

Robledo Ridge, LLLP

Financial Statements
And Supplementary Information

Year Ended December 31, 2014

Robledo Ridge, LLLP

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INDEPENDENT AUDITOR'S REPORT

To the Partners of

Robledo Ridge, LLLP
Las Cruces, New Mexico
and
Tim Keller, New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of Robledo Ridge, LLLP, which comprise the balance sheet as of December 31, 2014, and the related statement 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 Robledo Ridge, LLLP'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 Robledo Ridge, LLLP'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 Robledo Ridge, LLLP as of December 31, 2014, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 20 - 22 is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information shown on pages 20 - 22 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. Such 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 accompanying supplementary information shown on pages 20 - 22 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 May 21, 2015, on our consideration of Robledo Ridge, LLLP'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 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 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 Robledo Ridge, LLLP's internal control over financial reporting and compliance.



Boothe, Vassar & Company

May 21, 2015
Big Spring, Texas

Robledo Ridge, LLLP

Balance Sheet

December 31, 2014

ASSETS

	<u>12/31/2014</u>
Current Assets:	
Cash and Cash Equivalents	\$ 56,530
Accounts Receivable - Tenants	5,446
Less Allowance for Doubtful Accounts of \$7,735	
Accounts Receivable - Miscellaneous	29
Prepaid Expenses	<u>21,503</u>
Total Current Assets	<u>83,508</u>
Restricted Deposits & Funded Reserves:	
Tenant Security Deposits	17,940
Other Escrows	7,419
Replacement Reserve	<u>18,431</u>
Total Restricted Deposits & Funded Reserves	<u>43,790</u>
Property & Equipment:	
Land	586,168
Buildings	8,774,516
Site Improvements	671,495
Furnishings	72,243
Accumulated Depreciation	<u>(363,325)</u>
Total Property & Equipment	<u>9,741,097</u>
Other Assets:	
Operating Reserve	2,590
Deferred Tax Credit Fees	56,866
Deferred Permanent Loan Fees	60,041
Accumulated Amortization	(7,089)
Deposits	<u>46</u>
Total Other Assets	<u>112,454</u>
Total Assets	<u>\$ 9,980,849</u>

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

Robledo Ridge, LLLP

Balance Sheet

December 31, 2014

LIABILITIES & PARTNERS' EQUITY

	<u>12/31/2014</u>
Liabilities:	
Current Liabilities:	
Current Maturities of Long-Term Debt	\$ 30,343
Accounts Payable	4,631
Accrued Interest	10,333
Accrued Owner Fees	40,182
Total Current Liabilities	<u>85,489</u>
Deposits & Prepaid Liabilities:	
Tenant Security Deposits	16,095
Total Deposits & Prepaid Liabilities	<u>16,095</u>
Long-Term Liabilities:	
Long-Term Debt (net of current maturities)	3,083,867
Long-Term Accrued Interest	5,321
Development Fees	800,883
Total Long-Term Liabilities	<u>3,890,071</u>
Total Liabilities	<u>3,991,655</u>
Partners' Equity (Deficit)	<u>5,989,194</u>
Total Liabilities & Partners' Equity	<u>\$ 9,980,849</u>

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

Robledo Ridge, LLLP
Statement of Operations
For the Year Ended December 31, 2014

	<u>12/31/2014</u>
Rental Income:	
Potential Rental Income	\$ 488,525
Less: Vacancies	<u>(21,063)</u>
Total Rental Income	<u>467,462</u>
Miscellaneous Rental Income	<u>580</u>
Total Other Rental Income	<u>580</u>
Other Income:	
Interest Income	31
Laundry & Vending	167
Tenant Charges	4,503
Miscellaneous Income	<u>5,131</u>
Total Other Income	<u>9,832</u>
Total Income	<u>477,874</u>
Operating Expenses:	
Administrative	137,448
Utilities	22,847
Maintenance	81,526
Taxes & Insurance	27,535
Financial Expense	<u>186,619</u>
Total Cost of Operations	<u>455,975</u>
Net Income/(Loss) from Operations	<u>21,899</u>
Non-Operating Income & (Expenses):	
Investor Service Fee	(4,244)
Partnership Administration Fee	(13,792)
Bond Fees	(3,057)
Depreciation Expense	(263,713)
Amortization Expense	<u>(5,210)</u>
Total Non-Operating Income & (Expenses)	<u>(290,016)</u>
Net Income/(Loss)	<u><u>\$ (268,117)</u></u>

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

Robledo Ridge, LLLP
Statement of Changes in Partners' Equity (Deficit)
For the Year Ended December 31, 2014

	<u>Total</u>	<u>General Partner Equity</u>	<u>Limited Partner Equity</u>
Partners' Equity (Deficit), December 31, 2013	\$ 4,304,663	\$ 85,183	\$ 4,219,480
Net Income/(Loss): 12/31/2014	(268,117)	(27)	(268,090)
Partners' Capital Contributions	1,952,648	0	1,952,648
Partners' Distributions	<u>0</u>	<u>0</u>	<u>0</u>
Partners' Equity (Deficit), December 31, 2014	<u>\$ 5,989,194</u>	<u>\$ 85,156</u>	<u>\$ 5,904,038</u>

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

Robledo Ridge, LLLP
Statement of Cash Flows
For the Year Ended December 31, 2014
Increase (Decrease) in Cash and Cash Equivalents

	12/31/2014
Cash Flows From Operating Activities:	
Revenue:	
Rental Receipts	\$ 465,969
Other Income	4,701
Miscellaneous Income	5,131
Total Receipts	475,801
Expenses:	
Administrative	(198,350)
Management Fees	(25,958)
Utilities	(22,847)
Maintenance	(81,526)
Taxes & Insurance	(27,535)
Financial Expense	(194,898)
Bond Fees	(3,057)
Tenant Security Deposits	(793)
Investor Service and Partnership Administration Fee	(4,244)
Total Disbursements	(559,208)
Net Cash from Operating Activities:	(83,407)
Cash Flows From Investing Activities:	
Assets Placed in Service	(15,058)
Fixed Asset Reduction	24,539
Other Escrows	(7,419)
Replacement Reserve	(18,431)
Operating Reserve	(2,590)
Initial Recognition of Deferred Assets	(31,278)
Net Cash from Investing Activities:	(50,237)
Cash Flows From Financing Activities:	
MVPHA Loan Proceeds	638,476
Notes Payable - Line of Credit	(4,580,760)
Long-Term Accrued Interest	5,321
HOME Loan Payments	(10,517)
NMMFA Loan Payments	(11,168)
NMMFA Loan Proceeds	2,000,000
Partners' Capital Contributions	1,952,648
Net Cash from Financing Activities:	(6,000)
Increase (Decrease) In Cash	(139,644)
Cash at Beginning of Period	196,174
Cash at End of Period	\$ 56,530

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

Robledo Ridge, LLLP
Statement of Cash Flows
For the Year Ended December 31, 2014
Increase (Decrease) in Cash and Cash Equivalents

	12/31/2014
Reconciliation of Net Profit (Loss) to Net Cash Provided by Operating Activities:	
Net Income (Loss)	\$ (268,117)
Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation Expense	263,713
Amortization Expense	5,210
(Increase) Decrease In Assets	
Accounts Receivable - Tenants	(2,044)
Accounts Receivable - Miscellaneous	(29)
Prepaid Expenses	(6,055)
Tenant Security Deposits	776
Increase (Decrease) In Liabilities	
Accounts Payable	719
Accrued Interest	(8,279)
Accrued Expenses	(81,524)
Tenant Security Deposits	(1,569)
Accrued Owner Fees	13,792
Net Cash from Operating Activities:	\$ (83,407)
<u>Supplemental Disclosures:</u>	
Interest Paid	\$ 180,503

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

Robledo Ridge, LLLP
Notes to Financial Statements
December 31, 2014

NOTE A - ORGANIZATION

Robledo Ridge Limited Liability Limited Partnership was organized in 2011 as a Limited Partnership to develop, construct, own, maintain, and operate a 71-unit rental housing project for mixed income tenants with both tax credit and market rate units. The Project is located in the city of Las Cruces, New Mexico, and is currently known as Robledo Ridge Apartments. The Partnership provides housing to low income families and receives payments from the Department of Housing and Urban Development (HUD) in the form of housing assistance payments pursuant to a Section 8 Housing Assistance Payment Contract. The Project is regulated by the Department of Housing and Urban Development (HUD) as to rent charges and operating methods pursuant to the provisions of the mortgage, Housing Assistance Program Contract, and related Regulatory Agreement. 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 Robledo Ridge Apartments are vested in the Partners. The Partnership has hired Mesilla Valley Public Housing Authority (MVPHA) to provide management functions for the property. MVPHA has hired a subcontractor, UAH Property Management, to provide day to day management for the property. Compensation for such services is as determined under the Partnership Agreement, Management Agreement, and Management Subcontractor Agreement.

The Project obtained permanent financing under Section 542(c) of the Housing and Community Development Act, as amended, administered by the New Mexico Mortgage Finance Authority (MFA) during 2014. 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 Mesilla Valley Public Housing Authority because the 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:

Basis of Accounting

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

Robledo Ridge, LLLP
Notes to Financial Statements
December 31, 2014

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

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.

Cash and Other Deposits

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

Collateralization of Deposits

The Project is a component unit of the Housing Authority of the City of Las Cruces and as such, is not required to secure collateralization on cash deposits.

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, 2014.

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 established an allowance for doubtful accounts and uses the reserve method for recognizing bad debts. Bad debts are expensed 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	27.5-40
Site Improvements	10-20
Furnishings	10

Robledo Ridge, LLLP
Notes to Financial Statements
December 31, 2014

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 2014.

Deferred Fees and Amortization

Financing costs are amortized over the term of the mortgage loan using the straight-line method. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Tax credit fees are amortized over fifteen years using the straight-line method. Loan fees are amortized over the life of their respective loans.

Property Taxes

The General Partner is owned by a public housing authority which qualifies the Partnership for full exemption for property taxes. The tax exemption is subject to change by an act of State Legislature. Such change may occur with little notice and could materially impact the rental operations of the Project.

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, 2014, the Partnership's tax years for 2011, 2012, and 2013 are subject to examination by the federal and state tax authorities. With few exceptions, as of December 31, 2014, the Partnership is no longer subject to examinations by tax authorities for years before 2011.

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.

Robledo Ridge, LLLP
Notes to Financial Statements
December 31, 2014

NOTE C - PARTNERS' PROFIT AND LOSS ALLOCATION AND DISTRIBUTIONS

The Partners of Robledo Ridge, LLLP and their respective profit and loss percentages are as follows as of December 31, 2014:

General Partner:	
<i>Robledo Ridge, LLC</i>	0.01 %
Limited Partner:	
<i>Enterprise Multi-State LIHTC Fund, LLLP</i>	99.99 %
Total	<u>100.00 %</u>

As of December 31, 2014, the general partner had made capital contributions of \$71,000. In accordance with the partnership agreement, the limited partner is required to make capital contributions of \$6,778,399. The limited partner will make additional contributions of \$127,800 as a result of the partnership receiving an upward adjuster. Limited partner contributions previously made were \$4,405,960. During 2014, \$1,952,648 was contributed and \$547,591 is due to the property.

NOTE D - LONG-TERM DEBT

12/31/2014

The Project is financed with a mortgage payable to New Mexico Mortgage Finance Authority in the original amount of \$2,000,000, with an interest rate of 5.50%. The mortgage is secured by real property of the Project. The mortgage is payable in monthly installments of \$10,740 through May 1, 2049 at which time the final payment will be due on all outstanding principal and accrued interest. The accrued interest was \$9,116 as of December 31, 2014. Interest expensed on this loan was \$81,380 as of December 31, 2014.

\$ 1,988,832

The Project is financed by a mortgage payable to New Mexico Mortgage Finance Authority in the original amount of \$500,000. Interest will accrue on the outstanding principal balance of the loan at the annual rate of 3.00%. Monthly payments of interest only are payable during the construction period not to exceed eighteen months. Beginning on October 1, 2013, principal and accrued interest, paid in arrears, are due and payable in 360 monthly installments of \$2,108. Maturity of the loan occurs at the sale, refinance, and transfer of the property or on September 1, 2043. Accrued interest was \$1,217 as of December 31, 2014. Interest was capitalized during the construction period. Interest expensed on this loan was \$14,752 as of December 31, 2014.

\$ 486,902

Robledo Ridge, LLLP
Notes to Financial Statements
December 31, 2014

NOTE D - LONG-TERM DEBT (continued)

12/31/2014

On April 3, 2014, the Project obtained a nonrecourse loan from the General Partner, Mesilla Valley Public Housing Authority, in the amount of \$543,476. The note is secured by the Mortgage, Assignment of Rents, Security Agreement and Fixture Filing. Interest is accrued at 1% per annum and payments of principal and interest compounded monthly on the outstanding balance are due and payable in arrears from Cash Flow as defined in the partnership agreement. The entire outstanding principal and accrued and unpaid interest are payable in full by the maturity date, which is the earlier of the 35th anniversary date upon which the City of Las Cruces issues a final certificate of occupancy or equivalent for the Project or December 31, 2048. The long-term accrued interest was \$4,529 as of December 31, 2014. Interest expensed on this loan was \$4,529 as of December 31, 2014.

\$ 543,476

On April 3, 2014, the Project obtained a nonrecourse loan from the General Partner, Mesilla Valley Public Housing Authority, in the amount of \$95,000. Interest is accrued at 1% per annum and payments of principal and interest compounded monthly on the outstanding balance are due and payable in arrears from Cash Flow as defined in the partnership agreement. The entire outstanding principal and accrued and unpaid interest are payable in full by the maturity date on April 3, 2049. The long-term accrued interest was \$792 as of December 31, 2014. Interest expensed on this loan was \$792 as of December 31, 2014.

\$ 95,000

	Total	3,114,210
	Less: Current Portion	30,343
	Long-Term Notes Payable	<u><u>\$ 3,083,867</u></u>

Robledo Ridge, LLLP
Notes to Financial Statements
December 31, 2014

NOTE D - LONG-TERM DEBT (continued)

Aggregate maturities of the notes are approximated as follows:

	<u>Principal</u>	<u>Interest</u>
December 31, 2015	\$ 30,343	\$ 128,780
2016	32,292	127,323
2017	33,824	125,791
2018	35,432	124,182
2019	37,123	122,492
2020-2024	214,147	583,928
2025-2029	271,447	526,628
2030-2034	345,170	452,905
2035-2039	440,234	357,841
2040-2044	530,882	235,573
2045-2049	<u>1,143,316</u>	<u>88,440</u>
Total	<u>\$ 3,114,210</u>	<u>\$ 2,873,883</u>

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.

On January 10, 2014, the Project obtained a letter of credit with Citizens Bank of Las Cruces. The letter is secured by a Promissory Note held by the Grantor, Mesilla Valley Public Housing Authority. The letter is held for the Latent Defects Reserve required by New Mexico Mortgage Finance Authority and will be released to MVPHA immediately after the eighteenth month after the first payment of principal and interest on the mortgage. The amount available on the letter of credit is \$50,000. Interest is accrued at 3.55% per annum. There are no amounts due as of December 31, 2014. Any amounts due related to outstanding principal and interest are payable in full at maturity on October 10, 2015.

NOTE E - LINE OF CREDIT

The Project obtained a line of credit with Citizens Bank of Las Cruces on April 18, 2012. The line was secured by real property of the Project and guaranteed by the Mesilla Valley Public Housing Authority and the New Mexico Housing Corporation. The amount available on the line was \$5,700,000. Interest accrued at 6.5% and was payable in monthly installments. This line of credit was paid and closed with permanent financing during 2014. Interest was previously capitalized during the construction period. Interest expensed on this loan prior to permanent financing was \$76,092 during 2014.

Robledo Ridge, LLLP
Notes to Financial Statements
December 31, 2014

NOTE F - RESERVE FUNDS

Replacement Reserve

In accordance with the Partnership Agreement, the Partnership shall establish a Replacement Reserve in the amount of \$85,329 at the time of the limited partner's fourth capital contribution installment to fund major repairs or replacements. The Partnership shall make deposits into the Replacement Reserve fund of \$31,630, increasing 3% annually, commencing on the second full month after completion of the Project. In accordance with the Partnership Agreement, the reserve deposits should have been made October through December 2013 in the amount of \$7,908 and January through May in the amount of \$13,179. The Replacement Reserve was funded through a mortgage escrow beginning in June, 2014, and the balance was \$18,431 as of December 31, 2014.

Operating Reserve

The General Partner is required to establish and maintain an Operating Reserve on the date of the fourth capital contribution in the amount of \$208,910. The Operating Reserve balance was \$2,590 as of December 31, 2014.

NOTE G - 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.

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.

Robledo Ridge, LLLP
Notes to Financial Statements
December 31, 2014

NOTE G - COMMITMENTS AND CONTINGENCIES *(continued)*

Housing Assistance Agreement

The Partnership receives a significant portion of its rental income from the Department of Housing and Urban Development pursuant to a Section 8 Housing Assistance Payment Contract (HAP) for the 71 units in the project. Under the Section 8 Program a tenant is required to pay 30% of their adjusted income toward housing with the Federal Government subsidizing the difference between what the tenant pays and the fair market rent established by the Department of Housing and Urban Development.

Operating Deficit Contribution

If at any time after the completion date, an Operating Deficit exists, the General Partner shall contribute funds (an "Operating Deficit Contribution") to the Partnership as a contribution to capital in an amount equal to the amount of the Operating Deficit which is unlimited through the stabilization date, and after limited to \$228,000. The obligation of the General Partner to make Operating Deficit Contributions shall terminate on the date that the following have occurred simultaneously: 1) the Project has operated at the Required Debt Service Coverage for a period of at least twelve consecutive months, which shall have commenced no earlier than four years after the achievement of the Stabilization Date, and 2) the balance in the Operating Reserve equals or exceeds the sum of the Operating Reserve Amount. If Operating Deficit Contributions are required, they shall be repayable, without interest, solely from Cash Flow or as provided in the partnership agreement. There are no amounts due related to Operating Deficit Contributions as of December 31, 2014.

NOTE H - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Management Fee

In accordance with the Subcontractor 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 6% of gross rental collections. Property Management Fees expensed were \$28,023 during 2014. The amounts included in accounts payable that are due to UAH Property Management LP related to Management Fees were \$2,065 as of December 31, 2014.

Owner Distribution - Investor Services Fee

In accordance with the Partnership Agreement, the Partnership shall pay to the Limited Partner an Investor Services Fee in the amount of \$4,000. The fee shall increase at a rate of 3% per year. The Investor Services Fee shall be payable from the available cash flows. Any unpaid fees may accrue for payment in subsequent years. Investor Services Fees of \$4,244 were recognized during 2014. There were no amounts due to the Limited Partner related to Investor Services Fees as of December 31, 2014.

Robledo Ridge, LLLP
Notes to Financial Statements
December 31, 2014

NOTE H - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES (continued)

Owner Distribution - Partnership Administrative Fee

In accordance with the Partnership Agreement, the Partnership shall pay to the General Partner a Partnership Administrative Fee in the annual amount of \$13,000. The fee shall increase at a rate of 3% per year thereafter. The Partnership Administration Fee shall be payable from the available cash flows. Any unpaid fees may accrue for payment in subsequent years. Partnership Administrative Fees of \$13,792 were recognized during 2014. The amounts due to the General Partner related to Partnership Administrative Fees were \$40,182 as of December 31, 2014.

Development Fee

The Partnership has incurred a Development Fee due to Mesilla Valley Public Housing Authority, rendered to the Partnership for overseeing the construction of the Project. The full development fee amount for the project is \$1,132,639. This Development Fee has been capitalized into the basis of the building. As of December 31, 2014, \$331,756 of this fee has been paid. The amount due related to Development Fees was \$800,883 as of December 31, 2014. The deferred portion of the development fee is \$494,711 and will accrue interest of 1% of the unpaid balance per the developer service agreement. Any unpaid amounts of the development fees are due on or before December 31, 2028.

Reimbursed Expenses

The Contractor and Subcontractor are reimbursed for some expenses that are directly related to this property. Due to the nature and function of the Subcontractor, some expenses are incurred for the property by the Subcontractor. These reimbursements qualify as eligible project expenses and do not duplicate expenses that are included in the management fee. The Subcontractor processes payroll for the property. The Property paid the Subcontractor for all payroll and benefits of \$79,927 during 2014. The Property also paid the Subcontractor for other fees related to compliance monitoring and payroll processing fees. These other Subcontractor fees were \$5,827 during 2014. Reimbursements for miscellaneous project expenses not listed separately were \$9,013 during 2014. The amounts included in accounts payable that are due to UAH Property Management LP related to any of the aforementioned reimbursements were \$164 as of December 31, 2014.

NOTE I - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Robledo Ridge 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.

The Project's major source of revenue is from subsidy received through Section 8 Housing Assistance Payment Contract (HAP). HUD may terminate the rental assistance agreement if it determines that no subsidy is necessary or if the Project is determined to be in violation of HUD rules or regulations.

Robledo Ridge, LLLP
Notes to Financial Statements
December 31, 2014

NOTE J - SUBSEQUENT EVENTS

The Project has evaluated subsequent events through May 21, 2015 which is the date the financial statements were available to be issued, and the subsequent event requiring disclosure is as follows:

Limited Partner Capital Contribution

Subsequent to year end the partnership received a Lease-Up Tax Credit Adjuster which reduced the required limited partner contribution by \$266,762. The limited partner contribution remaining due to the property is \$280,829 as a result of this adjuster.

Robledo Ridge, LLLP
Supplementary Information Required by HUD
Year Ended December 31, 2014

Robledo Ridge, LLLP
Supplementary Information Required by HUD
Year Ending December 31, 2014

1. SCHEDULE OF RESERVE FOR REPLACEMENTS

Balance as of January 1, 2014	\$ 0
Deposits	18,430
Interest Earned on Reserve for Replacement Account (Net of Service Fees)	1
Balance as of December 31, 2014	\$ 18,431

Deposits Suspended or Waived Indicator No

2. SCHEDULE OF OPERATING RESERVE

Balance as of January 1, 2014	\$ 0
Deposits	0
Other Deposits - From Equity Contribution	2,600
Interest Earned on Operating Reserve Account (Net of Service Fees)	0
Other Withdrawals	10
Balance as of December 31, 2014	\$ 2,590

Other Deposits
 Initial deposit

Other Withdrawals
 Bank Fees in excess of Interest Income

Robledo Ridge, LLLP
Supplementary Information Required by HUD
Year Ending December 31, 2014

3. SCHEDULE OF CHANGES IN FIXED ASSETS

	Balance 12/31/2013	Additions	Deductions	Balance 12/31/2014
Land	\$ 586,168	\$ 0	\$ 0	\$ 586,168
Buildings	8,799,055	0	24,539	8,774,516
Site Improvements	656,437	15,058	0	671,495
Furnishings	72,243	0	0	72,243
Totals	<u>10,113,903</u>	<u>15,058</u>	<u>24,539</u>	<u>10,104,422</u>
Accumulated Depreciation	99,612	\$ 263,713	\$ 0	363,325
Net Book Value	<u>\$10,014,291</u>			<u>\$ 9,741,097</u>

Schedule of Additions to Fixed Assets:

	12/31/2014
Asphalt	15,058
Totals:	<u>\$ 15,058</u>

Schedule of Deductions to Fixed Assets:

	12/31/2014
TAP Fees-Reimbursed by City	24,539
Totals:	<u>\$ 24,539</u>

Robledo Ridge, LLLP
Computation of Surplus Cash, Distributions and Residual Receipts
Year Ending December 31, 2014

		<u>12/31/2014</u>
Cash:		
	Cash	\$ 74,470
	Total Cash	<u>74,470</u>
Current Obligations:		
	Accounts Payable	4,631
	Accrued Interest	10,333
	Accrued - Property Taxes	0
	Accrued Owner Fees	40,182
	Tenant Security Deposits	16,095
	Total Current Obligations	<u>71,241</u>
	Surplus Cash (Deficiency)	<u>\$ 3,229</u>

BOOTHE ★ VASSAR

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CERTIFIED PUBLIC ACCOUNTANTS

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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
Robledo Ridge, LLLP
Las Cruces, New Mexico
and
Tim Keller, 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 Robledo Ridge, LLLP which comprise the balance sheet as of December 31, 2014, and 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 May 21, 2015.

Internal Control Over Financial Reporting

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

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


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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Robledo Ridge, LLLP's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Boothe, Vassar & Company

May 21, 2015
Big Spring, Texas

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR HUD PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE CONSOLIDATED AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS

To the Partners of
Robledo Ridge, LLLP
Las Cruces, New Mexico
and
Tim Keller, New Mexico State Auditor

Report on Compliance for Each Major HUD Program

We have audited Robledo Ridge, LLLP's compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the Guide) that could have direct and material effect on each of Robledo Ridge, LLLP's major U.S. Department of Housing and Urban Development (HUD) programs for the year ended December 31, 2014. Robledo Ridge, LLLP's major HUD program is a HUD insured mortgage.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its HUD program(s).

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Robledo Ridge, LLLP's major HUD programs based on our audit of the 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 Robledo Ridge, LLLP'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 Robledo Ridge, LLLP's compliance.

Basis for Qualified Opinion on the HUD Insured Mortgage

As described in the accompanying schedule of findings, questioned costs, and recommendations, Robledo Ridge, LLLP did not comply with requirements regarding the HUD insured mortgage as further described in 2014-001 - Tenant Files Material Weakness. Compliance with such requirements is necessary, in our opinion, for Robledo Ridge, LLLP to comply with the requirements applicable to that program.

Qualified Opinion on the HUD Insured Mortgage

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Robledo Ridge, LLLP complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the HUD insured mortgage for the year ended December 31, 2014.

Other Matters

Robledo Ridge, LLLP's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings, questioned costs, and recommendations. Robledo Ridge, LLLP's response was not subjected to auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Robledo Ridge, LLLP 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 Robledo Ridge, LLLP'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 Robledo Ridge, LLLP's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings, questioned costs, and recommendations as items 2014-001 - Tenant Files Material Weakness to be material weaknesses.

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.

Robledo Ridge, LLLP's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Robledo Ridge, LLLP's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

A handwritten signature in cursive script that reads "Boothe, Vassar & Company".

Boothe, Vassar & Company

May 21, 2015
Big Spring, Texas

Robledo Ridge, LLLP
Schedule of Findings, Questioned Costs, and Recommendations
December 31, 2014

Current Year Audit Findings, Questioned Costs, and Recommendations: December 31, 2014

Matters reported for the year ended December 31, 2014:

2014-001 - Tenant Files Material Weakness

Condition:	Tenant files had multiple errors including errors in income calculations, errors on the use of deductions, and missing or delayed receipt of tenant signatures. Corrections were being made to files subsequent to the effective date of the certification, as they were required for the audit.
Criteria:	Tenant certifications should be performed in accordance with guidelines outlined in the 542(c) Multifamily Insurance Program Regulatory Agreement.
Cause:	Multiple errors were made during the tenant certification process.
Effect:	Income and rent calculations were incorrectly calculated in several instances resulting in improper allocation of rent between the tenants and the rental assistance subsidy requested and received. Tenant files were also missing tenant signatures or contained paperwork with delayed receipt of tenant signatures.
Recommendation:	Management should correct and improve their processes regarding the tenant certifications. All current tenant files should be reviewed by a supervisor for proper calculations and processing of the tenant file information to ensure all errors are corrected.
Management Response:	Majority of the errors were corrected by a member of the Compliance Department upon internal audit prior to the files being sent to audit firm. Due to the errors found in the Compliance Department, the manager has been terminated as an employee of the management agent, and a qualified onsite manager with extensive experience has been hired. The Compliance Department has adjusted final approval procedures to ensure these errors will not occur in the future. Every Initial and Recertification is reviewed for accuracy, and an executed 50059 is required to be sent to the Compliance Department once fully executed by the resident. The Compliance Department is also scheduled to perform 100% file review at the Property in June 2015 for further due diligence and efforts.

Robledo Ridge, LLLP
Schedule of the Status of Prior Audit Findings,
Questioned Costs, and Recommendations
December 31, 2014

Status of Prior Audit Findings, Questioned Costs, and Recommendations: December 31, 2013

Our audit disclosed no findings that are required to be reported.

Robledo Ridge, LLLP
Mortgagor's Certification
December 31, 2014

We hereby certify that we have examined the accompanying financial statements and supplemental information of Robledo Ridge, LLLP as of December 31, 2014, and to the best of our knowledge and belief, the same are complete and accurate.

Signatories:

Signed:  Date: 6/5/15

Name: Juan Olvera

Title: Executive Director
Mesilla Valley Public Housing Authority

Auditee Information:

575-528-2007
May 21, 2015
Robledo Ridge, LLLP
1571 Medina Dr
Las Cruces, New Mexico 88001

Robledo Ridge, LLLP
Management Agent's Certification
December 31, 2014

We hereby certify that we have examined the accompanying financial statements and supplemental information of Robledo Ridge, LLLP as of December 31, 2014, and to the best of our knowledge and belief, the same are complete and accurate.

Signed: _____  _____ Date: 6/5/15

Name: Juan Olvera

Title: Executive Director

Management Company: Mesilla Valley Public Housing Authority

Address: 926 S. San Pedro St.
Las Cruces, NM 88001

Robledo Ridge, LLLP
Information on Auditor
December 31, 2014

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 21, 2015

Contacts: kenneth@boothevassar.com
diane@boothevassar.com

Robledo Ridge, LLLP

Exit Conference

December 31, 2014

EXIT CONFERENCE

An exit conference was held on May 21, 2015, which was attended by the following:

Housing Authority Administration

Juan A. Olvera	Executive Director
Sharon Hansen	Accountant

Boothe, Vassar & Company

Mark Vassar	Partner
Veronda Vassar	Executive Assistant

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.