ANNUAL FINANCIAL REPORT

MID-CITY GARDENS APARTMENTS

JUNE 30, 2026

MID-CITY GARDENS APARTMENTS

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Independent Auditor's Report

To the Board of Directors Louisiana Housing Corporation
Mid-City Gardens Apartments
Baton Rouge, LA

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the Mid-City Gardens Apartments (hereafter the Complex) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Complex's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Complex as of June 30, 2026, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 the Complex, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Complex's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

dnbcpas.com
910 S Acadian Thwy
Baton Rouge, LA 70806
225-927-3760
contact@dnbcpas.com

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 the Complex'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 the Complex'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter
As discussed in Note 1, these financial statements include only the activities of the Complex and are not intended to present fairly the combined financial position, combined results of operations or combined cash flows of the Louisiana Housing Corporation in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2026, on our consideration of the Complex'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 the Complex'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 the Complex's internal control over financial reporting and compliance.

Daigrepont & Brian APAC

Daigrepont & Brian, APAC
Baton Rouge, LA

October 5, 2026

MID-CITY GARDENS APARTMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2026

Management's Discussion and Analysis of Mid-City Gardens Apartments' (the Complex) financial performance presents a narrative overview and analysis of the Complex's financial activities for the year ended June 30, 2026. This document focuses on the Complex's current year activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the Complex's financial statements.

FINANCIAL HIGHLIGHTS

The Complex's net position was $7,862,206 at June 30, 2026, which represents a 3.80% decrease from last fiscal year. The largest portion of the net position was $7,616,816 which represents the Complex's net investment in capital assets (building, furniture, and equipment). The Complex uses these capital assets to provide services to tenants.

The Complex's operating revenues increased by $10,688, or 2%, operating expenses decreased by $124,753, or 11.3%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Complex's basic financial statements. These financial statements consist of two sections - Management's Discussion and Analysis (this section) and basic financial statements (including the notes to the financial statements). Statements (including the notes to the financial statements), and 3) Required Supplementary Information.

Basic Financial Statements

The basic financial statements present information for the Complex as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position presents the assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the Complex is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Complex's net position changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the Complex's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by Government Accounting Standards.

MID-CITY GARDENS APARTMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2026

FINANCIAL ANALYSIS OF THE ENTITY

STATEMENT OF NET POSITION

	2026	2025	Variance	% Variance
Assets				
Current assets	$ 232,056	$ 62,691	$ 169,365	270.2%
Security deposits	11,388	11,329	59	0.5%
Capital assets, net	7,616,816	8,089,819	(473,003)	-5.8%
Total assets	7,860,260	8,163,839	(303,579)	-3.7%
Deferred outflows of resources	1,946	6,336	(4,390)	-69.3%
Total assets and deferred outflows of resources	$ 7,862,206	$ 8,170,175	$ (307,969)	-3.8%
Liabilities				
Current liabilities	$ (12,277)	$ 31,860	$ (44,137)	-138.5%
Security deposits	14,979	11,479	3,500	30.5%
Total liabilities	2,702	43,339	(40,637)	-93.8%
Deferred inflows of resources	48,028	3,157	44,871	1421.3%
	50,730	46,496	4,234	9.1%
Net Position				
Net Investment in Capital Assets	7,616,816	8,089,819	(473,003)	-5.8%
Unrestricted	194,660	33,860	160,800	474.9%
Total net position	7,811,476	8,123,679	(312,203)	-3.8%
Total liabilities and deferred inflows of resources	$ 7,862,206	$ 8,170,175	$ (307,969)	-3.8%

CAPITAL ASSETS

Capital assets for Mid-City Gardens primarily consist of the apartment complex in New Orleans, LA, along with, corresponding fixtures and equipment. The amounts above are shown net of accumulated depreciation.

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2026	2025	Variance	% Variance
Operating revenues	$ 538,861	$ 528,173	$ 10,688	2.0%
Operating expenses	976,652	1,101,405	(124,753)	-11.3%
Change in net position	$ (437,791)	$ (573,232)	(114,065)	-23.6%

MID-CITY GARDENS APARTMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2026

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Monthly occupancy levels were steady at over 90% during the fiscal year ended June 30, 2026. Management remains steadfast to maintaining the occupancy levels for the complex, and thus keeping corresponding rental receipts at a consistent level. Continued development of the surrounding New Orleans area infrastructure and owner involvement should help maintain high occupancy rates, along with a high level of operating revenues. Average rents in the New Orleans area continue to show increases, which means affordable housing is still a necessity in the area. Management expects that the results from operations for the fiscal year ending June 30, 2026, will provide for owner distributions near current levels.

REQUEST FOR INFORMATON

Questions concerning any of the information provided in this report or requests for additional financial information can be addressed to:

Louisiana Housing Corporation
2415 Quail Drive
Baton Rouge, Louisiana 70808
225-763-8700

MID-CITY GARDENS
STATEMENT OF NET POSITION
JUNE 30, 2026

ASSETS:		
Current assets		
Cash on hand	$	111,232
Tenant receivables, net		120,824
Total current assets		232,056
Deposits		
Tenant security deposits		11,388
Capital assets		
Building		14,056,329
Furniture, fixture, and equipment		270,936
		14,327,265
Less accumulated depreciation		6,710,449
Net capital assets		7,616,816
Total Assets		7,860,260
DEFERRED OUTFLOWS OF RESOURCES:		
Prepaid expenses		1,946
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	7,862,206
LIABILITIES:		
Current Liabilities:		
Accounts payable	$	(27,785)
Accrued expenses		15,508
Total current liabilities		(12,277)
Long term liabilities		
Tenant security deposits		14,979
Total Liabilities		2,702
DEFERRED INFLOWS OF RESOURCES:		
Advanced rent		48,028
NET POSITION:		
Net investment in capital assets		7,616,816
Unrestricted		194,660
Total Net Position		7,811,476
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$	7,862,206

See accompanying notes and independent auditors' report.

MID-CITY GARDENS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2026

OPERATING REVENUES:		
Rental income	$	508,787
Other receipts		30,074
Total operating revenue		538,861
OPERATING EXPENSES:		
Depreciation		473,003
General and administrative		103,247
Insurance		77,985
Management and other fees		797
Payroll expenses		24,656
Repairs and maintenance		195,000
Utilities		101,964
Total operating expenses		976,652
Change in net position		(437,791)
NET POSITION - Beginning of year		8,123,679
Net contributions from owner/distributions to owner		125,588
NET POSITION - End of year	$	7,811,476

See accompanying notes and independent auditors' report.

MID-CITY GARDENS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from:		
Rental receipts	$	459,993
Other receipts		30,074
Cash paid to:		
Personnel services		(24,656)
Other operating expenses		(515,240)
Net cash used in operating activities		(49,829)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net contribution from owner		125,588
Net Cash Provided by Non-Capital Financing Activities		125,588
NET CHANGE IN CASH		75,759
CASH AND CASH EQUIVALENTS, beginning of year		35,473
CASH AND CASH EQUIVALENTS, end of year	$	111,232
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating Income	$	(437,791)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation		473,003
Bad Debt		-
Changes in operating assets and liabilities		
Accounts receivable and other assets		(93,606)
Prepaid expenses		4,390
Accounts payable		(44,609)
Accrued expenses		472
Security deposits		3,441
Advanced rent		44,871
Net Cash Used in Operating Activities	$	(49,829)

See accompanying notes and independent auditors' report.

MID-CITY GARDENS APARTMENTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

NATURE OF ORGANIZATION AND OPERATIONS

Mid-City Gardens Apartments (the Complex) is a 60-unit apartment complex in East Baton Rouge Parish, Louisiana. The Louisiana Housing Corporation (LHC) acquired the property in 2010 through the foreclosure of a HOME project which LHC funded. The Complex was named Capital City South Apartments at that time. LHC obtained NSP funding through an agreement with the Office of Community Development to rebuild and rename the Complex to Mid-City Gardens. In addition, LHC used approximately $600,000 of HOME funds for the rebuild initiative. The Complex accepts rent certificates administered by the local housing authority.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Since the Complex is owned by the Louisiana Housing Corporation, an instrumentality of the State of Louisiana, the financial statements of the Complex have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements present only the transactions of the Complex and do not present any of the assets, liabilities, and operations of the Louisiana Housing Corporation.

Basis of Accounting

The Complex is considered a proprietary fund and is presented as a business-type activity. Proprietary fund types are used to account for activities that are similar to those found in the private sector where the determination of operating income and changes in net position is necessary or useful for sound financial administration. The GAAP used for proprietary funds are generally those applicable to similar businesses in the private sector (accrual basis accounting).

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund’s ongoing operations. Operating expenses are those expenses that are essential to the primary operations of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Complex’s policy to use restricted resources first, then unrestricted resources as they are needed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Complex's cash and cash equivalents include all highly-liquid deposits. The tenant security deposits have use restrictions and are not considered cash equivalents.

Tenant Receivables

An allowance for uncollectible accounts is established based on prior experience and management's assessment for the collectability of those accounts. Accounts are considered past due on a contractual term. Management charges late fees on past due accounts but not interest. Allowance for doubtful accounts for the year ended June 30, 2026 was $0. Bad debt expense recorded during the year ended June 30, 2026 was $0.

Tenant Security Deposits

Regulations of the LHC require that security deposits be segregated from the general funds of the Complex. Accordingly, the Complex holds all security deposit funds in a separate, interest bearing account.

Capital Assets

Capital assets are carried at cost less accumulated depreciation. The Complex capitalizes all property and equipment with initial, individual costs greater than $5,000. The cost of maintenance and repairs is charged to expense as incurred; significant repairs and betterments are capitalized. Depreciation is computed on the straight-line method over the following estimated useful lives:

Buildings	30 years
Furniture and equipment	5 to 7 years

Net Position

In the Statement of Net Position, the difference between the Complex's assets and deferred outflows of resources and liabilities and deferred inflows of resources is recorded as net position. The three components of net position are as follows:

Net investment in capital assets - The category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of capital assets.

Restricted net position - Net positions that are restricted by external sources such as creditors, grantors, contributors, or by law are reported separately as restricted net position.

Unrestricted net position - Net positions that do not meet the definition of "restricted" or "net investment in capital assets".

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources that represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The Complex has one item that meets the criterion for this category, related to prepaid insurance.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources that represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Complex has one item that meets the criterion for this category. Deferred inflows related to advanced rent are included in the financial statements.

Rental Income

The Complex receives rental income from units which are reserved for people with low and moderate incomes. Rental income is recognized as the rents are earned. Rental payments received in advance are reported as deferred inflows of resources. All leases between the Complex and its tenants are operating leases. Contract rent increases are prohibited without the approval of the LHC Board of Directors. The Complex derives substantially all of its revenues from its rental activities in Baton Rouge, Louisiana.

Tenant Charges

Tenant charges are recognized as earned and consist of charges to tenants for gate access cards, late fees, NSF fees, application fees, cleaning fees, pet fees, laundry income, cable television income, and vending income.

Advertising

The Complex expenses advertising costs as they are incurred.

2. CASH AND CASH EQUIVALENTS

At June 30, 2026, the Complex had cash and cash equivalents which were demand deposits at a local financial institution.

The deposit accounts are subject to custodial credit risk; that is, in the event of a bank failure, the funds may not be returned. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

2. CASH AND CASH EQUIVALENTS (CONTINUED)

Pledged securities are held in the name of Louisiana Housing Corporation for Willowbrook, Mid City Apartments & Village de Jardin. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. Collateral is sufficient to cover the cash balances of all aforementioned apartments.

At June 30, 2026, the Complex's demand deposits were fully covered by FDIC insurance and pledged securities collateral.

3. CAPITAL ASSETS

Following is a summary of the changes in capital assets for the year ended June 30, 2026:

	Balance June 30, 2025	Additions	Deletions	Balance June 30, 2026
Furniture and fixtures	$ 270,936	$ -	$ -	$ 270,936
Equipment	14,056,329	-	-	14,056,329
	14,327,265	-	-	14,327,265
Accumulated depreciation:	(6,237,446)	(473,003)	-	(6,710,449)
Capital assets, net	$ 8,089,819	$ (473,003)	$ -	$ 7,616,816

Depreciation expense for the year ended June 30, 2026 was $473,003.

4. LEASES

The Complex's lease agreements are with tenants and have various start dates with allleases having one-year terms that convert to a month-to-month basis upon completion of lease term and prior to signing a new lease. The payment amounts are based on a market rent and adjusted based on individual tenants' situations. The cost and carrying amount of the leased property is $14,327,265 and $7,616,816, respectively. Future minimum lease revenue is anticipated to be collected in accordance with lease agreements.

5. CONTRIBUTIONS FROM OWNER

Contribution from owner consist of funding to meet the operating needs of the Complex in addition to the payment of expenses on behalf of the Complex. For the year ended June 30, 2026 the owner provided $125,588 in funding for the payment of property insurance and other operating costs on behalf of the Complex.

6. MANAGEMENT FEES

During the year ended June 30, 2019, the Complex entered into a management agreement with Rampart/Wurth Holding Inc. to conduct services in connection with the leasing, management and operation of the apartment complex. In exchange, the Complex shall pay Rampart a monthly management fee equal to the greater of 4.5% of gross receipts collected or $1,800 per month ($30 per month per unit). For the year ended June 30, 2026, there was $10,278 in management fees incurred.

7. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Complex operates in a heavily regulated environment. Its activities are subject to oversight by the U.S. Department of Housing and Urban Development (HUD), the Louisiana Housing Corporation (LHC), and other federal, state, and local agencies. Changes in laws, regulations, or administrative directives including funding levels for affordable housing programs may materially affect operations, compliance obligations, and related costs. Such administrative directives, rules, and regulations are subject to change by an Act of Congress or an administrative change mandated by or passed through HUD. Such changes may occur with little notice of inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. Future operations could be affected by changes in economic or other conditions in the geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

A significant portion of net position ($8 million at June 30, 2025) is invested in capital assets. These assets are illiquid and not available for operating needs. The Complex relies primarily on rental revenues to fund operations, supplemented by owner contributions to cover certain costs such as insurance. Contribution levels may vary from year to year, and insurance or other costs may increase beyond anticipated levels. While occupancy has remained strong liquidity pressures could arise if collections decline or if regulatory constraints limit the ability to adjust rental rates.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the independent auditors' report which is the date these financial statements were available to be issued.

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

To the Board of Directors Louisiana Housing Corporation
Mid-City Gardens Apartments
Baton Rouge, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mid-City Gardens Apartments (hereafter the Complex), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Complex's basic financial statements, and have issued our report thereon dated October 5, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Complex'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 Complex's internal control. Accordingly, we do not express an opinion on the effectiveness of Complex's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 Complex's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Daigrepont & Brian, APAC
Baton Rouge, LA

October 5, 2026

Mid-City Gardens Apartments
Schedule of Findings
For the Year Ended June 30, 2026

Summary of Auditors Results

a. Type of report issued: Unmodified

b. Internal control over financial reporting:
Material weaknesses identified: No
Significant deficiencies: No

c. Noncompliance material to the financial statements: No

Mid-City Gardens Apartments
Schedule of Prior Findings
For the Year Ended June 30, 2025

Summary of Auditors Results

a. Type of report issued: Unmodified

b. Internal control over financial reporting:
Material weaknesses identified: No
Significant deficiencies: No

c. Noncompliance material to the financial statements: No

ANNUAL FINANCIAL REPORT

VILLAGE DE JARDIN APARTMENTS

JUNE 30, 2026

VILLAGE DE JARDIN APARTMENTS

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Independent Auditor's Report

To the Board of Directors Louisiana Housing Corporation
Village de Jardin Apartments
Baton Rouge, LA

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the Village de Jardin Apartments (hereafter the Complex) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Complex's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Complex as of June 30, 2026, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 the Complex, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Complex's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

dnbcpas.com
910 S Acadian Thwy
Baton Rouge, LA 70806
225-927-3760
contact@dnbcpas.com

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 the Complex'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 the Complex'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter
As discussed in Note 1, these financial statements include only the activities of the Complex and are not intended to present fairly the combined financial position, combined results of operations or combined cash flows of the Louisiana Housing Corporation in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2026, on our consideration of the Complex'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 the Complex'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 the Complex's internal control over financial reporting and compliance.

Daigrepont & Brian APAC

Daigrepont & Brian, APAC
Baton Rouge, LA

October 5, 2026

VILLAGE DE JARDIN APARTMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2026

Management's Discussion and Analysis of Village de Jardin Apartments' (the Complex) financial performance presents a narrative overview and analysis of the Complex's financial activities for the year ended June 30, 2026. This document focuses on the Complex's current year activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the Complex's financial statements.

FINANCIAL HIGHLIGHTS

The Complex's net position was $32,832,106 at June 30, 2026, which represents a 3.80% decrease from last fiscal year. The largest portion of the net position was $32,066,913 which represents the Complex's net investment in capital assets (building, furniture, and equipment). The Complex uses these capital assets to provide services to tenants.

The Complex's operating revenues increased by $155,323, or 6.9%, operating expenses increased by $10,678, or 0.3%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Complex's basic financial statements. These financial statements consist of two sections - Management's Discussion and Analysis (this section) and basic financial statements (including the notes to the financial statements). Statements (including the notes to the financial statements), and 3) Required Supplementary Information.

Basic Financial Statements

The basic financial statements present information for the Complex as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position presents the assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the Complex is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Complex's net position changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the Complex's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by Government Accounting Standards.

VILLAGE DE JARDIN APARTMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2026

FINANCIAL ANALYSIS OF THE ENTITY

STATEMENT OF NET POSITION

	2026	2025	Variance	% Variance
Assets				
Current assets	$ 920,448	$ 896,786	$ 23,662	2.6%
Security deposits	58,652	58,450	202	0.3%
Capital assets, net	32,066,913	33,312,229	(1,245,316)	-3.7%
Total assets	33,046,013	34,267,465	(1,221,452)	-3.6%
Deferred outflows of resources	29,073	30,237	(1,164)	-3.8%
Total assets and deferred outflows of resources	$ 33,075,086	$ 34,297,702	$ (1,222,616)	-3.6%
Liabilities				
Current liabilities	$ 158,113	$ 86,068	$ 72,045	83.7%
Security deposits	58,650	61,585	(2,935)	-4.8%
Total liabilities	216,763	147,653	69,110	46.8%
Deferred inflows of resources	26,217	23,491	2,726	11.6%
	242,980	171,144	71,836	42.0%
Net Position				
Net Investment in Capital Assets	32,066,913	33,312,229	(1,245,316)	-3.7%
Unrestricted - board designated	812,674	756,674	56,000	7.4%
Unrestricted	(47,481)	57,655	(105,136)	-182.4%
Total net position	32,832,106	34,126,558	(1,294,452)	-3.8%
Total liabilities and deferred inflows of resources	$ 33,075,086	$ 34,297,702	$ (1,222,616)	-3.6%

CAPITAL ASSETS

Capital assets for Village de Jardin primarily consist of the apartment complex in New Orleans, LA, along with, corresponding fixtures and equipment. The amounts above are shown net of accumulated depreciation.

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2026	2025	Variance	% Variance
Operating revenues	$ 2,417,632	$ 2,262,309	$ 155,323	6.9%
Operating expenses	3,312,084	3,301,406	10,678	0.3%
Change in net position	$ (894,452)	$ (1,039,097)	166,001	-13.9%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Monthly occupancy levels were steady at over 90% during the fiscal year ended June 30, 2026. Management remains steadfast to maintaining the occupancy levels for the complex, and thus keeping corresponding rental receipts at a consistent level. Continued development of the surrounding New Orleans area infrastructure and owner involvement should help maintain high occupancy rates, along with a high level of operating revenues. Average rents in the New Orleans area continue to show increases, which means affordable housing is still a necessity in the area. Management expects that the results from operations for the fiscal year ending June 30, 2026, will provide for owner distributions near current levels.

REQUEST FOR INFORMATON

Questions concerning any of the information provided in this report or requests for additional financial information can be addressed to:

Louisiana Housing Corporation
2415 Quail Drive
Baton Rouge, Louisiana 70808
225-763-8700

VILLAGE DE JARDIN APARTMENTS
STATEMENT OF NET POSITION
JUNE 30, 2026

ASSETS:		
Current assets		
Cash on hand	$	900,211
Tenant receivables, net		20,237
Total current assets		920,448
Deposits		
Tenant security deposits		58,652
Capital assets		
Building		49,812,674
Furniture, fixture, and equipment		191,911
		50,004,585
Less accumulated depreciation		17,937,672
Net capital assets		32,066,913
Total Assets		33,046,013
DEFERRED OUTFLOWS OF RESOURCES:		
Prepaid expenses		29,073
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	33,075,086
LIABILITIES:		
Current Liabilities:		
Accounts payable	$	73,150
Accrued expenses		84,963
Total current liabilities		158,113
Long term liabilities		
Tenant security deposits		58,650
Total Liabilities		216,763
DEFERRED INFLOWS OF RESOURCES:		
Advanced rent		26,217
NET POSITION:		
Net investment in capital assets		32,066,913
Unrestricted - board designated		812,674
Unrestricted		(47,481)
Total Net Position		32,832,106
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$	33,075,086

See accompanying notes and independent auditors' report.

VILLAGE DE JARDIN APARTMENTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2026

OPERATING REVENUES:		
Rental income	$	2,312,700
Other receipts		104,932
Total operating revenue		2,417,632
OPERATING EXPENSES:		
Bad debt		26,747
Depreciation		1,245,316
General and administrative		308,466
Insurance		280,377
Management and other fees		129,185
Payroll expenses		258,766
Repairs and maintenance		383,683
Utilities		679,544
Total operating expenses		3,312,084
Change in net position		(894,452)
NET POSITION - Beginning of year		34,126,558
Net contributions from owner/distributions to owner		(400,000)
NET POSITION - End of year	$	32,832,106

See accompanying notes and independent auditors' report.

VILLAGE DE JARDIN APARTMENTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from:		
Rental receipts	$	2,283,352
Other receipts		104,932
Cash paid to:		
Personnel services		(258,766)
Other operating expenses		(1,710,981)
Net cash provided by operating activities		418,537
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net distribution to owner		(400,000)
Net Cash Provided by Non-Capital Financing Activities		(400,000)
NET CHANGE IN CASH		18,537
CASH AND CASH EQUIVALENTS, beginning of year		881,674
CASH AND CASH EQUIVALENTS, end of year	$	900,211
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating Income	$	(894,452)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation		1,245,316
Bad Debt		26,747
Changes in operating assets and liabilities		
Accounts receivable and other assets		(32,074)
Prepaid expenses		1,164
Accounts payable		60,847
Accrued expenses		11,198
Security deposits		(2,935)
Advanced rent		2,726
Net Cash Used in Operating Activities	$	418,537

See accompanying notes and independent auditors' report.

VILLAGE DE JARDIN APARTMENTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

NATURE OF ORGANIZATION AND OPERATIONS

Village de Jardin Apartments (the Complex) is a 224-unit apartment complex in New Orleans, Louisiana The Complex was purchased on October 1, 1995, by the Louisiana Housing Corporation (LHC or the owner), the successor to the Louisiana Housing Finance Agency, at a cost of $1 under the U.S. Department of Housing and Urban Development's Property Disposition Program. Under the terms of the purchase agreement, the owner is bound by certain use restrictions of the apartment complex, which primarily relate to low-income housing. The Complex suffered significant damage in 2005 as a result of Hurricane Katrina and underwent renovations. The Complex resumed operations in April 2012. The Complex accepts rent certificates administered by the local housing authority.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Since the Complex is owned by the Louisiana Housing Corporation, an instrumentality of the State of Louisiana, the financial statements of the Complex have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements present only the transactions of the Complex and do not present any of the assets, liabilities, and operations of the Louisiana Housing Corporation.

Basis of Accounting

The Complex is considered a proprietary fund and is presented as a business-type activity. Proprietary fund types are used to account for activities that are similar to those found in the private sector where the determination of operating income and changes in net position is necessary or useful for sound financial administration. The GAAP used for proprietary funds are generally those applicable to similar businesses in the private sector (accrual basis accounting).

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's ongoing operations. Operating expenses are those expenses that are essential to the primary operations of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Complex's policy to use restricted resources first, then unrestricted resources as they are needed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Complex's cash and cash equivalents include all highly-liquid deposits. The tenant security deposits have use restrictions and are not considered cash equivalents.

Tenant Receivables

An allowance for uncollectible accounts is established based on prior experience and management's assessment for the collectability of those accounts. Accounts are considered past due on a contractual term. Management charges late fees on past due accounts but not interest. Allowance for doubtful accounts for the year ended June 30, 2026 was $5,161. Bad debt expense recorded during the year ended June 30, 2026 was $26,747.

Tenant Security Deposits

Regulations of the LHC require that security deposits be segregated from the general funds of the Complex. Accordingly, the Complex holds all security deposit funds in a separate, interest bearing account.

Capital Assets

Capital assets are carried at cost less accumulated depreciation. The Complex capitalizes all property and equipment with initial, individual costs greater than $5,000. The cost of maintenance and repairs is charged to expense as incurred; significant repairs and betterments are capitalized. Depreciation is computed on the straight-line method over the following estimated useful lives:

Buildings	40 years
Furniture and equipment	5 years

Net Position

In the Statement of Net Position, the difference between the Complex's assets and deferred outflows of resources and liabilities and deferred inflows of resources is recorded as net position. The three components of net position are as follows:

Net investment in capital assets - The category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of capital assets.

Restricted net position - Net positions that are restricted by external sources such as creditors, grantors, contributors, or by law are reported separately as restricted net position.

Unrestricted net position - Net positions that do not meet the definition of "restricted" or "net investment in capital assets".

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources that represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The Complex has one item that meets the criterion for this category, related to prepaid insurance.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources that represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Complex has one item that meets the criterion for this category. Deferred inflows related to advanced rent are included in the financial statements.

Rental Income

The Complex receives rental income from units which are reserved for people with low and moderate incomes. Rental income is recognized as the rents are earned. Rental payments received in advance are reported as deferred inflows of resources. All leases between the Complex and its tenants are operating leases. Contract rent increases are prohibited without the approval of the LHC Board of Directors. The Complex derives substantially all of its revenues from its rental activities in New Orleans, Louisiana.

Tenant Charges

Tenant charges are recognized as earned and consist of charges to tenants for gate access cards, late fees, NSF fees, application fees, cleaning fees, pet fees, laundry income, cable television income, and vending income.

Advertising

The Complex expenses advertising costs as they are incurred. Advertising expenses were $5,747 for the year ended June 30, 2026.

2. CASH AND CASH EQUIVALENTS

At June 30, 2026, the Complex had cash and cash equivalents which were demand deposits at a local financial institution.

The deposit accounts are subject to custodial credit risk; that is, in the event of a bank failure, the funds may not be returned. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

2. CASH AND CASH EQUIVALENTS (CONTINUED)

Pledged securities are held in the name of Louisiana Housing Corporation for Willowbrook, Mid City Apartments & Village de Jardin. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. Collateral is sufficient to cover the cash balances of all aforementioned apartments.

At June 30, 2026, the Complex's demand deposits were fully covered by FDIC insurance and pledged securities collateral.

3. CAPITAL ASSETS

Following is a summary of the changes in capital assets for the year ended June 30, 2026:

	Balance June 30, 2025	Additions	Deletions	Balance June 30, 2026
Furniture and fixtures	$ 182,019	$ -	$ -	$ 182,019
Buildings	49,812,674	-	-	49,812,674
Equipment	9,892	-	-	9,892
	50,004,585	-	-	50,004,585
Accumulated depreciation:	(16,692,356)	(1,245,316)	-	(17,937,672)
Capital assets, net	$ 33,312,229	$ (1,245,316)	$ -	$ 32,066,913

Depreciation expense for the year ended June 30, 2026 was $1,245,316.

4. LEASES

The Complex's lease agreements are with tenants and have various start dates with allleases having one-year terms that convert to a month-to-month basis upon completion of lease term and prior to signing a new lease. The payment amounts are based on a market rent and adjusted based on individual tenants' situations. The cost and carrying amount of the leased property is $49,812,674 and $32,066,913, respectively. Future minimum lease revenue is anticipated to be collected in accordance with lease agreements.

5. CONTRIBUTIONS FROM OWNER

Contribution from owner consist of funding to meet the operating needs of the Complex in addition to the payment of expenses on behalf of the Complex. For the year ended June 30, 2026 the owner provided $242,075 in funding for the payment of property insurance on behalf of the Complex.

6. MANAGEMENT FEES

During the year ended June 30, 2019, the Complex entered into a management agreement with Rampart/Wurth Holding Inc. to conduct services in connection with the leasing, management and operation of the apartment complex. In exchange, the Complex shall pay Rampart a monthly management fee equal to the greater of 4.5% of gross receipts collected or $6,720 per month ($30 per month per unit). For the year ended June 30, 2026, there was $125,273 in management fees incurred.

7. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Complex operates in a heavily regulated environment. Its activities are subject to oversight by the U.S. Department of Housing and Urban Development (HUD), the Louisiana Housing Corporation (LHC), and other federal, state, and local agencies. Changes in laws, regulations, or administrative directives including funding levels for affordable housing programs may materially affect operations, compliance obligations, and related costs. Such administrative directives, rules, and regulations are subject to change by an Act of Congress or an administrative change mandated by or passed through HUD. Such changes may occur with little notice of inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. Future operations could be affected by changes in economic or other conditions in the geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

A significant portion of net position ($32 million at June 30, 2026) is invested in capital assets. These assets are illiquid and not available for operating needs. Although the board has designated funds for insurance and capital replacement (See Note 8), future repair and replacement needs could exceed amounts set aside. The Complex relies primarily on rental revenues to fund operations, supplemented by owner contributions to cover certain costs such as insurance. Contribution levels may vary from year to year, and insurance or other costs may increase beyond anticipated levels. While occupancy has remained strong liquidity pressures could arise if collections decline or if regulatory constraints limit the ability to adjust rental rates.

8. UNRESTRICTED - BOARD DESIGNATED

Although not required by an agreement or external sources, the board considered it best practice to designate funds for insurance and capital replacement. The funds designated each year are $250 per unit per year, or $56,000 annually. The balance in the board designated net assets as of June 30, 2026 is $812,674.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the independent auditors' report which is the date these financial statements were available to be issued.

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

To the Board of Directors Louisiana Housing Corporation
Village de Jardin Apartments
Baton Rouge, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Village de Jardin Apartments (hereafter the Complex), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Complex's basic financial statements, and have issued our report thereon dated October 5, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Complex'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 Complex's internal control. Accordingly, we do not express an opinion on the effectiveness of Complex's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 Complex's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Daigrepont & Brian, APAC
Baton Rouge, LA

October 5, 2026

Village de Jardin Apartments
Schedule of Findings
For the Year Ended June 30, 2026

Summary of Auditors Results

a. Type of report issued: Unmodified

b. Internal control over financial reporting:
Material weaknesses identified: No
Significant deficiencies: No

c. Noncompliance material to the financial statements: No

Village de Jardin Apartments
Schedule of Prior Findings
For the Year Ended June 30, 2025

Summary of Auditors Results

a. Type of report issued: Unmodified

b. Internal control over financial reporting:
Material weaknesses identified: No
Significant deficiencies: No

c. Noncompliance material to the financial statements: No

ANNUAL FINANCIAL REPORT

WILLOWBROOK APARTMENTS

JUNE 30, 2026

WILLOWBROOK APARTMENTS

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Independent Auditor's Report

To the Board of Directors Louisiana Housing Corporation
Willowbrook Apartments
Baton Rouge, LA

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the Willowbrook Apartments (hereafter the Complex) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Complex's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Complex as of June 30, 2026, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 the Complex, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Complex's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

dnbcpas.com
910 S Acadian Thwy
Baton Rouge, LA 70806
225-927-3760
contact@dnbcpas.com

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 the Complex'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 the Complex'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter
As discussed in Note 1, these financial statements include only the activities of the Complex and are not intended to present fairly the combined financial position, combined results of operations or combined cash flows of the Louisiana Housing Corporation in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2026, on our consideration of the Complex'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 the Complex'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 the Complex's internal control over financial reporting and compliance.

Daigrepont & Brian APAC

Daigrepont & Brian, APAC
Baton Rouge, LA

October 5, 2026

WILLOWBROOK APARTMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2026

Management's Discussion and Analysis of Willowbrook Apartments' (the Complex) financial performance presents a narrative overview and analysis of the Complex's financial activities for the year ended June 30, 2026. This document focuses on the Complex's current year activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the Complex's financial statements.

FINANCIAL HIGHLIGHTS

The Complex's net position was $14,611,875 at June 30, 2026, which represents a 8.20% decrease from last fiscal year. The largest portion of the net position was $13,412,334 which represents the Complex's net investment in capital assets (building, furniture, and equipment). The Complex uses these capital assets to provide services to tenants.

The Complex's operating revenues increased by $92,010, or 7.1%, operating expenses decreased by $21,543, or 0.5%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Complex's basic financial statements. These financial statements consist of two sections - Management's Discussion and Analysis (this section) and basic financial statements (including the notes to the financial statements). Statements (including the notes to the financial statements), and 3) Required Supplementary Information.

Basic Financial Statements

The basic financial statements present information for the Complex as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position presents the assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the Complex is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Complex's net position changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the Complex's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by Government Accounting Standards.

WILLOWBROOK APARTMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2026

FINANCIAL ANALYSIS OF THE ENTITY

STATEMENT OF NET POSITION

	2026	2025	Variance	% Variance
Assets				
Current assets	$ 1,396,935	$ 1,427,766	$ (30,831)	-2.2%
Security deposits	145,686	144,534	1,152	0.8%
Capital assets, net	13,412,334	14,563,467	(1,151,133)	-7.9%
Total assets	14,954,955	16,135,767	(1,180,812)	-7.3%
Deferred outflows of resources	50,580	42,237	8,343	19.8%
Total assets and deferred outflows of resources	$ 15,005,535	$ 16,178,004	$ (1,172,469)	-7.2%
Liabilities				
Current liabilities	$ 213,604	$ 107,109	$ 106,495	99.4%
Security deposits	145,373	146,343	(970)	-0.7%
Total liabilities	358,977	253,452	105,525	41.6%
Deferred inflows of resources	34,683	14,083	20,600	146.3%
	393,660	267,535	126,125	47.1%
Net Position				
Net Investment in Capital Assets	13,412,334	14,563,467	(1,151,133)	-7.9%
Unrestricted - board designated	1,429,473	1,286,673	142,800	11.1%
Unrestricted	(229,932)	60,329	(290,261)	-481.1%
Total net position	14,611,875	15,910,469	(1,298,594)	-8.2%
Total liabilities and deferred inflows of resources	$ 15,005,535	$ 16,178,004	$ (1,172,469)	-7.2%

CAPITAL ASSETS

Capital assets for Willowbrook primarily consist of the apartment complex in New Orleans, LA, along with, corresponding fixtures and equipment. The amounts above are shown net of accumulated depreciation.

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2026	2025	Variance	% Variance
Operating revenues	$ 4,170,353	$ 3,894,251	$ 276,102	7.1%
Operating expenses	4,179,724	4,201,267	(21,543)	-0.5%
Change in net position	$ (9,371)	$ (307,016)	254,559	-96.9%

WILLOWBROOK APARTMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2026

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Monthly occupancy levels were steady at over 90% during the fiscal year ended June 30, 2026. Management remains steadfast to maintaining the occupancy levels for the complex, and thus keeping corresponding rental receipts at a consistent level. Continued development of the surrounding New Orleans area infrastructure and owner involvement should help maintain high occupancy rates, along with a high level of operating revenues. Average rents in the New Orleans area continue to show increases, which means affordable housing is still a necessity in the area. Management expects that the results from operations for the fiscal year ending June 30, 2026, will provide for owner distributions near current levels.

REQUEST FOR INFORMATON

Questions concerning any of the information provided in this report or requests for additional financial information can be addressed to:

Louisiana Housing Corporation
2415 Quail Drive
Baton Rouge, Louisiana 70808
225-763-8700

WILLOWBROOK APARTMENTS
STATEMENT OF NET POSITION
JUNE 30, 2026

ASSETS:		
Current assets		
Cash on hand	$	1,347,789
Tenant receivables, net		49,146
Total current assets		1,396,935
Deposits		
Tenant security deposits		145,686
Capital assets		
Building		34,384,839
Furniture, fixture, and equipment		174,672
		34,559,511
Less accumulated depreciation		21,147,177
Net capital assets		13,412,334
Total Assets		14,954,955
DEFERRED OUTFLOWS OF RESOURCES:		
Prepaid expenses		50,580
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	15,005,535
LIABILITIES:		
Current Liabilities:		
Accounts payable	$	60,872
Accrued expenses		152,732
Total current liabilities		213,604
Long term liabilities		
Tenant security deposits		145,373
Total Liabilities		358,977
DEFERRED INFLOWS OF RESOURCES:		
Advanced rent		34,683
NET POSITION:		
Net investment in capital assets		13,412,334
Unrestricted - board designated		1,429,473
Unrestricted		(229,932)
Total Net Position		14,611,875
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$	15,005,535

See accompanying notes and independent auditors' report.

WILLOWBROOK APARTMENTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2026

OPERATING REVENUES:		
Rental income	$	4,044,131
Other receipts		126,222
Total operating revenue		4,170,353
OPERATING EXPENSES:		
Bad debt		109,807
Depreciation		1,151,133
General and administrative		503,305
Insurance		322,763
Management and other fees		218,760
Payroll expenses		264,833
Repairs and maintenance		766,513
Utilities		842,610
Total operating expenses		4,179,724
Change in net position		(9,371)
NET POSITION - Beginning of year		15,910,469
Net contributions from owner/distributions to owner		(1,289,223)
NET POSITION - End of year	$	14,611,875

See accompanying notes and independent auditors' report.

WILLOWBROOK APARTMENTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from:		
Rental receipts	$	3,920,719
Other receipts		126,222
Cash paid to:		
Personnel services		(264,833)
Other operating expenses		(2,556,769)
Net cash provided by operating activities		1,225,339
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net distribution to owner		(1,289,223)
Net Cash Provided by Non-Capital Financing Activities		(1,289,223)
NET CHANGE IN CASH		(63,884)
CASH AND CASH EQUIVALENTS, beginning of year		1,411,673
CASH AND CASH EQUIVALENTS, end of year	$	1,347,789
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating Income	$	(9,371)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation		1,151,133
Bad Debt		109,807
Changes in operating assets and liabilities		
Accounts receivable and other assets		(142,860)
Prepaid expenses		(8,343)
Accounts payable		32,666
Accrued expenses		73,829
Security deposits		(2,122)
Advanced rent		20,600
Net Cash Used in Operating Activities	$	1,225,339

See accompanying notes and independent auditors' report.

WILLOWBROOK APARTMENTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

NATURE OF ORGANIZATION AND OPERATIONS

Willowbrook Apartments (the Complex) is a 408-unit apartment complex in New Orleans, Louisiana The Complex was purchased on October 1, 1995, by the Louisiana Housing Corporation (LHC or the owner), the successor to the Louisiana Housing Finance Agency, at a cost of $1 under the U.S. Department of Housing and Urban Development's Property Disposition Program. Under the terms of the purchase agreement, the owner is bound by certain use restrictions of the apartment complex, which primarily relate to low-income housing. The Complex suffered significant damage in 2005 as a result of Hurricane Katrina and underwent renovations. The Complex resumed operations in May 2008. The Complex accepts rent certificates administered by the local housing authority.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Since the Complex is owned by the Louisiana Housing Corporation, an instrumentality of the State of Louisiana, the financial statements of the Complex have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements present only the transactions of the Complex and do not present any of the assets, liabilities, and operations of the Louisiana Housing Corporation.

Basis of Accounting

The Complex is considered a proprietary fund and is presented as a business-type activity. Proprietary fund types are used to account for activities that are similar to those found in the private sector where the determination of operating income and changes in net position is necessary or useful for sound financial administration. The GAAP used for proprietary funds are generally those applicable to similar businesses in the private sector (accrual basis accounting).

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's ongoing operations. Operating expenses are those expenses that are essential to the primary operations of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Complex's policy to use restricted resources first, then unrestricted resources as they are needed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Complex's cash and cash equivalents include all highly-liquid deposits. The tenant security deposits have use restrictions and are not considered cash equivalents.

Tenant Receivables

An allowance for uncollectible accounts is established based on prior experience and management's assessment for the collectability of those accounts. Accounts are considered past due on a contractual term. Management charges late fees on past due accounts but not interest. Allowance for doubtful accounts for the year ended June 30, 2026 was $9,062. Bad debt expense recorded during the year ended June 30, 2026 was $109,807.

Tenant Security Deposits

Regulations of the LHC require that security deposits be segregated from the general funds of the Complex. Accordingly, the Complex holds all security deposit funds in a separate, interest bearing account.

Capital Assets

Capital assets are carried at cost less accumulated depreciation. The Complex capitalizes all property and equipment with initial, individual costs greater than $5,000. The cost of maintenance and repairs is charged to expense as incurred; significant repairs and betterments are capitalized. Depreciation is computed on the straight-line method over the following estimated useful lives:

Buildings	40 years
Furniture and equipment	5 years

Net Position

In the Statement of Net Position, the difference between the Complex's assets and deferred outflows of resources and liabilities and deferred inflows of resources is recorded as net position. The three components of net position are as follows:

Net investment in capital assets - The category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of capital assets.

Restricted net position - Net positions that are restricted by external sources such as creditors, grantors, contributors, or by law are reported separately as restricted net position.

Unrestricted net position - Net positions that do not meet the definition of "restricted" or "net investment in capital assets".

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources that represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The Complex has one item that meets the criterion for this category, related to prepaid insurance.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources that represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Complex has one item that meets the criterion for this category. Deferred inflows related to advanced rent are included in the financial statements.

Rental Income

The Complex receives rental income from units which are reserved for people with low and moderate incomes. Rental income is recognized as the rents are earned. Rental payments received in advance are reported as deferred inflows of resources. All leases between the Complex and its tenants are operating leases. Contract rent increases are prohibited without the approval of the LHC Board of Directors. The Complex derives substantially all of its revenues from its rental activities in New Orleans, Louisiana.

Tenant Charges

Tenant charges are recognized as earned and consist of charges to tenants for gate access cards, late fees, NSF fees, application fees, cleaning fees, pet fees, laundry income, cable television income, and vending income.

Advertising

The Complex expenses advertising costs as they are incurred. Advertising expenses were $28,270 for the year ended June 30, 2026.

2. CASH AND CASH EQUIVALENTS

At June 30, 2026, the Complex had cash and cash equivalents which were demand deposits at a local financial institution.

The deposit accounts are subject to custodial credit risk; that is, in the event of a bank failure, the funds may not be returned. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

2. CASH AND CASH EQUIVALENTS (CONTINUED)

Pledged securities are held in the name of Louisiana Housing Corporation for Willowbrook, Mid City Apartments & Village de Jardin. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. Collateral is sufficient to cover the cash balances of all aforementioned apartments.

At June 30, 2026, the Complex's demand deposits were fully covered by FDIC insurance and pledged securities collateral.

3. CAPITAL ASSETS

Following is a summary of the changes in capital assets for the year ended June 30, 2026:

	Balance June 30, 2025	Additions	Deletions	Balance June 30, 2026
Furniture and fixtures	$ 26,372	$ -	$ -	$ 26,372
Buildings	34,384,838	-	-	34,384,838
Equipment	148,301	-	-	148,301
	34,559,511	-	-	34,559,511
Accumulated depreciation:	(19,996,044)	(1,151,133)	-	(21,147,177)
Capital assets, net	$ 14,563,467	$ (1,151,133)	$ -	$ 13,412,334

Depreciation expense for the year ended June 30, 2026 was $1,151,133.

4. LEASES

The Complex's lease agreements are with tenants and have various start dates with allleases having one-year terms that convert to a month-to-month basis upon completion of lease term and prior to signing a new lease. The payment amounts are based on a market rent and adjusted based on individual tenants' situations. The cost and carrying amount of the leased property is $34,559,511 and $13,412,334, respectively. Future minimum lease revenue is anticipated to be collected in accordance with lease agreements.

5. CONTRIBUTIONS FROM OWNER

Contribution from owner consist of funding to meet the operating needs of the Complex in addition to the payment of expenses on behalf of the Complex. For the year ended June 30, 2026 the owner provided $265,370 in funding for the payment of property insurance on behalf of the Complex.

6. MANAGEMENT FEES

During the year ended June 30, 2019, the Complex entered into a management agreement with Rampart/Wurth Holding Inc. to conduct services in connection with the leasing, management and operation of the apartment complex. In exchange, the Complex shall pay Rampart a monthly management fee equal to the greater of 4.5% of gross receipts collected or $6,720 per month ($30 per month per unit). For the year ended June 30, 2026, there was $216,635 in management fees incurred.

7. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Complex operates in a heavily regulated environment. Its activities are subject to oversight by the U.S. Department of Housing and Urban Development (HUD), the Louisiana Housing Corporation (LHC), and other federal, state, and local agencies. Changes in laws, regulations, or administrative directives including funding levels for affordable housing programs may materially affect operations, compliance obligations, and related costs. Such administrative directives, rules, and regulations are subject to change by an Act of Congress or an administrative change mandated by or passed through HUD. Such changes may occur with little notice of inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. Future operations could be affected by changes in economic or other conditions in the geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

A significant portion of net position ($13.4 million at June 30, 2026) is invested in capital assets. These assets are illiquid and not available for operating needs. Although the board has designated funds for insurance and capital replacement (See Note 8), future repair and replacement needs could exceed amounts set aside. The Complex relies primarily on rental revenues to fund operations, supplemented by owner contributions to cover certain costs such as insurance. Contribution levels may vary from year to year, and insurance or other costs may increase beyond anticipated levels. While occupancy has remained strong liquidity pressures could arise if collections decline or if regulatory constraints limit the ability to adjust rental rates.

8. UNRESTRICTED - BOARD DESIGNATED

Although not required by an agreement or external sources, the board considered it best practice to designate funds for insurance and capital replacement. The funds designated each year are $350 per unit per year, or $142,800 annually. The balance in the board designated net assets as of June 30, 2026 is $1,429,473.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the independent auditors' report which is the date these financial statements were available to be issued.

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

To the Board of Directors Louisiana Housing Corporation
Willowbrook Apartments
Baton Rouge, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Willowbrook Apartments (hereafter the Complex), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Complex's basic financial statements, and have issued our report thereon dated October 5, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Complex'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 Complex's internal control. Accordingly, we do not express an opinion on the effectiveness of Complex's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 Complex's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Daigrepont & Brian, APAC
Baton Rouge, LA

October 5, 2026

Willowbrook Apartments
Schedule of Findings
For the Year Ended June 30, 2026

Summary of Auditors Results

a. Type of report issued: Unmodified

b. Internal control over financial reporting:
Material weaknesses identified: No
Significant deficiencies: No

c. Noncompliance material to the financial statements: No

Willowbrook Apartments
Schedule of Prior Findings
For the Year Ended June 30, 2025

Summary of Auditors Results

a. Type of report issued: Unmodified

b. Internal control over financial reporting:
Material weaknesses identified: No
Significant deficiencies: No

c. Noncompliance material to the financial statements: No