

CEDAR POINTE SUBDIVISION, L.P.

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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, 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 *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, 2019 and 2018, 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 19 through 22 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 27, 2020, 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 27, 2020

CEDAR POINTE SUBDIVISION, L.P.
BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 420,784	\$ 301,598
Accounts Receivable - Tenants	3,540	39
Accounts Receivable - HUD	-	437
Prepaid Expenses	51,284	37,153
Total Current Assets	<u>475,608</u>	<u>339,227</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Replacement Reserve Escrow	264,598	237,684
Operating Deficit Reserve	155,133	150,857
Tenants' Security Deposits	40,348	39,339
Real Estate Tax and Insurance Escrow	29,898	38,075
Total Restricted Deposits and Funded Reserves	<u>489,977</u>	<u>465,955</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>(4,331,576)</u>	<u>(3,980,488)</u>
Net Depreciable Assets	8,864,865	9,215,953
Land	575,223	575,223
Total Property and Equipment	<u>9,440,088</u>	<u>9,791,176</u>
OTHER ASSETS		
Tax Credit Fees	66,192	66,192
Less: Accumulated Depreciation	<u>(49,276)</u>	<u>(44,863)</u>
Net Amortizable Assets	16,916	21,329
Utility Deposit	135	135
Total Other Assets	<u>17,051</u>	<u>21,464</u>
TOTAL ASSETS	<u><u>\$ 10,422,724</u></u>	<u><u>\$ 10,617,822</u></u>

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

CEDAR POINTE SUBDIVISION, L.P.
BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

LIABILITIES AND PARTNERS' EQUITY

	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 8,367	\$ 7,795
Prepaid Rent	54	301
Accrued Interest Payable	14,448	14,618
Management Fees Payable	5,028	5,033
Current Portion of Long-Term Debt	33,210	31,100
Total Current Liabilities	61,107	58,847
DEPOSITS		
Tenants' Security Deposits	40,346	39,645
Total Deposits	40,346	39,645
LONG-TERM LIABILITIES		
Mortgage Payable	2,357,267	2,382,229
Asset Management Fees Payable	20,807	14,695
Total Long-Term Liabilities	2,378,074	2,396,924
Total Liabilities	2,479,527	2,495,416
PARTNERS' EQUITY		
Partners' Equity (Deficit)	7,943,197	8,122,406
TOTAL LIABILITIES AND PARTNERS' EQUITY	\$ 10,422,724	\$ 10,617,822

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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
REVENUE		
Tenant Rents	\$ 891,756	\$ 865,975
Less Vacancies	(7,843)	(9,081)
Less Loss to Lease	(40,583)	(50,258)
Less Rental Concessions	(20,779)	(18,636)
Late Fees, Deposit Forfeitures, Etc.	13,371	14,256
Total Revenue	<u>835,922</u>	<u>802,256</u>
EXPENSES		
Maintenance and Repairs	161,753	234,063
Utilities	6,409	6,466
Administrative	91,596	88,663
Management Fees	51,601	49,818
Taxes	62,923	89,304
Insurance	102,553	95,316
Interest	182,485	184,070
Depreciation and Amortization	355,501	406,290
Total Expenses	<u>1,014,821</u>	<u>1,153,990</u>
Income (Loss) from Rental Operations	<u>(178,899)</u>	<u>(351,734)</u>
OTHER INCOME AND (EXPENSES)		
Interest Income	5,802	4,977
Entity Expense - Asset Management Fees	(6,112)	(5,975)
Total Other Income (Expense)	<u>(310)</u>	<u>(998)</u>
Net Income (Loss)	<u>\$ (179,209)</u>	<u>\$ (352,732)</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, 2019 AND 2018

	Total	GENERAL PARTNER Cedar Pointe Development LLC	LIMITED PARTNERS	
			Alliant Tax Credit 46, LLC	Alliant MT 46, LLC
Partners' Equity (Deficit), January 1, 2018	\$ 8,475,138	\$ (331)	\$ (332)	\$ 8,475,801
Net Income (Loss)	<u>(352,732)</u>	<u>(35)</u>	<u>(35)</u>	<u>(352,662)</u>
Partners' Equity (Deficit), December 31, 2018	\$ 8,122,406	\$ (366)	\$ (367)	\$ 8,123,139
Net Income (Loss)	<u>(179,209)</u>	<u>(18)</u>	<u>(18)</u>	<u>(179,173)</u>
Partners' Equity (Deficit), December 31, 2019	<u><u>\$ 7,943,197</u></u>	<u><u>\$ (384)</u></u>	<u><u>\$ (385)</u></u>	<u><u>\$ 7,943,966</u></u>
Profit and Loss Percentages	<u><u>100.00%</u></u>	<u><u>0.01%</u></u>	<u><u>0.01%</u></u>	<u><u>99.98%</u></u>

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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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ (179,209)	\$ (352,732)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	355,501	406,290
(Increase) Decrease in:		
Accounts Receivable - Tenants	(3,501)	941
Accounts Receivable - HUD	437	(437)
Prepaid Expense	(14,131)	2,388
Increase (Decrease) in:		
Accounts Payable	572	(7,260)
Prepaid Rent	(247)	211
Accrued Interest Payable	(170)	(651)
Management Fee Payable	(5)	94
Tenants' Security Deposits	701	(687)
Net Cash Provided (Used) by Operating Activities	<u>159,948</u>	<u>48,157</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on Mortgage Payable	(28,604)	(26,614)
Interest on Loan Fees	5,752	5,827
Increase (Decrease) in Asset Management Fee Payable	6,112	5,975
Net Cash Provided (Used) by Financing Activities	<u>(16,740)</u>	<u>(14,812)</u>
Net Increase (Decrease) in Cash and Restricted Cash	143,208	33,345
Cash and Restricted Cash, Beginning of Year	<u>767,553</u>	<u>734,208</u>
Cash and Restricted Cash, End of Year	<u>\$ 910,761</u>	<u>\$ 767,553</u>
Reconciliation of cash and restricted cash reported within the balance sheets that sum to the total of the same such amounts in the statements of cash flows.		
Cash and Cash Equivalents	\$ 420,784	\$ 301,598
Replacement Reserve Escrow	264,598	237,684
Operating Deficit Reserve	155,133	150,857
Tenants' Security Deposits	40,348	39,339
Real Estate Tax and Insurance Escrow	29,898	38,075
Total Cash and Restricted Cash	<u>\$ 910,761</u>	<u>\$ 767,553</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for:		
Interest	<u>\$ 176,903</u>	<u>\$ 178,894</u>

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

CEDAR POINTE SUBDIVISION, L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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

In November 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-18 on Restricted Cash to eliminate inconsistencies in its presentation in the statement of cash flows, thereby reducing the diversity in practice. This ASU amended prior guidance on the presentation of restricted cash and now requires that restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown in the statements of cash flows. This ASU also requires an entity to disclose information about the nature of restricted cash, as well as provide a reconciliation of cash, cash equivalents and restricted cash between the balance sheet and the statement of cash flows. ASU 2016-18 was adopted retrospectively during the year ended December 31, 2019. As a result, ending cash and restricted cash as of December 31, 2018 and 2017, was increased from \$301,598 and \$289,790 to \$767,553 and \$734,208, respectively.

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, 2019 AND 2018

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, 2019, the Partnership had \$44,495 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, 2019 and 2018, 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, 2019 AND 2018

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, 2019 and 2018.

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 27, 2020 (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 \$29,014 in 2019 and \$28,637 in 2018. Withdrawals amounted to \$2,100 in 2019 and \$0 in 2018.

CEDAR POINTE SUBDIVISION, L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE C – RESTRICTED DEPOSITS AND FUNDED RESERVES (CONTINUED)

At December 31, 2019 and 2018, the balance in this account was \$264,598 and \$237,684, respectively.

Balance, December 31, 2018	\$	237,684
Deposits:		
Monthly Deposits: \$2,180 x 12		26,160
Interest Earned		2,854
Withdrawals:		
Transfer to Operating Deficit Reserve		(2,100)
Balance, December 31, 2019	\$	264,598

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, 2019, this account was funded in an amount greater 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, 2019 and 2018, the balance in this account was \$155,133 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 \$150,959 in 2019 and \$151,451 in 2018. Withdrawals amounted to \$159,136 in 2019 and \$157,556 in 2018. At December 31, 2019 and 2018, the balance in this account was \$29,898 and \$38,075, 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, 2019 AND 2018

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, 2019 and 2018, the partnership maintained a debt service coverage ratio of 162% and 102%. The loan had an outstanding balance of \$2,428,151 and accrued interest of \$14,448 at December 31, 2019. The non-recourse note is collateralized by buildings and land.

Debt issuance costs, net of accumulated amortization, of \$37,674 and \$43,426 as of December 31, 2019 and 2018, 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>
2020	\$ 33,210
2021	35,660
2022	38,292
2023	41,117
2024	44,151
Thereafter	\$2,235,721

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, 2019 AND 2018

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, 2019 and 2018, the Partnership paid asset management fees of \$0 and \$0, respectively. At December 31, 2019 and 2018, the balance of asset management fees payable was \$20,807 and \$14,695, 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, 2019 and 2018, 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, 2019 and 2018, 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 2019 and 2018, 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, 2019 AND 2018

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

December 31, 2019 and 2018, 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, 2019 AND 2018

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, 2019 and 2018 were \$51,601 and \$49,818, 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, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Financial Statement Net Income (Loss)	\$ (179,209)	\$ (352,732)
Adjustments:		
Excess of depreciation and amortization for financial reporting purposes over income tax purposes	190,367	241,155
Timing Differences	<u>-</u>	<u>-</u>
Taxable Income (Loss) as Shown on Tax Return	<u>\$ 11,158</u>	<u>\$ (111,577)</u>

NOTE L – ADVERTISING

The Partnership incurred advertising costs of \$1,102 in 2019 and \$1,744 in 2018. 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, 2019, \$12,209,721 in tax credits have been taken with \$0 remaining to be taken.

SUPPLEMENTAL INFORMATION

CEDAR POINTE SUBDIVISION, L.P.
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
MAINTENANCE AND REPAIRS		
Maintenance Salaries	37,879	42,533
Maintenance Supplies	6,090	4,919
Maintenance Contracts	18,134	17,061
Repairs & Maintenance	32,755	105,712
Grounds Maintenance	52,995	49,618
Pest Control	13,900	14,220
Total Maintenance and Repairs	<u>\$ 161,753</u>	<u>\$ 234,063</u>
UTILITIES		
Electricity	3,212	2,896
Water	1,041	1,379
Sewer	378	826
Trash Removal	1,747	1,315
Gasoline / Oil	31	50
Total Utilities	<u>\$ 6,409</u>	<u>\$ 6,466</u>
ADMINISTRATIVE		
Advertising	1,102	1,744
Accounting	8,121	7,943
Manager Salary	54,285	53,051
Superintendent Salaries	1,177	439
Credit Reports	831	965
Management Consultants	-	524
Office Salaries/Commission	2,420	-
Office Expense	9,396	11,554
Legal	249	129
Bad Debts	2,997	1,278
Administrative Travel	1,200	1,200
Staff Training	1,018	1,454
Telephone	8,318	7,673
Bank Service Charges	82	106
Compliance/Monitor Fee	-	400
Other Administrative	400	203
Total Administrative	<u>\$ 91,596</u>	<u>\$ 88,663</u>
MANAGEMENT FEES		
Management Fee	51,601	49,818
Total Management Fees	<u>\$ 51,601</u>	<u>\$ 49,818</u>

CEDAR POINTE SUBDIVISION, L.P.
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
TAXES		
Real Estate Taxes	53,899	80,627
Payroll Taxes	7,854	7,777
Misc Taxes, Permits LIC	1,170	900
Total Taxes	<u>\$ 62,923</u>	<u>\$ 89,304</u>
INSURANCE		
Property/Liability Insurance	91,494	80,066
Fidelity Bond	479	399
Workers Compensation	2,756	1,764
Hospitalization BC/BS	7,824	13,087
Total Insurance	<u>\$ 102,553</u>	<u>\$ 95,316</u>
INTEREST		
Mortgage Interest	176,733	178,244
Interest - Loan Fees	5,752	5,826
Total Interest	<u>\$ 182,485</u>	<u>\$ 184,070</u>
DEPRECIATION AND AMORTIZATION		
Amortization	4,413	4,413
Depreciation	351,088	401,877
Total Depreciation and Amortization	<u>\$ 355,501</u>	<u>\$ 406,290</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, 2019

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, 2019

2019

CASH RECEIPTS

Total Revenue per Statement of Operations	\$ 835,922
(Increase) Decrease in Accounts Receivable	(3,064)
Increase (Decrease) in Deferred Rent Income	(247)
Net Decrease in Tax & Insurance Escrow	8,177
Total Cash Receipts	<u>840,788</u>

CASH EXPENDITURES

Total Expenses per Statement of Operations	1,014,821
Less: Depreciation, Amortization and Interest	(537,986)
Net Increase in Replacement Reserve	26,914
Debt Service Payments	205,507
Total Cash Expenditures	<u>709,256</u>

Cash Flow Available for Distribution \$ 131,532

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	-	-	131,532
(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	-	-	131,532
(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	-	-	131,532
(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	-	-	131,532
(E)	To pay in full any unpaid Asset Management Fees;	Alliant MT 46, LLC	-	20,807	110,725
(F)	To pay in full any unpaid and accrued management fee;	NDC Real Estate Management, LLC	-	-	110,725
(G)	To pay in full any unpaid Development Fee;	Cedar Pointe Development, LLC	-	-	110,725
(H)	To pay in full any Operating Loans;	N/A	-	-	110,725
(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	-	44,290	66,435
(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	-	26,574	39,861
(K)	Investor Limited Partner (99.98%)	Alliant MT 46, LLC	-	39,853	8
	Administrative Limited Partner (.01%)	Alliant Tax Credit 46, LLC	-	4	4
	General Partner (.01%)	Cedar Pointe Development, LLC	-	4	-

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

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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, 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, and have issued our report thereon dated February 27, 2020.

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.

Bond + Jousignant, LLC

Monroe, Louisiana
February 27, 2020