EAST STREET LIMITED PARTNERSHIP
Louisville, Colorado

FINANCIAL STATEMENTS
December 31, 2011 and 2010

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Independent Auditor's Report

East Street Limited Partnership
Louisville, Colorado

We have audited the accompanying balance sheets of East Street Limited Partnership as of December 31, 2011 and 2010, and the related statements of income, changes in partners' capital, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Street Limited Partnership as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic 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.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
February 22, 2012

EAST STREET LIMITED PARTNERSHIP

BALANCE SHEETS
December 31, 2011 and 2010

		2011		2010
ASSETS				
CURRENT ASSETS				
Cash	$	23,921	$	9,204
Accounts Receivable - Tenants, Net of Allowance of $583 and $370		1,313		-
TOTAL CURRENT ASSETS		25,234		9,204
RENTAL PROPERTY				
Land		84,990		84,990
Buildings		3,079,182		3,079,182
TOTAL RENTAL PROPERTY		3,164,172		3,164,172
Accumulated Depreciation		(1,239,490)		(1,127,536)
NET RENTAL PROPERTY		1,924,682		2,036,636
OTHER ASSETS				
Restricted Cash - Security Deposits		5,599		6,276
Restricted Cash - Operating Reserve		48,940		18,645
Restricted Cash - Insurance		10,398		12,909
Restricted Cash - Replacement Reserves		7,802		3,232
Restricted Cash - East Street Shortfall		14,382		-
Deferred Tax Credit Fees, Net of Accumulated Amortization of $11,188 and $12,355		6,324		7,491
Deferred Financing Costs, Net of Accumulated Amortization of $4,111 and $4,540		2,323		2,752
TOTAL OTHER ASSETS		95,768		51,305
TOTAL ASSETS	$	2,045,684	$	2,097,145
LIABILITIES AND PARTNERS' CAPITAL				
CURRENT LIABILITIES				
Accounts Payable	$	10,659	$	4,186
Accrued Expenses		8,217		1,829
Prepaid Rent		1		1,075
Mortgage Payable - Current Portion		18,311		17,084
TOTAL CURRENT LIABILITIES		37,188		24,174
LONG TERM LIABILITIES				
Security Deposits Payable		5,599		6,276
Advance from Primary Government		44,205		29,824
Development Fee Payable		195,176		195,176
Deferred Interest - Affiliates		64,919		42,919
Notes Payable - Affiliates		415,253		401,370
Mortgage Payable		954,794		971,868
TOTAL LONG TERM LIABILITIES		1,679,946		1,647,433
TOTAL LIABILITIES		1,717,134		1,671,607
TOTAL PARTNERS' CAPITAL		328,550		425,538
TOTAL LIABILITIES AND PARTNERS' CAPITAL	$	2,045,684	$	2,097,145

The accompanying notes are an integral part of these statements.

EAST STREET LIMITED PARTNERSHIP

STATEMENTS OF INCOME
Years Ended December 31, 2011 and 2010

	2011	2010
OPERATING INCOME		
Rental Income	$ 185,499	$ 184,438
Other Income	2,823	2,877
Interest Income	11	3
TOTAL OPERATING INCOME	188,333	187,318
OPERATING EXPENSES		
Administrative	26,794	26,760
Utilities	11,433	11,596
Maintenance	30,241	23,700
Maintenance Materials	5,676	4,270
Non-Routine Maintenance	-	11,525
General	11,366	12,446
Interest Expense	86,261	87,598
Depreciation and Amortization	113,550	113,550
TOTAL OPERATING EXPENSES	285,321	291,445
NET (LOSS)	$ (96,988)	$ (104,127)

The accompanying notes are an integral part of these statements.

EAST STREET LIMITED PARTNERSHIP

STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
Years Ended December 31, 2011 and 2010

	General Partner LHA	Limited Partner US BANK	Total
PARTNERS' CAPITAL, December 31, 2009	$ 322,592	$ 207,073	$ 529,665
Net Income (Loss)	(10)	(104,117)	(104,127)
PARTNERS' CAPITAL, December 31, 2010	322,582	102,956	425,538
Net Income (Loss)	(10)	(96,978)	(96,988)
PARTNERS' CAPITAL, December 31, 2011	$ 322,572	$ 5,978	$ 328,550

The accompanying notes are an integral part of these statements.

EAST STREET LIMITED PARTNERSHIP

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Tenants and Others	$ 185,259	$ 188,878
Cash Paid to Suppliers	(79,445)	(87,687)
Interest Payments on Notes and Mortgage	(73,870)	(82,003)
Interest Received	10	3
Net Cash Provided by Operating Activities	31,954	19,191
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits to Replacement Reserves	(4,570)	(4,308)
Deposits to Insurance Escrow	(9,402)	(11,558)
Deposits to Operating Reserve	(30,295)	(3)
Deposits to Shortfall Account	(14,382)	-
Deposits to Security Deposit Reserve	-	(912)
Withdrawals from Restricted Cash	12,590	17,184
Net Cash Provided (Used) by Investing Activities	(46,059)	403
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances From Primary Government	44,669	-
Principal Payments on Notes and Mortgage	(15,847)	(15,868)
Net Cash Provided (Used) by Financing Activities	28,822	(15,868)
NET INCREASE IN CASH	14,717	3,726
CASH, Beginning	9,204	5,478
CASH, Ending	$ 23,921	$ 9,204
RECONCILIATION OF NET (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net (Loss)	$ (96,988)	$ (104,127)
Adjustments to Reconcile Net (Loss) to Net Cash Provided by Operating Activities		
Depreciation and Amortization	113,550	113,550
Changes in Assets and Liabilities		
Accounts Receivable	(1,313)	1,387
Prepaid Expenses	-	1,000
Accounts Payable and Accrued Expenses	12,861	1,610
Prepaid Rent	(1,074)	306
Security Deposits Payable	(677)	(130)
Deferred Interest Payable	5,595	5,595
Net Cash Provided by Operating Activities	$ 31,954	$ 19,191

The accompanying notes are an integral part of these statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

East Street Limited Partnership (the "Partnership"), was formed on December 1, 1998, to acquire, own, develop, construct and lease, manage and operate Partnership property as affordable housing for low-income persons. The Partnership has developed a 17-unit low-income housing project in Louisville, Colorado, known as Sunnyside Apartments. The Partnership commenced operations in December of 2000. The primary source of revenue for the Partnership is rental income.

The general partner is the Louisville Housing Authority (the "Authority"). The limited partner is U.S. Affordable Housing CDC, Inc. ("US Bank"). Profits, losses and credits of the Partnership are allocated among the Partners as follows:

Louisville Housing Authority	00.01%
U.S. Affordable Housing CDC, Inc.	99.99%

Basis of Presentation

The financial statements of the Partnership have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The more significant of the Partnership's policies are described below.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital assets are recorded at acquisition or construction cost. The Partnership defines capital assets as those with an initial, individual cost of $5,000 or greater and a useful life of more than one year. Depreciation of assets is computed using the straight-line method over the estimated useful lives of the assets. Depreciation expense for years ended December 31, 2011 and 2010 was $111,954 in each year. Useful lives of assets are as follows:

Buildings	27.5 years
Buildings and Improvements	30 years

Payments made to vendors for goods and services, which will benefit periods after year-end, are recorded as prepaid items.

Intangible assets and deferred financing costs are capitalized and amortized using the straight-line method over the life of the related loan or benefit, of fifteen years.

Rental income is recognized as earned and is reported as accounts receivable until collected. Accounts receivable are expensed as bad debts at the time they are determined uncollectible. Payments received in advance are deferred until earned.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 individual Partners.

For purposes of the statement of cash flows, cash equivalents are defined as unrestricted investments with original maturities of three months or less. Net cash flows are distributed annually in accordance with the Partnership agreement. For the years ended December 31, 2011 and 2010, no amount was paid from net cash flows as the previous years had no net increase in cash to distribute, as defined in the Partnership Agreement.

The Partnership is exempt from property taxes, effective July 1, 2000 through the Louisville Housing Authority CRS 2-4-227. Currently there is no expiration date on the property tax exemption.

The Partnership reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount of which the carrying amount of the asses exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. There were no impairments as of December 31, 2011.

NOTE 2: CASH AND CASH EQUIVALENTS

As of December 31, 2011 and 2010, the carrying value of unrestricted cash was $23,921 and $9,204, respectively.

NOTE 3: RESTRICTED CASH

As of December 31, 2011 and 2010, the following amounts are restricted for future replacements or specific purposes as indicated:

	2011	2010
Restricted cash – Security deposits	$ 5,599	$ 6,276
Restricted cash – Operating reserve	48,940	18,645
Restricted cash – Insurance	10,398	12,909
Restricted cash – Replacement reserves	7,802	3,232
Restricted cash – East Street shortfall	14,382	-
Total	$ 87,121	$ 41,062

Cash held for tenant security deposits is restricted with an offsetting liability for tenant security deposits in the same amount. The operating and replacement reserves are as required by the Partnership Agreement (see Note 8). The U.S. Bank mortgage agreement (see Note 6) requires cash to be restricted for the payment of insurance. The mortgage agreement also requires a shortfall reserve if certain financial ratios are not met (see Note 8).

NOTE 4: CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2011 and 2010 is summarized below:

	Balance 12/31/2010	Additions	Deletions	Balance 12/31/2011
Capital Assets, Not Being Depreciated				
Land	$ 84,990	$ -	$ -	$ 84,990
Capital Assets, Being Depreciated				
Buildings	3,079,182	-	-	3,079,182
Total Capital Assets, Being Depreciated	3,079,182	-	-	3,079,182
Less Accumulated Depreciation				
Building	(1,127,536)	(111,954)	-	(1,239,490)
Total Accumulated Depreciation	(1,127,536)	(111,954)	-	(1,239,490)
Total Capital Assets, Being Depreciated, Net	1,951,646	(111,954)	-	1,839,692
Total Capital Assets, Net	$ 2,036,636	$ (111,954)	$ -	$ 1,924,682

	Balance 12/31/2009	Additions	Deletions	Balance 12/31/2010
Capital Assets, Not Being Depreciated				
Land	$ 84,990	$ -	$ -	$ 84,990
Capital Assets, Being Depreciated				
Buildings	3,079,182	-	-	3,079,182
Total Capital Assets, Being Depreciated	3,079,182	-	-	3,079,182
Less Accumulated Depreciation				
Building	(1,015,582)	(111,954)	-	(1,127,536)
Total Accumulated Depreciation	(1,015,582)	(111,954)	-	(1,127,536)
Total Capital Assets, Being Depreciated, Net	2,063,600	(111,954)	-	1,951,646
Total Capital Assets, Net	$ 2,148,590	$ (111,954)	$ -	$ 2,036,636

NOTE 5: ADVANCE FROM PRIMARY GOVERNMENT

A portion of the development fee payable was paid by Louisville Housing Authority on behalf of the Partnership. The Partnership has agreed to reimburse the Louisville Housing Authority in the amount of $29,824 when cash is available for reimbursement. Louisville Housing Authority has also advanced $14,381 in 2011 to fund the shortfall reserve (see Note 8).

NOTE 6: MORTGAGE AND NOTES PAYABLE

A summary of the Partnership's mortgage and notes payable is presented below:

	2011	2010
US Bank	$ 973,105	$ 988,952
Louisville Housing Authority	316,370	316,370
Louisville Housing Authority	85,000	-
Louisville Housing Authority	13,883	85,000
Total Mortgage and Notes Payable	1,388,358	1,390,322
Less: Current Portion	(18,311)	(17,084)
Total Long Term Portion	$ 1,370,047	$ 1,373,238

Effective June 1, 2001, the US Bank construction loan was converted to a permanent mortgage loan. Principal and interest payments of $8,155 are due monthly, with interest accruing at 8.11% per annum. The loan matures May 1, 2017. The loan is secured by a deed of trust representing the land and buildings of the Partnership. The loan agreement contains certain restrictive covenants as defined in Note 8.

On July 17, 2000, the Louisville Housing Authority loaned a total of $401,370 to the Partnership. The first loan, for $316,370, accrues at 1.5% per year, with payments based on cash flow as defined in the Partnership Agreement. Unpaid principal and interest is due in full on December 31, 2030. The second loan, for $85,000, which is secured by a second deed of trust on the property and which subjects the property to Federal Home Loan Bank Affordable Housing Program restrictions, accrues interest at 1% per year, with payments due on the later of six months after the first mortgage loan is paid in full or December 31, 2015. Interest expense accrued during the years ended December 31, 2011 and 2010 was $5,595 in each year. During 2011 the Partnership determined that $16,405 of accrued interest on these loans had previously been paid to Louisville Housing Authority in error. The Louisville Housing Authority paid this amount back to the Partnership in 2011. The resulting deferred interest payable on these two loans as of December 31, 2011 and 2010 was $64,919 and $42,919, respectively.

NOTE 6: MORTGAGE AND NOTES PAYABLE (continued)

During 2011, the Louisville Housing Authority loaned the Partnership an additional $13,883 to fully fund the operating reserve required under the U.S. Bank Mortgage Agreement (see Note 8). The loan accrues interest at 9%, with payments based on cash flow as defined in the Partnership Agreement. The loan is due in full on December 31, 2030.

There were no principal payments made to the Louisville Housing Authority on any of the loans in 2011 or 2010.

Following is a summary of debt service requirements to maturity. Interest includes amounts accrued annually on the loans payable to Louisville Housing Authority, which are paid subject to net cash flow each year.

	Principal	Interest	Total
2012	$ 18,311	$ 86,405	$ 104,716
2013	20,107	84,609	104,716
2014	21,824	82,892	104,716
2015	108,688	81,028	189,716
2016	25,498	78,368	103,866
2017-2021	863,677	59,205	922,882
2022-2026	-	29,975	29,975
2027-2030	330,253	23,980	354,233
Total	$ 1,388,358	$ 526,462	$ 1,914,820

NOTE 7: CAPITAL CONTRIBUTIONS

The Partnership Agreement requires the limited partner to contribute $1,243,121 to the Partnership. At December 31, 2011, the limited partner had made all required contributions to the Partnership.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Property Management Agreement

As the management agent for the Partnership, the General Partner has entered into a property management agreement with the Boulder County Housing Authority to assume responsibility for managing the Sunnyside Apartments. During the years ended December 31, 2011 and 2010, the Partnership paid or accrued $18,550 and $18,444, respectively, under this agreement.

In addition, this agreement allows Boulder County Housing Authority to charge labor and benefits costs incurred for certain maintenance activities. For the years ended December 31, 2011 and 2010, the Partnership paid or accrued $13,313 and $9,836, respectively, for such services.

NOTE 8: COMMITMENTS AND CONTINGENCIES (continued)

Partnership Management Agreement

The Partnership has an agreement with the Louisville Housing Authority to manage the business and administrative affairs of the Partnership. Under the terms of this agreement, annual payments of $5,000, with a 4% annual increase, are payable to the extent the Partnership generates cash flows, beginning in 2001. Unpaid amounts do not accrue to the following year. No amount was paid under this agreement for the years ended December 31, 2011 and 2010.

Development Agreement

On December 17, 1998, the Partnership entered into a development services agreement with the Boulder County Housing Authority to assist with the development of the property. The total fee of $225,000 was due at completion of construction to the extent the Partnership generates cash flows. Louisville Housing Authority has guaranteed the note and to date has paid Boulder County Housing Authority $29,848 on behalf of the Partnership. No amount was paid under this agreement during the years ended December 31, 2011 and 2010.

Replacement Reserve Account

The Partnership Agreement requires the Partnership to fund a replacement reserve monthly and increase the monthly contribution by three percent annually each calendar year. The funds in the replacement reserve may be used only for capital expenditures to replace existing assets of the Partnership. The Partnership funded $4,570 and $4,308 to this reserve in 2011 and 2010, respectively, and withdrew $6,740 in 2010. For 2011 and 2010, the total amount required by the Partnership Agreement to be reserved was $22.40 and $21.12, respectively.

Operating Reserve Account

The Partnership Agreement and U.S. Bank Mortgage Agreement both require the Partnership to fund an operating reserve at an amount that equals six months of debt service. As of December 31, 2011, this reserve was fully funded at $48,940.

Financial Ratios and Shortfall Reserve

The U.S. Bank Mortgage Agreement requires the Partnership to maintain certain financial ratios or set aside reserves if ratios cannot be maintained. As of December 31, 2011, the Partnership was out of compliance with obligation to maintain its financial ratios but has set aside reserves as mandated by the Mortgage Agreement in the amount of $14,382.

Insurance Reserve Account

The U.S. Bank Mortgage Agreement requires the Partnership to maintain a reserve equal to one year's property insurance premiums. The funds in the insurance reserve may be used only for the payment of property insurance. The Partnership funded $9,402 and $11,558 to this reserve in 2011 and 2010, respectively.

NOTE 9: INCOME TAXES

The Partnership files income tax returns in the U.S. federal jurisdiction and the State of Colorado. The Partnership is a pass through entity for income tax purposes whereby any income tax liabilities or benefits are attributable to the Partnership's owners. Any amounts paid by the Partnership for income taxes are accounted for as transactions with the Partners.

NOTE 10: SUBSEQUENT EVENTS

The Partnership did not have any subsequent events through February 22, 2012, which is the date the financial statements were available to be issued, requiring recording or disclosure in the financial statements for the year ended December 31, 2011.

SUPPLEMENTARY INFORMATION

EAST STREET LIMITED PARTNERSHIP

SCHEDULES OF INCOME AND EXPENSES
Years Ended December 31, 2011 and 2010

	2011	2010
INCOME		
RENTAL INCOME		
Rent Income	$ 107,656	$ 108,336
Less: Vacancies	(4,337)	(3,649)
Rent Subsidy	82,180	79,751
TOTAL RENTAL INCOME	$ 185,499	$ 184,438
OTHER INCOME		
Laundry	$ 20	$ 60
Other	2,803	2,817
TOTAL OTHER INCOME	$ 2,823	$ 2,877
INTEREST INCOME		
Interest Income	$ 11	$ 3
TOTAL INTEREST INCOME	$ 11	$ 3
EXPENSES		
ADMINISTRATIVE		
Legal	$ 273	$ 361
Audit	6,500	6,750
Sundry	(75)	10
Bank Fees	1,546	1,195
Management Fees	18,550	18,444
TOTAL ADMINISTRATIVE	$ 26,794	$ 26,760
UTILITIES		
Water	$ 4,728	$ 4,860
Electricity	1,209	1,409
Natural Gas	1,010	922
Sewer	3,293	4,012
Other Utilities	1,193	393
TOTAL UTILITIES	$ 11,433	$ 11,596

EAST STREET LIMITED PARTNERSHIP

SCHEDULES OF INCOME AND EXPENSES
Years Ended December 31, 2011 and 2010

	2011	2010
MAINTENANCE		
Salaries	$ 9,832	$ 7,468
Benefits	3,481	2,368
Contract Maintenance	16,928	13,864
TOTAL MAINTENANCE	$ 30,241	$ 23,700
MAINTENANCE MATERIALS		
Materials	$ 5,676	$ 4,270
TOTAL MAINTENANCE MATERIALS	$ 5,676	$ 4,270
NON-ROUTINE MAINTENANCE		
Non-Routine Interior	$ -	$ 11,525
TOTAL NON-ROUTINE MAINTENANCE	$ -	$ 11,525
GENERAL		.
Property Insurance	$ 11,914	$ 9,402
Bad Debt Expense	(548)	3,044
TOTAL GENERAL	$ 11,366	$ 12,446
INTEREST		
Mortgage Interest	$ 80,665	$ 82,002
Deferred Interest	5,596	5,596
TOTAL INTEREST	$ 86,261	$ 87,598
DEPRECIATION AND AMORTIZATION		
Depreciation	$ 111,954	$ 111,954
Amortization	1,596	1,596
TOTAL DEPRECIATION AND AMORTIZATION	$ 113,550	$ 113,550