EBRPHA DEVELOPMENT 4, L.P.

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

EBRPHA DEVELOPMENT 4, L.P.

TABLE OF CONTENTS

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

INDEPENDENT AUDITORS' REPORT

To the Partners
EBRPHA Development 4, L.P.

Opinion

We have audited the accompanying financial statements of EBRPHA Development 4, L.P., (a Louisiana Limited Partnership), which comprise the balance sheets as of December 31, 2023 and 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of EBRPHA Development 4, L.P. as of December 31, 2023 and 2022, 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.

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 EBRPHA Development 4, L.P. 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; 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.

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 EBRPHA Development 4, L.P.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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. 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, including omissions, 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 EBRPHA Development 4, L.P.'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 EBRPHA Development 4, L.P.'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 supplemental information on pages 21 through 23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024, on our consideration of EBRPHA Development 4, L.P.'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 solely 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 EBRPHA Development 4, L.P.'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 EBRPHA Development 4, L.P.'s internal control over financial reporting and compliance.

Bond + Tousignant, LLC

Monroe, Louisiana
March 18, 2024

EBRPHA DEVELOPMENT 4, L.P.
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,758	$ 1,819
Accounts Receivable - Tenants	-	282
Prepaid Expenses	14,803	34,763
Total Current Assets	16,561	36,864
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Replacement Reserve Escrow	197,745	210,918
Operating Deficit Reserve	102,778	101,576
Tenants' Security Deposits	6,177	8,824
Real Estate Tax and Insurance Escrow	3,528	18,300
Total Restricted Deposits and Funded Reserves	310,228	339,618
PROPERTY AND EQUIPMENT		
Buildings	5,106,086	5,106,086
Land Improvements	401,492	401,492
Furniture and Equipment	354,740	354,740
Total	5,862,318	5,862,318
Less: Accumulated Depreciation	(1,557,231)	(1,374,030)
Net Depreciable Assets	4,305,087	4,488,288
Land	83,000	83,000
Total Property and Equipment	4,388,087	4,571,288
OTHER ASSETS		
Tax Credit Fees	33,000	33,000
Less: Accumulated Depreciation	(18,883)	(16,683)
Net Amortizable Assets	14,117	16,317
Utility Deposits	760	760
Total Other Assets	14,877	17,077
TOTAL ASSETS	$ 4,729,753	$ 4,964,847

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

EBRPHA DEVELOPMENT 4, L.P.
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

LIABILITIES AND PARTNERS' EQUITY

	2023	2022
CURRENT LIABILITIES		
Accounts Payable	$ 28,846	$ 28,997
Prepaid Rent	1,517	878
Management Fees Payable	1,330	1,301
Asset Management Fees Payable	9,695	4,776
Total Current Liabilities	41,388	35,952
DEPOSITS		
Tenants' Security Deposits	4,742	7,251
Total Deposits	4,742	7,251
LONG-TERM LIABILITIES		
Note Payable - HA	400,000	400,000
Accrued Interest - HA	122,954	108,018
Note Payable - AHP	480,200	480,200
Accrued Interest - AHP	11,219	9,994
Due to Related Parties	22,531	-
Deferred Developer Fees	146,282	146,282
Total Long-Term Liabilities	1,183,186	1,144,494
Total Liabilities	1,229,316	1,187,697
PARTNERS' EQUITY		
Partners' Equity (Deficit)	3,500,437	3,777,150
TOTAL LIABILITIES AND PARTNERS' EQUITY	$ 4,729,753	$ 4,964,847

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

EBRPHA DEVELOPMENT 4, L.P.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
REVENUE		
Tenant Rents	$ 104,632	$ 82,861
Less Vacancies, Concessions, Etc.	(42,051)	(39,262)
Rental Assistance - HAP	203,156	212,517
Late Fees, Deposit Forfeitures, Etc.	1,656	2,055
Total Revenue	267,393	258,171
EXPENSES		
Maintenance and Repairs	112,149	124,533
Utilities	31,151	33,752
Administrative	87,878	82,469
Management Fees	16,056	15,445
Taxes	6,761	5,205
Insurance	86,535	68,462
Interest	16,161	15,732
Depreciation and Amortization	185,401	185,401
Total Expenses	542,092	530,999
Income (Loss) from Rental Operations	(274,699)	(272,828)
OTHER INCOME AND (EXPENSES)		
Interest Income	2,905	1,099
Entity Expense - Asset Management Fees	(4,919)	(4,776)
Total Other Income (Expense)	(2,014)	(3,677)
Net Income (Loss)	$ (276,713)	$ (276,505)

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

EBRPHA DEVELOPMENT 4, L.P.
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

		GENERAL PARTNER	LIMITED PARTNERS	
	Total	Roosevelt Terrace, LLC	Hudson SLP, LLC	Hudson Roosevelt Terrace, LLC
Partners' Equity (Deficit), January 1, 2022	$ 4,053,655	$ (130)	$ (130)	$ 4,053,915
Net Income (Loss)	(276,505)	(28)	(28)	(276,449)
Partners' Equity (Deficit), December 31, 2022	$ 3,777,150	$ (158)	$ (158)	$ 3,777,466
Net Income (Loss)	(276,713)	(28)	(28)	(276,657)
Partners' Equity (Deficit), December 31, 2023	$ 3,500,437	$ (186)	$ (186)	$ 3,500,809
Profit and Loss Percentages	100.00%	0.01%	0.01%	99.98%

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

EBRPHA DEVELOPMENT 4, L.P.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	$ (276,713)	$ (276,505)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	185,401	185,401
(Increase) Decrease in:		
Accounts Receivable - Tenants	282	1,806
Prepaid Expense	19,960	(9,960)
Increase (Decrease) in:		
Accounts Payable	(151)	20,383
Prepaid Rent	639	(1,871)
Management Fees Payable	29	(272)
Asset Management Fees Payable	4,919	4,776
Tenants' Security Deposits	(2,509)	(2,900)
Net Cash Provided (Used) by Operating Activities	(68,143)	(79,142)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Increase) Decrease in Due From Related Parties	22,531	-
Increase (Decrease) in Accrued Interest - HA	14,936	14,509
Increase (Decrease) in Accrued Interest - AHP	1,225	1,223
Net Cash Provided (Used) by Financing Activities	38,692	15,732
Net Increase (Decrease) in Cash and Restricted Cash	(29,451)	(63,410)
Cash and Restricted Cash, Beginning of Year	341,437	404,847
Cash and Restricted Cash, End of Year	$ 311,986	$ 341,437

Reconciliation of cash and restricted cash reported within the balance sheets that sum to the total of the same such amounts in the statements of cash flows.

	2023	2022
Cash and Cash Equivalents	$ 1,758	$ 1,819
Replacement Reserve Escrow	197,745	210,918
Operating Deficit Reserve	102,778	101,576
Tenants' Security Deposits	6,177	8,824
Real Estate Tax and Insurance Escrow	3,528	18,300
Total Cash and Restricted Cash	$ 311,986	$ 341,437

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

EBRPHA DEVELOPMENT 4, L.P.
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for:		
Interest	$ -	$ -

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

NOTE A – ORGANIZATION

EBRPHA Development 4, L.P. (the Partnership) was organized in 2011 as a limited partnership chartered under the laws of the State of Louisiana to develop, construct, own, maintain and operate a forty-unit housing complex intended for rental to persons of low and moderate income. The complex is located in Baton Rouge, Louisiana and is collectively known as Roosevelt Terrace (the Complex). The Complex has qualified and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42) which regulates the use of the Complex as to occupant eligibility and unit gross rent, among other requirements. The major activities of the Partnership are governed by the Amended and Restated Agreement of Limited Partnership, 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 statement 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.

Use of Estimates

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

Cash and Cash Equivalents

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

Cash and Other Deposits

The Partnership has various checking, escrow and other deposits at various financial institutions. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2023, the Partnership had no uninsured deposits.

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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023 and 2022, accounts receivable is presented net of an allowance for doubtful accounts of $0 and $0, respectively.

Capitalization and Depreciation

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

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

Amortization

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

Organization costs are expensed as incurred.

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

Debt Issuance Costs

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

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.

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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023 and 2022.

Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the partnership through March 18, 2024 (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

Replacement Reserve Escrow

At Initial Closing, the Partnership shall be obligated to make a payment to the Partnership's Reserve Fund for Replacements in the amount of $50,000 and commencing with the, month following Final Closing, the Partnership shall be obligated to make a payment to the Partnership's Reserve Fund for Replacements each month in an amount equal to (on an annualized basis) the greater of the amount required by the Lender and HUD or $300 per unit (the "Reserve Minimum Payment"). The amount of the Reserve Minimum Payment shall be increased annually by three (3%) percent. In the event that the Reserve Minimum Payment exceeds the amount required by the Lender or HUD (pursuant to the RAD Documents) to be deposited into the Reserve Fund for Replacement, the Special Limited Partner shall establish a separate account (the "SLP Replacement Reserve Account") into which the General Partner shall deposit any such excess. All withdrawals from this account shall be made only with the approval of the Special Limited Partner. The Special Limited Partner shall receive a copy of any draw request made to the Lender for draws from the Partnerships Reserve Fund for Replacement. The Special Limited Partner shall have the right to disallow any item in such draw in its sole discretion. Funding amounted to $25,003 in 2023 and $23,803 in 2022. Withdrawals amounted to $38,176 in 2023 and $0 in 2022. At December 31, 2023 and 2022 the balance of this account was $197,745 and $210,918, respectively.

NOTE C – RESTRICTED DEPOSITS AND FUNDED RESERVES (CONTINUED)

Balance, December 31, 2022		$	210,918
Deposits:			
Monthly Deposits:	$1,000.00 x 9		9,000
	$1,194.06 x 12		14,329
Interest Earned			1,674
Withdrawals:			
Withdrawal			(38,176)
Balance, December 31, 2023		$	197,745

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account in the name of the Partnership. At December 31, 2023, this account was funded in an amount greater than the security deposit liability.

Operating Deficit Reserve

The General Partner shall establish and fund an operating reserve account (the "Operating Reserve Account") which shall be funded in the amount of $100,000 at the time of the payment of the Third Capital Contribution. Such Operating Reserve Account shall be maintained for the duration of the Compliance Period (after which, funds on deposit may be released and distributed as Net Cash Flow in accordance with Partnership Agreement) and shall be used exclusively to pay for Operating Deficits incurred by the Partnership, but only subsequent to the Operating Deficit Guaranty being exhausted; provided however, that the General Partner may withdraw up to 25% in the aggregate of the funds on deposit in the Operating Reserve to apply toward Operating Deficits before making an Operating Deficit Loan. Otherwise, all withdrawals from the Operating Reserve Account shall be made only with the Consent of the Special Member. Notwithstanding anything to the contrary contained herein, should the balance in the Operating Reserve Account fall below $100,000 (the "Operating Reserve Minimum"), distributions shall be made from Net Cash Flow on each Payment Date to maintain a minimum balance of $100,000. At December 31, 2023 and 2022 the balance of this account was $102,778 and $101,576, respectively.

Insurance Escrow

Transfers of sufficient sums are to be made to this account for payment of insurance. Funding amounted to $28 in 2023 and $50,079 in 2022. Withdrawals amounted to $14,800 in 2023 and $67,658 in 2022. At December 31, 2023 and 2022, the balance of this account was $3,528 and $18,300.

NOTE D – PARTNERS' CAPITAL

During 2014, Hudson Roosevelt Terrace, LLC and Hudson SLP, LLC were admitted into the partnership as limited partners and the original limited partner withdrew. The Partnership has one General Partner – Roosevelt Terrace, LLC and two Limited Partners – Hudson SLP, LLC (Special Limited Partner) and Hudson Roosevelt Terrace, LLC (Investor Limited Partner). There were no capital contributions by the Investor Limited Partner in 2023 and 2022. The Partnership records capital contributions as received.

NOTE E – LONG-TERM DEBT

AHP Loan

On September 17, 2014, the Partnership received an AHP Loan in the amount of $480,200 from Partners-for-Progress, Inc. (“Payee”) through Capital One, N.A. (‘AHP Lender”) that is sourced by the Federal Home Loan Bank Affordable Housing Program. The entire principal of the loan together with interest at the rate of one quarter of one percent (0.25%) per annum, compounded annually, shall be paid to the Payee on the forty-first (41st) anniversary of this note, September 17, 2055 (the "Maturity Date"). This loan is non-recourse to the Partnership and the Partners (other than customary non-recourse carve-out provisions which have been Consented to by the Special Limited Partner) and which will be held by parties who are not "related parties" except with respect to the Capital One Loan to any of the Partners within the meaning of Section 752 of the Code and the Regulations thereunder. The Partnership shall make annual payments to the Lender from available Surplus Cash as set forth in the Partnership Agreement. At December 31, 2023, the balance of the loan was $480,200 and accrued interest was $11,219. Maturities of the notes for the five years succeeding the year end cannot be determined since payments are derived from cash flows.

HA Loan

On September 17, 2014, the Partnership received a subordinate mortgage loan (the "HA Loan") in the original principal amount of $400,000 from the East Baton Rouge Parish Housing Authority (Housing Authority). The loan is for a term of fifteen (15) years and will be due in full and payable on twenty years (20) from the date of advance. The loan will accrue interest at two and ninety-four hundredths percent (2.94%), compounded annually, and is evidenced by a mortgage note given by the Partnership to the Housing Authority. The loan is non-recourse to the Partnership and the Partners (other than customary non-recourse carve-out provisions which have been consented to by the Special Limited Partner). The Partnership shall make payments to the Lender from available Surplus Cash as set forth in the Partnership Agreement. At December 31, 2023, the balance of the loan was $400,000 and accrued interest was $122,954.

NOTE F – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Deferred Developer Fees

The Partnership has entered into a development services agreement with Roosevelt Terrace, LLC (Managing General Partner); and Partners of Progress, Inc. (Developer), an affiliate of the General Partner, to render services for overseeing the construction and development of the complex. The Developer shall be entitled to receive a fee of $790,000 and the Managing General Partner is entitled to receive a fee of $0 for the total development fee of $790,000. The developer fee is capitalized in the basis of the building. For the years ended December 31, 2023 and 2022 respectively, $0 and $0 of Developer Fees were paid. At December 31, 2023 and 2022, the balance of developer fee payable was $146,282 and $146,282, respectively.

Asset Management Fees

The Partnership shall pay an annual Asset Management Fee to the Special Limited Partner in the amount of $4,000 per annum which fee shall be paid on December 1st of each year (commencing on December 1, 2016), which amount shall be adjusted annually by three percent (3.0%). In the event that all gross revenue collected directly or indirectly from the operations of the Apartment Complex is insufficient to pay the

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

Asset Management Fee in any year, the unpaid amount shall accrue and shall be payable commencing on the applicable Payment Date until fully paid, from New Cash Flow available in future years or if not fully paid when the Apartment Complex is sold, then from net proceeds of a Capital Transaction pursuant to Section 7.05(c)(i) of the Partnership Agreement. During the years ended December 31, 2023 and 2022, $0 and $0, respectively, had been paid on Asset Management Fee, and the balance of Asset Management Fees payable was $9,695 and $4,776, respectively.

Development Deficits

The General Partner hereby is obligated to pay all Excess Development Costs; the Partnership shall have no obligation to pay any Excess Development Costs. Any amounts paid by the General Partner pursuant to this clause shall not be repaid by the Partnership, nor shall such amounts be considered or treated as Capital Contributions of the General Partner to the Partnership, without the consent of the Special Limited Partner. In the event that the General Partner shall fail to pay any such Excess Development Costs as required by the Partnership Agreement, the Special Limited Partner may use its sole discretion to cause the Partnership to use the Investment Partner's Capital Contributions in an amount not in excess of the total of any remaining unpaid obligations of the General Partner, and the Development Fee shall be deemed paid to such extent and the Developer shall take such amount of the Development Fee into income for federal income tax purposes.

Operating Deficit Guaranty

In the event that, at any time during the period beginning upon the date Breakeven Operations is achieved and ending on the date on which Breakeven Operations are maintained over twelve-month periods on an annual basis for five consecutive years (the "Initial Period"), an Operating Deficit shall exist, the General Partner shall provide such funds to the Partnership as shall be necessary to pay such Operation Deficit(s), provided however, that the General Partner shall not be obligated to provide more than $196,640 (12 months of underwritten expenses), plus amounts repaid as Operating Deficit Loans, in the aggregate. Any such loans provided after the achievement of Breakeven Operations shall be in the form of a loan to the Partnership (the "Operating Deficit Loan(s)"). An Operating Deficit Loan shall be made in accordance with the provisions of Section 8.16 of the Partnership Agreement; provided, however, that an Operating Deficit Loan shall bear no interest. In the event that the General Partner shall fail to make any such Operating Deficit Loan as aforesaid, the Special Limited Partner may use its sole discretion to cause the Partnership to use the Investment Partner's Capital Contributions, in an amount not in excess on any remaining installments of the Development Fee due pursuant to Section 8.10 of the Partnership Agreement, to meet such obligations of the General Partner and the Development Fee shall be deemed paid, and an Operating Deficit Loan made, to such extent and the Developer shall take such amount of the Development Fee into income for federal income tax purposes.

Due to Related Parties

During 2023, an affiliate paid insurance premiums and other certain operating expenses in the amount of $22,531 for the Partnership. At December 31, 2023, the Partnership owes the affiliate $22,531.

NOTE G – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

All profits and losses, other than from capital transactions and special allocations set forth in the Partnership Agreement, are allocated .01% to the General Partner, .01% to the Special Limited Partner and 99.98% to the Investment Limited Partner.

Subject to the approval of the Lender, if required, Net Cash Flow shall be applied and/or distributed on each Payment Date in the following priority:

(i) In the event that any Operational Reduction Amount is due and owing pursuant to Section 5.01(d)(iii) of the Partnership Agreement, or the General Partner has not made any required payment in violation of any other provisions of Section 5.01(d) of the Partnership Agreement, an amount equal to the payment due and owing under such Section 5.01(d) shall be distributed to the Investment Partner in satisfaction of such obligation;

(ii) Second, an amount equal to any deferred Asset Management Fee shall be distributed to the Special Limited Partner;

(iii) Then, an amount equal to the payment necessary to maintain the Operating Reserve Minimum in accordance with Section 8.08(b) of the Partnership Agreement;

(iv) Next, to the payment of amounts due with respect to any Operating Deficit Loan(s) until such loan(s) is repaid;

(v) Any remaining amount up to an amount equal to 85% of Net Cash Flow, first, to the payment of the Development Fee until fully paid, second, to the General Partner until there shall have been cumulative distributions under this clause fifth in the aggregate equal to the General Partner's Special Capital Contribution, if any, then to the payment of the AHP Loan and then the HA Loan and finally to the General Partner as a preferred return (with an equivalent allocation of gross income pursuant to Section 7.02(H) in an aggregate amount equal to and in satisfaction of the Incentive Partnership Management Fee; and

(vi) Finally, any remaining amount to the Partners in accordance with their respective Interest.; provided however, that notwithstanding anything to the contrary herein, if the amount of the distribution to the Limited Partner under this clause (vi) – (v), then the Limited Partner shall receive a priority distribution before any distributions under Sections 7.03(a) in an amount such that, when added to the sum distributable to the Limited Partner under this

(vii) clause (vi), shall equal 10% of the aggregate amount distributed pursuant to Sections 7.03(a)(i) – (v).

Unless otherwise consented to by the Special Limited Partner and as provided above with respect to the General Partner's Special Capital Contribution, if any, no Net Cash Flow shall be paid to the General Partners as a return of equity contributed to the Partnership.

NOTE H – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Roosevelt Terrace. The Partnership's operations are concentrated in the affordable housing real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, the State Housing Agency. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the State Housing Agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE I – CONTINGENCY

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

NOTE J – TAXABLE INCOME (LOSS)

A reconciliation of financial statement net income (loss) to taxable income (loss) of the Partnership for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Financial Statement Net Income (Loss)	$ (276,713)	$ (276,505)
Adjustments:		
Excess of depreciation and amortization for income tax purposes over financial reporting	(32,569)	(32,915)
Taxable Income (Loss) as Shown on Tax Return	$ (309,282)	$ (309,420)

NOTE K – MANAGEMENT AGENT

The Partnership has entered into an agreement with NDC Asset Management, LLC to provide services in connection with rent-up, leasing and operation of the project. Management Fees are charged in an amount equal to 6% of Gross Receipts of all units collected from the preceding month. Notwithstanding the above, until achievement of ninety-five (95%) occupancy for ninety (90) consecutive days, the Management Fee shall be $1,400 or six (6%) of Gross Receipts received during the preceding month, which ever amount is greater. Management Fees incurred for the years ended December 31, 2023 and 2022, were $16,056 and $15,445, respectively.

NOTE L – ADVERTISING

The Partnership incurred advertising costs of $271 during 2023 and $371 during 2022. These costs are expensed as incurred.

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 tax. The East Baton Rouge Parish Tax Assessor has concurred with this exemption and therefore no real estate taxes have been assessed.

SUPPLEMENTAL INFORMATION

EBRPHA DEVELOPMENT 4, L.P.
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
MAINTENANCE AND REPAIRS		
Maintenance Salaries	30,815	13,496
Maintenance Supplies	3,563	12,653
Maintenance Contracts	25,489	23,365
Repairs & Maintenance	35,653	60,015
Grounds Maintenance	13,869	11,165
Pest Control	2,760	3,839
Total Maintenance and Repairs	$ 112,149	$ 124,533
UTILITIES		
Electricity	7,023	12,018
Water	2,926	2,409
Sewer	3,332	3,263
Trash Removal	17,870	16,062
Total Utilities	$ 31,151	$ 33,752
ADMINISTRATIVE		
Advertising	271	371
Accounting	8,597	7,762
Manager Salary	25,387	14,601
Superintendent Salaries	33,247	40,280
Office Salaries/Commission	852	-
Office Expense	11,501	11,190
Covid Related Costs	-	118
Administrative Travel	292	383
Staff Training	829	651
Telephone	4,083	3,596
Bank Service Charges	172	262
Cable TV	896	1,532
Security Systems	-	125
Other Administrative	1,751	1,598
Total Administrative	$ 87,878	$ 82,469
MANAGEMENT FEES		
Management Fee	16,056	15,445
Total Management Fees	$ 16,056	$ 15,445

EBRPHA DEVELOPMENT 4, L.P.
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
TAXES		
Payroll Taxes	6,761	5,065
Misc Taxes, Permits LIC	-	140
Total Taxes	$ 6,761	$ 5,205
INSURANCE		
Property/Liability Insurance	77,812	61,262
Other Insurance	29	167
Fidelity Bond	92	167
Workers Compensation	3,343	2,669
Hospitalization BC/BS	5,259	4,197
Total Insurance	$ 86,535	$ 68,462
INTEREST		
Interest - AHP	1,225	1,223
Interest - HA	14,936	14,509
Total Interest	$ 16,161	$ 15,732
DEPRECIATION AND AMORTIZATION		
Amortization	2,200	2,200
Depreciation	183,201	183,201
Total Depreciation and Amortization	$ 185,401	$ 185,401

EBRPHA DEVELOPMENT 4, L.P.
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2023

Agency Head Name: J. Wesley Daniels, Jr., Executive Director of the Housing Authority of East Baton Rouge Parish

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

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

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

To the Partners
EBRPHA Development 4, L.P.

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 EBRPHA Development 4, L.P., which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 18, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered EBRPHA Development 4, L.P.'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 EBRPHA Development 4, L.P.'s internal control. Accordingly, we do not express an opinion on the effectiveness of EBRPHA Development 4, L.P.'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 EBRPHA Development 4, L.P.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Bond + Tousignant, LLC

Monroe, Louisiana
March 18, 2024