

**ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP**

**AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2021 AND 2020

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP

AUDITED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Ashley Place Development III, Limited Partnership (a Louisiana Limited Partnership), which comprise the balance sheets as of December 31, 2021 and 2020 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ashley Place Development III, Limited Partnership as of December 31, 2021 and 2020, 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.

Basis for Opinion

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. 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 Ashley Place Development III, Limited Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, 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 Ashley Place Development III, Limited Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. 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 Ashley Place Development III, Limited Partnership'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 Ashley Place Development III, Limited Partnership'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 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 shown on pages 17 and 20 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying supplementary information shown on pages 17 and 20 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 accompanying supplementary information shown on pages 17 and 20 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 July 28, 2022 on our consideration of Ashley Place Development III, Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Ashley Place Development III, Limited Partnership'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 Ashley Place Development III, Limited Partnership's internal control over financial reporting and compliance.

Little's Associates, LLC

Monroe, Louisiana
July 28, 2022

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash - Operations	\$ 3,300	\$ 2,119
Accounts Receivable - Tenants	490	6,668
Prepaid Expenses	17,169	16,286
Total Current Assets	20,959	25,073
 RESTRICTED DEPOSITS AND FUNDED RESERVES		
Operating Reserves	8,628	8,611
Replacement Reserve	48,560	40,592
Insurance Escrow	13,832	14,356
Insurance Claim Proceeds Escrow	55,508	-
Tenants' Security Deposits	8,100	8,400
Total Restricted Deposits and Funded Reserves	134,628	71,959
 PROPERTY AND EQUIPMENT		
Buildings	1,840,366	1,840,366
Site Improvements	1,754,561	1,754,561
Furniture and Fixtures	475,288	475,288
Total Buildings and Improvements	4,070,215	4,070,215
Less: Accumulated Depreciation	(2,128,873)	(1,994,437)
Net Depreciable Assets	1,941,342	2,075,778
Land	259,766	259,766
Total Property and Equipment	2,201,108	2,335,544
 OTHER ASSETS		
Syndication Costs	42,000	42,000
Utility Deposits	103	103
Total Other Assets	42,103	42,103
Total Assets	\$ 2,398,798	\$ 2,474,679

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

LIABILITIES AND PARTNERS' EQUITY

	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 35,227	\$ 13,574
Accrued Interest Payable	3,739	3,917
Construction Costs Payable	55,488	-
Deferred Rent Revenue	1,861	2,974
Current Portion of Long-Term Debt	16,972	15,826
Total Current Liabilities	<u>113,287</u>	<u>36,291</u>
DEPOSITS		
Tenant Security Deposits	<u>7,700</u>	<u>8,400</u>
Total Deposits	<u>7,700</u>	<u>8,400</u>
LONG-TERM LIABILITIES		
Note Payable - Bank of America, Net of Unamortized Debt Issuance Costs	568,796	582,864
Deferred Developer Fee Payable	400,538	400,538
Asset Management Fee Payable	56,308	51,168
Partnership Management Fee Payable	156,000	144,000
Special Services Fee Payable	104,820	95,764
Total Long-Term Liabilities	<u>1,286,462</u>	<u>1,274,334</u>
Total Liabilities	<u>1,407,449</u>	<u>1,319,025</u>
PARTNERS' EQUITY		
Partners' Equity	<u>991,349</u>	<u>1,155,654</u>
Total Partners' Equity	<u>991,349</u>	<u>1,155,654</u>
Total Liabilities and Partners' Equity	<u>\$ 2,398,798</u>	<u>\$ 2,474,679</u>

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUE		
Rents	\$ 219,830	\$ 215,351
Vacancies	(35,094)	(34,817)
Late Fees, Forfeited Deposits, etc.	3,095	2,088
Interest Income	66	74
Other Income	253	3,592
Total Revenue	<u>188,150</u>	<u>186,288</u>
EXPENSES		
Administrative	46,970	28,225
Utilities	16,440	22,025
Maintenance	35,352	26,615
Insurance	32,276	29,719
Management Fees	11,346	10,990
Interest	49,439	49,442
Depreciation and Amortization	134,436	134,513
Total Expenses	<u>326,259</u>	<u>301,529</u>
Net Operating Income (Loss)	<u>(138,109)</u>	<u>(115,241)</u>
OTHER INCOME (EXPENSES)		
Asset Management Fee	(5,140)	(4,990)
Partnership Management Fee	(12,000)	(12,000)
Special Services Fee	(9,056)	(8,878)
Total Other Income (Expenses)	<u>(26,196)</u>	<u>(25,868)</u>
Net Income (Loss)	<u>\$ (164,305)</u>	<u>\$ (141,109)</u>

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>Total</u>	<u>General Partner Denham Springs Community, GP, LLC</u>	<u>Limited Partner NEF Assignment Corporation</u>
Partners' Equity (Deficit), December 31, 2019	\$ 1,296,763	\$ (124)	\$ 1,296,887
Net Loss	<u>(141,109)</u>	<u>(14)</u>	<u>(141,095)</u>
Partners' Equity (Deficit), December 31, 2020	1,155,654	(138)	1,155,792
Net Loss	<u>(164,305)</u>	<u>(16)</u>	<u>(164,289)</u>
Partners' Equity (Deficit), December 31, 2021	<u>\$ 991,349</u>	<u>\$ (154)</u>	<u>\$ 991,503</u>
Profit and Loss Percentages	<u>100.00%</u>	<u>0.01%</u>	<u>99.99%</u>

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities:		
Net Income (Loss)	\$ (164,305)	\$ (141,109)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	137,340	137,417
(Increase) Decrease in Accounts Receivable - Tenants	6,178	(4,726)
(Increase) Decrease in Prepaid Insurance	(883)	(253)
Increase (Decrease) in Accounts Payable	21,653	(1,124)
Increase (Decrease) in Accrued Interest Payable	(178)	-
Increase (Decrease) in Deferred Rent	(1,113)	1,302
Increase (Decrease) in Asset Management Fee Payable	5,140	4,990
Increase (Decrease) in Partnership Management Fee Payable	12,000	12,000
Increase (Decrease) in Special Services Fee Payable	9,056	8,878
Increase (Decrease) in Security Deposit Liability	(700)	500
Total Adjustments	188,493	158,984
Net Cash Provided (Used) by Operating Activities	24,188	17,875
Cash Flows From Investing Activities:		
Net Change in Due from Related Parties	-	8,252
Net Cash Provided (Used) by Investing Activities	-	8,252
Cash Flows From Financing Activities:		
Principal Payments on Long-Term Debt	(15,826)	(14,758)
Payment of Construction Costs Payable	55,488	-
Net Cash Provided (Used) by Financing Activities	39,662	(14,758)
Net Increase (Decrease) in Cash and Cash Equivalents	63,850	11,369
Cash and Cash Equivalents at Beginning of Year	74,078	62,709
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 137,928	\$ 74,078

Supplemental Disclosures of Cash Flow Information:

Cash and Cash Equivalents		
Cash - Operations	\$ 3,300	\$ 2,119
Operating Reserves	8,628	8,611
Replacement Reserve	48,560	40,592
Insurance Escrow	13,832	14,356
Insurance Claim Proceeds Escrow	55,508	-
Tenants' Security Deposits	8,100	8,400
Total Cash and Cash Equivalents	\$ 137,928	\$ 74,078

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Supplemental Disclosures of Cash Flow Information (Continued):		
Cash Paid During the Year for:		
Interest	<u>\$ 46,713</u>	<u>\$ 46,538</u>

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE A – ORGANIZATION

Ashley Place Development III, Limited Partnership (the “Partnership”) was organized in 2007 to develop, construct, own, maintain, and operate a 28-unit rental housing apartment complex for persons of low and moderate income. The apartment complex is located in Denham Springs, Louisiana. All units of the apartment complex are to be rented under the requirements of Section 42 of the Internal Revenue Code (low-income housing tax credit) which will regulate the use of the apartment complex as to occupant eligibility and unit gross rent, among other requirements. The major activities and operations of the Partnership are governed by the Amended and Restated Limited Partnership Agreement (the Partnership Agreement) and are subject to the administrative directives, rules, and regulations of federal and state regulatory agencies, including but not limited to, the state housing finance agency. Such administrative directives, rules, and regulations are subject to change by federal and state agencies.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the 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.

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.

Collateralization Policy for Financial Instruments

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

Capitalization and Depreciation

Land, buildings, improvements, and equipment are recorded at cost. 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

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.

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account in the name of the project. At December 31, 2021 this account was funded in an amount greater than the security deposit liability.

Rental Income and Deferred Rents

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

Tenant 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 and cleaning fees, if applicable. Tenant receivable consists of amounts due for rental income, other tenant charges and charges for damages and cleaning fees in excess of forfeited security deposits. The Partnership does not accrue interest on the tenant receivable balances.

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

Amortization

Organization costs are expensed as incurred. Tax credit costs are being amortized over the tax credit period of ten years using the straight-line method. These costs are presented in the Balance Sheet along with the accumulated amortization. Accumulated amortization totaled \$19,805 and \$19,805 as of December 31, 2021 and 2020, 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.

Operating Reserve

In accordance with the Partnership Agreement, the General Partner established the Operating Reserve account, which was funded, out of equity proceeds of payment of the Second Installment. The General Partner shall also be obligated, to the extent funds are available, to replenish the Operating Reserve Account up to the Operating Reserve Target Amount, \$90,158, out of Cash Flow or the proceeds of sales or refinancing in accordance with Section 5.1 & 5.2. As of December 31, 2021 and 2020, this account has a balance of \$8,628 and \$8,611, respectively, which was under the Operating Reserve Target amount both years.

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Replacement Reserve

In accordance with the Partnership Agreement, the General Partner established the Replacement Reserve account, which was funded, at the time of payment of the Second Installment, in the amount of \$300 per unit per year less such amount as shall be required to be set aside for such purpose by any Lender. Withdrawals from this account in excess of \$3,000 in the aggregate in any given month will require the written approval of the General Partner and the Asset Manager. For the year ended December 31, 2021, \$8,400 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2021 was \$10,440, which resulted in the account being adequately funded for the year ended December 31, 2021. For the year ended December 31, 2020, \$8,400 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2020 was \$10,440, which resulted in the account being adequately funded for the year ended December 31, 2020. As of December 31, 2021 and 2020, this account had a balance of \$48,560 and \$40,592, respectively.

Replacement Reserve Account activity for the years ended December 31, 2021 and 2020 is as follows:

Beginning Balance 12/31/2019	\$ 30,107
Deposits	10,440
Interest	45
Withdrawals	(—)
Ending Balance 12/31/2020	40,592
Deposits	10,440
Interest	29
Withdrawals	(2,501)
Ending Balance 12/31/2021	\$ 48,560

Real Estate Tax Reserve

In accordance with the Partnership Agreement, the General Partner is to establish the Real Estate Tax Reserve in the initial amount of \$15,000. The Real Estate Tax Reserve is to be increased from Cash Flow until it reaches the Real Estate Tax Reserve Target Amount of \$30,000. The funds in the Real Estate Tax Reserve are to be used only to pay real estate property taxes if the real estate property tax abatement is no longer made available to the Partnership or if the real estate taxes exceed the amounts shown in the Projections. As of December 31, 2021, the Real Estate Tax Reserve had not been funded.

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 2018.

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FASB ASC 360, Property, Plant, and Equipment

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

NOTE C – CASH AND CASH EQUIVALENTS AND DEPOSITS

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

The Partnership has various bank accounts at financial institutions. The interest-bearing and noninterest-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, 2021, there were no uninsured deposits.

NOTE D – PARTNERS AND CAPITAL CONTRIBUTIONS

The Partnership has a General Partner, (Denham Springs Community GP, LLC), and a Limited Partner (NEF Assignment Corporation). The Partnership records capital contributions as received and distributions as paid. For the years ended 2021 and 2020, the Partners did not make any capital contributions and no distributions were paid to the Partners.

NOTE E – DEBT

Permanent Loan

Permanent financing has been obtained through Bank of America of Charlotte, North Carolina in the amount of \$767,000. Interest is compounded at an annual rate of 7.01%. The payment amount is set at principal and interest payments of \$5,108.02 monthly and remains the same until the entire unpaid principal is paid in full. The permanent loan is collateralized primarily by the Partnership's real estate and improvements thereon. The permanent loan shall have a term of 18 years with an amortization of 30 years and matures on September 24, 2028, at which time the unpaid principal will continue to bear interest at the default rate until the remaining principal is paid in full. As of December 31, 2021 and 2020, the balance due on the loan was \$639,978 and \$655,804, respectively.

	<u>2021</u>	<u>2020</u>
Note Payable –Bank of America	\$ 639,978	\$ 655,804
Less: Unamortized Debt Issuance Costs	<u>(54,210)</u>	<u>(57,114)</u>
Note Payable –Bank of America, Net	<u>\$ 585,768</u>	<u>\$ 598,690</u>

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE E – DEBT (CONTINUED)

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

Year Ending December 31	Amount
2022	\$ 16,972
2023	\$ 18,201
2024	\$ 19,519
2025	\$ 20,932
2026	\$ 22,447
Thereafter	\$ 541,907

NOTE F – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Transactions with related parties are as follows:

Development Fee

As provided in the Development Services Agreement, the Partnership shall pay the Developer Fee in the amount of \$520,000 to Denham Springs Housing Authority, an affiliate of the General Partner, and Denham Springs Community Development Corporation, an affiliate of the General Partner, for services rendered for overseeing the construction and development of the complex. As of December 31, 2021 and 2020, the Partnership owed \$400,538 and \$400,538, in developer fees, of which \$400,538 and \$400,538 is considered a deferred developer fee, respectively.

Partnership Management Fee

The Partnership shall pay to the General Partner a Partnership Management Fee annually, on a cumulative basis, in the amount of \$12,000 to compensate the General Partner for managing the Partnership's operations and assets and coordinating the preparation of the filings and financial reports required by the state housing finance agency, as well as, by federal, state, and local agencies. As of December 31, 2021 and 2020, Partnership Management Fees payable totaled \$156,000 and \$144,000, respectively. Partnership Management Fees incurred for the years ended December 31, 2021 and 2020 were \$12,000 and \$12,000, respectively.

Asset Management Fee

The Partnership shall pay the Asset Management Fee annually to the Asset Manager, an affiliate of the Limited Partner, for property management oversight, tax credit compliance monitoring, and related services in the amount of \$3,500, to be increased annually by 3.0%, on a cumulative basis. The Asset Manager will not incur any liability to the General Partner or the Partnership as a result of the Asset Manager's performance of or failure to perform its asset management services. The Asset Manager owes no duty to the General Partner or the Partnership and may only be terminated by the Limited Partner. As of December 31, 2021 and 2020, Asset Management Fees payable totaled \$56,308 and \$51,168, respectively. Asset Management Fees incurred for the years ended December 31, 2021 and 2020 were \$5,140 and \$4,990, respectively.

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Special Services Fee

The Partnership shall pay the Services Manager (Ashley Residential Services, Inc.) a Special Services Fee in the amount of \$7,000, increasing by 2.0% annually and in the priority specified in §5.1(a)(viii) of the Partnership Agreement for the provision of services to tenants of the Project. As of December 31, 2021 and 2020, a Special Services Fee was accrued in the amount of \$104,820 and \$95,764, respectively. Special Services Fees incurred for the years ended December 31, 2021 and 2020 were \$9,056 and \$8,878, respectively.

Disposition Fee

The Partnership shall pay the Asset Manager a Disposition Fee equal to 1% of the gross sales price out of the net sales proceeds at the time of closing of the sale of the Project or the Limited Partner's interest in the Project.

NOTE G – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

All profits and losses, other than from certain transactions detailed in the Partnership Agreement, are allocated .01% to the General Partner and 99.99% to the Limited Partner. Distributable cash flow is defined in The Partnership Agreement as the excess of operating revenues over the sum of operating expenses and debt service.

Distributable cash flow is payable annually as follows:

- (1) to the Limited Partner to the extent of any amount which the Limited Partner is entitled to receive to satisfy any Credit Reduction Payment required pursuant to Section 6.9;
- (2) to the Operating Reserve Account until such time as such account is equal to the Operating Reserve Target Amount;
- (3) to the payment of any accrued and payable Asset Management Fees to the Asset Manager;
- (4) to the Sponsor to pay any unpaid balance on the Deferred Development Fee;
- (5) to the Real Estate Tax Reserve Account until such time as such account is equal to the Real Estate Tax Reserve Target Amount;
- (6) to pay any accrued and unpaid interest and unpaid principal on loans made by the Limited Partner;
- (7) to repay any accrued and unpaid interest and unpaid principal on loan made by the General Partner;
- (8) to the General Partner to pay any accrued and payable Partnership Management Fee, on a cumulative basis; and
- (9) to the Services Manager to pay any accrued and payable Services Fee, on a cumulative basis.

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE H – CONTINGENCY

The apartment complex’s low-income housing tax credits are contingent on the ability of the Partnership to maintain compliance with 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 credits plus interest.

NOTE I – TAXABLE INCOME (LOSS)

A reconciliation of financial statement net income (loss) to taxable income (loss) of the Partnership for the years ended December 31, 2021 and 2020, is as follows:

	2021	2020
Financial Statement Net Income (Loss)	\$ (164,305)	\$ (141,109)
Adjustments:		
Excess Depreciation for Income Tax Purposes over Financial Reporting Purposes	46,945	47,022
Other – Timing Differences	–	–
Taxable Income (Loss) Shown on Tax Return	\$ (117,360)	\$ (94,087)

NOTE J – ADVERTISING

For the years ended December 31, 2021 and 2020, the Partnership incurred advertising costs of \$196 and \$332, respectively. These costs are expensed as incurred.

NOTE K – RISKS AND UNCERTAINTIES

In March 2020, the worldwide Coronavirus (Covid 19) outbreak was declared a pandemic by the World Health Organization. If the Partnership should experience a disruption in collection of rents, this could adversely affect the Partnership’s ability to meet its obligations in the future. As of the report date, the State of Louisiana was in phase III which did allow non-essential businesses to re-open. In addition, the Coronavirus Aid, Relief and Economic Security Act provides for a federal moratorium on evictions of tenants who cannot afford to pay their rent during the pandemic and live in government subsidized housing or landlords with rental properties with federally-backed mortgages, which expired on August 26, 2021. Although the Partnership has not experienced a material negative impact to its results of operations, cash flows and financial position as of the report date, any future material negative impact is unknown at this time due to the highly unpredictable nature of this virus and its effects and disruption to businesses in the future.

NOTE L – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership’s sole asset is Ashley Place III. The Partnership’s operations are concentrated in the low-income real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including but not limited to, the state housing financing agency. Such administrative directives, rules and regulations are subject to change by federal and state agencies. Such changes may occur with little notice or inadequate funding to pay for related cost, including the additional administrative burden, to comply with a change.

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE M – CASUALTY CLAIM

During the year ended December 31, 2020, the apartment complex was damaged by a wind storm. During the year ended December 31, 2021, the insurance company paid claims in the amount of \$55,508. As of December 31, 2021, these funds are shown as Insurance Claim Proceeds Escrow on the Balance Sheet. During the year ended December 31, 2021, the apartment complex incurred costs related to the fire in the amount of \$55,488. As of December 31, 2021, this amount is shown as Construction Costs Payable on the Balance Sheet. As of December 31, 2021, the repairs to the apartment complex have not been completed and there was no casualty gain or loss recognized from the wind storm damage.

NOTE N – SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through July 28, 2022, the date which the financial statements were available for issue.

SUPPLEMENTAL INFORMATION

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ADMINISTRATIVE		
Manager Salaries	\$ 9,960	\$ 7,863
Asset Manager	4,041	4,257
Advertising	196	332
Office Expense	1,876	2,779
Bank Charges	30	72
Legal	135	(135)
Accounting and Auditing	9,115	9,402
Bad Debt Expense	11,381	-
Telephone	1,544	1,445
Other Administrative Expenses	8,692	2,210
Total Administrative	<u>\$ 46,970</u>	<u>\$ 28,225</u>
UTILITIES		
Electricity	\$ 2,544	\$ 2,563
Water and Sewer	10,373	14,333
Trash Collection	3,523	5,129
Total Utilities	<u>\$ 16,440</u>	<u>\$ 22,025</u>
MAINTENANCE AND REPAIRS		
Supplies	\$ 22,096	\$ 7,206
Repairs	2,439	2,365
Payroll	5,788	5,392
Contracts	1,396	6,944
Grounds	2,855	3,624
Pest Control	778	1,084
Total Maintenance and Repairs	<u>\$ 35,352</u>	<u>\$ 26,615</u>
INSURANCE		
Liability Insurance	\$ 31,781	\$ 29,355
Workman's Compensation	495	364
Total Insurance	<u>\$ 32,276</u>	<u>\$ 29,719</u>
INTEREST EXPENSE		
Interest Expense	\$ 49,439	\$ 49,442
Total Interest Expense	<u>\$ 49,439</u>	<u>\$ 49,442</u>



**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
Ashley Place Development III, Limited Partnership
Denham Springs, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ashley Place Development III, Limited Partnership, which comprise the balance sheet as of December 31, 2021, and the related statements of operations, partners' equity (deficit) and cash flows for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated July 28, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ashley Place Development III, Limited Partnership'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ashley Place Development III, Limited Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of Ashley Place Development III, Limited Partnership's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-1.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ashley Place Development III, 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 financial statements. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings, questioned costs, and recommendations as item 2021-1.

Ashley Place Development III, Limited Partnership's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Ashley Place Development III, Limited Partnership's response to the findings identified in our audit described in the accompanying schedule of findings, questioned costs, and recommendations. Ashley Place Development III, Limited Partnership's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Little & Associates, LLC

Monroe, Louisiana
July 28, 2022

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP

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

FOR THE YEAR ENDED DECEMBER 31, 2021

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

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

Current Year Findings and Questioned Costs

Finding 2021-1 Inadequate Controls Over Timely Submission of the Audit to the Louisiana Legislative Auditor

Finding Resolution Status: Resolved

Information on Universal Population Size: One instance **Sample Size:** N/A

Noncompliance Information: The Partnership is not in compliance with the Louisiana Revised Statute 24:513 of the Louisiana Legislative Auditor and has not filed an extension request with the Louisiana Legislative Auditor. In accordance with Louisiana Revised Statute 24:513, the audit is due to the Louisiana Legislative Auditor no later than six months after the Partnership's fiscal year end.

Questioned Costs: N/A

Condition: The internal controls are not adequate to ensure that the Partnership submits their audit to the Louisiana Legislative Auditor in a timely manner.

Criteria: The Partnership is required to submit their audit to the Louisiana Legislative Auditor by June 30, 2022.

Effect: The Partnership is not in compliance with Louisiana Revised Statute 24:513.

Cause: Unknown

Recommendation: The Partnership should submit their audit to the Louisiana Legislative Auditor by June 30th of each year.

Reporting Views of Responsible Officials: We concur with the finding and agree with the auditor recommendations.

Corrective Action Plan: Meet with management personnel to get audit done by deadline set by State.

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND RECOMMENDATIONS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

Concur or Do Not Concur With this Finding: Yes

Agree or Disagree with auditor Recommendations: Agree

Completion Date or Proposed Completion Date: Upon submission to Louisiana Legislative Auditor.

Actions Taken or Planned on the Finding: Meet with management personnel to get audit done by deadline set by State.

Contact Person: Fred Banks, General Partner

ASHLEY PLACE DEVELOPMENT III
LIMITED PARTNERSHIP
SCHEDULE OF THE STATUS OF PRIOR YEAR FINDINGS, QUESTIONED COSTS, AND
RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

Status of Prior Year Findings and Questioned Costs

There were no findings or questioned costs for the year ended December 31, 2020.