ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP

AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2019 AND 2018

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP

AUDITED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

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Little & Assoc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Partners and Management
of Ashley Place Development III, Limited Partnership
Denham Springs, Louisiana

We have audited the accompanying financial statements of Ashley Place Development III, Limited Partnership (a Louisiana Limited Partnership), which comprise the balance sheets as of December 31, 2019 and 2018 and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Ashley Place Development III, Limited Partnership as of December 31, 2019 and 2018, and the results of its operations, changes in partners' equity (deficit) and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenses and the Schedule of Compensation, Benefits, and Other Payments to the Agency Head or Chief Executive Officer shown on pages 17 and 20 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying supplementary information shown on pages 17 and 20 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. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information shown on pages 17 and 20 is fairly stated in all material respects, in relation to the financial statements as a whole.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2020, on our consideration of Ashley Place Development III, Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ashley Place Development III, Limited Partnership'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 Ashley Place Development III, Limited Partnership's internal control over financial reporting and compliance.

Little & Associates, LLC

Monroe, LA
April 6, 2020

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash - Operations	$ 3,678	$ 1,547
Accounts Receivable - Tenants	1,942	1,824
Due from Related Parties	8,252	8,252
Prepaid Expenses	16,033	18,894
Total Current Assets	29,905	30,517
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Operating Reserves	8,572	8,486
Replacement Reserve	30,107	22,653
Insurance Escrow	12,452	9,170
Tenants' Security Deposits	7,900	9,100
Total Restricted Deposits and Funded Reserves	59,031	49,409
PROPERTY AND EQUIPMENT		
Buildings	1,840,366	1,840,366
Site Improvements	1,754,561	1,754,561
Furniture and Fixtures	475,288	475,288
Total Buildings and Improvements	4,070,215	4,070,215
Less: Accumulated Depreciation	(1,859,924)	(1,725,332)
Net Depreciable Assets	2,210,291	2,344,883
Land	259,766	259,766
Total Property and Equipment	2,470,057	2,604,649
OTHER ASSETS		
Syndication Costs	42,000	42,000
Utility Deposits	103	103
Total Other Assets	42,103	42,103
Total Assets	$ 2,601,096	$ 2,726,678

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

LIABILITIES AND PARTNERS' EQUITY

	2019	2018
CURRENT LIABILITIES		
Accounts Payable	$ 14,698	$ -
Accrued Interest Payable	3,917	3,998
Deferred Rent Revenue	1,672	415
Current Portion of Long-Term Debt	14,758	13,762
Total Current Liabilities	35,045	18,175
DEPOSITS		
Tenant Security Deposits	7,900	9,100
Total Deposits	7,900	9,100
LONG-TERM LIABILITIES		
Note Payable - Bank of America, Net of Unamortized Debt Issuance Costs	595,786	607,640
Deferred Developer Fee Payable	400,538	400,538
Asset Management Fee Payable	46,178	41,333
Partnership Management Fee Payable	132,000	120,000
Special Services Fee Payable	86,886	78,182
Total Long-Term Liabilities	1,261,388	1,247,693
Total Liabilities	1,304,333	1,274,968
PARTNERS' EQUITY		
Partners' Equity	1,296,763	1,451,710
Total Partners' Equity	1,296,763	1,451,710
Total Liabilities and Partners' Equity	$ 2,601,096	$ 2,726,678

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
REVENUE		
Rents	$ 213,400	$ 204,884
Vacancies	(26,938)	(14,585)
Late Fees, Forfeited Deposits, etc.	3,967	4,796
Interest Income	125	110
Other Income	470	1,359
Total Revenue	191,024	196,564
EXPENSES		
Administrative	32,662	28,469
Utilities	23,684	22,982
Maintenance	35,688	26,543
Insurance	32,008	27,415
Management Fees	11,430	11,778
Interest	50,358	51,294
Depreciation and Amortization	134,592	182,995
Total Expenses	320,422	351,476
Net Operating Income (Loss)	(129,398)	(154,912)
OTHER INCOME (EXPENSES)		
Gain (Loss) on Disposal of Fixed Assets	-	(10,717)
Asset Management Fee	(4,845)	(4,703)
Partnership Management Fee	(12,000)	(12,000)
Special Services Fee	(8,704)	(8,533)
Total Other Income (Expenses)	(25,549)	(35,953)
Net Income (Loss)	$ (154,947)	$ (190,865)

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Total	General Partner Denham Springs Community, GP, LLC	Limited Partner NEF Assignment Corporation
Partners' Equity (Deficit), December 31, 2017	$ 1,642,575	$ (90)	$ 1,642,665
Net Loss	(190,865)	(19)	(190,846)
Partners' Equity (Deficit), December 31, 2018	1,451,710	(109)	1,451,819
Net Loss	(154,947)	(15)	(154,932)
Partners' Equity (Deficit), December 31, 2019	$ 1,296,763	$ (124)	$ 1,296,887
Profit and Loss Percentages	100.00%	0.01%	99.99%

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash Flows From Operating Activities:		
Net Income (Loss)	$ (154,947)	$ (190,865)
Adjustments to Reconcile Net Income (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	137,496	185,899
(Gain) Loss on Disposal of Fixed Assets	-	10,717
(Increase) Decrease in Accounts Receivable - Tenants	(118)	770
(Increase) Decrease in Prepaid Insurance	2,861	(6,350)
Increase (Decrease) in Accounts Payable	14,698	(7,836)
Increase (Decrease) in Accrued Interest Payable	(81)	(75)
Increase (Decrease) in Deferred Rent	1,257	(686)
Increase (Decrease) in Asset Management Fee Payable	4,845	4,703
Increase (Decrease) in Partnership Management Fee Payable	12,000	12,000
Increase (Decrease) in Special Services Fee Payable	8,704	8,533
Increase (Decrease) in Security Deposit Liability	(1,200)	425
Total Adjustments	180,462	208,100
Net Cash Provided (Used) by Operating Activities	25,515	17,235
Cash Flows From Investing Activities:		
Acquisition/Addition of Property and Equipment	-	(23,163)
Net Cash Provided (Used) by Investing Activities	-	(23,163)
Cash Flows From Financing Activities:		
Principal Payments on Long-Term Debt	(13,762)	(12,832)
Net Change in Due to Related Parties	-	(2,335)
Net Cash Provided (Used) by Financing Activities	(13,762)	(15,167)
Net Increase (Decrease) in Cash and Cash Equivalents	11,753	(21,095)
Cash and Cash Equivalents at Beginning of Year	50,956	72,051
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 62,709	$ 50,956

Supplemental Disclosures of Cash Flow Information:

	2019	2018
Cash and Cash Equivalents		
Cash - Operations	$ 3,678	$ 1,547
Operating Reserves	8,572	8,486
Replacement Reserve	30,107	22,653
Insurance Escrow	12,452	9,170
Tenants' Security Deposits	7,900	9,100
Total Cash and Cash Equivalents	$ 62,709	$ 50,956

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Supplemental Disclosures of Cash Flow Information (Continued):		
Cash Paid During the Year for:		
Interest	$ 47,535	$ 48,465

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE A – ORGANIZATION

Ashley Place Development III, Limited Partnership (the "Partnership") was organized in 2007 to develop, construct, own, maintain, and operate a 28-unit rental housing apartment complex for persons of low and moderate income. The apartment complex is located in Denham Springs, Louisiana. All units of the apartment complex are to be rented under the requirements of Section 42 of the Internal Revenue Code (low-income housing tax credit) which will regulate the use of the apartment complex as to occupant eligibility and unit gross rent, among other requirements. The major activities and operations of the Partnership are governed by the Amended and Restated Limited Partnership Agreement (the 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 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.

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.

Collateralization Policy for Financial Instruments

The Partnership does not require collateral to support financial instruments subject to credit risk.

Capitalization and Depreciation

Land, buildings, improvements, and equipment are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations using the straight-line method over their estimated service lives as follows:

Buildings	40 years
Furniture, Fixtures and Equipment	10 years
Site Improvements	20 years

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 statements of operations.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* ASU 2016-18 requires significant changes to the financial reporting model. The change includes presenting restricted cash or restricted cash equivalents (Restricted Deposits and Funded Reserves on the Balance Sheet) with cash and cash equivalents. The new standard is effective for the Partnership's year ended December 31, 2019 and thereafter and must be applied on a retrospective basis. The Partnership adopted the ASU effective January 1, 2019. Adoption of the ASU did not result in any reclassifications or restatements to partners' equity or net income (loss).

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account in the name of the project. At December 31, 2019 this account was funded in an amount equal to the security deposit liability.

Rental Income and Deferred Rents

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.

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

The Partnership uses the direct write-off method to provide for uncollectible accounts. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

Amortization

Organization costs are expensed as incurred. Tax credit costs are being amortized over the tax credit period of ten years using the straight-line method. These costs are presented in the Balance Sheet along with the accumulated amortization. Accumulated amortization totaled $19,805 and $19,805 as of December 31, 2019 and 2018, respectively.

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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease-Up/Marketing Reserve

In accordance with the Partnership Agreement, the General Partner is to establish the Lease-Up/Marketing Reserve account, which shall be funded, until the beginning of the Operating Deficit Guaranty Period. Disbursements to be charged to the Lease-Up/Marketing will require the written approval of the General Partner and the Asset Manager. As of December 31, 2019, this account has not been funded.

Operating Reserve

In accordance with the Partnership Agreement, the General Partner established the Operating Reserve account, which was funded, out of equity proceeds of payment of the Second Installment. The General Partner shall also be obligated, to the extent funds are available, to replenish the Operating Reserve Account up to the Operating Reserve Target Amount, $90,158, out of Cash Flow or the proceeds of sales or refinancing in accordance with Section 5.1 & 5.2. As of December 31, 2019 and 2018, this account has a balance of $8,572 and $8,486, respectively, which was under the Operating Reserve Target amount both years.

Replacement Reserve

In accordance with the Partnership Agreement, the General Partner established the Replacement Reserve account, which was funded, at the time of payment of the Second Installment, in the amount of $300 per unit per year less such amount as shall be required to be set aside for such purpose by any Lender. Withdrawals from this account in excess of $3,000 in the aggregate in any given month will require the written approval of the General Partner and the Asset Manager. For the year ended December 31, 2019, $8,400 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2019 was $10,100, which resulted in the account being adequately funded for the year ended December 31, 2019. For the year ended December 31, 2018, $8,400 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2018 was $8,400, which resulted in the account being adequately funded for the year ended December 31, 2018. As of December 31, 2019 and 2018, this account had a balance of $30,107 and $22,653, respectively.

Replacement Reserve Account activity for the years ended December 31, 2019 and 2018 is as follows:

Beginning Balance 12/31/2017	$	37,275
Deposits		8,400
Interest		46
Withdrawals		(23,068)
Ending Balance 12/31/2018		22,653
Deposits		10,100
Interest		54
Withdrawals		(2,700)
Ending Balance 12/31/2019	$	30,107

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate Tax Reserve

In accordance with the Partnership Agreement, the General Partner is to establish the Real Estate Tax Reserve in the initial amount of $15,000. The Real Estate Tax Reserve is to be increased from Cash Flow until it reaches the Real Estate Tax Reserve Target Amount of $30,000. The funds in the Real Estate Tax Reserve are to be used only to pay real estate property taxes if the real estate property tax abatement is no longer made available to the Partnership or if the real estate taxes exceed the amounts shown in the Projections. As of December 31, 2019, the Real Estate Tax Reserve had not been funded.

Income Taxes

No provision or benefit for income taxes has been included in these financial statements since taxable income or loss passes through to, and is reportable by, the partners individually. The time limit for taxing authorities to examine the Partnership's income tax returns is generally three years from the date of filing or the due date, whichever is later, unless civil or criminal fraud is proven, for which there is no time limit. The Partnership files income tax returns in the U.S. federal jurisdiction, and various state jurisdictions. The Partnership is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2016.

FASB ASC 360, *Property, Plant, and Equipment*

FASB ASC 360, *Property, Plant, and Equipment* requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Application of the impairment provisions of FASB ASC 360, *Property, Plant, and Equipment* has not materially affected the partnership's reported earnings, financial condition or cash flows.

NOTE C – CASH AND CASH EQUIVALENTS AND DEPOSITS

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

The Partnership has various bank accounts at financial institutions. The interest-bearing and noninterest-bearing accounts, in the aggregate, are insured up to $250,000 at each financial institution by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2019, there were no uninsured deposits.

NOTE D – PARTNERS AND CAPITAL CONTRIBUTIONS

The Partnership has a General Partner, (Denham Springs Community GP, LLC), and a Limited Partner (NEF Assignment Corporation). The Partnership records capital contributions as received and distributions as paid. For the years ended 2019 and 2018, the Partners did not make any capital contributions and no distributions were paid to the Partners.

NOTE E – DEBT

Permanent Loan

Permanent financing has been obtained through Bank of America of Charlotte, North Carolina in the amount of $767,000. Interest is compounded at an annual rate of 7.01%. The payment amount is set at principal and interest payments of $5,108.02 monthly and remains the same until the entire unpaid principal is paid in full. The permanent loan is collateralized primarily by the Partnership's real estate and improvements thereon. The permanent loan shall have a term of 18 years with an amortization of 30 years and matures on September 24, 2028, at which time the unpaid principal will continue to bear interest at the default rate until the remaining principal is paid in full. As of December 31, 2019 and 2018, the balance due on the loan was $670,562 and $684,324, respectively.

	2019	2018
Note Payable –Bank of America	$ 670,562	$ 684,324
Less: Unamortized Debt Issuance Costs	(60,018)	(62,922)
Note Payable –Bank of America, Net	$ 610,544	$ 621,402

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

Year Ending December 31	Amount
2020	$ 14,758
2021	$ 15,826
2022	$ 16,972
2023	$ 18,201
2024	$ 19,519
Thereafter	$ 585,286

NOTE F – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Transactions with related parties are as follows:

Development Fee

As provided in the Development Services Agreement, the Partnership shall pay the Developer Fee in the amount of $520,000 to Denham Springs Housing Authority, an affiliate of the General Partner, and Denham Springs Community Development Corporation, an affiliate of the General Partner, for services rendered for overseeing the construction and development of the complex. As of December 31, 2019 and 2018, the Partnership owed $400,538 and $400,538, in developer fees, of which $400,538 and $400,538 is considered a deferred developer fee, respectively.

NOTE F – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES (CONTINUED)

Partnership Management Fee

The Partnership shall pay to the General Partner a Partnership Management Fee annually, on a cumulative basis, in the amount of $12,000 to compensate the General Partner for managing the Partnership's operations and assets and coordinating the preparation of the filings and financial reports required by the state housing finance agency, as well as, by federal, state, and local agencies. As of December 31, 2019 and 2018, Partnership Management Fees payable totaled $132,000 and $120,000, respectively. Partnership Management Fees incurred for the years ended December 31, 2019 and 2018 were $12,000 and $12,000, respectively.

Asset Management Fee

The Partnership shall pay the Asset Management Fee annually to the Asset Manager, an affiliate of the Limited Partner, for property management oversight, tax credit compliance monitoring, and related services in the amount of $3,500, to be increased annually by 3.0%, on a cumulative basis. The Asset Manager will not incur any liability to the General Partner or the Partnership as a result of the Asset Manager's performance of or failure to perform its asset management services. The Asset Manager owes no duty to the General Partner or the Partnership and may only be terminated by the Limited Partner. As of December 31, 2019 and 2018, Asset Management Fees payable totaled $46,178 and $41,333, respectively. Asset Management Fees incurred for the years ended December 31, 2019 and 2018 were $4,845 and $4,703, respectively.

Special Services Fee

The Partnership shall pay the Services Manager (Ashley Residential Services, Inc.) a Special Services Fee in the amount of $7,000, increasing by 2.0% annually and in the priority specified in §5.1(a)(viii) of the Partnership Agreement for the provision of services to tenants of the Project. As of December 31, 2019 and 2018, a Special Services Fee was accrued in the amount of $86,886 and $78,182, respectively. Special Services Fees incurred for the years ended December 31, 2019 and 2018 were $8,704 and $8,533, respectively.

Disposition Fee

The Partnership shall pay the Asset Manager a Disposition Fee equal to 1% of the gross sales price out of the net sales proceeds at the time of closing of the sale of the Project or the Limited Partner's interest in the Project.

Due From Related Parties

During the year ended December 31, 2017, the Partnership paid operating costs in the amount of $8,252 on behalf of Ashley Place Development II Limited Partnership, an affiliated Partnership. As of December 31, 2019 and 2018, Ashley Place Development II Limited Partnership owed $8,252 and $8,252 to the Partnership, respectively.

NOTE G – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

All profits and losses, other than from certain transactions detailed in the Partnership Agreement, are allocated .01% to the General Partner and 99.99% to the Limited Partner. Distributable cash flow is defined in The Partnership Agreement as the excess of operating revenues over the sum of operating expenses and debt service.

Distributable cash flow is payable annually as follows:

(1) 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;

(2) to the Operating Reserve Account until such time as such account is equal to the Operating Reserve Target Amount;

(3) to the payment of any accrued and payable Asset Management Fees to the Asset Manager;

(4) to the Sponsor to pay any unpaid balance on the Deferred Development Fee;

(5) to the Real Estate Tax Reserve Account until such time as such account is equal to the Real Estate Tax Reserve Target Amount;

(6) to pay any accrued and unpaid interest and unpaid principal on loans made by the Limited Partner;

(7) to repay any accrued and unpaid interest and unpaid principal on loan made by the General Partner;

(8) to the General Partner to pay any accrued and payable Partnership Management Fee, on a cumulative basis; and

(9) to the Services Manager to pay any accrued and payable Services Fee, on a cumulative basis.

NOTE H – CONTINGENCY

The apartment complex's low-income housing tax credits are contingent on the ability of the Partnership to maintain compliance with 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 credits plus interest.

NOTE I – TAXABLE INCOME (LOSS)

A reconciliation of financial statement net income (loss) to taxable income (loss) of the Partnership for the years ended December 31, 2019 and 2018, is as follows:

	2019	2018
Financial Statement Net Income (Loss)	$ (154,947)	$ (190,865)
Adjustments:		
Excess Depreciation for Income Tax Purposes over Financial Reporting Purposes	42,375	81,992
Other – Timing Differences	–	–
Taxable Income (Loss) Shown on Tax Return	$ (112,572)	$ (108,873)

NOTE J – ADVERTISING

For the years ended December 31, 2019 and 2018, the Partnership incurred advertising costs of $258 and $34, respectively. These costs are expensed as incurred.

NOTE K – SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through April 6, 2020, the date which the financial statements were available for issue.

SUPPLEMENTAL INFORMATION

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
ADMINISTRATIVE		
Manager Salaries	$ 7,634	$ 7,364
Asset Manager	3,498	2,549
Advertising	258	34
Office Expense	2,676	2,313
Bank Charges	1	30
Legal	270	285
Professional Services	2,700	-
Accounting and Auditing	7,884	7,330
Bad Debt Expense	2,121	3,010
Telephone	1,506	1,798
Other Administrative Expenses	4,114	3,756
Total Administrative	$ 32,662	$ 28,469
UTILITIES		
Electricity	$ 3,653	$ 3,146
Water and Sewer	15,872	16,539
Trash Collection	4,159	3,297
Total Utilities	$ 23,684	$ 22,982
MAINTENANCE AND REPAIRS		
Supplies	$ 18,600	$ 11,414
Repairs	1,130	1,278
Payroll	6,242	6,222
Contracts	4,117	1,978
Grounds	4,600	4,667
Pest Control	999	984
Total Maintenance and Repairs	$ 35,688	$ 26,543
INSURANCE		
Liability Insurance	$ 31,600	$ 26,285
Flood Insurance	-	802
Workman's Compensation	408	328
Total Insurance	$ 32,008	$ 27,415
INTEREST EXPENSE		
Interest Expense	$ 50,358	$ 51,294
Total Interest Expense	$ 50,358	$ 51,294

Little & Assoc.
CERTIFIED PUBLIC ACCOUNTANTS

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 and Management of
Ashley Place Development III, Limited Partnership
Denham Springs, Louisiana

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 Ashley Place Development III, Limited Partnership, which comprise the balance sheet as of December 31, 2019, and the related statements of operations, partners' equity (deficit) and cash flows for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated April 6, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ashley Place Development III, Limited Partnership'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ashley Place Development III, Limited Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of Ashley Place Development III, Limited Partnership's internal control.

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

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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 Ashley Place Development III, Limited Partnership's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 Ashley Place Development III, Limited Partnership's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ashley Place Development III, Limited Partnership's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Little & Associates, LLC

Monroe, Louisiana
April 6, 2020

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ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP

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

FOR THE YEAR ENDED DECEMBER 31, 2019

Please refer to the Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer included in the Denham Springs Housing Authority's audit report for information relative to compensation, benefits and other payments to the agency head or chief executive officer.