

**EAGLE POINTE DEVELOPMENT IV, L.P.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

EAGLE POINTE DEVELOPMENT IV, L.P.

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INDEPENDENT AUDITORS' REPORT

To the Partners  
Eagle Pointe Development IV, L.P.

**Opinion**

We have audited the accompanying financial statements of Eagle Pointe Development IV, 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 Eagle Pointe Development IV, 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 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 Eagle Pointe Development IV, 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 Eagle Pointe Development IV, 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. 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 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 Eagle Pointe Development IV, 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 Eagle Pointe Development IV, 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 20 through 24 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024, on our consideration of Eagle Pointe Development IV, L.P.'s internal control over financial reporting and 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 solely 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 Eagle Pointe Development IV, L.P.'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 Eagle Pointe Development IV, L.P.'s internal control over financial reporting and compliance.



Monroe, Louisiana  
March 21, 2024

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 42,784	\$ 16,208
Accounts Receivable - Tenants	112	90
Prepaid Expenses	22,001	21,210
Total Current Assets	<u>64,897</u>	<u>37,508</u>
<b>RESTRICTED DEPOSITS AND FUNDED RESERVES</b>		
Replacement Reserve Escrow	85,915	88,392
Operating Deficit Reserve	98,474	97,666
Tenants' Security Deposits	18,319	17,604
Real Estate Tax and Insurance Escrow	8,471	19,957
Total Restricted Deposits and Funded Reserves	<u>211,179</u>	<u>223,619</u>
<b>PROPERTY AND EQUIPMENT</b>		
Buildings	4,464,011	4,464,011
Land Improvements	376,118	372,681
Furniture and Equipment	278,575	278,574
Total	<u>5,118,704</u>	<u>5,115,266</u>
Less: Accumulated Depreciation	<u>(1,881,585)</u>	<u>(1,750,027)</u>
Net Depreciable Assets	<u>3,237,119</u>	<u>3,365,239</u>
Total Property and Equipment	<u>3,237,119</u>	<u>3,365,239</u>
<b>OTHER ASSETS</b>		
Tax Credit Fees	55,650	55,650
Less: Accumulated Amortization	<u>(46,375)</u>	<u>(42,665)</u>
Net Amortizable Assets	<u>9,275</u>	<u>12,985</u>
Total Other Assets	<u>9,275</u>	<u>12,985</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,522,470</u>	<u>\$ 3,639,351</u>

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

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022

LIABILITIES AND PARTNERS' EQUITY

	<u>2023</u>	<u>2022</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 189,527	\$ 115,587
Prepaid Rent	87	100
Accrued Interest Payable	5,769	5,895
Accrued Interest Payable - HABC (AHP Loan)	114,495	103,245
Management Fees Payable	85,110	49,495
Current Portion - Mortgage Payable	28,593	26,764
Current Portion - 1602 Loan	228,271	228,271
Total Current Liabilities	651,852	529,357
<b>DEPOSITS</b>		
Tenants' Security Deposits	9,751	10,151
Total Deposits	9,751	10,151
<b>LONG-TERM LIABILITIES</b>		
Mortgage Payable	1,080,733	1,104,541
Notes Payable - HABC (AHP Loan)	250,000	250,000
Notes Payable - 1602 Loan	456,543	684,815
Development Fees Payable	55,869	55,869
1602 Asset Management Fee Payable	6,450	11,120
Asset Management Fee Payable	2,500	2,500
Partnership Management Fee Payable	72,000	66,000
Total Long-Term Liabilities	1,924,095	2,174,845
Total Liabilities	2,585,698	2,714,353
<b>PARTNERS' EQUITY</b>		
Partners' Equity (Deficit)	936,772	924,998
<b>TOTAL LIABILITIES AND PARTNERS' EQUITY</b>	<b>\$ 3,522,470</b>	<b>\$ 3,639,351</b>

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

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>REVENUE</b>		
Tenant Rents	\$ 374,411	\$ 339,860
Less Vacancies, Concessions, Etc.	(19,615)	(6,757)
Late Fees, Deposit Forfeitures, Etc.	1,023	1,389
Total Revenue	<u>355,819</u>	<u>334,492</u>
<b>EXPENSES</b>		
Maintenance and Repairs	102,377	67,528
Utilities	62,314	56,602
Administrative	64,636	59,307
Management Fees	35,615	33,318
Taxes	30,718	20,413
Insurance	31,404	22,273
Interest	96,702	98,509
Depreciation and Amortization	135,268	134,997
Total Expenses	<u>559,034</u>	<u>492,947</u>
Income (Loss) from Rental Operations	<u>(203,215)</u>	<u>(158,455)</u>
<b>OTHER INCOME AND (EXPENSES)</b>		
1602 Loan Reduction	228,271	228,271
Interest Income	1,668	300
Asset Management Fee - 1602 Funds	(6,450)	(6,505)
Asset Management Fee - Limited Partner	(2,500)	(2,500)
Partnership Management Fee	(6,000)	(6,000)
Total Other Income (Expense)	<u>214,989</u>	<u>213,566</u>
Net Income (Loss)	<u>\$ 11,774</u>	<u>\$ 55,111</u>

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



EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>Total</u>	<u>GENERAL PARTNER Bossier Affordable Housing, LLC</u>	<u>LIMITED PARTNER DFD VEP IV, LLC</u>
Partners' Equity (Deficit), January 1, 2022	\$ 869,887	\$ 62	\$ 869,825
Net Income (Loss)	<u>55,111</u>	<u>6</u>	<u>55,105</u>
Partners' Equity (Deficit), December 31, 2022	\$ 924,998	\$ 68	\$ 924,930
Net Income (Loss)	<u>11,774</u>	<u>1</u>	<u>11,773</u>
Partners' Equity (Deficit), December 31, 2023	<u><u>\$ 936,772</u></u>	<u><u>\$ 69</u></u>	<u><u>\$ 936,703</u></u>
Profit and Loss Percentages	<u><u>100.00%</u></u>	<u><u>0.01%</u></u>	<u><u>99.990%</u></u>

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

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income (Loss)	\$ 11,774	\$ 55,111
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	135,268	134,997
(Increase) Decrease in:		
Accounts Receivable - Tenants	(22)	(90)
Prepaid Expense	(791)	(5,976)
Increase (Decrease) in:		
Accounts Payable	73,940	71,712
Prepaid Rent	(13)	(1,983)
Accrued Interest Payable	(126)	(121)
Management Fees	35,615	33,318
Interest Payable (AHP Grant)	11,250	11,290
Tenants' Security Deposits	(401)	254
Net Cash Provided (Used) by Operating Activities	<u>266,494</u>	<u>298,512</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	<u>(3,437)</u>	<u>(19,007)</u>
Net Cash Provided (Used) by Investing Activities	<u>(3,437)</u>	<u>(19,007)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on Mortgage Payable	(25,674)	(23,874)
Payments on 1602 Loan	(228,272)	(228,271)
Interest on Loan Fees	3,695	3,695
Increase (Decrease) in Partnership Mgmt Fee Payable	6,000	6,000
Increase (Decrease) in Asset Mgmt Fee Payable - LP	-	1,875
Increase (Decrease) in Asset Mgmt Fee Payable - 1602	(4,670)	454
Net Cash Provided (Used) by Financing Activities	<u>(248,921)</u>	<u>(240,121)</u>
Net Increase (Decrease) in Cash and Restricted Cash	14,136	39,384
Cash and Restricted Cash, Beginning of Year	<u>239,827</u>	<u>200,443</u>
Cash and Restricted Cash, End of Year	<u>\$ 253,963</u>	<u>\$ 239,827</u>

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

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</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	\$ 42,784	\$ 16,208
Replacement Reserve Escrow	85,915	88,392
Tenants' Security Deposits	18,319	17,604
Operating Deficit Reserve	98,474	97,666
Real Estate Tax and Insurance Escrow	<u>8,471</u>	<u>19,957</u>
 Total Cash and Restricted Cash	 <u>\$ 253,963</u>	 <u>\$ 239,827</u>

Supplemental Disclosures of Cash Flow Information:

Cash Paid During the Year for:		
Interest	<u>\$ 81,883</u>	<u>\$ 83,645</u>

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

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION

Eagle Pointe Development IV Limited Partnership (the Partnership) is a limited partnership organized under the laws of the State of Louisiana. The Partnership was organized in 2007 to develop, construct, own, maintain and operate a forty-eight-unit apartment complex intended for rental to persons of low and moderate income. The apartment complex, The Villages at Eagle Pointe IV, is located in Bossier City, Louisiana. The major activities of the Partnership are governed by the Second Amended and Restated Partnership Agreement (Partnership Agreement) and are subject to the administrative directives, rules, and regulations of federal and state regulatory agencies, including but not limited to, the Louisiana Housing Corporation. 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 statements 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 per institution. 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. 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

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accounts will change. At December 31, 2023 and 2022, accounts receivable is presented net of an allowance for doubtful accounts of \$0 and \$941, 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.

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. 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.

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.

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 21, 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 Deficit Reserve

The General Partner shall establish and at all times maintain an operating deficit reserve in the amount of \$96,000, which shall be funded from the closing of the permanent financing or from the capital contribution of the Limited Partner made pursuant to the Partnership Agreement. The operating deficit reserve shall be jointly held in the name of the Partnership and the Limited Partner. Any withdrawal from the account requires the consent of the Limited Partner. During permanent loan closing in December 2013, the Operating Deficit Reserve was funded in the amount of \$96,000. Funding amounted to \$808 in 2023 and \$153 in 2022. Withdrawals amounted to \$0 in 2023 and \$0 in 2022. At December 31, 2023 and 2022, the balance in this account was \$98,474 and \$97,666, respectively.

Replacement Reserve Escrow

The Partnership shall set aside, in a separate Partnership bank account, a repair and replacement reserve (the "Replacement Reserve Account"), to be funded on a monthly basis at an annual rate equal to \$300 per residential unit as required by the permanent lender. Withdrawals from the Replacement Reserve Account are available only for specified purpose, with prior written consent of the permanent lender. After the fifth anniversary of the closing of the permanent loan, the permanent lender shall have the right to require a physical needs assessment of the property pursuant to which the funding requirements may be increased. Funding amounted to \$15,097 in 2023 and \$13,336 in 2022. Withdrawals amounted to \$17,574 in 2023 and \$7,002 in 2022. At December 31, 2023 and 2022, the balance in this account was \$85,915 and \$88,392, respectively.

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

NOTE C - RESTRICTED DEPOSITS AND FUNDED RESERVES (CONTINUED)

In accordance with the provisions of the regulatory agreement, restricted cash is to be used for the replacement of property with the approval of the lender as follows:

Balance, December 31, 2022	\$	88,392
Deposits:		
Monthly Deposits: \$1,200 x 12		14,400
Interest Earned		697
Withdrawals:		<u>(17,574)</u>
Balance, December 31, 2023	\$	<u>85,915</u>

1602 Replacement Reserve Account

As a condition of the 1602 Loan, the Partnership entered into a Replacement Reserve Agreement. The Replacement Reserve Agreement requires the Partnership to establish a 1602 Replacement Reserve Escrow account with no initial deposit and monthly deposits of one thousand two hundred (\$1,200) to be used to defray the costs of capital replacements. Deposits and disbursements of funds from the reserve replacement fund are governed by the Replacement Reserve Agreement. Upon the execution and delivery of the 1602 Investment Documents, the parties shall establish the replacement reserve fund and, if required by Louisiana Housing Corporation (LHC), the project shall pay the initial deposit to the LHC for funding the replacement reserve account upon conversion. The LHC has agreed to allow the replacement reserve account held for the permanent mortgage to serve as the 1602 Replacement Reserve Account. During 2013, \$36,473 was deposited into the existing replacement reserve escrow that is required by the permanent lender and the \$1,200 monthly deposits are waived as long as monthly deposits, as required by the permanent lender, are being deposited.

Tenant Security Deposits

Tenants' security deposits are held in a separate bank account in the name of the project. At December 31, 2023, this account was adequately funded.

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 \$20,480 in 2023 and \$18,633 in 2022. Withdrawals amounted to \$31,966 in 2023 and \$1,325 in 2022. At December 31, 2023 and 2022, the balance in this account was \$8,471 and \$19,957, respectively.

NOTE D - LONG-TERM DEBT

Mortgage Payable

In December 2013, permanent financing was provided by Ouachita Independent Bank and is a fifteen year mortgage with a thirty year amortization period in the original amount of \$1,345,000. The loan bears interest at 6.918% with monthly principal and interest installments of \$8,963, with one irregular last payment of \$999,338 in the year 2028. The non-recourse note is collateralized by the first mortgage

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

NOTE D - LONG-TERM DEBT (CONTINUED)

on the Partnership’s land and buildings. For the years ended December 31, 2023 and 2022, the partnership maintained a debt service coverage ratio of 42% and 76%, respectively. During 2023, the Partnership paid \$25,600 in principal and \$81,958 in interest. At December 31, 2023, the loan had an outstanding balance of \$1,154,394 and accrued interest was \$5,769.

Debt issuance costs, net of accumulated amortization, of \$45,067 and \$48,689 as of December 31, 2023 and 2022, respectively, are amortized using an imputed interest rate of 3.69%.

Note Payable – 1602 Loan

The Partnership obtained an interest-free U.S. Treasury 1602 Exchange Program Loan (the “1602 Loan”) for an amount not to exceed \$3,424,072 issued through the Louisiana Housing Corporation for the rehabilitation of the project. At the end of each year during the Compliance Period and so long as no Recapture Event has occurred, the principal amount of this 1602 Loan shall be reduced by 1/15<sup>th</sup> of the unpaid principal balance as of the first day of the Compliance Period. During the year ended December 31, 2023, the principal was reduced by \$228,271 and included as other income in the financial statements. At December 31, 2023, the balance of this loan was \$684,814.

Note Payable – HABC (AHP Loan)

The Partnership has a note with the Housing Authority of the City of Bossier City in the principal amount of \$250,000 bearing interest at a rate equal to 4.5% per annum. Interest on the AHP loan shall begin accruing on the date of the first disbursement of funds and compounded semi-annually on the last day of June and December each year. Interest and principal shall be deferred and shall be due and payable as the income and cash flow permits, as set forth in the Second Amended and Restated Limited Partnership Agreement. Prepayment amounts shall be applied first to payment of interest on the unpaid principal balance through the date of prepayment and then to payment of installments of principal in inverse order of maturity. The entire balance of principal and all accrued and unpaid interest shall be due and payable on April 13, 2027. During 2023, the Partnership paid \$0 in principal and \$0 in interest. At December 31, 2023, the balance of this loan was \$250,000 and accrued interest was \$114,495.

Principal payments due over the next five years and thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 256,864
2025	258,906
2026	261,094
2027	285,166
2028	1,027,178
Thereafter	\$ -

NOTE E - PARTNERS’ CAPITAL

The Partnership has one General Partner – Bossier Affordable Housing, LLC and one Limited Partner – DFD VEP IV, LLC. The Partnership records capital contributions as received.



EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

NOTE F - 1602 ASSET MANAGEMENT FEE

For services performed under the Asset Management Agreement, the Partnership agrees to pay Foley & Judell, LLP (the "Asset Management Agent") \$27,500 at closing (the "Initial Asset Management Fee") and an annual asset management fee (the "Annual Fee") commencing with the execution of the 1602 Asset Management Agreement in the amount of five thousand dollars (\$5,000). The annual fee shall be due and payable to the asset manager commencing at the end of the first year of the project's compliance period and shall be adjusted each year by the consumer price index ("CPI"). During the years ended December 31, 2023 and 2022, \$0 and \$6,050, respectively, of 1602 Asset Management Fees were paid. At December 31, 2023 and 2022, the balance of the 1602 Asset Management Fee Payable was \$6,450 and \$11,120, respectively.

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Management Agent Fee

The Partnership entered into an agreement with the Housing Authority of the City of Bossier City to provide services in connection with rent-up, leasing and operation of the project. The Management Agent shall be paid a management fee, which consists of (1) a base management fee in the amount not to exceed six (6%) percent of operating revenues, which shall accrue if unpaid (the "Base Management Fee") and (2) a subordinate management fee in an amount not to exceed four (4%) percent of operating revenues, which shall accrue if not paid (the "Subordinate Management Fee"). The Partnership incurred base management fees of \$21,369 in 2023 and \$19,991 in 2022 and subordinate management fees of \$14,246 in 2023 and \$13,327 in 2022, for services rendered in connection with the leasing, management, and operations of the apartment complex.

Developer Fee Payable

The Partnership entered into a development services agreement in the amount of \$724,015 with the Housing Authority of the City of Bossier City, an affiliate of the General Partner, to render services for overseeing the construction and development of the complex. The development fee has been capitalized in the basis of the building. Developer fees of \$0 and \$0 were paid during 2023 and 2022, respectively. As of December 31, 2023 and 2022, the balance of the developer fee payable was \$55,869 and \$55,869, respectively.

Asset Management Fee

The Partnership shall pay the Limited Partner an Asset Management Fee of \$2,500 per annum for its anticipated costs of oversight, management, and administration of its investments in the Project. The Asset Management Fee shall be payable only to the extent sufficient cash flow is available pursuant to the Partnership Agreement, and any portion of the Asset Management Fee which cannot be paid shall accrue without interest until there is sufficient cash flow or sale or refinancing transaction proceeds to pay the outstanding accrued amount. During the years ended December 31, 2023 and 2022, Asset Management Fees of \$2,500 and \$625, respectively were paid. At December 31, 2023 and 2022, the balance of the Asset Management Fee Payable was \$2,500 and \$2,500, respectively.

Partnership Management Fee

The Partnership shall pay the Housing Authority of the City of Bossier City and an affiliate of the General Partner a monthly Partnership Management Fee of \$500 for its anticipated costs of oversight,

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES (CONTINUED)

management, and administration of its investments in the Project. The Partnership Management Fee shall be payable only to the extent sufficient cash flow is available pursuant to the Partnership Agreement, and any portion of the Asset Management Fee which cannot be paid shall accrue without interest until there is sufficient cash flow or sale or refinancing transaction proceeds to pay the outstanding accrued amount. During the years ended December 31, 2023 and 2022, Partnership Management Fees of \$0 and \$0, respectively, were paid. At December 31, 2023 and 2022, the balance of the Partnership Management Fee Payable was \$72,000 and \$66,000, respectively.

NOTE H - PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

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

Distributions of distributable cash flow for each fiscal year will be made as follows:

- A) An amount equal to 39.6% of any taxable income allocated to the Limited Partner;
- B) To the Limited Partner, for payment of any Basis Adjustment Amount or any other payment pursuant to the Partnership Agreement not previously paid;
- C) To the payment of any accrued but unpaid Base Management Fee;
- D) To the payment of any amount equal to Limited Partner's Asset Management Fee (including any amount accrued or unpaid) until such Asset Management Fee has been paid in full;
- E) To the payment of any Deferred Developer Fee due and payable;
- F) To the repayment of any outstanding loan to the Partnership made by the Limited Partner;
- G) To replenishment of the Operating Reserve to the extent of any prior disbursements to cover operating deficits;
- H) To the payment of any Partnership Management Fee (including any amounts accrued or unpaid);
- I) To the payment of any accrued but unpaid Subordinate Management Fee;
- J) To the payment of any debts owed by the Partnership to Partners and/or their Affiliates;
- K) In accordance with the Percentage Interest of the Partners.

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

NOTE I - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership’s sole asset is Villages at Eagle Pointe IV Apartments. 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 J - CONTINGENCY

The Partnership’s 1602 Loan is 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 the 1602 loan balance.

NOTE K - EXEMPTION FROM REAL ESTATE TAXES

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

NOTE L - 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 are as follows:

	2023	2022
Financial Statement Net Income (Loss)	\$ 11,774	\$ 55,111
Adjustments:		
Excess of depreciation and amortization for income tax purposes over financial reporting purposes	(12,289)	(6,818)
Tax Exempt 1602 Income	(228,271)	(228,271)
Taxable Income (Loss) as Shown on Tax Return	\$ (228,786)	\$ (179,978)

NOTE M - ADVERTISING

The Partnership incurred advertising costs of \$682 and \$960 in 2023 and 2022, respectively. Advertising costs are expensed as incurred.

SUPPLEMENTAL INFORMATION

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
SCHEDULES OF EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>MAINTENANCE AND REPAIRS</b>		
Maintenance Salaries	17,944	15,504
Maintenance Supplies	23,512	16,868
Maintenance Contracts	37,297	25,940
Maintenance Other	6,574	246
Grounds Maintenance	17,050	8,970
Total Maintenance and Repairs	<u>\$ 102,377</u>	<u>\$ 67,528</u>
<b>UTILITIES</b>		
Water	12,771	10,144
Electricity	8,688	9,560
Utilities - Vacant Units	749	342
Sewer	12,202	9,950
Utilities - Other Expense	5,760	5,786
Garbage & Trash Removal	22,144	20,820
Total Utilities	<u>\$ 62,314</u>	<u>\$ 56,602</u>
<b>ADMINISTRATIVE</b>		
Salaries - Admin. and Mgt.	35,473	25,991
Audit Fees	6,500	6,000
Advertising	682	960
Office Expenses	2,434	1,903
Bank Charges	261	298
Telephone & Internet	2,628	5,956
Postage / Freight	511	583
Travel	97	91
Background Reviews	483	328
Tax Credit Compliance	8,954	8,019
Eviction Fees	300	-
Dues and Subscriptions	478	2,298
Professional Services	-	362
Staff Training	845	241
Software	2,634	-
Sundry	44	-
Labor Expense	2,202	4,957
Collection Losses	110	1,320
Total Administrative	<u>\$ 64,636</u>	<u>\$ 59,307</u>

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
SCHEDULES OF EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>MANAGEMENT FEES</b>		
Management Fees	21,369	19,991
Subordinate Mgmt Fees	14,246	13,327
Total Management Fees	<u>\$ 35,615</u>	<u>\$ 33,318</u>
<b>TAXES</b>		
Employee Benefits - Admin	14,149	12,055
Maintenance - Emp Benefits	16,569	8,358
Total Taxes	<u>\$ 30,718</u>	<u>\$ 20,413</u>
<b>INSURANCE</b>		
Gen. Liability Insurance	2,316	2,577
Property Insurance	28,772	17,798
Umbrella Policy Insurance	316	1,898
Total Insurance	<u>\$ 31,404</u>	<u>\$ 22,273</u>
<b>INTEREST</b>		
Interest on Mortgage Loan	81,831	83,564
Interest Expense - AHP Grant	11,250	11,250
Interest on Loan Fees	3,621	3,695
Total Interest	<u>\$ 96,702</u>	<u>\$ 98,509</u>
<b>DEPRECIATION</b>		
Depreciation Expense	131,558	131,287
Amortization Expense	3,710	3,710
Total Depreciation	<u>\$ 135,268</u>	<u>\$ 134,997</u>

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
SCHEDULE OF OPERATING INCOME AND EXPENSE VARIANCES - AMEC MODEL  
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 Year 11 <u>AMEC Model</u>	2023 Year 11 <u>Actual</u>
2.00% Inflation Rate for Rental Income		
3.00% Inflation Rate for Other Income/Expenses		
2.50% Inflation Rate for Replacement Reserve		
<b>RENTAL INCOME</b>	<i>0%</i>	
Residential		
5121 Rental Income GROSS VACANCY	\$ 376,270	\$ 374,411
5190 Other	-	-
Total Rental Income	<u>376,270</u>	<u>374,411</u>
<b>VACANCIES: Enter as Negative</b>	<i>1054%</i>	
5220 Apartments	(1,700)	(19,615)
5290 Miscellaneous Concessions	-	-
Total Vacancies	<u>(1,700)</u>	<u>(19,615)</u>
Net Rental Income	374,570	354,796
<b>OTHER INCOME &amp; BAD DEBT</b>	<i>-281%</i>	
5910 Laundry & Vending	-	-
6370 Apartment Bad Debt - Enter as Negative	-	-
5920 NSF, Damages & Late Charges, Other	(567)	1,023
Total Other Income	<u>(567)</u>	<u>1,023</u>
EFFECTIVE GROSS INCOME	374,003	355,819
<b>ADMIN. EXPS</b>	<i>29%</i>	
6210 Advertising	37	682
6250 Admin. Exps.	9,808	16,441
6310 Office Salaries	12,768	35,473
6311 Office Supplies	3,670	2,912
6320 Management Fee	34,270	35,615
6330 Management or Super. Sal.	-	-
6331 Mgmt. or Super. Free Rent Unit	-	-
6341 Legal Expenses (Project)	141	-
6350 Auditing Exps. (Project)	6,955	6,500
6351 Bookkeeping Fees/Acct. Services	5,087	-
6360 Telephone and Answering Service	3,439	2,628
6390 LHC Asset Management Fee	6,442	6,450
Total Admin. Less Management Fee	<u>48,347</u>	<u>71,086</u>
Total Admin. Exps.	82,618	106,701
<b>UTILITIES EXPENSE</b>	<i>31%</i>	
6420 Fuel Oil/Coal	-	-
6450 Electricity (Light & Misc. Power)	14,686	14,448
6451 Water	8,115	13,520
6452 Gas	-	-
6453 Sewer	7,827	12,202
Total Utilities Exps.	<u>\$ 30,628</u>	<u>\$ 40,170</u>

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
SCHEDULE OF OPERATING INCOME AND EXPENSE VARIANCES - AMEC MODEL  
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 Year 11 <u>AMEC Model</u>	2023 Year 11 <u>Actual</u>
O & M EXPENSES	96%	
6510 O&M Payroll	\$ 11,024	\$ 17,944
6515 O&M Supplies	6,639	23,512
6520 O&M Contract	13,281	19,723
6525 Garbage & Trash Removal	12,998	22,144
6530 Security Payroll/Contract	-	-
6545 Elevator Maintenance/Contract	-	-
6546 HVAC R & M	-	-
6570 Other Expenses	1,893	6,574
6590 Misc. O & M Expenses	<u>8,637</u>	<u>17,050</u>
Total O & M Expenses	<u>54,472</u>	<u>106,947</u>
TAXES & INSURANCE	87%	
6710 Real Estate Taxes	-	-
6711 Payroll Taxes (FICA)	6,112	16,569
6719 Misc. Taxes, Licenses & Permits	-	-
6720 Property & Liability Insurance	21,719	31,404
6721 Fidelity Bond Insurance	-	-
6722 Workmen's Compensation	-	-
6723 Health Ins. & Other Emp. Benefits	5,365	14,149
6729 Other Insurance	-	-
Total Taxes & Insurance	<u>33,196</u>	<u>62,122</u>
TOTAL OPERATING EXPENSES	<u>200,913</u>	<u>315,940</u>
<i>Per Unit</i>	<u>4,186</u>	<u>6,582</u>
NET OPERATING INCOME	\$ 173,090	\$ 39,879
Replacement Reserves	<u>\$ 15,132</u>	<u>\$ 14,400</u>
ADJUSTED NET OPERATING INCOME	157,958	25,479
First Mortgage Debt Service	<u>107,558</u>	<u>107,558</u>
CASH FLOW AVAILABLE	<u>\$ 50,400</u>	<u>\$ (82,079)</u>



EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO  
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED DECEMBER 31, 2023

Agency Head Name: Bobby R. Collins, Executive Director of the Housing Authority of the  
City of Bossier City, Louisiana

<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

**B&T BOND &  
TOUSIGNANT, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

1500 Lamy Lane, Monroe, LA 71201-3734 • P. O. Box 14065, Monroe, LA 71207-4065  
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INDEPENDENT AUDITORS' 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 Partners  
Eagle Pointe Development IV, L.P.

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 Eagle Pointe Development IV, L.P., 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, and have issued our report thereon dated March 21, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Eagle Pointe Development IV, L.P.'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 Eagle Pointe Development IV, L.P.'s internal control. Accordingly, we do not express an opinion on the effectiveness Eagle Pointe Development IV, L.P.' 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 may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Eagle Pointe Development IV, L.P.'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 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 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.

*Bond + Jousignant, LLC*

Monroe, Louisiana  
March 21, 2024