

BAYOU PLACE DEVELOPMENT II, L.P.

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

BAYOU PLACE DEVELOPMENT II, L.P.

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	3-4
FINANCIAL STATEMENTS:	
BALANCE SHEETS	5-6
STATEMENTS OF OPERATIONS	7
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)	8
STATEMENTS OF CASH FLOWS	9-10
NOTES TO FINANCIAL STATEMENTS	11-17
SUPPLEMENTAL INFORMATION:	
SCHEDULES OF EXPENSES	18-19
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO THE AGENCY HEAD OR CHIEF EXECUTIVE OFFICER	20



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INDEPENDENT AUDITORS' REPORT

To the Partners
Bayou Place Development II, L.P.

Opinion

We have audited the accompanying financial statements of Bayou Place Development II, L.P., (a Louisiana Limited Partnership), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bayou Place Development II, L.P. 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. 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 Bayou Place Development II, L.P. 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 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.

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 Bayou Place Development II, L.P.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from 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, including omissions, 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 generally accepted 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 Bayou Place Development II, L.P.'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 Bayou Place Development II, L.P.'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 18 through 20 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Bond + Jousignant, LLC

Monroe, Louisiana
March 08, 2024

BAYOU PLACE DEVELOPMENT II, L.P.
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 74,259	\$ 125,228
Accounts Receivable - Tenants	10,205	3,199
Prepaid Expenses	16,075	7,699
Total Current Assets	<u>100,539</u>	<u>136,126</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Replacement Reserve Escrow	101,858	91,851
Operating Deficit Reserve	61,752	61,387
Tenants' Security Deposits	2,592	1,372
Real Estate Tax and Insurance Escrow	49,342	23,831
Total Restricted Deposits and Funded Reserves	<u>215,544</u>	<u>178,441</u>
PROPERTY AND EQUIPMENT		
Buildings	3,700,446	3,700,446
Land Improvements	458,463	458,463
Furniture and Equipment	115,465	115,465
Total	<u>4,274,374</u>	<u>4,274,374</u>
Less: Accumulated Depreciation	<u>(1,842,859)</u>	<u>(1,727,425)</u>
Net Depreciable Assets	2,431,515	2,546,949
Land	264,677	264,677
Total Property and Equipment	<u>2,696,192</u>	<u>2,811,626</u>
OTHER ASSETS		
Permanent Closing Fees	40,232	40,232
Tax Credit Fees	23,785	23,785
Less: Accumulated Depreciation	<u>(42,560)</u>	<u>(39,766)</u>
Net Amortizable Assets	<u>21,457</u>	<u>24,251</u>
Due from Related Parties	13,513	13,513
Utility Deposits	189	189
Total Other Assets	<u>35,159</u>	<u>37,953</u>
TOTAL ASSETS	<u><u>\$ 3,047,434</u></u>	<u><u>\$ 3,164,146</u></u>

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

BAYOU PLACE DEVELOPMENT II, L.P.
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

LIABILITIES AND PARTNERS' EQUITY

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 21,522	\$ -
Prepaid Rent	782	5,439
Accrued Interest Payable	1,358	1,388
Current Portion of Long-Term Debt	9,489	8,857
Total Current Liabilities	33,151	15,684
DEPOSITS		
Tenants' Security Deposits	2,591	1,391
Total Deposits	2,591	1,391
LONG-TERM LIABILITIES		
Mortgage Payable	253,289	261,810
Development Fee Payable	415,881	415,881
Asset Management Fees Payable	34,111	29,274
Partnership Management Fees Payable	119,033	109,353
Total Long-Term Liabilities	822,314	816,318
Total Liabilities	858,056	833,393
PARTNERS' EQUITY		
Partners' Equity (Deficit)	2,189,378	2,330,753
TOTAL LIABILITIES AND PARTNERS' EQUITY	\$ 3,047,434	\$ 3,164,146

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

BAYOU PLACE DEVELOPMENT II, L.P.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUE		
Tenant Rents	\$ 189,840	\$ 185,505
Less Vacancies, Concessions, Etc.	(6,743)	(11,303)
Late Fees, Deposit Forfeitures, Etc.	610	787
Total Revenue	<u>183,707</u>	<u>174,989</u>
EXPENSES		
Maintenance and Repairs	74,467	139,780
Utilities	2,669	3,624
Administrative	27,523	31,122
Management Fees	11,135	10,613
Taxes	2,712	3,483
Insurance	56,721	29,979
Interest	20,082	20,730
Depreciation and Amortization	118,229	118,361
Total Expenses	<u>313,538</u>	<u>357,692</u>
Income (Loss) from Rental Operations	<u>(129,831)</u>	<u>(182,703)</u>
OTHER INCOME AND (EXPENSES)		
Interest Income	2,032	781
Entity Expense - Partnership & Asset Management Fees	(13,576)	(13,180)
Total Other Income (Expense)	<u>(11,544)</u>	<u>(12,399)</u>
Net Income (Loss)	<u>\$ (141,375)</u>	<u>\$ (195,102)</u>

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

BAYOU PLACE DEVELOPMENT II, L.P.
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>Total</u>	<u>GENERAL PARTNER H.A.N.I. Non-Profit Housing, Inc.</u>	<u>LIMITED PARTNER NEF Assignment Corporation</u>
Partners' Equity (Deficit), January 1, 2022	\$ 2,525,855	\$ 4,711	\$ 2,521,144
Net Income (Loss)	<u>(195,102)</u>	<u>(20)</u>	<u>(195,082)</u>
Partners' Equity (Deficit), December 31, 2022	\$ 2,330,753	\$ 4,691	\$ 2,326,062
Net Income (Loss)	<u>(141,375)</u>	<u>(14)</u>	<u>(141,361)</u>
Partners' Equity (Deficit), December 31, 2023	<u>\$ 2,189,378</u>	<u>\$ 4,677</u>	<u>\$ 2,184,701</u>
Profit and Loss Percentages	<u>100.00%</u>	<u>0.01%</u>	<u>99.99%</u>

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

BAYOU PLACE DEVELOPMENT II, L.P.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ (141,375)	\$ (195,102)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	118,229	118,361
(Increase) Decrease in:		
Accounts Receivable - Tenants	(7,006)	(715)
Prepaid Expense	(8,376)	(1,285)
Increase (Decrease) in:		
Accounts Payable	21,522	-
Prepaid Rent	(4,657)	3,052
Accrued Interest Payable	(30)	-
Tenants' Security Deposits	1,199	-
Net Cash Provided (Used) by Operating Activities	<u>(20,494)</u>	<u>(75,689)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on Mortgage Payable	(8,857)	(8,269)
Interest on Loan Fees	968	996
Increase (Decrease) in Asset Management Fee Payable	4,837	3,781
Increase (Decrease) in Partnership Management Fee Payable	9,680	9,399
Net Cash Provided (Used) by Financing Activities	<u>6,628</u>	<u>5,907</u>
Net Increase (Decrease) in Cash and Restricted Cash	(13,866)	(69,782)
Cash and Restricted Cash, Beginning of Year	<u>303,669</u>	<u>373,451</u>
Cash and Restricted Cash, End of Year	<u>\$ 289,803</u>	<u>\$ 303,669</u>
Reconciliation of cash and restricted cash reported within the balance sheets that sum to the total of the same such amounts in the statements of cash flows.		
Cash and Cash Equivalents	\$ 74,259	\$ 125,228
Replacement Reserve Escrow	101,858	91,851
Operating Deficit Reserve	61,752	61,387
Tenants' Security Deposits	2,592	1,372
Real Estate Tax and Insurance Escrow	<u>49,342</u>	<u>23,831</u>
Total Cash and Restricted Cash	<u>\$ 289,803</u>	<u>\$ 303,669</u>

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

BAYOU PLACE DEVELOPMENT II, L.P.
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for:		
Interest	<u>\$ 19,144</u>	<u>\$ 19,734</u>

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

BAYOU PLACE DEVELOPMENT II, L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE A – ORGANIZATION

Bayou Place Development II, L.P. (the Partnership) was organized in 2007 as a limited partnership chartered under the laws of the State of Louisiana to develop, construct, own, maintain and operate a twenty-five-unit housing complex intended for rental to persons of low and moderate income. The complex is located in New Iberia, Louisiana and is collectively known as Bayou Place II (the Complex). The Complex has qualified and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42) which regulates the use of the Complex as to occupant eligibility and unit gross rent, among other requirements. The major activities of the Partnership are governed by the Amended and Restated Articles of Partnership in Commendam, including amendments (Partnership Agreement) and are subject to the administrative directives, rules, and regulations of federal and state regulatory agencies, including but not limited to, the state housing finance agency. Such administrative directives, rules, and regulations are subject to change by federal and state agencies.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statement follows.

Basis of Accounting

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

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents represent unrestricted cash and all highly liquid and unrestricted debt instruments purchased with a maturity of three months or less.

Cash and Other Deposits

The Partnership has various checking, escrow and other deposits at various financial institutions. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2023, the Partnership had no uninsured deposits.

Tenant Receivable and Bad Debt Policy

Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or moved out are charged with damages or cleaning fees if applicable. Tenant receivable consists of amounts due for rental income, security deposit, or the charges for damages and cleaning fees. The Partnership does not accrue interest on the tenant receivable balances.

BAYOU PLACE DEVELOPMENT II, L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Partnership provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Partnership's estimate is based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that the Partnership's estimate of the allowance for doubtful accounts will change. At December 31, 2023 and 2022, accounts receivable is presented net of an allowance for doubtful accounts of \$0 and \$0, respectively.

Capitalization and Depreciation

Land, buildings and improvements are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. 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. Estimated useful lives used for depreciation purposes are as follows:

Buildings	40 years
Land Improvements	20 years
Furniture and Equipment	10 years

Amortization

Permanent closing fees resulting from legal costs incurred during closing to permanent financing are amortized over the term of the loan using the straight-line method.

Organization costs are expensed as incurred.

Tax credit monitoring fees are amortized over the fifteen-year Low-Income Tax Credit Compliance period, using the straight-line method.

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the interest method.

Rental Income

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

Income Taxes

The Partnership 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 Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities.

BAYOU PLACE DEVELOPMENT II, L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure.

Impairment of Long-Lived Assets

The Partnership 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 their carrying amounts, 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, 2023 and 2022.

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 partnership through March 08, 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.

NOTE C – RESTRICTED DEPOSITS AND FUNDED RESERVES

Operating Reserve

The General Partner shall establish the Operating Reserve Account and fund it with the Operating Reserve Target Amount of \$53,847 out of loan and/or equity proceeds at the time of payment of the Fourth Installment. The Operating Reserve will be held in the Operating Reserve Account, under the control of the General Partner (or a Project lender, if required), and the Partnership will maintain this account from the date of the Fourth Installment until the end of the Compliance Period. Withdrawals from the Operating Reserve Account will require the written approval of the Asset Manager. So long as funds remain in the Operating Reserve, such funds will be used to fund Project operating and debt service deficits. Any excess funds remaining in the Operating Reserve at the end of the Compliance Period shall be released from the Operating Reserve and used by the Partnership to first pay the Limited Partner's exit taxes due upon sale or dissolution. Funding amounted to \$365 in 2023 and \$165 in 2022. Withdrawals amounted to \$0 in 2023 and \$0 in 2022. At December 31, 2023 and 2022, the balance of this account was \$61,752 and \$61,387, respectively.

Replacement Reserve

The General Partner shall establish the Replacement Reserve at the time of payment of the Third Installment. The Replacement Reserve will be held in the Replacement Reserve Account, under the control of the General Partner (unless the Account is under the control of one of the Project Lenders), and the Partnership will maintain this account from the date of payment of the Third Installment until the end of

BAYOU PLACE DEVELOPMENT II, L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE C – RESTRICTED DEPOSITS AND FUNDED RESERVES (CONTINUED)

the Compliance Period. Withdrawals from the Replacement Reserve Account in excess of \$3,000 in the aggregate in any given month (unless such withdrawal was provided for in the approved Project budget) will require the written approval of the Asset Manager. The General Partner will also be required to fund the Replacement Reserve Account on a cumulative basis, in the amount of \$300 per unit per year (to be increased annually by 3%) from Project cash flow. Any excess funds remaining in the Replacement Reserve at the end of the Compliance Period shall be released from the Replacement Reserve and applied by the Partnership in the case of a sale or dissolution of the Partnership. Funding amounted to \$10,007 in 2023 and \$9,085 in 2022. Withdrawals amounted to \$0 in 2023 and \$20,092 in 2022. At December 31, 2023 and 2022, the balance of this account was \$101,858 and \$91,851, respectively.

Real Estate Tax and Insurance Escrow

Transfers of sufficient sums are to be made to this account for payment of insurance and real estate taxes. Funding amounted to \$89,987 in 2023 and \$33,443 in 2022. Withdrawals amounted to \$64,476 in 2023 and \$30,880 in 2022. At December 31, 2023 and 2022, the balance of this account was \$49,342 and \$23,831, respectively.

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account in the name of the Partnership. At December 31, 2023, this account was funded in an amount equal to the security deposit liability.

NOTE D – PARTNERS' CAPITAL

The Partnership has one General Partner – H.A.N.I. Non-Profit Housing, Inc. and one Limited Partner – NEF Assignment Corporation. The Partnership records capital contributions as received.

NOTE E – LONG-TERM DEBT

Mortgage Payable

Permanent financing was obtained from Pacific Life Insurance in January 2010 in the principal amount of \$353,943. The loan has an eighteen-year term with a thirty-year amortization period and a maturity date of February 1, 2028. The loan bears an annual interest rate of 6.91% with monthly interest and principal payments of \$2,333. The non-recourse note is collateralized by a first mortgage on the Partnership's land and buildings. At December 31, 2023, the loan had an outstanding balance of \$272,202 and accrued interest of \$1,358.

Debt issuance costs, net of accumulated amortization, of \$9,424 and \$10,392 as of December 31, 2023 and 2022, respectively, are amortized using an imputed interest rate of 4.13%.

BAYOU PLACE DEVELOPMENT II, L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE E – LONG-TERM DEBT (CONTINUED)

Maturities of long-term debt for the next five years and thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 9,489
2025	10,166
2026	10,891
2027	11,668
2028	229,988
Thereafter	\$ -

NOTE F -- TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Due from Bayou Place Development I, L.P.

During the process of closing to permanent loan financing in January 2010, Bayou Place Development I, L.P. received \$13,513 of the Partnership’s funds. At December 31, 2023 and 2022 the Partnership was owed \$13,513 and \$13,513, respectively, from Bayou Place Development I, L.P. This amount is included in the financial statements under the caption “Due from Related Parties”.

Developer Fee

The Partnership has entered into a development services agreement in the amount of \$600,000 with Housing Authority of the City of New Iberia, Louisiana, an affiliate of the General Partner, to render services for overseeing the construction and development of the complex. The developer fee is capitalized in the basis of the building. During the years ended December 31, 2023 and 2022, no developer fees were paid and the balance of developer fee payable was \$415,881.

Asset Management Fee

The Partnership shall pay to the Asset Manager an annual asset management fee in the amount of \$2,500, to be increased annually by three percent (3%) and priority specified in Section 5.1(a), for property management oversight, tax credit compliance monitoring and related services. During the years ended December 31, 2023 and 2022, \$0 and \$0 of asset management fees were paid, respectively, and the balance of asset management fees payable was \$34,111 and \$29,274, respectively.

Partnership Management Fee

The Partnership shall pay to the General Partner an annual partnership management fee in the amount of \$6,400, to be increased annually by three percent (3%) and priority specified in Section 5.1(a), for managing the Partnership’s operations and assets and coordinating the preparation of required filings and financial reports. During the years ended December 31, 2023 and 2022, no partnership management fees were paid and the balance of partnership management fees payable was \$119,033 and \$109,353, respectively.

BAYOU PLACE DEVELOPMENT II, L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE G – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Bayou Place II. The Partnership's operations are concentrated in the affordable housing real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, the State Housing Agency. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the State Housing Agency. 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.

NOTE H – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

All profits and losses, other than from capital transactions detailed in the Amended and Restated Partnership Agreement, are allocated .01% to the General Partner and 99.99% to the Limited Partner.

Distribution of distributable cash from operations for each fiscal year will be made as follows:

- (i) To the Limited Partner to the extent of any amount which the Limited Partner is entitled to receive to satisfy any Credit Reduction Payment required pursuant to Section 6.9;
- (ii) Payment of any accrued and payable Asset Management Fees to the Asset Manager;
- (iii) To the Sponsor to pay any unpaid balance of the Deferred Development Fee;
- (iv) To the Operating Reserve Account until such time as such account is equal to the Operating Reserve Target Amount;
- (v) To pay any accrued and unpaid interest and unpaid principal on loans made by the General Partner;
- (vi) \$6,400 (increasing annually by three percent) to the General Partner to pay the Partnership Management Fee, on a cumulative basis;
- (vii) The remaining Cash Flow, if any, shall be distributed 0.01% to the General Partner and 99.99% to the Limited Partner.

NOTE I – CONTINGENCY

The apartment complex's low-income housing tax credits are contingent on the ability of the Partnership to maintain compliance with applicable sections of Section 42 of the Internal Revenue Code. 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.

BAYOU PLACE DEVELOPMENT II, L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE J – TAXABLE INCOME (LOSS)

A reconciliation of financial statement net income (loss) to taxable income (loss) of the Partnership for the years ended December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Financial Statement Net Income (Loss)	\$ (141,375)	\$ (195,102)
Adjustments:		
Excess of depreciation and amortization for financial reporting purposes over income tax purposes	47,674	41,236
Taxable Income (Loss) as Shown on Tax Return	\$ (93,701)	\$ (153,866)

NOTE K – MANAGEMENT AGENT

The Partnership has entered into an agreement with Tower Management, LLC to provide services in connection with rent-up, leasing and operation of the project. Management fees are charged in an amount equal to the greater of \$800 or 6% of gross rents received per month. Management fees incurred for the years ended December 31, 2023 and 2022 were \$11,135 and \$10,613, respectively.

NOTE L – EXEMPTION FROM REAL ESTATE TAXES

Per the requirements set forth in the Louisiana Constitution, Article 7, Section 21, the Partnership is exempt from real estate tax. The Iberia Parish Tax Assessor has concurred with this exemption and therefore no real estate taxes have been assessed.

NOTE M – ADVERTISING

The Partnership incurred advertising costs of \$414 and \$1,059 during 2023 and 2022, respectively. These costs are expensed as incurred.

SUPPLEMENTAL INFORMATION

BAYOU PLACE DEVELOPMENT II, L.P.
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
MAINTENANCE AND REPAIRS		
Maintenance Salaries	14,035	16,965
Maintenance Supplies	3,890	7,391
General Maintenance and Repairs	45,407	106,120
Grounds Maintenance	11,081	8,074
Pest Control	54	1,230
Total Maintenance and Repairs	<u>\$ 74,467</u>	<u>\$ 139,780</u>
UTILITIES		
Electricity	2,116	3,313
Water and Sewer	373	311
Garbage Trash Removal	180	-
Total Utilities	<u>\$ 2,669</u>	<u>\$ 3,624</u>
ADMINISTRATIVE		
Advertising	414	1,059
Office Supplies	1,949	2,609
Bad Debt Expense	956	1,916
Accounting and Auditing	7,500	6,750
Legal	-	30
Administrative Salaries	13,341	15,582
Miscellaneous	1,922	1,388
Telephone	1,441	1,788
Total Administrative	<u>\$ 27,523</u>	<u>\$ 31,122</u>
MANAGEMENT FEES		
Management Fee	11,135	10,613
Total Management Fees	<u>\$ 11,135</u>	<u>\$ 10,613</u>

BAYOU PLACE DEVELOPMENT II, L.P.
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
TAXES		
Payroll Taxes & Workers Comp	2,712	3,483
Total Taxes	<u>\$ 2,712</u>	<u>\$ 3,483</u>
INSURANCE		
Property Insurance	56,100	29,595
Workers Comp	621	384
Total Insurance	<u>\$ 56,721</u>	<u>\$ 29,979</u>
INTEREST		
Interest	19,114	19,734
Interest - Loan Fees	968	996
Total Interest	<u>\$ 20,082</u>	<u>\$ 20,730</u>
DEPRECIATION AND AMORTIZATION		
Depreciation	115,434	115,434
Amortization	2,795	2,927
Total Depreciation and Amortization	<u>\$ 118,229</u>	<u>\$ 118,361</u>

BAYOU PLACE DEVELOPMENT II, L.P.
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2023

Agency Head Name: Janice Wade, Executive Director of the Housing Authority of the
City of New Iberia for the year ended December 31, 2023.

<u>Purpose</u>	<u>Amount</u>
Salary	\$0
Benefits	\$0
Auto/Mileage	\$0
Travel	\$0
Meals	\$0
Continuing Education, Per Diem, Etc.	\$0
Unvouchered Expenses	\$0