VILLA GARDENS LIMITED PARTNERSHIP

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

VILLA GARDENS LIMITED PARTNERSHIP

TABLE OF CONTENTS

DECEMBER 31, 2025 AND 2024

Little & Assoc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Partners and Management of
Villa Gardens Limited Partnership
Lafayette, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Villa Gardens Limited Partnership (a Louisiana Limited Partnership), which comprise the balance sheets as of December 31, 2025 and 2024 and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Villa Gardens Limited Partnership as of December 31, 2025 and 2024, and the results of its operations, changes in partners' equity (deficit) and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Villa Gardens Limited Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Villa Gardens Limited Partnership'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 Villa Gardens Limited Partnership'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information including the Schedule of Expenses, the Schedule of Operating Income and Expense Variances – AMEC Model to Actual Comparisons, the Computation of Surplus Cash, Distributions, and Residual Receipts – LHC – Tax Credit Assistance Program, the TCAP Computation of Surplus Cash, and the Schedule of Compensation, Benefits, and Other Payments to the Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2026 on our consideration of Villa Gardens Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Villa Gardens Limited Partnership'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 Villa Gardens Limited Partnership's internal control over financial reporting and compliance.

Little & Associates, LLC

Monroe, Louisiana
March 11, 2026

VILLA GARDENS LIMITED PARTNERSHIP
BALANCE SHEETS
DECEMBER 31,

ASSETS

	2025	2024
CURRENT ASSETS		
Cash-Operating	$ 6,716	$ 32,162
Accounts Receivable - Tenants	6,894	3,616
Prepaid Expenses	37,846	34,762
Total Current Assets	51,456	70,540
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Operating Reserve	43	39,681
Replacement Reserve	57	88,350
Tax and Insurance Escrow	132,247	904
Tenants' Security Deposits	27,190	27,640
Total Restricted Deposits and Funded Reserves	159,537	156,575
PROPERTY AND EQUIPMENT		
Buildings	5,993,368	5,993,368
Furniture and Equipment	557,374	557,374
Site Improvements	1,355,582	1,355,582
Total	7,906,324	7,906,324
Less: Accumulated Depreciation	(3,715,772)	(3,498,159)
Net Depreciable Assets	4,190,552	4,408,165
Land	415,324	415,324
Total Property and Equipment	4,605,876	4,823,489
OTHER ASSETS		
Utility Deposits	900	900
Total Other Assets	900	900
Total Assets	$ 4,817,769	$ 5,051,504

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

VILLA GARDENS LIMITED PARTNERSHIP
BALANCE SHEETS
DECEMBER 31,

LIABILITIES AND PARTNERS' EQUITY

	2025	2024
CURRENT LIABILITIES		
Accounts Payable	$ 44,666	$ 16,011
Deferred Revenue	3,025	5,104
Accrued Interest Payable - Capital One	7,680	7,915
Note Payable - LPTFA	457,614	457,614
Current Portion of Long-Term Debt	41,366	38,448
Total Current Liabilities	554,351	525,092
DEPOSITS		
Tenants' Security Deposits	27,360	27,800
Total Deposits	27,360	27,800
LONG-TERM LIABILITIES		
Note Payable - Capital One, Net of Unamortized Debt Issuance Costs	1,193,014	1,224,621
Note Payable - LHC TCAP	833,528	833,528
Accrued Interest Payable - LHC TCAP	453,481	419,677
Due To Related Party	294,524	294,524
Asset Management Fee Payable	42,809	33,734
Accrued Partnership Management Fees Payable	145,898	131,341
Total Long-Term Liabilities	2,963,254	2,937,425
Total Liabilities	3,544,965	3,490,317
PARTNERS' EQUITY		
Parners' Equity	1,272,804	1,561,187
Total Partners' Equity	1,272,804	1,561,187
Total Liabilities and Partners' Equity	$ 4,817,769	$ 5,051,504

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

VILLA GARDENS LIMITED PARTNERSHIP
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,

	2025	2024
REVENUE		
Rents	$ 451,390	$ 443,384
Vacancies	(5,101)	(41,227)
Concessions	-	(432)
Bad Debts	(171)	(20,819)
Late Fees, Deposits Forfeitures, etc.	7,221	14,439
Other Income	-	1,720
Total Revenue	453,339	397,065
EXPENSES		
Maintenance and Repairs	128,019	256,359
Utilities	6,128	13,421
Administrative	69,085	58,890
Management Fees	26,948	23,970
Taxes	20,048	16,132
Insurance	113,217	139,689
Interest	127,285	130,096
Depreciation and Amortization	227,360	227,360
Total Expenses	718,090	865,917
Net Income (Loss) from Operations	(264,751)	(468,852)
OTHER INCOME (EXPENSE)		
Interest Income	-	1,889
Asset Management Fees	(9,075)	(8,811)
Partnership Management Fees	(14,557)	(14,178)
Total Other Income (Expense)	(23,632)	(21,100)
Net Income (Loss)	$ (288,383)	$ (489,952)

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

VILLA GARDENS LIMITED PARTNERSHIP
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Total	General Partner Lafayette Housing Authority	Special Limited Partner Hudson SLP, LLC	Investment Partner Hudson Villa Gardens, LP
Partners' Equity (Deficit), December 31, 2023	$ 2,051,139	$ (389)	$ (50,389)	$ 2,101,917
Net Loss	(489,952)	(49)	(49)	(489,854)
Partners' Equity (Deficit), December 31, 2024	1,561,187	(438)	(50,438)	1,612,063
Net Loss	(288,383)	(29)	(29)	(288,325)
Partners' Equity (Deficit), December 31, 2025	$ 1,272,804	$ (467)	$ (50,467)	$ 1,323,738
Profit and Loss Percentages	100.00%	0.01%	0.01%	99.98%

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

VILLA GARDENS LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	$ (288,383)	$ (489,952)
Adjustments to Reconcile Net Income (Loss) to Cash		
Provided by (Used in) Operating Activities:		
Depreciation and Amortization	227,360	227,360
(Increase)Decrease in Accounts Receivable - Tenants	(3,278)	1,399
(Increase)Decrease in Prepaid Expenses	(3,084)	(2,451)
Increase(Decrease) in Accounts Payable	28,655	5,311
Increase(Decrease) in Deferred Revenue	(2,079)	2,245
Increase(Decrease) in Asset Management Fee Payable	9,075	8,811
Increase(Decrease) in Partnership Management Fee Payable	14,557	14,178
Increase(Decrease) in Accrued Interest Payable	33,569	(40,298)
Increase(Decrease) in Security Deposit Liability	(440)	(1,970)
Total Adjustments	304,335	214,585
Net Cash Provided by (Used in) Operating Activities	15,952	(275,367)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment on Long-Term Debt	(38,436)	(60,865)
Net Cash Provided by (Used in) Financing Activities	(38,436)	(60,865)
Net Increase (Decrease) in Cash and Cash Equivalents	(22,484)	(336,232)
Cash and Cash Equivalents at Beginning of Year	188,737	524,969
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 166,253	$ 188,737

Supplemental Disclosures of Cash Flow Information:

	2025	2024
Cash and Cash Equivalents		
Cash-Operating	$ 6,716	$ 32,162
Operating Reserve	43	39,681
Replacement Reserve	57	88,350
Tax and Insurance Escrow	132,247	904
Tenants' Security Deposits	27,190	27,640
Total Cash and Equivalents	$ 166,253	$ 188,737

Supplemental Disclosures of Cash Flow Information (Continued):

	2025	2024
Cash Paid During the Year for:		
Interest	$ 93,716	$ 170,394

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

NOTE A – REPORTING ENTITY AND OPERATIONS

Villa Gardens, Limited Partnership, (the Partnership) was formed as a limited partnership under the laws of the State of Louisiana on November 5, 2009, for the purpose to acquire, construct, own, finance, lease, and operate a qualified low income housing project (the Property) within the meaning of Section 42 of the Internal Revenue Code.

The Property consists of a 43 unit, single-family home rental complex, located in Lafayette, Louisiana and was placed in service on March 23, 2011. The Property is eligible for Low-Income Housing Tax Credits established under the program described in Section 42 of the Internal Revenue Code (low-income housing tax credit) which regulates the use of the Property with respect to occupant eligibility and unit rent levels, among other requirements.

The major activities and operations of the Partnership are governed by the Amended and Restated Articles of Partnership (the Partnership Agreement) and are subject to the administrative directives, rules, and regulations of federal and state regulatory agencies, including but not limited to, LHC (formerly the Louisiana Housing Finance Agency). Such administrative directives, rules, and regulations are subject to change by federal and state agencies.

NOTE B – PARTNERSHIP AND PARTNERS

Pursuant to the Partnership Agreement, the Partnership is comprised of three partners (collectively, the Partners). The Partnership's general partner, Lafayette Housing Authority (the General Partner); a limited partner, Hudson Villa Gardens LP (the Limited Partner); and, a special limited partner, Hudson SLP LLC (the Special Limited Partner).

The Housing Authority of the City of Lafayette, Louisiana (the Housing Authority) is obligated to guarantee the obligations of the General Partner, pursuant to an Unconditional Guaranty executed by the Housing Authority.

On September 21, 2011, the Special Limited Partner assigned its interest in the Partnership to Hudson VG SLP LLC, which now acts as the Partnership's Special Limited Partner.

As the result of certain circumstances precluding the General Partner from meeting its obligations under the Partnership Agreement, on September 26, 2011, the Special Limited Partner exercised certain of its rights under the Partnership Agreement to cause the authority of the General Partner to be restricted and to require that the Special Limited Partner provide consent to any and all actions of the General Partner.

On January 16, 2012, the Construction Loan matured. Following this maturity, the Construction Loan became subject to remedies of the Construction/Permanent Lender, which remedies include acceleration of the Construction Loan, termination of the permanent loan commitment and/or initiation of foreclosure proceedings.

As the result of non-performance by the General Partner under the provisions of the Partnership Agreement and as the result of the technical default of the Partnership under the Construction Loan, the Special limited Partner issued a Notice of Default to the General Partner on February 3, 2012. This Notice of Default allowed for a 30-day cure period as prescribed by the Partnership Agreement.

NOTE B – PARTNERSHIP AND PARTNERS (CONTINUED)

The General Partner failed to respond to the Notice, and failed to cure the cited defaults within the prescribed cure period.

On March 7, 2012, the Special Limited Partner took action to remove Villa Gardens Housing Corporation as the general partner of the Partnership.

Concurrent with the removal of Villa Gardens Housing Corporation as the general partner of the Partnership, the general partner interest was assigned to the Lafayette Housing Authority. Effective as of March 7, 2012, the Lafayette Housing Authority assumed responsibility as the General Partner of the Partnership.

NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

Estimates

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

Cash and Cash Equivalents

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

Cash and Other Deposits

The Partnership has various checking, escrow, and other deposits at various financial institutions. Noninterest-bearing and interest-bearing accounts, in the aggregate, are insured up to $250,000 at each financial institution by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2025, there were no uninsured deposits.

Collateralization Policy for Financial Instruments

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

NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capitalization and Depreciation

Land, buildings, improvements, and equipment are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations using the straight-line method over their estimated service lives as follows:

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

Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of operations.

Amortization

Organization costs are expensed as incurred. Tax credit costs are amortized over the ten year tax credit period using the straight-line method. As of December 31, 2025 and 2024, tax credit costs have been fully amortized.

Debt Issuance Costs

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

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account in the name of the apartment complex. At December 31, 2025, the tenants' security deposit was funded in an amount less than the security deposit liability.

Rental Income and Deferred Rents

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are short term 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. Tenants who are evicted or move out are charged with damages and cleaning fees, if applicable. Tenant receivable consists of amounts due for rental income, other tenant charges and charges for damages and cleaning fees in excess of forfeited security deposits. The Partnership does not accrue interest on the tenant receivable balances.

NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rental Income and Deferred Rents (Continued)

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

Income Taxes

No provision or benefit for income taxes has been included in these financial statements since taxable income or loss passes through to, and is reportable by, the partners individually. The time limit for taxing authorities to examine the Partnership's income tax returns is generally three years from the date of filing or the due date, whichever is later, unless civil or criminal fraud is proven, for which there is no time limit. The Partnership files income tax returns in the U.S. federal jurisdiction, and various state jurisdictions. The Partnership is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2022.

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

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

NOTE D – NOTE PAYABLE

Permanent Loan – Capital One

On March 7, 2012, the Partnership entered into a permanent loan agreement to receive funds up to the amount of $1,600,000 from Capital One, National Association. This permanent loan (the Permanent Loan) is payable in monthly installments of principal and interest in the amount of $11,013 until its maturity in fifteen years, March 7, 2027, at which time any remaining principal and interest is due and payable. The Permanent Loan bears interest at a fixed rate of 7.34% per annum and is collateralized primarily by the Partnership's land and improvements, thereon.

As of December 31, 2025 and 2024, the Permanent Loan had a balance of $1,255,574 and $1,294,010, with interest accrued of $7,680 and $7,915, respectively.

	2025	2024
Note Payable – Capital One	$ 1,255,574	$ 1,294,010
Less: Unamortized Debt Issuance Costs	(21,194)	(30,941)
Note Payable – Capital One, Net	$ 1,234,380	$ 1,263,069

Note Payable – LPTFA

The Partnership entered into a permanent loan agreement with Lafayette Public Trust Financing Authority on July 16, 2010 (the LPTFA Loan). The maximum loan amount that can be drawn is $463,250. The LPTFA

NOTE D – NOTE PAYABLE (CONTINUED)

Note Payable – LPTFA (Continued)

Loan bears no interest and is payable solely from 75% of net cash flow of the Partnership commencing on January 2011. The LPTFA Loan matures on June 30, 2025. The LPTFA Loan is primarily collateralized by a mortgage on real property and a security agreement. As of December 31, 2025 and 2024, the total note payable was $457,614 and $457,614, respectively.

Note Payable – LHC TCAP

The LHC has committed loan proceeds of $833,527 to the Partnership (the TCAP Loan), of which $833,527 has been received by the Partnership. The TCAP Loan bears interest at a fixed rate of 4.00% per annum, which accrues on the outstanding principal balance and is payable in annual installments solely from 75% of surplus cash, due on the first day of April commencing April 1, 2012. The TCAP Loan will mature on August 1, 2045, which is the date all unpaid sums under the note are due and payable. The TCAP Loan also details that payments shall be made only out of and to the extent of the cash flow of the Partnership after payment of all operating expenses approved by the LHC. As a condition to obtaining this financing, the Partnership has entered into a regulatory agreement with LHC, whereby rentals are to be restricted to low-income tenants rents charged are to be restricted to a percentage of the tenant's median income.

Should the LHC issue a written notice to the Partnership of an instance of noncompliance with the regulatory agreement, the Partnership shall have thirty days from the issuance of such notice to correct the noncompliance. Should the noncompliance not be corrected within the thirty days, the LHC has the right to declare the entire amount of mortgage immediately due and payable.

The balance at December 31, 2025 and 2024 was $833,528 and $833,528, with interest accrued of $453,481 and $419,677, respectively.

Maturities of Long-Term Debt

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

Year Ending December 31	Amount
2026	$ 498,980
2027	$ 1,214,208
2028	$ –
2029	$ –
2030	$ –
Thereafter	$ 833,528

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

NOTE E – RELATED PARTY TRANSACTIONS

Asset Management Fee

The Partnership shall pay the Asset Management Fee annually to the Special Limited Partner for property management oversight, tax credit compliance monitoring, and related services. The Asset Management Fee is an annual fee in the amount of $6,000, to be increased annually by three percent (3%) and accrues on a cumulative basis. For the years ended December 31, 2025 and 2024, Asset Management Fees incurred totaled $9,075 and $8,811, respectively. At December 31, 2025 and 2024, Asset Management Fees were owed in the amount of $42,809 and $33,734, respectively.

Partnership Management Fees

The Partnership shall pay to the General Partner a cumulative Partnership Management Fee to be increased annually in the amount and priority specified in section 8.10 of the Partnership Agreement to compensate the General Partner for managing the Partnership's operations and assets and coordinating the preparation of the required State Housing Finance Agency, federal, state, and local tax and other required filings and financial reports. The Partnership Management Fee shall equal $10,000 per year, increasing annually by the CPI percentage. Any unpaid Partnership Management Fee in a given fiscal year shall accrue and be payable from net cash flow available in future years. For the years ended December 31, 2025 and 2024, Partnership Management Fees incurred totaled $14,557 and $14,178, respectively. At December 31, 2025 and 2024, Partnership Management Fees payable totaled $145,898 and $131,341, respectively.

NOTE F – RESTRICTED ESCROW DEPOSITS AND RESERVES

Operating Reserve

The General Partner shall establish an operating reserve account (the Operating Reserve) which is to be funded at the time of the funding of the Third Capital Contribution by the Limited Partner in the amount of $175,000. The operating reserve account shall be maintained for the duration of the Compliance Period (after which, funds on deposit may be released and distributed as net cash flow in accordance with section 7.03 of the Partnership Agreement) and shall be used exclusively to pay for Operating Deficits incurred by the Partnership with the consent of the Special Limited Partner. Subsequent to the initial period, any amounts on deposit in the operating reserve account in excess of $175,000 may be released to the General Partner. Should the balance in the operating reserve account fall below $175,000, distributions shall be made from net cash flow to maintain a minimum balance of $175,000.

As of December 31, 2025 and 2024, the Operating Reserve had a balance of $43 and $39,681, respectively.

Replacement Reserve

The General Partner shall establish a replacement reserve account (the Replacement Reserve), to be funded each month (on an annualized basis) the greater of (i) the amount required by the Construction/Permanent Lender and (ii) $300 per unit annually, to be increased annually by 3%.

Monthly funding of the Replacement Reserve is to commence as of the month following substantial completion of the apartment complex, as defined in the Partnership Agreement. The Partnership shall utilize amounts in the Replacement Reserve to fund major repair, capital expenditures and replacement of capital

NOTE F – RESTRICTED ESCROW DEPOSITS AND RESERVES (CONTINUED)

Replacement Reserve (Continued)

items for the property, subject to consent of the Special Limited Partner. In the event that the reserve minimum payment to the Replacement Reserve required under the terms of the Partnership Agreement exceeds the amount required by the Construction/Permanent Lender, the Special Limited Partner shall establish a separate account called the SLP Replacement Reserve Account, into which the General Partner shall deposit any such excess. Interest earned on either account shall become part of that account.

In accordance with the TCAP Replacement Reserve Agreement, upon execution and delivery of the TCAP loan documents, the Partnership is required to establish a Replacement Reserve Fund. Commencing on the date the first scheduled monthly payment is due under the TCAP Reserve For Replacement Agreement after the conversion and continuing on the same day of each successive month until the end of the Review Period of 60 months after the first scheduled monthly payment date, the Partnership shall pay to LHC or the Permanent Lender of the TCAP Loan $1,075 per month for deposit into the Replacement Reserve Fund, together with any regular monthly payments as required by the TCAP mortgage.

For the year ended December 31, 2025, $19,512 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2025 was $0, which resulted in the account being underfunded by $19,512 for the year ended December 31, 2025. For the year ended December 31, 2024, $18,944 was required to be funded to the Replacement Reserve account. The actual amount funded during the year ended December 31, 2024 was $0, which resulted in the account being underfunded by $18,944 for the year ended December 31, 2024. As of December 31, 2025, the account was underfunded by a total amount of $72,532. As of December 31, 2025 and 2024, the Replacement Reserve had a balance of $57 and $88,350, respectively.

Replacement Reserve Account activity for the years ended December 31, 2025 and 2024 is as follows:

Replacement Reserve	
Beginning Balance 12/31/2023	$ 87,347
Deposits	–
Interest	1,003
Withdrawals	(–)
Ending Balance 12/31/2024	88,350
Deposits	–
Interest	776
Withdrawals	(89,069)
Ending Balance 12/31/2025	$ 57

NOTE G – PARTNERS AND CONTRIBUTIONS

Article V of the Partnership Agreement sets forth the capital contributions of the Partners. The General Partner's, Lafayette Housing Authority, capital contribution is $10. The Special Limited Partner's, Hudson SLP LLC, capital contribution is $10. The Limited Partner's, Hudson Villa Gardens LP, capital contribution is $5,999,400. Each of the Partners' capital contributions are subject to adjustments in accordance with the terms of the Partnership Agreement. The Partnership records capital contributions as received and distributions as paid. During the years ended December 31, 2025 and 2024, there were no capital contributions received. During the years ended December 31, 2025 and 2024, no distributions were paid to the Partners.

NOTE H – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

All Partnership profits, losses, and tax credits are allocated among the Partners according to Section 7.02 of the Partnership Agreement, which dictates that .015 is allocated to the General Partner, .015 is allocated to the Special Limited Partner and the remaining 99.98% is allocated to the Limited Partner. Distributions of cash flow are governed by Sections 7.03 of the Partnership Agreement.

NOTE I – MANAGEMENT FEE

The Partnership pays a property management fee to Latter and Blum Property Management, Inc. equal to six percent (6.0%) of actual rent collections for the preceding month. For the years ended December 31, 2025 and 2024, Management Fees incurred and paid totaled $26,948 and $23,970, respectively. At December 31, 2025 and 2024, the Partnership did not owe any management fees.

NOTE J – ADVERTISING

During the years ended December 31, 2025 and 2024, advertising costs were incurred in the amount of $22 and $1,218, respectively. Advertising costs are expensed as incurred.

NOTE K – TAXABLE INCOME (LOSS)

A reconciliation of financial statement net income (loss) to taxable loss of the Partnership for the years ended December 31, 2025 and 2024, is as follows:

	2025	2024
Financial statement net income (loss)	$ (288,383)	$ (489,952)
Adjustments:		
Excess of depreciation for income tax purposes over financial reporting purposes	23,929	23,928
Timing difference in income/expense Recognition	–	–
Taxable loss shown on tax return	$ (264,454)	$ (466,024)

NOTE L – PROPERTY TAXES

The Partnership is exempt from paying property taxes and therefore did not incur property taxes for the years ended December 31, 2025 and 2024.

NOTE M – CONTINGENCY

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

NOTE N – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Villa Gardens. The Partnership's operations are concentrated in the low-income real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including but not limited to, the state housing financing agency. Such administrative directives, rules and regulations are subject to change by federal and state agencies. Such changes may occur with little notice or inadequate funding to pay for related cost, including the additional administrative burden, to comply with a change.

NOTE O – SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through March 11, 2026, the date which the financial statements were available for issue.

SUPPLEMENTARY INFORMATION

VILLA GARDENS LIMITED PARTNERSHIP
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

	2025	2024
MAINTENANCE AND REPAIRS		
Salaries	$ 33,852	$ 34,565
Repairs Contract	30,705	51,840
Supplies	24,200	89,209
Painting & Decorating	3,600	17,377
Cleaning	2,640	3,505
Grounds	19,040	20,640
Garbage and Trash Removal	3,520	4,991
Services	7,813	4,854
Miscellaneous	2,649	29,378
Total Maintenance and Repairs	$ 128,019	$ 256,359
UTILITIES		
Electricity	$ 5,084	$ 9,152
Water and Sewer	1,044	4,269
Total Utilities	$ 6,128	$ 13,421
ADMINISTRATIVE		
Manager Salaries	$ 32,975	$ 19,207
Advertising	22	1,218
Bank Charges	1,964	2,359
Office Expense	5,814	5,706
Telephone	2,046	1,797
Travel	1,347	1,046
Bookkeeping/Accounting	3,328	2,976
Legal and Professional Fees	10,963	8,175
Asset Management Fees - LHC	6,655	12,500
Other Administrative Expenses	3,971	3,906
Total Administrative	$ 69,085	$ 58,890
TAXES		
Payroll Taxes	$ 20,048	$ 16,132
Total Taxes	$ 20,048	$ 16,132
INSURANCE		
Property and Liability Insurance	$ 111,079	$ 139,302
Employee Benefits	2,138	387
Total Insurance	$ 113,217	$ 139,689
INTEREST EXPENSE		
Interest on Mortgage	$ 93,481	$ 96,198
Interest on Mortgage - LHC TCAP	33,804	33,898
Total Interest Expense	$ 127,285	$ 130,096

VILLA GARDENS LIMITED PARTNERSHIP
SCHEDULE OF OPERATING INCOME AND EXPENSE VARIANCES -
AMEC MODEL PROFORMA TO ACTUAL COMPARISONS
FOR THE YEAR ENDED DECEMBER 31, 2025

Project Name: VILLA GARDENS

3.00% **Inflation Rate for Income/Expenses**
2.50% **Inflation Rate for Replacement Reserve**

		2025 Year 15 AMEC Model	2025 Year 15 Actual	Explanation of Variances Exceeding 5.00%
Income Statement				
Rental Income		*-21%*		
	Residential-			
5121	Rental Income GROSS VACANCY	$ 571,668	$ 451,390	
5121	Rental Income NET VACANCY	-	-	
5190	Other	-	-	
5140	Stores & Commercial-	-	-	
Total Rental Income:		**571,668**	**451,390**	
Vacancies: Enter as Negative		*-87%*		
5220	Apartments-	(40,017)	(5,101)	
5240	Stores & Commercial-	-	-	
5270	Garage & Parking Spaces-	-	-	
5290	Miscellaneous Concessions-	-	-	
Total Vacancies:		(40,017)	(5,101)	
Net Rental Income:		**531,651**	**446,289**	
Other Income & Bad Debt		*81%*		
5910	Laundry & Vending-	-	-	
6370	Apartment Bad Debt- Enter as Neg.	-	(171)	
6370	Commercial Bad Debt- Enter as Neg.	-	-	
5920	NSF, Damages & Late Charges, Other-	3,902	7,221	
Total Other Income:		**3,902**	**7,050**	
EFFECTIVE GROSS INCOME		**535,554**	**453,339**	
Admin. Exps		*-31%*		
6210	Advertising-	1,861	22	
6250	Admin. Exps.-	-	11,212	
6310	Office Salaries-	35,939	-	
6311	Office Supplies-	-	3,930	
6320	Management Fee-	32,117	26,948	
6330	Management or Super. Sal.-	49,582	32,975	
6331	Mgmt. or Super. Free Rent Unit-	-	-	
6340	Legal Expenses (Project)-	-	-	
6350	Auditing Exps. (Project)-	11,345	10,963	
6351	Bookkeeping Fees/Acct. Services-	-	3,328	
6390	LHC Asset Management Fee	7,563	6,655	
Total Admin. Less Management Fee		106,290	69,085	
Total Admin. Exps.:		138,407	96,033	
Utilities Expense		*-17%*		
6420	Fuel Oil/Coal-	-	-	
6420	Fuel for Domestic Hot Water-	-	-	
6450	Electricity (Light & Misc. Power)-	5,293	5,084	
6451	Water-	-	250	
6452	Gas-	2,119	-	
6453	Sewer-	-	794	
Total Utilities Exps.:		7,412	6,128	

VILLA GARDENS LIMITED PARTNERSHIP
SCHEDULE OF OPERATING INCOME AND EXPENSE VARIANCES -
AMEC MODEL PROFORMA TO ACTUAL COMPARISONS
FOR THE YEAR ENDED DECEMBER 31, 2025

Project Name: VILLA GARDENS

3.00% **Inflation Rate for Income/Expenses**
2.50% **Inflation Rate for Replacement Reserve**

		2025 Year 15 AMEC Model	2025 Year 15 Actual	Explanation of Variances Exceeding 5.00%
O & M Expenses		*91%*		
6510	O&M Payroll-	18,395	33,852	
6515	O&M Supplies-	3,782	15,946	
6520	O&M Contract-	9,076	56,735	
6525	Garbage & Trash Removal-	3,841	3,520	
6530	Security Payroll/Contract-	-	-	
6545	Elevator Maintenance/Contract-	-	-	
6546	HVAC R & M-	8,318	16,776	
6570	Other Expenses-	5,293	-	
6590	Misc. O & M Expenses-	-	1,190	
	Neighborhood Network-	18,151	-	
Total O & M Expenses:		66,856	128,019	
Taxes & Insurance		*86%*		
6710	Real Estate Taxes-	-	-	
6711	Payroll Taxes (FICA)-	3,782	20,048	
6719	Misc. Taxes, Licenses, & Permits-	-	-	
6720	Property & Liability Insurance-	56,722	111,079	
6721	Fidelity Bond Insurance-	-	-	
6722	Workmen's Compensation-	3,782	-	
6723	Health Ins. & Other Emp.Benefits-	7,365	2,138	
6279	Other Insurance-	-	-	
Total Taxes & Insurance:		71,651	133,265	
		28%		
TOTAL OPERATING EXPENSES:		**284,326**	**363,445**	
NET OPERATING INCOME:		**$ 251,228**	**$ 89,894**	
		-100%		
Replacement Reserves		$ 18,227	$ -	
ADJUSTED NET OPERATING INCOME		**$ 233,000**	**$ 89,894**	

VILLA GARDENS LIMITED PARTNERSHIP
COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND RESIDUAL RECEIPTS -
LHC - TAX CREDIT ASSISTANCE PROGRAM
DECEMBER 31, 2025

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

Computation of Surplus Cash, Distributions and Residual Receipts

Project Name:	Fiscal Period Ended:	Project Number:
Villa Gardens	12/31/2025	

Part A - Compute Surplus Cash		
Cash		
1. Cash (Accounts 1110, 1120, 1191, 1192)	$ 33,906	
2. Tenant subsidy vouchers due for period covered by financial statement	$ -	
3. Other (describe)	$ -	
(a) Total Cash (Add Lines 1, 2 and 3)		$ 33,906
Current Obligations		
4. Accrued mortgage interest payable	$ 7,680	
5. Delinquent mortgage principal payments	$ -	
6. Delinquent deposits to reserve for replacements	$ 72,532	
7. Accounts payable (due within 30 days)	$ 44,666	
8. Loans and notes payable (due within 30 days)	$ 3,333	
9. Deficient Tax Insurance or MIP Escrow Deposits	$ -	
10. Accrued expenses (not escrowed)	$ -	
11. Prepaid Rents (Account 2210)	$ 3,025	
12. Tenant security deposits liability (Account 2191)	$ 27,360	
13. Other (Deferred Insurance Proceeds)	$ -	
(b) Less Total Current Obligations (Add Lines 4 through 13)		$ 158,596
(c) Surplus Cash (Deficiency) (Line (a) minus Line (b))		$ (124,690)
Part B - Compute Distributions to Owners and Required Deposit to Residual Receipts		
1. Surplus Cash		$ -
Limited Dividend Projects		
2a. Annual Distribution Earned During Fiscal Period Covered by the Statement	$ -	
2b. Distribution Accrued and Unpaid as of the End of the Prior Fiscal Period	$ -	
2c. Distributions Paid During Fiscal Period Covered by Statement	$ -	
3. Amount to be Carried on Balance Sheet as Distribution Earned but Unpaid (Line 2a plus 2b minus 2c)	$ -	
4. Amount Available for Distribution During Next Fiscal Period		$ -
5. Deposit Due Residual Receipts (Must be deposited with mortgagee within 60 days after fiscal period ends)		$ -

Prepared By		Reviewed By	
Loan Technician	**Date**	**Loan Servicer**	**Date**

VILLA GARDENS LIMITED PARTNERSHIP
TCAP COMPUTATION OF SURPLUS CASH
FOR THE YEAR ENDED DECEMBER 31, 2025

Cash from FY 2025 Operations:			
FY 2025 Rent Revenues	$	453,339	
FY 2025 Interest Income		-	
FY 2025 Other Income		-	
Subtotal A		**453,339**	
Less:			
FY 2025 Operating Expenses		363,445	
Debt Service due in FY 2025		132,156	
FY 2025 Required Replacement Reserves Deposit		19,512	
Payments for Capital Expenditures		-	
Subtotal B		**515,113**	
FY 2025 Surplus Cash (Subtotal A - Subtotal B)	$	(61,774)	See Note (a).
FY 2025 TCAP Payment Due - See Note (b) below. *		**0**	75% of FY 2025 Surplus Cash

NOTES:

(a) As used here, Surplus Cash means all operating revenue earned in FY 2025 in excess of (i) FY 2025 operating expenses (excluding depreciation), (ii) debt service due in FY 2025, (iii) required deposits in FY 2025 to the replacement reserves and (iv) any other required reserve deposits in FY 2025. Foley & Judell, L.L.P., as Asset Manager, will review the audit and adjust the operating budget, if necessary, to eliminate non-operating items such as capital expenditures, distributions, excessive payments to related parties, etc. No TCAP payment is required if a Deferred Developer Fee is shown or if Subtotal B exceeds Subtotal A.

(b) Annual Installments. Payments of interest and principal under the TCAP Note shall be made in annual installments (each, an "Annual Installment") to be paid to LHFA on or before April 1 of each calendar year of the TCAP Loan Term commencing April 1, 2012 (a "Payment Date"). Each Annual Installment shall equal seventy-five percent (75%) of Surplus to be paid solely from Surplus Cash (as described in the TCAP Loan Agreement) to the extent Surplus Cash is generated from the operation of the Project. Notwithstanding the foregoing to the contrary, all outstanding Indebtedness under the TCAP Note is due on the Maturity Date (TCAP Promissory Note Sec. 3(a)).

* TCAP payment is subordinated to required payment to LPTFA.

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

To the Partners and Management of
Villa Gardens Limited Partnership
Lafayette, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Villa Gardens Limited Partnership, which comprise the balance sheet as of December 31, 2025, and the related statements of operations, partners' equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 11, 2026.

Report on Internal Control Over Financial Reporting

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Villa Gardens Limited Partnership'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*.

OFFICE 318.361.9600 | FAX 1.318.361.9620 | WWW.LITTLEANDASSOC.NET | 805 N. 31ST STREET, MONROE, LA 71201

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 Villa Gardens Limited Partnership's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Villa Gardens Limited Partnership's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Monroe, Louisiana
March 11, 2026

VILLA GARDENS LIMITED PARTNERSHIP

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

FOR THE YEAR ENDED DECEMBER 31, 2025

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

Villa Gardens Limited Partnership
Schedule of Findings and Responses
For the Year Ended December 31, 2025

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statement Audit

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

SECTION II – FINDINGS - FINANCIAL STATEMENTS AUDIT

None

Schedule 2

Villa Gardens Limited Partnership
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2024

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

None