Financial Statements
December 31, 2013

Aspinwall, LLC

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Members
Aspinwall, LLC
Boulder, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Aspinwall LLC, which comprise the balance sheet as of December 31, 2013, and the related statement of operations, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aspinwall LLC as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Maintenance and Operating, Utilities, Administrative, Taxes and Insurance, and Interest Expenses 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 audit 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.

Eide Bailly LLP

Fargo, North Dakota
June 18, 2014

Assets		
Cash		
General operating	$	137,475
Construction		1,241,465
		1,378,940
Accounts Receivable		615
Prepaid Expenses		16,297
Tenant Security Deposits		28,655
Restricted Deposits and Funded Reserves		162,402
Property and Equipment, at Cost, Less Accumulated Depreciation		18,644,283
	$	20,231,192
Liabilities and Members' Equity		
Liabilities		
Accounts payable	$	22,272
Accounts payable - construction		1,740,620
Due to related party		1,122,212
Prepaid rent		4,769
Accrued expenses		180,139
Tenant security deposits payable		28,655
Construction note payable		2,715,720
Developer fee payable		186,277
Long-term debt		12,530,725
Total liabilities		18,531,389
Members' Equity		1,699,803
	$	20,231,192

Operations

Revenue	
Gain on purchase of property	$ 281,497
Tenant rent, net of vacancies of $64,457 in 2013	172,016
Rental assistance payments	164,240
Tenant charges	4,180
Laundry	471
Interest income	41
Other income	14
	622,459
Expenses	
Maintenance and operating	53,495
Utilities	49,559
Administrative	30,061
Taxes and insurance	8,710
Interest	59,332
Depreciation	58,137
	259,294
Income before Asset Management Fee	363,165
Asset Management Fee	2,083
Net Income	$ 361,082

Members' Equity

	Managing Member	Investor and Special Members	Total
Balance, January 1, 2013	$ -	$ -	$ -
Contributions	100	1,338,621	1,338,721
Net income	36	361,046	361,082
Balance, December 31, 2013	$ 136	$ 1,699,667	$ 1,699,803

Operating Activities	
Net loss	$ 361,082
Charges and credits to net loss not affecting cash	
Gain on purchase of property	(281,497)
Depreciation	58,137
Change in assets and liabilities	
Accounts receivable	(615)
Prepaid expenses	(16,297)
Tenant security deposits	(28,655)
Accounts payable	22,272
Prepaid rent	4,769
Accrued expenses	112,107
Tenant security deposits payable	28,655
Net Cash from Operating Activities	259,958
Investing Activities	
Purchase of property and equipment	(4,545,269)
Net deposits to reserves	(162,402)
Net Cash used for Investing Activities	(4,707,671)
Financing Activities	
Proceeds from issuance of construction note payable	2,715,720
Proceeds from issuance of long-term debt	650,000
Advances from related party	1,122,212
Equity contributions	1,338,721
Net Cash from Financing Activities	5,826,653
Net Change in Cash	1,378,940
Cash at Beginning of Year	-
Cash at End of Year	$ 1,378,940
Supplemental Disclosure of Cash Flow Information	
Cash payments for interest net of capitalized interest of $93,766	$ -
Supplemental Disclosure of Noncash Investing and Finance Activities	
Increase in property and equipment from issuance of related party debt	$ 11,880,725
Increase in property and equipment from developer fee payable	$ 186,277
Increase in property and equipment from accrued interest	$ 68,032
Increase in property and equipment from accounts payable - construction	$ 1,740,620

Note 1 - Principal Activity and Significant Accounting Policies

Principal Activity, Risk, and Uncertainty

Aspinwall LLC (Company) was formed June 16, 2011, as a limited liability company under the laws of the State of Colorado and shall continue in perpetual existence, unless dissolved or terminated at an earlier date. The Company was formed for the purpose to develop, construct, rehabilitate, own, maintain, and operate a 167 unit multi-family complex. The project is to include 95 scattered site rehabilitated units and 72 new construction units in Lafayette, Colorado.

The project purchased the scattered sites in August 2013 and began operations. Construction is currently in progress on the 72 new construction units. Substantially all of the Company's income is derived from the rental of its apartment units. All residential units within this project are subject to the contract restrictions regarding rental charges and other operating policies under the Low Income Housing Tax Credit Program.

Income Taxes

The Company, with the consent of members, has elected to be taxed under sections of the federal and state income tax laws, which provide that, in lieu of income taxes, the members separately account for their share of the Company’s items of income, deduction, losses, and credit. Therefore, these statements do not include any provision for corporate income taxes.

The Company has adopted the provisions of FASB Accounting Standards Codification Topic ASC 740-10. The implementation of this standard had no impact on the financial statements. As of December 31, 2013, the unrecognized tax benefit accrual was zero.

The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Estimates

The preparation of financial statements in conformity with 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Depreciation

Depreciation is computed principally by the straight-line method over the following estimated useful lives:

Buildings	40 years
Furniture and equipment	10 years

FASB Accounting Standards Codification Topic ASC 360-10 requires that long-lived assets 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. If the value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year ended December 31, 2013.

Advertising and Marketing

Advertising and marketing costs are expensed as incurred.

Capitalized Interest

Interest of $93,766 has been capitalized as part of the building during 2013.

Financial Instruments and Fair Value Measurements

The Company has determined the fair value of certain assets and liabilities in accordance with the provisions of FASB ASC Topic 820-10 (previously FASB Statement No. 157, *Fair Value Measurements*), which provides a framework for measuring fair value under generally accepted accounting principles.

ASC Topic 820-10 defines fair values as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC Topic 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

The Company’s financial instruments consist of cash, accounts receivable and accounts payable. The fair market value of these financial instruments approximates or is equal to book value.

Subsequent Events

The Company has evaluated subsequent events through June 18, 2014, the date which the financial statements were available to be issued.

Note 2 - Restricted Deposits and Funded Reserves

Replacement reserve	$ 102,402
Investor reserve	60,000
	$ 162,402

Replacement Reserve

Pursuant to the operating agreement, the Company is to establish a replacement reserve to provide for working capital needs, improvements and replacements relating to the project, commencing upon final closing. The Company is to deposit annually, $300 per unit, increasing at a rate of three percent each year. As of December 31, 2013, the reserve remains unfunded.

Operating Reserve

Pursuant to the operating agreement, the Company is to establish and maintain an operating reserve to meet operating expenses and debt service of the Company which exceed operating revenues. The reserve is to be funded in the amount of $820,058 no later than limited partner's third capital contribution. The managing member may make withdrawals subject to the special member's approval. As of December 31, 2013, the operating reserve has been funded in the amount of $102,360.

Investor Reserve

The Company has established an investor reserve in the amount of $60,000.

SPAN Reserve

Pursuant to the operating agreement, the Company is to establish and maintain a Safehouse Progressive Alliance for Non Violence (SPAN) reserve in the amount of $27,360. This reserve is to be established at the time of the investor member's initial capital contribution. Funds may be withdrawn from the reserve with the consent of the special member and are not required to be replenished. As of December 31, 2013, this reserve has not been funded.

Note 3 - Property and Equipment

Land	$ 3,387,965
Buildings and improvements	5,478,262
Equipment and furnishings	25,738
Construction in progress	9,810,455
	18,702,420
Accumulated depreciation	(58,137)
	$ 18,644,283

The Company has entered into construction contracts with Milender White Construction Co. and Deneuve Construction Services for the construction and rehab of the project. The total cost of the contract with Milender White Construction Co. is $16,185,112 and the total cost of the contract with Deneuve Construction Services is $3,339,214. As of December 31, 2013, $5,448,771 has been incurred on the contracts.

Note 4 - Accrued Expenses

Interest - related party	$ 127,364
Interest - non-related party	3,656
Salaries and wages	28,036
Management fees	19,000
Asset management fees	2,083
	$ 180,139

Note 5 - Construction Note Payable

The Company financed the construction of the project in part with a 4.20% note payable with FirstBank in an amount up to $19,893,857. The construction loan is due August 1, 2015, unless extended. The note is secured by a deed of trust and security agreement, a security interest in and assignment of the fee payable to the developer, and security interest in and assignment of the interest of the manager. As of December 31, 2013, the balance of the construction note was $2,715,720.

Note 6 - Long-Term Debt

1.80% note payable to BCHA, payments are to be made from available cash flow unpaid principal and interest due July 2063, secured by a deed of trust on the property	$ 270,000
2.80% note payable to BCHA, payments are to be made from available cash flow unpaid principal and interest due July 2063, secured by a deed of trust on the property	442,035
2.80% note payable to BCHA, payments are to be made from available cash flow unpaid principal and interest due July 2063, secured by a deed of trust on the property	430,000
1.80% note payable to BCHA, payments are to be made from available cash flow unpaid principal and interest due July 2063, secured by a deed of trust on the property	463,938
1.80% note payable to BCHA, payments are to be made from available cash flow unpaid principal and interest due July 2063, secured by a deed of trust on the property	464,754
2.80% note payable to BCHA, payments are to be made from available cash flow unpaid principal and interest due July 2063, secured by a deed of trust on the property	5,289,998
2.80% note payable to BCHA, payments are to be made from available cash flow unpaid principal and interest due July 2063, secured by a deed of trust on the property	3,020,000
1.80% note payable to BCHA, payments are to be made from available cash flow unpaid principal and interest due July 2063, secured by a deed of trust on the property	1,500,000
6.75% note payable to Mile High Community Loan Fund, Inc., interest only payments are due through the conversion date after conversion, monthly payments of principal and interest are to be made through maturity, 18 years from conversion, secured by a deed of trust on the property	650,000
	$ 12,530,725

Aggregate current maturities for long-term debt are as follows:

Year Ended December 31,	Amount
2014	$ -
2015	-
2016	-
2017	-
2018	-
Thereafter	12,530,725
	$ 12,530,725

A summary of accrued interest is as follows:

BCHA loans	$ 127,364
Mile High Community Loan	3,656
Construction Loan	-
	$ 131,020

Note 7 - Property Taxes

The Company is exempt from property taxes under C.R.S 29-4-507 through Aspinwall Manager, LLC. Currently there is no expiration date on the property tax exemption for so long as Aspinwall Manager, LLC owns interest in the Company.

Note 8 - Related Party Transactions

Developer Fees

The Company has entered into a development agreement with the Boulder County Housing Authority (BCHA), the sole member of the managing member, for the services provided in connection with the development and construction of the project in the amount of $3,725,541. As of December 31, 2013, developer fees of $186,277 have been incurred and capitalized as part of the building. Developer fees are expected to be paid from capital contributions and approximately $2,091,670 is anticipated to be deferred and paid from net cash flow. As of December 31, 2013, the Company owes BCHA $186,277, for developer fees.

Mortgage Notes and Accrued Interest

The Company has entered into multiple loan agreements with BCHA, the sole member of the managing member (Note 6). During 2013, the Company incurred interest of $127,364 in relation to these mortgage notes payable. As of December 31, 2013, the Company owes BCHA $127,364 for accrued interest (Note 4).

Due to Related Party

As of December 31, 2013, the Company owed BCHA, the sole member of the managing member, $1,122,212 for costs paid on behalf of the project by BCHA, including construction costs, accrued wages and benefits.

Management Fees

The Company has entered into a management agreement with BCHA, to provide management services for the project. Under the terms of the agreement, the Company is to pay management fees equal to the lesser of $466 per unit or 5.5% of effective gross income. During 2013, the Company incurred management fees of $19,000. As of December 31, 2013, the Company owes BCHA $19,000 for accrued management fees.

Reimbursement of Expenses

During 2013, the Company reimbursed BCHA approximately $17,770, for payroll and other expenses.

Asset Management Fee

Pursuant to the operating agreement, the Company is to pay the special member a cumulative fee equal to $5,000 annually, commencing in 2014, for services accruing as of August 1, 2013, for the review of the operations of the Company. The fee is to increase by 3% annually. During 2013, the Company incurred $2,083 for asset management fees. As of December 31, 2013, the Company owed the special member $2,083 for these fees.

Purchase of Property and Equipment

As mentioned in Note 1, the Company was formed to develop, construct, rehabilitate, own, maintain, and operate a 167 unit multi-family complex. The project is to include 95 scattered site rehabilitated units and 72 new construction units in Lafayette, Colorado. The Company purchased the 95 scattered sites in August 2013 from BCHA at a purchase price of $8,182,500. The properties were appraised at $8,464,000 by a certified independent appraiser. A gain on purchase of property of $281,500 was recorded for the difference between fair market value and the purchase price.

In addition, the Company purchased land and improvements from BCHA that is to be the site of the 72 new construction units. The land and improvements were purchased at $1,300,000. The land was appraised at $1,300,000 by a certified independent appraiser.

Operating Deficit Guaranty

Pursuant to the operating agreement, the managing manager is required to fund operating deficits during the period beginning upon the date that stabilized operations is achieved and for five years thereafter as defined in the agreement. The managing manager shall be obligated to provide funds in the form of a loan, not to exceed $910,000, shall bear no interest and shall be repayable solely from net cash flow as allowed in the operating agreement.

Note 9 - Business Combination

As mentioned in Notes 1 and 8, in August 2013 the Company purchased 95 scattered sites in Lafayette, Colorado at a purchase price of $8,182,500.

The following table summarizes the property and equipment acquired and liabilities assumed for the year ended December 31, 2013:

Fair Value	Purchase Price of Property	Mortgages Assumed	Consideration Given
$ 8,464,000	$ 8,182,500	$ -	$ 8,182,500

The fair value of identifiable assets acquired during the year ended December 31, 2013 exceeded consideration given for property and equipment acquisitions, and accordingly the Company recorded a gain of $281,500 related to such acquisitions.

It was impractical for the Company to obtain historical financial information on the acquired properties and accordingly, proforma statements have not been presented.

Note 10 - Member' Equity

Members	Ownership Percentages
Managing	
Aspinwall Manager, LLC	0.009%
Investor	
Red Stone - 2013 National Fund, L.P.	99.990%
Special	
Red Stone Equity Manager, LLC	0.001%
	100.000%

Pursuant to the operating agreement, the investor member is to make capital contributions in the amount of $10,499,320. As of December 31, 2013, the investor member has contributed $1,338,621 to the Company.

Supplementary Information
December 31, 2013

Aspinwall, LLC

Maintenance and Operating		
Salaries and benefits	$	28,036
Supplies		7,460
Grounds		6,421
Trash removal		4,391
Snow removal		1,213
Other contracted services		3,219
Other maintenance and operating		2,755
	$	53,495
Utilities		
Electricity	$	18,617
Water and sewer		16,242
Gas and oil		14,251
Other utilities		449
	$	49,559
Administrative		
Management fees	$	19,000
Bad debt		5,683
Other administrative		5,378
	$	30,061
Taxes and Insurance		
Insurance	$	8,710
Interest		
Interest - related party	$	59,332