

**ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP**

**AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2023 AND 2022

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP

AUDITED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ashley Place Development III, Limited Partnership (a Louisiana Limited Partnership), which comprise the balance sheets as of December 31, 2023 and 2022 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ashley Place Development III, Limited Partnership as of December 31, 2023 and 2022, and the results of its operations, changes in partners' equity (deficit) and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ashley Place Development III, Limited Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ashley Place Development III, Limited Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ashley Place Development III, Limited Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ashley Place Development III, Limited Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information including the Schedule of Expenses and the Schedule of Compensation, Benefits, and Other Payments to the Agency Head or Chief Executive Officer shown on pages 17 and 20 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2024 on our consideration of Ashley Place Development III, Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ashley Place Development III, Limited Partnership's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ashley Place Development III, Limited Partnership's internal control over financial reporting and compliance.

Monroe, Louisiana
March 12, 2024

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash - Operations	\$ 2,525	\$ 2,198
Accounts Receivable - Tenants	6,663	1,623
Prepaid Expenses	21,333	19,420
Total Current Assets	30,521	23,241
 RESTRICTED DEPOSITS AND FUNDED RESERVES		
Operating Reserves	8,643	8,635
Replacement Reserve	33,756	59,069
Insurance Escrow	27,992	16,294
Insurance Claim Proceeds Escrow	5	55,576
Tenants' Security Deposits	6,900	5,400
Total Restricted Deposits and Funded Reserves	77,296	144,974
 PROPERTY AND EQUIPMENT		
Buildings	1,918,456	1,880,151
Site Improvements	1,754,561	1,754,561
Furniture and Fixtures	475,288	475,288
Total Buildings and Improvements	4,148,305	4,110,000
Less: Accumulated Depreciation	(2,341,307)	(2,236,160)
Net Depreciable Assets	1,806,998	1,873,840
Land	259,766	259,766
Total Property and Equipment	2,066,764	2,133,606
 OTHER ASSETS		
Syndication Costs	42,000	42,000
Utility Deposits	103	103
Total Other Assets	42,103	42,103
Total Assets	\$ 2,216,684	\$ 2,343,924

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

LIABILITIES AND PARTNERS' EQUITY

	2023	2022
CURRENT LIABILITIES		
Accounts Payable	\$ 9,102	\$ 42,094
Accrued Interest Payable	3,533	3,739
Due to Related Party	20,065	20,065
Construction Costs Payable - Hurricane	-	118,055
Deferred Rent Revenue	3,785	2,739
Current Portion of Long-Term Debt	19,519	18,201
Total Current Liabilities	56,004	204,893
 DEPOSITS		
Prepaid Escrow Deposits	767	-
Tenant Security Deposits	6,900	5,400
Total Deposits	7,667	5,400
 LONG-TERM LIABILITIES		
Note Payable - Bank of America, Net of Unamortized Debt Issuance Costs	536,883	553,499
Note Payable - NEF - Workout Loan	189,864	-
Accrued Interest Payable - NEF - Workout Loan	3,085	-
Deferred Developer Fee Payable	-	400,538
Asset Management Fee Payable	67,051	61,601
Partnership Management Fee Payable	180,000	168,000
Special Services Fee Payable	123,477	114,056
Total Long-Term Liabilities	1,100,360	1,297,694
Total Liabilities	1,164,031	1,507,987
 PARTNERS' EQUITY		
Partners' Equity	1,052,653	835,937
Total Partners' Equity	1,052,653	835,937
 Total Liabilities and Partners' Equity	\$ 2,216,684	\$ 2,343,924

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
REVENUE		
Rents	\$ 233,556	\$ 226,590
Vacancies	(64,771)	(47,264)
Late Fees, Forfeited Deposits, etc.	2,915	2,622
Interest Income	282	145
Other Income	5,278	-
Total Revenue	177,260	182,093
 EXPENSES		
Administrative	23,023	24,969
Utilities	18,355	16,898
Maintenance	23,549	33,982
Insurance	50,071	43,533
Management Fees	10,326	10,937
Interest	48,878	47,228
Depreciation and Amortization	135,913	134,519
Total Expenses	310,115	312,066
Net Operating Income (Loss)	(132,855)	(129,973)
 OTHER INCOME (EXPENSES)		
Casualty Gain (Loss)	(24,094)	1,090
Asset Management Fee	(5,452)	(5,293)
Partnership Management Fee	(12,000)	(12,000)
Special Services Fee	(9,421)	(9,236)
Total Other Income (Expenses)	(50,967)	(25,439)
Net Income (Loss)	\$ (183,822)	\$ (155,412)

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>Total</u>	<u>General Partner Denham Springs Community, GP, LLC</u>	<u>Limited Partner NEF Assignment Corporation</u>
Partners' Equity (Deficit), December 31, 2021	\$ 991,349	\$ (154)	\$ 991,503
Net Loss	<u>(155,412)</u>	<u>(16)</u>	<u>(155,396)</u>
Partners' Equity (Deficit), December 31, 2022	835,937	(170)	836,107
Contributions	400,538	400,538	-
Net Loss	<u>(183,822)</u>	<u>(18)</u>	<u>(183,804)</u>
Partners' Equity (Deficit), December 31, 2023	<u>\$ 1,052,653</u>	<u>\$ 400,350</u>	<u>\$ 652,303</u>
Profit and Loss Percentages	<u>100.00%</u>	<u>0.01%</u>	<u>99.99%</u>

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities:		
Net Income (Loss)	\$ (183,822)	\$ (155,412)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	138,817	137,423
Casualty Gain	24,094	(1,090)
(Increase) Decrease in Accounts Receivable - Tenants	(5,040)	(1,133)
(Increase) Decrease in Prepaid Insurance	(1,913)	(2,251)
Increase (Decrease) in Accounts Payable	(32,992)	6,867
Increase (Decrease) in Accrued Interest Payable	2,879	-
Increase (Decrease) in Deferred Rent	1,046	878
Increase (Decrease) in Asset Management Fee Payable	5,450	5,293
Increase (Decrease) in Partnership Management Fee Payable	12,000	12,000
Increase (Decrease) in Special Services Fee Payable	9,421	9,236
Increase (Decrease) in Prepaid Escrow Deposits	767	-
Increase (Decrease) in Security Deposit Liability	1,500	(2,300)
Total Adjustments	156,029	164,923
Net Cash Provided (Used) by Operating Activities	(27,793)	9,511
Cash Flows From Investing Activities:		
Acquisition/Construction of Property and Equipment - Hurricane	(123,177)	(55,488)
Insurance Proceeds Received - Hurricane	30,012	55,488
Net Cash Provided (Used) by Investing Activities	(93,165)	-
Cash Flows From Financing Activities:		
Proceeds From Long-Term Debt	230,000	-
Principal Payments on Long-Term Debt	(58,338)	(16,972)
Payment of Construction Costs Payable	(118,055)	-
Net Change in Due to Related Party	-	16,705
Net Cash Provided (Used) by Financing Activities	53,607	(267)
Net Increase (Decrease) in Cash and Cash Equivalents	(67,351)	9,244
Cash and Cash Equivalents at Beginning of Year	147,172	137,928
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 79,821	\$ 147,172

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Supplemental Disclosures of Cash Flow Information:		
Cash and Cash Equivalents		
Cash - Operations	\$ 2,525	\$ 2,198
Operating Reserves	8,643	8,635
Replacement Reserve	33,756	59,069
Insurance Escrow	27,992	16,294
Insurance Claim Proceeds Escrow	5	55,576
Tenants' Security Deposits	6,900	5,400
Total Cash and Cash Equivalents	\$ 79,821	\$ 147,172
Cash Paid During the Year for:		
Interest	\$ 43,095	\$ 44,324
Noncash Financing Activity:		
Conversion of Developer Fee Payable to Capital Contribution	\$ 400,538	\$ -

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE A – ORGANIZATION

Ashley Place Development III, Limited Partnership (the “Partnership”) was organized in 2007 to develop, construct, own, maintain, and operate a 28-unit rental housing apartment complex for persons of low and moderate income. The apartment complex is located in Denham Springs, Louisiana. All units of the apartment complex are to be rented under the requirements of Section 42 of the Internal Revenue Code (low-income housing tax credit) which will regulate the use of the apartment complex as to occupant eligibility and unit gross rent, among other requirements. The major activities and operations of the Partnership are governed by the Amended and Restated Limited Partnership Agreement (the Partnership Agreement) and are subject to the administrative directives, rules, and regulations of federal and state regulatory agencies, including but not limited to, the state housing finance agency. Such administrative directives, rules, and regulations are subject to change by federal and state agencies.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

The financial statements of the Partnership are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Collateralization Policy for Financial Instruments

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

Capitalization and Depreciation

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

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

Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of operations.

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account in the name of the project. At December 31, 2023 this account was funded in an amount equal to the security deposit liability.

Rental Income and Deferred Rents

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

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

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

Amortization

Organization costs are expensed as incurred. Tax credit costs are being amortized over the tax credit period of ten years using the straight-line method. These costs are presented in the Balance Sheet along with the accumulated amortization. As of December 31, 2022, tax credit costs were fully amortized in the amount of \$19,805.

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.

Operating Reserve

In accordance with the Partnership Agreement, the General Partner established the Operating Reserve account, which was funded, out of equity proceeds of payment of the Second Installment. The General Partner shall also be obligated, to the extent funds are available, to replenish the Operating Reserve Account up to the Operating Reserve Target Amount, \$90,158, out of Cash Flow or the proceeds of sales or refinancing in accordance with Section 5.1 & 5.2. As of December 31, 2023 and 2022, this account has a balance of \$8,643 and \$8,635, respectively, which was under the Operating Reserve Target amount both years.

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Replacement Reserve

In accordance with the Partnership Agreement, the General Partner established the Replacement Reserve account, which was funded, at the time of payment of the Second Installment, in the amount of \$300 per unit per year less such amount as shall be required to be set aside for such purpose by any Lender. Withdrawals from this account in excess of \$3,000 in the aggregate in any given month will require the written approval of the General Partner and the Asset Manager. For the year ended December 31, 2023, \$8,400 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2023 was \$10,440, which resulted in the account being adequately funded for the year ended December 31, 2023. For the year ended December 31, 2022, \$8,400 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2022 was \$10,440, which resulted in the account being adequately funded for the year ended December 31, 2022. As of December 31, 2023 and 2022, this account had a balance of \$33,756 and \$59,069, respectively.

Replacement Reserve Account activity for the years ended December 31, 2023 and 2022 is as follows:

Beginning Balance 12/31/2021	\$ 48,560
Deposits	10,440
Interest	69
Withdrawals	(–)
Ending Balance 12/31/2022	<u>59,069</u>
Deposits	10,440
Interest	350
Withdrawals	(36,103)
Ending Balance 12/31/2023	<u>\$ 33,756</u>

Real Estate Tax Reserve

In accordance with the Partnership Agreement, the General Partner is to establish the Real Estate Tax Reserve in the initial amount of \$15,000. The Real Estate Tax Reserve is to be increased from Cash Flow until it reaches the Real Estate Tax Reserve Target Amount of \$30,000. The funds in the Real Estate Tax Reserve are to be used only to pay real estate property taxes if the real estate property tax abatement is no longer made available to the Partnership or if the real estate taxes exceed the amounts shown in the Projections. As of December 31, 2023, the Real Estate Tax Reserve had not been funded.

Income Taxes

No provision or benefit for income taxes has been included in these financial statements since taxable income or loss passes through to, and is reportable by, the partners individually. The time limit for taxing authorities to examine the Partnership's income tax returns is generally three years from the date of filing or the due date, whichever is later, unless civil or criminal fraud is proven, for which there is no time limit. The Partnership files income tax returns in the U.S. federal jurisdiction, and various state jurisdictions. The Partnership is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2020.

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FASB ASC 360, Property, Plant, and Equipment

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

NOTE C – CASH AND CASH EQUIVALENTS AND DEPOSITS

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

The Partnership has various bank accounts at financial institutions. The interest-bearing and noninterest-bearing accounts, in the aggregate, are insured up to \$250,000 at each financial institution by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2023, there were no uninsured deposits.

NOTE D – PARTNERS AND CAPITAL CONTRIBUTIONS

The Partnership has a General Partner, (Denham Springs Community GP, LLC), and a Limited Partner (NEF Assignment Corporation). The Partnership records capital contributions as received and distributions as paid. For the years ended 2023 and 2022, the Partners did not make any capital contributions and no distributions were paid to the Partners. During the year ended December 31, 2023, no actual cash changed hands due to the unpaid deferred developer fee being reclassified to capital contribution from the General Partner, to offset, satisfying the full payment of the deferred developer fees.

NOTE E – DEBT

Permanent Loan

Permanent financing has been obtained through Bank of America of Charlotte, North Carolina in the amount of \$767,000. Interest is compounded at an annual rate of 7.01%. The payment amount is set at principal and interest payments of \$5,108.02 monthly and remains the same until the entire unpaid principal is paid in full. The permanent loan is collateralized primarily by the Partnership’s real estate and improvements thereon. The permanent loan shall have a term of 18 years with an amortization of 30 years and matures on September 24, 2028, at which time the unpaid principal will continue to bear interest at the default rate until the remaining principal is paid in full. As of December 31, 2023 and 2022, the balance due on the loan was \$604,804 and \$623,006, respectively.

	2023	2022
Note Payable –Bank of America	\$ 604,804	\$ 623,006
Less: Unamortized Debt Issuance Costs	(48,402)	(51,306)
Note Payable –Bank of America, Net	\$ 556,402	\$ 571,700

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE E – DEBT (CONTINUED)

Workout Loan – NEF

On February 7, 2023, the Partnership entered into a workout loan agreement with National Equity Fund, Inc. (NEF), the Limited Partner, in order to pay for costs to repair the Project, due to damage from two hurricanes. The loan shall not bear interest in excess of 1.0% per annum below the long term Applicable Federal Rate. The Limited Partner Loan shall be subject to the provisions pertaining to Partner Loans set forth in Section 3.7 of the Partnership Agreement and shall be repayable solely from Cash Flow pursuant to Section 5.1(a)(vi) of the Partnership Agreement and from Net Cash from Sales and Refinancings pursuant Section 5.2(a)(i) and (ii) of the Partnership Agreement. As of December 31, 2023, the balance due on the loan was \$189,864 and accrued interest was \$3,085.

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

Year Ending December 31	Amount
2024	\$ 19,519
2025	\$ 20,932
2026	\$ 22,447
2027	\$ 24,072
2028	\$ 517,834
Thereafter	\$ 189,864

NOTE F – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Transactions with related parties are as follows:

Development Fee

As provided in the Development Services Agreement, the Partnership shall pay the Developer Fee in the amount of \$520,000 to Denham Springs Housing Authority, an affiliate of the General Partner, and Denham Springs Community Development Corporation, an affiliate of the General Partner, for services rendered for overseeing the construction and development of the complex. As of December 31, 2022, the Partnership owed \$400,538 in deferred developer fees. During the year ended December 31, 2023, no actual cash changed hands due to the unpaid deferred developer fees being reclassified to capital contributions from the General Partner, to offset, satisfying the full payment of the deferred developer fees. As of December 31, 2023, there were no developer fees remaining to be paid.

Partnership Management Fee

The Partnership shall pay to the General Partner a Partnership Management Fee annually, on a cumulative basis, in the amount of \$12,000 to compensate the General Partner for managing the Partnership's operations and assets and coordinating the preparation of the filings and financial reports required by the state housing finance agency, as well as, by federal, state, and local agencies. As of December 31, 2023 and 2022, Partnership Management Fees payable totaled \$180,000 and \$168,000, respectively. Partnership Management Fees incurred for the years ended December 31, 2023 and 2022 were \$12,000 and \$12,000, respectively.

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

Asset Management Fee

The Partnership shall pay the Asset Management Fee annually to the Asset Manager, an affiliate of the Limited Partner, for property management oversight, tax credit compliance monitoring, and related services in the amount of \$3,500, to be increased annually by 3.0%, on a cumulative basis. The Asset Manager will not incur any liability to the General Partner or the Partnership as a result of the Asset Manager's performance of or failure to perform its asset management services. The Asset Manager owes no duty to the General Partner or the Partnership and may only be terminated by the Limited Partner. As of December 31, 2023 and 2022, Asset Management Fees payable totaled \$67,051 and \$61,601, respectively. Asset Management Fees incurred for the years ended December 31, 2023 and 2022 were \$5,452 and \$5,293, respectively.

Special Services Fee

The Partnership shall pay the Services Manager (Ashley Residential Services, Inc.) a Special Services Fee in the amount of \$7,000, increasing by 2.0% annually and in the priority specified in §5.1(a)(viii) of the Partnership Agreement for the provision of services to tenants of the Project. As of December 31, 2023 and 2022, a Special Services Fee was accrued in the amount of \$123,477 and \$114,056, respectively. Special Services Fees incurred for the years ended December 31, 2023 and 2022 were \$9,421 and \$9,236, respectively.

Disposition Fee

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

Due to Related Party

During the year ended December 31, 2022, Ashley Place Development II, Limited Partnership, an affiliated Partnership, paid operating costs in the amount of \$20,065 on behalf of the Partnership. As of December 31, 2023 and 2022, the Partnership owed \$20,065 and \$20,065 to Ashley Place Development II, Limited Partnership, respectively.

NOTE G – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

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

Distributable cash flow is payable annually as follows:

- (1) to the Limited Partner to the extent of any amount which the Limited Partner is entitled to receive to satisfy any Credit Reduction Payment required pursuant to Section 6.9;

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE G – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS (CONTINUED)

- (2) to the Operating Reserve Account until such time as such account is equal to the Operating Reserve Target Amount;
- (3) to the payment of any accrued and payable Asset Management Fees to the Asset Manager;
- (4) to the Sponsor to pay any unpaid balance on the Deferred Development Fee;
- (5) to the Real Estate Tax Reserve Account until such time as such account is equal to the Real Estate Tax Reserve Target Amount;
- (6) to pay any accrued and unpaid interest and unpaid principal on loans made by the Limited Partner;
- (7) to repay any accrued and unpaid interest and unpaid principal on loan made by the General Partner;
- (8) to the General Partner to pay any accrued and payable Partnership Management Fee, on a cumulative basis; and
- (9) to the Services Manager to pay any accrued and payable Services Fee, on a cumulative basis.

NOTE H – CONTINGENCY

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

NOTE I – TAXABLE INCOME (LOSS)

A reconciliation of financial statement net income (loss) to taxable income (loss) of the Partnership for the years ended December 31, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Financial Statement Net Income (Loss)	\$ (183,822)	\$ (155,412)
Adjustments:		
Excess Depreciation for Income Tax Purposes over Financial Reporting Purposes	47,407	46,946
Other – Timing Differences	–	3,345
Taxable Income (Loss) Shown on Tax Return	<u>\$ (136,415)</u>	<u>\$ (105,121)</u>

NOTE J – ADVERTISING

For the years ended December 31, 2023 and 2022, the Partnership incurred advertising costs of \$513 and \$436, respectively. These costs are expensed as incurred.

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE K – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Ashley Place III. The Partnership's operations are concentrated in the low-income 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 and state regulatory agencies, including but not limited to, the state housing financing agency. Such administrative directives, rules and regulations are subject to change by federal and state agencies. Such changes may occur with little notice or inadequate funding to pay for related cost, including the additional administrative burden, to comply with a change.

NOTE L – CASUALTY CLAIM

During the year ended December 31, 2020, the apartment complex was damaged by Hurricane Delta. During the year ended December 31, 2021, the apartment complex filed a claim with its insurance company. During the years ended December 31, 2023 and 2021, the insurance company paid claims in the amount of \$30,012 and \$55,488, respectively. During the years ended December 31, 2022 and 2021, the apartment complex incurred costs related to the hurricane in the amount of \$118,055 and \$55,488, respectively, of which both amounts were incurred through a construction costs payable. During the year ended December 31, 2023, the apartment complex incurred repair costs related to the hurricane in the amount of \$123,177. The Partnership disposed of fixed asset costs related to the claim in the amount of \$84,872 and \$78,270 with an unrecoverable book value of \$54,106 and \$51,038, which resulted in a net casualty loss of \$24,094 and a net casualty gain of \$4,450 for the years ended December 31, 2023 and 2022, respectively, from the disposal and restoration related to the hurricane.

During the year ended December 31, 2021, the apartment complex was damaged by Hurricane Ida. The apartment complex chose not to file a claim with its insurance company, since the amount was below the deductible of \$25,000. During the year ended December 31, 2022, the apartment complex incurred fencing costs related to the hurricane in the amount of \$3,360. For the year ended December 31, 2022, there was a casualty loss of \$3,360 resulting from the damage as a result of the hurricane.

For the year ended December 31, 2022, there was a net casualty gain of \$1,090 resulting from the damage as a result of both Hurricane Delta in 2020 and Hurricane Ida in 2021.

NOTE M – SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through March 12, 2024, the date which the financial statements were available for issue.

SUPPLEMENTAL INFORMATION

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
ADMINISTRATIVE		
Manager Salaries	\$ 7,514	\$ 9,509
Assistant Manager	-	1,134
Advertising	513	436
Office Expense	1,416	1,542
Bank Charges	252	25
Legal	-	135
Accounting and Auditing	7,912	8,028
Bad Debt Expense	2,355	495
Telephone	1,054	1,092
Other Administrative Expenses	2,007	2,573
Total Administrative	\$ 23,023	\$ 24,969
UTILITIES		
Electricity	\$ 4,694	\$ 3,575
Water and Sewer	9,312	9,461
Trash Collection	4,349	3,862
Total Utilities	\$ 18,355	\$ 16,898
MAINTENANCE AND REPAIRS		
Supplies	\$ 3,461	\$ 8,112
Repairs	8,529	1,259
Payroll	2,159	16,874
Contracts	6,918	4,517
Grounds	1,292	2,205
Pest Control	1,190	1,015
Total Maintenance and Repairs	\$ 23,549	\$ 33,982
INSURANCE		
Liability Insurance	\$ 49,775	\$ 43,301
Workman's Compensation	296	232
Total Insurance	\$ 50,071	\$ 43,533
INTEREST EXPENSE		
Interest Expense	\$ 45,793	\$ 47,228
Interest on NEF - Workout Loan	3,085	-
Total Interest Expense	\$ 48,878	\$ 47,228



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ashley Place Development III, Limited Partnership, which comprise the balance sheet as of December 31, 2023, and the related statements of operations, partners' equity (deficit) and cash flows for the year ended December 31, 2023, and the related notes to the financial statements, and have issued our report thereon dated March 12, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ashley Place Development III, Limited Partnership's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ashley Place Development III, Limited Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of Ashley Place Development III, Limited Partnership's internal control.

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

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 or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ashley Place Development III, Limited Partnership's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ashley Place Development III, Limited Partnership's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ashley Place Development III, Limited Partnership's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Monroe, Louisiana
March 12, 2024

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP

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

FOR THE YEAR ENDED DECEMBER 31, 2023

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND RECOMMENDATIONS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

Current Year Findings and Questioned Costs

There were no findings or questioned costs for the year ending December 31, 2023.

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
SCHEDULE OF THE STATUS OF PRIOR YEAR FINDINGS, QUESTIONED COSTS, AND
RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

Status of Prior Year Findings and Questioned Costs

There were no findings or questioned costs for the year ending December 31, 2022.