



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

ROBLEDO RIDGE, LLLP

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

**For The Year Ended December 31, 2018,
With Comparative Totals For 2017**

ROBLEDO RIDGE, LLLP
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INDEPENDENT AUDITOR’S REPORT

To the Partners of
Robledo Ridge, LLLP
Las Cruces, New Mexico
and
Brian S. Colón, New Mexico State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the Robledo Ridge, LLLP (the Partnership), which comprise the statement of balance sheet as of December 31, 2018, 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 the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Robledo Ridge, LLLP as of December 31, 2018, 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 Summarized Comparative Information

The prior year summarized comparative information has been derived from the Partnership's financial statements for the year ended December 31, 2017, dated May 18, 2018. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for prior year comparative data, is based solely on the report of the other auditors. Those auditors expressed an unmodified opinion on those statements.

Other Matters**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information Required by HUD and the Computation of Surplus Cash and Distributions, as identified in the table of contents, is presented for purposes of additional analysis as required by the *Consolidated Audit Guide for Audits of HUD-Assisted Programs (the Guide)*, issued by the U.S. Department of Housing and Urban Development, Office of Inspector General and is not a required part of the financial statements.

The Schedule of Expenses, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

All supplementary 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. 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2019 on our consideration of the Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the Partnership's internal control over financial reporting and compliance.



Hinkle + Landers, P.C.
Albuquerque, NM
April 11, 2019

ROBLEDO RIDGE, LLLP
Balance Sheet
As of December 31, 2018, With Comparative Totals for 2017

ASSETS	2018	2017
Current Assets		
Cash and cash equivalents	\$ 460,267	258,789
Tenant receivable, net of allowance	3,184	13,743
Accounts receivable - HAP	1,002	-
Prepaid expenses	29,754	27,160
Total current assets	<u>494,207</u>	<u>299,692</u>
Restricted Deposits & Funded Reserves		
Tenant security deposits	20,460	20,440
Other escrows	3,510	5,147
Replacement cash reserve	150,471	116,547
Total restricted deposits & funded reserves	<u>174,441</u>	<u>142,134</u>
Property & Equipment		
Land	586,168	586,168
Buildings	8,774,518	8,774,516
Land improvements	671,495	671,495
Furniture, fixtures & equipment	72,243	72,243
Total property and equipment	<u>10,104,424</u>	<u>10,104,422</u>
Less: accumulated depreciation	<u>(1,417,342)</u>	<u>(1,153,824)</u>
Net property and equipment	<u>8,687,082</u>	<u>8,950,598</u>
Other Assets		
Deferred tax credit fees	56,866	56,866
Accumulated amortization	(20,535)	(16,744)
Deposits	46	50
Total other assets	<u>36,377</u>	<u>40,172</u>
Entity Assets		
Operating reserve	208,839	2,594
Total entity assets	<u>208,839</u>	<u>2,594</u>
Total Assets	\$ <u>9,600,946</u>	<u>9,435,190</u>
LIABILITIES		
Current Liabilities		
Current maturities of long-term debt	\$ 37,123	35,432
Accounts payable	5,445	5,446
Accrued interest	9,821	9,958
Accrued expenses	3,476	-
Deferred income	3,057	3,765
Accrued owner fees	99,613	84,090
Total current liabilities	<u>158,535</u>	<u>138,691</u>
Deposits & Prepaid Liabilities		
Tenant security deposits	19,206	19,287
Total deposits & prepaid liabilities	<u>19,206</u>	<u>19,287</u>
Long-Term Liabilities		
Long-term debt (net of current maturities)	2,893,002	2,928,481
Long-term accrued interest	55,595	44,263
Deferred development fees	800,883	800,883
Total long-term liabilities	<u>3,749,480</u>	<u>3,773,627</u>
Total Liabilities	<u>3,927,221</u>	<u>3,931,605</u>
Partners' Equity (Deficit)	<u>5,673,725</u>	<u>5,503,585</u>
Total Liabilities & Partners' Equity	\$ <u>9,600,946</u>	<u>9,435,190</u>

The independent audit's report and accompanying notes are an integral part of these financial statements

ROBLEDO RIDGE, LLLP
Statement of Operations
For the Year Ended December 31, 2018, With Comparative Totals for 2017

	2018	2017
	Total	Total
REVENUE		
Rental Income		
Potential rental income	\$ 699,284	643,256
Less: vacancies	(5,019)	(12,184)
Less: concessions	-	(78)
Net rental income	694,265	630,994
Other Rental Income		
Special claims & misc. rent revenue	2,908	3,321
Total other rental income	2,908	3,321
Other Income		
Interest income	200	160
Laundry & vending	187	387
Tenant charges	4,226	23,759
Miscellaneous income	897	672
Total other income	5,510	24,978
Total Revenue	702,683	659,293
EXPENSES		
Operating Expenses		
Administrative	150,199	145,826
Utilities	18,075	22,293
Maintenance	85,257	80,955
Taxes & insurance	52,066	44,283
Financial expenses	139,485	143,970
Total cost of operations	445,082	437,327
Net Income/(Loss) from Operations	257,601	221,966
Non-Operating Income & (Expenses)		
Investor service fee	(4,776)	(4,637)
Partnership administration fee	(15,523)	(15,071)
Depreciation expense	(263,518)	(263,518)
Amortization expense	(5,435)	(3,788)
Total non-operating income & (expenses)	(289,252)	(287,014)
Net Income/(Loss)	\$ (31,651)	(65,048)

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ROBLEDO RIDGE, LLLP
Statement of Changes in Partners' Equity (Deficit)
For the Year Ended December 31, 2018, With Comparative Totals for 2017

	<u>Total</u>	<u>General Partner Equity</u>	<u>Limited Partner Equity</u>
Partners' Equity (Deficit), December 31, 2016	\$ 5,568,633	85,114	5,483,519
Net Income/(Loss)	(65,048)	(7)	(65,041)
Partners' Capital Contributions	-	-	-
Partners' Distributions	-	-	-
	<hr/>	<hr/>	<hr/>
Partners' Equity (Deficit), December 31, 2017	\$ 5,503,585	85,107	5,418,478
Net income/(Loss)	(31,651)	(3)	(31,648)
Partners' Capital Contributions	201,791	-	201,791
Partners' Distributions	-	-	-
	<hr/>	<hr/>	<hr/>
Partners' Equity (Deficit), December 31, 2018	<u>\$ 5,673,725</u>	<u>85,104</u>	<u>5,588,621</u>

The independent audit's report and accompanying notes are an integral part of these financial statements

ROBLEDO RIDGE, LLLP
Statement of Cash Flows
For the Year Ended December 31, 2018, With Comparative Totals for 2017

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2018</u>	<u>2017</u>
Revenue		
Rental receipts	\$ 706,730	625,931
Other income	4,613	24,306
Miscellaneous income	897	672
Total Receipts	<u>712,240</u>	<u>650,909</u>
Expenses		
Administrative	(150,161)	(156,303)
Utilities	(18,075)	(22,293)
Maintenance	(85,257)	(80,955)
Taxes & insurance	(52,066)	(44,283)
Financial expense	(20,875)	(22,365)
Interest paid	(118,610)	(120,095)
Tenant security deposits	(101)	(153)
Investor service and partnership administration fees	(4,776)	(13,510)
Total Disbursements	<u>(449,921)</u>	<u>(459,957)</u>
Net Cash Provided (Used) by Operating Activities	<u>262,319</u>	<u>190,952</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit to operating reserve	(201,791)	-
Other escrows	1,637	(5,598)
Replacement reserve	(33,924)	(33,477)
Operating reserve	(4,458)	(1)
Deposits	4	4
Net Cash Provided (Used) by Investing Activities	<u>(238,532)</u>	<u>(39,072)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on mortgage	(35,432)	(33,824)
Long-term accrued interest	11,332	11,332
Partner's capital contributions	201,791	-
Net cash provided (used) by financing activities	<u>177,691</u>	<u>(22,492)</u>
Net increase (decrease) in cash and cash equivalents	201,478	129,388
Cash and cash equivalents, beginning of year	<u>258,789</u>	<u>129,401</u>
Cash and cash equivalents, end of year	<u><u>\$ 460,267</u></u>	<u><u>258,789</u></u>
Reconciliation of net income (loss) to net cash provided (used) by operating activities:		
Net income (loss)	\$ (31,651)	(65,048)
Adjustments to reconcile net income (loss) to cash provided/(used) by operating activities:		
Depreciation expense	263,518	263,518
Amortization expense	3,791	3,788
Non-cash interest for debt issuance costs	1,644	1,641
Decrease (increase) in assets:		
Accounts receivable - tenants	10,559	(9,152)
Accounts receivable - HAP	(1,002)	2,589
Accounts receivable - miscellaneous	-	1,027
Prepaid expenses	(2,594)	(1,654)
Tenant security deposit account	(20)	(1,108)
(Decrease) increase in liabilities:		
Accounts payable	1	2,591
Accrued interest	(137)	(131)
Accrued expenses	3,476	(11,414)
Deferred income	(708)	3,765
Tenant security deposits	(81)	955
Prepaid tenant fees	-	(6,613)
Accrued owner fees	15,523	6,198
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 262,319</u></u>	<u><u>190,952</u></u>

The independent audit's report and accompanying notes are an integral part of these financial statements

ROBLEDO RIDGE, LLLP
Notes To Financial Statements
For the Year Ended December 31, 2018, With Comparative Totals for 2017

NOTE 1 - 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 Partnership 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 Partnership 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 Partnership through rent subsidies provided by the local Public Housing Authority (PHA).

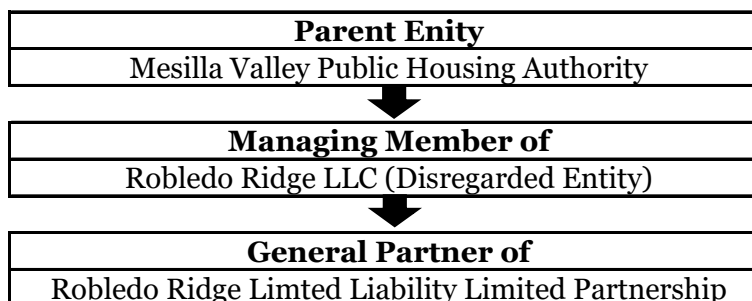
Related to GASB 77, the Partnership does not negotiate property tax abatements and has no tax abatement agreements as of December 31, 2018.

The Partnership does not receive public money from the State of New Mexico or any local governments as defined by 6-10-1 to 6-10-63 NMSA 1978 and therefore is not subject to several state compliance regulations.

Partnership Relationship

The Mesilla Valley Housing Authority is a member in Robledo Ridge, LLC. Robledo Ridge, LLC is a partner in the Partnership, Robledo Ridge, LLLP. As such, Robledo Ridge, LLLP, is reported as a component unit of Mesilla Valley Public Housing Authority (MVPHA), previously Housing Authority of the City of Las Cruces. The Partnership has no component units.

The relationship is illustrated below:



ROBLEDO RIDGE, LLLP
Notes To Financial Statements
For the Year Ended December 31, 2018, With Comparative Totals for 2017

NOTE 2 - SUMMARY OF 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:

A. 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. The Partnership is a for profit organization and prepares their financials under the Financial Accounting Standards and not the Governmental Accounting Standards generally accepted in the United States of America.

B. 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. Restricted deposits and funded reserves are not considered cash equivalents for purposes of the statement of cash flow.

C. Credit Risk - Cash and Other Deposits

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. Cash and Cash equivalents in excess of FDIC limits were \$231,576 and \$32,670 at December 31, 2018 and 2017, respectively. 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.

D. Collateralization of Deposits

The Partnership does not receive public money from the State of New Mexico or any local governments as defined by NMSA 1978 and therefore is not required to secure collateralization on cash deposits.

E. 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, 2018 and 2017.

F. 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.

G. Property, Equipment, and Depreciation

Property and equipment are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Property and Equipment with a unit cost of \$5,000 or more and an estimated useful life greater than one year are capitalized and depreciated based on the straight-line method over the estimated useful lives of the assets. Property and Equipment purchases less than \$5,000 or with lives of one year or less, and maintenance and repairs which do not extend the useful lives of premises and equipment, are charged to expense as incurred.

ROBLEDO RIDGE, LLLP
Notes To Financial Statements
For the Year Ended December 31, 2018, With Comparative Totals for 2017

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 statements 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.

Classification	Estimated Life
Buildings	27.5-40
Site Improvements	10-20
Furniture, Fixtures & Equipment	10

H. Impairment

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 amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2018 or 2017.

I. Deferred Fees and Amortization

Tax credit fees are amortized over fifteen years using the straight-line method.

J. 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 Partnership.

K. Income Taxes

No income tax provision has been included in the financial statements since income or loss of the Partnership is required to be reported by the Owner. Further, income or loss of a partnership is required to be reported by the respective partners on their income tax returns.

L. 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.

M. Risks and Uncertainties

The Partnership is subject to various risks and uncertainties in the ordinary course of business that could have adverse impacts on its operating results and financial condition. Future operations could be affected by changes in the economy or other conditions in the geographical area where the property is located or by changes in federal low-income housing subsidies or the demand for such housing.

N. 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
For the Year Ended December 31, 2018, With Comparative Totals for 2017

O. Advertising Costs

Advertising Costs are expensed as incurred.

P. Reclassifications

Certain December 31, 2017 amounts may have been reclassified in order to conform to the December 31, 2018 financial statement presentation.

NOTE 3 – PARTNERS' PROFIT AND LOSS ALLOCATION AND DISTRIBUTIONS

The Partners of Robledo Ridge, LLLP and their respective profit and loss percentages were as follows as of December 31, 2018 and 2017:

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

NOTE 4 – LONG-TERM DEBT

The Partnership 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 and is secured by HUD under Section 542(c) of the National Housing Act. 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 \$8,717 and \$8,825 as of December 31, 2018 and 2017, respectively. Interest expensed on this loan was \$105,200 and \$106,465 as of December 31, 2018 and 2017, respectively.

	2018	2017
\$	1,901,817	1,925,392

The Partnership is financed by a New Mexico Housing Trust Fund loan 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 principal and accrued interest, paid in arrears, are due and payable in 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 \$1,104 and \$1,133 as of December 31, 2018 and 2017, respectively. Interest expensed on this loan was \$13,410 and \$13,761 as of December 31, 2018 and 2017, respectively.

	441,534	453,391
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ROBLEDO RIDGE, LLLP
Notes To Financial Statements
For the Year Ended December 31, 2018, With Comparative Totals for 2017

	2018	2017
On April 3, 2014, the Partnership obtained a nonrecourse loan from the Parent Entity, 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 \$27,435 and \$22,000 as of December 31, 2018 and 2017, respectively. Interest expensed on this loan was \$5,435 and \$5,435 as of December 31, 2018 and 2017, respectively.	543,476	543,476

On April 3, 2014, the Partnership obtained a nonrecourse loan from the Parent Entity, 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 \$3,425 and \$2,475 as of December 31, 2018 and 2017, respectively. Interest expensed on this loan was \$950 and \$950 as of December 31, 2018 and 2017, respectively.		
	95,000	95,000
Less: unamortized debt issuance costs	(51,702)	(53,346)
Total	2,930,125	2,963,913
Less: current portion	(37,123)	(35,432)
Long-term notes payable \$	2,893,002	2,928,481

Aggregate maturities of the loans are approximated as follows:

	Principal	Interest
2019 \$	37,123	123,442
2020	38,899	121,666
2021	40,766	119,799
2022	42,729	117,836
2023	44,792	115,773
2024-2028	258,808	544,017
2029-2033	328,895	473,930
2034-2038	419,231	383,594
2039-2043	529,565	266,936
2044-2048	549,578	126,766
Thereafter	691,441	2,864
Less: Unamortized Debt Issuance Costs	(51,702)	-
Total \$	2,930,125	2,396,623

ROBLEDO RIDGE, LLLP
Notes To Financial Statements
For the Year Ended December 31, 2018, With Comparative Totals for 2017

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 5 – 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. Replacement reserve balances at December 31, 2018 and 2017 were as follows:

	2018	2017
Replacement Reserve	\$ <u>150,471</u>	<u>116,547</u>

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. Operating reserve balances at December 31, 2018 and 2017 were as follows:

	2018	2017
Operating Reserve	\$ <u>208,839</u>	<u>2,594</u>

NOTE 6 – 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 Partnership 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 Partnership 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.

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.

ROBLEDO RIDGE, LLLP
Notes To Financial Statements
For the Year Ended December 31, 2018, With Comparative Totals for 2017

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 Partnership 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, 2018 and 2017.

NOTE 7 – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Property Management Fee

In accordance with the subcontractor agreement, the Partnership has incurred property 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 \$42,449 and \$39,104 during 2018 and 2017. The amounts included in accounts payable that are due to UAH Property Management LP related to property management fees were \$3,802 and \$3,971 as of December 31, 2018 and 2017, respectively.

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 \$4,776 and \$4,637 were recognized during 2018 and 2017. The amounts due to the Limited Partner related to investor services fees were \$0 and \$0 as of December 31, 2018 and 2017, respectively.

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 \$15,523 and \$15,071 were recognized during 2018 and 2017. The amounts due to the General Partner related to partnership administrative fees were \$99,613 and \$84,090 as of December 31, 2018 and 2017, respectively.

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, 2018, \$331,756 of this fee has been paid. The amounts due related to development fees were \$800,883 and \$800,883 as of December 31, 2018 and 2017, respectively. Per the original agreement, the deferred portion of the development fee was expected to be \$494,711; however, due to the downward adjuster referenced in the limited partner contribution footnote an additional amount of the fee will be deferred. All deferred development fees 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. The long-term accrued interest was \$24,735 and \$19,788 as of December 31, 2018 and 2017, respectively.

ROBLEDO RIDGE, LLLP
Notes To Financial Statements
For the Year Ended December 31, 2018, With Comparative Totals for 2017

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 Partnership paid the Subcontractor for all payroll and benefits of \$95,988 and \$90,493 during 2018 and 2017. The Partnership also paid the Subcontractor for other fees related to compliance monitoring and payroll processing fees. These other Subcontractor fees were \$7,844 and \$7,031 during 2018 and 2017. The Subcontractor is also reimbursed for a few other 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. There are no amounts due to the Contractor or Subcontractor related to reimbursed expenses, including payroll, as of December 31, 2018 and 2017.

MVPHA Loans

See Note 4 for information related to debt owed to MVPHA, the parent entity.

NOTE 8 – 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 Partnership'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 Partnership is determined to be in violation of HUD rules or regulations.

NOTE 9 – ACCRUED EXPENSES

Accrued expenses consist of the following at year end:

	2018	2017
Accrued expenses - miscellaneous	\$ 3,476	-

NOTE 10 – CAPITALIZED COSTS

The costs incurred to obtain financing of the Project and to obtain tax credit fees have been capitalized:

	2018	2017
Tax credit fees	\$ 56,866	56,866
Financing costs	60,041	60,041
less: accumulated amortization	(28,874)	(23,439)
Net capitalized costs	\$ 88,033	93,468

Estimated amortization expense for each of the ensuing years through December 31, 2023 is \$5,435.

NOTE 11 – PROPERTY PURCHASE OPTION

According to the first amended and restated agreement of Limited Partnership, the General Partner has an option to purchase partnership property at the end of the low-income housing tax credit compliance period at a price which would facilitate the purchase while protecting the Partnership's tax benefits from

ROBLEDO RIDGE, LLLP
Notes To Financial Statements
For the Year Ended December 31, 2018, With Comparative Totals for 2017

the Project. Such option is based on the General Partner or sponsor maintaining the low-income occupancy of the Project and is in a form satisfactory to legal and accounting counsel.

NOTE 12 – TENANT ACCOUNTS RECEIVABLE

At December 31, 2018 and 2017 tenant accounts receivable consist of the following:

	<u>2018</u>	<u>2017</u>
Accounts Receivable-Tenants \$	3,084	13,743
Accounts Receivable-Subsidy	<u>100</u>	<u>100</u>
Total	<u><u>3,184</u></u>	<u><u>13,843</u></u>

NOTE 13 – SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through April 11, 2019 which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

Robledo Ridge, LLLP
Supplementary Information
Year Ended December 31, 2018

ROBLEDO RIDGE, LLLP
Supplementary Information Required by HUD
For the Year Ended December 31, 2018, With Comparative Totals for 2017

1. SCHEDULE OF RESERVE FOR REPLACEMENTS

	<u>2018</u>	<u>2017</u>
Balance at beginning of year	\$ 116,547	83,070
Total monthly deposit	33,708	33,182
Interest earned on reserve for replacement account (Net of service fees)	216	295
Balance at end of year	<u>\$ 150,471</u>	<u>116,547</u>

2. SCHEDULE OF OPERATING RESERVE

	<u>2018</u>	<u>2017</u>
Balance at beginning of year	\$ 2,594	2,593
Total deposit	206,245	-
Interest earned on reserve for replacement account (Net of service fees)	-	1
Approved withdrawals	-	-
Balance at end of year	<u>\$ 208,839</u>	<u>2,594</u>

3. SCHEDULE OF CHANGES IN FIXED ASSETS

	<u>2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>2018</u>
Land	\$ 586,168	-	-	586,168
Buildings	8,774,518	-	-	8,774,518
Land improvements	671,495	-	-	671,495
Furniture, fixtures & equipment	72,243	-	-	72,243
Total	<u>\$ 10,104,424</u>	<u>-</u>	<u>-</u>	<u>10,104,424</u>
Accumulated depreciation	\$ 1,153,824	263,518	-	1,417,342
Net book value	<u>\$ 8,950,600</u>			<u>8,687,082</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

ROBLEDO RIDGE, LLLP
Computation of Surplus Cash and Distributions
For the Year Ended December 31, 2018, With Comparative Totals for 2017

<u>Cash</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 480,727	279,229
Total cash	<u>480,727</u>	<u>279,229</u>
 Current obligations		
Accounts payable	5,445	5,446
Accrued interest	9,821	9,958
Accrued expenses	3,476	-
Deferred income	3,057	3,765
Tenant security deposits liability	<u>19,206</u>	<u>19,287</u>
Total current obligations	<u>41,005</u>	<u>38,456</u>
 Surplus cash (deficiency)	 \$ <u>439,722</u>	 <u>240,773</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

ROBLEDO RIDGE, LLLP
Schedule of Expenses
For the Year Ended December 31, 2018

	2018
OPERATING EXPENSES	
Administrative	
Salaries & wages	\$ 40,719
Professional services	19,196
Training	600
Compliance & monitoring fees	6,300
Professional management fees	42,449
Travel, meals, & entertainment	971
Telephone, cable, internet	3,296
Supplies & office expenses	9,971
Credit services	1,993
Bad debt & adjustments	5,501
Equipment & furniture	1,491
Dues, fees, & subscriptions	1,221
Advertising	580
Manager rent free unit	9,000
Postage	1,012
Inspections	2,670
Comparability study	2,750
Miscellaneous	479
Total administrative expenses	150,199
Utilities	
Electric	3,127
Gas	1,069
Water & sewer	13,502
Utility billing fee	377
Total utility expenses	18,075
Maintenance	
Maintenance payroll	33,866
Supplies	3,742
Landscape maintenance	22,095
Trash removal	2,419
Repair & maintenance	10,808
Service charges	786
Pest control	3,885
Appliances	4,745
Unit prep	2,911
Total maintenance expenses	85,257
Taxes & insurance	
Payroll taxes	8,108
Other taxes	2,645
Insurance	41,313
Total taxes & insurance	52,066
Financial expenses	
Interest	129,942
Mortgage Insurance Premium	9,543
Total financial expenses	139,485
Total Cost of Operating Expenses	445,082
NON-OPERATING EXPENSES	
Investor service fee	4,776
Partnership administration fee	15,523
Depreciation expense	263,518
Amortization expense	5,435
Total non-operating expenses	289,252
Total Expenses	734,334

The independent auditor's report and accompanying notes are an integral part of these financial statements.



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
Brian S. Colón, 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, 2018, 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 April 11, 2019.

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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency: 2018-001.

April 11, 2019

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*, continued

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Robledo Ridge'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*.

Robledo Ridge's Response to Findings

The Partnership's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Partnership's responses was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Hinkle & Landers, P.C.

Hinkle + Landers, PC
Albuquerque, NM
April 11, 2019



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
Brian S. Colón, 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, 2018. Robledo Ridge, LLLP's major HUD program is as follows:

Table with 2 columns: Name of Major HUD Programs, Direct and Material Compliance Requirements. Row 1: HUD Insured Mortgage, Fair housing and nondiscrimination, mortgage status, replacement reserve, distributions to owners, equity skimming, cash receipts, cash disbursements, tenant application, eligibility, and recertification, tenant security deposits, management functions, unauthorized change of ownership/acquisition of liabilities, and unauthorized loans of project funds.

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.

April 11, 2019

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, continued

Opinion on Each Major Federal Program

In our opinion, Robledo Ridge, LLLP complied, in all material respects, with the types of 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, 2018.

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.

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.

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.



Hinkle + Landers, PC
Albuquerque, NM
April 11, 2019

ROBLEDO RIDGE, LLLP
Schedule of Findings and Responses
For The Year Ended December 31, 2018

FINDINGS AND RESPONSES

<u>Finding</u>	<u>Prior Year Findings</u>	<u>Status of Prior Year Findings</u>	<u>Type of Finding*</u>
	None	n/a	n/a
<u>Finding</u>	<u>Current Year Findings</u>		
2018-001	Financial Close and Material Adjustments	Current	B

* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Finding That Does Not Rise to the Level of a Significant Deficiency (Other Matters)
 Involving Internal Control Financial Reporting
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Noncompliance of Federal Awards

ROBLEDO RIDGE, LLLP
Schedule of Findings and Responses
For The Year Ended December 31, 2018

2018-001—FINANCIAL CLOSE AND MATERIAL ADJUSTMENTS

Type of Finding: B

Statement of Condition

While conducting the audit, 7 adjustments were identified by the auditor that were required to be made, in order to present the financial statements materially correct. Based on the adjustments made, it was determined that Robledo Ridge should improve the effectiveness of its financial close, monitoring, and reporting process. The financial close should include, but not be limited to:

- Establishing and implementing procedures to initiate, authorize, record, process, and correct the general ledger, and report transactions and
- Monitoring if assigned personnel are completing their task timely and accurately.

The following outlines the significant category and significant adjustment that was proposed:

<u>Category</u>	<u>AJE</u>
Partner capital	201,791

Criteria

Some of the key underlying concepts of AU-C 265 Communicating Internal Control Related Matters Identified in an Audit:

- The auditor cannot be part of a client's internal control. Becoming part of a client's internal control impairs the auditor's independence
- What the auditor does is independent of the client's internal control over financial reporting. Therefore, the auditor cannot be a compensating control for the client.
- A system of internal control over the financial reporting does not stop at the general ledger; rather it includes controls over the review of the financial statements.

The Financial Close and recording these adjustments are considered significant processes of internal control and should be performed by Robledo Ridge's staff or addressed as nonaudit procedures to be performed by the auditor. All threats to independence must be properly mitigated according to independence requirements.

Cause

Robledo Ridge has not designed and implemented effective procedures and workpapers to ensure a timely and accurate financial close.

Effect

Because these adjustments were made/identified by the auditor, and not by Robledo Ridge, it shows an internal control weakness in maintaining the general ledger. The effects are the following:

- Risk of misstatements in the financial statements is significantly high
- Untimely financial reporting
- Increased risk of loss of funding sources

Recommendation

Management should evaluate all aspects of the financial close and reporting process and establish effective internal controls, procedures, and workpapers to ensure timely and accurate financial statements.

Asking for nonaudit services and technical advice from the auditor or from someone else when these procedures and adjustments are needed is not considered a control deficiency as long as the staff of Robledo Ridge initiates/oversees them and can mitigate the risk of a threat of lack of independence by the

ROBLEDO RIDGE, LLLP
Schedule of Findings and Responses
For The Year Ended December 31, 2018

auditor. This would entail a person with the proper skills, knowledge and experience initiate the financial close or oversee the auditor's nonattest services in accordance with independence requirements set forth by professional standards.

In addition, we recommend that Robledo Ridge review all trial balances prior to providing them to the auditor, during the audit process, when adjustments are proposed, and at the end of the audit to ensure correctness. Additionally, we recommend that Robledo Ridge ensure that all proposed adjustments by the auditor are reviewed by key officials and that they are approved prior to completion of the audit.

View of Responsible Officials and Corrective Action Plan

Procedure has been implemented for the client to provide all bank statements to UAH accounting to record transactions in a timely and accurate manner each month. UAH has requested on-line access to the bank accounts also. Accounting will follow up with client and asset management team quarterly to ensure critical information is communicated to the proper personnel.

Additionally, UAH should be opening all bank accounts related to the asset to ensure the account is included on the financial statements.

Corrective Action Plan Timeline

The Accountant will request the Asset Manager confirm with client or property representative that no new bank accounts have been opened during the period. If an account has been opened, UAH is to be provided with on-line access to view account or provided statements at least quarterly but preferably monthly. Adequate documentation is to be provided for funding of the account so UAH may properly record the transaction on the property's books. This corrective action plan will begin on June 15th 2019.

Designation of Employee Position Responsible for Meeting Deadline

The property accountant and asset manager are responsible for meeting the deadline.

ROBLEDO RIDGE, LLLP
Mortgagor's Certification
For the Year Ended December 31, 2018

We hereby certify that we have examined the accompanying financial statements and supplementary data of Robledo Ridge, LLLP as of December 31, 2018, and to the best of our knowledge and belief; the same are accurate and complete.

Signatories:



Juan Olvera, Executive Director
Mesilla Valley Public Housing Authority



Date

Auditee Information:

505-325-6515
Robledo Ridge, LLLP
1519 Medina Dr
Las Cruces, New Mexico 88007

**ROBLEDO RIDGE, LLLP
Management Agent's Certification
For the Year Ended December 31, 2018**

We hereby certify that we have examined the accompanying financial statements and supplementary data of Robledo Ridge, LLLP as of December 31, 2018, and to the best of our knowledge and belief; the same are accurate and complete.



Deborah Welchel, Vice President
UAH Property Management, LP

4-12-2019

Date

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

ROBLEDO RIDGE, LLLP
Exit Conference
For the Year Ended December 31, 2018

EXIT CONFERENCE

An exit conference was held on April 11, 2019, which was attended by the following:

Housing Authority Administration

Juan Olvera	Executive Director
Elizabeth Garcia	Comptroller

Hinkle + Landers, PC

Farley Vener, CPA	President and Shareholder
Maclen Enriquez, CPA	Senior Audit Manager
Rosetta Lee	Audit Staff

Preparation of Financial Statements

The financial statements presented in this report were compiled by the auditor Hinkle + Landers, PC. However, the contents of the financial statements remain the responsibility of management.