Fischer I, LLC

Financial Statements

Years ended
December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Fischer I, LLC

We have audited the accompanying financial statements of Fischer I, LLC (the "Company"), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations, partners' capital, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessments 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 the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information, as listed in the table of contents, is presented for the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2019 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

February 28, 2019
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

FISCHER I, LLC

BALANCE SHEETS

December 31,

ASSETS	**2018**	**2017**
Investment in rental property, net	$ 2,472,281	$ 2,563,633
Cash and cash equivalents - unrestricted	242,144	263,448
Cash and cash equivalents - restricted	159,646	152,792
Accounts receivable, net	-	157
Prepaid expenses	3,326	8,947
Tax credit monitoring fees, net	376	509
Other assets	50	50
Total assets	$ 2,877,823	$ 2,989,536
LIABILITIES AND PARTNERS' CAPITAL		
LIABILITIES		
Accounts payable	$ 9,629	$ 3,095
Property management fee payable	1,785	595
Asset management fee payable	833	208
Developer fees payable	173,600	173,600
Accrued interest payable	1,210,472	1,083,607
Tenant security deposits	5,350	4,850
Tenant prepaid rent	292	11
Due to related parties	243,775	366,271
Other current liabilities	595	170
Notes payable	1,850,359	1,850,359
Total liabilities	3,496,690	3,482,766
PARTNERS' CAPITAL		
Managing member deficit	(171)	(158)
Investor member deficit	(618,696)	(493,072)
Total members' capital	(618,867)	(493,230)
Total liabilities and members' capital	$ 2,877,823	$ 2,989,536

The accompanying notes are an integral part of these financial statements.

FISCHER I, LLC

STATEMENTS OF OPERATIONS

Years ended December 31,

	2018	2017
REVENUES		
Rental income, net	$ 128,964	$ 127,820
Vacancies and concessions	(19,502)	(11,893)
Total tenant revenue, net	109,462	115,927
Operating subsidy	52,787	58,520
Other income	84,427	1,458
Total operating revenues	246,676	175,905
EXPENSES		
Bad debt expense	3,864	696
Insurance	36,595	32,982
Other general and administrative	23,220	14,387
Partnership fees	160	3,631
Management fee	9,465	40,990
Protective services	17,017	21,601
Repairs and maintenance	22,498	22,000
Salaries	6,401	6,278
Tenant services	6,106	8,524
Utilities	29,165	30,288
Total operating expenses	154,491	181,377
NET OPERATING INCOME (LOSS)	92,185	(5,472)
OTHER INCOME (EXPENSES)		
Interest income	527	473
Depreciation	(91,351)	(179,101)
Amortization	(133)	(133)
Interest expense	(126,865)	(121,181)
Total other income (expenses)	(217,822)	(299,942)
NET INCOME (LOSS)	$ (125,637)	$ (305,414)

The accompanying notes are an integral part of these financial statements.

FISCHER I, LLC

STATEMENTS OF PARTNERS' CAPITAL

Years ended December 31,

	Managing Member	Special Member	Investor Member	Total Partners' Capital
Partners' capital (deficit), January 1, 2017	$ (127)	$ -	$ (939,960)	$ (940,087)
Capital contributions	-	-	752,271	752,271
Net loss	(31)	-	(305,383)	(305,414)
Partners' capital (deficit), December 31, 2017	(158)	-	(493,072)	(493,230)
Net loss	(13)	-	(125,624)	(125,637)
Partners' capital (deficit), December 31, 2018	$ (171)	$ -	$ (618,696)	$ (618,867)

The accompanying notes are an integral part of these financial statements.

FISCHER I, LLC

STATEMENTS OF CASH FLOWS

Years ended December 31,

CASH FLOWS FROM OPERATING ACTIVITIES	**2018**	**2017**
Net loss	$ (125,637)	$ (305,414)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	91,351	179,101
Amortization	133	133
(Increase) decrease in assets:		
Accounts receivable, net	157	3,449
Prepaid expenses	5,621	(2,505)
Increase (decrease) in liabilities:		
Accounts payable	6,535	(6,615)
Accrued expenses	-	(2,060)
Property management fee payable	1,190	(6,605)
Asset management fee payable	625	(23,855)
Developer fee payable	-	(57,436)
Due to related parties	(122,496)	70,049
Accrued interest payable	126,865	121,182
Tenant security deposits	500	150
Tenant prepaid rent	281	11
Other current liabilities	425	170
Net cash provided by (used in) operating activities	(14,450)	(30,245)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions	-	752,271
Payments made on notes receivable	-	(579,711)
Net cash provided by financing activities	-	172,560
Net increase (decrease) in cash	(14,450)	142,315
Cash and cash equivalents at beginning of year	416,240	273,925
Cash and cash equivalents at end of year	$ 401,790	$ 416,240
RECONCILIATION TO BALANCE SHEET:		
Cash and cash equivalents - unrestricted	$ 242,144	$ 263,448
Cash and cash equivalents - restricted	159,646	152,792
	$ 401,790	$ 416,240

The accompanying notes are an integral part of these financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of operations

Fischer I, LLC (the Company), a Louisiana limited liability company, was formed in March 2004 to construct, develop and operate a 20-unit apartment project, known as Fischer I Apartments (the Apartment) in New Orleans, Louisiana. The Apartment is rented to low-income tenants and is operated in a manner necessary to qualify for federal low-income housing tax credits as provided under Section 42 of the Internal Revenue Code (Section 42).

The managing member is Lune d'Or Enterprises, LLC (the Managing Member). The limited members (the Limited Members) are MMA Special Limited Partner, Inc. (the Special Member) and MMA Fischer I, LLC (the Investor Member).

Profits, losses and tax credits are allocated in accordance with the Amended and Restated Operating Agreement, dated January 1, 2005 (the Operating Agreement). Profits and losses from operations and low-income housing tax credits in any one year is allocated 99.99 percent to the Investor Member and 0.01 percent to the Managing Member.

Each building of the Apartment has qualified for and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42) which regulates the use of the Apartment to occupant eligibility and unit gross rent, among other requirements. The total low-income housing credits generated from the State of Louisiana was $2,551,600 and is available for use by the members pro rata over a ten-year period. Each building of the Apartment must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits. The Compliance period ends December 2021.

The Company will operate until December 31, 2102 or until its earlier dissolution or termination.

Fischer I, LLC is a component unit of the Housing Authority of New Orleans (HANO) under the requirements of Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards,* Sections 2100, *Defining the Financial Reporting Entity,* and 2600, *Reporting Entity and Component Unit Presentation and Disclosure*. The Company is presented as a discretely presented component unit of HANO as there is a financial benefit/burden relationship with HANO.

2. Accounting method

The financial statements have been prepared on the accrual basis of accounting. Accordingly, income is recognized as earned and expenses as incurred, regardless of the timing of payments.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

4. Cash and cash equivalents

The Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

5. Tenant receivables and bad debts

Management individually reviews all accounts receivable periodically and assesses the portions, if any, of the balance that will not be collected. Tenant accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

6. Tax credit monitoring fees

Tax credit monitoring fees are being amortized using the straight-line method over the fifteen-year tax credit compliance period. Accumulated amortization at December 31, 2018 and 2017 is $1,674 and $1,541, respectively.

Estimated amortization expense for each of the four following years through December 31, 2021 is as follows:

Year	Amortization
2019	$ 133
2020	133
2021	110
Total	$ 376

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Investment in rental property

Property and equipment is recorded at cost. Expenditures for maintenance and repairs are charged to expenses as incurred while major renewals and betterments are capitalized. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of operations. Depreciation is provided over the estimated useful lives of the assets as follows:

	Useful Lives	Method
Buildings and improvements	40 years	Straight-line
Land and improvements	20 years	Declining balance
Furniture and Equipment	10 years	Declining balance

Investment in rental property, net, is comprised of the following as of December 31,

	2018	2017
Buildings and improvements	$ 3,654,063	$ 3,654,063
Land and improvements	66,625	66,625
Furniture and equipment	261,845	261,845
	3,982,533	3,982,533
Less accumulated depreciation	(1,510,252)	(1,418,900)
	$ 2,472,281	$ 2,563,633

8. 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 has been recognized during the years ended December 31, 2018 and 2017.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Rental income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants of the property are considered operating leases.

10. Advertising costs

The Company's policy is to expense advertising costs when incurred. For the years ended December 31, 2018 and 2017, the Company had no advertising expense charged to operations.

11. Economic concentrations

The Company operates one property located in New Orleans, Louisiana. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

12. Income taxes

The Company is not a taxpaying entity for federal or state income tax purposes since taxable income or loss passes through to, and is reportable by, the members individually. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

The Company accounts for income taxes in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 740, *Income Taxes*, which clarifies the accounting and disclosure requirements for uncertainty in tax positions. It requires a two-step approach to evaluate tax positions and determine if they should be recognized in the financial statements. The two-step approach involves recognizing any tax positions that are "more likely than not" to occur and then measuring those positions to determine if they are recognizable in the financial statements. Management regularly reviews and analyzes all tax positions and has determined no aggressive tax positions have been taken.

The Company's income tax filings are subject to audit by various taxing authorities. The Company's open audit periods are 2014 to 2018. In evaluating the Company's tax provisions and accruals, future taxable income, the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

NOTE B - RESTRICTED CASH

Restricted cash and cash equivalents consist of the following at December 31,

	2018	2017
Replacement reserve	$ 70,251	$ 64,023
ACC subsidy reserve	33,700	33,650
Operating reserve	50,345	50,269
Tenant security deposits	5,350	4,850
	$ 159,646	$ 152,792

Replacement reserve

Pursuant to the Operating Agreement, the Managing Member shall establish a reserve account for capital replacements, funded by monthly deposits of $417, increasing annually by the Consumer Price Index commencing on the completion date. As of December 31, 2018 and 2017, the replacement reserve balance was $70,251 and $64,023, respectively.

ACC subsidy reserve

Pursuant to the Operating Agreement, the Company shall establish a reserve account equal to $33,627 as set forth in the Regulatory and Operating Agreement between the Company and HANO. Funds in the ACC Subsidy Reserve may be used to pay operating expenses subject to approval and consent of the Investor Member. As of December 31, 2018 and 2017, $33,700 and $33,650 has been funded, respectively.

Operating reserve

Pursuant to the Operating Agreement, the Managing Member is required to establish an operating reserve in a separate reserve account to fund operating expenses, to the extent required, subject to any requisite approvals and to the consent of the Investor Member. As of December 31, 2018 and 2017, $50,345 and $50,269 has been funded, respectively.

NOTE C - OPERATING DEFICIT GUARANTY

Pursuant to the Operating Agreement, the Managing Member has guaranteed to fund, without limitation, all operating deficits, as defined. Amounts so furnished to fund operating expenses incurred prior to the Development Obligation Date shall be deemed Special Capital Contributions and amounts furnished on or after the Development Obligation Date shall constitute Operating Expense Loans, as defined. Any such Operating Expense Loans shall not bear interest and are repayable only as provided for in the Operating Agreement. As of December 31, 2018 and 2017, there were no guaranty amounts due or payable.

NOTE D - RELATED PARTY TRANSACTION

Operating subsidy from HANO

HANO has entered into an Amended and Restated Regulatory and Operating Agreement (the Agreement) with the Company that provides for an operating subsidy amount for annual operations. Pursuant to the Agreement, the eight units at the Apartment are to be operated as Public Housing Units and subject to all regulations therein. During 2018 and 2017, the Company received an operating subsidy from HANO in the amount of $52,787 and $58,520, respectively.

Voucher subsidy from HANO

The Company is eligible to house tenants receiving Housing Choice Voucher rental assistance subsidy through vouchers issued by HANO. During 2018 and 2017, the Company received voucher subsidy from HANO in the amount of $59,830 and $61,558, respectively and is included in rental income on the statement of operations.

Asset management fee

Pursuant to the Operating Agreement, an annual cumulative asset management fee in the amount of $2,500 per annum to the investor member is incurred. To the extent that it is not paid in full in any fiscal year, it shall accrue and be payable in the future. During 2018 and 2017, fees of $2,500 and $2,660, respectively, were charged to operations. As of December 31, 2018 and 2017, $833 and $208, respectively, remains payable.

NOTE D - RELATED PARTY TRANSACTION (continued)

Developer agreement

The Company entered into a development agreement with Crescent Affordable Housing Corporation (CAHC), an affiliate of the Managing Member. The agreement provides for a development fee and overhead in the amount of $279,026 for services in connection with the development of the Apartment and supervision of the construction. Payments of the development fee are to be made from designated proceeds or from development advances, as defined in the Operating Agreement and the Development Services Agreement, respectively. As of December 31, 2018 and 2017, $173,600 remains payable.

Operating expenses

The Company owes CAHC for property insurance and other operating expenses paid by CAHC on behalf of the Company. As of December 31, 2018 and 2017, the balance owed to CAHC was $136,164 and is included in due to related parties in the accompanying balance sheets.

Due to HANO

As of December 31, 2018 and 2017, the Company owed HANO for advances related to miscellaneous costs associated with the construction and operation of the Project. Related party payables bear no interest, are collateralized by the Project, and are payable from remaining capital contributions and available cash flows from the Project. Amounts due to HANO for December 31, 2018 and 2017 are $107,611 and $230,107, respectively, and is included in due to related parties in the accompanying balance sheets.

NOTE E - NOTES PAYABLE TO RELATED PARTY

Notes payable consists of the following at December 31,

	2018	2017
Capital funds note payable	$ 1,424,059	$ 1,424,059
Program income note payable	196,300	196,300
Supplemental loan	130,000	130,000
Affordable Housing Program loan	100,000	100,000
	$ 1,850,359	$ 1,850,359

NOTE E - NOTES PAYABLE TO RELATED PARTY (continued)

Capital funds note

During 2005, the Company entered into a Capital Funds Note with HANO to provide financing for the development of the Project. During 2007, there was an addition to the balance of this loan when HANO reimbursed JPMorgan Chase Bank for an outstanding construction loan on behalf of the Company. The loan bears interest at the long term applicable federal rate, which was 4.68% at the time the loan was funded, and is collateralized by the Project. All unpaid principal and interest is due on January 31, 2060, and payments on the loan are to be made from surplus cash. As of December 31, 2018 the balances of the HANO Capital Funds Note are included in notes and accrued interest payable - related party in the accompanying balance sheets. The note payable balance was $1,424,059 for both years. Interest incurred during the years ending December 31, 2018 and 2017 was $109,805 and $104,897, respectively. Accrued interest payable on the note for December 31, 2018 and 2017 is $1,032,009 and $922,204, respectively.

Program income note

On January 20, 2005, the Company entered into a Program Income Construction Mortgage Note with HANO in the amount of $196,300. The loan was obtained in connection with the financing of the acquisition, development, and construction of the Projects and bears interest annually at the long term applicable federal rate, which was 4.76% at the time the loan was funded. The loan is collateralized by the Project, and the entire amount of unpaid principal and interest is due and payable on January 31, 2060. Interest incurred during the years ending December 31, 2018 and 2017 is $17,060 and $16,285, respectively. Accrued interest payable on the note for December 31, 2018 and 2017 is $178,463 and $161,403, respectively.

Supplemental loan

On November 1, 2006, the Company entered into a Supplemental Loan with HANO in the amount of $130,000. The loan bears no interest and is collateralized by the Project. All unpaid principal is due on November 1, 2061, and payments on the loan are to be made from surplus cash. Current balance on the loan for December 31, 2018 and 2017 is $130,000.

NOTE E - NOTES PAYABLE TO RELATED PARTY (continued)

Affordable housing program loan

On November 16, 2005, the Company entered into an Affordable Housing Program Loan with HANO in the amount of $100,000 to assist the Company in financing the Project. The loan bears no interest, and is collateralized by the Project. The loan matures fifteen years from completion of the Project, which occurred on May 27, 2006. The Affordable Housing Program Loan is payable from remaining mortgage proceeds, capital contributions, and available cash flow from the Project. Current loan balance for December 31, 2018 and 2017 is $100,000.

NOTE F - MEMBERS' CAPITAL

Capital contributions totaling $2,079,000, including a downward adjuster of $45, are due from the Investor Member when certain milestones are achieved as disclosed in the Operating Agreement. As of December 31, 2018 and 2017, the Investor Member had funded $2,078,955. The above contributions are subject to adjustment as defined in the Operating Agreement. The Managing Member is required to make contributions of $100 and the Special Member is required to make contributions of $10.

NOTE G - MANAGEMENT AGREEEMENT

Effective October 2015, the Apartment is now managed by HANO, an affiliate of the Managing Member. As of December 31, 2018 and 2017, $6,965 and $7,140, respectively, was charged to operations and $1,785 and $595, respectively, remains payable.

NOTE H - GROUND LEASE

The Company entered into a Ground Lease Regulatory Agreement (the Ground Lease) with HANO. The Company is bound by the responsibilities and obligations of the Ground Lease. Under the Ground Lease, annual rent of $10 is due and payable for each lease year in advance on the first day of each lease year. The lease term ends at the latest to occur of (1) the expiration of the minimum period during which the Public Housing Units are required by law to be operated as public housing, (2) 40 years from the date the Apartment becomes available for occupancy, and (3) 89 years. The lease also has provisions extending the ground lease, but in no event will the lease extend beyond 95 years.

NOTE I - CONCENTRATION OF CREDIT RISK

The Company maintains its cash balances in several accounts in one 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 cash balances at December 31, 2018.

NOTE J - COMMITMENTS AND CONTINGENCIES

Legal

The Company may be party to various pending or threatened legal actions in the normal course of operations. As of the date of this report, there are no known threatened or pending legal actions against the Company.

Tax credits

The Apartment's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest.

NOTE K - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 28, 2019, the date which the financial statements were available to be issued, and noted no issues to be disclosed.

SUPPLEMENTAL INFORMATION

FISCHER I, LLC

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

December 31, 2018

Agency Head Name: Gregg Fortner
Executive Director of the Housing Authority of New Orleans

Purpose	Amount
Salary	None
Benefits-insurance	None
Benefits-retirement	None
Benefits-deferred comp	None
Car allowance	None
Vehicle provided by government	None
Per diem	None
Reimbursements	None
Travel	None
Registration fees	None
Conference travel	None
Continuing professional education fees	None
Housing	None
Unvouchered expenses	None
Special meals	None

Fischer I, LLC provides no compensation, benefits, or other payments to the Executive Director of the Housing Authority of New Orleans (HANO). HANO is the governmental unit that controls Fischer I, LLC. All compensation, benefits, and other payments to HANO’s Executive Director are included in the financial statements of HANO.

See independent auditor's report.

BERMAN HOPKINS WRIGHT & LAHAM
CPAS AND ASSOCIATES, LLP

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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 of
Fischer I, 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 Fischer I, LLC (the "Company"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements, and have issued our report thereon dated February 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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 Company'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 Company's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company'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 Company's internal control over compliance. Accordingly, this communication is not suitable for any other purpose.

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

February 28, 2019
Melbourne, Florida