

**WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017 AND 2016**

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP

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INDEPENDENT AUDITORS' REPORT

To the Partners  
Wesley Chapel Development Limited Partnership

**Report on the Financial Statements**

We have audited the accompanying financial statements of Wesley Chapel Development 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 Wesley Chapel Development 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 21 through 27 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2018, on our consideration of Wesley Chapel Development 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 Wesley Chapel Development Limited Partnership's internal control over financial reporting and compliance.



Monroe, Louisiana  
February 15, 2018

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
BALANCE SHEETS  
DECEMBER 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 13,384	\$ 6,902
Accounts Receivable - Tenants	16,210	2,408
Accounts Receivable - HUD	4,916	7,086
Prepaid Expenses	10,000	8,513
Total Current Assets	44,510	24,909
<b>RESTRICTED DEPOSITS AND FUNDED RESERVES</b>		
Replacement Reserve Escrow	143,279	114,323
Tenants' Security Deposits	13,608	14,847
Operating Deficit Reserve	400,434	399,235
Real Estate Tax and Insurance Escrow	31,012	21,001
Total Restricted Deposits and Funded Reserves	588,333	549,406
<b>PROPERTY AND EQUIPMENT</b>		
Buildings	9,094,470	9,094,470
Land Improvements	291,259	291,259
Furniture and Equipment	660,184	660,184
Total	10,045,913	10,045,913
Less: Accumulated Depreciation	(1,722,342)	(1,414,399)
Net Depreciable Assets	8,323,571	8,631,514
Land	90,000	90,000
Total Property and Equipment	8,413,571	8,721,514
<b>OTHER ASSETS</b>		
Permanent Closing Fee	86,559	86,559
Tax Credit Fees	85,000	85,000
Less: Accumulated Amortization	(50,101)	(39,024)
Net Amortizable Assets	121,458	132,535
Utility Deposit	2,167	2,167
Total Other Assets	123,625	134,702
<b>TOTAL ASSETS</b>	<b>\$ 9,170,039</b>	<b>\$ 9,430,531</b>

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

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
BALANCE SHEETS  
DECEMBER 31, 2017 AND 2016

LIABILITIES AND PARTNERS' EQUITY

	<u>2017</u>	<u>2016</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 10,388	\$ 8,310
Accrued Interest Payable	9,273	9,468
Management Fees Payable	3,158	3,191
Asset Management Fees Payable - TCAP	10,800	5,400
Asset Management Fees Payable - Limited Partner	15,914	7,849
Prepaid Rent	1,722	1,335
Current Portion of Long-Term Debt	23,835	22,402
<b>Total Current Liabilities</b>	<u>75,090</u>	<u>57,955</u>
<b>DEPOSITS</b>		
Tenants' Security Deposits	<u>13,607</u>	<u>14,844</u>
<b>Total Deposits</b>	<u>13,607</u>	<u>14,844</u>
<b>LONG-TERM LIABILITIES</b>		
Mortgage Payable	1,568,827	1,588,152
Notes Payable - TCAP	1,000,000	1,000,000
Notes Payable - Partners for Progress	500,000	500,000
Accrued Interest - TCAP Funds	178,667	148,250
Deferred Developer Fees	71,282	71,282
Due to Affiliates	104,553	104,553
<b>Total Long-Term Liabilities</b>	<u>3,423,329</u>	<u>3,412,237</u>
<b>Total Liabilities</b>	<u>3,512,026</u>	<u>3,485,036</u>
<b>PARTNERS' EQUITY</b>		
Partners' Equity (Deficit)	<u>5,658,013</u>	<u>5,945,495</u>
<b>TOTAL LIABILITIES AND PARTNERS' EQUITY</b>	<u>\$ 9,170,039</u>	<u>\$ 9,430,531</u>

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

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>REVENUE</b>		
Tenant Rents	\$ 606,685	\$ 600,743
Less: Vacancies & Loss to Lease	(8,481)	(13,464)
Late Fees, Deposit Forfeitures, Etc.	3,339	4,370
Total Revenue	<u>601,543</u>	<u>591,649</u>
<b>EXPENSES</b>		
Maintenance and Repairs	153,908	143,467
Utilities	29,728	30,410
Administrative	132,988	117,347
Management Fees	37,136	37,091
Taxes	8,205	7,736
Insurance	48,554	51,529
Interest	147,488	149,361
Depreciation and Amortization	319,020	319,020
Total Expenses	<u>877,027</u>	<u>855,961</u>
Income (Loss) from Rental Operations	<u>(275,484)</u>	<u>(264,312)</u>
<b>OTHER INCOME AND (EXPENSES)</b>		
Interest Income	1,467	1,391
Asset Management Fee - TCAP	(5,400)	(5,400)
Asset Management Fee - Limited Partner	(8,065)	(7,849)
Total Other Income (Expense)	<u>(11,998)</u>	<u>(11,858)</u>
Net Income (Loss)	<u>\$ (287,482)</u>	<u>\$ (276,170)</u>

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

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

	Total	GENERAL PARTNER	LIMITED PARTNERS	
		Wesley Chapel Development, LLC	Alliant ALP 65, LLC	Alliant Tax Credit Fund 65, LTD
Partners' Equity (Deficit), January 1, 2016	\$ 6,221,665	\$ (706)	\$ (154)	\$ 6,222,525
Net Income (Loss)	<u>(276,170)</u>	<u>(28)</u>	<u>(28)</u>	<u>(276,114)</u>
Partners' Equity (Deficit), December 31, 2016	5,945,495	(734)	(182)	5,946,411
Net Income (Loss)	<u>(287,482)</u>	<u>(29)</u>	<u>(29)</u>	<u>(287,424)</u>
Partners' Equity (Deficit), December 31, 2017	<u>\$ 5,658,013</u>	<u>\$ (763)</u>	<u>\$ (211)</u>	<u>\$ 5,658,987</u>
Profit and Loss Percentages	<u>100.00%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>99.98%</u>

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



WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income (Loss)	\$ (287,482)	\$ (276,170)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	319,020	319,020
(Increase) Decrease in:		
Accounts Receivable	(13,802)	257
Accounts Receivable - HUD	2,170	(2,807)
Prepaid Expenses	(1,487)	3,608
Real Estate Tax and Insurance Escrow	(10,011)	(21,001)
Increase (Decrease) in:		
Accounts Payable	2,078	(731)
Accrued Interest Payable	(195)	(108)
Prepaid Rent	387	421
Management Fee Payable	(33)	(742)
Asset Management Fee Payable - TCAP	5,400	(5,400)
Asset Management Fee Payable - Limited Partner	8,065	3,965
Net Security Deposits Received (Paid)	2	-
Net Cash Provided (Used) by Operating Activities	<u>24,112</u>	<u>20,312</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Deposits to the Reserve for Replacements	(28,956)	(43,244)
Deposits to the Operating Reserve	(1,199)	(1,196)
Net Cash Provided (Used) by Investing Activities	<u>(30,155)</u>	<u>(44,440)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase in Accrued Interest - TCAP Funds	30,417	30,500
Principal Payments on Long-Term Debt	(20,604)	(18,957)
Interest - Loan Fees	2,712	2,744
Net Cash Provided (Used) by Financing Activities	<u>12,525</u>	<u>14,287</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>6,482</u>	<u>(9,841)</u>
Cash and Cash Equivalents, Beginning of Year	<u>6,902</u>	<u>16,743</u>
Cash and Cash Equivalents, End of Year	<u>\$ 13,384</u>	<u>\$ 6,902</u>

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

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

	<u>2017</u>	<u>2016</u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for:		
Interest	<u>\$ 114,554</u>	<u>\$ 116,225</u>

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

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

NOTE A – ORGANIZATION

Wesley Chapel Development Limited Partnership, (the Partnership) was organized in 2008 as a limited partnership to own, rehabilitate, develop, construct, maintain, and operate an eighty-two unit apartment complex intended for rental to persons of low and moderate income. These apartments are located in Baton Rouge, Louisiana and are collectively known as Bayou Ridge Apartments (the Complex). Each building has qualified and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42) which regulates the use of the homes as to occupant eligibility and unit gross rent, among other requirements. The major activities of the Partnership are governed by the Amended and Restated Articles of Partnership in Commendam, including amendments (Partnership Agreement) and are subject to the administrative directives, rules, and regulations of federal and state regulatory agencies, including but not limited to, the state housing finance agency. Such administrative directives, rules, and regulations are subject to change by federal and state agencies.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

Change in Accounting Principle

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 statement of cash flow, cash and cash equivalents represent unrestricted cash and all highly liquid and unrestricted debt instruments purchased with a maturity of three months or less.

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Other Deposits

The Partnership has various checking, escrow, and other deposits at several financial institutions. Accounts at the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At December 31, 2017, the Partnership had uninsured deposits of \$293,713.

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, improvements and equipment are recorded at cost. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of operations. Estimated useful lives used for depreciation purposes are as follows:

Buildings	40 years
Land Improvements	20 years
Furniture and Equipment	10 years

Amortization

Organization costs are expensed as incurred.

Tax credit monitoring fees are amortized over the fifteen year Low-Income Tax Credit Compliance period, using the straight-line method.

Debt Issuance Costs

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

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.

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

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.

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 February 15, 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 Partners shall establish and at all times maintain an operating deficit reserve in an amount equal to the greater of \$396,050, or an amount equal to six (6) months of operating expenses, required debt service payments and required replacement reserve payments, which amount shall be determined in connection with the calculation of Rental Achievement. The operating deficit reserve shall be funded from the capital contribution of the Investor Limited Partner made pursuant to the Partnership Agreement. The operating deficit reserve shall be held by the lender of the Permanent Loan and shall be jointly held in the name of the Partnership and the Administrative Limited Partner. Any withdrawal from the account requires the consent of the Administrative Limited Partner. Funding amounted to \$1,199 in 2017 and \$1,196 in 2016. There were no withdrawals during either year. At December 31, 2017 and 2016, the balance in this account was \$400,434 and \$399,235, respectively.

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

NOTE C – RESTRICTED DEPOSITS AND FUNDED RESERVES (CONTINUED)

Replacement Reserve

Upon commencement of Permanent Financing, the General Partner shall set aside, in a separate Partnership bank account, a repair and replacement reserve, to be funded on a monthly basis at an annual rate equal to the greater of (a) \$350 per unit (which annual rate shall be adjusted, on January 1, 2014, and January 1 of each year thereafter, to equal the product of \$350 (or such previously adjusted amount if greater than \$350) multiplied by three percent (3%), or (b) that required by the permanent lender. Funding amounted to \$28,956 in 2017 and \$43,244 in 2016. Withdrawals amounted to \$0 in 2017 and \$0 in 2016. At December 31, 2017 and 2016, the balance in this account was \$143,279 and \$114,323, respectively.

Balance, December 31, 2016	\$	114,323
Deposits:		
Monthly Deposits: \$2,391.67 x 12		28,700
Interest Earned		256
Withdrawals:		-
Balance, December 31, 2017	\$	143,279

Tenants' Security Deposits

This account shall consist of deposits made by tenants that are held in a separate bank account in the name of the project until either returned or forfeited. At December 31, 2017, this account was funded in an amount equal to the security deposit liability.

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. In 2016, this account was opened and funded in the amount of \$21,001. Deposits of \$40,011 and withdrawals of \$30,000 were made during 2017. At December 31, 2017 and 2016, the balance in this account was \$31,012 and \$21,001, respectively.

NOTE D – PARTNERS' CAPITAL

The Partnership has one General Partner – Wesley Chapel Development, LLC; and two Limited Partners – Alliant ALP 65, LLC (Administrative Limited Partner) and Alliant Tax Credit Fund 65, LTD (Investor Limited Partner). The final capital contribution of \$5,089,480 was contributed by the Limited Partners during 2014.

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

NOTE E – LONG-TERM DEBT

Mortgage Payable

Permanent financing was obtained from Home Federal Bank in July 2014 in the principal amount of \$1,700,000. The loan bears interest at 6.84% with monthly principal and interest installments of \$11,265. The loan has a term of sixteen (16) years with a thirty (30) year amortization period and a balloon payment due on the maturity date of August 1, 2030. The non-recourse loan is collateralized by a 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 111% and 110%, respectively. At December 31, 2017 and 2016, respectively, the balance of this loan was \$1,640,331 and \$1,660,935 and accrued interest was \$9,273 and \$9,467.

Debt issuance costs, net of accumulated amortization, of \$47,669 and \$50,381 as of December 31, 2017 and 2016, respectively, are amortized using an imputed interest rate of 1.96%.

Tax Credit Assistance Program (TCAP) Loan

The Partnership entered into a nonrecourse loan agreement with Louisiana Housing Corporation from the federal Tax Credit Assistance Program in the principal amount of \$1,000,000 bearing fixed interest of 3% per annum, and having a maturity date of March 1, 2041, with annual payment of principal and interest equal to 75% of surplus cash, which is defined in the TCAP Loan documents as cash (excluding tenant security deposits) remaining at the end of the year after (A) payment of all operating expenses for such fiscal year; (B) payment of all sums due to currently required to be paid under the terms of any Permanent Loan documents; (C) payment of all amounts required to be deposited into any reserve fund for the payment of operating expenses, any reserve for replacements, or any other special reserve funds required to be maintained under the Permanent Loan documents or the TCAP Loan documents; and (D) asset management fees and tax credit adjuster payment payable to the Investor Limited Partner. At December 31, 2017, the balance of the loan was \$1,000,000 and accrued interest was \$178,667.

Notes Payable - Partners for Progress

In July 2014 during closing of the first mortgage, Partners for Progress, an affiliate of the General Partner, loaned the Partnership \$500,000. The non-recourse loan has zero percent interest (0%) and a thirty year term. The maturity date of the loan is in July 2044. Payments of principal are deferred until there is sufficient income and cash flow to pay on the note. At December 31, 2017 the balance of the loan was \$500,000 and accrued interest was \$0.

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

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2018	\$ 23,835
2019	25,392
2020	27,184
2021	29,103
2022	31,157
Thereafter	\$ 3,003,660

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

NOTE F – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Due to Affiliates

Due to East Baton Rouge Parish Housing Authority

The East Baton Rouge Parish Housing Authority, an affiliate of the General Partner, has paid certain operating and development costs on behalf of the Partnership. At December 31, 2017 and 2016, \$104,553 and \$104,553, respectively, was due to the East Baton Rouge Parish Housing Authority. This amount is included in the financial statements under the caption "Due to Affiliates".

Development Deficits

The General Partner shall be entitled to advance sums for completion of Construction and shall be entitled to the repayment of such advances without interest to the extent that there are proceeds of the Permanent Loan or Investor Limited Partner Contributions available, after paying all other obligations of the Partnership incurred in connection with such Construction and the establishment of all required reserves or escrow accounts under the Project Documents, to repay such advances. Any such advances which are not so repaid shall be deemed a payment to the Partnership by the General Partner in the nature of a compromise, shall not be credited to the Capital Accounts of the General Partner, and shall not be repayable. As of December 31, 2017, there were no development advances made to the Partnership other than those noted above.

Operating Deficits

The General Partner hereby covenants to lend to the Partnership any Operating Loans required to fund Operating Deficits incurred by the Partnership during the Operating Deficit Guaranty Period and not obtainable from the Operating Deficit Reserve Account. Any loans shall be made and funded by the General Partner when the operating obligations of the Partnership giving rise to the Operating Deficit are due in fulfillment of the obligations of the General Partner to the Partnership, the Investor Limited Partner and the Administrative Limited Partner. In the event payments due hereunder are not paid by the General Partner within ten days, the Partnership, the Investor Limited Partner and/or the Administrative Limited Partner (the "Advancing Party"), has the right but not the obligation, to advance any such amounts required to be paid by the General Partner. Such advances shall at the election of the Advancing Party be deemed a loan to the General Partner and, in addition to all other rights and remedies available to the Advancing Party, the General Partner shall reimburse the Advancing Party the full amount of such funds advanced by it plus interest in such amount from the date so advanced at a rate per annum equal to the Interest Rate. In the event there is any Cash Flow and/or Sale or Refinancing Transaction Proceeds which would otherwise be payable to the General Partner, the Partnership shall first apply such funds to any unpaid amounts owed the Administrative Limited Partner and/or the Investor Limited Partner as the Advancing Party hereunder. As of December 31, 2017, there were no operating deficit advances made to the Partnership other than those noted above.

Asset Management Fee - Limited Partner

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 \$7,500 per annum for its services in reviewing informational reports, financial statements and tax returns. The Asset Management Fee shall be payable only to the extent sufficient Cash Flow is available pursuant to the amended and restated partnership agreement, and any portion of the Asset Management Fee which cannot be paid shall accrue without interest



WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

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

until there is sufficient Cash Flow or Sale or Refinancing Transaction Proceeds to pay the outstanding accrued amount. The Asset Management Fee shall be adjusted annually based on the CPI Adjustment. During the years ending December 31, 2017 and 2016, the Partnership paid Asset Management Fees of \$0 and \$3,884, respectively. At December 31, 2017 and 2016, the Partnership owed Asset Management Fees of \$15,914 and \$7,849, respectively, to the Investor Limited Partner.

Incentive & Supervisory Management Fee

The Partnership has entered into the Incentive Management Agreement with the General Partner for services in managing the business of the Partnership. Commencing in the year in which Rental Achievement occurs and for each year thereafter, the Partnership shall pay to the General Partner an Incentive Management Fee in an amount equal to fifty percent (50%) of Cash Flow remaining after application of Cash Flow against the amounts described in section 9.2A of the Partnership Agreement. In addition a Supervisory Management Fee will be paid in an amount equal to twenty-four and ninety-nine one hundredths percent (24.99%) of Cash Flow remaining after application of Cash Flow against the amounts described in section 9.2A of the Partnership Agreement; provided that the Supervisory Management Fee for any year shall not exceed ten percent (10%) of gross revenues of the Apartment Complex for such year.

The Incentive Management Fee and Supervisory Management Fee pursuant to the Incentive Management Agreement shall be in accordance with any applicable requirements of the Lender. In no event will the sum of the fees payable pursuant to the Incentive Management Agreement plus any fees payable to the General Partner or any Affiliate thereof under the Management Agreement exceed twelve percent (12%) of Effective Gross Income per year determined on a cumulative non-compounded basis. During the years ended December 31, 2017 and 2016, no Incentive or Supervisory Management Fees were paid.

Deferred Developer Fees

The Partnership has entered into a Development Services Agreement in the amount of \$1,154,000 with Wesley Chapel Development, LLC, the Managing General Partner, for services rendered to the Partnership for overseeing the construction and development of the complex. The developer fee has been capitalized in the basis of the building. During the years ended December 31, 2017 and 2016, \$0 and \$0, respectively, of developer fees were paid. At December 31, 2017 and 2016, \$71,282 and \$71,282, respectively of Developer Fees were payable.

NOTE G – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

After giving effect to special allocations as set forth in the Partnership agreement, all profits and losses shall be allocated 0.01% to the General Partner, 0.01% to the Administrative Limited Partner, and 99.98% to the Investor Limited Partner.

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

- A) To the Investor Limited Partner in an amount equal to the unpaid Housing Tax Credit Shortfall Payment;
- B) To replenish any funds disbursed from the Operating Deficit Reserve Account until the Operating Deficit Reserve Account is funded to the Operating Reserve Amount;

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

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

- C) To pay interest on any loans, including Voluntary Loans (but excluding Operating Loans and Deferred Development Fees), from Partners or their Affiliates provided for herein, pro rata in accordance with the amount of interest accrued as of the date of such distribution;
- D) To repay principal of any loans, including Voluntary Loans (but excluding Operating Loans and Deferred Development Fees), payable to Partners or their affiliates, pro rata in accordance with the amount of the principal balances as of the date of such distribution;
- E) To pay in full any unpaid Asset Management Fees;
- F) To pay in full any unpaid and accrued management fee;
- G) To pay in full any unpaid Development Fee;
- H) To pay in full any Operating Loans;
- I) To pay the Incentive Management Fee due pursuant to the Incentive Management Agreement;
- J) To pay the Supervisory Management Fee payable pursuant to the Incentive Management Fee Agreement;
- K) The balance to be paid 99.98% to the Investor Limited Partner, 0.01% to the Administrative Limited Partner, 0.01% to the General Partner.

NOTE H – CONTINGENCY

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

NOTE I – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Bayou Ridge 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.

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

NOTE J – MANAGEMENT AGENT

During 2012, the Partnership entered into an agreement with NDC Real Estate Management, LLC to provide services in connection with rent-up, leasing and operation of the project. Management fees are charged at a rate of 6% of the total gross collections. Management fees incurred for the years ended December 31, 2017 and 2016, were \$37,136 and \$37,091, respectively.

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, 2017 and 2016 is as follows:

	2017	2016
Financial Statement Net Income (Loss)	\$ (287,482)	\$ (276,170)
Adjustments:		
Excess of depreciation and amortization for income tax purposes over financial reporting purposes	(52,335)	(72,031)
	\$ (339,817)	\$ (348,201)
Taxable Income (Loss) as Shown on Tax Return		

NOTE L – ASSET MANAGEMENT FEE – TCAP

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 TCAP 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 on April 1, 2014, and on the first day of April for each year thereafter, and shall be adjusted each year by the consumer price index (“CPI”). During the years ended December 31, 2017 and 2016, the Partnership paid \$0 and \$10,800, respectively. At December 31, 2017 and 2016, the Partnership owed TCAP Asset Management Fees of \$10,800 and \$5,400, respectively.

NOTE M – 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 East Baton Rouge Tax Assessor has concurred with this exemption and therefore no real estate taxes have been assessed.

NOTE N – ADVERTISING

The Partnership incurred advertising costs of \$377 in 2017 and \$806 in 2016. These costs are expensed as incurred.

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

NOTE O – TAX CREDITS

During the year ended December 31, 2008, the Partnership was awarded Low-Income Housing Tax Credits in the amount of \$10,149,250 to be allocated over ten years. As of December 31, 2017, \$5,394,306 in tax credits have been taken with \$4,754,944 remaining to be taken.

SUPPLEMENTAL INFORMATION

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
SCHEDULES OF EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>MAINTENANCE AND REPAIRS</b>		
Maintenance Salaries	40,716	41,213
Maintenance Supplies	729	1,652
Maintenance Contracts	15,951	14,150
Repairs & Maintenance	74,778	68,364
Grounds Maintenance	15,244	11,483
Pest Control	6,490	6,605
Total Maintenance and Repairs	<u>\$ 153,908</u>	<u>\$ 143,467</u>
<b>UTILITIES</b>		
Electricity	15,814	17,823
Water	6,305	4,483
Sewer	7,609	8,044
Trash Removal	-	60
Total Utilities	<u>\$ 29,728</u>	<u>\$ 30,410</u>
<b>ADMINISTRATIVE</b>		
Advertising	377	806
Office Salaries/Commission	11,245	7,137
Office Expense	10,690	9,255
Manager Salary	48,550	49,923
Legal	1,054	255
Auditing	10,781	11,100
Accounting Fees	1,235	559
Bad Debts	1,319	1,728
Administrative Travel	965	2,071
Telephone	24,520	17,035
Bank Service Charges	110	176
Security Contract	12,793	14,190
Other Administrative	9,349	3,112
Total Administrative	<u>\$ 132,988</u>	<u>\$ 117,347</u>
<b>MANAGEMENT FEES</b>		
Management Fee	<u>37,136</u>	<u>37,091</u>
Total Management Fees	<u>\$ 37,136</u>	<u>\$ 37,091</u>

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
SCHEDULES OF EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>TAXES</b>		
Payroll Taxes	8,205	7,736
Total Taxes	<u>\$ 8,205</u>	<u>\$ 7,736</u>
<b>INSURANCE</b>		
Property/Liability Insurance	38,513	37,755
Fidelity Bond	169	263
Workers Compensation	3,769	4,899
Hospitalization BC/BS	6,103	8,612
Total Insurance	<u>\$ 48,554</u>	<u>\$ 51,529</u>
<b>INTEREST</b>		
Mortgage Interest	114,359	116,117
Interest - TCAP	30,417	30,500
Interest - Loan Fees	2,712	2,744
Total Interest	<u>\$ 147,488</u>	<u>\$ 149,361</u>
<b>DEPRECIATION AND AMORTIZATION</b>		
Amortization	11,077	11,077
Depreciation	307,943	307,943
Total Depreciation and Amortization	<u>\$ 319,020</u>	<u>\$ 319,020</u>

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

	2017 Year 6 <u>AMEC Model</u>	2017 Year 6 <u>Actual</u>
3.00% Inflation Rate for Rental Income		
3.00% Inflation Rate for Other Income/Expenses		
2.50% Inflation Rate for Replacement Reserve		
 RENTAL INCOME	 -12%	
Residential		
5121 Rental Income GROSS VACANCY	\$ 690,446	\$ 606,685
5190 Other	-	-
Total Rental Income	<u>690,446</u>	<u>606,685</u>
 VACANCIES: Enter as Negative	 -82%	
5220 Apartments	(48,332)	(8,481)
5290 Miscellaneous Concessions	-	-
Total Vacancies	<u>(48,332)</u>	<u>(8,481)</u>
Net Rental Income	642,114	598,204
 OTHER INCOME & BAD DEBT	 -68%	
5910 Laundry & Vending	2,320	-
6370 Apartment Bad Debt - Enter as Negative	-	-
5920 NSF, Damages & Late Charges, Other	8,114	3,339
Total Other Income	<u>10,434</u>	<u>3,339</u>
EFFECTIVE GROSS INCOME	652,548	601,543
 ADMIN. EXPS	 66%	
6210 Advertising	290	377
6250 Admin. Exps.	10,433	11,743
6310 Office Salaries	32,948	11,245
6311 Office Supplies	2,320	10,690
6320 Management Fee	37,096	37,136
6330 Management or Super. Sal.	-	48,550
6331 Mgmt. or Super. Free Rent Unit	-	-
6341 Legal Expenses (Project)	5,797	1,054
6350 Auditing Exps. (Project)	3,477	10,781
6351 Bookkeeping Fees/Acct. Services	-	1,235
6360 Telephone and Answering Service	-	24,520
6390 LHC Asset Management Fee	5,797	5,400
Total Admin. Less Management Fee	<u>61,061</u>	<u>125,595</u>
Total Admin. Exps.	98,158	162,731
 UTILITIES EXPENSE	 -68%	
6420 Fuel Oil/Coal	-	-
6450 Electricity (Light & Misc. Power)	28,983	15,814
6451 Water	31,300	6,305
6452 Gas	-	-
6453 Sewer	31,300	7,609
Total Utilities Exps.	<u>\$ 91,582</u>	<u>\$ 29,728</u>



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

	2017 Year 6 <u>AMEC Model</u>	2017 Year 6 <u>Actual</u>
O & M EXPENSES	<i>10%</i>	
6510 O&M Payroll	\$ 64,919	\$ 40,716
6515 O&M Supplies	6,956	729
6520 O&M Contract	24,924	37,685
6525 Garbage & Trash Removal	-	-
6530 Security Payroll/Contract	33,619	12,793
6545 Elevator Maintenance/Contract	-	-
6546 HVAC R & M	-	-
6570 Other Expenses	-	-
6590 Misc. O & M Expenses	20,554	74,778
Total O & M Expenses	<u>150,971</u>	<u>166,701</u>
TAXES & INSURANCE	<i>-30%</i>	
6710 Real Estate Taxes	-	-
6711 Payroll Taxes (FICA)	14,491	8,205
6719 Misc. Taxes, Licenses & Permits	-	-
6720 Property & Liability Insurance	45,559	38,513
6721 Fidelity Bond Insurance	-	169
6722 Workmen's Compensation	-	3,769
6723 Health Ins. & Other Emp. Benefits	14,491	6,103
6729 Other Insurance	6,376	-
Total Taxes & Insurance	<u>80,917</u>	<u>56,759</u>
TOTAL OPERATING EXPENSES	<u>421,628</u>	<u>415,919</u>
<i>Per Unit</i>	<i>5,142</i>	<i>5,072</i>
NET OPERATING INCOME	\$ 230,920	\$ 185,624
Replacement Reserves	<i>4%</i> <u>\$ 27,832</u>	<u>\$ 28,956</u>
ADJUSTED NET OPERATING INCOME	203,088	156,668
First Mortgage Debt Service	<u>135,722</u>	<u>135,182</u>
CASH FLOW AVAILABLE	<u>\$ 67,366</u>	<u>\$ 21,486</u>

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
 COMPUTATION OF SURPLUS CASH  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>
Operating Cash	\$ 13,384
Security Deposit Cash	13,608
Other	-
Total Cash	<u>26,992</u>
Accrued Mortgage Interest Payable	9,273
Delinquent Mortgage Principal Payments	-
Accounts Payable (due within 30 days)	13,546
Loans and Notes Payable (due within 30 days)	-
Deficient Tax and Insurance Escrow Deposits	-
Accrued Expenses (not escrowed)	-
Prepaid Rents	1,722
Tenant Security Deposits Liability	13,607
Other	-
Total Obligations	<u>38,148</u>
Surplus Cash (Deficiency)	<u>\$ (11,156)</u>

WESLEY CHAPEL DEVELOPMENT 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: Richard L. Murray, Executive Director of the Housing Authority  
of East Baton Rouge Parish

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

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERSHIP  
SCHEDULE OF PROJECT CASH FLOW DISTRIBUTION  
FOR THE YEAR ENDED DECEMBER 31, 2017

2017

CASH RECEIPTS

Total Revenue per Statement of Operations	\$ 601,543
(Increase) Decrease in Accounts Receivable	(11,632)
Increase (Decrease) in Deferred Rent Income	387
Total Cash Receipts	590,298

CASH EXPENDITURES

Total Expenses per Statement of Operations	877,027
Less: Depreciation, Amortization and Interest	(466,508)
Net Increase in Replacement Reserve	28,956
Net Increase in Tax & Insurance Escrow	10,011
Debt Service Payments	135,180
Total Cash Expenditures	584,666

Cash Flow Available for Distribution	\$ 5,632
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Distribution and Application of Cash Flow per Section 9.2 A of the Partnership Agreement:		Payable to:	Paid	To Be Paid	Amount Remaining
(A)	To the Investor Limited Partner in an amount equal to the unpaid Housing Tax Credit Shortfall Payment.	Alliant Tax Credit Fund 65, LTD	-	-	5,632
(B)	To replenish any funds disbursed from the Operating Deficit Reserve Account until the Operating Deficit Reserve Account is funded to the Operating Reserve Amount;	N/A	-	-	5,632
(C)	To pay interest on any loans, including Voluntary Loans (but excluding Operating Loans and Deferred Development Fee), from Partners or their Affiliates provided for herein, pro rata in accordance with the amount of interest accrued as of the date of such distribution.	N/A	-	-	5,632
(D)	To repay principal of any loans, including Voluntary Loans (but excluding Operating Loans and Deferred Development Fee), payable to Partners or their affiliates, pro rata in accordance with the amount of the principal balances as of the date of such distribution.	N/A	-	-	5,632
(E)	To pay in full any unpaid Asset Management Fees;	Alliant Tax Credit Fund 65, LTD	-	5,632	-
(F)	To pay in full any unpaid and accrued management fee;	NDC Real Estate Management, LLC	-	-	-
(G)	To pay in full any unpaid Development Fee;	Wesley Chapel Development, LLC	-	-	-
(H)	To pay in full any Operating Loans;	N/A	-	-	-
(I)	To pay the Incentive Management Fee due pursuant to the Incentive Management Agreement (50% of remaining cash flow)	Wesley Chapel Development, LLC	-	-	-
(J)	To pay the Supervisory Management Fee payable pursuant to the Incentive Management Fee Agreement (24.99% of remaining cash flow, not to exceed 10% of gross revenues)	Wesley Chapel Development, LLC	-	-	-
(L)	Investor Limited Partner (99.98%)	Alliant Tax Credit Fund 65, LTD	-	-	-
	Administrative Limited Partner (.01%)	Alliant ALP 65, LLC	-	-	-
	General Partner (.01%)	Wesley Chapel Development, LLC	-	-	-

**B&T 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

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

To the Partners  
Wesley Chapel Development 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 Wesley Chapel Development 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 February 15, 2018.

**Internal Control Over Financial Reporting**

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

A handwritten signature in blue ink that reads "Bond + Jousignant, LLC". The signature is written in a cursive, flowing style.

Monroe, Louisiana  
February 15, 2018

WESLEY CHAPEL DEVELOPMENT LIMITED PARTNERHIP  
FOR THE YEAR ENDED DECEMBER 31, 2017

SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND RECOMMENDATIONS

Our audit disclosed no findings that are required to be reported for the year ended December 31, 2017.

SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS, QUESTIONED COSTS, AND  
RECOMMENDATIONS

Our audit disclosed no findings, questioned costs, or recommendations for the year ended December 31, 2016.