

BROOKSTOWN PLACE PARTNERSHIP, ALPIC

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

BROOKSTOWN PLACE PARTNERSHIP, ALPIC

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INDEPENDENT AUDITORS' REPORT

To the Partners
Brookstown Place Partnership, ALPIC

Report on the Financial Statements

We have audited the accompanying financial statements of Brookstown Place Partnership, ALPIC, (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 Brookstown Place Partnership, ALPIC 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 Brookstown Place Partnership, ALPIC'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 Brookstown Place Partnership, ALPIC's internal control over financial reporting and compliance.



Monroe, Louisiana
February 26, 2019

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,443	\$ 36,131
Accounts Receivable - Tenants	3,342	2,870
Accounts Receivable - Other	11,487	-
Prepaid Expenses	13,670	13,183
Total Current Assets	<u>30,942</u>	<u>52,184</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Replacement Reserve Escrow	52,391	43,920
Operating Deficit Reserve	25,525	5,419
Tenants' Security Deposits	5,950	6,450
Real Estate Tax and Insurance Escrow	13,506	9,817
Total Restricted Deposits and Funded Reserves	<u>97,372</u>	<u>65,606</u>
PROPERTY AND EQUIPMENT		
Buildings	4,432,207	4,432,207
Land Improvements	232,385	232,385
Furniture and Equipment	139,464	139,464
Total	4,804,056	4,804,056
Less: Accumulated Depreciation	(1,478,299)	(1,354,910)
Net Depreciable Assets	3,325,757	3,449,146
Land	55,460	55,460
Total Property and Equipment	<u>3,381,217</u>	<u>3,504,606</u>
OTHER ASSETS		
Tax Credit Fees	18,150	18,150
Less: Accumulated Depreciation	(13,411)	(12,201)
Net Amortizable Assets	4,739	5,949
Total Other Assets	<u>4,739</u>	<u>5,949</u>
 TOTAL ASSETS	 <u>\$ 3,514,270</u>	 <u>\$ 3,628,345</u>

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

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

LIABILITIES AND PARTNERS' EQUITY

	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 17,704	\$ 11,769
Prepaid Rent	1,389	214
Accrued Interest Payable	5,488	5,539
Management Fees Payable	98	261
Current Portion of Long-Term Debt	9,274	8,646
Total Current Liabilities	<u>33,953</u>	<u>26,429</u>
DEPOSITS		
Tenants' Security Deposits	<u>5,958</u>	<u>6,459</u>
Total Deposits	<u>5,958</u>	<u>6,459</u>
LONG-TERM LIABILITIES		
Mortgage Payable	882,899	889,990
Deferred Developer Fees	274,943	274,943
Asset Management Fees Payable	28,141	23,220
Total Long-Term Liabilities	<u>1,185,983</u>	<u>1,188,153</u>
Total Liabilities	<u>1,225,894</u>	<u>1,221,041</u>
PARTNERS' EQUITY		
Partners' Equity (Deficit)	<u>2,288,376</u>	<u>2,407,304</u>
TOTAL LIABILITIES AND PARTNERS' EQUITY	<u>\$ 3,514,270</u>	<u>\$ 3,628,345</u>

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

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUE		
Tenant Rents	\$ 296,965	\$ 285,824
Less Vacancies, Concessions, Etc.	(26,495)	(134,744)
Less Rental Concessions	-	85,960
Late Fees, Deposit Forfeitures, Etc.	5,072	674
Total Revenue	<u>275,542</u>	<u>237,714</u>
EXPENSES		
Maintenance and Repairs	66,670	47,285
Utilities	4,206	562
Administrative	52,986	45,253
Management Fees	16,478	14,793
Taxes	22,088	22,129
Insurance	34,234	21,521
Interest	68,319	68,927
Depreciation	124,599	137,581
Total Expenses	<u>389,580</u>	<u>358,051</u>
Income (Loss) from Rental Operations	<u>(114,038)</u>	<u>(120,337)</u>
OTHER INCOME AND (EXPENSES)		
Interest Income	30	52
Entity Expense - Partnership & Asset Management Fees	(4,920)	(4,814)
Total Other Income (Expense)	<u>(4,890)</u>	<u>(4,762)</u>
Net Income (Loss)	<u>\$ (118,928)</u>	<u>\$ (125,099)</u>

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

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Total</u>	<u>GENERAL PARTNER Partners-for- Progress Development Company, LLC</u>	<u>LIMITED PARTNERS</u>	
			Alliant Tax Credit 46, LLC	Alliant MT 46, LLC
Partners' Equity (Deficit), January 1, 2017	\$ 2,532,403	\$ (128)	\$ (128)	\$ 2,532,659
Net Income (Loss)	<u>(125,099)</u>	<u>(13)</u>	<u>(13)</u>	<u>(125,073)</u>
Partners' Equity (Deficit), December 31, 2017	\$ 2,407,304	\$ (141)	\$ (141)	\$ 2,407,586
Net Income (Loss)	<u>(118,928)</u>	<u>(12)</u>	<u>(12)</u>	<u>(118,903)</u>
Partners' Equity (Deficit), December 31, 2018	<u>\$ 2,288,376</u>	<u>\$ (153)</u>	<u>\$ (153)</u>	<u>\$ 2,288,683</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.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ (118,928)	\$ (125,099)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	124,599	137,581
(Increase) Decrease in:		
Accounts Receivable - Tenants	(472)	(1,173)
Accounts Receivable - Other	(11,487)	-
Prepaid Expense	(487)	(7,159)
Real Estate Tax and Insurance Escrow	(3,689)	12,846
Increase (Decrease) in:		
Accounts Payable	5,935	(82,962)
Prepaid Rent	1,175	214
Accrued Interest Payable	(51)	(47)
Management Fee Payable	(163)	261
Net Security Deposits Received (Paid)	(1)	61
Net Cash Provided (Used) by Operating Activities	<u>(3,569)</u>	<u>(65,477)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deposits to Reserve for Replacements	(8,471)	(8,461)
Withdrawals from Reserve for Replacements	-	9,537
(Increase) Decrease to Operating Deficit Reserve	(20,106)	(34)
(Increase) Decrease in Insurance Reserve Fund	-	1,242,984
Increase (Decrease) in Deferred Insurance Proceeds	-	(1,152,588)
Net Cash Provided (Used) by Investing Activities	<u>(28,577)</u>	<u>91,438</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on Mortgage Payable	(8,646)	(8,061)
Interest on Loan Fees	2,183	2,202
Increase in Asset Management Fees Payable	4,921	4,813
Net Cash Provided (Used) by Financing Activities	<u>(1,542)</u>	<u>(1,046)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(33,688)	24,915
Cash and Cash Equivalents, Beginning of Year	<u>36,131</u>	<u>11,216</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,443</u>	<u>\$ 36,131</u>

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

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
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>\$ 66,187</u>	<u>\$ 66,772</u>

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

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE A – ORGANIZATION

Brookstown Place Partnership, ALPIC, (the Partnership) was organized in 2005 as a limited partnership to develop, construct, own, maintain, and operate twenty-five 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 Brookstown Place 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.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
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 up to \$250,000 per institution. At December 31, 2018, the Partnership had no uninsured deposits.

Tenant Receivable and Bad Debt Policy

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

The Partnership provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Partnership's estimate is based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that the Partnership's estimate of the allowance for doubtful 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.

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.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Commencing in the month following the month in which completion occurs, 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 lender. Withdrawals from the account shall be approved by the Administrative Limited Partnership upon request from the General Partner prior to withdrawing the funds. Funding amounted to \$8,471 in 2018 and \$8,461 in 2017. Withdrawals amounted to \$0 in 2018 and \$9,537 in 2017. At December 31, 2018 and 2017, the balance in this account was \$52,391 and \$43,920, respectively.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE C – RESTRICTED DEPOSITS AND FUNDED RESERVES (CONTINUED)

Balance, December 31, 2017	\$	43,920
Deposits:		
Monthly Deposits: \$703.44 x 12		8,441
Interest Earned		30
Withdrawals:		
		-
Balance, December 31, 2018	\$	52,391

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 equal to 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 \$25,000, 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. Any withdrawal from the account requires the consent of the Administrative Limited Partner. Withdrawals amounted to \$0 and \$0 in 2018 and 2017, respectively. At December 31, 2018 and 2017, the balance in this account was \$25,525 and \$5,419, 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 \$56,511 in 2018 and \$45,372 in 2017. Withdrawals amounted to \$52,822 in 2018 and \$58,218 in 2017. At December 31, 2018 and 2017, the balance in this account was \$13,506 and \$9,817, respectively.

Insurance Reserve Fund

The General Partners shall set aside, in a separate Partnership bank account, an insurance reserve fund due to flooding that occurred in 2017. Any withdrawals from this account will be used for repairs due to flooding. Funding amounted to \$0 in 2018 and \$9,537 in 2017. Withdrawals amounted to \$0 in 2018 and \$1,252,521 in 2017. At December 31, 2018 and 2017, the balance in this account was \$0 and \$0, respectively.

NOTE D – PARTNERS' CAPITAL

The Partnership has one General Partner – Partners-For-Progress Development Company, 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.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE E – LONG-TERM DEBT

Mortgage Payable

Permanent financing was obtained from Enterprise Team, Inc. on February 4, 2009. The loan has a twenty year permanent mortgage with a forty year amortization period in the original amount of \$1,000,000. This loan matures on March 1, 2029. The loan bears an annual interest rate of 7.03% with monthly interest and principal payments of \$6,236, and one balloon payment in the year 2029. For the years ended December 31, 2018 and 2017, the partnership maintained a debt service coverage ratio of 92% and 110%. The loan had an outstanding balance of \$936,761 and accrued interest of \$5,488 at December 31, 2018. The non-recourse note is collateralized by buildings and land.

Debt issuance costs, net of accumulated amortization, of \$44,588 and \$46,771 as of December 31, 2018 and 2017, respectively, are amortized using an imputed interest rate of 2.77%.

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	\$ 9,274
2020	9,948
2021	10,670
2022	11,445
2023	12,276
Thereafter	\$ 883,149

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. 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 and 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

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
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 \$4,000 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. For the years ended December 31, 2018 and 2017, \$0 and \$0, respectively, of asset management fees were paid and the balance of asset management fees payable was \$28,141 and \$23,220, respectively.

Developer Fee Payable

The Partnership has incurred a developer fee in the amount of \$615,000 to Partners-for-Progress Development Company, LLC, as its Managing General Partner, for services rendered to the Partnership for overseeing the construction and development of the complex. The development fee has been capitalized in the basis of the building. Per Section 3.1 of the Partnership Agreement, if the Development Fee has not been paid in full by the tenth anniversary of the occurrence of Completion, the General Partners will make a capital contribution with ten (10) days thereafter in an amount sufficient for payment of any unpaid balance of the Development Fee. Development fees in the amount of \$0 and \$0 were paid in 2018 and 2017, respectively. As of December 31, 2018 and 2017, the balance of the developer fee payable was \$274,943 and \$274,943, respectively. On December 31, 2009 a promissory note was signed by the manager of Partners For Progress Development Company, LLC, to pay Brookstown Place Consulting, LLC the amount of \$206,207 representing 75% of the developer fee payable.

Supervisory and Incentive Management Fee

The Partnership shall pay to the Supervisory Agent (Partners for Progress Development Company, LLC) a Supervisory Management Fee in an amount equal to forty percent (40%) of Cash Flow remaining after application of Cash Flow against the amounts described in Sections 9.2A (i) through 9.2A (viii) of the Partnership Agreement for such year pursuant to Section 9.2A(ix) of the Partnership Agreement, provided that the Supervisory Management Fee for any year shall not exceed ten percent (10%) of gross revenues of the Development for such year. During the years ended December 31, 2018 and 2017, no Supervisory Management Fees were incurred or paid.

The Partnership shall pay to the Supervisory Agent (Partners for Progress Development Company, LLC) an Incentive Management Fee equal to percent (40.0%) of Cash Flow remaining after application of Cash Flow against the amounts described in Sections 9.2A (i) through 9.2A (viii) of the Partnership Agreement for such year pursuant to Section 9.2A(x) of the Partnership Agreement, provided that the Incentive Management Fees for any year shall not exceed ten percent (10%) of gross revenues of the Development for such year. During the years ended December 31, 2018 and 2017, no Incentive Management Fees were incurred or paid.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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

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.

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.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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.

NOTE I – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership’s sole asset is Brookstown Place 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% of the collected rent. Management fees incurred for the years ended December 31, 2018 and 2017 were \$16,478 and \$14,793, 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)	\$ (118,928)	\$ (125,099)
Adjustments:		
Excess of depreciation and amortization for financial reporting purposes over income tax purposes	7,813	5,170
Timing Differences	<u>-</u>	<u>(1,245)</u>
Taxable Income (Loss) as Shown on Tax Return	<u>\$ (111,115)</u>	<u>\$ (121,174)</u>

NOTE L – ADVERTISING

The Partnership incurred advertising costs of \$0 in 2018 and \$0 in 2017. These costs are expensed as incurred.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE M – TAX CREDITS

During the year ended December 31, 2008, the Partnership was awarded Low-Income Housing Tax Credits in the amount of \$4,382,000 to be allocated over ten years. As of December 31, 2018, \$4,382,000 in tax credits have been taken with \$0 remaining to be taken.

NOTE N - INSURANCE CLAIM

In August 2016, the Complex was damaged as a result of extensive flooding in southern Louisiana. All twenty-five (25) 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 \$265,804 for remediation. The remediation was completed and paid in November 2016. During 2016, the Partnership received \$1,597,935 from the insurance company. A contract was executed in January 2017 for reconstruction in the amount of \$1,180,345. The reconstruction began in February 2017 and was completed at a cost of \$1,399,889. In 2017, remaining insurance proceeds amounting to \$467,652 were received by the Partnership. As of December 31, 2017, all repairs related to this claim had been completed.

SUPPLEMENTAL INFORMATION

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
MAINTENANCE AND REPAIRS		
Maintenance Salaries	2,118	638
Maintenance Supplies	2,101	865
Maintenance Contracts	17,718	3,477
Repairs & Maintenance	21,230	31,455
Grounds Maintenance	22,378	10,500
Pest Control	1,125	350
Total Maintenance and Repairs	<u>\$ 66,670</u>	<u>\$ 47,285</u>
UTILITIES		
Electricity	1,990	68
Water	863	191
Sewer	701	175
Trash Removal	652	128
Total Utilities	<u>\$ 4,206</u>	<u>\$ 562</u>
ADMINISTRATIVE		
Management Consultants	1,153	2,058
Office Salaries/Commission	6,722	6,330
Office Expense	5,305	2,385
Manager Salary	8,488	8,133
Superintendent Salary	13,360	15,197
Legal	452	85
Auditing	7,000	7,000
Accounting Fees	831	1,088
Bad Debts	1,951	507
Other	-	155
Administrative Travel	1,894	871
Staff Training	1,305	400
Telephone	4,112	487
Bank Service Charges	253	397
Compliance/Monitor Fee	160	160
Total Administrative	<u>\$ 52,986</u>	<u>\$ 45,253</u>
MANAGEMENT FEES		
Management Fee	<u>16,478</u>	<u>14,793</u>
Total Management Fees	<u>\$ 16,478</u>	<u>\$ 14,793</u>

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
TAXES		
Real Estate Taxes	19,886	19,886
Payroll Taxes	2,202	2,243
Total Taxes	<u>\$ 22,088</u>	<u>\$ 22,129</u>
INSURANCE		
Property/Liability Insurance	32,449	20,316
Fidelity Bond	135	71
Workers Compensation	632	1,062
Hospitalization BC/BS	1,018	72
Total Insurance	<u>\$ 34,234</u>	<u>\$ 21,521</u>
INTEREST		
Mortgage Interest	66,136	66,725
Interest - Loan Fees	2,183	2,202
Total Interest	<u>\$ 68,319</u>	<u>\$ 68,927</u>
DEPRECIATION AND AMORTIZATION		
Amortization	1,210	1,210
Depreciation	123,389	136,371
Total Depreciation and Amortization	<u>\$ 124,599</u>	<u>\$ 137,581</u>

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
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

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
SCHEDULE OF PROJECT CASH FLOW DISTRIBUTION
FOR THE YEAR ENDED DECEMBER 31, 2018

2018

CASH RECEIPTS

Total Revenue per Statement of Operations	\$ 275,542
(Increase) Decrease in Accounts Receivable	(11,959)
Increase (Decrease) in Deferred Rent Income	1,175
Total Cash Receipts	<u>264,758</u>

CASH EXPENDITURES

Total Expenses per Statement of Operations	389,580
Less: Depreciation, Amortization and Interest	(192,918)
Net Increase in Replacement Reserve	8,471
Net Increase in Tax & Insurance Escrow	3,689
Debt Service Payments	74,832
Total Cash Expenditures	<u>283,654</u>

Cash Flow Available for Distribution \$ (18,896)

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 MT 46, LLC	-	-	-
(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	-	-	-
(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	-	-	-
(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	-	-	-
(E)	To pay in full any unpaid Asset Management Fees,	Alliant MT 46, LLC	-	-	-
(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,	Partners-For-Progress Development Company, LLC	-	-	-
(H)	To pay in full any Operating Loans,	N/A	-	-	-
(I)	To pay the Supervisory Management Fee due pursuant to the Supervisory Agreement,	Partners-For-Progress Development Company, LLC	-	-	-
(J)	To pay the Incentive Management Fee payable pursuant to the Supervisory Agreement,	Partners-For-Progress Development Company, LLC	-	-	-
(L)	Investor Limited Partner (99.97%)	Alliant MT 46, LLC	-	-	-
	Administrative Limited Partner (.01%)	Alliant Tax Credit 46, LLC	-	-	-
	General Partner (.02%)	Partners-For-Progress Development Company, 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

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
Brookstown Place Partnership, ALPIC

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 Brookstown Place Partnership, ALPIC, 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 Brookstown Place Partnership, ALPIC'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 Brookstown Place Partnership, ALPIC's internal control. Accordingly, we do not express an opinion on the effectiveness Brookstown Place Partnership, ALPIC'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 Brookstown Place Partnership, ALPIC'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".

Monroe, Louisiana
February 26, 2019