Cimmaron Limited Partnership

Financial Statements
And Supplementary Information

Year Ended December 31, 2010

Cimmaron Limited Partnership

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Kenneth C. Boothe, P.C.

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Partners of

Cimmaron Limited Partnership
Anthony, New Mexico

We have audited the accompanying balance sheet of Cimmaron Limited Partnership, as of December 31, 2010, and the related statements of operations, changes in partners' equity (deficit), and cash flows for the year then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cimmaron Limited Partnership as of December 31, 2010, and the results of its operations, changes in partners' equity, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 2, 2011, on our consideration of Cimmaron Limited Partnership's internal control over financial reporting. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the results of that testing and not to provide an opinion on internal control over financial reporting. In accordance with *Government Auditing Standards*, we have also issued an opinion dated May 2, 2011 on Cimmaron Limited Partnership's compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters that could have a direct and material effect on a major HUD-assisted program. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information shown on Pages 17 - 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Company. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Kenneth C. Boothe, P.C.

Kenneth C. Boothe, P.C.

May 2, 2011
Big Spring, Texas

Cimmaron Limited Partnership

Balance Sheet

December 31, 2010

ASSETS

		12/31/2010
Current Assets:		
Cash and Cash Equivalents	$	5,709
Accounts Receivable - Tenants		3,235
Prepaid Expenses		11,942
Total Current Assets		20,886
Restricted Deposits & Funded Reserves:		
Tenant Security Deposits		26,118
Real Estate Tax & Insurance		18,374
Other Escrows		1,180
Replacement Reserve		67,636
Operating Reserve		97,197
Total Restricted Deposits & Funded Reserves		210,505
Property & Equipment:		
Land		120,000
Buildings		5,609,079
Site Improvements		54,799
Furnishings		20,699
Accumulated Depreciation		(653,551)
Total Property & Equipment		5,151,026
Other Assets:		
Deferred Finance Cost, net of amortization		104,442
Deferred Tax Credit Fees, net of amortization		37,962
Total Other Assets		142,404
Total Assets	$	5,524,821

The accompanying notes are an integral part of these financial statements

Cimmaron Limited Partnership

Balance Sheet

December 31, 2010

LIABILITIES & PARTNERS' EQUITY

	12/31/2010
Liabilities:	
Current Liabilities:	
Current Maturities of Long-Term Debt	$ 7,488
Accounts Payable	3,620
Accrued Interest	6,581
Accrued Expenses	11,825
Accrued - Property Taxes	7,859
Total Current Liabilities	37,373
Deposits & Prepaid Liabilities:	
Tenant Security Deposits	25,056
Prepaid Tenant Fees	1,842
Total Deposits & Prepaid Liabilities	26,898
Long-Term Liabilities:	
Long-Term Debt (net of current maturities)	1,248,458
Long-Term Accrued Interest	40,074
Deferred Development Fees	80,000
Asset Management Fee / Return to Owner	3,939
Misc Notes Payable - Partners	1,668
Total Long-Term Liabilities	1,374,139
Total Liabilities	1,438,410
Partners' Equity (Deficit)	4,086,411
Total Liabilities & Partners' Equity	$ 5,524,821

The accompanying notes are an integral part of these financial statements

Cimmaron Limited Partnership

Statement of Operations

For the Year Ended December 31, 2010

	12/31/2010
Rental Income:	
Rental Income - Tenant Portion	$ 284,603
Rental Income - PHA	40,413
Potential Rental Income	325,016
Lease Excess	210
Less: Vacancies	(673)
Less: Concessions	(2,093)
Total Rental Income	322,460
Other Income:	
Interest Income	66
Laundry & Vending	67
Tenant Charges	12,078
Miscellaneous Income	585
Total Other Income	12,796
Total Income	335,256
Operating Expenses:	
Administrative	75,490
Utilities	38,698
Maintenance	60,988
Taxes & Insurance	55,453
Financial Expense	85,489
Total Cost of Operations	316,118
Net Income/(Loss) from Operations	19,138
Non-Operating Income & (Expenses):	
Administrative Fees	(3,939)
Depreciation Expense	(145,240)
Amortization Expense	(6,780)
Total Non-Operating Income & (Expenses)	(155,959)
Net Income/(Loss)	$ (136,821)

The accompanying notes are an integral part of these financial statements

Cimmaron Limited Partnership

Statement of Changes in Partners' Equity (Deficit)

For the Year Ended December 31, 2010

		Total	General Partner Equity	Limited Partner Equity
Partners' Equity (Deficit), December 31, 2009		$ 4,223,232	$ 57	$ 4,223,175
Net Income/(Loss):	12/31/2010	(136,821)	(14)	(136,807)
Partners' Capital Contributions		0	0	0
Partners' Distributions		0	0	0
Partners' Equity (Deficit), December 31, 2010		$ 4,086,411	$ 43	$ 4,086,368

The accompanying notes are an integral part of these financial statements

Cimmaron Limited Partnership

Statement of Cash Flows

For the Year Ended December 31, 2010

Increase (Decrease) in Cash and Cash Equivalents

		12/31/2010
Cash Flows From Operating Activities:		
Revenue:		
Rental Receipts	$	284,510
Rental Income - PHA		40,554
Other Income		12,212
Miscellaneous Income		585
Total Receipts		337,861
Expenses:		
Administrative		(70,102)
Utilities		(35,983)
Maintenance		(60,510)
Taxes & Insurance		(56,772)
Financial Expense		(85,483)
Asset Management Expense		(3,825)
Tenant Security Deposits		(1,062)
Total Disbursements		(313,737)
Net Cash from Operating Activities:		24,124
Cash Flows From Investing Activities:		
Purchase Property & Equipment		(7,275)
Real Estate Tax & Insurance		(19)
Other Escrows		(154)
Replacement Reserve		(11,571)
Operating Reserve		(250)
Net Cash from Investing Activities:		(19,269)
Cash Flows From Financing Activities:		
Principal Payments on Mortgage		(7,024)
Long-Term Accrued Interest		10,722
Deferred Development Fees		(10,000)
Net Cash from Financing Activities:		(6,302)
Increase (Decrease) In Cash		(1,447)
Cash at Beginning of Period		7,156
Cash at End of Period	$	5,709

The accompanying notes are an integral part of these financial statements

Cimmaron Limited Partnership

Statement of Cash Flows

For the Year Ended December 31, 2010

Increase (Decrease) in Cash and Cash Equivalents

	12/31/2010
Reconciliation of Net Profit (Loss) to Net Cash Provided by Operating Activities:	
Net Income (Loss)	$ (136,821)
Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation Expense	145,240
Amortization Expense	6,780
(Increase) Decrease In Assets	
Accounts Receivable - Tenants	1,303
Accounts Receivable - PHA	141
Prepaid Expenses	406
Tenant Security Deposits	(3,319)
Increase (Decrease) In Liabilities	
Accounts Payable	1,891
Accrued Interest	6
Accrued Expenses	6,285
Accrued - Property Taxes	(1,319)
Tenant Security Deposits	2,257
Prepaid Tenant Fees	1,160
Asset Management Fee / Return to Owner	114
Net Cash from Operating Activities:	$ 24,124
Supplemental Disclosures:	
Interest Paid	$ 68,213

The accompanying notes are an integral part of these financial statements

NOTE A - ORGANIZATION

Cimmaron Limited Partnership was organized in 2004 as a Limited Partnership to develop, construct, own, maintain, and operate a 60-unit rental housing project for mixed income tenants with both tax credit and market rate units. The Project is located in the city of Anthony, New Mexico, and is currently known as Cimmaron Apartments. The major activities of the Partnership are governed by the Partnership Agreement and the Internal Revenue Code Section 42.

The management of the Partnership and the ongoing management of Cimmaron Apartments are vested in the Partners. The Partnership has hired JL Gray Company to provide day to day management for the property. Compensation for such services is as determined under the Partnership Agreement and Management Agreement.

The Project is financed and constructed under Section 542(c) of the Housing and Community Development Act, as amended, and is administered by the New Mexico Mortgage Finance Authority (MFA). Under this program, the Company provides housing to low and moderate income tenants, subject to regulation by MFA and the United States Department of Housing and Urban Development (HUD), as to rental charges and operating methods. Lower rental charges to tenants are recovered by the Project through rent subsidies provided by the local Public Housing Authority (PHA).

The Partnership is reported as a component unit of the Housing Authority of the City of Las Cruces because the Housing Authority of the City of Las Cruces (HACLC) is the General Partner of the Partnership. The Partnership has no component units.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

A summary of the Partnership's significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

<u>Basis of Accounting</u>

The Partnership utilized the accrual basis of accounting, whereby income is recognized as earned and expenses are recognized as obligations are incurred.

<u>Cash and Cash Equivalents</u>

Cash and cash equivalents consist of unrestricted short-term investments with an original maturity of three months or less, cash on deposit, money market funds and certificates of deposit.

<u>Cash and Other Deposits</u>

The Partnership maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The Partnership has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account. This account was funded in an amount greater than the security deposit liability as of December 31, 2010.

Tenant Receivable and Bad Debt Policy

Tenant rent charges for the current month are due on the first of the month. The Partnership does not accrue interest on the tenant receivable balances. The Partnership has not established an allowance for doubtful accounts and does not use the reserve method for recognizing bad debts. Bad debts are treated as direct write-offs in the period management determines that collection is not probable.

Rental Property

Rental property is recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are expensed 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 Partnership reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including the Low Income Housing Tax Credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the moment by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2010.

Income Taxes

No provision or benefit for income taxes has been included in these financial statements since taxable income passes through to, and is reportable by, the Partners individually.

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.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

NOTE C - PARTNERS' PROFIT AND LOSS ALLOCATION AND DISTRIBUTIONS

The Partners of Cimmaron Limited Partnership and their respective profit and loss percentages are as follows for the period from December 31, 2009 to January 25, 2010:

General Partner:	
CAASNM LLC	0.01 %
Limited Partner:	
NEF Assignment Corporation	99.99 %
Total	100.00 %

The Partners of Cimmaron Limited Partnership and their respective profit and loss percentages are as follows for the period from January 25, 2010 to December 31, 2010:

General Partner:	
CIMMARON APARTMENTS ONE LLC	0.01 %
Limited Partner:	
NEF Assignment Corporation	99.99 %
Total	100.00 %

Distributable cash flow is defined in the Partnership Agreement as the sum of all cash receipts less cash disbursements for operating activities and Replacement Reserve funding. Distributable cash flow is payable annually as follows:

1) To the Limited Partner to the extent of any amount which the Limited Partner is entitled to receive to satisfy any Credit Reduction Payment required;
2) Payment of any accrued and payable Asset Management Fees to the Asset Manager;
3) To the Sponsor to pay any unpaid balance on the Deferred Development Fee;
4) To the Operating Reserve Account until such time as such account is equal to the Operating Reserve Target Amount;
5) To pay any accrued and unpaid interest and principal on loans made by the Limited Partner;
6) To repay any accrued and unpaid interest and principal on loans made by the General Partner;
7) To the General Partner to repay any amounts treated as loans (after subsequent loans are repaid in full) to the Partnership (without interest) by the General Partner;
8) $25,000 to the General Partner as a Partnership Management Fee, on a cumulative basis;
9) Eighty percent (80%) of the balance, if any, to the General Partner as an Incentive Partnership Management Fee, on a non-cumulative basis but only to the extent the General Partner has made a qualifying election under Section 168(h) of the Code; and
10) To the Partners in accordance with their percentage interest.

NOTE C - PARTNERS' PROFIT AND LOSS ALLOCATION AND DISTRIBUTIONS *(continued)*

Distribution of proceeds from sale or refinancing:

1) To the Limited Partner to the extent of any amount to which the Limited Partner is entitled to receive to satisfy any Credit Reduction Payment required;
2) To the Limited Partner an amount equal to the amount of taxes which would be imposed upon the Limited Partner as a result of the sale or refinancing, assuming that the Limited Partner is subject to the highest marginal federal, state, and local income tax rates in effect at such time for corporations;
3) To the payment of current and accrued Asset Management Fees, if outstanding;
4) To the Sponsor to pay any unpaid balance, if any, on the Deferred Development Fee;
5) To the Asset Manager a Disposition Fee equal to two percent of the gross proceeds of sale;
6) To the payment of any debts and liabilities (including any unpaid fees) owed to the Partners of Affiliates by the Partnership for Partnership obligations; provided, however, that the foregoing debts and liabilities owed to Partners and their Affiliates will be paid or repaid, as applicable, in the following order of priority, if and to the extent applicable: 1) made by the Partner to the Partnership and 2) made by the General Partner to the Partnership;
7) To the General Partner to pay any accrued and unpaid Partnership Management Fee; and
8) After making the payments, the balance of Net Cash from Sales and Refinancing, if any shall be distributed 50% to the Limited Partner and 50% to the General Partner but only to the extent the General Partner has made a qualifying election under Section 168(h) of the Code.

NOTE D - LONG-TERM DEBT

	12/31/2010
The Project is financed with a 40-year mortgage payable to New Mexico Mortgage Finance Authority in the original amount of $1,042,000, with an interest rate of 6.42%. The mortgage is payable in monthly installments of $6,041 including interest through the maturity date. The loan payments are based on a 40-year amortization schedule. The unpaid principal of the loan is due November 2046. In addition, monthly deposits for taxes, insurance and replacement of depreciable assets are required. The accrued interest was $5,435 as of December 31, 2010. Interest expensed on this loan was $65,433 as of December 31, 2010.	$ 1,015,946

NOTE D - LONG-TERM DEBT *(continued)*

		12/31/2010
The Project also has a 40-year mortgage payable to New Mexico Mortgage Finance Authority Home Program in the original amount of $240,000. Interest will accrue on the outstanding principal balance of the loan at the annual rate of 4.91% per annum. Interest only payments shall be made monthly in the amount of 1% of the outstanding principal plus accrued and unpaid interest (per amortization schedule) beginning in 2006. Principle and unpaid interest are due November 2046. The short-term accrued interest was $1,146 as of December 31, 2010. The long-term accrued interest was $40,074 as of December 31, 2010. Interest expensed on this loan was $13,509 as of December 31, 2010.		240,000
	Total	1,255,946
	Less: Current Portion	7,488
	Long-Term Notes Payable	$ 1,248,458

Aggregate maturities of the notes are approximated as follows:

	Principal	Interest
December 31, 2011	$ 7,488	$ 67,857
2012	7,983	67,476
2013	8,511	67,066
2014	9,074	66,626
2015	9,674	66,154
2016-2020	58,853	322,383
2021-2025	81,060	304,221
2026-2030	111,646	278,551
2031-2035	153,774	242,400
2036-2040	211,797	191,641
2041-2045	291,713	120,555
2046	304,373	11,371
Total	$ 1,255,946	$ 1,806,301

The apartment project is pledged as collateral for the mortgage. The mortgage loan is nonrecourse debt secured by deeds of trust on the related real estate.

NOTE E - RESERVE FUNDS

Replacement Reserve

In accordance with the Partnership Agreement, the General Partner shall establish a Replacement Reserve account. The General Partner shall make monthly deposits of $300 per unit per year, totaling $18,000 annually. The Replacement Reserve shall be used to make capital improvements and repairs to the Project. The Replacement Reserve balance was $67,636 as of December 31, 2010.

NOTE E - RESERVE FUNDS *(continued)*

Operating Reserve

In accordance with the Partnership Agreement, the General Partner shall establish an Operating Reserve fund in the amount of $92,284. Funds are to be used for operating and debt service deficits. The Operating Reserve balance was $97,197 as of December 31, 2010.

NOTE F - COMMITMENTS AND CONTINGENCIES

Housing Tax Credits

As incentive for investment equity, the Partnership applied for and received an allocation certificate for Housing Tax Credits established by the Tax Reform Act of 1986. To qualify for the Tax Credits, the Partnership must meet certain requirements, including attaining a qualified basis sufficient to support the credit allocation. In addition, tenant eligibility and rental charges are restricted in accordance with Internal Revenue Code Section 42. Management has certified that each Tax Credit unit has met these qualifications to allow the credits allocated to each unit be claimed.

Compliance with these regulations must be maintained in each of the fifteen consecutive years of the compliance period. Failure to maintain compliance with occupant eligibility, unit gross rent, or to correct noncompliance within a reasonable time period could result in recapture of previously claimed Tax Credits plus interest.

HOME Investment Partnerships Program

In addition, the Partnership received funding from the HOME Investment Partnerships Program to assist with financing the development of the Project. Under the terms of the agreement, three units shall be designated as floating HOME assisted units.

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Management Fee

In accordance with the Management Agreement, the Partnership has incurred Management Fee expenses for services rendered in connection with the leasing and operation of the Project. The current year management fee is equal to 5.5% of gross rental collections. Property Management Fees expensed were $18,324 during 2010. The amount due to the Management Agent related to Management Fees was $318 as of December 31, 2010.

Owner Distribution - Asset Management Fee

In accordance with the Partnership Agreement, the Partnership shall pay to the Limited Partner an Asset Management Fee in the amount of $3,500, increasing annually by three percent (3%), for property management oversight, tax credit compliance monitoring, and related services. Asset Management Fees of $3,939 were recognized during 2010. The amount due to the Limited Partner related to Asset Management Fees was $3,939 as of December 31, 2010.

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES *(continued)*

Owner Distribution - Partnership Management Fee

In accordance with the Partnership Agreement, the Partnership shall pay to the General Partner a Partnership Management Fee in the amount of $25,000 for the managing of the Partnerships assets and operations and coordinating the preparation of the required State Housing Finance Agency, federal, state, and local tax and other required filings and reports. There were no Partnership Management Fees accrued during 2010.

Development Fee

The Partnership has incurred a Development Services Agreement with CAASNM and JL Gray Company. Fees for these services are based on a percentage of the Total Development Cost, as defined by the Agreement, for a total projected Development Fee of $659,093 rendered to the Partnership for overseeing the construction of the Project. This Development Fee has been capitalized into the basis of the building. As of December 31, 2010, $579,093 of this fee has been paid. The amount due related to Development Fees was $80,000 as of December 31, 2010.

Laundry Lease

The Partnership leased space for the installation and operation of coin-operated laundry and vending machine equipment to JL Gray Company for fifty percent (50%) of the laundry room receipts after Gross Receipts Tax. This lease continues in effect until terminated by either party. The Partnership received rental income of $67 for the year ended December 31, 2010.

Reimbursed Expenses

The Management Agent is reimbursed for a few expenses that are directly related to this property. Due to the nature and function of the Management Agent, some expenses are incurred for the property by the Management Agent. For example, the properties do not have access to credit cards in order to directly pay necessary items such as seminars and motels. These reimbursements qualify as eligible project expenses and do not duplicate expenses that are included in the management fee. The reimbursement is considered both reasonable and immaterial. The amount due to the Management Agent related to reimbursed expenses is considered negligible as of December 31, 2010.

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES *(continued)*

Operating Deficit Guaranty

Pursuant to the Partnership Agreement, 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 through the later of the closing or conversion to the Permanent Loan and achievement of a Debt Service Coverage Ratio of 1.15, as defined. The amount guaranteed is limited to $147,899. If this amount reaches zero, the General Partner is required to provide the funds to the Partnership for operating deficits. The requirement to fund additional operating deficits will terminate on the date the following occurs:

1) The Project has operated at Break-even three consecutive calendar years following the stabilization date of the Project; or
2) The Project has met the required Debt Service Coverage Ratio for three years.

Regulatory Agreement Provisions

On February 5, 2001, the Company executed a 542 (c) Multifamily Insurance Program Regulatory Agreement with the New Mexico Mortgage Finance Authority in order to obtain the "risk-sharing" mortgage loan. The Company is required to abide by the Regulatory Agreement provisions including, but not limited to, (1) the maintenance of certain tenant income requirements, (2) limitations on surplus cash distributions, (3) Replacement Reserve requirements, and (4) compliance with Affirmative Fair Housing marketing plans.

NOTE H - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Cimmaron Apartments. The Partnership's operations are concentrated in the multifamily 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. Such administrative directives, rules, and regulations are subject to change by federal and state agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE I - ACCRUED LIABILITIES

The accrued liabilities on the balance sheet contain the following:

Accrued Payroll Expenses	$ 1,052
Accrued Audit Fees	10,773
Total Accrued Liabilities	$ 11,825

NOTE J - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 2, 2011 which is the date the financial statements were available to be issued and there are no subsequent events requiring disclosure.

Cimmaron Limited Partnership

Supplemental Information Required by HUD

Year Ended December 31, 2010

Cimmaron Limited Partnership

Supplementary Information Required by HUD

Year Ending December 31, 2010

1. SCHEDULE OF RESERVE FOR REPLACEMENTS

Balance as of January 1, 2010	$	56,065
Deposits		18,000
Interest Earned on Reserve for Replacement Account (Net of Service Fees)		66
Approved Withdrawals		6,495
Balance as of December 31, 2010	$	67,636
Deposits Suspended or Waived Indicator		No

2. SCHEDULE OF OPERATING RESERVE

Balance as of January 1, 2010	$	96,947
Deposits		250
Interest Earned on Operating Reserve Account (Net of Service Fees)		0
Balance as of December 31, 2010	$	97,197

3. SCHEDULE OF CHANGES IN FIXED ASSETS

	Balance 1/1/2010	Additions	Deductions	Balance 12/31/2010
Land	$ 120,000	$ 0	$ 0	$ 120,000
Buildings	5,609,079	0	0	5,609,079
Site Improvements/Building Equipment	48,304	6,495	0	54,799
Furnishings	19,919	780	0	20,699
Totals	$ 5,797,302	$ 7,275	$ 0	$ 5,804,577
Accumulated Depreciation	$ 508,311	$ 145,240	$ 0	$ 653,551
Net Book Value	$ 5,288,991			$ 5,151,026

Schedule of Additions to Fixed Assets:

	12/31/2010
Exterior Security Lighting	6,495
Flooring	780
Totals:	$ 7,275

Cimmaron Limited Partnership

Computation of Surplus Cash, Distributions and Residual Receipts

Year Ending December 31, 2010

		12/31/2010
Cash:		
	Cash	31,827
	Total Cash	$ 31,827
Current Obligations:		
	Accrued Mortgage Interest Payable	6,581
	Accounts Payable - 30 Days	3,620
	Accrued Expenses (not escrowed)	11,825
	Prepaid Revenue	1,842
	Tenant Security Deposits Liability	25,056
	Total Current Obligations	48,924
	Surplus Cash (Deficiency)	$ (17,097)
Required Deposit to Residual Receipts:		
	Surplus Cash	$ 0

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INDEPENDENT AUDITOR'S COMBINED REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS AND INTERNAL CONTROL OVER COMPLIANCE FOR HUD-ASSISTED PROGRAMS

To the Partners of
Cimmaron Limited Partnership
Anthony, New Mexico

We have audited the financial statements of Cimmaron Limited Partnership as of and for the year ended December 31, 2010, and have issued our report thereon dated May 2, 2011. We have also audited the Partnership's compliance with requirements applicable to major U.S. Department of Housing and Urban Development (HUD)-assisted programs and have issued our report thereon dated May 2, 2011.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide"), issued by the HUD Office of the Inspector General. Those standards and the Guide require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Partnership complied with laws and regulations, noncompliance with which would be material to a major HUD-assisted program.

The management of Cimmaron Limited Partnership is responsible for establishing and maintaining effective internal control over financial reporting and internal control over compliance. In planning and performing our audit of the financial statements and compliance, we considered the Partnership's internal control over financial reporting and its internal control over compliance with requirements that could have a direct and material effect on a major HUD-assisted program as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and on compliance, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership's internal control over financial reporting and internal control over compliance.

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 (1) misstatements of the entity's financial statements, or (2) noncompliance with applicable requirements of a HUD-assisted program on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that (1) a material misstatement of the entity's financial statements or (2) material noncompliance with applicable requirements of a HUD-assisted program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting and internal control over compliance was for the limited purpose described above and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the entity, and HUD and is not intended to be and should not be used by anyone other than these specified parties.

Kenneth C. Boothe, P.C.

May 2, 2011
Big Spring, Texas

Kenneth C. Boothe, P.C.

Certified Public Accountant

1001 East Farm Road 700 • Big Spring, Texas 79720 • (432) 263-1324 • FAX (432) 263-2124

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR HUD PROGRAMS

To the Partners of
Cimmaron Limited Partnership
Anthony, New Mexico

We have audited Cimmaron Limited Partnership's compliance with the specific program requirements governing tenant application, eligibility, and recertification; units leased to extremely low-income families; tenant security deposits; management functions, fair housing and non-discrimination; unauthorized change of ownership/acquisition of liabilities; unauthorized transfer of beneficial interest; unauthorized loans of project funds; federal financial reports; cash receipts and disbursements; mortgage status; the replacement reserve; the residual receipts; distributions to owners; equity skimming; electronic submission verification; and excess income that are applicable to each of its major HUD-assisted programs for the year ended December 31, 2010. Compliance with those requirements is the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide"), issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements referred to above that could have a direct and material effect on a major HUD-assisted program occurred. An audit includes examining, on a test basis, evidence about the Partnership's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Partnership's compliance with those requirements.

The results of our audit procedures disclosed no instances or other matters that are required to be reported under *Government Auditing Standards*.

In our opinion, Cimmaron Limited Partnership complied, in all material respects, with the requirements referred to above that are applicable to each of its major HUD-assisted programs for the year ended December 31, 2010.

This report is intended solely for the information and use of management, others within the entity, and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Kenneth C. Boothe, P.C.

Kenneth C. Boothe, P.C.

May 2, 2011
Big Spring, Texas

Kenneth C. Boothe, P.C.
Certified Public Accountant
1001 East Farm Road 700 • Big Spring, Texas 79720 • (432) 263-1324 • FAX (432) 263-2124

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO FAIR HOUSING AND NON-DISCRIMINATION

To the Partners of
Cimmaron Limited Partnership
Anthony, New Mexico

We have applied procedures to test Cimmaron Limited Partnership's compliance with the Fair Housing and Non-Discrimination requirements applicable to its HUD-assisted programs for the year ended December 31, 2010.

Our procedures were limited to the applicable compliance requirement described by the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide") issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Cimmaron Limited Partnership's compliance with the Fair Housing and Non-Discrimination requirements. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under the Guide.

This report is intended solely for the information and use of the audit committee, management, others within the entity, and the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Kenneth C. Boothe, P.C.

Kenneth C. Boothe, P.C.

May 2, 2011
Big Spring, Texas

Cimmaron Limited Partnership

Schedule of Findings and Responses

December 31, 2010

Current Year Audit Findings: December 31, 2010

None Noted

Cimmaron Limited Partnership

Mortgagor's Certification

December 31, 2010

We hereby certify that we have examined the accompanying financial statements and supplemental information of Cimmaron Limited Partnership as of December 31, 2010, and to the best of our knowledge and belief, the same are complete and accurate.

Signatories:

Signed: Thomas G. Hassell Date: 5-27-11

Thomas G. Hassell
Housing Authority of the City of Las Cruces

Auditee Information:

505-325-6515
May 2, 2011
Cimmaron Limited Partnership
825 4th Street
Anthony
New Mexico
88021
Thomas G. Hassell
Housing Authority of the City of Las Cruces

Cimmaron Limited Partnership

Management Agent's Certification

December 31, 2010

We hereby certify that we have examined the accompanying financial statements and supplemental information of Cimmaron Limited Partnership as of December 31, 2010, and to the best of our knowledge and belief, the same are complete and accurate.

Signed:	______________________	Date:	____________
Name:	Bobby Griffith		
Title:	CFO - Senior Executive		
Management Company:	JL Gray Company		
Address:	1816 East Mojave St. Farmington, NM 87401		
Federal I.D. Number:	85-0327246		

Cimmaron Limited Partnership

Information on Auditor

December 31, 2010

Auditor's Transmittal Letter

Audit Firm:	
	Kenneth C. Boothe, P.C. State of Texas License No. 11767 State of New Mexico License No. 10015
Lead Auditor:	
	Kenneth C. Boothe Certified Public Accountant
Audit Firm Address:	
	1001 East Farm Road 700 Big Spring, Texas 79720 Phone: 432-263-1324 Fax: 432-263-2124
Federal I.D. Number:	
	75-1607295
Auditor's Report Date:	
	May 2, 2011
Contacts:	
	kenneth@boothevassar.com

Cimmaron Limited Partnership

Exit Conference

December 31, 2010

EXIT CONFERENCE

An exit conference was held on May 2, 2011, which was attended by the following:

Housing Authority Administration

Thomas Hassell	Executive Director
Sharon Hansen	Accountant

Kenneth C. Boothe, P.C.

Kenneth Boothe	Owner

Management Agent

Bobby Griffith	Chief Financial Officer

Preparation of Financial Statements

The financial statements presented in this report were compiled by the auditor Kenneth C. Boothe, P.C. However, the contents of the financial statements remain the responsibility of management.