EAGLE POINTE DEVELOPMENT IV, L.P.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

EAGLE POINTE DEVELOPMENT IV, L.P.

TABLE OF CONTENTS

BOND & TOUSIGNANT, LLC
CERTIFIED PUBLIC ACCOUNTANTS
1500 Lamy Lane, Monroe, LA 71201-3734 • P. O. Box 14065, Monroe, LA 71207-4065
Phone: (318) 323-0717 • Fax: (318) 323-0719

INDEPENDENT AUDITORS' REPORT

To the Partners
Eagle Pointe Development IV Limited Partnership

Report on the Financial Statements

We have audited the accompanying financial statements of Eagle Pointe Development IV Limited Partnership, (a Louisiana Limited Partnership), which comprise the balance sheets as of December 31, 2017 and 2016, 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 Eagle Pointe Development IV Limited Partnership as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 20 through 24 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 March 26, 2018, on our consideration of Eagle Pointe Development IV Limited Partnership'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 Eagle Pointe Development IV Limited Partnership's internal control over financial reporting and compliance.

Bond + Tousignant, LLC

Monroe, Louisiana
March 26, 2018

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP
BALANCE SHEETS
DECEMBER 31, 2017 AND 2016

ASSETS

	2017	2016
CURRENT ASSETS		
Cash and Cash Equivalents	$ 65,256	$ 20,482
Accounts Receivable	6,879	250
Prepaid Expenses	13,706	13,777
Total Current Assets	85,841	34,509
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Operating Deficit Reserve	96,956	96,714
Replacement Reserve Escrow	88,025	73,424
Tenants' Security Deposits	13,588	13,588
Real Estate Tax and Insurance Escrow	2,468	1,953
Total Restricted Deposits and Funded Reserves	201,037	185,679
PROPERTY AND EQUIPMENT		
Buildings	4,464,011	4,464,011
Land Improvements	366,633	366,633
Furniture and Equipment	265,615	265,615
Total	5,096,259	5,096,259
Less: Accumulated Depreciation	(1,003,500)	(847,006)
Net Depreciable Assets	4,092,759	4,249,253
Total Property and Equipment	4,092,759	4,249,253
OTHER ASSETS		
Tax Credit Fees	55,650	55,650
Less: Accumulated Amortization	(24,115)	(20,405)
Net Amortizable Assets	31,535	35,245
Total Other Assets	31,535	35,245
TOTAL ASSETS	$ 4,411,172	$ 4,504,686

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

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP
BALANCE SHEETS
DECEMBER 31, 2017 AND 2016

LIABILITIES AND PARTNERS' EQUITY

	2017	2016
CURRENT LIABILITIES		
Accounts Payable	$ 13,128	$ 14,364
Accrued Interest Payable	6,571	6,255
Accrued Interest Payable - HABC (AHP Loan)	46,995	35,714
Management Fees Payable	7,926	11,314
Prepaid Rent	6,761	2,067
Current Portion - Mortgage Payable	19,329	18,055
Current Portion - 1602 Loan	228,271	228,271
Total Current Liabilities	328,981	316,040
DEPOSITS		
Tenants' Security Deposits	10,500	10,751
Total Deposits	10,500	10,751
LONG-TERM LIABILITIES		
Mortgage Payable	1,196,968	1,212,083
Notes Payable - 1602 Loan	1,826,172	2,054,443
Notes Payable - HABC (AHP Loan)	250,000	250,000
Developer Fee Payable	146,165	146,165
1602 Asset Management Fee Payable	10,455	10,400
Asset Management Fee Payable	2,500	5,000
Partnership Management Fee Payable	36,000	30,000
Total Long-Term Liabilities	3,468,260	3,708,091
Total Liabilities	3,807,741	4,034,882
PARTNERS' EQUITY		
Partners' Equity (Deficit)	603,431	469,804
TOTAL LIABILITIES AND PARTNERS' EQUITY	$ 4,411,172	$ 4,504,686

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

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
REVENUE		
Tenant Rents	$ 349,429	$ 349,429
Less Vacancies, Concessions, Etc.	(6,253)	(14,456)
Late Fees, Deposit Forfeitures, Etc.	2,686	1,761
Total Revenue	345,862	336,734
EXPENSES		
Maintenance and Repairs	27,896	40,317
Utilities	38,802	40,970
Administrative	33,615	41,734
Management Fees	33,820	33,510
Taxes	9,029	10,666
Insurance	18,345	17,463
Interest	105,315	107,060
Depreciation	160,203	160,204
Total Expenses	427,025	451,924
Income (Loss) from Rental Operations	(81,163)	(115,190)
OTHER INCOME AND (EXPENSES)		
1602 Loan Reduction	228,271	228,271
Interest Income	474	418
Asset Management Fee - 1602 Funds	(5,455)	(5,400)
Asset Management Fee - Limited Partner	(2,500)	(2,500)
Partnership Management Fee	(6,000)	(6,000)
Total Other Income (Expense)	214,790	214,789
Net Income (Loss)	$ 133,627	$ 99,599

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

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

		GENERAL PARTNER	LIMITED PARTNER
	Total	Bossier Affordable Housing, LLC	DFD VEP IV, LLC
Partners' Equity (Deficit), January 1, 2016	$ 370,205	$ 13	$ 370,192
Net Income (Loss)	99,599	10	99,589
Partners' Equity (Deficit), December 31, 2016	469,804	23	469,781
Net Income (Loss)	133,627	13	133,614
Partners' Equity (Deficit), December 31, 2017	$ 603,431	$ 36	$ 603,395
Profit and Loss Percentages	100.000%	0.01%	99.99%

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

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	$ 133,627	$ 99,599
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	160,203	160,204
(Increase) Decrease in:		
Accounts Receivable - Tenants	(6,629)	(155)
Real Estate Tax and Insurance Escrow	(515)	(1,001)
Prepaid Expenses	71	(907)
Increase (Decrease) in:		
Accounts Payable	(1,236)	(4,268)
Accrued Interest Payable	11,597	10,419
Prepaid Rent	4,694	(1,827)
Management Fees Payable	(3,388)	336
1602 Asset Management Fee Payable	55	-
Asset Management Fee Payable	(2,500)	2,500
Partnership Management Fee Payable	6,000	6,000
Net Security Deposits Received (Paid)	(250)	(1,341)
Net Cash Provided (Used) by Operating Activities	301,729	269,559
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deposits to Reserve for Replacements	(14,601)	(20,164)
Withdrawals from Reserve for Replacements	-	1,200
(Increase) Decrease in Operating Deficit Reserve	(242)	(242)
Net Cash Provided (Used) by Investing Activities	(14,843)	(19,206)
CASH FLOWS FROM FINANCING ACTIVITIES:		
1602 Loan Reduction	(228,271)	(228,271)
Principal Payments on Long Term Debt	(17,839)	(14,963)
Interest on Loan Fees	3,998	4,047
Net Cash Provided (Used) by Financing Activities	(242,112)	(239,187)
Net Increase (Decrease) in Cash and Cash Equivalents	44,774	11,166
Cash and Cash Equivalents, Beginning of Year	20,482	9,316
Cash and Cash Equivalents, End of Year	$ 65,256	$ 20,482

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

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for:		
Interest	$ 89,720	$ 92,594

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

NOTE A - ORGANIZATION

Eagle Pointe Development IV Limited Partnership (the Partnership) is a limited partnership organized under the laws of the State of Louisiana. The Partnership was organized in 2007 to develop, construct, own, maintain and operate a forty-eight unit apartment complex intended for rental to persons of low and moderate income. The apartment complex, The Villages at Eagle Pointe IV, is located in Bossier City, Louisiana. The major activities of the Partnership are governed by the Second Amended and Restated Partnership Agreement (Partnership Agreement) and are subject to the administrative directives, rules, and regulations of federal and state regulatory agencies, including but not limited to, the Louisiana Housing Corporation. Such administrative directives, rules, and regulations are subject to change by federal and state agencies.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

Change in Accounting Principle

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

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the 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.

Cash and Other Deposits

The Partnership has various checking, escrow and other deposits at various financial institutions. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. At December 31, 2017, the Partnership had $16,573 in uninsured deposits.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017 and 2016, accounts receivable are presented net of an allowance for doubtful accounts of $0 and $0, respectively.

Capitalization and Depreciation

Land, buildings and improvements are recorded at cost. 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. 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

Permanent closing fees resulting from legal costs incurred during closing to permanent financing are amortized over the term of the loan using the straight-line method.

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

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

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.

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, 2017 and 2016.

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 March 26, 2018 (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

Operating Deficit Reserve

The General Partner shall establish and at all times maintain an operating deficit reserve in the amount of $96,000, which shall be funded from the closing of the permanent financing or from the capital contribution of the Limited Partner made pursuant to the Partnership Agreement. The operating deficit reserve shall be jointly held in the name of the Partnership and the Limited Partner. Any withdrawal from the account requires the consent of the Limited Partner. During permanent loan closing in December 2013, the Operating Deficit Reserve was funded in the amount of $96,000. Funding

NOTE C - RESTRICTED DEPOSITS AND FUNDED RESERVES (CONTINUED)

amounted to $242 in 2017 and $242 in 2016. Withdrawals amounted to $0 in 2017 and $0 in 2016. At December 31, 2017 and 2016, the balance in this account was $96,956 and $96,714, respectively.

Replacement Reserve Escrow

The Partnership shall set aside, in a separate Partnership bank account, a repair and replacement reserve (the "Replacement Reserve Account"), to be funded on a monthly basis at an annual rate equal to $300 per residential unit as required by the permanent lender. Withdrawals from the Replacement Reserve Account are available only for specified purpose, with prior written consent of the permanent lender. After the fifth anniversary of the closing of the permanent loan, the permanent lender shall have the right to require a physical needs assessment of the property pursuant to which the funding requirements may be increased. Funding amounted to $14,601 in 2017 and $20,164 in 2016. Withdrawals amounted to $0 in 2017 and $1,200 in 2016. At December 31, 2017 and 2016, the balance in this account was $88,025 and $73,424, respectively.

In accordance with the provisions of the regulatory agreement, restricted cash is to be used for the replacement of property with the approval of the lender as follows:

Balance, December 31, 2016	$	73,424
Deposits:		
Monthly Deposits: $1,200 x 12		14,400
Interest Earned		201
Withdrawals:		
Replace Carpet		-
Bank Charges		-
Balance, December 31, 2017	$	88,025

1602 Replacement Reserve Account

As a condition of the 1602 Loan, the Partnership entered into a Replacement Reserve Agreement. The Replacement Reserve Agreement requires the Partnership to establish a 1602 Replacement Reserve Escrow account with no initial deposit and monthly deposits of one thousand two hundred ($1,200) to be used to defray the costs of capital replacements. Deposits and disbursements of funds from the reserve replacement fund are governed by the Replacement Reserve Agreement. Upon the execution and delivery of the 1602 Investment Documents, the parties shall establish the replacement reserve fund and, if required by Louisiana Housing Corporation (LHC), the project shall pay the initial deposit to the LHC for funding the replacement reserve account upon conversion. The LHC has agreed to allow the replacement reserve account held for the permanent mortgage to serve as the 1602 Replacement Reserve Account. During 2013, $36,473 was deposited into the existing replacement reserve escrow that is required by the permanent lender and the $1,200 monthly deposits are waived as long as monthly deposits, as required by the permanent lender, are being deposited.

Tenant Security Deposits

Tenants' security deposits are held in a separate bank account in the name of the project. At December 31, 2017, this account was adequately funded.

NOTE C - RESTRICTED DEPOSITS AND FUNDED RESERVES (CONTINUED)

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 $18,964 in 2017 and $19,795 in 2016. Withdrawals amounted to $18,449 in 2017 and $18,794 in 2016. At December 31, 2017 and 2016, the balance in this account was $2,468 and $1,953, respectively.

NOTE D - LONG-TERM DEBT

Mortgage Payable

In December 2013, permanent financing was provided by Ouachita Independent Bank and is a fifteen year mortgage with a thirty year amortization period in the original amount of $1,345,000. The loan bears interest at 6.918% with monthly principal and interest installments of $8,963, with one irregular last payment of $999,338 in the year 2028. The non-recourse note is collateralized by the first mortgage on the Partnership's land and buildings. For the years ended December 31, 2017 and 2016, the partnership maintained a debt service coverage ratio of 136% and 95%, respectively. During 2017, the Partnership paid $14,963 in principal and $92,595 in interest. At December 31, 2017, the loan had an outstanding balance of $1,284,110 and accrued interest was $6,571.

Debt issuance costs, net of accumulated amortization, of $67,813 and $71,811 as of December 31, 2017 and 2016, respectively, are amortized using an imputed interest rate of 3.69%.

Note Payable – 1602 Loan

The Partnership obtained an interest-free U.S. Treasury 1602 Exchange Program Loan (the "1602 Loan") for an amount not to exceed $3,424,072 issued through the Louisiana Housing Corporation for the rehabilitation of the project. At the end of each year during the Compliance Period and so long as no Recapture Event has occurred, the principal amount of this 1602 Loan shall be reduced by 1/15th of the unpaid principal balance as of the first day of the Compliance Period. During the year ended December 31, 2017, the principal was reduced by $228,271 and included as other income in the financial statements. At December 31, 2017, the balance of this loan was $2,054,443.

Note Payable – HABC (AHP Loan)

The Partnership has a note with the Housing Authority of the City of Bossier City in the principal amount of $250,000 bearing interest at a rate equal to 4.5% per annum. Interest on the AHP loan shall begin accruing on the date of the first disbursement of funds and compounded semi-annually on the last day of June and December each year. Interest and principal shall be deferred and shall be due and payable as the income and cash flow permits, as set forth in the Second Amended and Restated Limited Partnership Agreement. Prepayment amounts shall be applied first to payment of interest on the unpaid principal balance through the date of prepayment and then to payment of installments of principal in inverse order of maturity. The entire balance of principal and all accrued and unpaid interest shall be due and payable on April 13, 2027. During 2017, the Partnership paid $0 in principal and $0 in interest. At December 31, 2017, the balance of this loan was $250,000 and accrued interest was $46,995.

NOTE D - LONG-TERM DEBT (CONTINUED)

Principal payments due over the next five years and thereafter are as follows:

Year Ending December 31,	Amount
2017	$ 247,600
2018	248,981
2019	250,460
2020	252,044
2021	253,742
Thereafter	$ 2,335,726

NOTE E - PARTNERS' CAPITAL

The Partnership has one General Partner – Bossier Affordable Housing, LLC and one Limited Partner – DFD VEP IV, LLC. The Partnership records capital contributions as received.

NOTE F - 1602 ASSET MANAGEMENT FEE

For services performed under the Asset Management Agreement, the Partnership agrees to pay Foley & Judell, LLP (the "Asset Management Agent") $27,500 at closing (the "Initial Asset Management Fee") and an annual asset management fee (the "Annual Fee") commencing with the execution of the 1602 Asset Management Agreement in the amount of five thousand dollars ($5,000). The annual fee shall be due and payable to the asset manager commencing at the end of the first year of the project's compliance period and shall be adjusted each year by the consumer price index ("CPI"). During the years ended December 31, 2017 and 2016, $5,400 and $0, respectively, of 1602 Asset Management Fees were paid. At December 31, 2017 and 2016, the balance of the 1602 Asset Management Fee Payable was $10,455 and $10,400, respectively.

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Management Agent Fee

The Partnership entered into an agreement with the Housing Authority of the City of Bossier City to provide services in connection with rent-up, leasing and operation of the project. The Management Agent shall be paid a management fee, which consists of (1) a base management fee in the amount not to exceed six (6%) percent of operating revenues, which shall accrue if unpaid (the "Base Management Fee") and (2) a subordinate management fee in an amount not to exceed four (4%) percent of operating revenues, which shall accrue if not paid (the "Subordinate Management Fee"). The Partnership incurred base management fees of $20,292 in 2017 and $20,106 in 2016 and subordinate management fees of $13,528 in 2017 and $13,404 in 2016, for services rendered in connection with the leasing, management, and operations of the apartment complex.

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES (CONTINUED)

Developer Fee Payable

The Partnership entered into a development services agreement in the amount of $724,015 with the Housing Authority of the City of Bossier City, an affiliate of the General Partner, to render services for overseeing the construction and development of the complex. The development fee has been capitalized in the basis of the building. Developer fees of $0 and $0 were paid during 2017 and 2016, respectively. As of December 31, 2017 and 2016, the balance of the developer fee payable was $146,165 and $146,165, respectively.

Asset Management Fee

The Partnership shall pay the Limited Partner an Asset Management Fee of $2,500 per annum for its anticipated costs of oversight, management, and administration of its investments in the Project. The Asset Management Fee shall be payable only to the extent sufficient cash flow is available pursuant to the Partnership Agreement, and 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 transaction proceeds to pay the outstanding accrued amount. During the years ended December 31, 2017 and 2016, Asset Management Fees of $5,000 and $2,500, respectively were paid. At December 31, 2017 and 2016, the balance of the Asset Management Fee Payable was $2,500 and $5,000, respectively.

Partnership Management Fee

The Partnership shall pay the Housing Authority of the City of Bossier City and an affiliate of the General Partner a monthly Partnership Management Fee of $500 for its anticipated costs of oversight, management, and administration of its investments in the Project. The Partnership Management Fee shall be payable only to the extent sufficient cash flow is available pursuant to the Partnership Agreement, and 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 transaction proceeds to pay the outstanding accrued amount. During the years ended December 31, 2017 and 2016, Partnership Management Fees of $0 and $0, respectively, were paid. At December 31, 2017 and 2016, the balance of the Partnership Management Fee Payable was $36,000 and $30,000, respectively.

NOTE H - PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

All profits and losses, other than from capital transactions detailed in the Second Amended and Restated Partnership Agreement, are allocated .01% to the General Partner and 99.99% to the Limited Partner.

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

A) An amount equal to 39.6% of any taxable income allocated to the Limited Partner;

B) To the Limited Partner, for payment of any Basis Adjustment Amount or any other payment pursuant to the Partnership Agreement not previously paid;

C) To the payment of any accrued but unpaid Base Management Fee;

NOTE H - PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS (CONTINUED)

D) To the payment of any amount equal to Limited Partner's Asset Management Fee (including any amount accrued or unpaid) until such Asset Management Fee has been paid in full;

E) To the payment of any Deferred Developer Fee due and payable;

F) To the repayment of any outstanding loan to the Partnership made by the Limited Partner;

G) To replenishment of the Operating Reserve to the extent of any prior disbursements to cover operating deficits;

H) To the payment of any Partnership Management Fee (including any amounts accrued or unpaid);

I) To the payment of any accrued but unpaid Subordinate Management Fee;

J) To the payment of ant debts owed by the Partnership to Partners and/or their Affiliates;

K) In accordance with the Percentage Interest of the Partners.

NOTE I - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Villages at Eagle Pointe IV Apartments. 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 - CONTINGENCY

The Partnership's 1602 Loan is contingent on the ability of the Partnership 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 the 1602 loan balance.

NOTE K - EXEMPTION FROM REAL ESTATE TAXES

Based upon the requirements set forth in the Louisiana Constitution, Article 7, Section 21, the Partnership is exempt from real estate taxes. The Bossier Parish Tax Assessor has concurred with this exemption and therefore no real estate taxes have been assessed.

NOTE L - TAXABLE INCOME (LOSS)

A reconciliation of financial statement net income (loss) to taxable income (loss) of the Partnership for the years ended December 31, 2017 and 2016 are as follows:

	2017	2016
Financial Statement Net Income (Loss)	$ 133,627	$ 99,599
Adjustments:		
Excess of depreciation and amortization for financial reporting purposes over income tax purposes	20,688	20,458
Tax Exempt 1602 Income	(228,271)	(228,271)
Taxable Income (Loss) as Shown on Tax Return	$ (73,956)	$ (108,214)

NOTE M - ADVERTISING

The Partnership incurred advertising costs of $0 and $20 in 2017 and 2016, respectively. Advertising costs are expensed as incurred.

SUPPLEMENTAL INFORMATION

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
MAINTENANCE AND REPAIRS		
Maintenance Salaries	8,972	11,963
Maintenance Supplies	3,729	3,985
Maintenance Contracts	9,798	11,861
Maintenance Other	397	2,445
Grounds Maintenance	5,000	4,908
Security	-	5,155
Total Maintenance and Repairs	$ 27,896	$ 40,317
UTILITIES		
Water	8,443	9,109
Electricity	5,991	5,574
Utilities - Vacant Units	147	717
Sewer	8,252	8,863
Utilities - Other Expense	5,877	6,796
Garbage & Trash Removal	10,092	9,911
Total Utilities	$ 38,802	$ 40,970
ADMINISTRATIVE		
Salaries - Admin. and Mgt.	10,660	15,082
Audit Fees	7,000	7,000
Advertising	-	20
Office Expenses	1,186	814
Bank Charges	1,014	774
Telephone & Internet	2,918	2,782
Postage / Freight	643	771
Legal Expense	487	449
Travel	-	84
Tax Credit Compliance	6,397	4,342
Eviction Fees	-	210
Bank Charges	94	532
Computer Tech Support	44	1,499
Dues and Subscriptions	1,793	2,885
Professional Services	-	3,617
Staff Training	707	248
Collection Losses	672	625
Total Administrative	$ 33,615	$ 41,734

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
MANAGEMENT FEES		
Management Fees	20,292	20,106
Subordinate Mgmt Fees	13,528	13,404
Total Management Fees	$ 33,820	$ 33,510
TAXES		
Employee Benefits - Admin	4,060	4,931
Maintenance - Emp Benefits	4,969	5,735
Total Taxes	$ 9,029	$ 10,666
INSURANCE		
Gen. Liability Insurance	3,952	2,950
Property Insurance	12,437	13,754
Umbrella Policy Insurance	1,956	759
Total Insurance	$ 18,345	$ 17,463
INTEREST		
Interest on Mortgage Loan	90,036	91,763
Interest Expense - AHP Grant	11,281	11,250
Interest on Loan Fees	3,998	4,047
Total Interest	$ 105,315	$ 107,060
DEPRECIATION		
Depreciation Expense	156,493	156,494
Amortization Expense	3,710	3,710
Total Depreciation	$ 160,203	$ 160,204

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP
SCHEDULE OF OPERATING INCOME AND EXPENSE VARIANCES - AMEC MODEL
FOR THE YEAR ENDED DECEMBER 31, 2017

		2017 Year 5 AMEC Model	2017 Year 5 Actual
2.00%	Inflation Rate for Rental Income		
3.00%	Inflation Rate for Other Income/Expenses		
2.50%	Inflation Rate for Replacement Reserve		
RENTAL INCOME		*0%*	
	Residential		
5121	Rental Income GROSS VACANCY	$ 348,978	$ 349,429
5190	Other	-	-
Total Rental Income		348,978	349,429
VACANCIES: Enter as Negative		*-74%*	
5220	Apartments	(24,429)	(6,253)
5290	Miscellaneous Concessions	-	-
Total Vacancies		(24,429)	(6,253)
Net Rental Income		324,550	343,176
OTHER INCOME & BAD DEBT		*-53%*	
5910	Laundry & Vending	-	-
6370	Apartment Bad Debt - Enter as Negative	-	-
5920	NSF, Damages & Late Charges, Other	5,680	2,686
Total Other Income		5,680	2,686
EFFECTIVE GROSS INCOME		330,230	345,862
ADMIN. EXPS		*14%*	
6210	Advertising	464	-
6250	Admin. Exps.	1,160	9,571
6310	Office Salaries	11,592	10,660
6311	Office Supplies	1,160	2,979
6320	Management Fee	21,994	33,820
6330	Management or Super. Sal.	12,752	-
6331	Mgmt. or Super. Free Rent Unit	-	-
6341	Legal Expenses (Project)	1,160	487
6350	Auditing Exps. (Project)	3,478	7,000
6351	Bookkeeping Fees/Acct. Services	3,478	-
6360	Telephone and Answering Service	-	2,918
6390	LHC Asset Management Fee	9,042	7,955
Total Admin. Less Management Fee		44,284	41,570
Total Admin. Exps.		66,278	75,390
UTILITIES EXPENSE		*9%*	
6420	Fuel Oil/Coal	-	-
6450	Electricity (Light & Misc. Power)	1,971	11,868
6451	Water	11,592	8,590
6452	Gas	-	-
6453	Sewer	12,752	8,252
Total Utilities Exps.		$ 26,316	$ 28,710

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP
SCHEDULE OF OPERATING INCOME AND EXPENSE VARIANCES - AMEC MODEL
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 Year 5 AMEC Model	2017 Year 5 Actual
O & M EXPENSES	*-29%*	
6510 O&M Payroll	$ 20,636	$ 8,972
6515 O&M Supplies	5,797	3,729
6520 O&M Contract	8,695	9,798
6525 Garbage & Trash Removal	1,739	10,092
6530 Security Payroll/Contract	3,478	-
6545 Elevator Maintenance/Contract	-	-
6546 HVAC R & M	-	-
6570 Other Expenses	6,724	397
6590 Misc. O & M Expenses	6,759	5,000
Total O & M Expenses	53,827	37,988
TAXES & INSURANCE	*-22%*	
6710 Real Estate Taxes	-	-
6711 Payroll Taxes (FICA)	3,478	4,969
6719 Misc. Taxes, Licenses & Permits	-	-
6720 Property & Liability Insurance	22,258	18,345
6721 Fidelity Bond Insurance	-	-
6722 Workmen's Compensation	3,478	-
6723 Health Ins. & Other Emp. Benefits	5,797	4,060
6729 Other Insurance	-	-
Total Taxes & Insurance	35,010	27,374
TOTAL OPERATING EXPENSES	181,430	169,462
Per Unit	*3,780*	*3,530*
NET OPERATING INCOME	$ 148,800	$ 176,400
	8%	
Replacement Reserves	$ 13,577	$ 14,601
ADJUSTED NET OPERATING INCOME	135,223	161,799
First Mortgage Debt Service	106,514	107,558
CASH FLOW AVAILABLE	$ 28,709	$ 54,241

EAGLE POINTE DEVELOPMENT IV LIMITED PARTNERSHIP
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2017

Agency Head Name: Bobby R. Collins, Executive Director of the Housing Authority of the City of Bossier City, Louisiana

Purpose	Amount
Salary	$0
Benefits	$0
Auto/Mileage	$0
Travel	$0
Meals	$0
Continuing Education, Per Diem, Etc.	$0
Unvouchered Expenses	$0

BOND & TOUSIGNANT, LLC
CERTIFIED PUBLIC ACCOUNTANTS
1500 Lamy Lane, Monroe, LA 71201-3734 • P. O. Box 14065, Monroe, LA 71207-4065
Phone: (318) 323-0717 • Fax: (318) 323-0719

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Partners
Eagle Pointe Development IV Limited Partnership

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 Eagle Pointe Development IV Limited Partnership, which comprise the balance sheets as of December 31, 2017 and 2016, 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 March 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eagle Pointe Develop4ent IV 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 Eagle Pointe Development IV Limited Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of Eagle Pointe Development IV 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 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 Eagle Pointe Development IV 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 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 + Tousignant, LLC

Monroe, Louisiana
March 26, 2018