

**GREATER ALBUQUERQUE
HOUSING PARTNERSHIP
AND CONTROLLED AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS THEREON
FOR THE YEAR ENDED DECEMBER 31, 2018

RICHARD D. NEEL CPA PA
CERTIFIED PUBLIC ACCOUNTANT

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
AND CONTROLLED AFFILIATES
FOR THE YEAR ENDED DECEMBER 31, 2018**

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RICHARD D. NEEL CPA PA

CERTIFIED PUBLIC ACCOUNTANT

To the Board of Directors of
The Greater Albuquerque Housing Partnership

We have audited the accompanying consolidated financial statements of the Greater Albuquerque Housing Partnership and Controlled Affiliates (collectively referred to as "the Organization"), all of which are under common control and common management, and consist of a nonprofit organization and five limited partnerships which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated 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 consolidated financial statements based on our audit. We did not audit the financial statements of Plaza Feliz Limited Partnership LLLP, Plaza Ciudadana Limited Partnership LLLP, Cuatro Apartments Limited Partnership LLLP, Casa Feliz Limited Partnership LLLP, or Sterling Apartments Limited Partnership LLLP, all controlled affiliates, which combined statements reflect total assets of \$63,637,426, as of December 31, 2018, and total revenues and gains of \$2,346,661, for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the controlled affiliates listed above, is based solely on the reports of the other auditors. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 combined 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 combined 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, based on our audit and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2018, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary schedules one through nine, on pages 24 through 32, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated 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 August 20, 2019, on our consideration of the Organization'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 Organization's internal control over financial reporting and compliance.



August 20, 2019

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
AND CONTROLLED AFFILIATES**
Consolidated Statements of Financial Position
As of December 31, 2018

ASSETS	<u>Reference</u>	
Current Assets		
Cash and cash equivalents	Schedule 5	\$ 5,377,622
Cash restricted to project development	Schedule 5	566,991
Grant contracts receivable		91,484
Rent receivables		5,202
Financial guaranty receivable	Note 3	157,144
Prepaid expenses		18,238
Total Current Assets		<u>6,216,681</u>
Property and Equipment, net of accumulated depreciation	Schedule 3	59,877,195
Other Assets		
Tax credit fees, net of accumulated amortization	Schedule 6	259,157
Escrow deposits	Schedule 5	147,955
Cash restricted to tenant security deposits	Schedule 5	118,377
Cash restricted for replacement/operating reserves	Schedule 5	999,741
Vacant lots held for project investment	Note 4	210,000
Work in progress, project investment	Schedule 7	41,514
Notes receivable from homebuyers	Note 5	330,566
Organizational costs		15,000
Endowment fund created by board	Note 6	37,725
Total Other Assets		<u>2,160,035</u>
Total Assets		<u><u>68,253,911</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable, accrued expenses		801,852
Notes payable, current portion	Schedule 4	8,709,352
HUD reimbursement liability	Note 7	210,000
Deferred rent received	Note 8	27,468
Total Current Liabilities		<u>9,748,672</u>
Notes payable, net of deferred financing costs and current portion	Schedule 4	18,754,238
Tenant security deposits	Note 8	110,180
Deferred revenue	Note 9	117,600
Total Liabilities		<u>28,730,690</u>
Net Assets, Without Donor Restrictions		
Without donor restrictions		39,505,496
Without donor restrictions, designated for endowment fund	Note 6	37,725
		<u>39,543,221</u>
Less: Casa Feliz and Sterling Apartments Limited Partnership LLLP syndication costs		(20,000)
Total Net Assets		<u>39,523,221</u>
Total Liabilities and Net Assets		<u><u>68,253,911</u></u>

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
AND CONTROLLED AFFILIATES**
Consolidated Statement of Activities
For The Year Ended December 31, 2018

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

Revenues and gains

Rental income	\$	2,272,832
Tenant services income		47,137
Forgiveness of debt (net)		617,713
Other income		52,931
Investment income		5,795
Total Revenues and Gains Without Donor Restrictions		2,996,408

Net assets released from restrictions:

Restriction satisfied by services provided		29,337
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**Total Revenues, Gains, and Other Support Without Donor
Restrictions**

3,025,745

Expenses

Program		4,670,731
General and Administrative		227,154
Total Expenses		4,897,885

DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS (1,872,140)

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:

Grant support		29,337
Net assets released from donor restrictions		(29,337)

INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS -

DECREASE IN NET ASSETS (1,872,140)

NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR

Greater Albuquerque Housing Partnership	3,256,329	
Other limited partners in controlled partnerships	36,081,699	39,338,028

CAPITAL CONTRIBUTIONS

Greater Albuquerque Housing Partnership	-	
Other limited partners in controlled partnerships	2,077,333	2,077,333

CAPITAL DISTRIBUTIONS

Greater Albuquerque Housing Partnership	-	
Other limited partners in controlled partnerships	-	-

NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR

Greater Albuquerque Housing Partnership	3,510,608	
Other limited partners in controlled partnerships	36,032,613	39,543,221

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
AND CONTROLLED AFFILIATES**
Consolidated Statement of Functional Expenses
For The Year Ended December 31, 2018

	Program Services						Supporting Services			
	Plaza Feliz	Plaza Ciudadana	Cuatro Apts	Casa Feliz	Sterling Apts	Affordable Housing Program	Total Program	Mgmt. General	Eliminations	Total Expense
Salaries	\$ 69,107	70,375	70,332	64,710	28,407	286,930	589,861	71,733	-	661,594
Payroll taxes	5,697	5,801	6,170	5,360	2,623	22,412	48,063	5,603	-	53,666
Employee benefits	4,940	8,684	17,374	8,769	4,587	39,956	84,310	9,989	-	94,299
Total personnel expenses	79,744	84,860	93,876	78,839	35,617	349,298	722,234	87,325	-	809,559
Administration expense, other	14,714	16,257	46,937	48,491	44,844	-	171,243	-	-	171,243
Advertising, marketing	-	-	-	-	57,786	-	57,786	-	-	57,786
Bad debts	3,158	1,192	-	2,376	1	-	6,727	-	-	6,727
Contractual services	8,214	7,586	7,579	3,834	104	50,319	77,636	12,580	-	90,216
Conferences, seminars	1,500	1,472	-	-	-	6,925	9,897	1,731	-	11,628
Donations	-	-	-	-	-	1,300	1,300	-	-	1,300
Entity fees	46,339	-	-	-	-	-	46,339	-	(40,429)	5,910
Interest, fees	72,344	49,441	7,478	149,625	84,866	-	363,754	-	-	363,754
Insurance	12,560	18,195	24,901	-	-	5,587	61,243	1,397	-	62,640
Land lease	-	-	-	-	-	-	-	-	-	0
Meals, entertainment	-	-	-	-	-	1,385	1,385	346	-	1,731
Miscellaneous	-	-	-	-	-	22,234	22,234	5,558	-	27,792
Occupancy	-	-	-	-	-	13,689	13,689	3,422	-	17,111
Operating, maintenance expense	98,593	75,820	65,951	121,149	19,168	-	380,681	-	(25,750)	354,931
Project expenses written off	-	-	-	-	-	-	-	110,720	-	110,720
Project expenses-other	-	-	-	-	-	29,012	29,012	-	-	29,012
Recruiting	-	-	-	-	-	277	277	69	-	346
Social services expenses	20,005	20,000	4,603	21,792	-	-	66,400	-	(66,400)	0
Supplies	-	-	-	-	-	4,489	4,489	1,122	-	5,611
Taxes, real estate and other	34,205	36,434	76,821	111,075	-	-	258,535	-	-	258,535
Telecommunications	6,003	7,265	6,812	-	-	8,303	28,383	2,076	-	30,459
Travel	-	-	-	-	-	2,134	2,134	534	-	2,668
Utilities	53,913	95,480	48,184	100,907	19,132	-	317,616	-	-	317,616
Totals before depreciation	451,292	414,002	383,142	638,088	261,518	494,952	2,642,994	226,880	(132,579)	2,737,295
Depreciation, amortization	304,264	405,557	328,173	841,441	283,783	1,098	2,164,316	274	(4,000)	2,160,590
Total expenses	755,556	819,559	711,315	1,479,529	545,301	496,050	4,807,310	227,154	(136,579)	4,897,885

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

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
AND CONTROLLED AFFILIATES**
Consolidated Statements of Cash Flows
For The Year Ended December 31, 2018

Cash Flows Provided (Used) By Operating Activities:		
Change in Net Assets (deficit)	\$	<u>(1,872,140)</u>
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation, amortization		2,160,590
Loss on project abandoned		110,720
Income from forgiveness of debt		(617,713)
Increase in accounts receivable		(92,335)
Decrease in project land, construction in progress		7,085,645
Increase in prepaid expenses		(9,345)
Increase in cash restricted to deposits, reserves		(450,598)
Decrease in accounts payable, accrued expenses		(465,102)
Decrease in deferred rent		(22,090)
Increase in tenant deposit liability		30,247
Total adjustments		<u>7,730,019</u>
Net cash provided (used) by operating activities		5,857,879
Cash Flows Provided (Used) By Investing Activities:		
Decrease in cash restricted for Sterling Project		69,549
Increase in endowment funds		(2,936)
Purchase of property and equipment		(12,648,587)
Increase in tax credit fees capitalized		(21,798)
Net cash provided (used) by investing activities		<u>(12,603,772)</u>
Cash Flows Provided (Used) By Financing Activities:		
Partner capital contributions		2,077,333
Proceeds from issuance of debt obligations		6,697,413
Syndication costs paid		(10,000)
Repayment of debt obligations		(193,840)
Net cash provided (used) by financing activities		<u>8,570,906</u>
Net increase (decrease) in cash and cash equivalents		<u>1,825,013</u>
Cash and cash equivalents, beginning of year		<u>3,552,609</u>
Cash and cash equivalents, end of year		<u><u>5,377,622</u></u>

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amounts.

Cash was used for:	Payment of interest expensed	<u>363,754</u>
	Payment of income taxes	<u>-</u>

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

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
AND CONTROLLED AFFILIATES
Notes To Consolidated Financial Statements
For The Year Ended December 31, 2018**

NOTE 1: NATURE OF OPERATIONS

A: Parent Organization

The Greater Albuquerque Housing Partnership (GAHP) is a nonprofit organization incorporated in New Mexico in 1993. The stated mission of GAHP is to raise the economic and social levels of residents of Albuquerque, New Mexico by providing affordable housing opportunities. It is primarily funded through federal, state, and local government grants, loans, and other assistance, and developer fees earned from the development of low-income housing projects. Primary organizational activities include the development and management of multifamily rental properties, and community educational activities.

The sources of financing are restricted and governed by a variety of statutory and regulatory requirements. As such, GAHP's multifamily rental properties have legal structures separate and distinct from GAHP through the use of limited partnerships.

B: Principles of Consolidation (Controlled Affiliates)

The consolidated financial statements include the accounts of GAHP, Plaza Feliz Limited Partnership, Plaza Ciudadana Limited Partnership, Cuatro Apartments Limited Partnership, Casa Feliz Limited Partnership, and Sterling Apartments Limited Partnership. Intercompany accounts and transactions for these entities and been eliminated in the preparation of the consolidated financial statements. Collectively, the consolidated entity is referred to as the "Organization".

C: Board of Directors

GAHP and all controlled entities are governed by the same Board of Directors. The Board Members have the responsibility for determining policy and for the execution and evaluation of programs and activities conducted by the Organization. GAHP's board is composed of six or more members. Board members are selected based upon the geographic, cultural, economic, and business interests of GAHP. The term served by a Board Member is two years, with no term limits.

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
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Notes To Consolidated Financial Statements
For The Year Ended December 31, 2018**

D: Consolidation of Limited Partnerships

FASB 810-20-25 (FASB 810) includes a presumption that a general partner controls the partnership no matter what the ownership interest is and requires the sole general partner in a limited partnership to consolidate the partnership unless the presumption of control is overcome.

GAHP evaluated its relationship with the limited partnerships in which it is currently the general partner and determined the presumption of control, as defined by FASB 810 could not be overcome. Therefore, GAHP has consolidated the assets, liabilities, and results of operations and recorded its general partner percentage of ownership in these limited partnerships.

E: Limited Partnerships

GAHP is the General Partner in five (5) for-profit housing development affiliates. The Partnerships were organized to construct and manage housing projects in Albuquerque, New Mexico. Under the terms of the agreements, the General Partner is entitled to approximately .01% or less of distributable cash, profits, and losses plus reimbursement of expenses. The Limited Partners retain ownership of the remaining approximate 99.99% of the projects. Under the terms of the agreements, the Limited Partners are entitled to tax credits over 15 years. At the expiration of the tax credit period, GAHP has the option to purchase the housing projects at a substantially discounted rate. All five projects are funded primarily with tax credits and to a lesser extent from government grants and loans. GAHP was involved in the development of these projects and received development fees, and other management and project fees.

F: Controlled Affiliates

The controlled affiliates consist of the five limited partnerships. The determinations of why and when affiliates should be consolidated are discussed below. The following affiliates are controlled affiliates of GAHP and have been consolidated in these financial statements.

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
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Notes To Consolidated Financial Statements
For The Year Ended December 31, 2018**

Plaza Feliz Limited Partnership

Plaza Feliz Limited Partnership (Plaza Feliz), is a for-profit partnership, and owns and operates a multi-family apartment complex including 55 low-income units, 10 market rate units, one non-revenue manager's unit, a daycare facility and a rental office. Although the partnership was created as a separate organization apart from GAHP, it meets the requirements of being a controlled affiliate of GAHP under FASB 810 and therefore, its accounts have been consolidated and presented as a whole with GAHP.

GAHP is the general partner of Plaza Feliz and owns .01% of the partnership. The limited partner investor is a large financial institution that owns the remaining 99.99%.

GAHP has loaned \$2,824,900 to Plaza Feliz for project construction. These funds were provided to GAHP by the City of Albuquerque, including pass through of \$1,850,000 in HUD funds. GAHP owns and leases the land to Plaza Feliz, which secured by a \$620,000 mortgage note payable to the City of Albuquerque. The land lease is for 99 years at \$100 per annum.

Plaza Ciudadana Limited Partnership

Plaza Ciudadana Limited Partnership (Plaza Ciudadana), a for-profit partnership, owns and operates a multi-family apartment complex including 56 low-income units, 11 market rate units, and one non-revenue manager's unit. Although the partnership was created as a separate organization apart from GAHP, it meets the requirements of being a controlled affiliate of GAHP under FASB 810 and therefore, its accounts have been consolidated and presented as a whole with GAHP.

GAHP is the general partner of Plaza Ciudadana and owns .01% of the partnership. The limited partner investor is a large financial institution that owns the remaining 99.99%.

GAHP has loaned \$974,697 to Plaza Ciudadana for project construction. These funds were provided to GAHP by the City of Albuquerque. GAHP owns and leases the land to Plaza Ciudadana, which secured by a \$940,000 mortgage note payable to the City of Albuquerque. The land lease is for 99 years at \$100 per annum.

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
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Notes To Consolidated Financial Statements
For The Year Ended December 31, 2018**

Cuatro Apartments Limited Partnership

Cuatro Apartments Limited Partnership (Cuatro Apts.), a for-profit partnership, owns and operates a multi-family apartment complex including 55 low-income units and one non-revenue manager unit. Although the partnership was created as a separate organization apart from GAHP, it meets the requirements of being a controlled affiliate of GAHP under FASB 810 and therefore, its accounts have been consolidated and presented as a whole with GAHP.

GAHP is the general partner of Cuatro Apts. and owns .01% of the partnership. The investor limited partner is a large financial institution which owns the remaining 99.99%

GAHP has loaned \$2,416,000 to Cuatro Apts. for project construction. These funds were provided to GAHP by the City of Albuquerque, which was a pass through of \$2,416,000 in HUD funds.

Casa Feliz Limited Partnership

Casa Feliz Limited Partnership (Casa Feliz), a for-profit partnership, owns and operates multi-family housing on scattered sites, including 88 low-income units and one non-revenue manager unit. Although the partnership was created as a separate organization apart from GAHP, it meets the requirements of being a controlled affiliate of GAHP under FASB 810 and therefore, its accounts have been consolidated and presented as a whole with GAHP.

GAHP is the general partner of Casa Feliz and owns .01% of the partnership. The limited partner investor is a large financial institution that owns the remaining 99.99%

GAHP has loaned \$2,800,000 to Casa Feliz for project construction. These funds were provided to GAHP by the City of Albuquerque. GAHP owns and leases the land to Casa Feliz, which secured by a \$355,800 mortgage note payable to the City of Albuquerque. The land lease is for 99 years. There was a prepayment of \$80,000 for the first 20 years that is being amortized at \$4,000 per year. The lease amount will be set at a fair rental value after that time.

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
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Notes To Consolidated Financial Statements
For The Year Ended December 31, 2018**

Sterling Apartments Limited Partnership

Sterling Apartments Limited Partnership (Sterling Apts.), a for-profit partnership, owns and operates a multi-family apartment complex including 106 low-income units and one non-revenue manager unit. This project was under construction during 2017. Although the partnership was created as a separate organization apart from GAHP, it meets the requirements of being a controlled affiliate of GAHP under FASB 810 and therefore, its accounts have been consolidated and presented as a whole with GAHP.

GAHP is the general partner of Sterling Apts. and owns .01% of the partnership. The limited partner investor is a large financial institution that owns the remaining 99.99%

GAHP has loaned \$4,000,000 to Sterling Apts. for project construction. These funds were provided to GAHP by the City of Albuquerque.

The land is leased from Bernalillo County.

Construction and all other requirements had not been met for this project by year-end, and therefore the rental period and activity had not yet begun at year-end. Construction was completed, and the project was occupied in 2018.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A: Income Tax Status

GAHP is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and is not considered a private foundation within the meaning of Section 509(A) of the Code.

The limited partnerships, Plaza Feliz, Plaza Ciudadana, Cuatro Apts, Casa Feliz, and Sterling Apts are each taxed as a for-profit partnership. Taxable income or loss passes through to, and is reportable by the partners individually. The general partner for each partnership is a single-member LLC owned by GAHP, and is therefore a disregarded entity as defined by the Internal Revenue Code.

Open audit periods for all entities include the tax years 2014 through 2018.

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
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Notes To Consolidated Financial Statements
For The Year Ended December 31, 2018**

B: Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenues are recognized when earned rather than when received, and expenses are recognized when the related liability is incurred rather than when paid.

C: Basis of Presentation

The Organization prepares financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and 958-605, and subsections, as amended by ASU 2016-14 *Not-For-Profit Entities (Topic 958) Presentation of Financial Statements of Not-For-Profit Entities*. Under the guidance expressed in these statements, an organization's net assets and its revenues, expenses, gains, and losses are classified based on whether they are restricted by donors. Amounts for each of these two classes of net assets, with donor restrictions and without donor restrictions, are required to be displayed in a statement of financial position and amounts of change in each of these classes of net assets are required to be displayed in a statement of activities. Recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expire is required. Expirations of restrictions that simultaneously increase one class of net assets and decrease another (reclassifications) are reported separately from other transactions in the statement of activities.

The Organization had no donor-imposed restrictions at the beginning or end of the year. All donor-imposed restrictions related to support received during the year had been met during the year.

There was an endowment fund designated by the Board of Directors in a prior year. This fund was not restricted by outside donors, and is therefore included as an unrestricted, but board designated, net asset.

D: Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
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Notes To Consolidated Financial Statements
For The Year Ended December 31, 2018**

make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E: Statement of Cash Flows

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

F: Impairment of Long-Lived Assets

The Organization accounts for long-lived assets in accordance with the provisions of FASB ASC 360-10 and subsections. ASC 360-10 requires that long-lived assets be reviewed for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount of the fair value less costs to sell. Management does not believe impairment indicators are present as of December 31, 2018.

G: Uncertain Tax Positions

There were no uncertain tax positions at December 31, 2018 in the opinion of management.

H: Fair Value Measurements

FASB ASC 820-10 and subsections establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quotes prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those instruments. The three levels of the fair value hierarchy under FASB ASU 820-10 are as follows:

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
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For The Year Ended December 31, 2018**

Level 1: Valuations for assets and liabilities traded in active exchange markets, such as public stock exchanges. Level 1 also includes government securities traded by dealers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities. There were no assets or liabilities to be disclosed for this category.

Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities. This category was used for project real estate.

Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models, and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned. This category was used for the endowment fund assets.

I: Property and Equipment

Property and equipment is carried at cost or, if donated, at the approximate fair value at date of donation. Depreciation is computed primarily using the straight-line method. The Organization capitalizes all expenditures for property and equipment with a cost of \$1,000 or more, with smaller expenditures expensed in the year of acquisition. Groups of assets purchased together will be capitalized as a group even if individual items are under the \$1,000 threshold. Depreciation lives range from five to 40 years, based on the estimated useful lives of the assets. Repairs and maintenance expenses are charged to operations as incurred.

J: Contributions of Goods and Services

Donations of property, equipment, and goods are recorded as assets and contribution support at their estimated fair value at date of donation. Donations of services are recorded at fair value, unless fair value cannot be objectively determined, such as the donation of board member service. There were no significant donated goods, property, equipment, or services, except board member services, received during the year.

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
AND CONTROLLED AFFILIATES
Notes To Consolidated Financial Statements
For The Year Ended December 31, 2018**

K: Promises, Pledges to Give

Promises and pledges to give contributions are recognized upon notification of a donor's unconditional promise to give to the Organization. Contributions that are donor-restricted are recorded as increases in restricted net assets until the donor restriction expires. When a donor restriction expires because a stipulated time or purpose restriction is met, the restricted net assets are reclassified to unrestricted net assets. There were not restricted net assets received during the year, or present at year-end.

L: Accounts Receivable, Allowance for Doubtful Accounts

Management considers all receivables to be collectible at year-end, and therefore no allowance for doubtful accounts is maintained. Bad debts in the total amount of approximately \$6,700 were recognized during the year. These were all small amounts of uncollected rents in the rental projects.

M: Expense Allocations

The costs of providing various programs have been summarized on a functional basis in the consolidated statement of activities and the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

N: Accrued Wages and Benefits

Employees of the Organization earn wages and annual leave based on stated policies. Earned but unpaid wages and compensated absence leave are payable to the employee upon termination and accrued and shown as a liability on the statement of financial position, and the related change in liability is reflected as an expense in the year of change.

O: Controlled Affiliates Inter-Organization Receivables and Payables

During the course of operations, numerous transactions occur between GAHP and the controlled affiliates. The result is that certain amounts are owed to and from GAHP and the controlled affiliates. Inter-Organization receivables and payable are eliminated in the Consolidated Financial Statements.

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
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For The Year Ended December 31, 2018**

P: Tax Credits

Each limited partnership's low-income housing tax credits are contingent on their ability to maintain compliance with applicable sections of Section 42 of the Internal Revenue Code. Failure to maintain compliance with occupant eligibility, unit gross rents, or to correct noncompliance within a specified time period with respect to the "low-income" units, could result in the recapture of previous taken tax credits, plus interest. As of December 31, 2018, the Organization appeared to be in compliance with IRC Section 42.

Q: Operating and Replacement Reserves

The limited partnerships have, or are in the process of establishing reserves in accordance with agreements and loan documents. Funds in the reserve accounts are intended to be used to fund operation and debt service deficits, or to fund major repairs, capital expenditures and replacement of capital items in the apartment buildings. Interest earned on the replacement reserve, if any, shall be added to the replacement reserve.

R: Risks, Contingencies

The Organization is required to comply with Internal Revenue Code Section 42 regulations related to its low-income housing developments. The Organization is also required to comply with loan and grant provisions with federal, state, and local governments. Failure to meet certain tests related to these regulations could result in the return of low-income tax credits, the return of loan or grant proceeds, and could result in the revocation of GAHP's 501(c)(3) tax exempt status.

Certain grants received in prior years require fulfillment of certain conditions as set forth in grant agreements and may be subject to audit. Failure to fulfill the conditions could result in the return of funds to grantors. Management does not expect to return any significant grant funds from prior years due to not fulfilling grant conditions, however, certain grant amounts received from the U.S. Department of Housing and Urban Development passed through the City of Albuquerque were to be returned as a result of a program audit during the year. See discussion of this matter at Note 7.

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
AND CONTROLLED AFFILIATES
Notes To Consolidated Financial Statements
For The Year Ended December 31, 2018**

NOTE 3: FINANCIAL GUARANTY RECEIVABLE

In a prior year GAHP made a financial guaranty deposit on behalf of the Sterling Apartments project that would be refundable upon completion of construction and meeting certain requirements. This project was completed during the prior year and the deposit in the amount of \$157,444 is expected to be refunded in 2019.

NOTE 4: VACANT LOTS HELD FOR RESALE

In prior year projects GAHP acquired groups of single-family home lots. Programs to develop single-family homes were discontinued in prior years due to changing residential home market conditions. GAHP is attempting to sell or return the lots. These lots are valued using Level 2 fair values inputs.

NOTE 5: NOTES RECEIVABLE FROM HOMEBUYERS

Mortgage notes receivable from homebuyers include \$330,566 due from 23 purchasers of homes in prior years. These notes have no interest provision and are due only upon the sale of the homes by the original purchasers. They are secured by mortgages on the related properties. They are intended as incentives for the original purchasers to continue to occupy the homes, especially where the market value at the purchase date exceeded the purchase price. Because the notes are secured by the homes, management considers the possibility of any future material losses to be unlikely, and therefore no allowance for bad debts has been recorded.

NOTE 6: ENDOWMENT FUND

An endowment fund was created in a prior year to honor certain board members and employees of the Organization for exemplary service, and to provide funds restricted to charitable, scientific, or educational grants to support the activities of the Organization. The fund was board designated, and has received no funds that were donor restricted, and is therefore considered part of net assets without donor restrictions. The fund is held and administered under an agreement with the Albuquerque Community Foundation (ACF). This agreement stipulates that the fund shall be the property of ACF in its corporate capacity, and not deemed a trust fund held by ACF in a trustee capacity. All gifts to the fund are irrevocable. ACF has ultimate authority and control over all endowment property held and the

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
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Notes To Consolidated Financial Statements
For The Year Ended December 31, 2018**

income derived. ACF may commingle the property of the endowment fund with other funds of the foundation for investment purposes. Distributions from the fund shall be as stated in ACF's distribution policy. The Organization is notified annually of the endowment funds available for distribution, and the Organization then directs whether a distribution is made.

The beginning fair value of the endowment fund was \$34,789. There was net investment income of \$2,936. There were no contributions or distributions from the fund during the current year, resulting in an ending fair value of \$37,725.

The endowment fund was valued using level 3 fair value inputs.

NOTE 7: HUD REIMBURSEMENT LIABILITY

During the prior year the U.S. Department of Housing and Urban Development (HUD) conducted an audit of projects in Albuquerque receiving grants and loans in prior years passed through the City of Albuquerque. Certain single family residential projects funded by HUD in prior years were never fully completed due to changes in the housing markets. HUD determined this was in violation of their previous agreements and directed funds in the total amount of \$553,829 to be repaid. This included notes payable to HUD on GAHP's books in the total amount of \$321,870. GAHP made a cash payment against this liability in the amount of \$343,829 during the year, leaving an unpaid balance of \$210,000. It is GAHP's intention to repay this final balance of \$210,000 in 2019 by returning the remaining HUD project land valued on GAHP's books at \$210,000. This proposal has not yet been accepted by the City of Albuquerque at the date of this audit report.

NOTE 8: DEFERRED RENT, TENANT SECURITY DEPOSITS RECEIVED

Rents received in the limited partnership apartment projects in advance are recorded as deferred rent liabilities.

Tenant security deposits received in the limited partnership apartment projects are recorded as tenant security deposit liabilities.

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
AND CONTROLLED AFFILIATES
Notes To Consolidated Financial Statements
For The Year Ended December 31, 2018**

NOTE 9: DEFERRED REVENUE

In prior years, GAHP encumbered four homebuyers with a third mortgage requiring each homebuyer to pay GAHP \$29,400 upon the subsequent sale of their homes. This action was taken to prevent buyers of certain homes sold at below market prices from reselling the homes at a quick profit, which was contrary to the goal of providing affordable housing to qualified individuals. The total amount of this deferred revenue was \$117,600.

NOTE 10: PENSION PLAN

GAHP provides a defined contribution pension plan (SIMPLE plan). Employer contributions are limited to 3% of eligible employee compensation. Approximately \$9,100 in employer contributions were made during the year.

NOTE 11: OPERATING LEASES

GAHP has executed operating leases for the rental of an office facility and equipment. Current year rental expense was approximately \$14,250. Future minimum rental obligations under these leases are \$18,342 for 2019, \$18,710 for 2020, \$18,090 for 2021, \$18,218 for 2022, \$3,045 for 2023, and none thereafter.

NOTE 12: ECONOMIC DEPENDENCY

Approximately 75% of the consolidated Organization's revenues are apartment tenant rental fees.

NOTE 13: CREDIT RISK CONCENTRATION

GAHP, Plaza Feliz, and Sterling Apartments had deposits in high quality financial institutions in excess of the limits insured by the Federal Deposit Insurance Corporation (FDIC). The combined amount in excess of the insured limit was approximately \$4,600,000 at year-end. The balances in these accounts fluctuated during the year. The consolidated Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash bank deposits.

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
AND CONTROLLED AFFILIATES
Notes To Consolidated Financial Statements
For The Year Ended December 31, 2018**

NOTE 14: BELOW MARKET INTEREST LOANS:

Certain notes payable and notes receivable include zero interest provisions that are below interest rates that were normally prevailing for similar notes at the inception date. Because the Organization, as a community development organization, is unable to ascertain what the fair interest rate would be under the circumstances of each individual loan, no provision for the amount of the foregone interest expense, or interest income, and the related lender contribution revenue, or recipient donation expense, has been recorded or presented in these financial statements.

NOTE 15: RELATED PARTY TRANSACTIONS:

All transactions between GAHP, and each of the limited partnerships have been eliminated in these consolidated financial statements.

Plaza Cuidana Limited Partnership is liable to its limited partner investor pursuant to a note payable with a year-end balance of \$665,532.

Cuatro Apartments Limited Partnership received a capital contribution from its limited partner in the total amount of \$559,673 during the year.

Casa Feliz Limited Partnership is liable to its limited partner investor pursuant to a note payable with a year-end balance of \$579,400.

Casa Feliz Limited Partnership received an equity capital contribution from its limited partner investor in the total amount of \$1,517,660 during the year.

Sterling Apartments Limited Partnership is liable to its limited partner investor pursuant to a construction note payable with a year-end balance of \$8,862,648.

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
AND CONTROLLED AFFILIATES
Notes To Consolidated Financial Statements
For The Year Ended December 31, 2018**

NOTE 16: INCA STREET PROJECT:

During the year GAHP entered into contracts with a municipality to rehabilitate an apartment building intended to be used by another non-profit organization that is dedicated to providing services for families affected by domestic abuse. GAHP will only provide services to manage the project construction and rehabilitation for a fee, and will never own any of the project real estate. When the project is completed, ownership of the project real estate will be transferred to the non-profit organization by the municipality, including the land owned by the municipality.

GAHP will receive a fee for managing the project in the amount of approximately \$200,000.

GAHP has executed construction loans in the total amount of \$2,400,000 with the municipality to be used for project construction. The loans will be financed by the U.S. Department of Housing and Urban Development HOME program. GAHP will draw down these loans to finance construction of the project periodically as construction is completed. Construction is expected to be completed in 2019.

During the construction, a problem was encountered. GAHP's contract with the municipality required the contractor provide a performance bond in the amount of \$2,400,000. The contractor failed to obtain this performance bond or obtain a letter of credit in lieu of a performance bond. GAHP agreed to provide a letter of credit in the amount of \$2,400,000 to the municipality in lieu of a performance bond. GAHP acquired this letter of credit subsequent to year-end from a bank, and this arrangement was approved by the municipality.

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
AND CONTROLLED AFFILIATES
Notes To Consolidated Financial Statements
For The Year Ended December 31, 2018**

NOTE 17: SUBSEQUENT EVENTS:

Significant subsequent events occurring through the report date are as follows:

GAHP:

GAHP executed a development agreement with a municipality for \$2,400,000 to rehabilitate a 12 unit apartment building in the City of Albuquerque. The project rehabilitation is expected to commence in 2018 and be completed in 2019.

GAHP expended approximately \$69,000 on this project in 2018, and has expended approximately \$262,000 in 2019 through the date of this report. GAHP executed a letter of credit with a bank in the amount of \$2,400,000 and provided it to the municipality in lieu of a performance bond.

STERLING APARTMENTS:

The Sterling Apartments project construction was completed in July, 2018. Rental activities commenced after the construction was completed.

The \$8,600,000 construction loan outstanding at December 31, 2018 was refinanced. A capital contribution from the limited partner was used to retire part of this debt in the amount of \$5,000,000 in May of 2019. A loan from GAHP in the amount of \$500,000, from "cash restricted to project development", was used to retire part of this debt. The remaining \$3,100,000 was converted to permanent financing as follows:

4.85% note payable to a bank, due in equal monthly installments of \$15,350, including interest, until May 13, 2034 when the principal balance is due (approximately \$2,365,000), secured by project real estate. Principal will be due as follows: \$17,097 in 2019, \$35,461 in 2020, \$37,199 in 2021, \$39,065 in 2022, \$41,003 in 2023, and \$2,930,175 thereafter

NOTE 18: MANAGEMENT REVIEW:

The Organization has evaluated subsequent events through August 20, 2019, the date that the financial statements were available to be issued.

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
AND CONTROLLED AFFILIATES**
Combining Schedule of Financial Position of Consolidated Entities
As of December 31, 2018

Schedule 1

Notes	Greater Albuquerque Housing Partnership	Plaza Feliz Limited Partnership	Plaza Ciudana Limited Partnership	Cuatro Apartments Limited Partnership	Casa Feliz Limited Partnership	Sterling Apartments Limited Partnership	Combined Totals	Eliminations	Consolidated TB
Cash in Bank	\$ 4,214,812	335,199	177,644	9,954	139,602	500,411	5,377,622	-	5,377,622
Cash restricted to project	566,991	-	-	-	-	-	566,991	-	566,991
Accounts, grants receivable	91,484	-	-	-	-	-	91,484	-	91,484
Rent receivables	-	459	1,116	-	2,579	1,048	5,202	-	5,202
Financial guaranty receivable	157,144	-	-	-	-	-	157,144	-	157,144
Prepaid expense	3,714	8,264	-	-	6,260	-	18,238	-	18,238
Total Current Assets	5,034,145	343,922	178,760	9,954	148,441	501,459	6,216,681	-	6,216,681
Property and Equipment, net	1,974,782	8,581,147	10,770,788	11,627,438	14,099,215	12,823,825	59,877,195	-	59,877,195
Tax credit fees, net	-	31,186	60,884	67,007	79,010	21,070	259,157	-	259,157
Escrow deposits	-	8,484	101,968	37,503	-	-	147,955	-	147,955
Cash restricted to tenant deposits	-	23,265	22,530	13,650	28,087	30,845	118,377	-	118,377
Cash restricted to reserves	-	372,323	302,791	33,857	290,770	-	999,741	-	999,741
Vacant lots held for investment	210,000	-	-	-	-	-	210,000	-	210,000
Work in progress, project	41,514	-	-	-	-	-	41,514	-	41,514
Notes receivable, homebuyers	330,566	-	-	-	-	-	330,566	-	330,566
Organizational costs	-	10,000	5,000	-	-	-	15,000	-	15,000
Endowment fund	37,725	-	-	-	-	-	37,725	-	37,725
Total Other assets	619,805	445,258	493,173	152,017	397,867	51,915	2,160,035	-	2,160,035
Controlled affiliate assets	(33,019)	-	-	379,247	1,043,000	1,590,000	2,979,228	(2,979,228)	-
Controlled affiliate receivables	1,817,498	-	-	-	-	-	1,817,498	(1,817,498)	-
Controlled affiliate notes receivable	13,015,597	-	-	-	-	-	13,015,597	(13,015,597)	-
Total Assets	22,428,808	9,370,327	11,442,721	12,168,656	15,688,523	14,967,199	86,066,234	(17,812,323)	68,253,911
Accounts payable, accrued exp.	51,202	39,325	19,937	63,497	191,095	436,796	801,852	-	801,852
Notes payable, current portion	-	9,400	16,872	25,242	53,551	8,604,287	8,709,352	-	8,709,352
HUD reimbursement liability	210,000	-	-	-	-	-	210,000	-	210,000
Deferred rent received	-	2,763	4,861	2,295	3,591	13,958	27,468	-	27,468
Total Current Liabilities	261,202	51,488	41,670	91,034	248,237	9,055,041	9,748,672	-	9,748,672
Notes payable, net	15,522,494	1,002,567	793,111	192,913	984,792	258,361	18,754,238	-	18,754,238
Tenant security deposits	-	21,250	19,465	13,067	25,823	30,575	110,180	-	110,180
Deferred revenue	117,600	-	-	-	-	-	117,600	-	117,600
Controlled affiliates payables	3,036	46,339	7,480	86,664	61,931	1,542,500	1,747,950	(1,747,950)	-
Controlled affiliates notes payable	-	2,824,900	974,696	2,416,000	2,800,000	4,069,549	13,085,145	(13,085,145)	-
Controlled affiliates deferred lease	68,000	-	-	-	-	-	68,000	(68,000)	-
Total Liabilities	15,972,332	3,946,544	1,836,422	2,799,678	4,120,783	14,956,026	43,631,785	(14,901,095)	28,730,690
Net assets without donor restrictions	6,418,751	5,423,783	9,606,299	9,368,978	11,577,740	21,173	42,416,724	(2,911,228)	39,505,496
Endowment Fund	37,725	-	-	-	-	-	37,725	-	37,725
	6,456,476	5,423,783	9,606,299	9,368,978	11,577,740	21,173	42,454,449	(2,911,228)	39,543,221
Less: Syndication costs	-	-	-	-	(10,000)	(10,000)	(20,000)	-	(20,000)
Total Net Assets	6,456,476	5,423,783	9,606,299	9,368,978	11,567,740	11,173	42,434,449	(2,911,228)	39,523,221
Total Liabilities and Net Assets	22,428,808	9,370,327	11,442,721	12,168,656	15,688,523	14,967,199	86,066,234	(17,812,323)	68,253,911

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
AND CONTROLLED AFFILIATES**
Combining Schedule of Activities of Consolidated Entities
For The Year Ended December 31, 2018

Schedule 2

Notes	Greater Albuquerque Housing Partnership	Plaza Feliz Limited Partnership	Plaza Ciudana Limited Partnership	Cuatro Apartments Limited Partnership	Casa Feliz Limited Partnership	Sterling Apartments Limited Partnership	Combined Totals	Eliminations	Consolidated TB
Revenues and gains:									
Rental income	\$ -	547,638	531,474	350,900	628,239	214,581	2,272,832	-	2,272,832
Tenant services income	-	14,342	15,619	3,604	13,572	-	47,137	-	47,137
Grant Revenue	29,337	-	-	-	-	-	29,337	-	29,337
Forgiveness of debt	617,713	-	-	-	-	-	617,713	-	617,713
Investment income	4,779	577	138	57	229	15	5,795	-	5,795
Other income	25,435	-	-	-	-	25,676	51,111	1,820	52,931
	677,264	562,557	547,231	354,561	642,040	240,272	3,023,925	1,820	3,025,745
Controlled Affiliate Revenues	1,170,079	-	-	-	-	-	1,170,079	(1,170,079)	-
Total Revenues and Gains	1,847,343	562,557	547,231	354,561	642,040	240,272	4,194,004	(1,168,259)	3,025,745
Expenses:									
Program	496,050	755,556	819,559	711,315	1,479,529	545,301	4,807,310	(136,579)	4,670,731
General and Administrative	227,154	-	-	-	-	-	227,154	-	227,154
Total Expenses	723,204	755,556	819,559	711,315	1,479,529	545,301	5,034,464	(136,579)	4,897,885
Increase, (Decrease) in Net Assets Without Donor Restrictions	1,124,139	(192,999)	(272,328)	(356,754)	(837,489)	(305,029)	(840,460)	(1,031,680)	(1,872,140)
Net Assets, Beginning of Year	5,332,337	5,616,782	9,878,627	9,166,059	10,897,569	326,201	41,217,575	(1,879,547)	39,338,028
Capital Contributions	-	-	-	559,673	1,517,660	-	2,077,333	-	2,077,333
Capital Distributions	-	-	-	-	-	-	-	-	-
	6,456,476	5,423,783	9,606,299	9,368,978	11,577,740	21,172	42,454,448	(2,911,227)	39,543,221
Less: Syndication Costs	-	-	-	-	(10,000)	(10,000)	(20,000)	-	(20,000)
Net Assets, End of Year	6,456,476	5,423,783	9,606,299	9,368,978	11,567,740	11,172	42,434,448	(2,911,227)	39,523,221

GREATER ALBUQUERQUE HOUSING PARTNERSHIP
CONSOLIDATED SCHEDULE OF PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2018

	Beginning Of Year	Additions	Deletions	End Of Year
GAHP				
Furniture and Equipment	19,755	4,706	-	24,461
Land	1,971,017	-	-	1,971,017
Total property and equipment	1,990,772	4,706	-	1,995,478
Less: Accumulated Depreciation	(19,324)	(1,372)	-	(20,696)
Total property and equipment, net	1,971,448	3,334	-	1,974,782
Plaza Feliz Ltd. Partnership				
Furniture and Equipment	274,409	-	-	274,409
Land Improvements	752,428	-	-	752,428
Buildings	9,939,969	-	-	9,939,969
Total property and equipment	10,966,806	-	-	10,966,806
Less: Accumulated Depreciation	(2,086,548)	(299,111)	-	(2,385,659)
Total property and equipment, net	8,880,258	(299,111)	-	8,581,147
Plaza Ciudadana Ltd. Partnership				
Furniture and Equipment	260,026	-	-	260,026
Land	91,187	-	-	91,187
Land Improvements	141,664	-	-	141,664
Buildings	12,129,273	-	-	12,129,273
Total property and equipment	12,622,150	-	-	12,622,150
Less: Accumulated Depreciation	(1,454,479)	(396,883)	-	(1,851,362)
Total property and equipment, net	11,167,671	(396,883)	-	10,770,788
Cuatro Apts. Ltd. Partnership				
Furniture and Equipment	156,457	-	-	156,457
Land	638,875	-	-	638,875
Buildings	11,639,132	-	-	11,639,132
Total property and equipment	12,434,464	-	-	12,434,464
Less: Accumulated Depreciation	(484,215)	(322,811)	-	(807,026)
Total property and equipment, net	11,950,249	(322,811)	-	11,627,438
Casa Feliz Ltd. Partnership				
Furniture and Equipment	1,056,570	-	-	1,056,570
Land, land improvements	2,281,818	-	-	2,281,818
Buildings	11,868,103	-	-	11,868,103
Total property and equipment	15,206,491	-	-	15,206,491
Less: Accumulated Depreciation	(276,819)	(830,457)	-	(1,107,276)
Total property and equipment, net	14,929,672	(830,457)	-	14,099,215
Sterling Apts. Ltd. Partnership				
Furniture and Equipment	-	280,945	-	280,945
Land, land improvements	463,000	1,359,956	-	1,822,956
Buildings	-	11,002,980	-	11,002,980
Total property and equipment	463,000	12,643,881	-	13,106,881
Less: Accumulated Depreciation	-	(283,056)	-	(283,056)
Total property and equipment, net	463,000	12,360,825	-	12,823,825
Total Consolidated Organization				
Total property and equipment	53,683,683	12,648,587	-	66,332,270
Less: Accumulated Depreciation	(4,321,385)	(2,133,690)	-	(6,455,075)
Total property and equipment, net	49,362,298	10,514,897	-	59,877,195

Schedule 4 **GREATER ALBUQUERQUE HOUSING PARTNERSHIP
CONSOLIDATED SCHEDULE OF LONG-TERM DEBT
FOR THE YEAR ENDED DECEMBER 31, 2018**

Greater Albuquerque Housing Partnership

No interest constructon credit line payable to a municipality to be discharged at the end of the "affordability period" which is 90 years after the completion of the project, secured by the Sterling Apts. project real estate.	\$ 4,000,000
No interest constructon credit line payable to a municipality to be discharged at the end of the "affordability period" which is 90 years after the completion of the project, secured by the Casa Feliz project real estate.	3,155,800
No interest construction credit line payable to a municipality to be discharged at the end of of the "affordability period" which is 20 years after the completion of the project, secured by the Cuatro Apartments project real estate	2,416,000
No interest mortgage note payable to a municipality, balance due if project does not remain in compliance, secured by the Plaza Feliz project real estate.	1,000,000
No interest mortgage note payable to a municipality, balance due if project does not remain in compliance, secured by the Plaza Feliz project real estate.	620,000
No interest mortgage note payable to a municipality, balance due if project does not remain in compliance, secured by the Plaza Feliz project real estate.	1,850,000
No interest \$1,300,000 credit line note payable to a municipality to be discharged at the end of the "affordability period" which is October 10, 2102 (90 year term), secured by the Plaza Ciudadana project real estate.	1,300,000
No interest mortgage note payable to a municipality, to be discharged at the end of the "affordability period" which is October 10, 2102 (90 year term), secured by the Plaza Ciudadana project real estate.	240,694
No interest mortgage note payable to a municipality, to be discharged at the end of the "affordability period" which is October 10, 2102 (90 year term), secured by the Plaza Ciudadana project real estate.	940,000
No interest mortgage note payable to a municipality, to be discharged at the end of the "affordability period" which is December 31, 2033 (15 year term), secured by the Inca Street Development project real estate.	-
	<u>15,522,494</u>

Plaza Feliz Limited Partnership

6.21% note payable to a state finance authority, due in monthly installments of \$9,833, including interest and escrow deposits, until paid, secured by project real estate, equipment, and rental profits	1,055,117
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Plaza Cuidana Limited Partnership

3.00% note payable to a state finance authority, due in 360 monthly installments, including interest , until paid, secured by project real estate	228,626
6.27% note payable to a bank, due in monthly installments of \$4,400, including interest, until paid, secured by project real estate	665,532
	<u>894,158</u>

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
CONSOLIDATED SCHEDULE OF LONG-TERM DEBT
FOR THE YEAR ENDED DECEMBER 31, 2018**

Cuatro Apartments Limited Partnership

3.00% note payable to a state finance authority, due in monthly installments of \$2,559, including interest, until paid, secured by project real estate \$ 218,155

Casa Feliz Limited Partnership

3.00% note payable to a state finance authority, due in equal monthly installments, including interest, until fully paid at February 1, 2033, secured by project real estate 475,463

5.00% note payable to a bank, due in equal monthly installments, including interest, until fully paid at January 15, 2033, secured by project real estate 579,400
1,054,863

Sterling Apartments Limited Partnership

3.00% note payable to a state finance authority, due in equal monthly installments, including interest, until fully paid at April 1, 2049, secured by project real estate 354,186

LIBOR rate plus 2.50% note payable to a bank, interest due monthly during the construction period, thereafter principal and interest due in equal monthly installments until fully paid, secured by project real estate 8,600,000
See subsequent refinancing of this note at Note 17 8,954,186

27,698,973

Less: Deferred financing costs

Plaza Feliz Limited Partnership	(43,150)
Plaza Ciudadana Limited Partnership	(84,175)
Casa Feliz Limited Partnership	(16,520)
Sterling Apartments Limited Partnership	(91,538)
	<u>27,463,590</u>

Less: Current portion

8,709,352

Long-Term portion

18,754,238

Deferred financing debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable for which the costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the straight line method. This does not result in a significant difference from the effective interest rate method.

Notes payable mature as follows:

Year ended December 31, 2018	8,709,352
Year ended December 31, 2019	118,678
Year ended December 31, 2020	123,622
Year ended December 31, 2021	128,706
Year ended December 31, 2022	133,939
Thereafter	18,484,676
	<u>27,698,973</u>

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
AND CONTROLLED AFFILIATES**
Financial Statement Supporting Schedules
For The Year Ended December 31, 2018

Schedule 5, Cash and Cash Equivalents

	<u>GAHP</u>	<u>Plaza Feliz</u>	<u>Plaza Ciudana</u>	<u>Cuatro Apts</u>	<u>Casa Feliz</u>	<u>Sterling Apts</u>	<u>Total</u>	<u>Restricted Total</u>
Operating accounts	\$ 4,214,812	335,199	177,644	9,954	139,602	500,411	5,377,622	-
Restricted to use by Sterling Apts project	566,991	-	-	-	-	-	566,991	566,991
Restricted to tenant deposits	-	23,265	22,530	13,650	28,087	30,845	118,377	118,377
Restricted to Escrow deposits	-	8,484	101,968	37,503	-	-	147,955	147,955
Restricted to operating reserves	-	220,303	211,477	-	268,516	-	700,296	700,296
Restricted to reserves for replacements	-	152,020	91,314	33,857	22,254	-	299,445	299,445
	<u>4,781,803</u>	<u>739,271</u>	<u>604,933</u>	<u>94,964</u>	<u>458,459</u>	<u>531,256</u>	<u>7,210,686</u>	<u>1,833,064</u>

Items designated as "restricted" are restricted per various loan, development, or other agreements. These amounts are not donor-restricted amounts.

Schedule 6, Tax Credit Fees

	<u>GAHP</u>	<u>Plaza Feliz</u>	<u>Plaza Ciudana</u>	<u>Cuatro Apts</u>	<u>Casa Feliz</u>	<u>Sterling Apts</u>	<u>Total</u>
Tax credit fees capitalized	\$ -	77,254	89,250	80,411	87,250	21,797	355,962
Less: accumulated amortization	-	(46,068)	(28,366)	(13,404)	(8,240)	(727)	(96,805)
	<u>-</u>	<u>31,186</u>	<u>60,884</u>	<u>67,007</u>	<u>79,010</u>	<u>21,070</u>	<u>259,157</u>

Schedule 7, Work in Progress, Project Investment

	<u>GAHP</u>	<u>Plaza Feliz</u>	<u>Plaza Ciudana</u>	<u>Cuatro Apts</u>	<u>Casa Feliz</u>	<u>Sterling Apts</u>	<u>Total</u>
Development costs, Thaxton Project	\$ 41,514	-	-	-	-	-	41,514
	<u>41,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,514</u>

Schedule 8, Liquidity and Availability of Financial Assets:

The following reflects the consolidated Organization's financial assets at year-end, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets at year-end	\$ 7,502,241
Less: those unavailable for general expenditures within one year due to:	
Funds restricted for project development	(566,991)
Funds restricted for escrow deposits	(147,955)
Funds restricted for tenant security deposits	(118,377)
Funds restricted for replacement/operating reserves	(999,741)
Funds designated by board for program services (board designated endowment fund)	(37,725)
Financial assets available to meet cash needs for general expenditures within one year	<u>5,631,452</u>

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CATALOG OF DOMESTIC ASSISTANCE NUMBER	PASS THROUGH ENTITY ID NUMBER	EXPENDITURE
U.S. Department of Housing and Urban Development programs:			
Major Programs:			
Home Investment Partnership Program:	14.239		
Pass-through programs from the City of Albuquerque:			
Cuatro Apartments Project Advance		705536	\$ 2,416,000
Plaza Feliz Project Advance		702293	1,850,000
Reimbursement of HUD funds for disallowed costs		See Note C	210,000
CHDO Home Funds		201800699	4,905
CHDO Home Funds		201900306	24,432
CHDO Inca Street Development		201900187	-
Subtotal City of Albuquerque pass-through programs			<u>4,505,337</u>
Total Home Investment Partnership Program			<u>4,505,337</u>
Non-Major Programs:			
None			
Total expenditure of federal awards			<u><u>4,505,337</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

The accompanying notes are an integral part of these financial statements.
See accompanying independent auditors' reports.

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note A: Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200 Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*. (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

Note B: Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-122. *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

Loans Outstanding: Amounts included in the Schedule that are indicated as "project advances" represent funds provided as advances loaned to the Organization until various projects are completed. Therefore, amounts presented in this Schedule may differ from amounts presented in the general-purpose financial statements. The total amount of these advances at the beginning of the year was \$4,266,000. There were no repayments or changes to these loans in 2018, resulting in a total balance at the end of the year of \$4,266,000. These loan advances are subject to continuing compliance requirements. All loans require no payment of interest, as long as the continuing compliance requirements are met.

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note C: HUD HOME Prior Year Funding Repayment Liability:

On December 21, 2016, HUD determined that the City of Albuquerque expended approximately \$553,829 in HUD Home Investment Partnerships Program funds on disallowed costs related to housing projects that were unfinished due to adverse home market conditions. These funds had been originally passed through to GAHP as a subrecipient and therefore the City passed this audit liability through to GAHP for repayment. GAHP made a cash repayment of \$343,829 to the City for HUD funding repayment. The remaining unpaid portion of this HUD liability is \$210,000. GAHP is currently negotiating with the City to assign land held for this unfinished HUD project valued at \$210,000 as repayment of this remaining liability.

**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 Board of Directors
Greater Albuquerque Housing Partnership

We have audited, 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, the financial statements of the Greater Albuquerque Housing Partnership (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 20, 2019.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Greater Albuquerque Housing Partnership's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or other employees, in the normal course or performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that 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.

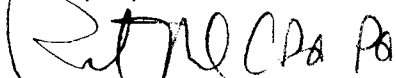
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 the Organization'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



August 20, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Greater Albuquerque Housing Partnership

Report on Compliance for Each Major Federal Program

We have audited the Greater Albuquerque Housing Partnership's compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended December 31, 2018. The Greater Albuquerque Housing Partnership's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Greater Albuquerque Housing Partnership's major federal programs based on our audit of the types of 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Greater Albuquerque Housing Partnership's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance requirements for each major federal program. However, our audit does not provide a legal determination of the Greater Albuquerque Housing Partnership's compliance.

Opinion on Major Federal Program

In our opinion, the Greater Albuquerque Housing Partnership 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 federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the Greater Albuquerque Housing Partnership is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Greater Albuquerque Housing Partnership's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Organization's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal 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 type of compliance requirement of a federal 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 type of compliance requirement of a federal 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.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "R. W. C. A." with a stylized flourish at the end.

August 20, 2019

**GREATER ALBUQUERQUE HOUSING PARTNERSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

SUMMARY OF AUDIT RESULTS:

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the Greater Albuquerque Housing Partnership were prepared in accordance with GAAP.
2. No significant deficiencies were disclosed during the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the Greater Albuquerque Housing Partnership were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for the Greater Albuquerque Housing Partnership expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) to be reported in this schedule.
7. The programs tested as major programs included: HUD Home Investment Partnership Program, CFDA # 14.239.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Greater Albuquerque Housing Partnership was not determined to be a low-risk auditee.

FINDINGS-FINANCIAL STATEMENT AUDIT:

CONTROL DEFICIENCIES-None

**FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARDS
PROGRAM AUDIT:**

FINDINGS-None

QUESTIONED COSTS-None