10339

ST. ANTOINE GARDENS LIMITED PARTNERSHIP

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

ST. ANTOINE GARDENS LIMITED PARTNERSHIP

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LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

INDEPENDENT AUDITORS' REPORT

To the Partners
St. Antoine Gardens Limited Partnership
Lafayette, Louisiana

We have audited the accompanying balance sheets of St. Antoine Gardens Limited Partnership as of December 31, 2010 and 2009, and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Antoine Gardens Limited Partnership as of December 31, 2010 and 2009, and the results of its operations, changes in partners' equity (deficit), and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2011, on our consideration of St. Antoine Gardens Limited 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information presented in the Schedule of Expenses is presented for purposes of additional analysis and is not a required part of the basic

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financial statements. The supplemental information in the Schedule of Expenses has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Little + Associates, LLC

Monroe, Louisiana
March 7, 2011

ST. ANTOINE GARDENS LIMITED PARTNERSHIP
BALANCE SHEETS
DECEMBER 31, 2010 AND 2009

ASSETS

	2010	2009
CURRENT ASSETS		
Cash and Cash Equivalents	$ 44,419	$ 19,825
Accounts Receivable - Tenants	5,873	22,868
Accounts Receivable - Other	-	1,561
Total Current Assets	50,292	44,254
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Special Purpose Reserve	199,464	-
Replacement Reserves	12,786	4,877
Operating Reserves	97,060	96,742
Insurance Escrow	31,075	23,611
Tenants' Security Deposits	17,387	18,718
Total Restricted Deposits and Funded Reserves	357,772	143,948
PROPERTY AND EQUIPMENT		
Buildings	4,760,571	4,622,746
Furniture and Fixtures	76,619	69,672
Site Improvements	187,623	187,623
Total	5,024,813	4,880,041
Less: Accumulated Depreciation	(462,002)	(327,451)
Net Depreciable Assets	4,562,811	4,552,590
Construction in Progress	-	128,592
Land	98,500	98,500
Total Property and Equipment	4,661,311	4,779,682
OTHER ASSETS		
Tax Credit Costs, Net of Accumulated Amortization	14,417	16,664
Permanent Loans Fees, Net of Accumulated Amortization	76,840	82,567
Syndication Costs	49,500	49,500
Total Other Assets	140,757	148,731
Total Assets	$ 5,210,132	$ 5,116,615

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

ST. ANTOINE GARDENS LIMITED PARTNERSHIP
BALANCE SHEETS
DECEMBER 31, 2010 AND 2009

LIABILITIES AND PARTNERS' EQUITY

	2010	2009
CURRENT LIABILITIES		
Accounts Payable	$ -	$ 1,315
Accrued Interest Payable	2,899	-
Prepaid Rent	714	-
Current Portion of Long-Term Debt	6,937	6,495
Developer Fee Payable	-	189,426
Total Current Liabilities	10,550	197,236
DEPOSITS		
Tenant's Security Deposits	17,387	18,684
Total Deposits	17,387	18,684
LONG-TERM LIABILITIES		
Note Payable - JP Morgan Chase Bank, NA	624,050	630,428
Note Payable - HACL	435,924	435,924
Accrued Interest Payable - HACL	67,402	43,593
Asset Management Fee Payable	3,278	7,761
Partnership Management Fee Payable	28,208	20,208
Advance from Related Party	550,458	501,292
Deferred Developer Fee Payable	336,750	147,324
Total Long-Term Liabilities	2,046,070	1,786,530
Total Liabilities	2,074,007	2,002,450
PARTNERS' EQUITY		
Partners' Equity	3,136,125	3,114,165
Total Partners' Equity	3,136,125	3,114,165
Total Liabilities and Partners' Equity	$ 5,210,132	$ 5,116,615

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

ST. ANTOINE GARDENS LIMITED PARTNERSHIP
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
REVENUE		
Rental Income	$ 239,474	$ 229,683
Late Fees	1,100	2,535
Application Fees	60	-
Forfeited Deposits	-	1,605
Miscellaneous Income	1,604	11,476
Total Revenue	242,238	245,299
OPERATING EXPENSES		
Maintenance	110,629	91,043
Utilities	566	1,378
Administrative	56,229	76,449
Management Fees	12,559	14,837
Taxes	3,501	2,056
Insurance	51,235	46,695
Interest	69,010	61,229
Depreciation and Amortization	142,525	137,296
Total Operating Expenses	446,254	430,983
Net Income (Loss) from Rental Operations	(204,016)	(185,684)
OTHER EXPENSES		
Asset Management Fees	3,368	3,183
Partnership Management Fees	8,000	8,000
Loan Extension Fees	-	4,740
Total Other Expenses	11,368	15,923
Net Income (Loss)	$ (215,384)	$ (201,607)

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

ST. ANTOINE GARDENS LIMITED PARTNERSHIP
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Total	General Partner Lafayette Low Income Housing Management	Limited Partner NEF Assignment Corporation
Partners' Equity (Deficit), January 1, 2009	$ 2,874,009	$ (17)	$ 2,874,026
Contributions	441,763	-	441,763
Net Profit (Loss)	(201,607)	(20)	(201,587)
Partners' Equity (Deficit), December 31, 2009	3,114,165	(37)	3,114,202
Contributions	237,344	-	237,344
Net Profit (Loss)	(215,384)	(22)	(215,362)
Partners' Equity (Deficit), December 31, 2010	$ 3,136,125	$ (59)	$ 3,136,184
Profit and Loss Percentages	100.00%	0.01%	99.99%

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

ST. ANTOINE GARDENS LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (215,384)	$ (201,607)
Adjustments to Reconcile Net Loss to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	142,525	137,296
(Increase) Decrease in Insurance Escrow	(7,464)	(23,611)
(Increase) Decrease in Accounts Receivable - Tenants	16,995	(7,454)
(Increase) Decrease in Accounts Receivable - Other	1,561	(1,561)
Increase (Decrease) in Accrued Interest Payable	26,708	19,451
Increase (Decrease) in Accounts Payable	(1,315)	1,315
Increase (Decrease) in Asset Management Fees Payable	(4,483)	3,183
Increase (Decrease) in Partnership Management Fees Payable	8,000	8,000
Increase (Decrease) in Deferred Rent	714	-
Net Security Deposits Received (Paid)	34	-
Total Adjustments	183,275	136,619
Net Cash Provided (Used) by Operating Activities	(32,109)	(64,988)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition/Construction of Buildings and Equipment	(16,180)	(164,915)
Deposits to Replacement Reserves	(8,281)	(4,877)
Deposits to Operating Reserves	(318)	(96,742)
Withdrawals from Reserve for Replacements	372	-
Deposits to Special Purpose Reserve	(237,344)	-
Withdrawals from Special Account	37,880	-
Net Cash Provided (Used) by Investing Activities	(223,871)	(266,534)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of Construction Loan	-	(875,000)
Proceeds From Issuance of Long-Term Debt	-	636,923
Principal Payment on Long Term Debt	(5,936)	-
Receipt of Capital Contributions from Limited Partner	237,344	441,763
Payment of Developer Fees Payable	-	(37,938)
Payment of Permanent Loan Fees	-	(49,882)
Payment of Development Costs Payable	-	(23,960)
Advance from Related Party	79,166	66,485
Repayment of Advance from Related Party	(30,000)	-
Net Cash Provided (Used) by Financing Activities	280,574	158,391

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

ST. ANTOINE GARDENS LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Net Increase (Decrease) in Cash and Cash Equivalents	24,594	(173,131)
Cash and Cash Equivalents, Beginning of Year	19,825	192,956
Cash and Cash Equivalents, End of Year	$ 44,419	$ 19,825
Supplemental Disclosures of Cash Flow Information:		
Cash paid During the Year for:		
Interest	$ 42,302	$ 41,778

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

NOTE A - ORGANIZATION

St Antoine Gardens Limited Partnership (the Partnership) was organized in 2005 as a limited partnership to acquire, construct, own, finance, lease, and operate a qualified low income housing apartment complex. The apartment complex is known as St. Antoine Gardens and is located in Lafayette, Louisiana. All units of the apartment complex are rented under the requirements of Section 42 of the Internal Revenue Code (low-income housing tax credit), whereby rental rates and tenant income will be limited to certain amounts. The major activities of the Partnership are governed by the Amended and Restated Articles of Partnership in Commendam (the "Partnership Agreement") and are subject to the administrative directives, rules, and regulations of federal and state regulatory agencies, including but not limited to, the state housing finance agency. Such administrative directives, rules, and regulations are subject to change by federal and state agencies.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Accounting

The financial statements of the Partnership are prepared on the accrual basis of accounting and in accordance with U. S. generally accepted accounting principles.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents represent unrestricted cash and all highly liquid and unrestricted debt instruments purchased with a maturity of three months or less.

Cash and Other Deposits

At December 31, 2010, the Partnership maintains deposit accounts at various financial institutions. The Federal Deposit Insurance Corporation insures the accounts up to $250,000, in total, at each institution. There were no uninsured deposits as of December 31, 2010.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Collateralization Policy for Financial Instruments

The Partnership does not require collateral to support financial instruments subject to credit risk.

Property, Equipment, and Depreciation

Land, buildings, improvements, and equipment are recorded at cost. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains or losses are reflected in the statement of operations

Construction in Progress

Construction in progress is recorded as costs are incurred for the development and construction of property and equipment. Construction in progress is recognized as depreciable property and equipment when construction is deemed to be substantially complete.

Amortization

Permanent financing costs are amortized over the term of the permanent loan using the straight-line method. Tax credit costs are amortized over the ten year tax credit period using the straight-line method beginning in the first year in which tax credits are taken. For the years ended December 31, 2010 and 2009, accumulated amortization totaled $17,120 and $9,146.

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account in the name of the apartment complex. At December 31, 2010, this account was funded in an amount equal to the security deposit liability.

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.

Tenants Accounts Receivable and Bad Debts

Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with damages or cleaning fees, if applicable. Tenants' accounts receivable consists of amounts due for rental income, other tenant charges and charges for damages and cleaning fees in excess of forfeited security deposits. The Partnership does not accrue interest on the tenants' accounts receivable balances.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tenants Accounts Receivable and Bad Debts (Continued)

The Partnership uses the direct write-off method to provide for uncollectible accounts. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

Income Taxes

No provision or benefit for income taxes has been included in these financial statements since taxable income or loss passes through to, and is reported by, the partners individually. The time limit for taxing authorities to examine the Partnership's income tax returns is generally three years from the date of filing or the due date, whichever is later, unless civil or criminal fraud is proven, for which there is no time limit.

FASB ASC 360, *Property, Plant, and Equipment*

FASB ASC 360, *Property, Plant, and Equipment* requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Application of the impairment provisions of FASB ASC 360, *Property, Plant, and Equipment* has not materially affected the partnership's reported earnings, financial condition or cash flows.

Operating Reserve

In accordance with the Partnership Agreement, the Partnership shall establish an operating reserve account (the Operating Reserve) to fund any operating and debt service deficits as approved by the Limited Partner. Withdrawals from the Operating Reserve Account will require the written approval of the General Partner and the Asset Manager. To the extent funds are available, a balance of $96,500 shall be maintained in the Operating Reserve Account during the compliance period. As of December 31, 2010 and 2009, the Operating Reserve Account was funded in the amount of $97,060 and $96,742, respectively.

Reserve for Replacements

The Partnership Agreement requires that $300 per unit per year (to be increased annually by 3%) be deposited annually into a replacement reserve during the term of the first mortgage. Such reserve shall be used for capital improvements and repairs to the Project. Any withdrawal from the Replacement Reserve Account in excess of $5,000 in the aggregate in any given month will require the written approval of the General Partner and the Asset Manager. As of December 31, 2010 and 2009, the Replacement Reserve Account was funded in the amount of $12,786 and $4,877, respectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Purpose Reserve

The Partnership Agreement requires that a Special Purpose Reserve be established out of equity proceeds at the time of payment of the fourth Installment for payment of Project real estate taxes in the event that (a) the Project real estate tax abatement is no longer made available or (b) the Project real estate taxes exceed the amount indicated in projections. The Special Purpose Fund shall be increased by cash flow to the target amount of $24,000, which amount shall be maintained during the compliance period. During 2010, this account was funded in the amount of $237,344. As of December 31, 2010, the balance in this account was $199,464

NOTE D - PARTNERS AND CAPITAL CONTRIBUTIONS

The Partnership has one General Partner – Lafayette Low Income Housing Management Corporation, and one Limited Partner – NEF Assignment Corporation. The Partnership records capital contributions as received. For the years ended December 31, 2010 and 2009, respectively, the Limited Partner made capital contributions in the amount of $237,344 and $441,763 for total contributions of $3,716,192.

NOTE E – NOTES PAYABLE

Construction Loan – JPMorgan Chase Bank, NA

The Partnership entered into a construction loan agreement with JPMorgan Chase Bank, NA.on March 8, 2006. The loan was paid in full on June 25, 2009.

Permanent Loan – JP Morgan Chase Bank, NA

On June 25, 2009, the Partnership entered into a loan agreement in the amount of $640,000 with JPMorgan Chase Bank, NA. The loan is payable in monthly installments of principal and interest of $4,340 until its maturity on July 1, 2027, at which time any remaining principal and interest shall be due and payable. The loan bears interest at a rate of 7.19% per annum and is collateralized primarily by the Partnership's land and improvements, thereon. As of December 31, 2010 and 2009, the loan balance was $630,987 and $636,923, respectively.

Note Payable – The Housing Authority of the City of Lafayette, Louisiana

For construction and development purposes, The Housing Authority of the City of Lafayette, Louisiana, has loaned the Partnership $435,924. This loan is secured by, among other things, a mortgage on real estate. The loan bears interest at the rate of 5.00%. The loan shall be repaid in consecutive monthly installments of principal and interest, each in the amount of $2,340 payable on the first day of each month beginning on January 1, 2007; however, such payments of principal and interest shall be made only from Cash Flow, as that term is defined in the Partnership Agreement. As of December 31, 2010 and 2009, no payments were made and the loan balance was $435,924, each year.

NOTE E – NOTES PAYABLE (CONTINUED)

Aggregate maturities of long-term debt for the next five years and thereafter are as follows:

Year Ending December 31,	Amount	
2011	$	6,937
2012	$	7,452
2013	$	8,006
2014	$	8,601
2015	$	9,240
Thereafter	$	1,026,675

NOTE F – CONTINGENCIES

The Partnership's low-income housing tax credits are contingent on the ability of the Partnership to maintain compliance with Section 42 of the Internal Revenue Code. Failure to maintain compliance with occupant eligibility and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken credits plus interest.

NOTE G – TRANSACTIONS WITH RELATED PARTIES

Partnership Management Fee

The Partnership has entered into an Agreement with the General Partner for its services in managing the affairs of the Partnership, subject, however, to the limitations on its authority set forth in the Partnership Agreement (sections 6.2 & 6.3). The Partnership shall pay the General Partner the Partnership Management Fee solely from the available net Cash Flow of the Partnership in the amount of $8,000 on a cumulative basis and priority specified in §5.1(a)(viii) in the Partnership Agreement. During 2010 and 2009, the Partnership incurred Partnership Management Fees in the amount of $8,000 for both years. As of December 31, 2010 and 2009, Partnership Management Fees payable totaled $28,208 and $20,208, respectively.

Asset Management Fee

The Partnership has entered into an Agreement with National Equity Fund, Inc., an affiliate of the Limited Partner, for its services in property management oversight, tax credit compliance monitoring and related services. The Partnership shall pay National Equity Fund, Inc. the Asset Management Fee annually on a cumulative basis in the amount of $3,000, increased annually by 3%, in the priority specified in §5.1(a)(ii) in the Partnership Agreement. During 2010 and 2009, the Partnership incurred Asset Management Fees in the amount of $3,368 and $3,183, respectively. As of December 31, 2010 and 2009, Asset Management Fees payable totaled $3,278 and $7,761, respectively.

NOTE G – TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Developer Fee

The Partnership entered into a development agreement with Lafayette Low Income Housing Management Corporation, the General Partner. The agreement provides for a development fee of $650,000 for services to be performed in connection with the development of the Project. The total fee was earned and capitalized into the cost of the building. The fee is non interest bearing and paid out of available Cash Flows, as defined by the Partnership Agreement. During 2010 and 2009, respectively, $-0- and $37,938 of the developer fee was paid. As of December 31, 2010, the balance of the development fee payable was $336,750 of which $336,750 represents the deferred portion. As of December 31, 2009 the balance of the development fee payable was $336,750 of which $147,324 represents the deferred portion. Per the Developer Agreement, deferred developer fees in the amount of $161,459 will accrue interest at the rate of 4.79% per annum on any unpaid portion. As of December 31, 2010 and 2009, accrued interest payable was $2,013 and $0-, respectively.

Due to The Housing Authority of the City of Lafayette, Louisiana

The Housing Authority of the City of Lafayette, Louisiana, an affiliate of the General Partner, has advanced the Partnership $501,292 for operating costs and construction and development costs. The advance is unsecured and non-interest bearing. During 2010, an additional $79,166 was advanced for operating costs and $30,000 was repaid. The balance owed at December 31, 2010 and 2009, was $550,458 and $501,292, respectively.

NOTE H – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

All profits, losses, and credits, otherwise provided in §4.2 of the Partnership Agreement, are allocated .01 % to the General Partner and 99.99% to the Limited Partner.

Net Cash Flow available for distributions to the partners shall be paid in accordance with the terms and conditions of the Partnership Agreement as follows:

(i.) First, to the Limited Partner to the extent of any amount which the Limited Partner is entitled to receive to satisfy any Credit Reduction Payment required pursuant to §6.9 of the Partnership Agreement;

(ii.) Second, payment of any accrued and payable Asset Management Fees to the Asset Manager;

(iii.) Third, to the Sponsor to pay any unpaid balance on the Deferred Development Fee;

(iv.) Fourth, to the Operating Reserve Account until such time as such account is equal to the Operating Reserve Target Amount;

(v.) To pay any accrued and unpaid interest and unpaid principal on loans made by the Limited Partner pursuant to §3.7 of the Partnership Agreement;

(vi.) To repay any accrued and unpaid interest and unpaid principal on loans made by the General Partner pursuant to §3.7 of the Partnership Agreement;

NOTE H – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS (CONTINUED)

(vii.) To repay any amounts to the General Partner (in the order of loans made, with earlier loans repaid in full before subsequent loans are repaid) treated as loans to the Partnership (without interest) pursuant to §6.4(f)(i) or §6.4(f)(ii) of the Partnership Agreement and not yet repaid;

(viii.) Eighth, $8,000 to the General Partner as a Partnership Management Fee, on a cumulative basis;

(ix.) Ninth, to the Special Purpose Reserve Account, pursuant to §6.4(g)(iv) of the Partnership Agreement, until such account is equal to the Special Purpose Reserve Target Amount; and

(x.) Tenth, to the Sponsor to pay any accrued and unpaid interest and unpaid principal on the Subordinate Loan.

NOTE I – OPERATING DEFICIT GUARANTY

The General Partner shall be obligated to provide any funds needed by the Partnership, after all funds in the Operating Reserve have been used, to fund Operating Deficits during the Operating Deficit Guaranty Period. Such Guaranty obligation shall be limited to the Operating Deficit Guaranty Amount of $62,417. The General Partner shall be required, upon the reduction of the Operating Reserve Account to zero, to promptly provide funds to the Partnership in an amount up to the operating Deficit Guaranty Amount for Operating Deficits occurring during the operating Deficit Guaranty Period. Repayment of any letters of credit or other borrowings arranged by the General Partner to meet its obligations under this §6.4(f)(ii)(B) shall be the sole obligation of the General Partner. Funds made available by the General Partner to fulfill its obligations pursuant to this §6.4(f)(ii)(B) may be reimbursed to the General Partner, without interest, in accordance with §5.1 hereof, or out of the proceeds of refinancing or sale pursuant to § 5.2 hereof.

If the Operating Deficits overruns are due to the gross negligence or willful misconduct of the General Partner, and then any guaranty advances made by the General Partner to cover such costs shall be deemed to be damages that are not repayable as loans to the Partnership. In the event that an operating deficit exists at any time during the period ending on the fourth anniversary of substantial completion of the apartment complex, the General Partner shall provide such funds to the Partnership as shall be necessary to pay such operating deficits in the form of additional capital contributions to the Partnership (the Operating Deficit Capital Contributions).

NOTE J – TAXABLE INCOME (LOSS)

A reconciliation of financial statement net loss to taxable loss of the Partnership for the years ended December 31, 2010 and 2009, are as follows:

	2010	2009
Financial statement net loss	$ (215,384)	$ (201,607)
Adjustments:		
Excess of Depreciation/Amortization for income tax purposes over financial reporting purposes.	26,095	(29,366)
Other Expense	1	8,704
Taxable loss as shown on tax return	$ (189,288)	$ (230,973)

NOTE K – RECLASSIFICATIONS

Certain accounts in the prior year's financial statements have been reclassified to conform to the current year's financial statements' presentation.

NOTE L – SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through March 7, 2011, the date which the financial statements were available for issue.

SUPPLEMENTAL INFORMATION

ST. ANTOINE GARDENS LIMITED PARTNERSHIP
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
MAINTENANCE AND REPAIRS		
General Maintenance	$ 51,269	$ 38,534
Maintenance Salaries	50,215	20,373
Maintenance Supplies	1,832	27,970
Pest Control	5,810	840
Contract Labor	1,503	3,326
Total Maintenance and Repairs	$ 110,629	$ 91,043
UTILITIES		
Electricity	$ 566	$ 1,378
Total Utilities	$ 566	$ 1,378
ADMINISTRATIVE		
Manager Salaries	$ 32,278	$ 23,400
Professional Fees	8,187	6,195
Audit Fees	7,000	18,500
Legal Fees	1,037	18,768
Telephone	369	35
Bank and Loan Fees	383	323
Office Expense	3,468	3,724
Office Supplies	255	1,206
Accounting/Bookkeeping Fees	555	-
Uniform Expense	84	-
Training Expense	901	661
Travel	-	998
Other Administrative Expense	1,712	2,639
Total Administrative	$ 56,229	$ 76,449
TAXES		
Payroll Taxes	$ 3,501	$ 2,056
Total Taxes	$ 3,501	$ 2,056
INSURANCE		
Workers' Comp Insurance	$ 320	$ 440
Property and Liability Insurance	50,915	46,255
Total Insurance	$ 51,235	$ 46,695

LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

Independent Auditors' 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
St. Antoine Gardens Limited Partnership,
A Louisiana Partnership in Commendam
Lafayette, Louisiana

We have audited the financial statements of St. Antoine Gardens Limited Partnership, a Louisiana Partnership in Commendam (ALPIC), as of and for the year ended December 31, 2010, and have issued our report thereon dated March 7, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Antoine Gardens Limited Partnership, ALPIC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Antoine Gardens Limited Partnership, ALPIC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of St. Antoine Gardens Limited Partnership, ALPIC's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or

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material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Antoine Gardens Limited Partnership, ALPIC's financial statements are free of 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*.

This report is intended solely for the information and use of the partners and management of St. Antoine Gardens Limited Partnership, ALPIC and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Little + Associates, LLC

Monroe, Louisiana
March 7, 2011

St. Antoine Gardens Limited Partnership
Schedule of Findings and Responses
For the Year Ended December 31, 2010

A. SUMMARY OF AUDIT RESULTS

Financial Statement Audit

1. The auditors' report expresses an unqualified opinion on the financial statements of St. Antoine Gardens Limited Partnership.

2. There were no significant deficiencies relating to the audit of the financial statements reported in the Independent Auditors' 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.*

3. There were no instances of noncompliance material to the financial statements of the St. Antoine Gardens Limited Partnership disclosed during the audit.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

St. Antoine Gardens Limited Partnership
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2010

The status of the prior year audit findings are summarized as follows:

Finding 2009-1

Condition: The General Partner, as the manager of the Partnership, has caused the Partnership to enter into a management services agreement with a property management company. As stipulated in the management services agreement, the functions of the property management company include paying all costs of the Partnership, recording all of the transactions of the Partnership in the general ledger, and maintaining the Partnership's complete accounting records. During 2009, the Housing Authority of the City of Lafayette, Louisiana (the Housing Authority) paid for costs on behalf of the Partnership and recorded such costs in various accounts in the Housing Authority's general ledger. In addition, during 2009, the Housing Authority recorded other transactions of the Partnership in its general ledger. However, the documentation for such costs and transactions were not provided to the property management company by the Housing Authority and thus, were not recorded in the Partnership's general ledger. As a result, the property management company was unable to maintain a complete and proper set of accounting records for the Partnership during the year ended December 31, 2009.

Status: Resolved

Finding 2009-2

Condition: Adequate internal controls require that a complete set of accounting records be maintained continually and presented for audit after the end of each year. Additionally, there was activity related to the Partnership being maintained by the Housing Authority. This information was not being given to the management company so that a complete set of accounting records could be maintained. The Partnership did not have a complete set of accounting records as of and for the year ended December 31, 2009.

Status: Resolved