FISCHER III, LLC

Financial Statements and Supplementary Information

December 31, 2021

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BERMAN HOPKINS
CPAs & ASSOCIATES, LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of
Fischer III, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Fischer III, LLC (the "Company"), as of December 31, 2021, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Company, as of December 31, 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Company's basic financial statements. The supplementary information, as listed in the table of contents, is presented for the 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 basic financial statements or to the basic 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 basic 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 June 30, 2022 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

June 30, 2022
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

FISCHER III, LLC

BALANCE SHEET

December 31, 2021

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	$	1,792,263
Cash and cash equivalents - restricted		446,491
Tenant accounts receivable, net		26,636
Prepaid expenses		31,899
Prepaid ground lease		472
Total current assets		2,297,761
NONCURRENT ASSETS		
Prepaid ground lease		33,021
Investment in rental property, net		12,209,461
Total noncurrent assets		12,242,482
Total assets	$	14,540,243
LIABILITIES AND MEMBERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	$	48,795
Due to affiliates		2,658,960
Accrued interest payable - related party		11,363,207
Tenant security deposits		16,117
Tenant prepaid rent		35,253
Total current liabilities		14,122,332
NONCURRENT LIABILITIES		
Mortgage notes payable - related party, net		18,392,185
Total liabilities		32,514,517
MEMBERS' DEFICIT		
General member deficit		(1,895)
Investment limited members' deficit		(17,972,379)
Total members' deficit		(17,974,274)
Total liabilities and members' deficit	$	14,540,243

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

FISCHER III, LLC

STATEMENT OF OPERATIONS

For the year ended December 31, 2021

OPERATING REVENUES		
Rental income - tenants	$	348,320
Rental subsidy		530,051
Vacancies and concessions		(76,467)
Total tenant revenue, net		801,904
Other operating income		5,536
Total operating revenues		807,440
OPERATING EXPENSES		
Insurance		308,761
Repairs and maintenance		220,112
Utilities		224,907
Salaries		74,531
Protective services		206,099
General and administrative		46,127
Management fees		46,255
Bad debt expense		30,308
Tenant services		102,367
Miscellaneous		21,976
Total operating expenses		1,281,443
NET OPERATING LOSS		(474,003)
OTHER INCOME (EXPENSES)		
Interest income		3,205
Depreciation		(519,909)
Interest expense		(480,731)
Amortization		(770)
Total other income (expenses)		(998,205)
NET LOSS	$	(1,472,208)

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

FISCHER III, LLC

STATEMENT OF MEMBERS' DEFICIT

For the years ended December 31,

	Managing Member	Assigned Member	Total Members' Deficit
Members' deficit, January 1, 2021	$ (1,748)	$ (16,500,318)	$ (16,502,066)
Net loss	(147)	(1,472,061)	(1,472,208)
Members' deficit, December 31, 2021	$ (1,895)	$ (17,972,379)	$ (17,974,274)

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

FISCHER III, LLC

STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$	(1,472,208)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation		519,909
Amortization - debt issuance costs		37,690
Amortization - tax credit monitoring fees		770
Change in provision for allowance for doubtful accounts		30,308
(Increase) decrease in assets:		
Tenant accounts receivable, net		(46,750)
Prepaid expenses		(9,138)
Prepaid ground lease		471
Increase (decrease) in liabilities:		
Accounts payable		(835)
Due to affiliates		164,570
Accrued interest payable - related party		443,041
Tenant security deposits		(2,048)
Tenant prepaid rent		13,015
Net cash used in operating activities		(321,205)
Net decrease in cash		(321,205)
Cash and cash equivalents at beginning of year		2,559,959
Cash and cash equivalents at end of year	$	2,238,754

RECONCILIATION TO BALANCE SHEET:		
Cash and cash equivalents - unrestricted	$	1,792,263
Cash and cash equivalents - restricted		446,491
	$	2,238,754

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

Fischer III, LLC

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of operations

Fischer III, LLC (the "Company"), was recognized by the State of Louisiana as a limited liability as December 11, 2003. The primary purpose of the Company is to construct, develop and operate a 103-unit apartment complex known as Fischer III Apartments (the "Apartments") located in New Orleans, Louisiana. The Apartments are rented to low-income tenants and is operated in a manner necessary to qualify for federal low-income housing tax credits as provided under Internal Revenue Code Section 42 ("Section 42").

As of July 31, 2020, there was an amendment to the partnership agreement to permit the withdrawal of the existing Investment Member and Special Member and to add a new Assigned Member, the Housing Authority of New Orleans (the "Authority" or "HANO"). Profits, losses, and ownership is allocated 0.01% to the General Partner, Lune d'Or Enterprises, LLC, and 99.99% to the Assigned Partner.

Each building of the Apartments has qualified for and been allocated low-income housing tax credits pursuant to Section 42 which regulates the use of the Apartments to occupant eligibility and unit gross rent, among other requirements. The total low-income housing credits generated from the State of Louisiana was $9,075,650 and is available for use by the members pro rata over a ten-year period. Each building of the complex must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits. The compliance period ends December 2022.

The term of the Company shall continue until December 31, 2104, unless sooner dissolved in accordance with the provisions of the Amended and Restated Operating Agreement (the "Operating Agreement").

Fischer III, LLC is a component unit of the HANO under the requirements of Governmental Accounting Standards Board Codification of *Governmental Accounting and Financial Reporting Standards*, Section 2100, *Defining the Financial Reporting Entity*. The Company is presented as a discretely presented component unit of HANO as there is a financial benefit/burden relationship with HANO.

2. Accounting method

The financial statements have been prepared on the accrual basis of accounting. Accordingly, income is recognized as earned and expenses as incurred, regardless of the timing of payments.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. 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 during the reporting period, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates and those differences could be material.

4. Cash and cash equivalents

The Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

5. Tenant accounts receivables and bad debts

Management individually reviews all tenant accounts receivable periodically and assesses the portions, if any, of the balance that will not be collected. Tenant accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management based on prior experience with similar accounts. The allowance for uncollectible amounts as of December 31, 2021 was $44,078.

6. Tax credit monitoring fees and amortization

Tax credit monitoring fees of $11,600 are amortized on a straight-line basis over the compliance period of 15 years. The tax credit monitoring fees were fully amortized during the fiscal year ending December 31, 2021.

7. Investment in rental property

Property and equipment is recorded at cost. Expenditures for maintenance and repairs are charged to expenses as incurred while major renewals and betterments are capitalized. 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Investment in rental property (continued)

Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Investment in rental property, net, is comprised of the following as of December 31, 2021:

	2021	Useful Lives
Building and improvements	$ 18,674,490	40 years
Land improvements	2,197,496	20 years
Furniture and equipment	563,199	10 years
	21,435,185	
Less accumulated depreciation	(9,225,724)	
	$ 12,209,461	

8. Impairment of long-lived assets

The Company evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Company determines that a long-lived asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Company's financial statements. In the current year, management determined there was no loss on impairment related to its long-lived assets.

9. Debt issuance costs

Debt issuance costs of $730,927, net of accumulated amortization of $653,251, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs consisting of $37,690 is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

10. Rental income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants of the Apartments are considered operating leases.

11. Income taxes

The Company is not a taxpaying entity for federal or state income tax purposes since taxable income or loss passes through to, and is reportable by, the members individually. Therefore, no provision or liability for income taxes has been included in the financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Income taxes (continued)

The Company accounts for income taxes in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 740, *Income Taxes*, which clarifies the accounting and disclosure requirements for uncertainty in tax positions. It requires a two-step approach to evaluate tax positions and determine if they should be recognized in the financial statements. The two-step approach involves recognizing any tax positions that are “more likely than not” to occur and then measuring those positions to determine if they are recognizable in the financial statements. Management regularly reviews and analyzes all tax positions and has determined no aggressive tax positions have been taken. In evaluating the Company’s tax provisions and accruals, future taxable income, the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances.

The Company’s income tax filings are subject to audit by various taxing authorities. The Company is no longer subject to income tax examinations by tax authorities for years before 2018.

12. Economic concentrations

The Company operates one property in New Orleans, Louisiana. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

NOTE B - CASH AND CASH EQUIVALENTS

The Company maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. As of December 31, 2021, none of the bank balance was in excess of FDIC insurance and collateral. The Company has not experienced any losses in such accounts.

As of December 31, 2021, restricted cash and cash equivalents consist of:

Replacement reserve	$	380,374
Utility escrow		50,000
Tenant security deposits		16,117
	$	446,491

NOTE B - CASH AND CASH EQUIVALENTS (continued)

1. Replacement reserve

Pursuant to the Operating Agreement, the Company is required to make monthly deposits to a reserve for replacements account for use in funding maintenance and replacement costs. Monthly deposits are required in the amount of $2,567, increasing annually by the Consumer Price Index commencing on the completion date. The activity in the replacement reserve for the year ended December 31, 2021 is as follows:

Balance, January 1, 2021	$	361,867
Deposits		38,201
Withdrawals		(19,694)
Balance, December 31, 2021	$	380,374

2. Utility escrow

The Investment Member is requiring the Company to establish a utility escrow before the Investment Member will release equity installments due to the Authority.

NOTE C - RELATED PARTY TRANSACTIONS

1. Operating subsidy from HANO

HANO has entered into an Amended and Restated Regulatory and Operating Agreement (the “Agreement”) with the Company that provides for an operating subsidy amount for annual operations. Pursuant to the Agreement, sixty-nine units of the Apartments are to be operated as Public Housing Units and are subject to all regulations therein. During 2021, the Company received an operating subsidy from HANO in the amount of $351,500, which is included in rental subsidy on the statement of operations.

2. Voucher subsidy from HANO

The Company is eligible to house tenants receiving Housing Choice Voucher rental assistance through vouchers issued by HANO. During 2021, the Company received voucher subsidy from HANO in the amount of $178,551, which is included in rental subsidy on the statement of operations.

NOTE C - RELATED PARTY TRANSACTIONS (continued)

3. Due to affiliates

Due to affiliates consists of the following at December 31, 2021:

Due to HANO - operating advances	$	1,191,304
Developer fee payable		1,055,564
Due to HANO - Hurricane Katrina		261,379
Property management fees payable		130,518
Asset management fee payable		20,195
	$	2,658,960

a. Due to HANO

During 2006, HANO advanced funds to the Company to cover additional costs incurred due to damage caused by Hurricane Katrina. These payables bear no interest, are collateralized by the Apartments, and are payable from remaining mortgage proceeds, capital contributions, and available cash flows from the Apartments. As of December 31, 2021 advances totaling $261,379 were outstanding. Additionally, as of December 31, 2021 the Company owes HANO $1,191,304 for advances to fund operations.

b. Developer fee payable

The Company has a developer agreement with Crescent Affordable Housing Corporation ("CAHC"), an affiliate of the Managing Member. The agreement provides for a development fee and overhead in the amount of $1,355,564 for services in connection with the development of the Apartments and supervision of the construction. Development fees are earned based upon the occurrence of certain events, as defined, during development and construction. The development fee bears no interest.

c. Asset management fee

Pursuant to the Operating Agreement, the Investment Member shall earn an annual, cumulative fee in the amount of $5,000 per annum. The fee is adjusted each year for the changes in the Consumer Price Index. For the year ended December 31, 2021, $6,845 was charged to operations and $20,195 remains payable for asset management fees.

NOTE C - RELATED PARTY TRANSACTIONS (continued)

3. Due to affiliates (continued)

   d. Property management fee

   Pursuant to the Operating Agreement, the Managing Member earns a company management fee in the amount of $15,450 per annum in consideration for its services in the day-to-day administration of the business affairs of the Company. The fee is payable from available cash flow, subject to the terms of the Operating Agreement, and is noncumulative. No fee was paid during the year ended December 31, 2021.

4. Management agreement

The Company has entered into a management agreement with HANO for a monthly management fee equal to $30 per each occupied unit per month. For the year ended December 31, 2021, $39,410 was charged to operations and $117,918 remains payable for management fees and is included in due to affiliates on the balance sheet.

NOTE D - MORTGAGE NOTES PAYABLE

Notes payable consists of the following at December 31, 2021:

Mortgage note payable	$ 14,710,628
Supplemental loan	3,064,919
Affordable housing program loan	350,000
Program income construction loan	344,314
Deferred financing fees, net	(77,676)
	$ 18,392,185

1. Mortgage note payable

In December 2003, the Company entered into a financing agreement with HANO to use the proceeds from the issuance of Capital Fund Program Revenue Bonds for the construction and development of the Apartments and payment of bond redemption. The principal amount of the note was $13,634,195. In January 2005, the Company entered into a new financing agreement in the amount of $14,710,628 with HANO. The loan bears interest at 3.00% with both the unpaid principal and interest due and payable on February 1, 2007. The note is collateralized by the Apartments. The due date was originally extended through December 31, 2011. Outstanding principal as of December 31, 2021 was $14,710,628. Total interest expense for 2021 was $441,319 and accrued interest as of December 31, 2021 was $11,334,035.

NOTE D - MORTGAGE NOTES PAYABLE (continued)

1. Mortgage note payable (continued)

Debt issuance costs are being amortized using an imputed interest rate of 3.09%. Amortization of debt issuance costs of $37,690 was charged to operations for the year ended December 31, 2021 and is included in interest expense - mortgage notes payable on the statement of operations.

The mortgage note will become permanent when the final equity payment is received from the Investment Member. HANO does not hold the Company in default.

2. Supplemental loan

In November 2006, the Company obtained a supplemental loan in the amount of $3,064,919 from HANO. The supplemental loan does not bear interest. The entire amount of unpaid principal is due and payable on November 1, 2061. The outstanding principal as of December 31, 2021 is $3,064,919.

3. Affordable Housing Program loan

In November 2005, the Company entered into an Affordable Housing Program loan with HANO in the amount of $350,000, to assist the Company in financing the Apartments. The loan bears no interest, is collateralized by the Apartments, and is payable from remaining mortgage proceeds, capital contributions, and available cash flows from the Apartments. The loan will be maintained for 15 years from the date of Project completion.

4. Program Income Construction loan

In January 2005, the Company entered into a Program Income Construction loan with HANO in the amount of $344,314. The loan was obtained in connection with the financing of the acquisition, development, and construction of the Project, is collateralized by the Apartments, and accrues interest annually at 0.50%. All unpaid principal and interest is due on January 1, 2060, and payments are to be made from cash flow, as defined by the Operating Agreement. Interest incurred during the year ended December 31, 2021 was $1,722 and accrued interest at December 31, 2021 is $29,172.

NOTE E - MEMBERS' CAPITAL AND CASH FLOW DISTRIBUTION

Capital contributions were due from the Investment Member when certain milestones were achieved as disclosed in the Operating Agreement. As of December 31, 2021, the Investment Member has funded the full adjusted amount of $1,977,094.

The Managing Member and Special Member are required and have made contributions of $100 and $10, respectively.

Cash Flow, as defined in the Operating Agreement, subject to certain restrictions outlined in the Operating Agreement, is to be distributed as follows:

1. To the payment of any Tax Credit Shortfall Payments owed to the Investment Member;
2. To replenish any amounts withdrawn in such year from the Operating Reserve or the ACC Subsidy Reserve;
3. To pay the Company Management Fee to the Managing Member;
4. To the repayment of any Operating Expense Loans or Working Capital Loans then outstanding;
5. To make payment on the HANO Loans until the HANO Loans have been paid in full, with payment applied first to accrued interest and then to principal; and
6. Any balance shall be distributed, 0.01% to the Managing Member and 99.99% to the Investment Member.

NOTE F - COMMITMENTS AND CONTINGENCIES

1. Legal

The Company may be party to various pending or threatened legal actions in the normal course of operations. As of the date of this report, management is not aware of any material threatened or pending legal actions against the Company.

2. Tax credits

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

NOTE F - COMMITMENTS AND CONTINGENCIES (continued)

3. Ground lease

On January 20, 2005, the Company entered into an 89-year ground lease with HANO. In consideration of a $41,979 lump sum payment from the Company on January 20, 2005, the payment obligations have been fully satisfied and discharged. As of December 31, 2021, the prepaid ground lease was $33,493.

4. Operating deficit guaranty

Pursuant to the Operating Agreement, if at any time the Company requires funds to discharge operating expenses, the Managing Member shall furnish to the Company the funds required. Amounts so furnished to fund operating expenses incurred prior to the Development Obligation Date shall be deemed Special Capital Contributions and amounts furnished on or after the Development Obligation Date shall constitute Operating Expense Loans. Any such Operating Expense Loans shall not bear interest and be repayable only as provided for in the Operating Agreement. As of December 31, 2021, no amounts have been funded.

NOTE G - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through June 30, 2022, the date which the financial statements were available to be issued, and noted no issues to be disclosed.

SUPPLEMENTARY INFORMATION

FISCHER III, LLC

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

December 31, 2021

Agency Head Name: Evette Hester
Executive Director and Chief Administrative Officer of the Housing Authority of New Orleans

Purpose	Amount
Salary	None
Benefits-insurance	None
Benefits-retirement	None
Benefits-deferred comp	None
Car allowance	None
Vehicle provided by government	None
Per diem	None
Reimbursements	None
Travel	None
Registration fees	None
Conference travel	None
Continuing professional education fees	None
Housing	None
Unvouchered expenses	None
Special meals	None

Fischer III, LLC, provides no compensation, benefits, or other payments to the Executive Director and Chief Administrative Officer of the Housing Authority of New Orleans ("HANO"). HANO is the governmental unit that controls Fischer III, LLC. All compensation, benefits, and other payments to HANO’s Executive Director are included in the financial statements of HANO.

BERMAN HOPKINS
CPAs & ASSOCIATES, LLP

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

To the Members of
Fischer III, LLC

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 the business-type activities of Fischer III, LLC (the "Company"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements, and have issued our report thereon dated June 30, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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 Company's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 Company'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 Company's internal control over compliance. Accordingly, this communication is not suitable for any other purpose

June 30, 2022
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP