the terms of the operating agreement, the Company is required to fund a reserve for replacement to pay for working capital needs, improvements, replacements, and other contingencies. The Company is required to deposit \$34,500 from its cash flow each year. If the cash flow is insufficient, the Managing Member shall deposit the amount as an operating deficit loan. As of December 31, 2023 and 2022, the balance in the replacement reserve account was \$198,322 and \$168,962, respectively.

Real Estate Tax and Insurance Escrow

In accordance with the terms of the operating agreement, the Company is required to fund a tax and insurance escrow to pay for the insurance, mortgage insurance, special assessments, and taxes. These amounts should be deposited monthly with First Housing Development Corporation of Florida when the mortgage payments are made. As of December 31, 2023 and 2022, the escrow balance was \$43,578 and \$24,681, respectively.

Tenant Security Deposits

The tenant security deposit account represents cash restricted for the purpose of refunding tenant security deposits paid at the move-in date. Security deposits are refunded to the tenants at the time of move-out in accordance with the tenant lease agreement, subject to cleaning and repairs incidental to normal wear on the tenant unit. Tenant security deposits retained by the Company as of December 31, 2023 and 2022 were \$16,045 and \$13,931, respectively.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

NOTE 4 - NOTES PAYABLE

FHDC Loan

The Company entered into a mortgage payable with First Housing Development Corporation of Florida (FHDC) in the original amount of \$4,500,000 insured by HUD under Section 221(d)(4) of the National Housing Act and collateralized by a mortgage on the rental property. Monthly principal and interest payments of \$19,500 began on December 1, 2016 at an interest rate of 4.25 percent per annum. The note matures on November 1, 2056. As of December 31, 2023 and 2022, the outstanding principal balance of the loan was \$3,958,524 and \$4,009,458, respectively, net of unamortized debt issuance costs of \$187,588 and \$198,986, respectively. Interest expense for the years ended December 31, 2023 and 2022 was \$183,020 and \$185,381, which includes amortization of debt issuance costs of \$5,699 and \$5,699, respectively. Accrued interest as of December 31, 2023 and 2022 was \$14,684 and \$14,885, respectively.

FHFC Loan

The Company entered into a noninterest bearing note with Florida Housing Finance Corporation (FHFC) in the amount of \$3,300,000. No payments are due until maturity on November 1, 2056. The note is secured by a second mortgage on the rental property.

HOME Loan

The Company entered into a promissory note with Pasco County, Florida in the amount of \$1,250,000. The note is noninterest bearing for the first 5 years and 2 percent per annum thereafter. Interest only payments shall be due and payable commencing on March 1, 2020 and will continue annually until maturity of February 1, 2065. The note is secured by a third mortgage on the rental property. During the years ended December 31, 2023 and 2022, interest expense was \$25,000 and \$25,000, respectively. As of December 31, 2023 and 2022, accrued interest was \$97,916 and \$72,916, respectively.

SHIP Loan

The Company entered into a promissory note with Pasco County Housing Authority for \$500,000. The note is noninterest bearing and no payments are due until maturity in 2046. The note is secured by a fourth mortgage on the rental property.

Dade Oaks, LLC
HUD Project No.: 067-35487

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

The aggregate maturities of the notes payable as of December 31, 2023 are as follows:

	FHDC	FHFC	HOME Loan	SHIP Loan	Total
2024	\$ 59,087	\$ -	\$ -	\$ -	\$ 59,087
2025	61,648	-	-	-	61,648
2026	64,547	-	-	-	64,547
2027	67,345	-	-	-	67,345
2028	70,263	-	-	-	70,263
Thereafter	3,823,222	3,300,000	1,250,000	500,000	8,873,222
Total	4,146,112	3,300,000	1,250,000	500,000	9,196,112
Less unamortized debt issuance costs	(187,588)	-	-	-	(187,588)
	3,958,524	3,300,000	1,250,000	500,000	9,008,524
Less current maturities					(59,087)
Net long-term portion					<u>\$ 8,949,437</u>

NOTE 5 - MANAGEMENT FEE

The Company has entered into an agreement with Royal American Management, Inc., in connection with the management of the rental operations of the Project. The property management fee is equal to the greater of (i) 5 percent of monthly collected apartment revenue and all other sources of revenue in accordance with HUD requirements or (ii) \$2,250 per month. For the years ended December 31, 2023 and 2022, \$50,759 and \$57,959, respectively, was incurred. As of December 31, 2023 and 2022, \$4,583 and \$4,647, respectively, remain payable.

NOTE 6 - RELATED PARTY TRANSACTIONS AND COMMITMENTS

Incentive Supervisory Fee

Pursuant to the operating agreement, the Company shall pay to the Managing Member an annual, non-cumulative incentive supervisory fee in consideration of their services in maximizing the efficiency of operations of the Project. The incentive supervisory fee is payable from available cash flow, as defined. In no event, however, shall the incentive supervisory fee and the management fee be payable in the aggregate of 12 percent of the effective gross income of the Company in any fiscal year. For the years ended December 31, 2023 and 2022, \$143,551 and \$34,191, respectively, was incurred and paid.

Asset Management Fee

Pursuant to the operating agreement, the Company is obligated to pay an annual asset management fee to the Investment Member in the amount of \$5,000 beginning in 2016 and increasing 3 percent annually. The fee shall be payable only to the extent of available cash flow. If no cash flow is available the Managing Member is required to fund through an operating deficit loan until the loan limit is reached per the operating agreement. If the fees are not paid, they will accrue without interest until there is sufficient cash flow. For the years

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

ended December 31, 2023 and 2022, \$6,150 and \$5,971, respectively, was incurred. As of December 31, 2023 and 2022, no amounts remain payable.

Company Administration Fee

The Company is obligated to pay an annual company administration fee to the Managing Member in the amount of \$5,000 beginning in 2016 and increasing 3 percent annually. The fee shall be payable only to the extent of available cash flow and unpaid fees accrue without interest until there is sufficient cash flow. For the years ended December 31, 2023 and 2022, \$6,150 and \$5,971, respectively, was incurred. As of December 31, 2023 and 2022, no amounts remain payable.

Due to Managing Member

In accordance with the operating agreement, the Managing Member agrees to fund any operating deficits during the operating deficit guarantee period. The operating deficit loan is not permitted to exceed \$297,500, does not accrue interest and is paid from available cash flow. As of December 31, 2023 and 2022, no amounts remain payable.

NOTE 7 - MEMBERS' CAPITAL CONTRIBUTIONS

Capital contributions totaling \$5,241,690 are due from the Investment Member when certain milestones are achieved, as defined in the operating agreement. As of December 31, 2023 and 2022, the Investment Member has funded all required capital contributions. The above contributions are subject to adjustment as defined in the operating agreement.

The Managing Member agreed to capital contributions totaling \$100. The Special Member agreed to capital contributions totaling \$10. As of December 31, 2023 and 2022, the Managing Member's and the Special Member's contributions had not been received.

NOTE 8 - PROFITS, LOSSES, AND DISTRIBUTIONS

The Company's distribution of cash flow and net proceeds from special sources is restricted by the provisions of the HUD regulatory agreement. In the event of any conflict or inconsistency between the provisions of the Company's operating agreement and those of the HUD regulatory agreement, the provisions of the HUD regulatory agreement govern. The Company's regulatory agreement restricts distributions to investors to the amount of surplus cash, as defined.

All profits and losses are allocated 99 percent to the Investment Member and 0.01 percent to the Managing Member.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

Net operating cash flow as defined in the operating agreement is to be distributed as follows:

1. To pay the Investment Member the full amount, including interest, of any unpaid adjuster amounts, guaranty, and/or indemnity payments owed by the Company;
2. To pay the asset management fee for current year and any previous years that were not paid in full;
3. To the payment of any deferred development fee;
4. To the repayment of any operating deficit loans;
5. To the payment of the company administration fee for the current year and any previous years that were not paid in full;
6. To the repayment of any subordinated loans;
7. Any remaining balance shall be distributed annually, within 75 days after the end of the fiscal year, 90 percent to the Managing Member, first as a payment of the incentive supervisory fee and then as a distribution, and 10 percent to the Investment Member, as defined.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

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 (including income restrictions), unit gross rents, or to correct non-compliance within a specified time period, could result in recapture of previously claimed tax credits plus interest. In addition, such potential non-compliance may require a return of a portion of the capital contributed by the Investment Member.

NOTE 10 - UNCERTAINTY - HUD HOUSING ASSISTANCE PAYMENT (HAP) CONTRACT

The Company recorded \$890,345 and \$1,040,025, respectively, of its revenues during the years ended December 31, 2023 and 2022 from HUD under the terms of its HAP contract, which provide for rental assistance to the Company on behalf of very low-income tenants who meet certain qualifications. The operations of the Company are subject to the administrative directives, rules and regulations of federal 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. The Company's future intentions and the future changes in HUD regulations and the appropriations of related funds are uncertain, and accordingly, it is not possible to determine the ultimate impact on the operations of the Company. The current contract expires on May 31, 2036.

Dade Oaks, LLC
HUD Project No.: 067-35487

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

The following subsidy revenues were received under HAP contracts during the year ended December 31, 2023 and are included in tenant assistance payments on the accompanying statement of operations.

<u>Project</u>	<u>Contract Number</u>	<u>Subsidy Revenue</u>
Hilltop Landings Apartments	FL290847202	\$ 890,345

NOTE 11 - CONCENTRATION OF CREDIT RISK

The Company maintains its cash, restricted deposits, and reserves with financial institutions. The bank balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. At times, these balances may exceed the federal insurance limits; however, the Company has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these bank balances at December 31, 2023 and 2022.

NOTE 12 - SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Company through February 28, 2024 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

SUPPLEMENTAL INFORMATION
REQUIRED BY HUD

Dade Oaks, LLC
HUD Project No.: 067-35487

SUPPLEMENTAL INFORMATION

BALANCE SHEET DATA

December 31, 2023

ASSETS

Account No.

CURRENT ASSETS

1120	Cash - operations	\$	186,767
1130	Tenant accounts receivable		92,148
1135	Accounts receivable - HUD		43,058
1200	Prepaid expenses		<u>38,928</u>
1100T	Total current assets		360,901

DEPOSITS HELD IN TRUST - FUNDED

1191	Tenant deposits		16,045
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RESTRICTED DEPOSITS AND FUNDED RESERVES

1310	Escrow deposits	\$	43,578
1320	Reserve for replacements		198,322
1330	Other reserves		<u>300,514</u>
1300T	Total deposits		542,414

RENTAL PROPERTY

1410	Land		1,771,340
1420	Buildings		10,591,400
1465	Office furniture and equipment		<u>1,008,597</u>
1400T	Total fixed assets		<u>13,371,337</u>
1495	Less accumulated depreciation		<u>(3,825,594)</u>
1400N	Net fixed assets		9,545,743

OTHER ASSETS

1590	Miscellaneous other assets		<u>104,091</u>
1500T	Total other assets		<u>104,091</u>
1000T	Total assets	\$	<u><u>10,569,194</u></u>

See independent auditor's report

Dade Oaks, LLC
HUD Project No.: 067-35487

SUPPLEMENTAL INFORMATION - CONTINUED

BALANCE SHEET DATA - CONTINUED

December 31, 2023

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

Account No.

CURRENT LIABILITIES

2110	Accounts payable - operations	\$	18,973
2123	Accrued management fee payable		4,583
2131	Accrued interest payable - first mortgage		14,684
2132	Accrued interest payable - other mortgages		97,916
2170	Mortgage payable - first mortgage, current maturities		59,087
2190	Miscellaneous current liabilities		45,800
2210	Prepaid revenue		<u>24,275</u>
2122T	Total current liabilities		265,318

DEPOSITS LIABILITY

2191	Tenant deposits held in trust (contra)		9,053
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LONG-TERM LIABILITIES

2320	Mortgage payable - first mortgage, net of current maturities	\$	3,899,437
2322	Other mortgages payable, net of current maturities		<u>5,050,000</u>
2300T	Total long term liabilities		<u>8,949,437</u>
2000T	Total liabilities		9,223,808
3130	MEMBERS' EQUITY (DEFICIT)		<u>1,345,386</u>
2033T	Total liabilities and members' equity (deficit)		<u>\$ 10,569,194</u>

See independent auditor's report

Dade Oaks, LLC
HUD Project No.: 067-35487

SUPPLEMENTAL INFORMATION - CONTINUED

STATEMENT OF OPERATIONS DATA

Year ended December 31, 2023

<u>Account No.</u>			
RENTAL REVENUE			
5120	Rent revenue - gross potential	\$ 240,111	
5121	Tenant assistance payments	<u>890,345</u>	
5100T	Total rental revenue		\$ 1,130,456
VACANCIES			
5220	Apartments	<u>(52,687)</u>	
5200T	Total vacancies		<u>(52,687)</u>
5152N	Net rental revenue		1,077,769
FINANCIAL REVENUE			
5410	Financial revenue - project operations	802	
5440	Revenue from investments - replacement reserve	<u>4,198</u>	
5400T	Total financial revenue		5,000
OTHER REVENUE			
5910	Laundry and vending	24,662	
5920	Tenant charges	8,872	
5990	Miscellaneous revenue	<u>50</u>	
5900T	Total other revenue		<u>33,584</u>
5000T	Total revenue		<u>1,116,353</u>

See independent auditor's report

Dade Oaks, LLC
HUD Project No.: 067-35487

SUPPLEMENTAL INFORMATION - CONTINUED

STATEMENT OF OPERATIONS DATA - CONTINUED

Year ended December 31, 2023

<u>Account No.</u>			
ADMINISTRATIVE EXPENSES			
6203	Conventions and meetings	2,685	
6210	Advertising and marketing	140	
6311	Office expenses	17,482	
6320	Management fee	50,759	
6330	Manager or superintendent salaries	54,087	
6340	Legal expense - project	745	
6350	Auditing expense	13,300	
6370	Bad debts	26,396	
6390	Miscellaneous administrative expenses	<u>29,997</u>	
6263T	Total administrative expenses		195,591
UTILITIES EXPENSE			
6450	Electricity	6,443	
6451	Water	29,702	
6453	Sewer	<u>31,018</u>	
6400T	Total utilities expense		67,163
OPERATING AND MAINTENANCE EXPENSES			
6510	Payroll	16,642	
6515	Supplies	3,735	
6520	Contracts	86,590	
6525	Garbage and trash removal	14,452	
6546	Heating/cooling repairs and maintenance	11,623	
6590	Miscellaneous operating and maintenance expenses	<u>82,498</u>	
6500T	Total operating and maintenance expenses		215,540

See independent auditor's report

Dade Oaks, LLC
HUD Project No.: 067-35487

SUPPLEMENTAL INFORMATION - CONTINUED

STATEMENT OF OPERATIONS DATA - CONTINUED

Year ended December 31, 2023

<u>Account No.</u>			
TAXES AND INSURANCE			
6710	Real estate taxes	62,672	
6711	Payroll taxes	5,296	
6720	Property and liability insurance	103,777	
6722	Workmen's compensation	965	
6723	Health insurance and other employee benefits	7,733	
6790	Miscellaneous taxes, licenses, permits and insurance	7,218	
		<u>7,218</u>	
6700T	Total taxes and insurance		187,661
FINANCIAL EXPENSES			
6820	Interest on first mortgage payable	183,020	
6825	Interest on other mortgages	25,000	
6850	Mortgage insurance premium/service charge	18,775	
6890	Miscellaneous financial expenses	9,132	
		<u>9,132</u>	
6800T	Total financial expenses		<u>235,927</u>
6000T	Total cost of operations before depreciation and amortization		<u>901,882</u>
5060T	Income (loss) before depreciation and amortization		<u>214,471</u>
DEPRECIATION AND AMORTIZATION			
6600	Depreciation expense	364,827	
6610	Amortization expense	14,063	
		<u>14,063</u>	
	Total depreciation and amortization		<u>378,890</u>
5060N	Operating income (loss)		<u>(164,419)</u>
CORPORATE OR MORTGAGOR ENTITY REVENUE AND EXPENSES			
7190	Other expenses	155,851	
		<u>155,851</u>	
7100T	Net entity expenses		<u>155,851</u>
	Total expenses		<u>1,436,623</u>
3250	Net income (loss)		<u>\$ (320,270)</u>

See independent auditor's report

Dade Oaks, LLC
HUD Project No.: 067-35487

SUPPLEMENTAL INFORMATION - CONTINUED

STATEMENT OF OPERATIONS DATA - CONTINUED

Year ended December 31, 2023

<u>Account No.</u>		
S1000-010	Total first mortgage (or bond) principal payments required during the audit year (12 monthly payments). Applies to all direct loans and HUD-held and fully-insured first mortgages.	<u>\$ 56,633</u>
S1000-020	Total of 12 monthly deposits in the audit year made to the replacement reserve account, as required by the regulatory agreement, even if payments may be temporarily suspended or reduced.	<u>\$ 34,500</u>
S1000-030	Replacement reserve, or residual receipts and releases which are included as expense items on the statement of operations.	<u>\$ 9,338</u>
S1000-040	Project improvement reserve releases under the flexible subsidy program which are included as expense items on the statement of operations.	<u>\$ -</u>
S3100-120	Mortgage payable note detail (Section 236 only) Interest reduction payments from subsidy.	<u>\$ -</u>

See independent auditor's report

Dade Oaks, LLC
HUD Project No.: 067-35487

SUPPLEMENTAL INFORMATION - CONTINUED

STATEMENT OF MEMBERS' EQUITY (DEFICIT) DATA

Year ended December 31, 2023

<u>Account No.</u>		
S1100-010	Members' equity (deficit) December 31, 2022	\$ 1,816,175
S1200-420	Distributions	(150,519)
3250	Net income (loss)	<u>(320,270)</u>
3130	Members' equity (deficit) December 31, 2023	<u><u>\$ 1,345,386</u></u>

See independent auditor's report

Dade Oaks, LLC
HUD Project No.: 067-35487

SUPPLEMENTAL INFORMATION - CONTINUED

STATEMENT OF CASH FLOWS DATA

Year ended December 31, 2023

<u>Account No.</u>			
	Cash flows from operating activities		
S1200-010	Rental receipts	\$	978,937
S1200-020	Interest receipts		5,000
S1200-030	Other operating receipts		47,647
S1200-040	Total receipts		<u>1,031,584</u>
S1200-050	Administrative expenses paid		(42,324)
S1200-070	Management fees paid		(50,823)
S1200-090	Utilities paid		(67,163)
S1200-100	Salaries and wages paid		(70,729)
S1200-110	Operating and maintenance paid		(201,682)
S1200-120	Real estate taxes paid		(62,672)
S1200-140	Property insurance paid		(95,199)
S1200-150	Miscellaneous taxes and insurance paid		(7,218)
S1200-160	Net tenant security deposits received (paid)		(7,512)
S1200-170	Other operating expenses paid		(13,822)
S1200-180	Interest paid on first mortgage		(177,522)
S1200-210	Mortgage insurance premium paid		(18,994)
S1200-220	Miscellaneous financial expenses paid		(9,132)
S1200-225	Entity/construction expenses paid (include detail)		
S1200-226	Incentive supervisory fee	\$	(143,551)
S1200-226	Asset management fee		(6,150)
S1200-226	Administrative fee		(6,150)
			<u>(155,851)</u>
S1200-230	Total disbursements		<u>(980,643)</u>
S1200-240	Net cash provided by operating activities		<u>50,941</u>
	Cash flows from investing activities		
S1200-245	Net deposits to mortgage escrows		(18,897)
S1200-250	Net deposits to reserve for replacements		(29,360)
S1200-255	Net deposits to other reserves		(731)
S1200-350	Net cash used in investing activities		<u>(48,988)</u>

See independent auditor's report

Dade Oaks, LLC
HUD Project No.: 067-35487

SUPPLEMENTAL INFORMATION - CONTINUED

STATEMENT OF CASH FLOWS DATA - CONTINUED

Year ended December 31, 2023

	Cash flows from financing activities	
S1200-360	Mortgage principal payments - first mortgage	\$ (56,633)
S1200-420	Distributions to members	<u>(150,519)</u>
S1200-460	Net cash used in financing activities	<u>(207,152)</u>
S1200-470	NET INCREASE (DECREASE) IN CASH	(205,199)
S1200-480	Cash, beginning	<u>391,966</u>
S1200T	Cash, ending	<u>\$ 186,767</u>

See independent auditor's report

Dade Oaks, LLC
HUD Project No.: 067-35487

SUPPLEMENTAL INFORMATION - CONTINUED

STATEMENT OF CASH FLOWS DATA - CONTINUED

Year ended December 31, 2023

<u>Account No.</u>		
	Reconciliation of net income (loss) to net cash provided by operating activities	
3250	Net income (loss)	\$ (320,270)
	Adjustments to reconcile net income (loss) to net cash provided by operating activities	
6600	Depreciation	364,827
6610	Amortization	14,063
S1200-486	Amortization of debt issuance costs	5,699
	Changes in asset and liability accounts	
	(Increase) decrease in assets	
S1200-490	Tenant accounts receivable	(25,787)
S1200-500	Accounts receivable - other	632
S1200-520	Prepaid expenses	7,970
S1200-530	Tenant security deposits funded	(2,114)
	Increase (decrease) in liabilities	
S1200-540	Accounts payable	13,328
S1200-560	Accrued liabilities	(64)
S1200-570	Accrued interest payable	24,799
S1200-580	Tenant security deposits held in trust	(5,398)
S1200-590	Prepaid revenue	(22,472)
S1200-600	Other adjustments (include detail)	
S1200-601	Miscellaneous current liabilities	\$ (4,272)
		<u>(4,272)</u>
	Total adjustments	<u>371,211</u>
S1200-610	Net cash provided by operating activities	<u>\$ 50,941</u>

See independent auditor's report

Dade Oaks, LLC
HUD Project No.: 067-35487

SUPPLEMENTAL INFORMATION - CONTINUED

Year ended December 31, 2023

RESERVE FOR REPLACEMENTS

<u>Account No.</u>		
1320P	Balance at December 31, 2022	\$ 168,962
1320DT	Total monthly deposits	34,500
1320INT	Interest income	4,198
1320WT	Approved withdrawals	<u>(9,338)</u>
1320	Balance at December 31, 2023	<u><u>\$ 198,322</u></u>

See independent auditor's report

Dade Oaks, LLC
HUD Project No.: 067-35487

SUPPLEMENTAL INFORMATION - CONTINUED

Year ended December 31, 2023

COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS AND RESIDUAL RECEIPTS

<u>Account No.</u>	<u>Part A - Compute Surplus Cash</u>	
S1300-010	Cash (Accounts 1120, 1170 and 1191)	\$ 202,812
1135	Accounts receivable - HUD	<u>43,058</u>
S1300-040	Total cash	<u>245,870</u>
S1300-050	Accrued mortgage interest payable	14,684
S1300-060	Delinquent mortgage principal payments	-
S1300-070	Delinquent deposits to reserve for replacements	-
S1300-075	Accounts payable (due within 30 days)	18,973
S1300-080	Loans and notes payable (due within 30 days)	-
S1300-090	Deficient tax, insurance or MIP escrow deposits	27,296
S1300-100	Accrued expenses (not escrowed)	16,683
2210	Prepaid revenue (Account 2210)	24,275
2191	Tenant security deposits liability (Account 2191)	9,053
S1300-110	Other current obligations (describe in detail)	
	January mortgage principal payment and deposit	
S1300-120	to escrows	<u>\$ 25,516</u>
		<u>25,516</u>
S1300-140	Less total current obligations	<u>136,480</u>
S1300-150	Surplus cash (deficiency)	<u>\$ 109,390</u>
<u>Part B - Compute Distributions to Owners and Required Deposit to Residual Receipts</u>		
<u>Limited Dividend Projects</u>		
S1300-160	Annual distribution earned during fiscal period covered by the statements	\$ -
S1300-170	Distribution accrued and unpaid as of the end of the prior fiscal period	-
S1300-180	Distributions and entity expenses paid during fiscal period covered by the statements	<u>-</u>
S1300-190	Amount remaining as distribution earned but unpaid	<u>-</u>
S1300-200	Amount available for distribution during next fiscal period	<u>\$ 109,390</u>
S1300-210	Deposit due residual receipts reserve	<u>\$ -</u>

See independent auditor's report

Dade Oaks, LLC
 HUD Project No.: 067-35487

SUPPLEMENTAL INFORMATION - CONTINUED

Year ended December 31, 2023

CHANGES IN FIXED ASSET ACCOUNTS

	Assets			Balance 12/31/23
	Balance 12/31/22	Additions	Deletions	
Land	\$ 1,771,340	\$ -	\$ -	\$ 1,771,340
Buildings	10,591,400	-	-	10,591,400
Office furniture and equipment	1,008,597	-	-	1,008,597
	\$ 13,371,337	\$ -	\$ -	\$ 13,371,337
Accumulated depreciation	\$ 3,460,767	\$ 364,827	\$ -	\$ 3,825,594
Total net book value				\$ 9,545,743

See independent auditor's report

Dade Oaks, LLC
HUD Project No.: 067-35487

SUPPLEMENTAL INFORMATION - CONTINUED

December 31, 2023

DETAIL OF ACCOUNTS - BALANCE SHEET

OTHER RESERVES (ACCOUNT NO. 1330)

Reserve account-operating	\$ 300,514
	<u>\$ 300,514</u>

MISCELLANEOUS OTHER ASSETS (ACCOUNT NO. 1590)

Utility deposits	\$ 961
Other	
Tax credit monitoring fees, net of accumulated amortization	<u>103,130</u>
	<u>\$ 104,091</u>

MISCELLANEOUS CURRENT LIABILITIES (ACCOUNT NO. 2190)

Accrued audit expense	\$ 12,100
Accrued other expenses	<u>33,700</u>
	<u>\$ 45,800</u>

ACCRUED INTEREST PAYABLE - OTHER MORTGAGES (ACCOUNT NO. 2132)

Accrued interest - HOME loan	\$ 97,916
	<u>\$ 97,916</u>

OTHER MORTGAGES PAYABLE, NET OF CURRENT MATURITIES
(ACCOUNT NO. 2322)

SHIP loan	\$ 500,000
HOME loan	1,250,000
FHFC loan	<u>3,300,000</u>
	<u>\$ 5,050,000</u>

See independent auditor's report

Dade Oaks, LLC
HUD Project No.: 067-35487

SUPPLEMENTAL INFORMATION - CONTINUED

Year ended December 31, 2023

DETAIL OF ACCOUNTS - STATEMENT OF OPERATIONS

MISCELLANEOUS ADMINISTRATIVE EXPENSES (ACCOUNT NO. 6390)

Administrative Contract Labor	\$ 29,997
	<u>\$ 29,997</u>

MISCELLANEOUS OPERATING AND MAINTENANCE EXPENSES (ACCOUNT NO. 6590)

Fire safety contract	\$ 3,189
Signage expense	128
Maintenance equipment and repairs	4,107
Flooring supplies	1,100
Exterior supplies	4,487
Interior painting supplies	6,829
Plumbing supplies	11,935
Drapes/blinds supplies	1,561
Appliance supplies	5,593
Electrical supplies	3,177
Interior supplies	1,725
Appliances	1,386
Floor cleaning/repair	1,815
Reserve - exterior	10,412
Reserve - plumbing	2,400
Janitor/maid cleaning	1,400
Reserve - appliances	5,543
Reserve - HVAC	9,686
Fire safety supplies	4,538
Cable television	438
Real page transaction fees	1,049
	<u>\$ 82,498</u>

OTHER ENTITY EXPENSES (ACCOUNT NO. 7190)

Asset management fee	\$ 6,150
Company administrative fee	6,150
Incentive management fee	143,551
	<u>\$ 155,851</u>

See independent auditor's report



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Members
Dade Oaks, LLC,

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Dade Oaks, LLC, which comprise the balance sheet as of December 31, 2023, and the related statements of operations, members' 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 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dade Oaks, LLC'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 Dade Oaks, LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of Dade Oaks, LLC's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dade Oaks, LLC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tidwell Group, LLC

Atlanta, GA
February 28, 2024



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

Report on Compliance for Each Major HUD Program

Opinion on Each Major HUD Program

We have audited Dade Oaks, LLC’s compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the audit guide) that could have a direct and material effect on each of Dade Oaks, LLC’s major U.S. Department of Housing and Urban Development (HUD) programs for the year ended December 31, 2023. Dade Oaks, LLC’s major HUD programs and the related direct and material compliance requirements are as follows:

Name of Major HUD Program	Direct and Material Compliance Requirements
Section 8 rent subsidy program	Federal financial reports; fair housing and nondiscrimination; replacement reserve; tenant application, eligibility, and recertification; units leased to extremely low income families; tenant security deposits; management functions; distributions to owners; equity skimming; unauthorized loan of project funds
Section 221 (d)(4) mortgage insurance program	Federal financial reports; fair housing and nondiscrimination; mortgage status; replacement reserve; distributions to owners; equity skimming; cash receipts; cash disbursements; wait list management; security deposits; management functions; unauthorized loan of project funds

In our opinion, Dade Oaks, LLC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major HUD programs for the year ended December 31, 2023.

Basis for Opinion on Each Major HUD Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit guide. Our responsibilities under those standards and the audit guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Dade Oaks, LLC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that our audit provides a reasonable basis for our opinion on compliance for each major HUD program. Our audit does not provide a legal determination of Dade Oaks, LLC's compliance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, rules, and provisions of contracts or grant agreements applicable to its HUD programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Dade Oaks, LLC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally GAAS, *Government Auditing Standards*, and the audit guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Dade Oaks, LLC's compliance with the requirements of each major HUD program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the audit guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Dade Oaks, LLC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Dade Oaks, LLC’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the audit guide, but not for the purpose of expressing an opinion on the effectiveness of Dade Oaks, LLC’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Tidwell Group, LLC

Atlanta, GA
February 28, 2024

Dade Oaks, LLC
HUD Project NO.: 067-35487

SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND RECOMMENDATIONS

Year ended December 31, 2023

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

Dade Oaks, LLC
HUD Project NO.: 067-35487

SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS, QUESTIONED COSTS, AND
RECOMMENDATIONS (UNAUDITED)

Year ended December 31, 2023

1. Audit report, dated February 27, 2023, for the year ended December 31, 2022, issued by Tidwell Group, LLC.

There are no open findings from prior audit report.

2. There were no reports issued by HUD OIG or other Federal agencies or contract administrators during the period covered by this audit.
3. There were no letters or reports issued by HUD management during the period covered by this audit.