

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Audited Financial Statements
December 31, 2025 and 2024
With Supplementary Information



Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

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Independent Auditor's Report

To the Partners
Audubon Lincolnshire North Apartments, LLLP
Owensboro, Kentucky

Opinion

We have audited the accompanying financial statements of Audubon Lincolnshire North Apartments, LLLP which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of profit and loss, changes in partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Audubon Lincolnshire North Apartments, LLLP as of December 31, 2025 and 2024, and the results of its operations, changes in partners' equity (deficit), and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Audubon Lincolnshire North Apartments, LLLP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Audubon Lincolnshire North Apartments, LLLP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Audubon Lincolnshire North Apartments, LLLP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Audubon Lincolnshire North Apartments, LLLP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying additional information is presented for purposes of additional analysis as required by the Consolidated Audit Guide for Audits of HUD Projects, issued by the HUD Office of the Inspector General, and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 3, 2026 on our consideration of Audubon Lincolnshire North Apartments, LLLP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Audubon Lincolnshire North Apartments, LLLP's 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 Audubon Lincolnshire North Apartments, LLLP's internal control over financial reporting and compliance.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
March 3, 2026

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Identification of Lead Auditor

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Title: Shareholder

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Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Balance Sheets
As of December 31, 2025 and 2024

Assets

	<u>2025</u>	<u>2024</u>
Current Assets		
Cash	\$ 552,451	\$ 384,933
Cash - construction	402,726	-
Prepaid expenses	60,426	47,098
Total current assets	<u>1,015,603</u>	<u>432,031</u>
Deposits Held in Trust		
Tenant deposits held in trust	<u>26,824</u>	<u>27,285</u>
Restricted Deposits		
Replacement reserve	588,416	533,691
Operating reserve	440,000	440,000
Total restricted deposits	<u>1,028,416</u>	<u>973,691</u>
Property and Equipment		
Land	300,000	300,000
Buildings	12,834,314	12,834,314
Building equipment - portable	148,786	148,786
Motor vehicles	8,249	8,249
Miscellaneous fixed assets - site improvements	360,000	360,000
Total property and equipment	13,651,349	13,651,349
Accumulated depreciation	<u>(3,284,658)</u>	<u>(2,863,698)</u>
Net property and equipment	<u>10,366,691</u>	<u>10,787,651</u>
Other Assets		
Miscellaneous other assets - asset management fees, net of accum. amort.	<u>13,500</u>	<u>26,000</u>
Total other assets	<u>13,500</u>	<u>26,000</u>
Total Assets	<u>\$ 12,451,034</u>	<u>\$ 12,246,658</u>

See notes to financial statements.

Audubon Lincolnshire North Apartments, LLLP
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Balance Sheets (Continued)
As of December 31, 2025 and 2024

Liabilities and Partners' Equity (Deficit)

	<u>2025</u>	<u>2024</u>
Current Liabilities		
Accounts payable - operations	\$ 2,885	\$ 4,869
Accounts payable - entity - interprogram payables	94,603	24,163
Accounts payable - Section 8	4,131	-
Accrued wages payable	13,014	8,853
Accrued management fee payable	2,160	-
Accrued interest payable - bonds	7,359	7,746
Bonds payable	106,856	102,545
Miscellaneous current liabilities - deferred insurance proceeds	153,550	-
Total current liabilities	<u>633,734</u>	<u>148,176</u>
Deposit Liabilities		
Tenant deposits held in trust	<u>21,368</u>	<u>19,405</u>
Long-Term Liabilities		
Notes payable	1,400,000	1,400,000
Bonds payable	1,788,850	1,894,912
Other loans and notes payable - surplus cash	4,824,162	4,824,162
Accrued interest notes payable - surplus cash	<u>1,352,810</u>	<u>1,170,477</u>
Total long-term liabilities	<u>9,365,822</u>	<u>9,289,551</u>
Total Liabilities	<u>10,020,924</u>	<u>9,457,132</u>
Partners' Equity (Deficit)	<u>2,430,110</u>	<u>2,789,526</u>
Total partners' equity (deficit)	<u>2,430,110</u>	<u>2,789,526</u>
Total Liabilities and Partners' Equity (Deficit)	<u>\$ 12,451,034</u>	<u>\$ 12,246,658</u>

See notes to financial statements.

Audubon Lincolnshire North Apartments, LLLP
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Statements of Profit and Loss
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Income		
Rental income	\$ 1,176,652	\$ 1,132,609
Other income	<u>522,382</u>	<u>14,658</u>
Total income	<u>1,699,034</u>	<u>1,147,267</u>
Expenses		
Administrative expenses	344,277	307,606
Utility expenses	199,250	187,213
Operating and maintenance expenses	680,422	187,779
Taxes and insurance	130,038	113,024
Financial expenses	<u>271,003</u>	<u>270,219</u>
Total cost of operations before depreciation and amortization	<u>1,624,990</u>	<u>1,065,841</u>
Net income (loss) before depreciation and amortization	74,044	81,426
Depreciation expense	420,960	420,959
Amortization expense	<u>12,500</u>	<u>500</u>
Net Income (Loss)	<u><u>\$ (359,416)</u></u>	<u><u>\$ (340,033)</u></u>

See notes to financial statements.

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Statements of Changes in Partners' Equity (Deficit)
For the Years Ended December 31, 2025 and 2024

	BF Garden Corporate Tax Credit Fund XLIV, LLC	BCCC, Inc.	Lincolnshire Development, LLC	Wabuck Development Company, Inc.	Total
Partners' Equity (Deficit), Decmeber 31, 2023	\$ 3,025,094	\$ 10	\$ 104,585	\$ (130)	\$ 3,129,559
Net Income (Loss)	(339,965)	-	(34)	(34)	(340,033)
Partners' Equity (Deficit), December 31, 2024	2,685,129	10	104,551	(164)	2,789,526
Net Income (Loss)	(359,344)	-	(36)	(36)	(359,416)
Partners' Equity (Deficit), December 31, 2025	<u>\$ 2,325,785</u>	<u>\$ 10</u>	<u>\$ 104,515</u>	<u>\$ (200)</u>	<u>\$ 2,430,110</u>
Partners' Percentage of Income (Loss)	<u>99.98%</u>	<u>0.00%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>100.00%</u>

See notes to financial statements.

Audubon Lincolnshire North Apartments, LLLP
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Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Rental receipts	\$ 1,180,783	\$ 1,132,609
Other receipts	<u>675,932</u>	<u>14,658</u>
Total receipts	<u>1,856,715</u>	<u>1,147,267</u>
Administrative	(43,575)	(72,254)
Management fees	(105,101)	(98,722)
Utilities	(178,714)	(190,521)
Salaries and wages	(165,320)	(142,296)
Operating and maintenance	(656,462)	(235,463)
Property insurance	(86,827)	(62,336)
Miscellaneous taxes and insurance	(56,539)	(58,403)
Tenant deposits held in trust	1,963	(1,889)
Interest on first mortgage	<u>(89,057)</u>	<u>(85,523)</u>
Total disbursements	<u>(1,379,632)</u>	<u>(947,407)</u>
Net cash provided by (used in) operating activities	<u>477,083</u>	<u>199,860</u>
Cash Flows From Investing Activities		
Entity/construction investing activities	<u>249,176</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>249,176</u>	<u>-</u>
Cash Flows From Financing Activities		
Principal payments on mortgage payable	<u>(101,751)</u>	<u>(89,384)</u>
Net cash provided by (used in) financing activities	<u>(101,751)</u>	<u>(89,384)</u>
Net Increase (Decrease) in Cash and Restricted Cash	624,508	110,476
Cash and Restricted Cash, Beginning of Year	<u>1,385,909</u>	<u>1,275,433</u>
Cash and Restricted Cash, End of Year	<u>\$ 2,010,417</u>	<u>\$ 1,385,909</u>

See notes to financial statements.

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Statements of Cash Flows (Continued)
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of net income (loss) to net cash provided by (used in) operating activities		
Net income (loss)	\$ (359,416)	\$ (340,033)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation	420,960	420,959
Amortization of asset management fees	12,500	500
Decrease (increase) in prepaid expenses	(13,328)	(7,715)
Increase (decrease) in accounts payable - operations	(1,984)	(11,028)
Increase (decrease) in accrued liabilities	234,442	(45,630)
Increase (decrease) in accrued interest payable	181,946	184,696
Increase (decrease) in tenant deposits held in trust	1,963	(1,889)
Net cash provided by (used in) operating activities	<u>\$ 477,083</u>	<u>\$ 199,860</u>

See notes to financial statements.

Audubon Lincolnshire North Apartments, LLLP
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Notes to Financial Statements

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

General

Audubon Lincolnshire North Apartments, LLLP (Partnership) was organized in 2017 as a limited liability limited partnership to acquire, rehabilitate, construct, own, finance, lease and operate a 108-unit apartment complex for low-income families. The project is located in the city of Owensboro, Kentucky and is currently known as Audubon Lincolnshire North (Project). The Project is regulated by the United States Department of Housing and Urban Development (HUD) as to rents charged and other stipulations. The major activities of the partnership are governed by the partnership agreement and the Internal Revenue Code Section 42. Each building of the project has qualified and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42, which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements.

Each building of the project must meet the provisions of these requirements in order to continue to qualify to receive the tax credits. Failure to comply with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken low-income housing tax credits plus interest. Such potential noncompliance may require an adjustment to the contributed capital by the limited partners.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Income Taxes

No provision for federal or state income taxes has been made in the financial statements as the federal and state income tax effect on the Partnership's activities accrues to its partners.

Income tax expense for the tax reporting entity reported by the partners includes federal and state taxes currently payable and deferred taxes arising from temporary differences between income for financial reporting and income tax purposes. No such differences existed as of December 31, 2025 and 2024.

Federal and state tax authorities (if applicable) generally have the right to examine and audit the previous three years of tax returns filed.

The Partnership adopted *Accounting for Uncertainty in Income Taxes* and recognizes a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not-test, no tax benefit is recorded.

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Cash and Cash Equivalents

For the statement of cash flows, all unrestricted investments with the original maturity of three months or less are cash equivalents. As of December 31, 2025 and 2024, cash consists of an operating checking account and petty cash fund. As of December 31, 2025 and 2024 there were no cash equivalents.

Statement of Cash Flows – Restricted Cash

In November 2016, FASB issued Accounting Standards Update No. 2016-18 (ASU 2016-18) which amends the presentation of amounts generally described as restricted cash on the statement of cash flows. These restricted amounts are now required to be included with cash when reconciling the beginning and end of year total amounts. The amendments in ASU 2016-18 do not provide a definition of restricted cash. However, management has determined all restricted deposits and tenant deposits held in trust are considered restricted cash, based upon restrictions of use of funds imposed by HUD.

The following table provides a reconciliation of cash and restricted cash reported within the balance sheets that sum to the total of the same amounts shown in the statements of cash flows.

	<u>2025</u>	<u>2024</u>
Cash	\$ 552,451	\$ 384,933
Cash - construction	402,726	-
Tenant deposits held in trust	26,824	27,285
Replacement reserve	588,416	533,691
Operating reserve	440,000	440,000
	<u>\$ 2,010,417</u>	<u>\$ 1,385,909</u>

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method of depreciation. Depreciation is computed over the estimated useful lives of each individual asset. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized as income or loss for the period. The cost of maintenance and repairs is charged to expenses as incurred; significant renewals and betterments are capitalized.

Asset Management Fees

The Limited Partnership Agreement provides that an investment asset management fee be paid to Boston Capital Asset Management Limited Partnership (BCAML), an affiliate of the Investment Limited Partner. The fee is a one-time payment of \$30,000 that was paid in the first installment of the Investment Limited Partner's capital contribution in 2017. Asset management fees in the amount of \$30,000 are being amortized using the straight-line method of amortization over a period of 15 years. Amortization expense during the years ended December 31, 2025 and 2024 was \$12,500 and \$500, respectively. Accumulated amortization as of December 31, 2025 and 2024 was \$16,500 and \$4,000, respectively.

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Future amortization of tax credit fees is as follows:

2026	\$	2,000
2027		2,000
2028		2,000
2029		2,000
2030		2,000
Thereafter		3,500
		<hr/>
	\$	13,500
		<hr/> <hr/>

Advertising

Audubon Lincolnshire North Apartments, LLLP uses advertising to promote its services to the community. Advertising costs are expensed as incurred.

Accounting for the Impairment or Disposal of Long-Lived Assets

Accounting for the Impairment or Disposal of Long-Lived Assets, 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. Accounting for the Impairment or Disposal of Long-Lived Assets has not materially affected the Partnership's reported earnings, financial condition or cash flows.

Revenue Recognition

Rent Revenue

The Partnership's revenues are derived primarily from rental income and subsidy income from residential units leased under agreements with terms of one year or less. All leases between the Partnership and the residents of the property are operating leases and are not within the scope of revenue recognition from contracts with customers (*ASU Topic 606*). The Partnership records revenue for such leases at gross potential rent as established by HUD. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. These amounts are periodically reviewed by management. Rental income is recognized over the lease terms. Rents collected in advance are deferred until the rental income is earned. Because substantially all leases have terms of one year or less, amounts expected to be earned in future periods are not separately disclosed.

Subsidy revenue for eligible low-income tenants is earned under a rental assistance contract. Management determines tenant eligibility for the subsidy in accordance with HUD requirements. Subsidy revenue is recognized concurrently with the related rental income. The current contract expires on November 30, 2037.

Other revenue consists of tenant reimbursement of consumption-based costs paid by the Partnership on behalf of the tenant, potentially including utilities and other monthly fees. Other revenue may also include laundry, vending, pet, parking, and damage fees. Such fees are ancillary to the lease agreements and are recognized as revenue is incurred.

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Revenue by source, including rental income, subsidy income, and other income, is included in the supplementary HUD financial reports.

Tenant Receivables and Credit Losses

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. Tenant receivables consist of amounts due for rental income, security deposit, or charges for damages and cleaning fees. The Partnership does not accrue interest on the tenant receivable balance. As of December 31, 2025 and 2024, \$0 and \$0, respectively, of tenant rents remained receivable. As of January 01, 2024, \$0 was receivable.

Tenant receivables are charged to credit loss expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize credit losses; however, the effect of using the direct write-off method is not material to the financial statements for the years then ended.

Basis of Accounting

The financial statements of the Partnership have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Risks and Uncertainties

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

Note 2 – Bonds Payable

Financing for the project was provided through Kentucky Housing Corporation Conduit Multifamily Housing Revenue Bonds, in the total aggregate original amount of \$7,050,000, consisting of \$2,500,000 Series 2017A bonds and \$4,550,000 Series 2017B bonds payable to Field & Main Bank. During construction the Series 2017A bonds had monthly interest payments due through the end of construction. In 2019, the Series 2017B bonds of \$4,550,000, plus interest, were paid as construction completed. Beginning in April 2019, monthly installments of \$15,901, which include principal and interest, are due. The bonds have a 4.5% interest rate and will mature in 2039.

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Estimated annual maturities of the mortgage note payable are as follows:

2026	\$ 106,856
2027	111,765
2028	116,899
2029	122,269
2030	127,886
Thereafter	<u>1,310,031</u>
	<u>\$ 1,895,706</u>

Note 3 – Notes Payable

The Partnership entered into a 32-year National Housing Trust Fund note payable to KHC in the amount of \$1,400,000. The note bears no interest, and outstanding principal is due on October 1, 2049. As of December 31, 2025 and 2024, \$1,400,000 remained payable. Substantially all of the assets of the Partnership are held as collateral.

Note 4 – Related Party Transactions

Management and Consulting Fees

The Partnership is managed by Audubon Area Community Services. The management agreement allows for a management fee of 8.80% of gross collections. During the years ended December 31, 2025 and 2024, management fees of \$107,261 and \$98,722 were incurred and expensed, respectively. As of December 31, 2025 and 2024, \$2,160 and \$0, respectively, remained payable.

Additionally, during the years ended December 31, 2025 and 2024, the Partnership paid Homeland, Inc., an affiliate of the Class B Limited Partner, \$25,920 and \$27,640, respectively, for consulting services.

Other Loans and Notes Payable

The Partnership entered into a 22-year loan payable (seller residual cash loan) with Lincolnshire North Apartments, Inc., a related party, in the amount of \$1,325,915. The loan bears interest at 3% and is payable from available cash flow. The loan matures on September 29, 2039. Any unpaid principal and accrued interest are payable at maturity. As of December 31, 2025 and 2024, \$1,275,595 remained payable. As of December 31, 2025 and 2024, \$357,707 and \$309,494, respectively, of accrued interest remained payable. Substantially all of the assets of the Partnership are held as collateral.

Audubon Lincolnshire North Apartments, LLLP
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The Partnership entered into a 22-year loan payable (seller loan) with Lincolnshire North Apartments, Inc., a related party, in the amount of \$3,548,567. The loan bears interest at 3% and is payable from available cash flow. The loan matures on September 29, 2039. Any unpaid principal and accrued interest are payable at maturity. As of December 31, 2025 and 2024, \$3,548,567 remained payable. As of December 31, 2025 and 2024, \$995,103 and \$860,983, respectively of accrued interest was payable. Substantially all of the assets of the Partnership are held as collateral.

Note 5 – Hail Damage

The Project sustained hail damage during the year ended December 31, 2025. As a result, the Company entered into a construction contract with O’Bryan Contracting, Inc. in the original amount of \$1,384,480 for repairs on the Project and Audubon Lincolnshire. As of December 31, 2025, the portion of construction costs incurred by the Project totaled \$506,440 of which \$249,176 remained payable.

During the year ended December 31, 2025, \$659,989 was received from the insurance company, which is being held to make the required repairs which are scheduled for completion in 2026. Management believes this insurance proceeds will be sufficient to cover the costs incurred. As of December 31, 2025, deferred insurance proceeds totaled \$153,550.

Note 6 – Reserves

Replacement Reserve

In accordance with the Partnership Agreement, a reserve for replacement was to be funded in the initial amount of \$204,493 with proceeds from the Investment Limited Partner’s second capital contribution in 2020 and then \$43,200 annually beginning the year of construction completion and increasing 3% annually. The balance of the replacement reserve as of December 31, 2025 and 2024 was \$588,416 and \$533,691, respectively.

Operating Reserve

In accordance with the Partnership Agreement, an operating reserve was to be funded in the initial amount of \$440,000 with proceeds from the Investment Limited Partner’s third capital contribution. The account shall maintain this balance, as a minimum, through the compliance period from its cash flows, and withdrawals are subject to Special Limited Partner’s approval. The balance of the operating reserve as of December 31, 2025 and 2024 was \$440,000 and \$440,000, respectively.

Note 7 – Partnership Profits and Losses and Distributions

The Partnership has one General Partner, Lincolnshire Development, LLC, one Class B Limited Partner, Wabuck Development Company, Inc., one Special Limited Partner, BCCC, Inc., and one Investment Limited Partner, BF Garden Corporate Tax Credit Fund XLIV. As of December 31, 2025 and 2024, the total capital contributions from all sources were \$4,780,355.

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Note 8 – Partnership Profits and Losses and Distributions

All profits and losses generated by the Partnership in the ordinary course of its business are allocated 99.98% to the Investment Limited Partner, 0.01% to the General Partner, and 0.01% to the Class B Limited Partner.

Distributable cash flow is defined in the partnership agreement as gross cash receipts increased by any amount released from replacement reserves, less principal and interest payments on any loans, any amount owed under the development agreement, cash expenditures incurred for operating activities including capital expenditures, and replacement reserve funding.

Distributable cash flow shall be applied in the following priority:

1. To the payment to the Investment Limited Partner of the full amount (including interest) of any unpaid adjusted amount;
2. To replenish the operating reserve;
3. To the payment of any deferred development fee;
4. To the payment of amount due under the seller residual cash loan until repaid in full;
5. To the payment of amounts due under the seller loan until repaid in full;
6. To the repayment of any subordinate loans;
7. To the payment of any accrued management fees;
8. Any remaining balance is to be paid 50% to the Investment Limited Partner, 1% to the Class B Limited Partner, and 49% to the General Partner.

During the years ended December 31, 2025 and 2024, there were no distributions made to the partners.

Note 9 – Housing Assistance Payments

The Partnership received a significant portion of its revenues during the years ended December 31, 2025 and 2024 from HUD under the terms of a Housing Assistance Payments (HAP) contract, which provides for rental assistance to the Partnership on behalf of low-income tenants who meet certain qualifications.

Note 10 – Current Vulnerability Due To Certain Concentrations

The Partnership's sole asset is an 108-unit apartment complex. The Partnership's operations are concentrated in the multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress, or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Note 11 – Concentration of Credit Risk

The Partnership may at times maintain cash balances in financial institutions in excess of the federally insured limits of \$250,000. Partnership management monitors the financial ratings of such financial institutions and believes the risk of loss is minimal.

Note 12 – Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that exist at the balance sheet date are recognized in the Partnership financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the Partnership notes. Management evaluated the activity of the Partnership through March 3, 2026, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary HUD Information

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Supporting Data Required by HUD – Balance Sheets
As of December 31, 2025 and 2024

Assets

	<u>2025</u>	<u>2024</u>
Current Assets		
1120 Cash - operations	\$ 552,451	\$ 384,933
1121 Construction cash account	402,726	-
1200 Prepaid expenses	<u>60,426</u>	<u>47,098</u>
1100T Total current assets	<u>1,015,603</u>	<u>432,031</u>
Deposits Held in Trust		
1191 Tenant/patient deposits held in trust	<u>26,824</u>	<u>27,285</u>
Restricted Deposits		
1320 Replacement reserve	588,416	533,691
1330 Other reserves	<u>440,000</u>	<u>440,000</u>
1300T Total restricted deposits	<u>1,028,416</u>	<u>973,691</u>
Property and Equipment		
1410 Land	300,000	300,000
1420 Buildings	12,834,314	12,834,314
1440 Building equipment - portable	148,786	148,786
1480 Motor vehicles	8,249	8,249
1490 Miscellaneous fixed assets - site improvements	<u>360,000</u>	<u>360,000</u>
1400T Total fixed assets	13,651,349	13,651,349
1495 Accumulated depreciation	<u>(3,284,658)</u>	<u>(2,863,698)</u>
1400N Net fixed assets	<u>10,366,691</u>	<u>10,787,651</u>
Other Assets		
1590 Miscellaneous other assets - asset management fees, net of accum. amort.	<u>13,500</u>	<u>26,000</u>
1500T Total other assets	<u>13,500</u>	<u>26,000</u>
1000T Total Assets	<u><u>\$ 12,451,034</u></u>	<u><u>\$ 12,246,658</u></u>

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Supporting Data Required by HUD – Balance Sheets (Continued)
As of December 31, 2025 and 2024

Liabilities and Equity

	<u>2025</u>	<u>2024</u>
Current Liabilities		
2110 Accounts payable - operations	\$ 2,885	\$ 4,869
2111 Accounts payable-construction development	249,176	-
2113 Accounts payable - interprogram payable	94,603	24,163
2116 Accounts payable - Section 8 & other	4,131	-
2120 Accrued wages payable	13,014	8,853
2123 Accrued management fee payable	2,160	-
2131 Accrued interest payable - first mortgage (or bonds)	7,359	7,746
2170 Mortgage (or bonds) payable - first mortgage (bonds) (short term)	106,856	102,545
2190 Miscellaneous current liabilities - deferred insurance proceeds	153,550	-
	<u>633,734</u>	<u>148,176</u>
2122T Total current liabilities		
Deposit Liabilities		
2191 Tenant/patient deposits held in trust (contra)	21,368	19,405
	<u>21,368</u>	<u>19,405</u>
Long-Term Liabilities		
2310 Notes payable (long term)	1,400,000	1,400,000
2320 Mortgage (or bonds) payable - first mortgage (or bonds)	1,788,850	1,894,912
2323 Other loans and notes payable - surplus cash	4,824,162	4,824,162
2332 Accrued interest notes payable (surplus cash) long term	1,352,810	1,170,477
	<u>9,365,822</u>	<u>9,289,551</u>
2300T Total long-term liabilities		
2000T Total Liabilities	<u>10,020,924</u>	<u>9,457,132</u>
3130 Equity	<u>2,430,110</u>	<u>2,789,526</u>
Total Equity	<u>2,430,110</u>	<u>2,789,526</u>
2033T Total Liabilities and Equity	<u>\$ 12,451,034</u>	<u>\$ 12,246,658</u>

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Supporting Data Required by HUD – Statements of Profit and Loss
For the Years Ended December 31, 2025 and 2024

Project Revenue Accounts

		<u>2025</u>		<u>2024</u>
Rent revenue				
5120	Rent revenue - gross potential	\$ 448,922		\$ 447,636
5121	Tenant assistance payments	<u>842,314</u>		<u>784,440</u>
5100T	Total rent revenue	<u>1,291,236</u>		<u>1,232,076</u>
Vacancies				
5220	Apartments	<u>(114,584)</u>		<u>(99,467)</u>
5200T	Total vacancies	<u>(114,584)</u>		<u>(99,467)</u>
5152N	Net rental revenue (rent revenue less vacancies)	<u>1,176,652</u>		<u>1,132,609</u>
Other revenue				
5910	Laundry and vending revenue	7,452		7,073
5920	Tenant charges	7,739		7,404
5990	Miscellaneous revenue - insurance proceeds	<u>507,191</u>		<u>181</u>
5900T	Total other revenue	<u>522,382</u>		<u>14,658</u>
5000T	Total revenue	<u>1,699,034</u>		<u>1,147,267</u>

Project Expense Accounts

Administrative expenses				
6203	Conventions and meetings	-		151
6204	Management consultants	25,920		27,640
6311	Office expenses	15,928		15,770
6320	Management fee	107,261		98,722
6330	Manager or superintendent salaries	169,481		143,825
6340	Legal expense-project	7,797		4,725
6350	Audit expense	7,650		6,175
6351	Bookkeeping fees/accounting services	10,240		10,240
6390	Miscellaneous administrative expense	<u>-</u>		<u>358</u>
6263T	Total administrative expenses	<u>344,277</u>		<u>307,606</u>

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Supporting Data Required by HUD – Statements of Profit and Loss
(Continued) For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Utility expenses		
6450 Electricity	188,085	174,053
6452 Gas	<u>11,165</u>	<u>13,160</u>
6400T Total utility expenses	<u>199,250</u>	<u>187,213</u>
Operating and maintenance expenses		
6515 Supplies	43,166	21,659
6520 Contracts	577,208	97,325
6525 Garbage and trash removal	-	547
6530 Security payroll/contract	49,045	47,917
6546 Heating/cooling repairs and maintenance	10,612	18,702
6570 Vehicle and maintenance equipment operation and repairs	-	1,629
6590 Miscellaneous operating and maintenance expenses	<u>391</u>	<u>-</u>
6500T Total operating and maintenance expenses	<u>680,422</u>	<u>187,779</u>
Taxes and insurance		
6711 Payroll taxes (project's share)	12,593	11,054
6720 Property and liability insurance (hazard)	73,499	54,621
6722 Workmen's compensation	1,804	1,657
6723 Health insurance and other employee benefits	40,443	43,023
6790 Miscellaneous taxes, licenses, permits and insurance	<u>1,699</u>	<u>2,669</u>
6700T Total taxes and insurance	<u>130,038</u>	<u>113,024</u>
Financial expenses		
6820 Interest on first mortgage (or bonds) payable	88,670	93,269
6830 Interest on notes payable (long term)	<u>182,333</u>	<u>176,950</u>
6800T Total financial expenses	<u>271,003</u>	<u>270,219</u>
Operating Results		
6000T Total cost of operations before depreciation	<u>1,624,990</u>	<u>1,065,841</u>
5060T Profit (loss) before depreciation	74,044	81,426
6600 Depreciation expense	420,960	420,959
6610 Amortization expense	<u>12,500</u>	<u>500</u>
5060N Operating profit or (loss)	<u>(359,416)</u>	<u>(340,033)</u>
3250 Profit or Loss (Net Income or Loss)	<u>\$ (359,416)</u>	<u>\$ (340,033)</u>

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Supporting Data Required by HUD – Part II
For the Year Ended December 31, 2025

Part II

S1000-010	Total first mortgage (or bond) principal payments required during the audit period (usually 12 months). This applies to all direct loans, HUD-held and HUD-insured first mortgages.	<u>\$ 101,751</u>
S1000-020	Total of all monthly reserve for replacement deposits (usually 12 months) required during the audit period even if deposits have been temporarily waived or suspended.	<u>\$ 54,725</u>
S1000-030	Replacement reserve, or residual receipts and releases which are included as expense items on this profit and loss statement.	<u>\$ -</u>
S1000-040	Project improvement reserve releases under the flexible subsidy program that are included as expense items on this profit and loss statement.	<u>\$ -</u>

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Supporting Data Required by HUD – Statements of Changes in Equity
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
S1100-010 Beginning of Year Balance	\$ 2,789,526	\$ 3,129,559
3250 Net Income or Loss	<u>(359,416)</u>	<u>(340,033)</u>
3130 End of Year	<u>\$ 2,430,110</u>	<u>\$ 2,789,526</u>

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Supporting Data Required by HUD - Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

		<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities			
S1200-010	Rental receipts	\$ 1,180,783	\$ 1,132,609
S1200-030	Other operating receipts	<u>675,932</u>	<u>14,658</u>
S1200-040	Total receipts	<u>1,856,715</u>	<u>1,147,267</u>
S1200-050	Administrative	(43,575)	(72,254)
S1200-070	Management fee	(105,101)	(98,722)
S1200-090	Utilities	(178,714)	(190,521)
S1200-100	Salaries and wages	(165,320)	(142,296)
S1200-110	Operating and maintenance	(656,462)	(235,463)
S1200-140	Property insurance	(86,827)	(62,336)
S1200-150	Miscellaneous taxes and insurance	(56,539)	(58,403)
S1200-160	Tenant security deposits	2,424	70
S1200-180	Interest on first mortgage	<u>(89,057)</u>	<u>(85,523)</u>
S1200-230	Total disbursements	<u>(1,379,171)</u>	<u>(945,448)</u>
S1200-240	Net cash provided by (used in) operating activities	<u>477,544</u>	<u>201,819</u>
Cash Flows From Investing Activities			
S1200-250	Net deposits to the reserve for replacement account	(54,725)	(53,130)
S1200-345	Entity/construction investing activities	<u>249,176</u>	<u>-</u>
S1200-350	Net cash provided by (used in) investing activities	<u>194,451</u>	<u>(53,130)</u>
Cash Flows From Financing Activities			
S1200-360	Principal payments - first mortgage (or bonds)	<u>(101,751)</u>	<u>(89,384)</u>
S1200-460	Net cash provided by (used in) financing activities	<u>(101,751)</u>	<u>(89,384)</u>
S1200-470	Net Increase (Decrease) in Cash and Cash Equivalents	570,244	59,305
S1200-480	Beginning of Period Cash	<u>384,933</u>	<u>325,628</u>
S1200T	End of Period Cash	<u>\$ 955,177</u>	<u>\$ 384,933</u>

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Supporting Data Required by HUD - Statements of Cash Flows (Continued)
For the Years Ended December 31, 2025 and 2024

		<u>2025</u>	<u>2024</u>
Reconciliation of net profit (loss) to net cash provided by (used in) operating activities			
3250	Profit or loss (net income or loss)	\$ (359,416)	\$ (340,033)
	Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities		
6600	Depreciation expense	420,960	420,959
6610	Amortization expense	12,500	500
S1200-520	Decrease (increase) in prepaid expenses	(13,328)	(7,715)
S1200-530	Decrease (increase) in cash restricted for tenant security deposits	461	1,959
S1200-540	Increase (decrease) in accounts payable	(1,984)	(11,028)
S1200-560	Increase (decrease) in accrued liabilities	234,442	(45,630)
S1200-570	Increase (decrease) in accrued interest payable	181,946	184,696
S1200-580	Increase (decrease) in tenant security deposits held in trust	<u>1,963</u>	<u>(1,889)</u>
S1200-610	Net cash provided by (used in) operating activities	<u>\$ 477,544</u>	<u>\$ 201,819</u>

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Supporting Data Required by HUD –
Other Information and Replacement Reserves December 31, 2025

Schedule of Replacement Reserves

1320P	Balance at beginning of the year	\$ 533,691
1320DT	Total monthly deposits	<u>54,725</u>
1320	Balance at end of the year, confirmed by mortgagee	<u>\$ 588,416</u>
1320R	Deposits suspended or waived indicator	No

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Supporting Data Required by HUD – Computation of Surplus Cash
December 31, 2025

Computation of Surplus Cash, Distributions, and Residual Receipts (Annual)

Account	Description	Value
S1300-010	Cash	\$ 579,275
1135	Accounts receivable - HUD	\$ -
S1300-030	Other	\$ -
S1300-040	Total cash	\$ 579,275
S1300-050	Accrued mortgage (or bond) interest payable	\$ 7,359
S1300-060	Delinquent mortgage (or bond) principal payments	\$ -
S1300-070	Delinquent deposits to reserve for replacements	\$ -
S1300-075	Accounts payable - 30 days	\$ 2,885
S1300-080	Loans and notes payable (due within 30 days)	\$ -
S1300-090	Deficient tax insurance or mip escrow deposits	\$ -
S1300-100	Accrued expenses (not escrowed)	\$ 263,327
2210	Prepaid revenue	\$ -
2191	Tenant/patient deposits held in trust (contra)	\$ 21,368
S1300-110	Other current obligations - Section 8	\$ 4,131
S1300-140	Total current obligations	\$ 299,070
S1300-150	Surplus cash (deficiency)	\$ 280,205
S1300-160	Annual distribution earned during fiscal period covered by this statement	\$ -
S1300-170	Distribution accrued and unpaid as of the end of the prior fiscal period	\$ -
S1300-180	Distributions and entity expenses paid during fiscal period covered by this statement	\$ -
S1300-190	Distribution earned but unpaid	\$ -
S1300-200	Amount available for distribution during next fiscal period	\$ 280,205
S1300-203	Incentive performance fee payable	\$ -
S1300-204	Percentage surplus cash split	\$ -
S1300-205	Surplus cash available for second mortgage payments	\$ -
S1300-206	Surplus cash available for distribution	\$ -
S1300-210	Deposit due residual receipts	\$ -

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Supporting Data Required by HUD –
Fixed Assets and Accumulated Depreciation December 31, 2025

Change in Fixed Assets

<u>Fixed Assets</u>	December 31 <u>2024</u>	<u>Additions</u>	<u>Deductions</u>	December 31 <u>2025</u>
1410 Land	\$ 300,000	\$ -	\$ -	\$ 300,000
1420 Buildings	12,834,314	-	-	12,834,314
1440 Building equipment - portable	148,786	-	-	148,786
1480 Motor vehicles	8,249	-	-	8,249
1490 Miscellaneous fixed assets	360,000	-	-	360,000
	<u>\$ 13,651,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,651,349</u>

	December 31 <u>2024</u>	<u>Additions</u>	<u>Deductions</u>	December 31 <u>2025</u>
1495 Accum. deprec.	\$ 2,863,698	\$ 420,960	\$ -	\$ 3,284,658

Fixed asset additions during the year ended December 31, 2025:

None.

Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Partners
Audubon Lincolnshire North Apartments, LLLP
Owensboro, Kentucky

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Audubon Lincolnshire North Apartments, LLLP, which comprise the balance sheet as of December 31, 2025, and the related statements of profit and loss, changes in partners' equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 3, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Audubon Lincolnshire North Apartments, LLLP's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Audubon Lincolnshire North Apartments, LLLP's internal control. Accordingly, we do not express an opinion on the effectiveness of Audubon Lincolnshire North Apartments, LLLP's internal control.

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

Our consideration of internal control 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Audubon Lincolnshire North Apartments, LLLP'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 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 Audubon Lincolnshire North Apartments, LLLP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Audubon Lincolnshire North Apartments, LLLP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
March 3, 2026

Independent Auditor’s Report on Compliance With Requirements That Could Have a Direct And Material Effect on Each Major HUD-Assisted Program And on Internal Control Over Compliance in Accordance With *Consolidated Audit Guide For Audits of HUD Programs*

To the Partners
 Audubon Lincolnshire North Apartments, LLLP
 Owensboro, Kentucky

Report on Compliance for Each Major HUD Program

Opinion on Each Major HUD Program

We have audited Audubon Lincolnshire North Apartments, LLLP’s compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the Guide) that could have a direct and material effect on each of Audubon Lincolnshire North Apartments, LLLP’s major U.S. Department of Housing and Urban Development (HUD) programs for the year ended December 31, 2025. Audubon Lincolnshire North Apartments, LLLP’s major HUD programs and the related direct and material compliance requirements are as follows:

Name of Major HUD Programs	Direct and Material Compliance Requirements
Section 8	Cash receipts, cash disbursements, tenant application, eligibility and recertification, units leased to extremely low-income families, security deposits, and management functions.

In our opinion, Audubon Lincolnshire North Apartments, LLLP complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major HUD programs for the year ended December 31, 2025.

Basis for Opinion on Each Major HUD Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Audubon Lincolnshire North Apartments, LLLP and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that our audit provides a reasonable basis for our opinion on compliance for each major HUD program. Our audit does not provide a legal determination of Audubon Lincolnshire North Apartments, LLLP's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, rules, and provisions of contracts or grants agreements applicable to Audubon Lincolnshire North Apartments, LLLP's HUD programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether the material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Audubon Lincolnshire North Apartments, LLLP's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance with Audubon Lincolnshire North Apartments, LLLP's compliance with the requirements of each major HUD program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Audubon Lincolnshire North Apartments, LLLP's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Audubon Lincolnshire North Apartments, LLLP's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of Audubon Lincolnshire North Apartments, LLLP's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 compliance requirement of a HUD program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a HUD program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement of a HUD program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
March 3, 2026

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

For the Year Ended December 31, 2025:

There were no findings or questioned costs for the year ended December 31, 2025.

For the Year Ended December 31, 2024:

There were no findings or questioned costs for the year ended December 31, 2024.

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Mortgagor's Certification

We hereby certify that we have examined the accompanying financial statements and supplementary information of Audubon Lincolnshire North Apartments, LLLP, and, to the best of our knowledge and belief, the same is complete and accurate.

March 3, 2026

Brandon Harley, CEO
Audubon Lincolnshire North Apartments, LLLP

Date

Audubon Lincolnshire North Apartments, LLLP
HUD Project No. 083-35020

Management Agent's Certification

We hereby certify that we have examined the accompanying financial statements and supplementary information of Audubon Lincolnshire North Apartments, LLLP, and, to the best of our knowledge and belief, the same is complete and accurate.

March 3, 2026

Brandon Harley, CEO
Audubon Area Community Services
1700 West 5th Street
Owensboro, KY 42301
EIN Number: 23-7364935

Date

Property Manager