

Cypress at Gardere, L.P.

**Financial Statements and Supplementary Information
with Report of Independent Auditors**

**For the year ended December 31, 2023 and the period from November 29, 2017 (inception) to
December 31, 2022**



NOVOGRADAC
& COMPANY LLP®

Report of Independent Auditors

To the Partners of
Cypress at Gardere, L.P.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Cypress at Gardere, L.P., a Louisiana limited partnership, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in partners' capital, and cash flows for the year ended December 31, 2023 and for the period from November 29, 2017 (inception) to December 31, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cypress at Gardere, L.P. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the year ended December 31, 2023 and the period from November 29, 2017 (inception) to December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that,

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cypress at Gardere, L.P.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cypress at Gardere, L.P.'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2025 on our consideration of Cypress at Gardere, L.P.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion the effectiveness of Cypress at Gardere, L.P.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cypress at Gardere, L.P.'s internal control over financial reporting and compliance.

Opinion on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, which is the responsibility of management, is a required part of the financial statements per the Louisiana Housing Corporation loan agreement. The surplus cash calculation and Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer have been subjected to the auditing procedures applied in the audits of the financial statements, and, accordingly, in our opinion is presented fairly, in all material respects.

Noragade & Company LLP

Long Beach, California
October 13, 2025

CYPRESS AT GARDERE, L.P.
BALANCE SHEETS
As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 339,392	\$ 687,506
Restricted cash	723,639	115,000
Accounts receivable	(5,135)	111,183
Prepaid expenses	859	293
Fixed assets, net of accumulated depreciation	20,206,633	20,692,327
Deferred charges, net of accumulated amortization	<u>72,397</u>	<u>77,730</u>
 Total assets	 <u><u>\$ 21,337,785</u></u>	 <u><u>\$ 21,684,039</u></u>
 LIABILITIES AND PARTNERS' CAPITAL		
Liabilities		
Accounts payable	\$ 103,432	\$ 26,007
Security deposits payable	11,800	36,100
Prepaid rent	2,143	3,175
Accrued interest - Home Bank, N.A.	-	70,951
Accrued interest - Walker Dunlop	17,908	-
Note Payable - Home Bank, N.A.		
Net of unamortized debt issuance costs	-	10,365,570
Note Payable - Walker Dunlop		
Net of unamortized debt issuance costs	4,840,000	-
Note Payable - LHC	3,652,750	3,328,319
Amounts payable to related parties:		
Accrued interest - Partners-For-Progress	793,913	401,913
Accrued interest - Partners-For-Progress AHP	10,188	6,438
Note Payable - Partners-For-Progress	4,900,000	4,900,006
Note Payable - Partners-For-Progress - AHP	750,000	750,000
Development fee payable	483,407	824,877
Partnership management fee payable	55,151	33,933
Asset management fee payable	13,788	8,483
Due to - General Partner	<u>-</u>	<u>62,849</u>
Total liabilities	15,634,480	20,818,621
 Partners' capital	 <u>5,703,305</u>	 <u>865,418</u>
 Total liabilities and partners' capital	 <u><u>\$ 21,337,785</u></u>	 <u><u>\$ 21,684,039</u></u>

see accompanying notes

CYPRESS AT GARDERE, L.P.
STATEMENTS OF OPERATIONS

For the year ended December 31, 2023 and for the
period from November 29, 2017 (inception) to December 31, 2022

	<u>2023</u>	<u>2022</u>
REVENUE		
Rental revenue	\$ 1,108,448	\$ 94,034
Other revenue	<u>3,846</u>	<u>2,025</u>
Total	1,112,294	96,059
OPERATING EXPENSES		
General and administrative	78,143	17,135
Payroll	101,266	23,066
Utilities	84,108	24,738
Supplies	13,116	4,163
Taxes and insurance	142,465	108,600
Property management fee	58,982	1,070
Repairs and maintenance	141,296	24,765
Marketing and advertising	-	65,799
Legal and other professional fees	<u>57,351</u>	<u>13,831</u>
Total	<u>676,727</u>	<u>283,167</u>
Income (loss) before entity and financial income (expenses)	435,567	(187,108)
ENTITY AND FINANCIAL INCOME (EXPENSES)		
Interest income	2,023	-
Interest expense - Home Bank, N.A	(566,035)	(241,043)
Interest expense - Walker Dunlap	(52,530)	-
Interest expense - Partners-for-Progress	(392,000)	(264,466)
Interest expense - Partners-for-Progress - AHP	(3,750)	(1,282)
Interest expense - debt issuance costs	(671,673)	-
Depreciation	(600,795)	(255,132)
Amortization	(5,333)	(2,265)
Partnership management fee	(21,218)	(33,933)
Asset management fee	(5,305)	(8,483)
Bad debt	-	-
Insurance claim	3,776	-
Organizational fess	<u>-</u>	<u>(179,234)</u>
Total, net	<u>(2,312,840)</u>	<u>(985,838)</u>
Net income (loss)	<u><u>\$ (1,877,273)</u></u>	<u><u>\$ (1,172,946)</u></u>

see accompanying notes

CYPRESS AT GARDERE, L.P.
STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
For the year ended December 31, 2023 and for the
period from November 29, 2017 (inception) to December 31, 2022

	General Partner	Original Limited Partner	Limited Partner	Special Limited Partner	Total Partners' Capital
BALANCE, NOVEMBER 29, 2017	\$ -	\$ -	\$ -	\$ -	\$ -
Capital contributions (prior to transfer of interest)	-	1,439,834	-	-	1,439,834
Transfer of interest	-	(1,439,834)	1,439,834	-	-
Capital distributions (after transfer of interest)	-	-	698,530	-	698,530
Syndication fees	-	-	(100,000)	-	(100,000)
Net loss	<u>(106)</u>	<u>-</u>	<u>(1,172,828)</u>	<u>(12)</u>	<u>(1,172,946)</u>
BALANCE, DECEMBER 31, 2022	(106)	-	865,536	(12)	865,418
Capital contributions	-	-	6,715,160	-	6,715,160
Net loss	<u>(169)</u>	<u>-</u>	<u>(1,877,085)</u>	<u>(19)</u>	<u>(1,877,273)</u>
BALANCE, DECEMBER 31, 2023	<u>\$ (275)</u>	<u>\$ -</u>	<u>\$ 5,703,611</u>	<u>\$ (31)</u>	<u>\$ 5,703,305</u>
Partners' interest	<u>0.009%</u>	<u>0.000%</u>	<u>99.990%</u>	<u>0.001%</u>	<u>100.000%</u>

see accompanying notes

CYPRESS AT GARDERE, L.P.
STATEMENTS OF CASH FLOWS

For the year ended December 31, 2023 and for the
period from November 29, 2017 (inception) to December 31, 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (1,877,273)	\$ (1,172,946)
Adjustments to reconcile net loss to net cash used in operating activities:		
Interest expense - debt issuance costs	671,673	-
Depreciation	600,795	255,132
Amortization	5,333	2,265
(Increase) decrease in assets:		
Accounts receivable	116,318	(111,183)
Prepaid expenses	(566)	(293)
Increase (decrease) in liabilities:		
Accounts payable	77,425	26,007
Security deposits payable	(24,300)	36,100
Prepaid rent	(1,032)	3,175
Accrued interest - Home Bank, N.A	(70,951)	70,951
Accrued interest - Walker Dunlop	17,908	-
Accrued interest - Partners-For-Progress	392,000	401,913
Accrued interest - Partners-For-Progress AHP	3,750	6,438
Accrued partnership management fee	21,218	33,933
Accrued asset management fee	5,305	8,483
Due to - General Partner	(62,849)	62,849
Net cash used in operating activities	(125,246)	(377,176)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(115,101)	(20,122,582)
Payment for deferred charges	-	(79,995)
Net cash used in investing activities	(115,101)	(20,202,577)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payment of) note payable - Home Bank, N.A.	(11,037,243)	11,037,243
Proceeds from note payable - Walker & Dunlop	4,840,000	-
Proceeds from note payable - LHC	324,431	3,328,319
Proceeds from (payment of) note payable - Partners-For-Progress	(6)	4,900,006
Proceeds from note payable - Partners-For-Progress - AHP	-	750,000
Payment of development fee payable	(341,470)	-
Payment of debt issuance costs	-	(671,673)
Payment of syndication costs	-	(100,000)
Capital contributions	6,715,160	2,138,364
Net cash provided by financing activities	\$ 500,872	\$ 21,382,259

see accompanying notes

CYPRESS AT GARDERE, L.P.**STATEMENTS OF CASH FLOWS (continued)**

For the year ended December 31, 2023 and the period from
November 29, 2017 (inception) to December 31, 2022.

	<u>2023</u>	<u>2022</u>
Net change in cash, cash equivalents and restricted cash	\$ 260,525	\$ 802,506
Cash, cash equivalents and restricted cash at beginning of year	<u>802,506</u>	<u>-</u>
Cash, cash equivalents and restricted cash at end of year	<u>\$ 1,063,031</u>	<u>\$ 802,506</u>
Cash and cash equivalents	\$ 339,392	\$ 687,506
Restricted cash	<u>723,639</u>	<u>115,000</u>
Total cash, cash equivalents and restricted cash	<u>\$ 1,063,031</u>	<u>\$ 802,506</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 671,608</u>	<u>\$ 434,437</u>
Interest capitalized to fixed assets	<u>\$ -</u>	<u>\$ 406,948</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Increase in fixed assets from development fee payable	<u>\$ -</u>	<u>\$ 824,877</u>

see accompanying notes

CYPRESS AT GARDERE, L.P.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

1. Organization

Cypress at Gardere, L.P. (the “Partnership”) is a Louisiana limited partnership between Cypress at Gardere GP, LLC (the “General Partner”), RBC Community Investments National Fund-30, L.P. (the “Limited Partner”), and RBC Community Investments Manager II, Inc (the “Special Limited Partner”). The Partnership was formed for the purpose of developing and operating a 99-unit project located in Baton Rouge, Louisiana known as Cypress at Gardere Senior Housing (the “Property”). The Property qualifies for the federal low-income housing tax credit program as described in Internal Revenue Code Section 42.

RBC Community Investments, LLC (the “Original Limited Partner”) withdrew from the Partnership on April 30, 2021 and transferred its interest in the Partnership to RBC Community Investments National Fund-30, L.P. (the “Limited Partner”).

Pursuant to the Amended and Restated Agreement of Limited Partnership dated April 21, 2021, (the “Partnership Agreement”), profits, losses and tax credits are allocated 0.009% to the General Partner, 99.99% to the Limited Partner, and .001% to the Special Limited Partner.

Pursuant to the terms of the Partnership Agreement, the General Partner is required to provide capital contributions totaling \$100. As of December 31, 2023 and 2022, General Partner capital contributions totaled \$0.

Pursuant to the terms of the Partnership Agreement, the Limited Partner is required to provide capital contributions totaling \$9,113,524, subject to potential adjustments based on the amount of low-income housing tax credits ultimately allocated to the Property in addition to other potential occurrences as more fully explained in the Partnership Agreement. As of December 31, 2023 and 2022, Limited Partner capital contributions totaled \$8,853,524 and \$2,138,364.

Pursuant to the terms of the Partnership Agreement, the Special Limited Partner is required to provide capital contributions totaling \$10. As of December 31, 2023 and 2022, Special Limited Partner capital contributions totaled \$0.

2. Summary of significant accounting policies and nature of operations

Basis of accounting

The Partnership prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Estimates

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

CYPRESS AT GARDERE, L.P.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

2. Summary of significant accounting policies and nature of operations (continued)

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, repairs or improvements to the buildings, and annual insurance and property tax payments.

Concentration of credit risk

The Partnership maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Partnership has not experienced any losses in such accounts. The Partnership believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Fixed assets and depreciation

Fixed assets are recorded at cost and. Buildings, which include building improvements, are depreciated over their estimated useful life of 40 years using the straight-line method. Land improvements are depreciated over their estimated useful life of 20 years using the straight-line method. Furniture and equipment are depreciated over their estimated useful life of 10 years using the straight-line method.

Deferred charges and amortization

Tax credit fees are amortized on a straight-line basis over the 15-year tax credit compliance period.

Impairment of long-lived assets

The Partnership reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. No impairment losses were recognized for the year ended December 31, 2023 and the period from November 29, 2017 (inception) to December 31, 2022.

CYPRESS AT GARDERE, L.P.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

2. Summary of significant accounting policies and nature of operations (continued)

Income taxes

Income taxes on Partnership income are levied on the partners at the partner level. Accordingly, all profits and losses of the Partnership are recognized by each partner on its respective tax return.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Partnership to report information regarding its exposure to various tax positions taken by the Partnership. Management has determined whether any tax positions have met the recognition threshold and has measured the Partnership's exposure to those tax positions. Management believes that the Partnership has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Partnership are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Revenue recognition for tenant leases and tenant charges

The Partnership is the lessor of the Property and accounts for tenant leases as operating leases. The Partnership determines if a contract is a lease or contains a lease at inception. At the commencement of an operating lease, no income is recognized; subsequently, lease payments received are recognized on a straight-line basis. Rental revenue attributable to tenant leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue includes fees for late payments, cleaning, damages, laundry facilities and other tenant charges and is recorded when earned. Advance receipts of revenue are deferred and classified as liabilities until earned.

Ground lease

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

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

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

The Company accounts for the ground lease as an operating lease (see Note 7).

Economic concentrations

The Partnership operates one property in Baton Rouge, Louisiana. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

CYPRESS AT GARDERE, L.P.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

2. Summary of significant accounting policies and nature of operations (continued)

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Subsequent events

Subsequent events have been evaluated through October 13, 2025, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

3. Restricted cash

As of December 31, 2023 and 2022, the Partnership's restricted cash consists of the following:

	Replacement reserves	Tenant security deposits	Escrow	Operating reserves
November 19, 2017	\$ -	\$ -	\$ -	\$ -
Deposits/interest	99,000	6,000	10,000	-
Withdrawals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2022	\$ 99,000	\$ 6,000	\$ 10,000	\$ -
Deposits/interest	-	43,474	242,415	456,046
Withdrawals	<u>(94,874)</u>	<u>(38,422)</u>	<u>-</u>	<u>-</u>
December 31, 2023	<u>\$ 4,126</u>	<u>\$ 11,052</u>	<u>\$ 252,415</u>	<u>\$ 456,046</u>

Operating reserve

Pursuant to the Partnership Agreement, the General Partner is required to establish and maintain an operating reserve account (the "Operating Reserve") with an initial deposit of \$456,046 no later than the making of the Third Capital Contribution. The Third Capital Contribution is due to be paid on the later of March 1, 2023, or 10 Business Days after the occurrence and satisfaction of a series of conditions described in the Amended and Restated Agreement of Limited Partnership dated April 21, 2021. The Operating Reserve is to be funded from Capital Contributions and/or the proceeds of the Project Loan. Funds in the Operating Reserve shall be used exclusively to fund operating deficits, as approved by the Special Limited Partner in an approved annual budget for the Project or upon request of the General Partner. In no event shall the General Partners withdraw funds for Operating Deficits if the balance is less than \$228,023 at any time.

CYPRESS AT GARDERE, L.P.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

3. Restricted cash (continued)

Replacement reserve

Pursuant to the Partnership Agreement, the General Partner is required to establish and maintain a replacement reserve account (the "Replacement Reserve") with an initial deposit of \$99,000 no later than the making of the Second Capital Contribution and annual deposits commencing upon Substantial Completion in an amount equal to the greater of (i) \$250.00 per unit, increasing 3% annually, and (ii) the amount required by the permanent lender (underwritten at \$600 per unit increasing 3% annually) from the Partnership's gross operating revenues into a segregated Reserve Fund for Replacements. The Second Capital Contribution is due to be paid on the later of August 1, 2022, or 10 Business Days after the occurrence and satisfaction of a series of conditions described in the Amended and Restated Agreement of Limited Partnership dated April 21, 2021. Funds in the Replacement Reserve shall be withdrawn subject to the Special Limited Partner's consent which may be evidenced in an approved annual budget for the Project or upon request of the General Partners.

Rent-up reserve

Pursuant to the Partnership Agreement, the General Partner is required to establish and maintain a rent-up reserve account (the "Rent-Up Reserve") with an initial deposit of \$149,249 no later than ninety days prior to the date on which the buildings in the Project are "placed into service". The Rent-Up Reserve is to be funded from Capital Contributions and/or the proceeds of the Project Loan. The General Partner shall be entitled to withdraw funds from the Rent-Up Reserve to fund operating expenses and debt service of the Project prior to the Stabilization Date subject to the Special Limited Partner's Consent (such Consent not to be unreasonably withheld, conditioned or delayed), which may be evidenced in an approved annual budget for the Project or, upon the request of the General Partner. The unused balance of the Rent-Up Reserve shall be distributed as Net Cash Flows prior to the Final Capital Contribution. The Final Capital Contribution is due to be paid on the later of June 1, 2023, or 10 Business Days after the occurrence and satisfaction of a series of conditions described in the Amended and Restated Agreement of Limited Partnership dated April 21, 2021.

4. Fixed assets

Fixed assets consist of the following as of December 31, 2023 and 2022:

	2023	2022
Buildings	\$ 19,004,514	\$ 19,004,514
Land improvements	1,372,243	1,372,243
Furniture and equipment	685,803	570,702
Total fixed assets	21,062,560	20,947,459
Less: accumulated depreciation	(855,927)	(255,132)
Fixed assets, net	\$ 20,206,633	\$ 20,692,327

CYPRESS AT GARDERE, L.P.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

5. Notes payable

Note payable – Home Bank, NA

On April 22, 2021, the Partnership entered into a loan agreement with Home Bank, NA, in the amount of \$11,800,000. The loan was secured by the Project, had an interest rate of one-month Treasury rate plus 350 bps adjusted daily, with a floor of 3.75%, and matured on October 22, 2023.

For the year ended December 31, 2023, the loan incurred interest of \$566,035. For the period from November 29, 2017 (inception) to December 31, 2022, the loan incurred interest of \$505,388, of which \$264,345 was capitalized to fixed assets and \$241,043 was expensed. As of December 31, 2023 and 2022, accrued interest was \$0 and \$70,951.

As of December 31, 2023 and 2022, the outstanding principal balance on the loan was \$0 and \$11,037,243, respectively.

Note payable – Walker and Dunlop

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

For the year ended December 31, 2023, the loan incurred interest of \$52,530. As of December 31, 2023, accrued interest was \$ 17,908.

As of December 31, 2023:

Principal balance	\$ 4,840,000
Less: unamortized debt issuance costs	<u>-</u>
Note payable, net of unamortized debt issuance costs	<u>\$ 4,840,000</u>

Future minimum principal payment requirements over the next five years and thereafter are as follows:

Year ending December 31,	
2024	\$ -
2025	31,690
2026	57,442
2027	60,082
2028	62,246
Thereafter	<u>4,628,540</u>
Total	<u>\$ 4,840,000</u>

CYPRESS AT GARDERE, L.P.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

5. Notes payable (continued)

Note payable – Louisiana Housing Corporation

On April 22, 2021, the Partnership entered into a loan agreement with Louisiana Housing Corporation, in the amount of \$3,845,000. The loan is secured by the Project, has an interest rate of 0% per annum, and matures 35 years after the project is placed in service. The principal balance is paid from 50% of available cash flow. The remaining principal balance is due and payable as a lump sum at maturity.

As of December 31, 2023 and 2022, the outstanding principal balance was \$3,652,750 and \$3,328,319, respectively.

6. Related party transactions

Note payable – Partners-For-Progress, Inc

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

For the year ended December 31, 2023, the loan incurred interest of \$392,000. For the period from November 29, 2017 (inception) to December 31, 2022, the loan incurred interest of \$401,913, of which \$137,447 was capitalized to fixed assets and \$264,466 was expensed.

As of December 31, 2023 and 2022, the outstanding principal balance was \$4,900,000 and \$4,900,006, respectively. As of December 31, 2023 and 2022, accrued interest was \$793,913 and \$401,913, respectively.

Note payable - Partners-For-Progress, Inc - AHP

On April 22, 2021, the Partnership entered into a loan agreement with Partners-For-Progress, Inc, in the amount of \$750,000. The loan is secured by the Project, has a simple interest rate of 0.5% per annum, and matures 35 years on April 22, 2056. At maturity, the principal balance and accrued interest is due and payable as a lump sum.

For the year ended December 31, 2023, the loan incurred interest of \$3,750. For the period from November 29, 2017 (inception) to December 31, 2022, the loan incurred interest of \$6,438, of which \$5,156 was capitalized to fixed assets and \$1,282 was expensed.

As of December 31, 2023 and 2022, the outstanding principal balance was \$750,000. As of December 31, 2023 and 2022, accrued interest was \$10,188 and \$6,438, respectively.

CYPRESS AT GARDERE, L.P.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

6. Related party transactions (continued)

Development note

Pursuant to the Development Agreement dated April 21, 2021 (the “Development Agreement”), the Partnership agreed to pay Partners-For-Progress, Incorporated and Integral Development, LLC a total combined fee of \$2,275,000 for services relating to the development of the Property. The Development Note is unsecured, bears interest at 3% per annum, and is fully incurred upon the placement in service of 100% of the Project units and is payable from available cash flow, as further defined in the Partnership Agreement. As of December 31, 2023 and 2022, the outstanding principal balance was \$483,407 and \$824,877, respectively.

Partnership management fee

Pursuant to the Partnership Agreement, the Partnership pays an annual partnership management fee of \$20,000, increasing annually by 3%, to the General Partner. The fee will be paid annually, beginning on the first anniversary of the Initial Closing as defined in the Partnership Agreement and continuing through the scheduled maturity date of the Permanent Loan. The fee accrues without interest and is payable from available cash flow as further defined in the Partnership Agreement.

For the year ended December 31, 2023 and the period from November 29, 2017 (inception) to December 31, 2022, the partnership management fee was \$21,218 and \$33,933, respectively. As of December 31, 2023 and 2022, the accrued partnership management fee was \$55,151 and \$33,933, respectively.

Asset management fee

Pursuant to the Partnership Agreement, the Partnership pays an annual asset management fee of \$5,000, increasing 3% annually, to the Limited Partner. The fee will be paid annually, beginning on the first anniversary of the Initial Closing as defined in the Partnership Agreement. The fee accrues without interest and is payable from available cash flow, as further defined in the Partnership Agreement.

For the year ended December 31, 2023 and the period from November 19, 2017 (inception) to December 31, 2022, the partnership administration fee was \$5,305 and \$8,483, respectively. As of December 31, 2023 and 2022, the accrued partnership administration fee was \$13,788 and \$8,483, respectively.

7. Ground Lease

On April 1, 2021, the Company entered into a ground lease agreement with the Housing Authority of the Parish of East Baton Rouge, Louisiana, for the use and occupancy of the land and premises. Terms of the lease commenced on April 1, 2021 and will continue for 75 years thereafter. The lease has an annual rent of \$10. The entire lease has been prepaid as of the lease commencement date.

CYPRESS AT GARDERE, L.P.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

8. Low-income housing tax credits

The Partnership expects to generate an aggregate of \$10,889,880 of federal low-income housing tax credits (“Tax Credits”). Generally, such credits become available for use by its partners pro-rata over a ten-year period, which began in 2022. The year in which the credit period begins is determined on a building-by-building basis within the Partnership. In order to qualify for these credits, the Property must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. The Partnership has also agreed to maintain and operate the Property as low-income housing for an additional 15 years beyond the initial 15-year compliance period. Because the Tax Credits are subject to compliance with certain requirements, there

can be no assurance that the aggregate amount of Tax Credits will be realized, and failure to meet all such requirements or to correct noncompliance within a specified time period may result in generating a lesser amount of Tax Credits than expected in future years, and/or recapture of Tax Credits previously allocated. A reduction of future credits or recapture would require credit deficit payments to the Limited Partner under the terms of the Partnership Agreement.

The Partnership anticipates generating additional Tax Credits in future years as follows:

Year ending December 31,	
2022	\$ 144,835
2023	1,088,988
2024	1,088,988
2025	1,088,988
2026	1,088,988
2027	1,088,988
2028	1,088,988
2029	1,088,988
2030	1,088,988
2031	1,088,988
2032	<u>944,153</u>
Total	<u>\$ 10,889,880</u>

SUPPLEMENTARY INFORMATION



NOVOGRADAC
& COMPANY LLP®

REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Partners of
Cypress at Gardere, L.P.:

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 Cypress at Gardere, L.P., which comprise the balance sheet as of December 31, 2023, and the related statements of operations, changes in partners' capital, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cypress at Gardere, L.P.'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cypress at Gardere, L.P.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Cypress at Gardere, L.P.'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 sig def may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cypress at Gardere, L.P.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Novogradac & Company LLP

Long Beach, California
October 13, 2025

CYPRESS AT GARDERE, L.P.
COMPUTATION OF SURPLUS CASH
For the year ended December 31, 2023

COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND RESIDUAL RECEIPTS

S1300-010	Cash (Accounts 1120,1170, and 1191)	\$ 350,444
S1300-040	Total cash	350,444
S1300-050	Accrued mortgage (or bond) interest payable	17,908
S1300-060	Delinquent mortgage (or bond) principal payments	-
S1300-070	Delinquent deposits to reserve for replacements	-
S1300-075	Accounts payable (due within 30 days)	103,432
S1300-080	Loans and notes payable (due within 30 days)	-
S1300-090	Deficient tax, insurance, or MIP escrow deposits	-
S1300-100	Accrued expenses (not escrowed)	-
2210	Prepaid revenue	2,143
2191	Tenant deposits held in trust	11,800
S1300-110	Other current obligations:	
S1300-120	First mortgage principal due in the following month	
S1300-130	\$ -	
S1300-120	Mortgage interest due in the following month	
S1300-130	\$ -	
S1300-120	Mortgage insurance premium due in the following month	
S1300-130	\$ -	
S1300-120	Replacement reserve deposit due in the following month	
S1300-130	\$ 2,063	
S1300-120	Other HUD required reserves due in the following month	
S1300-130	\$ -	
S1300-120	Escrow deposits due in the following month	
S1300-130	\$ 10,672	12,735
S1300-140	Less total current obligations	148,018
S1300-150	Surplus cash (deficiency)	\$ 202,426
S1300-200	Amount available for distribution during next fiscal period	\$ 202,426

see report of independent auditors

CYPRESS AT GARDERE, L.P.

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO THE CHIEF
EXECUTIVE OFFICER**

For the year ended December 31, 2023

Please refer to the Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer included in the Partners for Progress, Incorporated audit reports for the years ended September 30, 2024 and 2023 for information relative to compensation, benefits and other payments to the chief executive officer.