

**CEDAR POINTE SUBDIVISION, L.P.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

CEDAR POINTE SUBDIVISION, L.P.

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INDEPENDENT AUDITORS' REPORT

To the Partners  
Cedar Pointe Subdivision, L.P.

**Report on the Financial Statements**

We have audited the accompanying financial statements of Cedar Pointe Subdivision, L.P., (a Louisiana Limited Partnership), which comprise the balance sheets as of December 31, 2018 and 2017, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cedar Pointe Subdivision, L.P. as of December 31, 2018 and 2017, 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.

## **Report on 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 23 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 February 26, 2019, on our consideration of Cedar Pointe Subdivision, 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 describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cedar Pointe Subdivision, L.P.'s internal control over financial reporting and compliance.



Monroe, Louisiana  
February 26, 2019

CEDAR POINTE SUBDIVISION, L.P.  
BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 301,598	\$ 289,790
Accounts Receivable - Tenants	39	980
Accounts Receivable - HUD	437	-
Prepaid Expenses	37,153	39,541
Total Current Assets	<u>339,227</u>	<u>330,311</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Replacement Reserve Escrow	237,684	209,047
Operating Deficit Reserve	150,857	150,857
Tenants' Security Deposits	39,339	40,334
Real Estate Tax and Insurance Escrow	38,075	44,180
Total Restricted Deposits and Funded Reserves	<u>465,955</u>	<u>444,418</u>
PROPERTY AND EQUIPMENT		
Buildings	11,482,282	11,482,282
Land Improvements	1,118,500	1,118,500
Furniture and Equipment	595,659	595,659
Total	<u>13,196,441</u>	<u>13,196,441</u>
Less: Accumulated Depreciation	<u>(3,980,488)</u>	<u>(3,578,611)</u>
Net Depreciable Assets	9,215,953	9,617,830
Land	575,223	575,223
Total Property and Equipment	<u>9,791,176</u>	<u>10,193,053</u>
OTHER ASSETS		
Tax Credit Fees	66,192	66,192
Less: Accumulated Depreciation	<u>(44,863)</u>	<u>(40,451)</u>
Net Amortizable Assets	21,329	25,741
Utility Deposit	135	135
Total Other Assets	<u>21,464</u>	<u>25,876</u>
 TOTAL ASSETS	 <u>\$ 10,617,822</u>	 <u>\$ 10,993,658</u>

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

CEDAR POINTE SUBDIVISION, L.P.  
BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017

LIABILITIES AND PARTNERS' EQUITY

	<u>2018</u>	<u>2017</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 7,795	\$ 15,055
Prepaid Rent	301	90
Accrued Interest Payable	14,618	15,269
Management Fees Payable	5,033	4,939
Current Portion of Long-Term Debt	31,100	29,324
Total Current Liabilities	<u>58,847</u>	<u>64,677</u>
<b>DEPOSITS</b>		
Tenants' Security Deposits	<u>39,645</u>	<u>40,331</u>
Total Deposits	<u>39,645</u>	<u>40,331</u>
<b>LONG-TERM LIABILITIES</b>		
Mortgage Payable	2,382,229	2,404,792
Asset Management Fees Payable	14,695	8,720
Total Long-Term Liabilities	<u>2,396,924</u>	<u>2,413,512</u>
Total Liabilities	<u>2,495,416</u>	<u>2,518,520</u>
<b>PARTNERS' EQUITY</b>		
Partners' Equity (Deficit)	<u>8,122,406</u>	<u>8,475,138</u>
<b>TOTAL LIABILITIES AND PARTNERS' EQUITY</b>	<u><u>\$ 10,617,822</u></u>	<u><u>\$ 10,993,658</u></u>

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

CEDAR POINTE SUBDIVISION, L.P.  
STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>REVENUE</b>		
Tenant Rents	\$ 865,975	\$ 800,036
Less Vacancies, Concessions, Etc.	(59,339)	(7,228)
Less Rental Concessions	(18,636)	(7,881)
Late Fees, Deposit Forfeitures, Etc.	14,256	10,025
Total Revenue	<u>802,256</u>	<u>794,952</u>
<b>EXPENSES</b>		
Maintenance and Repairs	234,063	211,132
Utilities	6,466	6,392
Administrative	88,663	84,599
Management Fees	49,818	48,004
Taxes	89,304	32,889
Insurance	95,316	80,892
Interest	184,070	186,989
Depreciation and Amortization	406,290	406,961
Total Expenses	<u>1,153,990</u>	<u>1,057,858</u>
Income (Loss) from Rental Operations	<u>(351,734)</u>	<u>(262,906)</u>
<b>OTHER INCOME AND (EXPENSES)</b>		
Interest Income	4,977	1,542
Entity Expense - Asset Management Fees	(5,975)	(5,846)
Total Other Income (Expense)	<u>(998)</u>	<u>(4,304)</u>
Net Income (Loss)	<u>\$ (352,732)</u>	<u>\$ (267,210)</u>

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

CEDAR POINTE SUBDIVISION, L.P.  
 STATEMENTS OF PARTNERS' EQUITY (DEFICIT)  
 FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Total	GENERAL PARTNER Cedar Pointe Development LLC	LIMITED PARTNERS	
			Alliant Tax Credit 46, LLC	Alliant MT 46, LLC
Partners' Equity (Deficit), January 1, 2017	\$ 8,742,348	\$ (304)	\$ (305)	\$ 8,742,957
Net Income (Loss)	<u>(267,210)</u>	<u>(27)</u>	<u>(27)</u>	<u>(267,156)</u>
Partners' Equity (Deficit), December 31, 2017	\$ 8,475,138	\$ (331)	\$ (332)	\$ 8,475,801
Net Income (Loss)	<u>(352,732)</u>	<u>(35)</u>	<u>(35)</u>	<u>(352,660)</u>
Partners' Equity (Deficit), December 31, 2018	<u>\$ 8,122,406</u>	<u>\$ (366)</u>	<u>\$ (367)</u>	<u>\$ 8,123,141</u>
Profit and Loss Percentages	<u>100.00%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>99.98%</u>

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

CEDAR POINTE SUBDIVISION, L.P.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income (Loss)	\$ (352,732)	\$ (267,210)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	406,290	406,961
(Increase) Decrease in:		
Accounts Receivable - Tenants	941	1,378
Accounts Receivable - HUD	(437)	-
Prepaid Expense	2,388	(20,863)
Real Estate Tax and Insurance Escrow	6,105	27,109
Increase (Decrease) in:		
Accounts Payable	(7,260)	(24,563)
Prepaid Rent	211	17
Accrued Interest Payable	(651)	345
Management Fee Payable	94	(11,182)
Deferred Insurance Proceeds	-	(2,977,545)
Insurance Repairs Payable	-	(70,202)
Net Security Deposits Received (Paid)	308	(1)
Net Cash Provided (Used) by Operating Activities	<u>55,257</u>	<u>(2,935,756)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Deposits to Reserve for Replacements	(28,637)	(460,576)
Withdrawals from Reserve for Replacements	-	3,613,508
Deposits to Operating Deficit Reserve	-	(416)
Net Cash Provided (Used) by Investing Activities	<u>(28,637)</u>	<u>3,152,516</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on Mortgage Payable	(26,614)	(24,759)
Interest on Loan Fees	5,827	5,896
Increase in Asset Management Fees Payable	5,975	5,846
Net Cash Provided (Used) by Financing Activities	<u>(14,812)</u>	<u>(13,017)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	11,808	203,743
Cash and Cash Equivalents, Beginning of Year	<u>289,790</u>	<u>86,047</u>
Cash and Cash Equivalents, End of Year	<u>\$ 301,598</u>	<u>\$ 289,790</u>

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

CEDAR POINTE SUBDIVISION, L.P.  
STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for:		
Interest	<u>\$ 178,894</u>	<u>\$ 180,748</u>

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

CEDAR POINTE SUBDIVISION, L.P.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

NOTE A – ORGANIZATION

Cedar Pointe Subdivision Limited Partnership, (the Partnership) was organized in 2005 as a limited partnership to develop, construct, own, maintain, and operate eighty single-family homes intended for rental to persons of low and moderate income. These homes are located on various sites in Baton Rouge, Louisiana and are collectively known as Cedar Pointe Subdivision (the Complex). Each home has qualified and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42) which regulates the use of the homes as to occupant eligibility and unit gross rent, among other requirements. The major activities of the Partnership are governed by the Amended and Restated Articles of Partnership in Commendam, including amendments (Partnership Agreement) and are subject to the administrative directives, rules, and regulations of federal and state regulatory agencies, including but not limited to, the state housing finance agency. Such administrative directives, rules, and regulations are subject to change by federal and state agencies.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Change in Accounting Principle

During 2016, the Partnership adopted the provisions of Accounting Standards Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03). Under this new accounting policy, the Partnership has retrospectively presented all debt issuance costs as a direct deduction from the carrying amount of the related obligation in the balance sheet. Amortization of the debt issuance costs is calculated using the interest method and is included as a component of interest expense.

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 statement of cash flow, cash and cash equivalents represent unrestricted cash and all highly liquid and unrestricted debt instruments purchased with a maturity of three months or less.

CEDAR POINTE SUBDIVISION, L.P.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Other Deposits

The Partnership has various checking, escrow, and other deposits at several financial institutions. Accounts at the financial institutions are insured by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation up to \$250,000 per institution. At December 31, 2018, the Partnership had \$25,759 in 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 accounts will change. At December 31, 2018 and 2017, accounts receivable are presented net of an allowance for doubtful accounts of \$0 and \$0, respectively.

Capitalization and Depreciation

Land, buildings, improvements and equipment are recorded at cost. Depreciation is provided 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

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.

CEDAR POINTE SUBDIVISION, L.P.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rental Income

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

Income Taxes

The Partnership has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure.

Impairment of Long-Lived Assets

The Partnership reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than their carrying amounts, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2018 and 2017.

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 February 26, 2019 (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

Replacement Reserve

The General Partners shall set aside, in a separate Partnership bank account, a repair and replacement reserve, to be funded on a monthly basis at an annual rate equal to the greater of \$300 per unit (which annual rate shall be adjusted, on January 1 of each fifth year thereafter, to equal the product of \$300 multiplied by the CPI Adjustment as of the Adjustment date), or that required by the Permanent Lender. Any withdrawals from this account require prior consent of the Administrative Limited Partner. Funding amounted to \$28,637 in 2018 and \$460,576 in 2017. Withdrawals amounted to \$0 in 2018 and \$3,613,508 in 2017.

CEDAR POINTE SUBDIVISION, L.P.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

NOTE C – RESTRICTED DEPOSITS AND FUNDED RESERVES (CONTINUED)

At December 31, 2018 and 2017, the balance in this account was \$237,684 and \$209,047, respectively.

Balance, December 31, 2017	\$	209,047
Deposits:		
Monthly Deposits: \$2,180 x 12		26,160
Interest Earned		2,477
Withdrawals:		
Bank Charges		-
Balance, December 31, 2018	\$	237,684

Tenants’ Security Deposits

This account consists of deposits made by tenants that are held in a separate bank account in the name of the project until either returned or forfeited. At December 31, 2018, this account was funded in an amount less than the security deposit liability.

Operating Deficit Reserve

The General Partners shall establish and at all times maintain an operating deficit reserve in the amount of \$150,000, which shall be funded from the capital contribution of the Investor Limited Partner made pursuant to the Partnership Agreement. The operating deficit reserve account shall be jointly held in the name of the Partnership and the Administrative Limited Partner. The Administrative Limited Partner must give consent prior to any withdrawals from the account. Any withdrawal from the account requires the consent of the Administrative Limited Partner. At December 31, 2018 and 2017, the balance in this account was \$150,857 and \$150,857, respectively.

Real Estate Tax and Insurance Escrow

Transfers of sufficient sums are to be made to this account for payment of insurance and real estate taxes. Funding amounted to \$151,451 in 2018 and \$125,471 in 2017. Withdrawals amounted to \$157,556 in 2018 and \$152,580 in 2017. At December 31, 2018 and 2017, the balance in this account was \$38,075 and \$44,180, respectively.

NOTE D – PARTNERS' CAPITAL

The Partnership has one General Partner – Cedar Pointe Development, LLC; and two Limited Partners – Alliant Tax Credit 46, LLC (Administrative Limited Partner) and Alliant MT 46, LLC (Investor Limited Partner). The Partnership records capital contributions as received.

CEDAR POINTE SUBDIVISION, L.P.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

NOTE E – LONG-TERM DEBT

Mortgage Payable

Permanent financing was obtained from Barings Multifamily Capital, LLC. The loan has an eighteen year permanent mortgage with a thirty-five year amortization period in the original amount of \$2,640,000. The loan bears an annual interest rate of 7.14% with monthly interest and principal payments of \$17,126, and one balloon payment in the year 2027. For the years ended December 31, 2018 and 2017, the partnership maintained a debt service coverage ratio of 102% and 146%. The loan had an outstanding balance of \$2,456,755 and accrued interest of \$14,618 at December 31, 2018. The non-recourse note is collateralized by buildings and land.

Debt issuance costs, net of accumulated amortization, of \$43,426 and \$49,253 as of December 31, 2018 and 2017, respectively, are amortized using an imputed interest rate of 2.85%.

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 31,100
2020	33,394
2021	35,858
2022	38,304
2023	41,345
Thereafter	\$2,276,554

NOTE F – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Development Deficits

The General Partner shall be entitled to advance sums for completion of Construction and shall be entitled to the repayment of such advances without interest to the extent that there are proceeds of the Permanent Loan or Investor Limited Partner Contributions available, after paying all other obligations of the Partnership incurred in connection with such Construction and the establishment of all required reserves or escrow accounts under the Project Documents, to repay such advances. Any such advances which are not so repaid shall be deemed a payment to the Partnership by the General Partner in the nature of a compromise, shall not be credited to the Capital Accounts of the General Partner, and shall not be repayable.

Operating Deficits

The General Partner hereby covenants to lend to the Partnership any Operating Loans required to fund Operating Deficits incurred by the Partnership during the Operating Deficit Guaranty Period and not obtainable from the Operating Deficit Reserve Account. Any loans shall be made and funded by the General Partner when the operating obligations of the Partnership giving rise to the Operating Deficit are due in fulfillment of the obligations of the General Partner to the Partnership, the Investor Limited Partner and the Administrative Limited Partner. In the event payments due hereunder are not paid by the General Partner within ten days, the Partnership, the Investor Limited Partner and/or the Administrative Limited Partner (the “Advancing Party”), has the right but not the obligation, to advance any such amounts required to be paid by the General Partner. Such advances shall at the election of the Advancing Party be deemed a

CEDAR POINTE SUBDIVISION, L.P.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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

loan to the General Partner and, in addition to all other rights and remedies available to the Advancing Party, the General Partner shall reimburse the Advancing Party the full amount of such funds advanced by it plus interest in such amount from the date so advanced at a rate per annum equal to the Interest Rate. In the event there is any Cash Flow and/or Sale or Refinancing Transaction Proceeds which would otherwise be payable to the General Partner, the Partnership shall first apply such funds to any unpaid amounts owed the Administrative Limited Partner and/or the Investor Limited Partner as the Advancing Party hereunder.

Asset Management Fee

Commencing on January 1, 2009 and for each year thereafter, the Partnership shall pay to the Investor Limited Partner an asset management fee of \$5,000 per annum for its services in reviewing the informational reports, financial statements and tax returns. 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 proceeds to pay the outstanding accrued amount. The Asset Management Fee shall be adjusted annually based on the CPI. During the years ended December 31, 2018 and 2017, the Partnership paid asset management fees of \$0 and \$0, respectively. At December 31, 2018 and 2017, the balance of asset management fees payable was \$14,695 and \$8,720, respectively.

Supervisory Management Fee and Incentive Management Fee

The Partnership shall pay Cedar Pointe Development, LLC a Supervisory Management Fee for services rendered to the Partnership as detailed in Exhibit H of the Partnership Agreement. The Supervisory Management Fee will be an amount equal to forty percent (40.0%) of Cash Flow remaining after application of Cash Flow amounts described in Section 9.2A of the Partnership Agreement, provided that the Supervisory Management Fee shall not exceed ten percent (10%) of gross revenues of the Development for such year. During the years ended December 31, 2018 and 2017, Supervisory Management Fees of \$0 and \$0, respectively, were paid.

The Partnership shall pay Cedar Pointe Development, LLC an Incentive Management Fee for services rendered to the Partnership as detailed in Exhibit H of the Partnership Agreement. The Incentive Management Fee will be an amount equal to forty percent (40.0%) of Cash Flow remaining after application of Cash Flow amounts described in Section 9.2A of the Partnership Agreement, provided that the Incentive Management Fee shall not exceed ten percent (10%) of gross revenues of the Development for such year. During the years ended December 31, 2018 and 2017, Incentive Management Fees of \$0 and \$0, respectively, were paid.

Payment of the Supervisory Management Fee and the Incentive Management Fee pursuant to the Supervisory Agreement shall be in accordance with any applicable requirements of the Lender. Notwithstanding anything to the contrary set forth in the Partnership Agreement or in the Supervisory Agreement, in no event will the sum of the fees payable pursuant to the Supervisory Agreement plus any fees payable to a General Partner or any Affiliate thereof under the Management Agreement exceed twelve percent (12%) of Effective Gross Income per year determined on a cumulative noncompounded basis.

Developer Fee Payable

The Partnership has incurred a developer fee in the amount of \$1,800,000 to Cedar Pointe Development, LLC, as its Managing General Partner, for services rendered to the Partnership for overseeing the construction and development of the complex. The developer fee has been capitalized in the basis of the building. During 2018 and 2017, developer fees in the amount of \$0 and \$0, respectively were paid. As of

CEDAR POINTE SUBDIVISION, L.P.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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

December 31, 2018 and 2017, the balance of the developer fee payable was \$0 and \$0, respectively. On December 31, 2009 a promissory note was signed by the manager of Cedar Pointe Development, LLC to pay Cedar Pointe Consulting, LLC, the amount of \$310,448 representing 75% of the developer fee payable at that time.

NOTE G – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

After giving effect to special allocations as set forth in the Partnership agreement, all profits and losses shall be allocated 0.01% to the General Partner, 0.01% to the Administrative Limited Partner, and 99.98% to the Investor Limited Partner.

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

- A) To the Investor Limited Partner in an amount equal to the unpaid Housing Tax Credit Shortfall Payment;
- B) To replenish any funds disbursed from the Operating Deficit Reserve Account until the Operating Deficit Reserve Account is funded to the Operating Reserve Amount;
- C) To pay interest on any loans, including Voluntary Loans (but excluding Operating Loans and Deferred Development Fee), from Partners or their Affiliates provided for herein, pro rata in accordance with the amount of interest accrued as of the date of such distribution;
- D) To repay principal of any loans, including Voluntary Loans (but excluding Operating Loans and Deferred Development Fee), payable to Partners or their affiliates, pro rata in accordance with the amount of the principal balances as of the date of such distribution;
- E) To pay in full any unpaid Asset Management Fees;
- F) To pay in full any unpaid and accrued management fee;
- G) To pay in full any unpaid Development Fee;
- H) To pay in full any Operating Loans;
- I) To pay the Supervisory Management Fee due pursuant to the Supervisory Agreement;
- J) To pay the Incentive Management Fee payable pursuant to the Supervisory Agreement;
- K) The balance to be paid 99.98% to the Investor Limited Partner, 0.01% to the Administrative Limited Partner, 0.01% to the General Partner.

NOTE H – CONTINGENCY

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

CEDAR POINTE SUBDIVISION, L.P.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

NOTE I – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership’s sole asset is Cedar Pointe Subdivision. 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 – MANAGEMENT AGENT

The Partnership has entered into an agreement with NDC Real Estate Management, LLC to provide services in connection with rent-up, leasing and operation of the project. Management fees are charged at a rate of 6.25% of the collected rent. Management fees incurred for the year ended December 31, 2018 and 2017 were \$49,818 and \$48,004, respectively.

NOTE K – TAXABLE INCOME (LOSS)

A reconciliation of financial statement net income (loss) to taxable income (loss) of the Partnership for the year ended December 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Financial Statement Net Income (Loss)	\$ (352,732)	\$ (267,210)
Adjustments:		
Excess of depreciation and amortization for financial reporting purposes over income tax purposes	241,155	157,366
Timing Differences	<u>-</u>	<u>124,955</u>
Taxable Income (Loss) as Shown on Tax Return	<u>\$ (111,577)</u>	<u>\$ 15,111</u>

NOTE L – ADVERTISING

The Partnership incurred advertising costs of \$1,744 in 2018 and \$471 in 2017. These costs are expensed as incurred.

NOTE M – TAX CREDITS

During the year ended December 31, 2006, the Partnership was awarded Low-Income Housing Tax Credits in the amount of \$12,209,721 to be allocated over ten years. As of December 31, 2018, \$12,036,288 in tax credits have been taken with \$173,433 remaining to be taken.

CEDAR POINTE SUBDIVISION, L.P.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

NOTE N – INSURANCE CLAIM

In August 2016, the Complex was damaged as a result of extensive flooding in southern Louisiana. Sixty-nine (69) of the eighty (80) units, as well as the management office, were damaged and had to be vacated to begin water damage remediation. A contract was executed in August 2016 with ARC Abatement I, Ltd in the amount of \$737,057 for remediation. The remediation was completed and paid in December 2016. During 2016, the Partnership received \$4,071,571 from the insurance company. A contract was executed in January 2017 for reconstruction in the amount of \$2,840,655. The reconstruction began in February 2017 and was completed at a construction contract amount of \$3,526,662. In 2017, the Partnership received additional insurance proceeds amounting to \$1,204,623. As of December 31, 2017, all repairs relating to this claim had been completed.

**SUPPLEMENTAL INFORMATION**

CEDAR POINTE SUBDIVISION, L.P.  
SCHEDULES OF EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>MAINTENANCE AND REPAIRS</b>		
Maintenance Salaries	42,533	22,686
Maintenance Supplies	4,919	1,612
Maintenance Contracts	17,061	27,958
Repairs & Maintenance	105,712	82,077
Grounds Maintenance	49,618	50,144
Pest Control	14,220	26,655
Total Maintenance and Repairs	<u>\$ 234,063</u>	<u>\$ 211,132</u>
<b>UTILITIES</b>		
Fuel Oil / Coal	-	18
Electricity	2,896	3,448
Water	1,379	726
Sewer	826	614
Trash Removal	1,315	1,586
Gasoline / Oil	50	-
Total Utilities	<u>\$ 6,466</u>	<u>\$ 6,392</u>
<b>ADMINISTRATIVE</b>		
Advertising	1,744	471
Accounting	7,943	8,236
Manager Salary	53,051	47,435
Superintendent Salaries	439	694
Credit Reports	965	1,896
Management Consultants	524	3,122
Office Salaries/Commission	-	512
Office Expense	11,554	14,099
Legal	129	129
Bad Debts	1,278	1,012
Administrative Travel	1,200	764
Staff Training	1,454	400
Telephone	7,673	4,904
Bank Service Charges	106	125
Compliance/Monitor Fee	400	800
Other Administrative	203	-
Total Administrative	<u>\$ 88,663</u>	<u>\$ 84,599</u>
<b>MANAGEMENT FEES</b>		
Management Fee	49,818	48,004
Total Management Fees	<u>\$ 49,818</u>	<u>\$ 48,004</u>

CEDAR POINTE SUBDIVISION, L.P.  
SCHEDULES OF EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>TAXES</b>		
Real Estate Taxes	80,627	26,358
Payroll Taxes	7,777	5,588
Misc Taxes, Permits LIC	900	-
Taxes & Permits	-	943
Total Taxes	<u>\$ 89,304</u>	<u>\$ 32,889</u>
<b>INSURANCE</b>		
Property/Liability Insurance	80,066	61,058
Fidelity Bond	399	357
Workers Compensation	1,764	2,870
Hospitalization BC/BS	13,087	16,607
Total Insurance	<u>\$ 95,316</u>	<u>\$ 80,892</u>
<b>INTEREST</b>		
Mortgage Interest	178,244	181,093
Interest - Loan Fees	5,826	5,896
Total Interest	<u>\$ 184,070</u>	<u>\$ 186,989</u>
<b>DEPRECIATION AND AMORTIZATION</b>		
Amortization	4,413	4,413
Depreciation	401,877	402,548
Total Depreciation and Amortization	<u>\$ 406,290</u>	<u>\$ 406,961</u>

CEDAR POINTE SUBDIVISION, L.P.  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO  
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED DECEMBER 31, 2018

Agency Head Name: J. Wesley Daniels, Jr., Executive Director of the Housing  
Authority of East Baton Rouge Parish

<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

CEDAR POINTE SUBDIVISION, L.P.  
SCHEDULE OF PROJECT CASH FLOW DISTRIBUTION  
FOR THE YEAR ENDED DECEMBER 31, 2018

2018

CASH RECEIPTS

Total Revenue per Statement of Operations	\$ 802,256
(Increase) Decrease in Accounts Receivable	504
Increase (Decrease) in Deferred Rent Income	211
Net Decrease in Tax & Insurance Escrow	6,105
<b>Total Cash Receipts</b>	<u><b>809,076</b></u>

CASH EXPENDITURES

Total Expenses per Statement of Operations	1,153,990
Less: Depreciation, Amortization and Interest	(590,360)
Net Increase in Replacement Reserve	28,637
Debt Service Payments	205,507
<b>Total Cash Expenditures</b>	<u><b>797,774</b></u>

Cash Flow Available for Distribution \$ 11,302

Distribution and Application of Cash Flow per Section 9.2 A of the Partnership Agreement		Payable to	Paid	To Be Paid	Amount Remaining
(A)	To the Investor Limited Partner in an amount equal to the unpaid Housing Tax Credit Shortfall Payment	Alliant MT46, LLC	-	-	11,302
(B)	To replenish any funds disbursed from the Operating Deficit Reserve Account until the Operating Deficit Reserve Account is funded to the Operating Reserve Amount,	N/A	-	-	11,302
(C)	To pay interest on any loans, including Voluntary Loans (but excluding Operating Loans and Deferred Development Fee), from Partners or their Affiliates provided for herein, pro rata in accordance with the amount of interest accrued as of the date of such distribution	N/A	-	-	11,302
(D)	To repay principal of any loans, including Voluntary Loans (but excluding Operating Loans and Deferred Development Fee), payable to Partners or their affiliates, pro rata in accordance with the amount of the principal balances as of the date of such distribution	N/A	-	-	11,302
(E)	To pay in full any unpaid Asset Management Fees,	Alliant MT46, LLC	-	11,302	-
(F)	To pay in full any unpaid and accrued management fee,	NDC Real Estate Management, LLC	-	-	-
(G)	To pay in full any unpaid Development Fee,	Cedar Pointe Development, LLC	-	-	-
(H)	To pay in full any Operating Loans,	N/A	-	-	-
(I)	To pay the Supervisory Management Fee due pursuant to the Supervisory Agreement (40% of remaining Cash Flow, not to exceed 10% of gross revenues)	Cedar Pointe Development, LLC	-	-	-
(J)	To pay the Incentive Management Fee payable pursuant to the Supervisory Agreement (40% of remaining Cash Flow, not to exceed 10% of gross revenues)	Cedar Pointe Development, LLC	-	-	-
(L)	Investor Limited Partner (99.98%)	Alliant MT46, LLC	-	-	-
	Administrative Limited Partner (.01%)	Alliant Tax Credit 46, LLC	-	-	-
	General Partner (.01%)	Cedar Pointe Development, LLC	-	-	-

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

1500 Lamy Lane, Monroe, LA 71201-3734 • P. O. Box 14065, Monroe, LA 71207-4065  
Phone: (318) 323-0717 • Fax: (318) 323-0719

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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  
Cedar Pointe Subdivision, 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 Cedar Pointe Subdivision, L.P., which comprise the balance sheets as of December 31, 2018 and 2017, 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 February 26, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cedar Pointe Subdivision, 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 Cedar Pointe Subdivision, L.P.'s internal control. Accordingly, we do not express an opinion on the effectiveness Cedar Pointe Subdivision, L.P.'s 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 Cedar Pointe Subdivision, 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.

A handwritten signature in blue ink that reads "Bond + Jousignant, LLC". The signature is written in a cursive style.

Monroe, Louisiana  
February 26, 2019