

CYPRESS AT GARDERE, LP
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

CYPRESS AT GARDERE, LP
TABLE OF CONTENTS
AS OF AND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
BALANCE SHEETS	3-4
STATEMENTS OF OPERATIONS	5
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)	6
STATEMENTS OF CASH FLOWS	7-8
NOTES TO FINANCIAL STATEMENTS	9-21
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENSES	22-23
COMPUTATION OF SURPLUS CASH – LHC CDBG	24
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 <i>GOVERNMENT AUDITING STANDARDS</i>	25-26
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO THE AGENCY HEAD OR CHIEF EXECUTIVE OFFICER	27
SCHEDULE OF FINDINGS AND RESPONSES	28
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS	29



INDEPENDENT AUDITORS' REPORT

To the Partners and Management
of Cypress at Gardere, LP
Baton Rouge, Louisiana

Opinion

We have audited the accompanying financial statements of Cypress at Gardere, LP (a Louisiana Limited Partnership), which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of operations, 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 Cypress at Gardere, LP as of December 31, 2024 and 2023, 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 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 Cypress at Gardere, LP 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.

Prior Period Financial Statements

The financial statements of Cypress at Gardere, LP as of December 31, 2023 were audited by other auditors whose report dated November 12, 2024 expressed an unmodified opinion on those statements.

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 Cypress at Gardere, LP'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 generally accepted auditing standards 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 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 generally accepted auditing standards 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 Cypress at Gardere, LP'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 Cypress at Gardere, LP'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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenses, the Computation of Surplus Cash – LHC CDBG, and the Schedule of Compensation, Benefits, and Other Payments to the Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 our report dated May 21, 2025 on our consideration of Cypress at Gardere, LP'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 solely 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 Cypress at Gardere, LP'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* in considering Cypress at Gardere, LP's internal control over financial reporting and compliance.

Monroe, LA
May 21, 2025

CYPRESS AT GARDERE, LP
BALANCE SHEETS
DECEMBER 31,

	ASSETS		
		2024	2023
CURRENT ASSETS			
Cash - Operations	\$	244,342	\$ 329,890
Cash - Development		820	9,502
Accounts Receivable - Tenants		597	1,861
Prepaid Expenses		59,090	709
Total Current Assets		<u>304,849</u>	<u>341,962</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES			
Replacement Reserve		277,329	4,126
Operating Reserve		456,046	456,046
Real Estate Tax and Insurance Escrow		213,178	252,415
Tenants' Security Deposits		10,748	11,052
Total Restricted Deposits and Funded Reserves		<u>957,301</u>	<u>723,639</u>
PROPERTY AND EQUIPMENT			
Buildings		19,004,514	19,004,514
Site Improvements		1,372,243	1,372,243
Furniture and Equipment		685,803	685,803
Total		21,062,560	21,062,560
Less: Accumulated Depreciation		(1,468,232)	(855,927)
Net Depreciable Assets		19,594,328	20,206,633
Total Property and Equipment		<u>19,594,328</u>	<u>20,206,633</u>
OTHER ASSETS			
Tax Credit Costs		79,995	79,995
Accumulated Amortization		(12,931)	(7,598)
Net Amortizable Assets		67,064	72,397
Utility Deposits		150	150
Total Other Assets		<u>67,214</u>	<u>72,547</u>
Total Assets		<u><u>\$ 20,923,692</u></u>	<u><u>\$ 21,344,781</u></u>

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

CYPRESS AT GARDERE, LP
BALANCE SHEETS
DECEMBER 31,

	2024	2023
LIABILITIES AND PARTNERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 4,793	\$ 11,018
Deferred Income	3,564	9,139
Due To Related Parties	105,388	85,388
Asset Management Fees Payable	5,464	13,788
Partnership Management Fees Payable	77,006	55,151
Development Costs Payable	-	7,026
Developer Fees Payable	483,407	483,407
Accrued Interest Payable - Walker Dunlop - Construction Loan	17,908	17,908
Note Payable - Walker Dunlop - Construction Loan	4,840,000	-
Total Current Liabilities	<u>5,537,530</u>	<u>682,825</u>
DEPOSITS		
Tenants' Security Deposits	<u>10,500</u>	<u>11,800</u>
Total Deposits	<u>10,500</u>	<u>11,800</u>
LONG-TERM LIABILITIES		
Note Payable - Walker Dunlop - Construction Loan	-	4,840,000
Note Payable - LHC - CDBG Loan	3,652,750	3,652,750
Note Payable - PFP - Seller Loan	4,900,000	4,900,000
Accrued Interest Payable - PFP - Seller Loan	1,185,913	793,913
Note Payable - PFP - AHP Dallas Loan	750,000	750,000
Accrued Interest Payable - PFP - AHP Dallas Loan	13,938	10,188
Total Long-Term Liabilities	<u>10,502,601</u>	<u>14,946,851</u>
Total Liabilities	<u>16,050,631</u>	<u>15,641,476</u>
PARTNERS' EQUITY		
Partners' Equity	<u>4,873,061</u>	<u>5,703,305</u>
Total Partners' Equity	<u>4,873,061</u>	<u>5,703,305</u>
Total Liabilities and Partners' Equity	<u><u>\$ 20,923,692</u></u>	<u><u>\$ 21,344,781</u></u>

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

CYPRESS AT GARDERE, LP
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>
REVENUE		
Rental Income	\$ 301,325	\$ 211,804
Rental Assistance Subsidy	854,571	954,895
Vacancies	(96,980)	(51,867)
Concessions	(359)	(6,384)
Bad Debts	(8,765)	-
Late Fees, Forfeited Deposits, etc.	11,598	3,574
Other Income	<u>69</u>	<u>272</u>
Total Revenue	<u>1,061,459</u>	<u>1,112,294</u>
EXPENSES		
Maintenance and Repairs	206,893	151,223
Utilities	92,645	84,108
Administrative	165,330	206,215
Management Fees	52,852	58,982
Insurance	61,144	147,532
Taxes	37,085	28,667
Interest	614,228	1,685,988
Depreciation and Amortization	<u>617,638</u>	<u>606,128</u>
Total Expenses	<u>1,847,815</u>	<u>2,968,843</u>
Net Operating Income (Loss)	(786,356)	(1,856,549)
OTHER INCOME (EXPENSE)		
Interest Income	5,963	2,023
Construction Loan Extension Fees	(20,000)	-
Claim Gain (Loss)	(2,532)	3,776
Asset Management Fees	(5,464)	(5,305)
Partnership Management Fees	<u>(21,855)</u>	<u>(21,218)</u>
Total Other Income (Expense)	<u>(43,888)</u>	<u>(20,724)</u>
Net Income (Loss)	<u><u>\$ (830,244)</u></u>	<u><u>\$ (1,877,273)</u></u>

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

CYPRESS AT GARDERE, LP
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

		General Partner	Special Limited Partner RBC	Limited Partner RBC
	Total	Cypress at Gardere GP, LLC	Community Investments Manager II, Inc.	Community Investments National Fund- 30, L.P.
Partners' Equity (Deficit), December 31, 2022	\$ 865,418	\$ (106)	\$ (12)	\$ 865,536
Contributions	6,715,160	-	-	6,715,160
Net Income (Loss)	<u>(1,877,273)</u>	<u>(169)</u>	<u>(19)</u>	<u>(1,877,085)</u>
Partners' Equity (Deficit), December 31, 2023	5,703,305	(275)	(31)	5,703,611
Net Income (Loss)	<u>(830,244)</u>	<u>(75)</u>	<u>(8)</u>	<u>(830,161)</u>
Partners' Equity (Deficit), December 31, 2024	<u>\$ 4,873,061</u>	<u>\$ (350)</u>	<u>\$ (39)</u>	<u>\$ 4,873,450</u>
Profit and Loss Percentages	<u>100.00%</u>	<u>0.009%</u>	<u>0.001%</u>	<u>99.990%</u>

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

CYPRESS AT GARDERE, LP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	<u>\$ (830,244)</u>	<u>\$ (1,877,273)</u>
Adjustments to Reconcile Net Income (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	617,638	606,128
Amortization of Debt Issuance Costs	-	671,673
(Increase) Decrease in Accounts Receivable - Tenants	1,264	103,727
(Increase) Decrease in Accounts Receivable - Subsidy	-	12,591
(Increase) Decrease in Prepaid Expenses	(58,381)	(566)
Increase (Decrease) in Accounts Payable	(6,225)	(14,989)
Increase (Decrease) in Deferred Income	(5,575)	(1,032)
Increase (Decrease) in Asset Management Fees Payable	(8,324)	5,305
Increase (Decrease) in Partnership Management Fees Payable	21,855	21,218
Increase (Decrease) in Accrued Interest Payable	395,750	342,707
Increase (Decrease) in Security Deposit Liability	<u>(1,300)</u>	<u>(24,300)</u>
Total Adjustments	<u>956,702</u>	<u>1,722,462</u>
Net Cash Provided (Used) by Operating Activities	<u>126,458</u>	<u>(154,811)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for Property and Equipment	<u>-</u>	<u>(108,075)</u>
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>(108,075)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Pay Off Home Bank Construction Loan	-	(11,037,243)
Proceeds from Walker Dunlop Construction Loan	-	4,840,000
Proceeds from Long-Term Debt	-	324,431
Principal Payments of Long-Term Debt	-	(6)
Payment of Development Costs Payable	(7,026)	-
Payment of Developer Fees Payable	-	(341,470)
Net Change in Due To Related Parties	20,000	22,539
Capital Contributions Received from Partners	<u>-</u>	<u>6,715,160</u>
Net Cash Provided (Used) by Financing Activities	<u>12,974</u>	<u>523,411</u>
Net Increase (Decrease) in Cash and Cash Equivalents	139,432	260,525
Cash and Cash Equivalents, Beginning of Year	<u>1,063,031</u>	<u>802,506</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,202,463</u></u>	<u><u>\$ 1,063,031</u></u>

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

CYPRESS AT GARDERE, LP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>
Supplemental Disclosures of Cash Flow Information:		
Cash and Cash Equivalents		
Cash - Operations	\$ 244,342	\$ 329,890
Cash - Development	820	9,502
Replacement Reserve	277,329	4,126
Operating Reserve	456,046	456,046
Real Estate Tax and Insurance Escrow	213,178	252,415
Tenants' Security Deposits	10,748	11,052
Total Cash and Cash Equivalents	<u>\$ 1,202,463</u>	<u>\$ 1,063,031</u>
 Cash paid During the Year for:		
Interest	<u>\$ 218,478</u>	<u>\$ 671,608</u>
 Noncash Investing/Financing Activities:		
Acquisition of Property and Equipment through incurrence of Development Costs Payable	<u>\$ -</u>	<u>\$ 7,026</u>

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

CYPRESS AT GARDERE, LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE A – ORGANIZATION

Cypress at Gardere, LP (the “Partnership”) was organized on November 29, 2017 as a Louisiana limited partnership to develop, construct, own, maintain, and operate a 99-unit rental housing apartment complex for person of low income. The apartment complex is located in Baton Rouge, Louisiana and is known as Cypress at Gardere. All units of the apartment complex are rented under the requirements of Code Section 42 (Section 42) of the Internal Revenue Code (low-income housing tax credit) which regulates the use of the apartment complex as to occupant eligibility and unit gross rent, among other requirements. The major activities of the Partnership are governed by the Amended and Restated Agreement of Limited Partnership dated April 21, 2021 (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 statements of cash flows, cash and cash equivalents represent unrestricted cash, restricted deposits, funded reserves and all highly liquid and unrestricted and restricted debt instruments purchased with a maturity of three months or less.

Cash and Other Deposits

The Partnership maintains various checking, escrow, and other deposits at various financial institutions. All interest-bearing and noninterest-bearing accounts, in the aggregate, are insured up to \$250,000 at each financial institution by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2024, there were uninsured deposits in the amount of \$48,498.

CYPRESS AT GARDERE, LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, will be reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the interest method.

Operating Reserve

In accordance with Section 4.02(m) of the Partnership Agreement, the General Partner is required to establish and maintain an operating reserve account (the “Operating Reserve”) with an initial deposit of \$456,046 no later than the making of the Third Capital Contribution. The Third Capital Contribution is due to be paid on the later of March 1, 2023, or 10 Business Days after the occurrence and satisfaction of a series of conditions described in the Partnership Agreement. The Operating Reserve is to be funded from Capital Contributions and/or the proceeds of the Project Loan. Funds in the Operating Reserve shall be used exclusively to fund operating deficits, as approved by the Special Limited Partner in an approved annual budget for the Project or upon request of the General Partner. In no event shall the General Partners withdraw funds for Operating Deficits if the balance is less than \$228,023 at any time. This Reserve is also required by Section 2.2(b) of the CDBG-DR 2018 Piggyback Program GAP Financing Loan Agreement dated April 22, 2021. Deposits occurring after the placed in service date shall only be made from Surplus Cash remaining after payment of the Annual Installment (regardless of whether the deposit is being made to replenish reserve funds drawn down to pay prior Operating Deficits). As of December 31, 2024 and 2023, this account had a balance of \$456,046 and \$456,046, respectively.

Replacement Reserve

In accordance with Section 4.02(l) of the Partnership Agreement, the General Partner is required to establish and maintain a replacement reserve account (the “Replacement Reserve”) with an initial deposit of \$99,000 no later than the making of the Second Capital Contribution and annual deposits commencing upon Substantial Completion in an amount equal to the greater of (i) \$250.00 per unit, increasing 3% annually, and (ii) the amount required by the permanent lender (underwritten at \$600 per unit increasing 3% annually) from the Partnership's gross operating revenues into a segregated Reserve Fund for Replacements. The Second Capital Contribution is due to be paid on the later of August 1, 2022, or 10 Business Days after the occurrence and satisfaction of a series of conditions described in the Partnership Agreement. Funds in the Replacement Reserve shall be withdrawn subject to the Special Limited Partner's consent which may be evidenced in an approved annual budget for the Project or upon request of the General Partners.

In accordance with Section 2.2(b) of the CDBG-DR 2018 Piggyback Program GAP Financing Loan Agreement dated April 22, 2021, the Partnership shall establish and maintain a reserve (“Replacement Reserve”) for the payment of costs and expenses incurred by the Partnership in connection with fixtures, furniture and equipment, capital improvements, repairs and replacements performed at the Project. Prior to the release of the Loan retainage (the final

CYPRESS AT GARDERE, LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Replacement Reserve (Continued)

payment of Loan proceeds), the Partnership must produce evidence that the Partnership has deposited \$99,000 into the Replacement Reserve Account as an initial deposit. Commencing on the first day of the month in which the Project is placed in service, and continuing thereafter on the 1st of each year of the Project's operation during the term of the Agreement mentioned above, the Partnership shall deposit to the Replacement Reserve Account an amount equal to \$600 per unit per year, or a total of \$59,400 per year, until the Maturity Date of the CDBG Loan on May 1, 2056. The Partnership shall pay \$4,950 each month to Walker and Dunlop, LLC for deposit into the Replacement Reserve Account. For the year ended December 31, 2024, \$59,400 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2024 was \$267,315, which resulted in the account being adequately funded for the year ended December 31, 2024. For the year ended December 31, 2023, \$0 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2023 was \$0, which resulted in the account being adequately funded for the year ended December 31, 2023. As of December 31, 2024 and 2023, this account had a balance of \$277,329 and \$4,126, respectively.

Replacement Reserve Account activity for the years ended December 31, 2024 and 2023 is as follows:

Beginning Balance 12/31/2022	\$ 99,000
Deposits	—
Interest	—
Withdrawals	(94,874)
Ending Balance 12/31/2023	4,126
Deposits	267,315
Interest	5,963
Withdrawals	(75)
Ending Balance 12/31/2024	<u>\$ 277,329</u>

Rent-Up Reserve

In accordance with Section 4.02(l) of the Partnership Agreement, the General Partner is required to establish and maintain a rent-up reserve account (the "Rent-Up Reserve") with an initial deposit of \$149,249 no later than ninety days prior to the date on which the buildings in the Project are "placed into service". The Rent-Up Reserve is to be funded from Capital Contributions and/or the proceeds of the Project Loan. The General Partner shall be entitled to withdraw funds from the Rent-Up Reserve to fund operating expenses and debt service of the Project prior to the Stabilization Date subject to the Special Limited Partner's Consent (such Consent not to be unreasonably withheld, conditioned or delayed), which may be evidenced in an approved annual budget for the Project or, upon the request of the General Partner. The unused balance of the Rent-Up Reserve shall be distributed as Net Cash Flows prior to the Final Capital

CYPRESS AT GARDERE, LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rent-Up Reserve (Continued)

Contribution. The Final Capital Contribution is due to be paid on the later of June 1, 2023, or 10 Business Days after the occurrence and satisfaction of a series of conditions described in the Partnership Agreement. As of December 31, 2024, this account was not funded.

Credit Risk Collateralization Policy

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 for in amounts sufficient to relate the cost of depreciable assets to operations using the straight-line method over their estimated service lives as follows:

Buildings	40 years
Furniture, Fixtures and Equipment	10 years
Site Improvements	20 years

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 and losses are reflected in the statements of operations.

Amortization

Organization costs are expensed as incurred. Tax credit costs are be amortized over the fifteen year tax credit period using the straight-line method. As of December 31, 2024 and 2023, accumulated amortization was in the amount of \$12,931 and \$7,598, respectively.

Tenants' Security

Tenants' security deposits are to be held in a separate bank account in the name of the apartment complex. At December 31, 2024, this account was funded in an amount greater than the security deposit liability.

Revenue Recognition for Tenant Leases and Tenant Charges and Accounts Receivable

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.

The Partnership determines if a contract is a lease or contains a lease at inception. At the commencement of an operating lease, no income is recognized; subsequently, lease payments

CYPRESS AT GARDERE, LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition for Tenant Leases and Tenant Charges and Accounts Receivable
(Continued)

received are recognized on a straight-line basis. Rental revenue attributable to tenant leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue includes fees for late payments, cleaning, damages, laundry facilities and other tenant charges and is recorded when earned. Advance receipts of revenue are deferred and classified as liabilities until earned. Tenants who are evicted or move out are charged with damages and cleaning fees, if applicable. Tenant 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 tenant receivable balances.

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 reportable 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. The Partnership files income tax returns in the U.S. federal jurisdiction, and various state jurisdictions. The Partnership is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2021.

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.

Ground Lease

The Company determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of and to obtain substantially all of the economic benefits from the use of an asset for a period of time in exchange for consideration.

Operating lease right-of use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Company uses a risk-free rate at the commencement date in determining the present value of lease payments.

CYPRESS AT GARDERE, LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Ground Lease (Continued)

The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The ground lease agreement does not contain material residual value guarantees or material restrictive covenants.

The Company accounts for the ground lease as an operating lease (see Note I).

NOTE C – PARTNERS AND CAPITAL CONTRIBUTIONS

The Partnership has one General Partner – Cypress at Gardere GP, LLC, a Louisiana limited liability company, one Special Limited Partner – RBC Community Investments Manager II, Inc., a Delaware corporation, and one Limited Partner – RBC Community Investments National Fund-30, L.P., a Delaware limited partnership. The Partnership records capital contributions as received and distributions as paid. During the years ended December 31, 2024 and 2023, capital contributions were received in the amount of \$0 and \$6,715,160 from the Limited Partner, respectively, and no capital contributions were received from the other Partners. Pursuant to the terms of the Partnership Agreement, the Limited Partner is required to provide capital contributions totaling \$9,113,524, subject to potential adjustments based on the amount of low-income housing tax credits ultimately allocated to the Property in addition to other potential occurrences as more fully explained in the Partnership Agreement. As of December 31, 2024 and 2023, Limited Partner capital contributions totaled \$8,853,524 and \$8,853,524, respectively. During the years ended December 31, 2024 and 2023, no distributions were paid to the Partners.

NOTE D – LONG-TERM DEBT

Note Payable – Walker and Dunlop, LLC – Construction Loan/Permanent Loan

On October 4, 2023, the Partnership entered into a loan agreement with Walker and Dunlop, LLC (Walker Dunlop) in the amount of \$4,840,000. The loan is secured by the Project, has an interest rate of 4.31% plus servicing fee of 0.13%, and matures May 1, 2038. Interest only payments commenced on November 1, 2023 and continue until June 1, 2025. Monthly \$22,726 payments of principal and interest commence on June 1, 2025 and continue until maturity. At maturity, a balloon payment of the remaining principal balance is due in full. As of December 31, 2024 and 2023, the principal balance on the loan was \$4,840,000 and \$4,840,000 and accrued interest was \$17,908 and \$17,908, respectively.

Note Payable – Louisiana Housing Corporation – CDBG Loan

On April 22, 2021, the Partnership entered into a loan agreement with the Louisiana Housing Corporation (LHC) in the amount of \$3,845,000. The loan is secured by the Project, has an interest rate of 0% per annum, and matures on May 1, 2056, the May 1 that is thirty-five (35) years from the Effective Date of the Regulatory Agreement. The principal balance is paid from 50% of Surplus

CYPRESS AT GARDERE, LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE D – LONG-TERM DEBT (CONTINUED)

Note Payable – Louisiana Housing Corporation – CDBG Loan (Continued)

Cash. The remaining principal balance is due and payable as a lump sum at maturity. As of December 31, 2024 and 2023, the balance due on the loan was \$3,652,750 and \$3,652,750, respectively.

Note Payable – Partners-For-Progress, Inc. – Seller Loan

On April 22, 2021, the Partnership entered into a loan agreement with Partners-For-Progress, Inc. (PFP) in the amount of \$4,900,000. Partners-For-Progress, Inc. is an affiliate of the General Partner. The loan is secured by the Project, has a simple interest rate of 8% per annum, and matures April 22, 2056. The principal balance and accrued interest shall be paid annually commencing in 2023 with payments solely from 75% of Surplus Cash (as defined in the Subordination Agreement between Lender and Regions Bank, as a fiscal agent). The remaining principal balance and accrued interest shall be due and payable on maturity. As of December 31, 2024 and 2023, the principal balance on the loan was \$4,900,000 and \$4,900,000 and accrued interest was \$1,185,913 and \$793,913, respectively.

Note Payable – Partners-For-Progress, Inc. – AHP Dallas Loan

On April 22, 2021, the Partnership entered into a loan agreement with Partners-For-Progress, Inc. (PFP) in the amount of \$750,000. Partners-For-Progress, Inc. is an affiliate of the General Partner. The loan is secured by the Project, has a simple interest rate of 0.5% per annum, and matures 35 years on April 22, 2056. At maturity, the principal balance and accrued interest is due and payable as a lump sum. As of December 31, 2024 and 2023, the principal balance on the loan was \$750,000 and \$750,000 and accrued interest was \$13,938 and \$10,188, respectively.

Maturities of Long-Term Debt

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

Year Ending December 31	Amount
2025	\$ 4,840,000
2026	\$ —
2027	\$ —
2028	\$ —
2029	\$ —
Thereafter	\$ 9,302,750

The Partnership's CDBG loan and Seller loan are to be repaid from surplus cash. As a result, the aggregate maturities of the CDBG loan and Seller loan for the next five years cannot be reasonably estimated.

CYPRESS AT GARDERE, LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE E – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Developer Fees/Developer Fee Note

Pursuant to the Development Agreement dated April 21, 2021 (the “Development Agreement”), the Partnership agreed to pay Partners-For-Progress, Incorporated, an affiliate of the General Partner, and Integral Development, LLC (collectively, the “Developer”) a total combined fee of \$2,275,000 for services relating to the development of the Property. The Development Note is unsecured, bears interest at 3% per annum, and is fully incurred upon the placement in service of 100% of the Project units and is payable from available Net Cash Flow. As of December 31, 2024 and 2023, the Partnership owed developer fees in the amount of \$483,407 and \$483,407, respectively.

Partnership Management Fee

In accordance with Section 13.04(j)(iii) of the Partnership Agreement, the Partnership pays an annual partnership management fee of \$20,000, increasing annually by 3%, to the General Partner. The fee will be paid annually, beginning on the first anniversary of the Initial Closing as defined in the Partnership Agreement and continuing through the scheduled maturity date of the Permanent Loan. The fee is payable from available Net Cash Flow. During the years ended December 31, 2024 and 2023, a Partnership Management Fee was incurred in the amount of \$21,855 and \$21,218, respectively. At December 31, 2024 and 2023, the Partnership owed Partnership Management Fees in the amount of \$77,006 and \$55,151, respectively.

Asset Management Fee

In accordance with Section 13.04(j)(iv) of the Partnership Agreement, the Partnership pays an annual asset management fee of \$5,000, increasing 3% annually, to the Limited Partner. The fee will be paid annually, beginning on the first anniversary of the Initial Closing as defined in the Partnership Agreement. The fee accrues and is payable from available Net Cash Flow. During the years ended December 31, 2024 and 2023, an Asset Management Fee was incurred in the amount of \$5,464 and \$5,305, respectively. At December 31, 2024 and 2023, the Partnership owed Asset Management Fees in the amount of \$5,464 and \$13,788, respectively.

Due To Related Parties

During the year ended December 31, 2024, The Integral Group, an affiliate of the General Partner, paid development costs in the amount of \$20,000 on behalf of the Partnership to cover loan extension costs. As of December 31, 2024, the Partnership owed \$20,000 to The Integral Group.

During the year ended December 31, 2023, Partners Southeast, an affiliate of the General Partner, paid development costs in the amount of \$85,388 on behalf of the Partnership. As of December 31, 2024 and 2023, the Partnership owed \$85,388 and \$85,388 to Partners Southeast, respectively.

NOTE F – MANAGEMENT AGENT COMPENSATION

On September 2, 2022, the Partnership entered into a Co Property Management Agreement with Integral Property Management LLC (Manager) and Latter & Blum Property Management Inc.

CYPRESS AT GARDERE, LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE F – MANAGEMENT AGENT COMPENSATION (CONTINUED)

(L&B). In accordance with Article 4 of the Agreement mentioned above, for services provided by both L&B and Manager, the Partnership shall pay L&B and Manager compensation equal to 5% and 0.5% of gross collections received during the month, respectively. Management Fees incurred during the years ended December 31, 2024 and 2023 were \$52,852 and \$58,982, respectively. At December 31, 2024 and 2023, the Partnership did not owe any Management Fees.

NOTE G – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

In accordance with Section 11.01(b) of the Partnership Agreement, all profits and losses are allocated 0.009% to the General Partner, 0.001% to the Special Limited Partner, and 99.99% to the Limited Partner.

In accordance with Section 11.03(b) of the Partnership Agreement, Net Cash Flow shall be distributed annually in the following priority:

- (i) *First*, to the Limited Partner until the aggregate amount of distributions made to the Limited Partner under Section 11.03(b)(i) of the Partnership Agreement for the current and all prior years equals the Limited Partner's Assumed Tax Liability for the current and all prior years;
- (ii) *Second*, to the Limited Partner in an amount equal to any Unpaid Tax Credit Shortfall, for any outstanding Limited Partner Loans, and for any other amounts due and owing to the Limited Partner;
- (iii) *Third*, to the Special Limited Partner for any Asset Management Fees that were not paid in full when due pursuant to Section 13.04(j)(iv) of the Partnership Agreement;
- (iv) *Fourth*, to replenish the Operating Reserve and maintain a balance of \$456,046, pursuant to Section 4.02(m) of the Partnership Agreement;
- (v) *Fifth*, until all amounts due under the Development Agreement have been paid in full, to the Developer for payment of such amounts;
- (vi) *Sixth*, to the General Partner for any Partnership Management Fees that were not paid in full when due pursuant to Section 13.04(j)(iii) of the Partnership Agreement;
- (vii) *Seventh*, 50% to the payment of the CDBG Loan until such loan is paid in full;
- (viii) *Eighth*, 75% of the remaining Cash Flow to the payment of the Partners-For-Progress Loan (Seller Loan) until such loan is paid in full;
- (ix) *Ninth*, to the General Partner until the aggregate amount of distributions made to the General Partner for the current and all prior years equals the General Partner's Assumed Tax Liability for the current and all prior years;

CYPRESS AT GARDERE, LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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

- (x) *Tenth*, to the payment of any outstanding Operating Deficit Loans and General Partner Loans, based on the respective outstanding balances of each;
- (xi) *Eleventh*, the remaining Cash Flow shall be distributed 99.99% to the Limited Partner, 0.001% to the Special Limited Partner, and 0.009% to the General Partner; and,
- (xii) *Twelfth*, to the Limited Partner as a Priority Distribution; provided, however, that notwithstanding anything to the contrary, if the amount of the distribution to the Limited Partner under Section (xii) of the Partnership Agreement is less than 10% of the aggregate amount distributed pursuant to Sections 11.03(b)(xi) and (xii) of the Partnership Agreement, then the Limited Partner shall receive a priority distribution before any distributions under Sections 11.03(b)(xi) and 11.03(b)(xii) of the Partnership Agreement in an amount such that, when added to the sum distributable to the Limited Partner under Section (xii) of the Partnership Agreement, shall equal 10% of the aggregate amount distributed pursuant to Sections 11.03(b)(xi) and (xii) of the Partnership Agreement.

NOTE H – OPERATING DEFICIT GUARANTY

In accordance with Section 8.10(b) of the Partnership Agreement, in the event that, at any time during the period commencing on achievement of the Stabilization Date and ending on the Release Date, an Operating Deficit shall exist, the General Partner shall provide such funds to the Partnership as shall be necessary to pay such Operating Deficit(s); provided, however, that the General Partner shall not be obligated to provide such funds to the extent that the provision of such funds, if considered an Operating Deficit Loan, would cause the aggregate unpaid balance of all Operating Deficit Loans to exceed \$456,046. Funds provided after the achievement of the Stabilization Date shall be in the form of a loan to the Partnership (the “Operating Deficit Loan(s)”). Any Operating Deficit Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall not bear interest; (iii) it shall be repayable solely from Net Cash Flow and proceeds of a Capital Transaction at the time and in the amounts set forth in Sections 11.03(b), 11.04 and 12.02(a) of the Partnership Agreement; and (iv) Operating Deficit Loans shall be fully subordinated to payment of Project Loans, Limited Partner Loans, General Partner Loans, indebtedness of the Partnership to all Persons other than Partners and the Asset Management Fee. In the event that the General Partner shall fail to make any such Operating Deficit Loan as aforesaid, the Partnership, after obtaining the Consent of the Limited Partner, may suspend amounts otherwise payable as installments of the Development Fee pursuant to Section 8.11 of the Partnership Agreement until such obligation to fund the Operating Deficit Loan is met by the General Partner. Any amounts of the Development Fee so suspended shall not constitute reductions of amounts owed pursuant to Section 8.11 of the Partnership Agreement and the Development Agreement, and the General Partner shall have the obligation to make a Capital Contribution pursuant to Section 5.01(b) of the Partnership Agreement sufficient to make such installment payments as they become due under the Development Agreement. For the purpose of Section 8.10(b) of the Partnership Agreement, all expenses shall be paid on a 60-day current basis. Notwithstanding the foregoing, if, as of the Release Date, the balance of the Operating Reserve is less than \$456,046, the obligation of the General Partner to provide funds to pay Operating Deficits shall continue until the balance in the Operating Reserve is equal to or greater than \$456,046.

CYPRESS AT GARDERE, LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE I – GROUND LEASE

On April 1, 2021, the Partnership entered into an Amended and Restated Ground Lease Agreement with the Housing Authority of the Parish of East Baton Rouge, Louisiana (EBRHA). The lease shall have an initial term of 75 years, commencing on April 1, 2021. The Partnership covenants and agrees to pay to EBRHA as rent for the Premises, annual payments in the amount of \$10 per year. The entire lease has been prepaid as of the lease commencement date.

NOTE J – FEDERAL FINANCIAL ASSISTANCE

Effective October 1, 2022, the Partnership entered into a HAP contract with the Housing Authority of East Baton Rouge, Louisiana. Through the HAP contract the Partnership receives housing assistance payments from HUD under Section 8 of the United States Housing Act. Assistance payments included in income for the years ended December 31, 2024 and 2023 was \$854,571 and \$954,895, respectively. The HAP contract has an expiration date of not earlier than October 1, 2042.

NOTE K – TAX CREDITS

The Partnership was awarded an allocation of low income housing tax credits in the amount of \$1,088,988 annually for ten years for total tax credits of \$10,889,880. For the years ended December 31, 2024 and 2023, tax credits in the amount of \$1,088,988 and \$1,088,988 have been claimed, respectively. The remaining credits to be claimed in future years are as follows:

<u>Credit Year</u>	<u>Credits</u>	<u>Credit Year</u>	<u>Credits</u>
12/31/2025	1,088,988	12/31/2029	1,088,988
12/31/2026	1,088,988	12/31/2030	1,088,988
12/31/2027	1,088,988	12/31/2031	1,088,988
12/31/2028	1,088,988	12/31/2032	944,153

NOTE L – CONTINGENCY

The Partnership's Low Income Housing Tax Credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with the occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest.

NOTE M – ADVERTISING

Advertising costs are expensed as incurred. During the years ended December 31, 2024 and 2023, there was advertising expense in the amount of \$1,086 and \$326, respectively.

CYPRESS AT GARDERE, LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE N – PROPERTY TAXES

During the years ended December 31, 2024 and 2023, the Partnership incurred property taxes in the amount of \$100 and \$0, respectively. As of December 31, 2024 and 2023, the Partnership did not owe any property taxes.

NOTE O – TAXABLE INCOME (LOSS)

A reconciliation of financial statement net income (loss) to taxable income (loss) of the Partnership for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Financial Statement Net Income (Loss)	\$ (830,244)	\$ (1,877,273)
Adjustments:		
Excess of depreciation and amortization for income tax purposes over financial reporting purposes	(40,494)	(812,995)
Other Book/Tax Timing Differences	–	877,600
Taxable Income (Loss) as shown on tax return	<u>\$ (870,738)</u>	<u>\$ (1,812,668)</u>

NOTE P – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Cypress at Gardere. The Partnership's operations are concentrated in the low-income 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 and state regulatory agencies, including but not limited to, the state housing financing agency. Such administrative directives, rules and regulations are subject to change by federal and state agencies. Such changes may occur with little notice or inadequate funding to pay for related cost, including the additional administrative burden, to comply with a change.

NOTE Q – CLAIM LOSS

On June 15, 2023, a slip-and-fall incident occurred on the premises of the apartment complex. As a result, a claim was filed against the Partnership. As of the report date, the claim is still ongoing, but is expected to be covered by insurance. The maximum out-of-pocket is limited to the deductible of \$50,000.

During the year ended December 31, 2024, a slip-and-fall incident occurred on the premises of the apartment complex. As a result, a claim was filed against the Partnership. As of the report date, the claim is still ongoing, but is expected to be covered by insurance. The maximum out-of-pocket is limited to the deductible of \$50,000. The net claim loss for the year ended December 31, 2024 is \$2,532 in relation to this claim. Subsequent to year end, an additional \$10,268 has been paid.

CYPRESS AT GARDERE, LP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE R – SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through, May 21, 2025, the date which the financial statements were available for issue.

SUPPLEMENTARY INFORMATION

CYPRESS AT GARDERE, LP
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

	2024	2023
MAINTENANCE AND REPAIRS		
Payroll	\$ 40,282	\$ 28,433
Supplies	61,115	66,899
HVAC	11,019	5,147
Contracts	35,824	11,938
Grounds Maintenance	36,379	18,915
Pest Control	8,628	5,676
Security	9,857	5,352
Garbage and Trash Removal	3,789	8,863
Total Maintenance and Repairs	<u>\$ 206,893</u>	<u>\$ 151,223</u>
UTILITIES		
Electricity	\$ 35,188	\$ 34,683
Water	16,450	31,124
Sewer	41,007	18,301
Total Utilities	<u>\$ 92,645</u>	<u>\$ 84,108</u>
ADMINISTRATIVE		
Manager's Salary	\$ 52,473	\$ 47,028
Leasing Agent's Salary	30,528	20,504
Temporary/Contract Labor	3,382	37,925
Advertising	1,086	326
Professional Fees	38,333	57,351
Administrative Fees	3,300	3,300
Office Expenses	8,944	6,203
Postage	87	237
Telephone	7,236	9,166
Internet	7,264	7,715
Travel	511	1,396
Credit Bureau	831	1,786
Due and Subscriptions	-	347
Bank Charges	1,860	2,615
Other Administrative Expenses	9,495	10,316
Total Administrative	<u>\$ 165,330</u>	<u>\$ 206,215</u>
INSURANCE		
Property and Liability Insurance	\$ 50,294	\$ 142,465
Health Insurance and Other Employee Benefits	10,850	5,067
Total Insurance	<u>\$ 61,144</u>	<u>\$ 147,532</u>

CYPRESS AT GARDERE, LP
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>
TAXES		
Property Taxes	\$ 100	\$ -
Payroll Taxes	36,985	28,667
Total Taxes	<u>\$ 37,085</u>	<u>\$ 28,667</u>
INTEREST EXPENSE		
Interest on Home Bank Construction Loan	\$ -	\$ 1,237,708
Interest on Walker Dunlop Construction Loan	218,478	52,530
Interest on PFP - Seller Loan	392,000	392,000
Interest on PFP - AHP Dallas Loan	3,750	3,750
Total Interest Expense	<u>\$ 614,228</u>	<u>\$ 1,685,988</u>

CYPRESS AT GARDERE, LP
COMPUTATION OF SURPLUS CASH - LHC CDBG
DECEMBER 31, 2024

Project Name: Cypress at Gardere

Cash	\$ 244,342	
Security Deposit Cash	10,748	
Other - HUD Section 8 Subsidies Due but not Received	-	
Over Funding of Tax & Insurance Escrow (See Calculation Below)	-	
Replacement Reserve Withdrawals That Have Been Approved But Not Received	-	
Total Cash	<u>255,090</u>	
Accrued Interest	17,908	
Accounts Payable	4,793	
Property Taxes Payable	-	
Management Fees Payable	-	
Insurance Payable	-	
Escrow (Overage) or Shortage (See Calculation Below)	- *	
Accrued Expenses	-	
Prepaid Revenue	3,564	
Security Deposit Liability	10,500	
Other - Required Replacement Reserve Deposits That Have Not Been Made	-	
Other - Replacement Reserve Due in the Following Month	2,063	
Other - Escrow Deposit Due in the Following Month	6,221	
Other - Bank Overdraft Liability	-	
Other - Undistributed 2023 Surplus Cash	188,638	
Total Obligations	<u>233,687</u>	
Surplus Cash (Deficiency)	<u>\$ 21,403</u>	
Computation of Required Insurance Escrow:		
Property & Liability Insurance:		
Premium for the Period 7/1/2024 - 7/1/2025	<u>\$ 85,180</u>	
Amount Required to be Escrowed (6 months at \$7,098 per month)		\$ 42,588
Standard Flood Insurance:		
Renewal Insurance Premiums for the Period 10/1/2024 - 10/1/2025	<u>\$ 12,494</u>	
Amount Required to be Escrowed (3 months at \$1,041 per month)		3,123
Standard Flood Insurance:		
Renewal Insurance Premiums for the Period 10/1/2024 - 10/1/2025	<u>\$ 10,134</u>	
Amount Required to be Escrowed (3 months at \$845 per month)		2,535
Total Required Insurance Escrow		<u>48,246</u>
Computation of Required Tax Escrow:		
Property Tax:		
Assessment for the Period 1/1/2024 - 12/31/2024	<u>\$ -</u>	
Amount Required to be Escrowed (If Not Paid By 12/31/2024)		-
Total Required Tax Escrow		<u>-</u>
Total Required Insurance and Property Tax Escrows		48,246
Less: Total Tax and Insurance Escrow at December 31, 2024		<u>213,178</u>
Total Escrow Shortage (Over Funding)		<u>\$ (164,932)</u>

* Tax and Insurance Escrow is held with the Mortgage Company and cannot be withdrawn for Surplus Cash.



**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 and Management of
St. Antoine Gardens Limited Partnership
Baton Rouge, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Cypress at Gardere, LP, which comprise the balance sheet as of December 31, 2024, and the related statements of operations, partners' equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 21, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cypress at Gardere, LP'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 Cypress at Gardere, LP's internal control. Accordingly, we do not express an opinion on the effectiveness of Cypress at Gardere, LP'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 Cypress at Gardere, LP's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cypress at Gardere, LP's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Cypress at Gardere, LP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cypress at Gardere, LP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Monroe, Louisiana

May 21, 2025

CYPRESS AT GARDERE, LP

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

FOR THE YEAR ENDED DECEMBER 31, 2024

Please refer to the Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer included in the East Baton Rouge Housing Authority's audit report for information relative to compensation, benefits and other payments to the agency head or chief executive officer.

Cypress at Gardere, LP
Schedule of Findings and Responses
For the Year Ended December 31, 2024

SECTION I – SUMMARY OF AUDIT RESULTS**Financial Statement Audit**

Type of auditors' report issued:	Unmodified	
Internal Control over financial reporting:		
Material Weaknesses identified?	___ Yes	_X_ No
Significant deficiencies identified that are not considered to be material weaknesses?	___ Yes	_X_ None Noted
Noncompliance material to financial statements noted?	___ Yes	_X_ None Noted

SECTION II – FINDINGS - FINANCIAL STATEMENTS AUDIT

None

Cypress at Gardere, LP
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2023

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

None