

**ASHLEY PLACE I
LIMITED PARTNERSHIP**

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

ASHLEY PLACE I
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 I Limited Partnership
Denham Springs, Louisiana

We have audited the accompanying financial statements of Ashley Place I 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 I 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.

Other Matters

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 are presented for purposes of additional analysis and are 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2020, on our consideration of Ashley Place I 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 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 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 I Limited Partnership's internal control over financial reporting and compliance.

Little & Associates, LLC

Monroe, LA

February 15, 2020

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

ASSETS

	2019	2018
CURRENT ASSETS		
Cash - Operations	\$ 8,243	\$ 6,017
Accounts Receivable - Tenants	1,426	6,688
Accounts Receivable - Other	51,459	51,448
Prepaid Expenses	18,963	-
Total Current Assets	80,091	64,153
 RESTRICTED DEPOSITS AND FUNDED RESERVES		
Replacement Reserve	14,941	34,551
Operating Reserve	21,469	21,256
Insurance Escrow	418	414
Tenants' Security Deposits	12,275	13,355
Total Restricted Deposits and Funded Reserves	49,103	69,576
 PROPERTY AND EQUIPMENT		
Buildings	3,695,277	3,695,277
Furniture and Equipment	130,679	130,679
Site Improvements	541,104	541,104
Total	4,367,060	4,367,060
Less: Accumulated Depreciation	(1,579,193)	(1,459,600)
Net Depreciable Assets	2,787,867	2,907,460
Land	164,846	164,846
Total Property and Equipment	2,952,713	3,072,306
 OTHER ASSETS		
Syndication Costs	22,000	22,000
Total Other Assets	22,000	22,000
 Total Assets	 \$ 3,103,907	 \$ 3,228,035

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

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

LIABILITIES AND PARTNERS' EQUITY

	2019	2018
CURRENT LIABILITIES		
Deferred Revenue	\$ 1,984	\$ 183
Construction Costs Payable - Flood Restoration	123,629	123,629
Accrued Insurance	2,349	-
Current Portion of Long-Term Debt	38,932	36,738
Total Current Liabilities	166,894	160,550
DEPOSITS		
Tenant Security Deposits	12,275	13,355
Total Deposits	12,275	13,355
LONG-TERM LIABILITIES		
Development Costs Payable	38,922	38,922
Deferred Developer Fee Payable	210,658	210,658
Note Payable - Long Term, Net of Unamortized Debt Issuance Costs	1,062,196	1,089,670
Asset Management Fee Payable	44,041	40,236
Partnership Management Fee Payable	161,484	147,533
Special Services Fee Payable	102,763	93,885
Total Long-Term Liabilities	1,620,064	1,620,904
Total Liabilities	1,799,233	1,794,809
PARTNERS' EQUITY		
Partners' Equity	1,304,674	1,433,226
Total Partners' Equity	1,304,674	1,433,226
Total Liabilities and Partners' Equity	\$ 3,103,907	\$ 3,228,035

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

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

	2019	2018
REVENUE		
Rental Income	\$ 333,050	\$ 325,204
Vacancy	(47,798)	(26,895)
Application Fees, Forfeited Deposits, Etc.	8,244	8,184
Bad Debt	(2,956)	(290)
Damages	47	-
Interest Income	492	482
Miscellaneous Income	710	58
Total Revenue	291,789	306,743
EXPENSES		
Maintenance and Repairs	43,980	44,622
Utilities	31,093	31,082
Administrative	46,089	41,891
Management Fees	17,718	18,469
Taxes	3,359	3,220
Insurance	42,366	58,088
Interest	89,509	87,013
Depreciation and Amortization	119,593	119,585
Total Expenses	393,707	403,970
Loss From Rental Operations	(101,918)	(97,227)
OTHER INCOME (EXPENSES)		
Gain (Loss) on Disposal of Fixed Assets	-	(3,620)
Total Other Income (Expenses)	-	(3,620)
MORTGAGOR ENTITY EXPENSES		
Asset Management Fees	3,805	3,730
Partnership Management Fees	13,951	13,677
Special Services Fees	8,878	8,704
Total Mortgagor Entity Expenses	26,634	26,111
Net Income (Loss)	\$ (128,552)	\$ (126,958)

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

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

	<u>Total</u>	<u>Denham Springs Community Corporation</u>	<u>NEF Assignment Corporation</u>
Partners' Equity (Deficit), December 31, 2017	\$ 1,560,184	\$ (170)	\$ 1,560,354
Net Income (Loss)	<u>(126,958)</u>	<u>(13)</u>	<u>(126,945)</u>
Partners' Equity (Deficit), December 31, 2018	1,433,226	(183)	1,433,409
Net Income (Loss)	<u>(128,552)</u>	<u>(13)</u>	<u>(128,539)</u>
Partners' Equity (Deficit), December 31, 2019	<u>\$ 1,304,674</u>	<u>\$ (196)</u>	<u>\$ 1,304,870</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.

ASHLEY PLACE I
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)	\$ (128,552)	\$ (126,958)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	122,584	122,577
(Gain) Loss on Disposal of Fixed Assets	-	3,620
(Increase) Decrease in Accounts Receivable - Tenants	5,262	(916)
(Increase) Decrease in Accounts Receivable - Other	(11)	-
(Increase) Decrease in Prepaid Expenses	(18,963)	-
Increase (Decrease) in Accounts Payable	-	(15,746)
Increase (Decrease) in Asset Management Fee Payable	3,805	3,730
Increase (Decrease) in Deferred Revenue	1,801	(599)
Increase (Decrease) in Partnership Management Fee Payable	13,951	13,677
Increase (Decrease) in Special Services Fees Payable	8,878	8,704
Increase (Decrease) in Security Deposit Liability	(1,080)	1,500
Increase (Decrease) in Accrued Insurance	2,349	-
Total Adjustments	138,576	136,547
Net Cash Provided (Used) by Operating Activities	10,024	9,589
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	-	(6,339)
Net Change in Advances to Related Parties	-	3,021
Net Cash Provided (Used) by Investing Activities	-	(3,318)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Issuance of Long-Term Debt	-	16,078
Principal Payments on Long-Term Debt	(28,271)	(37,298)
Net Cash Provided (Used) by Financing Activities	(28,271)	(21,220)
Net Increase (Decrease) in Cash and Cash Equivalents	(18,247)	(14,949)
Cash and Cash Equivalents, Beginning of Year	75,593	90,542
Cash and Cash Equivalents, End of Year	\$ 57,346	\$ 75,593

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

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

	2019	2018
Supplemental Disclosures of Cash Flow Information:		
Cash and Cash Equivalents		
Cash - Operations	\$ 8,243	\$ 6,017
Replacement Reserve	14,941	34,551
Operating Reserve	21,469	21,256
Insurance Escrow	418	414
Tenants' Security Deposits	12,275	13,355
Total Cash and Cash Equivalents	\$ 57,346	\$ 75,593
Cash paid During the Year for:		
Interest	\$ 86,518	\$ 84,021

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

ASHLEY PLACE I LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE A – ORGANIZATION

Ashley Place I Limited Partnership (the Partnership) was formed as a limited partnership under the laws of the State of Louisiana on April 30, 2004, for the purpose of constructing and operating a rental housing project. The project consists of 36 single-family rental units, located in Denham Springs, Louisiana, and is currently operating under the name of Ashley Place Apartments.

The project is eligible for Low-Income Housing Tax Credits established under the program described in Section 42 of the Internal Revenue Code (low-income housing tax credit) which regulates the use of the project 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 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 Partnership's 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 U.S. generally accepted accounting principles.

Capitalization and Depreciation

Land, buildings, improvements, and equipment are recorded at cost. 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.

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. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful lives.

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

Tenants' Security Deposits

Tenant's 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.

ASHLEY PLACE I LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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).

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 move out are charged with damages or 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 have been capitalized and are being amortized over the tax credit period. These costs are presented in the Balance Sheet net of accumulated amortization. Accumulated amortization totaled \$24,219 and \$24,219 as of December 31, 2019 and 2018, respectively. The tax credit costs have been fully amortized as of December 31, 2016.

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.

ASHLEY PLACE I LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles 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

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

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 BANK DEPOSITS

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.

The Partnership maintains several accounts at various financial institutions. Noninterest-bearing and interest-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 and 2018, there were no uninsured deposits.

NOTE D – PARTNERS' CAPITAL CONTRIBUTIONS

The Partnership has one Managing General Partner, Denham Springs Community Corporation and one Limited Partner, NEF Assignment Corporation. The Partnership records capital contributions as received and distributions as paid. For the years ended December 31, 2019 and

ASHLEY PLACE I LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE D – PARTNERS’ CAPITAL CONTRIBUTIONS (CONTINUED)

2018, no capital contributions were received from the Partners and no distributions were paid to the Partners. Total capital contributions received as of December 31, 2016, total in the amount of \$3,257,828. As of December 31, 2016, there is no equity remaining to be contributed by the Limited Partner.

NOTE E – LONG-TERM DEBT

Permanent Loan

Permanent financing has been obtained through First Guaranty Bank of Ponchatoula, Louisiana in the amount of \$1,362,787. Interest is computed using the Wall Street Journal Prime plus 1.50% adjusted every five years, starting at 7.50% per annum, with a floor of 7.50% per annum, and a ceiling of 9.00% per annum. The maximum interest rate change every five years is 1.00%. The payment amount is set at principal and interest payments of \$10,110 monthly and remains the same for the life of the loan. The permanent loan is collateralized primarily by the Partnership’s real estate and improvements thereon. The permanent loan shall have a term of 17 years with an amortization of 30 years and matures on January 29, 2025, at which time all unpaid principal and interest amounts are due and payable. As of December 31, 2019 and 2018, the balance due on the loan was \$1,116,086 and \$1,144,357, respectively.

	2019	2018
Note Payable – Long Term	\$ 1,116,086	\$ 1,144,357
Less: Unamortized Debt Issuance Costs	(14,958)	(17,949)
Note Payable – Long Term, Net	\$ 1,101,128	\$ 1,126,408

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

Year Ending December 31	Amount
2020	\$ 38,932
2021	\$ 41,955
2022	\$ 45,212
2023	\$ 48,722
2024	\$ 52,504
Thereafter	\$ 888,761

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 \$515,000 to Denham Springs Housing Authority, an affiliate of the General Partner, and Denham Springs Community Development Corporation, an affiliate of the General

ASHLEY PLACE I LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

Development Fee (Continued)

Partner, for services rendered for overseeing the construction and development of the complex. As of December 31, 2019 and 2018, the Partnership owed \$210,658 and \$210,658 in developer fees, of that amount, \$210,658 and \$210,658 is considered deferred, respectively.

Partnership Management Fee

The Partnership shall pay to the General Partner a Partnership Management Fee annually in the amount of \$11,000, to be increased annually by 2% 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. For the years ended December 31, 2019 and 2018, the Partnership incurred Partnership Management Fees totaling \$13,951 and \$13,677, respectively. As of December 31, 2019 and 2018, Partnership Management Fees payable totaled \$161,484 and \$147,533, 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 \$3,000, to be increased annually by 2.0%. 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. For the years ended December 31, 2019 and 2018, the Partnership incurred Asset Management Fees totaling \$3,805 and \$3,730, respectively. As of December 31, 2019 and 2018, Asset Management Fees payable totaled \$44,041 and \$40,236, respectively.

Special Services Fee

The Partnership shall pay the Services Manager (Ashley Residential Services, Inc.) a 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. For the years ended December 31, 2019 and 2018, the Partnership incurred Special Services Fees totaling \$8,878 and \$8,704, respectively. As of December 31, 2019 and 2018, Special Services Fees payable totaled \$102,763 and \$93,885, respectively.

Operating Deficit Guarantee

The General Partner shall be obligated to provide any funds needed by the Partnership, after all funds in the Operating Reserve Account have been used, to fund Operating Deficits during the Operating Deficits Guaranty Period. The General Partner shall be required, upon the reduction of the Operating Reserves Account to zero, to promptly provide funds to the Partnership in an amount up to \$105,000 for Operating Deficits occurring during the Operating Deficits Guaranty Period. Such costs shall include all operating and fixed costs accrued or accruable during the

ASHLEY PLACE I LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

Operating Deficit Guarantee (Continued)

Operating Deficits Guaranty Period. Repayments of any borrowings arranged by the General Partner to fulfill its obligations shall be the sole obligation of the General Partner. Funds made available by the General Partner to fulfill its obligations may be reimbursed, without interest, or out of the proceeds of refinancing or sale pursuant to §5.2 of the Partnership Agreement.

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. As of December 31, 2019 and 2018, no Disposition Fee has been accrued or paid.

NOTE G – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

All profits and losses are allocated .01% to the General Partner, and 99.99% to the Limited Partner.

Distribution of Operating Income and Cash Flow is applied in accordance with the order of priority established in Article 5.1 of the Partnership Agreement.

NOTE H – RESTRICTED ESCROW DEPOSITS AND RESERVES

According to the Partnership Agreement, the Partnership is required to maintain the Operating Reserve, Replacement Reserve, and the Special Purpose Reserve.

Operating Reserve

The General Partner shall establish the Operating Reserve Account and fund it with the Operating Reserve Target Amount of \$105,000 from loan and/or equity proceeds at the time of payment of the Fourth Installment of the Limited Partner Capital Contribution. The Operating Reserve Target amount may, upon request of the General Partner be reduced to \$40,000 after the Project has maintained a Debt Service Coverage Ratio of 1.15 or better for four consecutive years and is in compliance with all of its obligations within the Partnership Agreement. The Fiscal Partner shall be obligated, to the extent that funds are available, to replenish the Operating Reserve Account up to the Operating Reserve Target Amount out of cash flow or proceeds of sales or refinancing in accordance with §5.1 and §5.2 of the Partnership Agreement. As of December 31, 2019 and 2018, the Operating Reserve Account was funded in the amount of \$21,469 and \$21,256, respectively.

Special Purpose Reserve

The General Partner shall establish a Special Purpose Reserve for real estate taxes out of loan and/or equity proceeds at the time of payment of the Fourth Installment. The Special Purpose Reserve shall be increased through Project Cash Flow until it reaches the Special Purpose

ASHLEY PLACE I LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE H – RESTRICTED ESCROW DEPOSITS AND RESERVES (CONTINUED)

Special Purpose Reserve (Continued)

Reserve Target Amount of \$28,800. Such funds will be held in a Special Purpose Reserve Account and administered by the General Partner pursuant to a Funding and Disbursement Agreement entered into by the Partnership, the Limited Partner and the General Partnership. As of December 31, 2019, the Special Purpose Reserve Account had not been funded.

Replacement Reserve

The General Partner shall establish the Replacement Reserve Account out of loan and/or equity proceeds at the time of payment of the Fourth Installment of the Limited Partner Capital Contribution. The Replacement Reserve will be held in the Replacement Reserve Account, under the control of the General Partner, and the Partnership will maintain this account from the date of payment of the Fourth Installment until the end of the compliance period. Withdrawals from the Replacement Reserve Account in excess of \$5,000 in the aggregate in any given month (unless such withdrawal was provided for in the approved project budget) will require written approval of the General Partner and the Asset Manager (except in cases where the account is under the control of one of the project lenders, in which case the General Partner shall notify the Asset Manager in writing of any withdrawals from the Replacement Reserve Account and the purpose for which such withdrawal was made). Within five business days of receipt by the Asset Manager of such requests, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved, or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within five business days, the withdrawal request is deemed to be approved. The required amount of Replacement Reserve funding is equal to not less than \$300 per unit per year increasing at a rate equal to 3% per year. For the year ended December 31, 2019, \$15,860 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2019 was \$11,460, which resulted in the account being underfunded by \$4,400 for the year ended December 31, 2019. For the year ended December 31, 2018, \$15,398 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2018 was \$0, which resulted in the account being underfunded by \$15,398 for the year ended December 31, 2018. As of December 31, 2019, the account was underfunded by a total amount of \$60,713. As of December 31, 2019 and 2018, the Replacement Reserve Account was funded in the amount of \$14,941 and \$34,551, respectively.

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

Beginning Balance 12/31/2017	\$ 40,626
Deposits	–
Interest	264
Withdrawals	(6,339)
Ending Balance 12/31/2018	34,551
Deposits	11,460
Interest	275
Withdrawals	(31,345)
Ending Balance 12/31/2019	<u>\$ 14,941</u>

ASHLEY PLACE I LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE I – CONTINGENCY

The Partnership’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 J – ADVERTISING

The Partnership had advertising expenses of \$274 and \$0 for the years ended December 31, 2019 and 2018, respectively. These costs are expensed as incurred.

NOTE K – 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 are as follows:

	2019	2018
Financial Statement Net Income (Loss)	\$ (128,552)	\$ (126,958)
Adjustments:		
Excess Depreciation for Income Tax Purposes Over Financial Reporting Purposes	24,791	22,281
Other Book/Tax Timing Differences	–	2,160
Taxable Income (Loss) Shown on Tax Return	\$ (103,761)	\$ (102,517)

NOTE M – SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through February 15, 2020, the date which the financial statements were available for issue.

SUPPLEMENTAL INFORMATION

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

	<u>2019</u>	<u>2018</u>
MAINTENANCE AND REPAIRS		
Salaries	\$ 13,627	\$ 15,437
Supplies	18,068	17,386
Maintenance and Repairs Contract	1,727	1,838
Grounds Contracts	5,908	6,304
Services	4,650	3,657
Total Maintenance and Repairs	<u>\$ 43,980</u>	<u>\$ 44,622</u>
UTILITIES		
Electricity	\$ 5,340	\$ 5,577
Water and Sewer	20,407	21,265
Trash Collection	5,346	4,240
Total Utilities	<u>\$ 31,093</u>	<u>\$ 31,082</u>
ADMINISTRATIVE		
Manager Salaries	\$ 15,912	\$ 15,351
Assistant Manager Salaries	5,554	4,351
Advertising	274	-
Auditing Expense	8,693	8,514
Telephone	1,130	1,342
Bank Charges	251	14
Office Expense	3,222	3,007
Other Administrative	11,053	9,312
Total Administrative	<u>\$ 46,089</u>	<u>\$ 41,891</u>
TAXES		
Real Estate Taxes	\$ 3,359	\$ 3,220
Total Taxes	<u>\$ 3,359</u>	<u>\$ 3,220</u>
INSURANCE		
Property and Liability	\$ 39,956	\$ 55,496
Workmen's Compensation	916	760
Health Insurance	1,494	1,832
Total Insurance	<u>\$ 42,366</u>	<u>\$ 58,088</u>
INTEREST EXPENSE		
Interest on Mortgage	\$ 89,509	\$ 87,013
Total Interest Expense	<u>\$ 89,509</u>	<u>\$ 87,013</u>



**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

To the Partners and Management of
Ashley Place I 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 I Limited Partnership, which comprise the balance sheet as of December 31, 2019, and the related statements of operations, changes in 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 February 15, 2020.

Internal Control Over Financial Reporting

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

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 I 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 I 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 I Limited Partnership's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Little & Associates, LLC

Monroe, Louisiana
February 15, 2020

ASHLEY PLACE I
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.

Ashley Place I Limited Partnership
 Schedule of Findings and Responses
 For the Year Ended December 31, 2019

SECTION I – SUMMARY OF AUDIT RESULTS**Financial Statement Audit**

Type of auditors' report issued:		Unmodified
Internal Control over financial reporting:		
Material Weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Noted
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Noted

SECTION II – FINDINGS - FINANCIAL STATEMENTS AUDIT

None

Ashley Place I Limited Partnership
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2019

The status of the prior year audit findings are summarized as follows:

None