Cimmaron Limited Partnership

Financial Statements
And Supplementary Information

Year Ended December 31, 2012

Cimmaron Limited Partnership

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Boothe, Vassar & Company
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INDEPENDENT AUDITOR'S REPORT

To the Partners of

Cimmaron Limited Partnership
Anthony, New Mexico
and
Hector H. Balderas, New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statement of Cimmaron Limited Partnership, which comprise the balance sheet, as of December 31, 2012 , 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.

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.

Auditor's Responsibility

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 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 auditor's 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 auditor considers internal control relevant to Cimmaron Limited Partnership'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 Cimmaron Limited Partnership'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 Cimmaron Limited Partnership as of December 31, 2012 , 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on Pages 17 - 18 is presented for purposes of additional analysis as required by the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our reports dated May 20, 2013, on our consideration of Cimmaron Limited Partnership's internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting or on compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cimmaron Limited Partnership's internal control over financial reporting and compliance.

Boothe, Vassar & Company

May 20, 2013
Big Spring, Texas

Cimmaron Limited Partnership

Balance Sheet

December 31, 2012

ASSETS

		12/31/2012
Current Assets:		
Cash and Cash Equivalents	$	13,554
Accounts Receivable - Tenants		1,777
Accounts Receivable - PHA		7,260
Prepaid Expenses		13,104
Total Current Assets		35,695
Restricted Deposits & Funded Reserves:		
Tenant Security Deposits		24,139
Real Estate Tax & Insurance		6,075
Other Escrows		1,219
Replacement Reserve		90,141
Operating Reserve		97,384
Total Restricted Deposits & Funded Reserves		218,958
Property & Equipment:		
Land		120,000
Buildings		5,614,079
Site Improvements		64,049
Furnishings		28,558
Accumulated Depreciation		(947,931)
Total Property & Equipment		4,878,755
Other Assets:		
Deferred Finance Cost, net of amortization		98,474
Deferred Tax Credit Fees, net of amortization		30,370
Total Other Assets		128,844
Total Assets	$	5,262,252

The accompanying notes are an integral part of these financial statements

Cimmaron Limited Partnership

Balance Sheet

December 31, 2012

LIABILITIES & PARTNERS' EQUITY

	12/31/2012
Liabilities:	
Current Liabilities:	
Current Maturities of Long-Term Debt	$ 8,511
Accounts Payable	1,692
Accrued Interest	6,592
Accrued Expenses	21,645
Accrued - Property Taxes	7,937
Total Current Liabilities	46,377
Deposits & Prepaid Liabilities:	
Tenant Security Deposits	23,498
Prepaid Tenant Fees	3,519
Total Deposits & Prepaid Liabilities	27,017
Long-Term Liabilities:	
Long-Term Debt (net of current maturities)	1,231,964
Long-Term Accrued Interest	62,816
Deferred Development Fees	80,000
Asset Management Fee / Return to Owner	4,179
Total Long-Term Liabilities	1,378,959
Total Liabilities	1,452,353
Partners' Equity (Deficit)	3,809,899
Total Liabilities & Partners' Equity	$ 5,262,252

The accompanying notes are an integral part of these financial statements

Cimmaron Limited Partnership

Statement of Operations

For the Year Ended December 31, 2012

		12/31/2012
Rental Income:		
Rental Income - Tenant Portion	$	284,563
Rental Income - PHA		59,645
Potential Rental Income		344,208
Lease Excess		5,135
Less: Vacancies		(11,446)
Less: Concessions		(5,494)
Total Rental Income		332,403
Other Income:		
Interest Income		109
Laundry & Vending		94
Tenant Charges		14,559
Miscellaneous Income		760
Total Other Income		15,522
Total Income		347,925
Operating Expenses:		
Administrative		68,109
Utilities		49,182
Maintenance		60,331
Taxes & Insurance		54,955
Financial Expense		85,209
Service Coordinator		1,040
Total Cost of Operations		318,826
Net Income/(Loss) from Operations		29,099
Non-Operating Income & (Expenses):		
Administrative Fees		(4,179)
Depreciation Expense		(147,830)
Amortization Expense		(6,780)
Total Non-Operating Income & (Expenses)		(158,789)
Net Income/(Loss)	$	(129,690)

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, 2012

	Total	General Partner Equity	Limited Partner Equity
Partners' Equity (Deficit), December 31, 2011	$ 3,939,589	$ 28	$ 3,939,561
Net Income/(Loss): 12/31/2012	(129,690)	(13)	(129,677)
Partners' Capital Contributions	0	0	0
Partners' Distributions	0	0	0
Partners' Equity (Deficit), December 31, 2012	$ 3,809,899	$ 15	$ 3,809,884

The accompanying notes are an integral part of these financial statements

Cimmaron Limited Partnership

Statement of Cash Flows

For the Year Ended December 31, 2012

Increase (Decrease) in Cash and Cash Equivalents

		12/31/2012
Cash Flows From Operating Activities:		
Revenue:		
Rental Receipts	$	275,104
Rental Income - PHA		54,787
Other Income		14,762
Miscellaneous Income		760
Total Receipts		345,413
Expenses:		
Administrative		(59,782)
Utilities		(52,715)
Maintenance		(60,736)
Taxes & Insurance		(54,906)
Financial Expense		(86,244)
Asset Management Expense		(4,057)
Tenant Security Deposits		104
Total Disbursements		(318,336)
Net Cash from Operating Activities:		27,077
Cash Flows From Investing Activities:		
Property & Equipment		(9,929)
Real Estate Tax & Insurance		1,021
Other Escrows		2
Replacement Reserve		(13,717)
Operating Reserve		(87)
Net Cash from Investing Activities:		(22,710)
Cash Flows From Financing Activities:		
Principal Payments on Mortgage		(7,983)
Long-Term Accrued Interest		11,593
Net Cash from Financing Activities:		3,610
Increase (Decrease) In Cash		7,977
Cash at Beginning of Period		5,577
Cash at End of Period	$	13,554

The accompanying notes are an integral part of these financial statements

Cimmaron Limited Partnership

Statement of Cash Flows

For the Year Ended December 31, 2012

Increase (Decrease) in Cash and Cash Equivalents

	12/31/2012
Reconciliation of Net Profit (Loss) to Net Cash Provided by Operating Activities:	
Net Income (Loss)	$ (129,690)
Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation Expense	147,830
Amortization Expense	6,780
(Increase) Decrease In Assets	
Accounts Receivable - Tenants	(105)
Accounts Receivable - PHA	(4,858)
Prepaid Expenses	(731)
Tenant Security Deposits	(300)
Other Escrows	2
Increase (Decrease) In Liabilities	
Accounts Payable	(4,370)
Accrued Interest	5
Accrued Expenses	9,487
Accrued - Property Taxes	49
Tenant Security Deposits	404
Prepaid Tenant Fees	2,452
Asset Management Fee / Return to Owner	122
Net Cash from Operating Activities:	$ 27,077
Supplemental Disclosures:	
Interest Paid	$ 67,476

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 Mesilla Valley Public Housing Authority (MVPHA), previously Housing Authority of the City of Las Cruces, because MVPHA is a member of 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, 2012.

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.

Property and Equipment

Property and equipment are 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. Any 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.

	Estimated Life
Buildings	40
Site Improvements	7-20
Furnishings	3-10

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 2012.

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. As of December 31, 2012, the Partnership's tax years for 2009, 2010 and 2011 are subject to examination by the federal and state tax authorities. With few exceptions, as of December 31, 2012, the Partnership is no longer subject to examinations by tax authorities for years before 2009.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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 January 25, 2010 to December 31, 2012:

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.

NOTE D - LONG-TERM DEBT

	12/31/2012
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 $5,353 as of December 31, 2012. Interest expensed on this loan was $64,468 as of December 31, 2012.	$ 1,000,475

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

	12/31/2012
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. Principal and unpaid interest are due November 2046. The short-term accrued interest was $1,239 as of December 31, 2012. The long-term accrued interest was $62,816 as of December 31, 2012. Interest expensed on this loan was $14,606 as of December 31, 2012.	240,000
Total	1,240,475
Less: Current Portion	8,511
Long-Term Notes Payable	$ 1,231,964

Aggregate maturities of the notes are approximated as follows:

	Principal	Interest
December 31, 2013	$ 8,511	$ 67,066
2014	9,074	66,626
2015	9,674	66,154
2016	10,314	65,647
2017	10,995	65,103
2018-2022	66,894	315,866
2023-2027	92,135	294,999
2028-2032	126,899	265,550
2033-2037	174,782	224,128
2038-2042	240,732	166,033
2043-2047	490,465	91,791
Total	$ 1,240,475	$ 1,688,963

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 $90,141 as of December 31, 2012.

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 $97,384 as of December 31, 2012.

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.

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 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 $18,986 during 2012. The amount due to the Management Agent related to Management Fees was $360 as of December 31, 2012.

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

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 $4,179 were recognized during 2012. The amount due to the Limited Partner related to Asset Management Fees was $4,179 as of December 31, 2012.

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 2012.

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, 2012, $579,093 of this fee has been paid. The amount due related to Development Fees was $80,000 as of December 31, 2012.

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 $94 for the year ended December 31, 2012.

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 amount due to the Management Agent related to reimbursed expenses is considered negligible as of December 31, 2012.

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.

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	$ 949
Accrued Audit Fees	20,696
Total Accrued Liabilities	$ 21,645

NOTE J - SUBSEQUENT EVENTS

The Project has evaluated subsequent events through May 20, 2013 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, 2012

Cimmaron Limited Partnership

Supplementary Information Required by HUD

Year Ending December 31, 2012

1. SCHEDULE OF RESERVE FOR REPLACEMENTS

Balance as of January 1, 2012	$ 76,424
Monthly Deposits	18,000
Interest Earned on Reserve for Replacement Account (Net of Service Fees)	17
Approved Withdrawals	4,300
Balance as of December 31, 2012	$ 90,141
Deposits Suspended or Waived Indicator	No

2. SCHEDULE OF OPERATING RESERVE

Balance as of January 1, 2012	$ 97,297
Monthly Deposits	0
Interest Earned on Operating Reserve Account (Net of Service Fees)	87
Balance as of December 31, 2012	$ 97,384

3. SCHEDULE OF CHANGES IN FIXED ASSETS

	Balance 12/31/2011	Additions	Deductions	Balance 12/31/2012
Land	$ 120,000	$ 0	$ 0	$ 120,000
Buildings	5,609,079	5,000	0	5,614,079
Site Improvements/Building Equipment	64,049	0	0	64,049
Furnishings	23,629	4,929	0	28,558
Totals	$ 5,816,757	$ 9,929	$ 0	$ 5,826,686
Accumulated Depreciation	$ 800,101	$ 147,830	$ 0	$ 947,931
Net Book Value	$ 5,016,656			$ 4,878,755

Schedule of Additions to Fixed Assets:

	12/31/2012
Damage to building - deductible portion	5,000
Carpet	274
Air conditioners	4,655
Totals:	$ 9,929

Cimmaron Limited Partnership

Computation of Surplus Cash, Distributions and Residual Receipts

Year Ending December 31, 2012

		12/31/2012
Cash:		
	Cash	37,693
	Total Cash	$ 37,693
Current Obligations:		
	Accrued Mortgage Interest Payable	6,592
	Accounts Payable - 30 Days	1,692
	Accrued Expenses (not escrowed)	21,645
	Prepaid Revenue	3,519
	Tenant Security Deposits Liability	23,498
	Total Current Obligations	56,946
	Surplus Cash (Deficiency)	$ (19,253)
Amount Available for Distribution During Next Fiscal Period:		
	Surplus Cash	$ 0

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

To the Partners of
Cimmaron Limited Partnership
Anthony, New Mexico
and
Hector H. Balderas, New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Cimmaron Limited Partnership which comprise the balance sheet as of December 31, 2012, and related statements of income (loss), 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 May 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cimmaron 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 Cimmaron Limited Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of Cimmaron 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 the 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

As part of obtaining reasonable assurance about whether Cimmaron 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 the 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 the Partnership's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Boothe, Vassar & Company

May 20, 2013
Big Spring, Texas

Boothe, Vassar & Company
Certified Public Accountants *www.boothevassar.com*
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR HUD PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *CONSOLIDATED AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS*

To the Partners of
Cimmaron Limited Partnership
Anthony, New Mexico
and
Hector H. Balderas, New Mexico State Auditor

Compliance

We have audited Cimmaron Limited Partnership's compliance with the specific program compliance 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; distribution to owners; equity skimming; and excess income described in the *Consolidated Audit Guide for Audits of HUD Programs* (the Guide) that could have direct and material effect on each of Cimmaron Limited Partnership's major HUD-assisted programs for the year ended December 31, 2012. Cimmaron Limited Partnership's major HUD-assisted program(s) is 542(c) Multifamily Insurance Program.

Management's Responsibility for Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to Cimmaron Limited Partnership's HUD-assisted program(s).

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cimmaron Limited Partnership's major HUD-assisted programs based on our audit of the specific compliance requirements referred to above. 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 Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major HUD program occurred. An audit includes examining, on a test basis, evidence about Cimmaron Limited 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 on compliance for each major HUD program. However, our audit does not provide a legal determination of Cimmaron Limited Partnership's compliance.

Opinion on Each Major HUD Program

In our opinion, Cimmaron Limited Partnership complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major HUD programs for the year ended December 31, 2012.

Internal Control Over Compliance

Management of Cimmaron Limited Partnership is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cimmaron Limited Partnership's internal control over compliance with the requirements that could have a direct and material effect on each major HUD program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major HUD program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cimmaron Limited Partnership's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a HUD program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a HUD program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement of a HUD program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Boothe, Vassar & Company

May 20, 2013
Big Spring, Texas

Cimmaron Limited Partnership

Schedule of Findings and Responses

December 31, 2012

Current Year Audit Findings: December 31, 2012

None Noted

Cimmaron Limited Partnership

Auditor's Comments on Audit Resolution

Matters Relating to HUD Programs

December 31, 2012

Prior Year Audit Findings: December 31, 2011

None Noted

Cimmaron Limited Partnership

Mortgagor's Certification

December 31, 2012

We hereby certify that we have examined the accompanying financial statements and supplemental information of Cimmaron Limited Partnership as of December 31, 2012, and to the best of our knowledge and belief, the same are complete and accurate.

Signatories:

Signed: Robbie R Levey Date: 5/23/13

Name: Robbie Levey

Title: Executive Director
Mesilla Valley Public Housing Authority

Auditee Information:

505-325-6515
May 20, 2013
Cimmaron Limited Partnership
825 N 4th St
Anthony, New Mexico 88021

Cimmaron Limited Partnership

Management Agent's Certification

December 31, 2012

We hereby certify that we have examined the accompanying financial statements and supplemental information of Cimmaron Limited Partnership as of December 31, 2012, and to the best of our knowledge and belief, the same are complete and accurate.

Signed:		Date:	5/28/13
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, 2012

Auditor's Transmittal Letter

Audit Firm:	
	Boothe, Vassar & Company State of New Mexico License No. 10014
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:	
	75-2335286
Auditor's Report Date:	
	May 20, 2013
Contacts:	
	kenneth@boothevassar.com

Cimmaron Limited Partnership

Exit Conference

December 31, 2012

EXIT CONFERENCE

An exit conference was held on May 23, 2013, which was attended by the following:

Housing Authority Administration

Robbie Levey	Executive Director
Christine Gonzalez	Executive Assistant
Sharon Hansen	Accountant

Boothe, Vassar & Company

Kenneth Boothe	Lead Auditor, CPA

Management Agent

Bobby Griffith	Chief Financial Officer

Preparation of Financial Statements

The financial statements presented in this report were compiled by the auditor Boothe, Vassar & Company. However, the contents of the financial statements remain the responsibility of management.