# JDV LIMITED PARTNERSHIP

# AUDITED FINANCIAL STATEMENTS

# DECEMBER 31, 2018 AND 2017

JDV LIMITED PARTNERSHIP

AUDITED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2018 AND 2017

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Little & Assoc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Partners and Management
of JDV Limited Partnership
Lafayette, Louisiana

We have audited the accompanying financial statements of JDV Limited Partnership (a Louisiana Limited Partnership), which comprise the balance sheets as of December 31, 2018 and 2017 and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 JDV Limited Partnership as of December 31, 2018 and 2017, 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.

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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2019, on our consideration of JDV 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 JDV Limited Partnership's internal control over financial reporting and compliance.

Little & Associates, LLC

Monroe, LA
March 1, 2019

JDV LIMITED PARTNERSHP
BALANCE SHEETS
DECEMBER 31,

ASSETS

| | 2018 | 2017 |
|---|---|---|
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | $ 2,351 | $ 7,533 |
| Accounts Receivable - Tenants | 15,900 | 14,632 |
| Prepaid Insurance | 11,549 | 10,415 |
| Prepaid Expenses | 1,852 | 1,793 |
| Total Current Assets | 31,652 | 34,373 |
| | | |
| RESTRICTED DEPOSITS AND FUNDED RESERVES | | |
| Operating Reserve | 260,000 | 260,000 |
| Replacement Reserve | 50,118 | 62,603 |
| Tenants' Security Deposits | 38,891 | 44,296 |
| Total Restricted Deposits and Funded Reserves | 349,009 | 366,899 |
| | | |
| PROPERTY AND EQUIPMENT | | |
| Buildings | 12,929,556 | 12,929,556 |
| Site Improvements | 1,568,931 | 1,568,931 |
| Furniture and Equipment | 920,542 | 920,542 |
| Total | 15,419,029 | 15,419,029 |
| Less: Accumulated Depreciation | (2,960,565) | (2,466,825) |
| Net Depreciable Assets | 12,458,464 | 12,952,204 |
| Land | 1,794,132 | 1,794,132 |
| Total Property and Equipment | 14,252,596 | 14,746,336 |
| | | |
| OTHER ASSETS | | |
| Tax Credit Costs | 82,500 | 82,500 |
| Total | 82,500 | 82,500 |
| Less: Accumulated Amortization | (49,500) | (41,250) |
| Net Amortizable Assets | 33,000 | 41,250 |
| Syndication Costs | 50,000 | 50,000 |
| Utility Deposits | 3,040 | 3,040 |
| Total Other Assets | 86,040 | 94,290 |
| | | |
| Total Assets | $14,719,297 | $15,241,898 |

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

JDV LIMITED PARTNERSHP
BALANCE SHEETS
DECEMBER 31,

LIABILITIES AND PARTNERS' EQUITY

| | 2018 | 2017 |
|---|---|---|
| CURRENT LIABILITIES | | |
| Accounts Payable | $ 33,660 | $ 28,756 |
| Accrued Insurance Payable | 3,570 | - |
| Accrued Expenses | 8,851 | 13,020 |
| Deferred Revenue | 2,494 | 4,566 |
| Management Fees Payable | - | 2,119 |
| Asset Management Fee Payable | 7,172 | 3,602 |
| Due to Related Parties | 38,084 | - |
| Accrued Interest Payable - First Bank and Trust | 12,748 | 12,929 |
| Current Portion of Long-Term Debt | 33,329 | 31,084 |
| Total Current Liabilities | 139,908 | 96,076 |
| DEPOSITS | | |
| Tenant Security Deposits | 42,216 | 44,296 |
| Total Deposits | 42,216 | 44,296 |
| LONG-TERM LIABILITIES | | |
| Note Payable - First Bank and Trust, Net of Unamortized Debt Issuance Costs | 2,118,446 | 2,148,379 |
| Note Payable - Lafayette Public Trust Financing Authority | 1,000,000 | 1,000,000 |
| Note Payable - JDV Development, LLC | 1,059,000 | 1,059,000 |
| Accrued Interest Payable - Lafayette Public Trust Financing Authority | 180,000 | 150,000 |
| Accrued Interest Payable - JDV Development, LLC | 321,037 | 268,087 |
| Deferred Developer Fee Payable | 559,371 | 559,371 |
| Supervisory Management Fees Payable | 90,345 | 74,692 |
| Total Long-Term Liabilities | 5,328,199 | 5,259,529 |
| Total Liabilities | 5,510,323 | 5,399,901 |
| PARTNERS' EQUITY | | |
| Partners' Equity | 9,208,974 | 9,841,997 |
| Total Partners' Equity | 9,208,974 | 9,841,997 |
| Total Liabilities and Partners' Equity | $ 14,719,297 | $ 15,241,898 |

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

JDV LIMITED PARTNERSHP
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,

| | 2018 | 2017 |
|---|---|---|
| REVENUE | | |
| Rental Income | $ 493,982 | $ 514,323 |
| Rental Assistance Subsidy | 134,992 | 109,482 |
| Vacancy | (62,457) | (58,683) |
| Late Fees, Forfeited Deposits, etc. | 8,612 | 18,122 |
| Concessions | (19,791) | (7,931) |
| Application Fees | 2,030 | 2,260 |
| Other Income | 88 | 540 |
| Total Revenue | 557,456 | 578,113 |
| EXPENSES | | |
| Maintenance and Repairs | 131,501 | 177,154 |
| Utilities | 88,760 | 76,842 |
| Administrative | 90,133 | 54,585 |
| Management Fees | 31,935 | 33,434 |
| Taxes | 27,624 | 24,261 |
| Insurance | 46,150 | 45,742 |
| Interest | 240,302 | 242,393 |
| Depreciation and Amortization | 501,990 | 501,990 |
| Total Expenses | 1,158,395 | 1,156,401 |
| Loss From Rental Operations | (600,939) | (578,288) |
| OTHER INCOME (EXPENSES) | | |
| Asset Management Fee | (7,172) | (7,017) |
| Supervisory Management Fee | (15,653) | (15,359) |
| Professional | (8,059) | (7,799) |
| Miscellaneous | (1,200) | (1,200) |
| Refinancing | - | (808) |
| Total Income (Expenses) | (32,084) | (32,183) |
| Net Income (Loss) | $ (633,023) | $ (610,471) |

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

JDV LIMITED PARTNERSHP
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | Total | General Partner | Administrative Limited Partner | Investor Limited Partner |
|---|---|---|---|---|
| Partners' Equity (Deficit), December 31, 2016 | $ 10,452,468 | $ (264) | $ (264) | $ 10,452,996 |
| Net Income (Loss) | (610,471) | (61) | (61) | (610,349) |
| Partners' Equity (Deficit), December 31, 2017 | 9,841,997 | (325) | (325) | 9,842,647 |
| Net Income (Loss) | (633,023) | (63) | (63) | (632,897) |
| Partners' Equity (Deficit), December 31, 2018 | $ 9,208,974 | $ (388) | $ (388) | $ 9,209,750 |
| Profit and Loss Percentages | 100.00% | 0.01% | 0.01% | 99.98% |

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

JDV LIMITED PARTNERSHP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

| | 2018 | 2017 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net Loss | $ (633,023) | $ (610,471) |
| Adjustments to Reconcile Net Loss to Net Cash | | |
| Provided (Used) by Operating Activities: | | |
| Depreciation and Amortization | 505,364 | 505,364 |
| (Increase) Decrease in Accounts Receivable - Tenants | (1,268) | (8,744) |
| (Increase) Decrease in Accounts Receivable - Subsidy | - | 1,040 |
| (Increase) Decrease in Prepaid Insurance | (1,134) | 1,582 |
| (Increase) Decrease in Prepaid Expenses | (59) | 1,615 |
| Increase (Decrease) in Accounts Payable | 4,904 | 15,682 |
| Increase (Decrease) in Accrued Insurance Payable | 3,570 | - |
| Increase (Decrease) in Accrued Expenses | (4,169) | 6,254 |
| Increase (Decrease) in Deferred Revenue | (2,072) | 1,054 |
| Increase (Decrease) in Management Fees Payable | (2,119) | 747 |
| Increase (Decrease) in Asset Management Fees Payable | 3,570 | (3,227) |
| Increase (Decrease) in Supervisory Management Fees Payable | 15,653 | 15,359 |
| Increase (Decrease) in Accrued Interest Payable | 82,769 | 82,783 |
| Net Change in Security Deposits | 3,325 | (2,008) |
| Total Adjustments | 608,334 | 617,501 |
| Net Cash Provided (Used) by Operating Activities | (24,689) | 7,030 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Deposits to Replacement Reserve | (5,475) | (16,425) |
| Withdrawals from Replacement Reserve | 17,960 | 20,998 |
| Net Cash Provided (Used) by Investing Activities | 12,485 | 4,573 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Principal Payments of Long-Term Debt | (31,062) | (28,984) |
| Advance from Related Parties | 38,084 | - |
| Net Cash Provided (Used) by Financing Activities | 7,022 | (28,984) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (5,182) | (17,381) |
| Cash and Cash Equivalents, Beginning of Year | 7,533 | 24,914 |
| Cash and Cash Equivalents, End of Year | $ 2,351 | $ 7,533 |
| Supplemental Disclosures of Cash Flow Information: | | |
| Cash paid During the Year for Interest | $ 154,159 | $ 156,236 |

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

JDV LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

## NOTE A – ORGANIZATION

JDV Limited Partnership (The Partnership) was organized in 2011 as a limited partnership to develop, construct, own, maintain, and operate a 73-unit rental apartment complex for persons of low and moderate income. The apartment complex is located in the city of Lafayette, Louisiana, and is currently known as Uptown Lofts. Each building of the apartment complex has qualified and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42), which regulates the use of the apartment complex as to occupant eligibility and unit gross rent, among other requirements. The major activities of the Partnership are governed by the Amended and Restated 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. The Partnership was placed in service on December 17, 2012.

## 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 U.S. generally accepted accounting principles.

### 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.

### 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 and escrow accounts and other deposits at local 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, 2018, there were no uninsured deposits.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Equipment 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 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 |

Amortization

Organization costs are expensed as incurred. Tax credit costs will be amortized over the ten year tax credit period. As of December 31, 2018 and 2017, accumulated amortization amounted to $49,500 and $41,250, respectively.

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.

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account in the name of the apartment complex. At December 31, 2018, this account was funded in an amount less than the security deposit liability.

Rental Income and Accounts Receivable

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 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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rental Income and Accounts Receivable (Continued)

Tenant receivables are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of December 31, 2018 and 2017, allowance for doubtful accounts is reported in the amount of $6,790 and $3,081, respectively.

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 2015.

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 – RESERVE REQUIREMENTS

Operating Reserve

The General Partner shall establish and at all times maintain an Operating Deficit Reserve account in an amount (the "Operating Reserve Amount") equal to the greater of $260,000, or an amount equal to six (6) months of operating expenses, required debt service payments and required reserve payments (other than the funding of the Operating Reserve Amount), which amount shall be determined in connection with the calculation of rental achievement. The Operating Reserve Amount shall be funded in full from the Investor Limited Partner contribution made pursuant to Section 3.4D of the Partnership Agreement (unless required sooner by the credit agency or first mortgage lender). The Operating Deficit Reserve account shall be held in a dual signature bank account of the Partnership requiring the signature of the General Partner and the Administrative Limited Partner (and shall not require approval of any lender). The General Partner shall be entitled to withdraw funds from such account to fund operating expenses required from time to time, any time after the operating deficit guaranty period has expired or prior thereto if the General Partner has made operating loans in the required amount set forth in Section 4.3 of

## NOTE C – RESERVE REQUIREMENTS (CONTINUED)

### Operating Reserve (Continued)

the Partnership Agreement; provided, however, that the Administrative Limited Partner shall approve any expenditures from such account. Any funds withdrawn from the Operating deficit Reserve account in accordance herewith shall be replenished out of cash flow in accordance with the priorities set forth in Section 9.2A of the Partnership Agreement. After expiration of the compliance period and to the extent permitted by the mortgage lenders, the balance of the Operating Deficit Reserve account shall be released as cash flow and distributed in accordance with Section 9.2A of the Partnership Agreement. As of December 31, 2018 and 2017, this account had a balance of $260,000 and $260,000, respectively.

### Replacement Reserve

Commencing in the month following the month in which completion occurs, unless required by any lender, the General Partner 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 the greater of (a) $300 per apartment unit (which annual rate shall be adjusted, on January 1 of 2018 and January 1 of each fifth year thereafter, to equal the product of $300 (or such previously adjusted amount if greater than $300) multiplied by the consumer price index adjustment as of the adjustment date), or (b) that required by the first mortgage lender. The General Partner shall be entitled to withdraw funds from such account to fund capital expenditures and effectuate repairs and replacements required from time to time; provided, however, that the Administrative Limited Partner shall approve any expenditures from such account, either in an approved annual budget for the apartment complex or, if not so approved, upon the request of the General Partner. For the year ended December 31, 2018, $21,900 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2018 was $5,475, which resulted in the account being underfunded by $16,425 for the year ended December 31, 2018. For the year ended December 31, 2017, $21,900 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2017 was $16,425, which resulted in the account being underfunded by $5,475 for the year ended December 31, 2017. As of December 31, 2018, the account was underfunded by a total amount of $23,285. As of December 31, 2018 and 2017, this account had a balance of $50,118 and $62,603, respectively.

## NOTE D – PARTNERS AND CONTRIBUTIONS

The Partnership has a General Partner – JDV Development, LLC, an Administrative Limited Partner – Alliant ALP 65, LLC and an Investor Limited Partner – Alliant Tax Credit Fund 65, Ltd. The Partnership records capital contributions as received and distributions as paid. For the years ended December 31, 2018 and 2017, no capital contributions were received and no distributions were paid. Total contributions received as of December 31, 2014 is $13,098,596.

## NOTE E – LONG-TERM DEBT

### Note Payable – First Bank and Trust

The construction loan was converted to permanent financing on November 14, 2013 with First Bank and Trust in the amount of $2,320,000. The loan is a sixteen-year term loan with a thirty-year amortization bearing an interest rate equal to 7.00% per annum. The loan is paid in 191 monthly principal and interest payments of $15,435 each, beginning January 1, 2014, and one last principal and interest payment estimated at $1,666,902 on December 1, 2029, the maturity date. The loan is collateralized primarily by a mortgage on the Partnership's land and buildings. As of December 31, 2018 and 2017, the balance of this loan was $2,184,955 and $2,216,017, respectively.

| | 2018 | 2017 |
|---|---|---|
| Note Payable – First Bank and Trust | $ 2,184,955 | $ 2,216,017 |
| Less: Unamortized Debt Issuance Costs | (33,180) | (36,554) |
| Note Payable – First Bank and Trust, Net | $ 2,151,775 | $ 2,179,463 |

### Note Payable – Lafayette Public Trust Financing Authority

The Partnership entered into a loan agreement with Lafayette Public Trust Financing Authority on April 8, 2011. The maximum loan amount that can be drawn is $1,000,000 at an interest rate equal to 3.00% per annum. The principal balance of this note and all accrued, but unpaid interest shall be due and payable consisting of 50% out of Net Cash Flow from the operations of the Partnership in accordance with the priorities set forth in Section 9.2(A) of the Amended and Restated Partnership Agreement of the Partnership dated January 31, 2012, until the entire principal balance and all accrued interest is paid in full. The maturity date of the loan is December 30, 2027. The loan is primarily collateralized by a second mortgage on the Partnership's real property. As of December 31, 2018 and 2017, $1,000,000 and $1,000,000 was owed on the loan with interest accrued of $180,000 and $150,000, respectively.

### Note Payable – JDV Development, LLC

The Partnership entered into a credit sale with mortgage agreement with JDV Development, LLC, the General Partner, on December 8, 2011. The maximum loan amount that can be drawn is $1,059,000 at an interest rate equal to 5.00% per annum. The principal balance of this note and all accrued, but unpaid interest shall be due and payable on the maturity date, December 30, 2022. The loan is primarily collateralized by a mortgage on the Partnership's real property. As of December 31, 2018 and 2017, $1,059,000 and $1,059,000 was owed on the loan with interest accrued of $321,037 and $268,087, respectively.

NOTE E – LONG-TERM DEBT (CONTINUED)

Maturities of Long-Term Debt

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

| Year Ending December 31 | Amount |
|---|---|
| 2019 | $ 33,329 |
| 2020 | $ 35,739 |
| 2021 | $ 38,322 |
| 2022 | $ 1,100,092 |
| 2023 | $ 44,063 |
| Thereafter | $ 2,992,410 |

NOTE F – MANAGING AGENT'S COMPENSATION

The Partnership incurred management fees of $31,935 and $33,434 during the years ended December 31, 2018 and 2017, respectively, for services rendered by Latter & Blum Property Management, Inc., the managing agent for the apartment complex, in connection with the leasing, management and operations of the apartment complex. Management fees are calculated on a monthly basis at the greater of 6% of net rental income (gross income reduced by any vacancies) or $1,500 flat rate. Management fees are deducted from the operating revenues prior to remitting the Net Proceeds of Owner, provided sufficient operating revenues are available. As of December 31, 2018 and 2017, management fees were owed in the amount of $0 and $2,119, respectively.

In addition, the managing agent receives a fee equal to $50 per month for administrative costs.

NOTE G – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Asset Management Fee

Commencing in the year in which completion occurs and for each year thereafter, the Partnership shall pay to the Investor Limited Partner an Asset Management Fee of $6,500 per annum, one-half payable on April 1st and the balance on October 1st (provided, however, that the Asset Management Fee shall be payable only to the extent sufficient cash flow is available pursuant to Section 9.2A of the Partnership Agreement, and any portion of the Asset Management fee which cannot be paid shall accrue with interest until there is sufficient cash flow or sale or refinancing transaction proceeds to pay the outstanding accrued amount), for its services in reviewing the informational reports, financial statements and tax returns furnished to it pursuant to Article 13 of the Partnership Agreement. The Asset Management Fee shall be adjusted annually based on the consumer price index adjustment. The Asset Management Fee shall not include any costs (including without limitation reasonable attorneys' fees) incurred by the Limited Partners in

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

Asset Management Fee (Continued)

connection with any request by the General Partner and/or the Partnership for the consent of a Limited Partner which is required under any Article of the Partnership Agreement other than Article 13 of the Partnership Agreement. It being expressly understood and agreed that such costs of the Limited Partners in connection with any such request shall be a Partnership expense, unless otherwise agreed by the Limited Partners and the General Partner. For the years ended December 31, 2018 and 2017, Asset Management Fees were incurred in the amount of $7,172 and $7,017, respectively. As of December 31, 2018 and 2017, Asset Management Fees were owed in the amount of $7,172 and $3,602, respectively, to the Investor Limited Partner.

Supervisory Management Fee

Commencing in the year in which rental achievement occurs and for each year thereafter, the Partnership shall pay to JDV Development, LLC, the General Partner, a Supervisory Management Fee in an amount equal to $200 per tax credit apartment unit of the apartment complex for such year pursuant to Section 9.2A(x) of the Partnership Agreement. The Supervisory Management Fee shall be adjusted annually based on the consumer price index. In no event will the sum of the fees payable pursuant to the Supervisory Management Agreement plus any fees payable to the General Partner or any affiliate under the Management Agreement exceed ten percent (10%) of effective gross income per year determined on a cumulative noncompounded basis. The fee shall be considered earned and payable when any benchmarks or conditions to payment of the fee are met by the General Partner but shall be paid at the time and manner mentioned earlier. For the years ended December 31, 2018 and 2017, Supervisory Management Fees were incurred in the amount of $15,653 and $15,359, respectively. As of December 31, 2018 and 2017, Supervisory Management Fees were owed in the amount of $90,345 and $74,692, respectively.

Developer Fee

On August 16, 2010, the Partnership entered into a Development Services Agreement with JDV Development, LLC (the "Developer"), who is also the General Partner. The developer has provided and will continue to provide certain services with respect to the apartment complex during the construction and development. The developer shall receive a fee in the amount of $2,050,524 for its services. As of December 31, 2018 and 2017, the Partnership owed $559,371 and $559,371 in developer fees, with $559,371 and $559,371 considered deferred, respectively.

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

Amounts due to related parties at December 31, 2018 and 2017, consist of the following:

| | 2018 | 2017 |
|---|---|---|
| JDV Development, LLC, the General Partner, for Supervisory Management Fees | $ 90,345 | $ 74,692 |
| JDV Development, LLC, the General Partner, for Developer Fees | 559,371 | 559,371 |
| JDV Development, LLC, the General Partner, for Note Payable and Accrued Interest | 1,380,037 | 1,327,087 |
| Alliant Tax Credit Fund 65, Ltd, the Investor Limited Partner for asset management fees | 7,172 | 3,602 |
| Total | $ 2,036,925 | $ 1,964,752 |

NOTE H – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

All profits and losses, other than from capital transactions detailed in the Amended and Restated Partnership Agreement, are allocated .01% to the General Partner, .01% to the Administrative Limited Partner and 99.98% to Investor Limited Partner.

Subject to Lender approval (if required), Cash Flow for each fiscal year or portion thereof of the Partnership shall be paid out in the following order and priority:

First, to the Investor Limited Partner in an amount equal to any unpaid housing tax credit shortfall payment;

Second, to replenish any funds disbursed from the Operating Deficit Reserve account pursuant to Section 4.4 of the Partnership Agreement until the Operating Deficit Reserve account is funded to the Operating Reserve Amount;

Third, to pay interest on any loans, including voluntary loans (but excluding operating loans and deferred developer fee), from partners or their affiliates, prorate in accordance with the amount of interest accrued as of the date of such distribution;

Fourth, to repay principal of any loans, including voluntary loans (but excluding operating loan and deferred developer fee), payable to partners and their affiliates, pro rata in accordance with the amount of the principal balances as of the date of such distribution;

Fifth, to pay in full any unpaid Asset Management Fees;

Sixth, to pay in full any unpaid Developer Fee;

Seventh, to pay in full any operating loans;

Eighth, to pay the second mortgage loan and then to pay the third mortgage loan;

## NOTE H – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS (CONTINUED)

Ninth, to pay the Supervisory Management Fee due pursuant to the Supervisory Management Agreement; and

After making the payments listed, the remaining Cash Flow, if any, shall be distributed to the Partners in accordance with the following percentages:

| | |
|---|---|
| General Partner | 0.01% |
| Administrative Limited Partner | 0.01% |
| Investor Limited Partner | 99.98% |
| Total | 100.00% |

## NOTE I – ADVERTISING

The Partnership expenses advertising costs as such cost are incurred. The Partnership incurred advertising costs in the amount of $2,924 and $0 for the years ended December 31, 2018 and 2017, respectively.

## NOTE J – TAXABLE INCOME (LOSS)

A reconciliation of financial statement net income (loss) to taxable income (loss) of the Partnership for the years ended December 31, 2018 and 2017, is as follows:

| Financial statement net income (loss) | 2018 | 2017 |
|---|---|---|
| Adjustments: | $ (633,023) | $ (610,471) |
| Excess of depreciation for income tax reporting purposes over financial reporting purposes | 128,989 | (70,487) |
| Other Book/Tax Timing Differences | 4 | 8,530 |
| Taxable income (loss) as shown on tax return | $ (504,030) | $ (672,428) |

## NOTE K – CONTINGENCY

The apartment complex's low-income housing tax credits are 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 previously taken tax credits plus interest.

## NOTE L – RECLASSIFICATION

Certain accounts in the prior year's financial statements have been reclassified to conform to the current year's financial statements presentation.

NOTE M – SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through March 1, 2019, the date which the financial statements were available for issue.

SUPPLEMENTAL INFORMATION

JDV LIMITED PARTNERSHP
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

| | 2018 | 2017 |
|---|---|---|
| MAINTENANCE AND REPAIRS | | |
| Salaries | $ 36,176 | $ 31,723 |
| Supplies | 10,515 | 34,562 |
| Appliance | 954 | 8,889 |
| Electrical | - | 1,050 |
| Elevator | 14,470 | 12,453 |
| Janitorial | 2,270 | 1,878 |
| Painting | 2,991 | 4,287 |
| Cleaning | 775 | 3,381 |
| Grounds | 12,900 | 12,244 |
| Pest Control | 11,226 | 12,386 |
| Security | 2,868 | 7,668 |
| Fire and Safety | 3,831 | 2,870 |
| HVAC Replacement | 11,147 | 18,543 |
| Other Maintenance and Repairs | - | 1,515 |
| Miscellaneous Costs | 21,378 | 23,705 |
| Total Maintenance and Repairs | $ 131,501 | $ 177,154 |
| | | |
| UTILITIES | | |
| Electricity | $ 23,154 | $ 22,943 |
| Gas | 13,275 | 14,385 |
| Water and Sewer | 27,699 | 20,407 |
| Garbage and Trash Removal | 24,632 | 19,107 |
| Total Utilities | $ 88,760 | $ 76,842 |
| | | |
| ADMINISTRATIVE | | |
| Manager Salaries | $ 34,526 | $ 25,443 |
| Postage | 168 | - |
| Administrative Fee | 600 | 600 |
| Bookkeeping/Accounting | 2,700 | 2,700 |
| Advertising | 2,924 | - |
| Telephone | 4,292 | 4,572 |
| Internet Service | 866 | 899 |
| Office Expense | 1,702 | 49 |
| Office Supplies | 3,077 | 3,251 |
| Travel | 1,381 | 1,074 |
| Bank Charges | 103 | 32 |
| Bad Debts | 27,592 | 9,953 |
| Professional Fees | 5,726 | 4,170 |
| Other Administrative Expenses | 4,476 | 1,842 |
| Total Administrative | $ 90,133 | $ 54,585 |

JDV LIMITED PARTNERSHP
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

| | 2018 | 2017 |
|---|---|---|
| TAXES | | |
| Payroll Taxes | $ 27,624 | $ 24,261 |
| Total Taxes | $ 27,624 | $ 24,261 |
| | | |
| INSURANCE | | |
| Property and Liability Insurance | $ 43,709 | $ 43,343 |
| Health Insurance | 2,441 | 2,399 |
| Total Insurance | $ 46,150 | $ 45,742 |
| | | |
| INTEREST EXPENSE | | |
| Interest on First Mortgage | $ 157,352 | $ 159,443 |
| Interest on JDV Development, LLC | 52,950 | 52,950 |
| Interest on Lafayette Public Trust Financing Authority | 30,000 | 30,000 |
| Total Interest Expense | $ 240,302 | $ 242,393 |

Little & Assoc.
CERTIFIED PUBLIC ACCOUNTANTS

**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
JDV Limited Partnership
Lafayette, 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 statement of JDV Limited Partnership, which comprise the balance sheet as of December 31, 2018, and the related statements of operations, changes in partners' equity (deficit), and cash flows for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated March 1, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered JDV 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 JDV Limited Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of JDV 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 JDV 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.



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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 JDV 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 JDV 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 JDV Limited Partnership's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Little & Associates, LLC

Monroe, Louisiana
March 1, 2019



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JDV LIMITED PARTNERSHIP

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

FOR THE YEAR ENDED DECEMBER 31, 2018

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

**Schedule 1**

JDV Limited Partnership
Schedule of Findings and Responses
For the Year Ended December 31, 2018

## SECTION I – SUMMARY OF AUDIT RESULTS

### Financial Statement Audit

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

## SECTION II – FINDINGS - FINANCIAL STATEMENTS AUDIT

None

**Schedule 2**

JDV Limited Partnership
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2017

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

None