

FRENCHMAN'S CREEK LIMITED PARTNERSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members and Management
Frenchman's Creek Limited Partnership
Sulphur, Louisiana

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of Frenchman's Creek Limited Partnership, which comprise the balance sheet as of December 31, 2024, and the related statements of income and expense, changes in partners' capital, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Frenchman's Creek Limited Partnership as of December 31, 2024, and the results of its operations and its cash flows for the year 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. 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 Frenchman's Creek Limited Partnership 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 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 Frenchman's Creek Limited Partnership's ability to continue as a going concern within one year after 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 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 aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted 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 Frenchman's Creek 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 Frenchman's Creek 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.

Judy Moncrief CPA LLC
Shreveport, Louisiana
March 9, 2025

FRENCHMAN'S CREEK LIMITED PARTNERSHIP
BALANCE SHEET
AS OF DECEMBER 31, 2024

ASSETS

Current Assets

Cash	\$ 8,290
Prepaid Insurance	<u>14,100</u>
	22,390
Total Current Assets	

Deposits Held in Trust - Funded

Tenant Deposits Held in Trust	12,845
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Property and Equipment

Land	35,000
Buildings	948,520
Equipment	<u>5,243</u>
Total Fixed Assets	988,763
Accumulated Depreciation	(<u>25,181</u>)
Net Fixed Assets	963,582

Other Assets

Deferred Financing Costs (Net of Amortization \$1,134) (Note 6)	<u>17,004</u>
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Total Assets	\$ <u><u>1,015,821</u></u>
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The accompanying notes are an integral part of these financial statements.

FRENCHMAN'S CREEK LIMITED PARTNERSHIP
BALANCE SHEET - CONTINUED
AS OF DECEMBER 31, 2024

LIABILITIES AND PARTNERS' EQUITY (DEFICIT)

Current Liabilities

Accounts Payable – Operations	\$ 16,498
Accrued Interest Payable – First Mortgage (Note 4)	6,669
Prepaid Revenue	127
Mortgage Payable – First Mortgage (Short Term) (Note 4)	<u>20,892</u>
Total Current Liabilities	44,186

Deposits

Tenant Security Deposits	12,844
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Long-Term Liabilities (Note 4)

Mortgage Payable – First Mortgage	<u>968,427</u>
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Total Liabilities	1,025,457
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Partners' Capital (Deficit)

Total Capital (Deficit)	<u>(9,636)</u>
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Total Liabilities and Partners' Capital	<u>\$ 1,015,821</u>
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The accompanying notes are an integral part of these financial statements.

FRENCHMAN'S CREEK LIMITED PARTNERSHIP
STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2024

Income

Rent Income	\$ 246,121
Other Income	<u>4,604</u>
Total Income	250,725

Expenses

Administrative	49,380
Utilities	15,618
Operating and Maintenance	71,971
Insurance	36,356
Interest Expense	<u>65,443</u>
Total Expenses	<u>238,768</u>

Income (Loss) from Operations Before Depreciation	11,957
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Depreciation and Amortization	<u>26,314</u>
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Net Income (Loss)	\$(<u><u>14,357</u></u>)
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The accompanying notes are an integral part of these financial statements.

**FRENCHMAN'S CREEK LIMITED PARTNERSHIP
STATEMENT OF PARTNERS' CAPITAL (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 2024**

Partners' Capital (Deficit) at December 31, 2023	\$ -0-
Partner Capital Contributions	71,113
Net Income (Loss) for the Period	(14,357)
Partner Distributions	(<u>66,392</u>)
Partners' Capital (Deficit) at December 31, 2024	\$(<u><u>9,636</u></u>)

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

FRENCHMAN'S CREEK LIMITED PARTNERSHIP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

Cash Flows from Operating Activities

Rental Receipts	\$ 246,248
Other Receipts	<u>4,604</u>
Total Receipts	250,852
Administrative	7,339
Management Fees	9,747
Utilities	15,618
Operating and Maintenance	62,854
Salaries and Wages	37,500
Property Insurance	37,870
Interest on Mortgage	<u>58,774</u>
Total Disbursements	<u>229,702</u>
Net Cash Provided by (Used by) Operating Activities	21,150

Cash Flows from Investing Activities

Purchases of Fixed Assets	(988,762)
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Cash Flows from Financing Activities

Mortgage Principal Payments	(10,681)
Mortgage Proceeds	1,000,000
Deferred Financing Costs	(18,138)
Partner Capital Contributions	71,113
Partner Distributions	<u>(66,392)</u>
Net Cash Used in Financing Activities	<u>975,902</u>

Net Increase (Decrease) in Cash	8,290
Beginning of Period Cash	<u>-0-</u>
End of Period Cash	<u>\$ 8,290</u>

Total Payments for Interest \$58,774.

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

FRENCHMAN'S CREEK LIMITED PARTNERSHIP
STATEMENT OF CASH FLOWS - CONTINUED
FOR THE PERIOD ENDED DECEMBER 31, 2024

Reconciliation of Net Loss to Net Cash Provided

By Operating Activities

Net Income (Loss)	\$(14,357)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	26,314
Increase or Decrease in:	
Cash Restricted for Tenant Deposits Held in Trust	(14,100)
Accounts Payable	12,845
Accrued Interest Payable	6,669
Tenant Deposits Held in Trust	12,844
Prepaid Revenue	<u>127</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 21,150</u>

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

FRENCHMAN'S CREEK LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – REPORTING ENTITY AND OPERATIONS

Frenchman's Creek Limited Partnership (the Limited Partnership) is owned by Saleah H2, LLC, as general partner, and Saleah BC, LLC, as limited partner, which owes Frenchman's Creek (the Complex), a 40-unit apartment complex located in Sulphur, Louisiana.

On April 2, 2024, the Saleah H2, LLC purchased the general partnership interest in the Limited Partnership which is required to submit financial statements to Louisiana Housing Corporation under the Low-Income Housing Tax Credit Program until the compliance period has expired. December 31, 2024 is the final year of the compliance period.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

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

Cash Equivalents

For the statement of cash flows, all unrestricted investment instruments with original maturities of three months or less are cash equivalents. The Complex has no cash equivalents at December 31, 2024.

Trade Accounts Receivable

Charges to residents are based on the terms of each resident's lease and recorded to resident accounts receivable when due. Resident fees are due on the first day of each month and is considered past due after the tenth day of the month. Charges for incidentals, such as damages and late fees, are recorded to resident accounts receivable as those items are determined. Allowances for bad debts are estimated based primarily on an aging of the accounts. Periodically, but always at fiscal year-end, account balances are reviewed and those that are from residents for which all collection efforts have failed are charged to bad debts.

Impairment of Long-Lived Assets

The Complex reviews long lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Depreciation

Depreciation is provided on buildings and equipment using the straight-line method in amounts sufficient to write off the cost of such assets over their estimated useful lives. Maintenance and repairs are charged against operation while renewals and betterments are capitalized. Buildings and improvements are depreciated over twenty-seven and a half years and fifteen years, respectively, while all other assets are depreciated over a five-year time period.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures 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.

These notes are an integral part of the accompanying financial statements.

FRENCHMAN'S CREEK LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

There is no provision for income taxes since all items of income or loss are reportable by the owners. The time limit for taxing authorities to examine the Complex'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 Complex is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2021.

Advertising

There is \$295 in advertising costs for the period ended December 31, 2024.

Subsequent Events

The Complex has evaluated subsequent events through March 9, 2025, the date that the financial statements are available to be issued for events requiring recording or disclosure in the Complex's financial statements.

NOTE 3 – LIQUIDITY

At December 31, 2024, the Complex has \$8,290 cash and equivalents available to meet needs for general expenditures consisting of cash of \$8,290 and no tenant accounts receivable. All such funds are available to meet the cash needs of the project in the next twelve months.

The Complex manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures to meet its liabilities and other obligations as they become due. Cash needs of the Complex are expected to be met on a monthly basis from the rents of project units. In general, the Complex maintains sufficient financial assets on hand to meet 30 days' worth of normal operating expenses.

NOTE 4 – LONG-TERM DEBT

On April 2, 2024, Saleah H2 LLC obtained a permanent loan in the amount of \$1,000,000 at the rate of 8.5% per annum to purchase the Complex. The financing is with Carter Federal Credit Union and is secured by a first mortgage on the Complex's land and buildings. Commencing on May 12, 2024, payments of principal and interest will be due and payable in the sum of \$8,682 and will continue each month until the entire debt has been paid. Such loan is to be amortized over a period of twenty years. The balance of the mortgage payable as of December 31, 2024, is \$989,319, with current principal of \$20,892. Accrued interest on the mortgage note is \$6,669 at December 31, 2024.

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

<u>For the year ending:</u>	December 31, 2025	\$ 20,892
	December 31, 2026	22,739
	December 31, 2027	24,749
	December 31, 2028	26,937
	December 31, 2029	29,318
	Thereafter	\$ 864,684

These notes are an integral part of the accompanying financial statements.

FRENCHMAN'S CREEK LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 5 – MANAGEMENT FEES

The Complex has a management agreement with BF Realty & Management, LLC to manage the property. Management fees are earned at 4% of all collected revenues for the previous month with a minimum monthly fee of \$1,000. Total management fees of \$9,747 are earned and the year ending December 31, 2024.

NOTE 6 – DEFERRED FINANCING COSTS

The Complex has paid financing costs totaling \$18,138 to obtain the mortgage. These costs are being amortized over the 240-month, 20-year life of the mortgage. As of December 31, 2024, the accumulated amortization totaled \$1,134 with net deferred financing costs of \$17,004 at December 31, 2024.

These notes are an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

**FRENCHMAN'S CREEK LIMITED PARTNERSHIP
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDING DECEMBER 31, 2024**

AGENCY HEAD NAME: Jeffery A. Hogan

	<u>Amount</u>
Salaries	\$ 0.00
Benefits-Insurance	0.00
Benefits-Retirement	0.00
Deferred Compensation (Contributions Made by the Agency)	0.00
Benefits-Other	0.00
Car Allowance	0.00
Vehicle Provided by Government	0.00
Cell Phone	0.00
Dues	0.00
Vehicle Rental	0.00
Per Diem	0.00
Reimbursements	0.00
Travel	0.00
Registration Fees	0.00
Conference Travel	0.00
Housing	0.00
Unvouchered Expenses	0.00
Special Meals	0.00
Other	0.00
	<u>\$ 0.00</u>