

**ASHLEY PLACE I  
LIMITED PARTNERSHIP  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **AUG 27 2014**

ASHLEY PLACE I  
LIMITED PARTNERSHIP

AUDITED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED  
DECEMBER 31, 2013 AND 2012

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**LITTLE & ASSOCIATES LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA

**INDEPENDENT AUDITORS' REPORT**

To the Partners  
of Ashley Place I Limited Partnership  
Denham Springs, Louisiana

We have audited the accompanying financial statements of Ashley Place I Limited Partnership (a Louisiana Limited Partnership), which comprise the balance sheets as of December 31, 2013 and 2012 and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ashley Place I Limited Partnership as of December 31, 2013 and 2012, 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.

**Other Matters**

**Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenses 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 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 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 April 3, 2014, on our consideration of Ashley Place I Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 I Limited Partnership's internal control over financial reporting and compliance.

*Little & Associates, LLC*

Monroe, LA  
April 3, 2014

ASHLEY PLACE I  
LIMITED PARTNERSHIP  
BALANCE SHEETS  
DECEMBER 31, 2013 AND 2012

ASSETS

	2013	2012
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 5,273	\$ 692
Accounts Receivable - Tenants	4,153	7,722
Total Current Assets	9,426	8,414
 <b>RESTRICTED DEPOSITS AND FUNDED RESERVES</b>		
Replacement Reserve	18,506	24,942
Operating Reserve	92,064	91,926
Insurance Escrow	4,981	831
Tenants' Security Deposits	12,675	11,853
Total Restricted Deposits and Funded Reserves	128,226	129,552
 <b>PROPERTY AND EQUIPMENT</b>		
Buildings	3,593,681	3,593,681
Furniture and Equipment	129,121	129,121
Site Improvements	541,104	541,104
Total	4,263,906	4,263,906
Less: Accumulated Depreciation	(984,387)	(854,578)
Net Depreciable Assets	3,279,519	3,409,328
Land	164,846	164,846
Total Property and Equipment	3,444,365	3,574,174
 <b>OTHER ASSETS</b>		
Tax Credit Costs, Net of Accumulated Amortization	5,651	8,073
Perm Loan Fees, Net of Accumulated Amortization	32,909	35,900
Syndication Costs	22,000	22,000
Total Other Assets	60,560	65,973
 Total Assets	 \$ 3,642,577	 \$ 3,778,113

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

ASHLEY PLACE I  
LIMITED PARTNERSHIP  
BALANCE SHEETS  
DECEMBER 31, 2013 AND 2012

LIABILITIES AND PARTNERS' EQUITY

	<u>2013</u>	<u>2012</u>
<b>CURRENT LIABILITIES</b>		
Deferred Revenue	\$ 625	\$ 732
Developer Fee Payable	3,562	3,562
Accrued Interest Payable	-	3,236
Current Portion of Long-Term Debt	30,020	28,066
Total Current Liabilities	<u>34,207</u>	<u>35,596</u>
<b>DEPOSITS</b>		
Tenant Security Deposits	12,675	11,853
Total Deposits	<u>12,675</u>	<u>11,853</u>
<b>LONG-TERM LIABILITIES</b>		
Development Costs Payable	38,922	38,922
Deferred Developer Fee Payable	210,748	210,748
Note Payable - Long Term	1,200,871	1,227,993
Asset Management Fee Payable	22,302	18,924
Partnership Management Fee Payable	81,777	69,389
Special Services Fee Payable	52,040	44,157
Total Long-Term Liabilities	<u>1,606,660</u>	<u>1,610,133</u>
Total Liabilities	<u>1,653,542</u>	<u>1,657,582</u>
<b>PARTNERS' EQUITY</b>		
Partners' Equity	1,989,035	2,120,531
Total Partners' Equity	<u>1,989,035</u>	<u>2,120,531</u>
Total Liabilities and Partners' Equity	<u>\$ 3,642,577</u>	<u>\$ 3,778,113</u>

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

ASHLEY PLACE I  
LIMITED PARTNERSHIP  
STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>REVENUE</b>		
Rental Income	\$ 289,862	\$ 293,727
Vacancy	(18,085)	(40,620)
Late Fees	3,268	1,630
Application Fees	1,863	1,150
Forfeited Deposits	575	4,925
Laundry/Vending	814	733
Bad Debt	(4,970)	(4,582)
Damages	257	75
Interest Income	176	328
Miscellaneous Income	220	75
Total Revenue	<u>273,980</u>	<u>257,441</u>
<b>EXPENSES</b>		
Maintenance and Repairs	47,186	35,105
Utilities	27,037	26,250
Administrative	23,654	30,865
Management Fees	16,794	15,755
Taxes	1,613	1,385
Insurance	37,396	33,405
Interest	92,915	96,738
Depreciation and Amortization	135,222	135,222
Total Expenses	<u>381,817</u>	<u>374,725</u>
Loss From Rental Operations	<u>(107,837)</u>	<u>(117,284)</u>
<b>MORTGAGOR ENTITY EXPENSES</b>		
Incentive Management Fees	10	-
Asset Management Fees	3,378	3,591
Partnership Management Fees	12,388	12,145
Special Services Fees	7,883	7,729
Total Mortgagor Entity Expenses	<u>23,659</u>	<u>23,465</u>
Net Income (Loss)	<u>\$ (131,496)</u>	<u>\$ (140,749)</u>

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

ASHLEY PLACE I  
LIMITED PARTNERSHIP  
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>Total</u>	<u>Denham Springs Community Corporation</u>	<u>NEF Assignment Corporation</u>
Partners' Equity (Deficit), January 1, 2012	\$ 2,261,280	\$ (100)	\$ 2,261,380
Net Income (Loss)	<u>(140,749)</u>	<u>(14)</u>	<u>(140,735)</u>
Partners' Equity (Deficit), December 31, 2012	2,120,531	(114)	2,120,645
Net Income (Loss)	<u>(131,496)</u>	<u>(13)</u>	<u>(131,483)</u>
Partners' Equity (Deficit), December 31, 2013	<u>\$ 1,989,035</u>	<u>\$ (127)</u>	<u>\$ 1,989,162</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 I  
LIMITED PARTNERSHIP  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Loss	\$ (131,496)	\$ (140,749)
Adjustments to Reconcile Net Loss to Net Cash		
<b>Provided (Used) by Operating Activities:</b>		
Depreciation and Amortization	135,222	135,222
(Increase) Decrease in Accounts Receivable - Tenants	3,569	(4,737)
(Increase) Decrease in Insurance Escrow	(4,150)	(758)
Increase (Decrease) in Asset Management Fee Payable	3,378	3,312
Increase (Decrease) in Deferred Revenue	(107)	(993)
Increase (Decrease) in Partnership Management Fee Payable	12,388	12,145
Increase (Decrease) in Special Services Fees Payable	7,883	7,729
Increase (Decrease) in Accrued Interest Payable	(3,236)	(4,493)
<b>Total Adjustments</b>	<u>154,947</u>	<u>147,427</u>
Net Cash Provided (Used) by Operating Activities	<u>23,451</u>	<u>6,678</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Deposits to Operating Reserve	(138)	(5,172)
Withdrawals from Operating Reserve	-	14,925
Deposits to Replacement Reserve	(33)	-
Withdrawals from Replacement Reserve	6,469	4,866
Net Cash Provided (Used) by Investing Activities	<u>6,298</u>	<u>14,619</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal Payments on Long-Term Debt	(25,168)	(23,285)
Net Cash Provided (Used) by Financing Activities	<u>(25,168)</u>	<u>(23,285)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,581	(1,988)
Cash and Cash Equivalents, Beginning of Year	<u>692</u>	<u>2,680</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,273</u>	<u>\$ 692</u>

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

ASHLEY PLACE I  
LIMITED PARTNERSHIP  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid During the Year for:		
Interest	<u>\$ 96,151</u>	<u>\$ 101,231</u>

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

**ASHLEY PLACE I LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE A – ORGANIZATION**

Ashley Place I Limited Partnership (the Partnership) was formed as a limited partnership under the laws of the State of Louisiana on April 30, 2004, for the purpose of constructing and operating a rental housing project. The project consists of 36 single-family rental units, located in Denham Springs, Louisiana, and is currently operating under the name of Ashley Place Apartments.

The project is eligible for Low-Income Housing Tax Credits established under the program described in Section 42 of the Internal Revenue Code (low-income housing tax credit) which regulates the use of the project 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 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 Partnership's 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 U.S. generally accepted accounting principles.

**Capitalization and Depreciation**

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

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. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful lives.

Buildings	40 years
Furniture, Fixtures and Equipment	10 years
Site Improvements	20 years

**Tenants' Security Deposits**

Tenant's security deposits are held in a separate bank account in the name of the project. At December 31, 2013, this account was funded in an amount equal to the security deposit liability.

ASHLEY PLACE I LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 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 move out are charged with damages or 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**

Permanent loan financing costs are amortized using the straight-line method over the life of the loan. Tax credit costs have been capitalized and are being amortized over the tax credit period. These costs are presented in the Balance Sheet net of accumulated amortization. Accumulated amortization totaled \$36,516 and \$31,103 as of December 31, 2013 and 2012, respectively.

**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.

**Estimates**

The preparation of financial statements in conformity with U. S. *generally accepted accounting principles* 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**

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

ASHLEY PLACE I LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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 BANK DEPOSITS

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.

The Partnership maintains its cash in bank deposit accounts at a local financial institution. The noninterest-bearing and interest-bearing accounts, in the aggregate, are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each financial institution. As of December 31, 2013 and 2012, there were no uninsured deposits.

NOTE D – PARTNERS' CAPITAL CONTRIBUTIONS

The Partnership has one Managing General Partner, Denham Springs Community Corporation and one Limited Partner, NEF Assignment Corporation. The Partnership records capital contributions as received. For the years ended December 31, 2013 and 2012, the Partners did not make any capital contributions; however, total contributions received as of December 31, 2013, total \$3,254,176. During 2011, there was a downward adjuster in the amount of \$66,348. As of December 31, 2013, \$3,652 remains to be contributed by the Limited Partner.

NOTE E – LONG-TERM DEBT

*Permanent Loan*

Permanent financing has been obtained through First Guaranty Bank of Ponchatoula, Louisiana in the amount of \$1,362,787. Interest is computed using the Wall Street Journal Prime plus 1.50% adjusted every five years, starting at 7.50% per annum, with a floor of 7.50% per annum, and a ceiling of 9.00% per annum. The maximum interest rate change every five years is 1.00%. The payment amount is set at principal and interest payments of \$10,110 monthly and remain the same for the life of the loan. The permanent loan is collateralized primarily by the Partnership's real estate and improvements thereon. The permanent loan shall have a term of 17 years with an amortization of 30 years and matures on January 29, 2025, at which time all unpaid principal and interest amounts are due and payable. As of December 31, 2013 and 2012, the balance due on the loan was \$1,230,891 and \$1,256,059, respectively.

**ASHLEY PLACE I LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE E – LONG-TERM DEBT (CONTINUED)**

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

Year Ending December 31,	Amount
2014	\$ 30,020
2015	\$ 32,350
2016	\$ 34,862
2017	\$ 37,568
2018	\$ 40,485
Thereafter	\$ 1,055,606

**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 \$515,000 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, 2013 and 2012, the Partnership owed \$214,310 for both years in developer fees, of that amount, \$210,748 is considered deferred.

**Partnership Management Fee**

The Partnership shall pay to the General Partner a Partnership Management Fee annually in the amount of \$11,000, to be increased annually by 2% 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. For the years ended December 31, 2013 and 2012, the Partnership incurred Partnership Management Fees totaling \$12,388 and \$12,145, respectively. As of December 31, 2013 and 2012, Partnership Management Fees payable totaled \$81,777 and \$69,389, 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 \$3,000, to be increased annually by 2.0%. The Asset Manager will not incur any liability to the General Partner or the Partnership as a result of the Asset Manager's performance 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. For the years ended December 31, 2013 and 2012, the Partnership incurred Asset Management Fees totaling \$3,378 and \$3,591, respectively. As of December 31, 2013 and 2012, Asset Management Fees payable totaled \$22,302 and \$18,924, respectively.

ASHLEY PLACE I LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

Special Services Fee

The Partnership shall pay the Services Manager (Ashley Residential Services, Inc.) a 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. For the years ended December 31, 2013 and 2012, the Partnership incurred Special Service Fees totaling \$7,883 and \$7,729, respectively. As of December 31, 2013 and 2012, Special Service Fees payable totaled \$52,040 and \$44,157, respectively.

Operating Deficit Guarantee

The General Partner shall be obligated to provide any funds needed by the Partnership, after all funds in the Operating Reserve Account have been used, to fund Operating Deficits during the Operating Deficits Guaranty Period. The General Partner shall be required, upon the reduction of the Operating Reserves Account to zero, to promptly provide funds to the Partnership in an amount up to \$105,000 for Operating Deficits occurring during the Operating Deficits Guaranty Period. Such costs shall include all operating and fixed costs accrued or accruable during the Operating Deficits Guaranty Period. Repayments of any borrowings arranged by the General Partner to fulfill its obligations shall be the sole obligation of the General Partner. Funds made available by the General Partner to fulfill its obligations may be reimbursed, without interest, or out of the proceeds of refinancing or sale pursuant to §5.2 of the Partnership Agreement.

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. As of December 31, 2013 and 2012, no Disposition Fee has been earned or paid.

NOTE G – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

All profits and losses are allocated .01% to the General Partner, and 99.99% to the Limited Partner.

Distribution of Operating Income and Cash Flow is applied in accordance with the order of priority established in Article 5.1 of the Partnership Agreement.

NOTE H – RESTRICTED ESCROW DEPOSITS AND RESERVES

According to the Partnership Agreement, the Partnership is required to maintain the Operating Reserve, Replacement Reserve, and the Special Purpose Reserve.

Operating Reserve

The General Partner shall establish the Operating Reserve Account and fund it with the Operating Reserve Target Amount of \$105,000 from loan and/or equity proceeds at the time of payment of the Fourth Installment of the Limited Partner Capital Contribution. The Operating Reserve Target amount may, upon request of the General Partner be reduced to \$40,000 after the Project

ASHLEY PLACE I LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE H – RESTRICTED ESCROW DEPOSITS AND RESERVES (CONTINUED)

has maintained a Debt Service Coverage Ratio of 1.15 or better for four consecutive years and is in compliance with all of its obligations within the Partnership Agreement. The Fiscal Partner shall be obligated, to the extent that funds are available, to replenish the Operating Reserve Account up to the Operating Reserve Target Amount out of cash flow or proceeds of sales or refinancing in accordance with §5.1 and §5.2 of the Partnership Agreement. As of December 31, 2013 and 2012, the Operating Reserve Account was funded in the amount of \$92,064 and \$91,926.

**Special Purpose Reserve**

The General Partner shall establish a Special Purpose Reserve for real estate taxes out of loan and/or equity proceeds at the time of payment of the Fourth Installment. The Special Purpose Reserve shall be increased through Project Cash Flow until it reaches the Special Purpose Reserve Target Amount of \$28,800. Such funds will be held in a Special Purpose Reserve Account and administered by the General Partner pursuant to a Funding and Disbursement Agreement entered into by the Partnership, the Limited Partner and the General Partnership. As of December 31, 2013 and 2012, the Special Purpose Reserve Account had not been funded.

**Replacement Reserve**

The General Partner shall establish the Replacement Reserve Account out of loan and/or equity proceeds at the time of payment of the Fourth Installment of the Limited Partner Capital Contribution. The Replacement Reserve will be held in the Replacement Reserve Account, under the control of the General Partner, and the Partnership will maintain this account from the date of payment of the Fourth Installment until the end of the compliance period. Withdrawals from the Replacement Reserve Account in excess of \$5,000 in the aggregate in any given month (unless such withdrawal was provided for in the approved project budget) will require written approval of the General Partner and the Asset Manager (except in cases where the account is under the control of one of the project lenders, in which case the General Partner shall notify the Asset Manager in writing of any withdrawals from the Replacement Reserve Account and the purpose for which such withdrawal was made). Within five business days of receipt by the Asset Manager of such requests, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved, or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within five business days, the withdrawal request is deemed to be approved. The required amount of Replacement Reserve funding is equal to not less than \$300 per unit per year increasing at a rate equal to 3% per year. As of December 31, 2013 and 2012, the Replacement Reserve Account was funded in the amount of \$18,506 and \$24,942, respectively. For the year ended December 31, 2013, \$13,283 was required to be funded to the Replacement Reserve account. The actual amount funded during 2013 was \$0, which resulted in the account being underfunded by \$13,283.



ASHLEY PLACE I LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE I – CONTINGENCY

The Partnership'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 J – ADVERTISING

The Partnership had advertising expenses of \$855 and \$1,334 in 2013 and 2012, respectively. These costs are expensed as incurred.

NOTE K – TAXABLE INCOME (LOSS)

A reconciliation of financial statement net loss to taxable loss of the Partnership for the years ended December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Financial Statement Net Loss	\$(131,496)	\$ (140,749)
Adjustments:		
Excess Depreciation for Income Tax Purposes Over Financial Reporting Purposes	48,494	48,495
Other	(6,888)	6,887
Taxable Loss Shown on Tax Return	<u>\$ (89,890)</u>	<u>\$ (85,367)</u>

NOTE L – SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through April 3, 2014, the date which the financial statements were available for issue.

During January 2014, two units of the apartment complex were damaged by a fire. The insurance company is expected to pay claims in the amount of \$102,344. The Partnership expects to receive insurance proceeds of \$99,844, with \$89,399 already having been received. The apartment complex has incurred costs related to the fire in the amount of \$34,114. The repairs are expected to be completed by the end of 2014. The amount of rental loss proceeds expected to be received is based on \$620 per each damaged unit per month, for a total of \$1,240 per month. So far the amount received for rental loss has been \$4,960 through the report date.

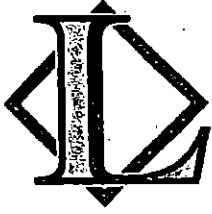
NOTE M – RECLASSIFICATION

The prior year's financial statements have been reclassified to conform to the current year's financial statements presentation.

**SUPPLEMENTAL INFORMATION**

**ASHLEY PLACE I  
LIMITED PARTNERSHIP  
SCHEDULE OF EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>MAINTENANCE AND REPAIRS</b>		
Salaries	\$ 4,560	\$ 4,163
Supplies	15,131	4,739
Maintenance and Repairs Contract	10,179	7,723
Grounds Contracts	13,014	12,660
Services	4,302	4,310
Other Repairs and Maintenance	-	1,510
Total Maintenance and Repairs	<u>\$ 47,186</u>	<u>\$ 35,105</u>
<b>UTILITIES</b>		
Electricity	\$ 3,849	\$ 4,251
Water and Sewer	19,188	18,663
Trash Collection	4,000	3,336
Total Utilities	<u>\$ 27,037</u>	<u>\$ 26,250</u>
<b>ADMINISTRATIVE</b>		
Manager Salaries	\$ 8,075	\$ 7,473
Advertising	855	1,334
Lease Up Expense	20	-
Auditing Expense	5,148	5,761
Telephone	731	570
Bank Charges	181	15
Office Expense	2,435	2,189
Other Administrative	6,209	13,523
Total Administrative	<u>\$ 23,654</u>	<u>\$ 30,865</u>
<b>TAXES</b>		
Payroll Taxes	\$ 1,613	\$ 1,385
Total Taxes	<u>\$ 1,613</u>	<u>\$ 1,385</u>
<b>INSURANCE</b>		
Property and Liability	\$ 34,168	\$ 31,490
Workmen's Compensation	660	683
Health Insurance	2,568	1,232
Total Insurance	<u>\$ 37,396</u>	<u>\$ 33,405</u>
<b>INTEREST EXPENSE</b>		
Interest on Mortgage	\$ 92,915	\$ 96,738
Total Interest Expense	<u>\$ 92,915</u>	<u>\$ 96,738</u>



**LITTLE & ASSOCIATES LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA

**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***

**Independent Auditor's Report**

To the Partners  
Ashley Place I 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 balance sheet as of December 31, 2013, and the related statements of operations, changes in partners' equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 3, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Ashley Place I Limited Partnership's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ashley Place I Limited Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of Ashley Place I 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 I 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. 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 Ashley Place I Limited Partnership's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ashley Place I 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 I Limited Partnership's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Little & Associates, LLC*

Monroe, Louisiana

April 3, 2014