

**ASHLEY PLACE I
LIMITED PARTNERSHIP**

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

ASHLEY PLACE I
LIMITED PARTNERSHIP

AUDITED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

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Little & Assoc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Ashley Place I Limited Partnership (a Louisiana Limited Partnership), which comprise the balance sheets as of December 31, 2020 and 2019 and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ashley Place I Limited Partnership as of December 31, 2020 and 2019, and the results of its operations, changes in partners' equity (deficit), and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenses and the Schedule of Compensation, Benefits, and Other Payments to the Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021, on our consideration of Ashley Place I Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ashley Place I Limited Partnership's internal control over financial reporting and compliance.

Little & Associates, LLC

Monroe, LA

March 26, 2021

ASHLEY PLACE I
LIMITED PARTNERSHIP
BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

ASSETS

| | <u>2020</u> | <u>2019</u> |
|--|-------------------------|-------------------------|
| CURRENT ASSETS | | |
| Cash - Operations | \$ 2,668 | \$ 8,243 |
| Accounts Receivable - Tenants | 13,770 | 1,426 |
| Accounts Receivable - Other | 51,459 | 51,459 |
| Prepaid Expenses | 27,253 | 18,963 |
| Total Current Assets | <u>95,150</u> | <u>80,091</u> |
| RESTRICTED DEPOSITS AND FUNDED RESERVES | | |
| Replacement Reserve | 18,561 | 14,941 |
| Operating Reserve | 10,414 | 21,469 |
| Insurance Escrow | 421 | 418 |
| Tenants' Security Deposits | 11,650 | 12,275 |
| Total Restricted Deposits and Funded Reserves | <u>41,046</u> | <u>49,103</u> |
| PROPERTY AND EQUIPMENT | | |
| Buildings | 3,695,277 | 3,695,277 |
| Furniture and Equipment | 130,679 | 130,679 |
| Site Improvements | 541,104 | 541,104 |
| Total | <u>4,367,060</u> | <u>4,367,060</u> |
| Less: Accumulated Depreciation | <u>(1,698,786)</u> | <u>(1,579,193)</u> |
| Net Depreciable Assets | 2,668,274 | 2,787,867 |
| Land | 164,846 | 164,846 |
| Total Property and Equipment | <u>2,833,120</u> | <u>2,952,713</u> |
| OTHER ASSETS | | |
| Syndication Costs | <u>22,000</u> | <u>22,000</u> |
| Total Other Assets | <u>22,000</u> | <u>22,000</u> |
| Total Assets | <u>\$ 2,991,316</u> | <u>\$ 3,103,907</u> |

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

ASHLEY PLACE I
LIMITED PARTNERSHIP
BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

LIABILITIES AND PARTNERS' EQUITY

| | 2020 | 2019 |
|--|--------------|--------------|
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 12,589 | \$ - |
| Deferred Revenue | 1,694 | 1,984 |
| Construction Costs Payable - Flood Restoration | 123,629 | 123,629 |
| Accrued Insurance | 2,048 | 2,349 |
| Current Portion of Long-Term Debt | 41,980 | 38,932 |
| Total Current Liabilities | 181,940 | 166,894 |
| DEPOSITS | | |
| Tenant Security Deposits | 11,650 | 12,275 |
| Total Deposits | 11,650 | 12,275 |
| LONG-TERM LIABILITIES | | |
| Development Costs Payable | 38,922 | 38,922 |
| Deferred Developer Fee Payable | 210,658 | 210,658 |
| Note Payable - Long Term, Net of Unamortized Debt Issuance Costs | 1,022,885 | 1,062,196 |
| Asset Management Fee Payable | 47,922 | 44,041 |
| Partnership Management Fee Payable | 175,714 | 161,484 |
| Special Services Fee Payable | 111,818 | 102,763 |
| Total Long-Term Liabilities | 1,607,919 | 1,620,064 |
| Total Liabilities | 1,801,509 | 1,799,233 |
| PARTNERS' EQUITY | | |
| Partners' Equity | 1,189,807 | 1,304,674 |
| Total Partners' Equity | 1,189,807 | 1,304,674 |
| Total Liabilities and Partners' Equity | \$ 2,991,316 | \$ 3,103,907 |

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

ASHLEY PLACE I
LIMITED PARTNERSHIP
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| REVENUE | | |
| Rental Income | \$ 338,072 | \$ 333,050 |
| Vacancy | (54,561) | (47,798) |
| Application Fees, Forfeited Deposits, Etc. | 6,344 | 8,244 |
| Bad Debt | (2,314) | (2,956) |
| Damages | 1,020 | 47 |
| Interest Income | 168 | 492 |
| Miscellaneous Income | 705 | 710 |
| Total Revenue | <u>289,434</u> | <u>291,789</u> |
| EXPENSES | | |
| Maintenance and Repairs | 37,292 | 43,980 |
| Utilities | 28,832 | 31,093 |
| Administrative | 40,562 | 46,089 |
| Management Fees | 17,535 | 17,718 |
| Taxes | 3,492 | 3,359 |
| Insurance | 49,890 | 42,366 |
| Interest | 86,056 | 89,509 |
| Depreciation and Amortization | 119,593 | 119,593 |
| Total Expenses | <u>383,252</u> | <u>393,707</u> |
| | | |
| Loss From Rental Operations | <u>(93,818)</u> | <u>(101,918)</u> |
| OTHER INCOME (EXPENSES) | | |
| Forgiveness of Debt - PPP Loan | 6,117 | - |
| Total Other Income (Expenses) | <u>6,117</u> | <u>-</u> |
| MORTGAGOR ENTITY EXPENSES | | |
| Asset Management Fees | 3,881 | 3,805 |
| Partnership Management Fees | 14,230 | 13,951 |
| Special Services Fees | 9,055 | 8,878 |
| Total Mortgagor Entity Expenses | <u>27,166</u> | <u>26,634</u> |
| | | |
| Net Income (Loss) | <u>\$ (114,867)</u> | <u>\$ (128,552)</u> |

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

ASHLEY PLACE I
LIMITED PARTNERSHIP
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>Total</u> | <u>Denham Springs Community Corporation</u> | <u>NEF Assignment Corporation</u> |
|---|---------------------|---|---|
| Partners' Equity (Deficit), December 31, 2018 | \$ 1,433,226 | \$ (183) | \$ 1,433,409 |
| Net Income (Loss) | <u>(128,552)</u> | <u>(13)</u> | <u>(128,539)</u> |
| Partners' Equity (Deficit), December 31, 2019 | 1,304,674 | (196) | 1,304,870 |
| Net Income (Loss) | <u>(114,867)</u> | <u>(11)</u> | <u>(114,856)</u> |
| Partners' Equity (Deficit), December 31, 2020 | <u>\$ 1,189,807</u> | <u>\$ (207)</u> | <u>\$ 1,190,014</u> |
| Profit and Loss Percentages | <u>100.00%</u> | <u>0.01%</u> | <u>99.99%</u> |

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

ASHLEY PLACE I
LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | 2020 | 2019 |
|--|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net Income (Loss) | \$ (114,867) | \$ (128,552) |
| Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation and Amortization | 122,585 | 122,584 |
| (Increase) Decrease in Accounts Receivable - Tenants | (12,344) | 5,262 |
| (Increase) Decrease in Accounts Receivable - Other | - | (11) |
| (Increase) Decrease in Prepaid Expenses | (8,290) | (18,963) |
| Increase (Decrease) in Accounts Payable | 12,589 | - |
| Increase (Decrease) in Asset Management Fee Payable | 3,881 | 3,805 |
| Increase (Decrease) in Deferred Revenue | (290) | 1,801 |
| Increase (Decrease) in Partnership Management Fee Payable | 14,230 | 13,951 |
| Increase (Decrease) in Special Services Fees Payable | 9,055 | 8,878 |
| Increase (Decrease) in Security Deposit Liability | (625) | (1,080) |
| Increase (Decrease) in Accrued Insurance | (301) | 2,349 |
| Total Adjustments | 140,490 | 138,576 |
| Net Cash Provided (Used) by Operating Activities | 25,623 | 10,024 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Principal Payments on Long-Term Debt | (39,255) | (28,271) |
| Net Cash Provided (Used) by Financing Activities | (39,255) | (28,271) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (13,632) | (18,247) |
| Cash and Cash Equivalents, Beginning of Year | 57,346 | 75,593 |
| Cash and Cash Equivalents, End of Year | \$ 43,714 | \$ 57,346 |

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

ASHLEY PLACE I
LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | 2020 | 2019 |
|--|-----------|-----------|
| Supplemental Disclosures of Cash Flow Information: | | |
| Cash and Cash Equivalents | | |
| Cash - Operations | \$ 2,668 | \$ 8,243 |
| Replacement Reserve | 18,561 | 14,941 |
| Operating Reserve | 10,414 | 21,469 |
| Insurance Escrow | 421 | 418 |
| Tenants' Security Deposits | 11,650 | 12,275 |
| Total Cash and Cash Equivalents | \$ 43,714 | \$ 57,346 |
| Cash paid During the Year for: | | |
| Interest | \$ 83,064 | \$ 86,518 |

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

ASHLEY PLACE I LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A – ORGANIZATION

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

The project is eligible for Low-Income Housing Tax Credits established under the program described in Section 42 of the Internal Revenue Code (low-income housing tax credit) which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. The major activities and operations of the Partnership are governed by the Amended and Restated Partnership Agreement (the Partnership Agreement) and are subject to the administrative directives, rules, and regulations of federal and state regulatory agencies, including but not limited to, the state housing finance agency. Such administrative directives, rules, and regulations are subject to change by federal and state agencies.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Partnership's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

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

Capitalization and Depreciation

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

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful lives.

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

Tenants' Security Deposits

Tenant's security deposits are held in a separate bank account in the name of the project. At December 31, 2020, this account was funded in an amount equal to the security deposit liability.

ASHLEY PLACE I LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rental Income and Deferred Rents

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

Tenant Receivable and Bad Debt Policy

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

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

Amortization

Organization costs are expensed as incurred. Tax credit costs have been capitalized and are being amortized over the tax credit period. These costs are presented in the Balance Sheet net of accumulated amortization. Accumulated amortization totaled \$24,219 and \$24,219 as of December 31, 2020 and 2019, respectively. The tax credit costs have been fully amortized as of December 31, 2016.

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the interest method.

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 2017.

Estimates

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

ASHLEY PLACE I LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Collateralization Policy

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

FASB ASC 360, *Property, Plant, and Equipment*

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

NOTE C – CASH AND CASH EQUIVALENTS AND BANK DEPOSITS

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

The Partnership maintains several accounts at various financial institutions. Noninterest-bearing and interest-bearing accounts, in the aggregate, are insured up to \$250,000 at each financial institution by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2020 and 2019, there were no uninsured deposits.

NOTE D – PARTNERS' CAPITAL CONTRIBUTIONS

The Partnership has one Managing General Partner, Denham Springs Community Corporation and one Limited Partner, NEF Assignment Corporation. The Partnership records capital contributions as received and distributions as paid. For the years ended December 31, 2020 and 2019, no capital contributions were received from the Partners and no distributions were paid to the Partners. Total capital contributions received as of December 31, 2016, total in the amount of \$3,257,828. As of December 31, 2016, there is no equity remaining to be contributed by the Limited Partner.

NOTE E – LONG-TERM DEBT

Permanent Loan

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

ASHLEY PLACE I LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE E – LONG-TERM DEBT (CONTINUED)

Permanent Loan (Continued)

interest amounts are due and payable. As of December 31, 2020 and 2019, the balance due on the loan was \$1,076,831 and \$1,116,086, respectively.

| | 2020 | 2019 |
|---------------------------------------|--------------|--------------|
| Note Payable – Long Term | \$ 1,076,831 | \$ 1,116,086 |
| Less: Unamortized Debt Issuance Costs | (11,966) | (14,958) |
| Note Payable – Long Term, Net | \$ 1,064,865 | \$ 1,101,128 |

Note Payable – Tower Management Real Estate, LLC – PPP

During the year ended December 31, 2020, Tower Management Real Estate, LLC entered into a Paycheck Protection Program (PPP) Loan with Southern Bancorp Bank. The loan is guaranteed by the Small Business Administration, an agency of the Government of the United States of America (SBA). Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. Funds from this loan were advanced to the Partnership, where it used the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. On December 2, 2020, the loan was forgiven by the SBA. During the year ended December 31, 2020, forgiveness of debt on the PPP loan was in the amount of \$6,117, and in accordance with PPP guidelines, will be tax exempt.

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

| Year Ending December 31 | Amount |
|----------------------------|------------|
| 2021 | \$ 41,980 |
| 2022 | \$ 45,239 |
| 2023 | \$ 48,751 |
| 2024 | \$ 52,535 |
| 2025 | \$ 56,614 |
| Thereafter | \$ 831,712 |

NOTE F – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Transactions with related parties are as follows:

Development Fee

As provided in the Development Services Agreement, the Partnership shall pay the Developer Fee in the amount of \$515,000 to Denham Springs Housing Authority, an affiliate of the General Partner, and Denham Springs Community Development Corporation, an affiliate of the General Partner, for services rendered for overseeing the construction and development of the complex. As of December 31, 2020 and 2019, the Partnership owed \$210,658 and \$210,658 in developer fees, of that amount, \$210,658 and \$210,658 is considered deferred, respectively.

ASHLEY PLACE I LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Partnership Management Fee

The Partnership shall pay to the General Partner a Partnership Management Fee annually in the amount of \$11,000, to be increased annually by 2% to compensate the General Partner for managing the Partnership's operations and assets and coordinating the preparation of the filings and financial reports required by the state housing finance agency, as well as by federal, state, and local agencies. For the years ended December 31, 2020 and 2019, the Partnership incurred Partnership Management Fees totaling \$14,230 and \$13,951, respectively. As of December 31, 2020 and 2019, Partnership Management Fees payable totaled \$175,714 and \$161,484, respectively.

Asset Management Fee

The Partnership shall pay the Asset Management Fee annually to the Asset Manager, an affiliate of the Limited Partner, for property management oversight, tax credit compliance monitoring, and related services in the amount of \$3,000, to be increased annually by 2.0%. The Asset Manager will not incur any liability to the General Partner or the Partnership as a result of the Asset Manager's performance of or failure to perform its asset management services. The Asset Manager owes no duty to the General Partner or the Partnership and may only be terminated by the Limited Partner. For the years ended December 31, 2020 and 2019, the Partnership incurred Asset Management Fees totaling \$3,881 and \$3,805, respectively. As of December 31, 2020 and 2019, Asset Management Fees payable totaled \$47,922 and \$44,041, respectively.

Special Services Fee

The Partnership shall pay the Services Manager (Ashley Residential Services, Inc.) a Services Fee in the amount of \$7,000, increasing by 2.0% annually and in the priority specified in §5.1(a)(viii) of the Partnership Agreement for the provision of services to tenants of the Project. For the years ended December 31, 2020 and 2019, the Partnership incurred Special Services Fees totaling \$9,055 and \$8,878, respectively. As of December 31, 2020 and 2019, Special Services Fees payable totaled \$111,818 and \$102,763, respectively.

Operating Deficit Guarantee

The General Partner shall be obligated to provide any funds needed by the Partnership, after all funds in the Operating Reserve Account have been used, to fund Operating Deficits during the Operating Deficits Guaranty Period. The General Partner shall be required, upon the reduction of the Operating Reserves Account to zero, to promptly provide funds to the Partnership in an amount up to \$105,000 for Operating Deficits occurring during the Operating Deficits Guaranty Period. Such costs shall include all operating and fixed costs accrued or accruable during the Operating Deficits Guaranty Period. Repayments of any borrowings arranged by the General Partner to fulfill its obligations shall be the sole obligation of the General Partner. Funds made available by the General Partner to fulfill its obligations may be reimbursed, without interest, or out of the proceeds of refinancing or sale pursuant to §5.2 of the Partnership Agreement.

ASHLEY PLACE I LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Disposition Fee

The Partnership shall pay the Asset Manager a Disposition Fee equal to 1% of the gross sales price out of the net sales proceeds at the time of closing of the sale of the Project or the Limited Partner's interest in the Project. As of December 31, 2020 and 2019, no Disposition Fee has been accrued or paid.

NOTE G – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

All profits and losses are allocated .01% to the General Partner, and 99.99% to the Limited Partner. Distribution of Operating Income and Cash Flow is applied in accordance with the order of priority established in Article 5.1 of the Partnership Agreement.

NOTE H – RESTRICTED ESCROW DEPOSITS AND RESERVES

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

Operating Reserve

The General Partner shall establish the Operating Reserve Account and fund it with the Operating Reserve Target Amount of \$105,000 from loan and/or equity proceeds at the time of payment of the Fourth Installment of the Limited Partner Capital Contribution. The Operating Reserve Target amount may, upon request of the General Partner be reduced to \$40,000 after the Project has maintained a Debt Service Coverage Ratio of 1.15 or better for four consecutive years and is in compliance with all of its obligations within the Partnership Agreement. The Fiscal Partner shall be obligated, to the extent that funds are available, to replenish the Operating Reserve Account up to the Operating Reserve Target Amount out of cash flow or proceeds of sales or refinancing in accordance with §5.1 and §5.2 of the Partnership Agreement. As of December 31, 2020 and 2019, the Operating Reserve Account was funded in the amount of \$10,414 and \$21,469, respectively.

Special Purpose Reserve

The General Partner shall establish a Special Purpose Reserve for real estate taxes out of loan and/or equity proceeds at the time of payment of the Fourth Installment. The Special Purpose Reserve shall be increased through Project Cash Flow until it reaches the Special Purpose Reserve Target Amount of \$28,800. Such funds will be held in a Special Purpose Reserve Account and administered by the General Partner pursuant to a Funding and Disbursement Agreement entered into by the Partnership, the Limited Partner and the General Partnership. As of December 31, 2020, the Special Purpose Reserve Account had not been funded.

Replacement Reserve

The General Partner shall establish the Replacement Reserve Account out of loan and/or equity proceeds at the time of payment of the Fourth Installment of the Limited Partner Capital

ASHLEY PLACE I LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE H – RESTRICTED ESCROW DEPOSITS AND RESERVES (CONTINUED)

Replacement Reserve (Continued)

Contribution. The Replacement Reserve will be held in the Replacement Reserve Account, under the control of the General Partner, and the Partnership will maintain this account from the date of payment of the Fourth Installment until the end of the compliance period. Withdrawals from the Replacement Reserve Account in excess of \$5,000 in the aggregate in any given month (unless such withdrawal was provided for in the approved project budget) will require written approval of the General Partner and the Asset Manager (except in cases where the account is under the control of one of the project lenders, in which case the General Partner shall notify the Asset Manager in writing of any withdrawals from the Replacement Reserve Account and the purpose for which such withdrawal was made). Within five business days of receipt by the Asset Manager of such requests, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved, or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within five business days, the withdrawal request is deemed to be approved. The required amount of Replacement Reserve funding is equal to not less than \$300 per unit per year increasing at a rate equal to 3% per year. For the year ended December 31, 2020, \$16,336 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2020 was \$11,460, which resulted in the account being underfunded by \$4,876 for the year ended December 31, 2020. For the year ended December 31, 2019, \$15,860 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2019 was \$11,460, which resulted in the account being underfunded by \$4,400 for the year ended December 31, 2019. As of December 31, 2020, the account was underfunded by a total amount of \$65,589. As of December 31, 2020 and 2019, the Replacement Reserve Account was funded in the amount of \$18,561 and \$14,941, respectively.

Replacement Reserve Account activity for the years ended December 31, 2020 and 2019 is as follows:

| | |
|------------------------------|------------------|
| Beginning Balance 12/31/2018 | \$ 34,551 |
| Deposits | 11,460 |
| Interest | 275 |
| Withdrawals | <u>(31,345)</u> |
| Ending Balance 12/31/2019 | 14,941 |
| Deposits | 11,460 |
| Interest | 81 |
| Withdrawals | <u>(7,921)</u> |
| Ending Balance 12/31/2020 | <u>\$ 18,561</u> |

NOTE I – CONTINGENCY

The Partnership's Low Income Housing Tax Credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with the 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.

ASHLEY PLACE I LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE J – ADVERTISING

The Partnership had advertising expenses of \$309 and \$274 for the years ended December 31, 2020 and 2019, respectively. These costs are expensed as incurred.

NOTE K – TAXABLE INCOME (LOSS)

A reconciliation of financial statement net income (loss) to taxable income (loss) of the Partnership for the years ended December 31, 2020 and 2019 are as follows:

| | <u>2020</u> | <u>2019</u> |
|---|--------------------|---------------------|
| Financial Statement Net Income (Loss) | \$ (114,867) | \$ (128,552) |
| Adjustments: | | |
| Excess Depreciation for Income Tax Purposes Over Financial Reporting Purposes | 24,791 | 24,791 |
| Other Book/Tax Timing Differences | – | – |
| Taxable Income (Loss) Shown on Tax Return | <u>\$ (90,076)</u> | <u>\$ (102,517)</u> |

NOTE M – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership’s sole asset is Ashley Place Apartments. 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 N – RISKS AND UNCERTAINTIES

In March 2020, the worldwide Coronavirus (Covid 19) outbreak was declared a pandemic by the World Health Organization. On March 22, 2020, the Governor of Louisiana issued a stay-at-home order; whereby, only essential businesses were allowed to remain open. The stay-at-home order may impact the Partnership’s collection of revenues due to tenants’ potential inability to work and pay monthly rents. If the Partnership should experience a disruption in collection of rents, this could adversely affect the Partnership’s ability to meet its obligations in the future. As of the report date, the State of Louisiana was in phase II which did allow non-essential businesses to re-open at 50% capacity. In addition, the Coronavirus Aid, Relief and Economic Security (CARES) Act provides for a federal moratorium on evictions of tenants who cannot afford to pay their rent during the pandemic and live in government subsidized housing or landlords with rental properties with federally-backed mortgages. The CARES act expired on July 25, 2020. The Consolidated Appropriations Act, 2021 extended the federal moratorium until January 31, 2021, which has been further extended until March 31, 2021. Although the Partnership has not experienced a material negative impact to its results of operations, cash flows and financial position as of the report date, any future material negative impact is unknown at this time due to the highly unpredictable nature of this virus and its effects and disruption to businesses in the future.

ASHLEY PLACE I LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

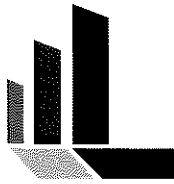
NOTE O – SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through March 26, 2021, the date which the financial statements were available for issue.

SUPPLEMENTAL INFORMATION

ASHLEY PLACE I
LIMITED PARTNERSHIP
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|----------------------------------|------------------|------------------|
| MAINTENANCE AND REPAIRS | | |
| Salaries | \$ 11,744 | \$ 13,627 |
| Supplies | 12,499 | 18,068 |
| Maintenance and Repairs Contract | 5,446 | 1,727 |
| Grounds Contracts | 4,659 | 5,908 |
| Services | 2,944 | 4,650 |
| Total Maintenance and Repairs | <u>\$ 37,292</u> | <u>\$ 43,980</u> |
| UTILITIES | | |
| Electricity | \$ 3,808 | \$ 5,340 |
| Water and Sewer | 18,428 | 20,407 |
| Trash Collection | 6,596 | 5,346 |
| Total Utilities | <u>\$ 28,832</u> | <u>\$ 31,093</u> |
| ADMINISTRATIVE | | |
| Manager Salaries | \$ 16,391 | \$ 15,912 |
| Assistant Manager Salaries | 6,626 | 5,554 |
| Advertising | 309 | 274 |
| Auditing Expense | 7,710 | 8,693 |
| Telephone | 940 | 1,130 |
| Bank Charges | - | 251 |
| Office Expense | 3,194 | 3,222 |
| Other Administrative | 5,392 | 11,053 |
| Total Administrative | <u>\$ 40,562</u> | <u>\$ 46,089</u> |
| TAXES | | |
| Real Estate Taxes | \$ 3,492 | \$ 3,359 |
| Total Taxes | <u>\$ 3,492</u> | <u>\$ 3,359</u> |
| INSURANCE | | |
| Property and Liability | \$ 48,739 | \$ 39,956 |
| Workmen's Compensation | 922 | 916 |
| Health Insurance | 229 | 1,494 |
| Total Insurance | <u>\$ 49,890</u> | <u>\$ 42,366</u> |
| INTEREST EXPENSE | | |
| Interest on Mortgage | \$ 86,056 | \$ 89,509 |
| Total Interest Expense | <u>\$ 86,056</u> | <u>\$ 89,509</u> |



Little & Assoc.
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ashley Place I Limited Partnership, which comprise the balance sheet as of December 31, 2020, and the related statements of operations, changes in partners' equity (deficit), and cash flows for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Little & Associates, LLC

Monroe, Louisiana
March 26, 2021

ASHLEY PLACE I
LIMITED PARTNERSHIP

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

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Ashley Place I Limited Partnership
 Schedule of Findings and Responses
 For the Year Ended December 31, 2020

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

| | | |
|---|---------|-------------------------|
| Type of auditors' report issued: | | Unmodified |
| Internal Control over financial reporting: Material Weaknesses identified? | ___ Yes | ___ <u>X</u> No |
| Significant deficiencies identified that are not considered to be material weaknesses? | ___ Yes | ___ <u>X</u> None Noted |
| Noncompliance material to financial statements noted? | ___ Yes | ___ <u>X</u> None Noted |

SECTION II – FINDINGS - FINANCIAL STATEMENTS AUDIT

None

Ashley Place I Limited Partnership
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2020

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

None