Financial Statements
December 31, 2022

Coffman Place LLC

Independent Auditor's Report

To the Members
Coffman Place LLC
Boulder, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Coffman Place LLC, which comprise the balance sheet as of December 31, 2022, and the related statements of operations and members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Coffman Place LLC as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Coffman Place LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Coffman Place LLC's ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Coffman Place LLC'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 Coffman Place LLC'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 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, Insurance, and Interest Expenses is presented for the 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
April 28, 2023

Assets	
Cash	$ 491,874
Accounts receivable	
Tenants	6,348
Other	274
Prepaid expenses	20,049
Other assets	506,636
Tenant security deposits	20,427
Restricted cash	12,776
Property and equipment, at cost, less accumulated depreciation	26,833,339
Tax credit fees, net of accumulated amortization of $9,515	180,785
	$ 28,072,508
Liabilities and Members' Equity	
Liabilities	
Accounts payable	$ 14,178
Accounts payable - construction	49,000
Due to related party	68,427
Accrued expenses	332,862
Tenant security deposits payable	19,500
Construction note payable	11,867,079
Developer fee payable	2,248,386
Long-term debt	5,280,000
Total liabilities	19,879,432
Members' Equity	8,193,076
	$ 28,072,508

Revenue	
Tenant rent	$ 547,316
Rental assistance payments	231,388
Less vacancies	(82,456)
Net rental income	696,248
Tenant charges	4,375
Interest income	1
Other income	2,005
Total revenue	702,629
Expenses	
Maintenance and operating	111,937
Utilities	57,925
Administrative	106,341
Insurance	36,751
Interest	527,274
Depreciation and amortization	546,178
	1,386,406
Loss Before Company Fees	(683,777)
Company Administration Fee	21,441
Investor Service Fee	3,333
Net Loss	$ (708,551)

Members' Equity

	Managing Member	Investor Member	Total
Balance, January 1, 2022	$ -	$ 1,738,988	$ 1,738,988
Contributions	-	7,162,639	7,162,639
Net loss	(71)	(708,480)	(708,551)
Balance, December 31, 2022	$ (71)	$ 8,193,147	$ 8,193,076

Operating Activities	
Net loss	$ (708,551)
Adjustments to reconcile net loss to net cash from operating activities	
Depreciation	536,663
Amortization	9,515
Changes in operating assets and liabilities	
Accounts receivable	(6,622)
Prepaid expenses	(20,049)
Accounts payable	14,178
Due to related party	67,392
Accrued expenses	163,706
Tenant security deposits payable	19,500
Net Cash from Operating Activities	75,732
Net Cash used for Investing Activity	
Purchase of property and equipment	(4,765,214)
Financing Activities	
Payment of other assets	(506,636)
Payment for tax credit fees	(190,300)
Net payments on construction note payable	(1,257,881)
Equity contributions	7,162,639
Net Cash from Financing Activities	5,207,822
Net Change in Cash, Tenant Security Deposits, and Restricted Cash	518,340
Cash, Tenant Security Deposits, and Restricted Cash, Beginning of Year	6,737
Cash, Tenant Security Deposits, and Restricted Cash, End of Year	$ 525,077
Cash	$ 491,874
Tenant Security Deposits	20,427
Restricted Cash	12,776
Total cash, tenant security deposits, and restricted cash	$ 525,077

Supplemental Disclosure of Cash Flow Information		
Cash payments for interest, net of capitalized interest	$	312,252
Supplemental Disclosure of Noncash Investing and Financing Activities		
Increase in property and equipment from developer fee payable	$	1,546,622
Increase in property and equipment from accrued interest capitalized	$	72,757
Increase in other assets from accounts payable - construction	$	47,500

Note 1 - Principal Business Activity and Significant Accounting Policies

Principal Business Activity, Risks, and Uncertainty

Coffman Place LLC (Company) was formed August 20, 2020, 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 73-unit multi-family housing complex located in Longmont, Colorado. Substantially all of the Company's income is derived from the rental of its apartment units. The Company began operations in April 2022.

The Company has qualified and been allocated low-income housing tax credits pursuant to the Internal Revenue Code Section 42, which regulates the use of the complex as to occupant eligibility and unit gross rent, among other requirements. The Company must meet the provisions of these regulations during each of 15 consecutive years in order to continue to qualify to receive the tax credits. Failure to comply with occupant eligibility and unit gross rent or to correct noncompliance within a specified time period could result in recapture of the previously taken low-income housing tax credits plus interest. Such potential noncompliance may require an adjustment to the contributed capital by the members. All units within this project are subject to rent restrictions and qualified tenant restrictions as required by the Low Income Housing Tax Credit Program.

Concentrations of Credit Risk

The Company maintains its cash accounts in various deposit accounts, the balances of which are periodically in excess of federally insured limits.

Property and Equipment

Property and equipment is recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

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

Land improvements	15 years
Buildings	40 years
Equipment and furnishings	5 years

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at December 31, 2022.

Capitalized Interest

Interest in the amount of $483,023 has been capitalized as a cost of property and equipment, of which $246,265 was incurred during 2022.

Tax Credit Fees

Tax credit fees are being amortized over a 15-year life using the straight-line method of amortization. Amortization is expected to be approximately $12,685 for each of the next five years.

Other Assets

Other assets consist of prepaid debt issuance costs on permanent financing. Debt issuance costs will be included within long-term debt on the balance sheet upon issuance of the permanent debt and will be amortized over the period the related obligation is outstanding using the straight-line method, which is a reasonable estimate of the effective interest method.

Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with the operating agreement. Therefore, no provision for income taxes has been included in the financial statements.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2022, 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.

Rental Income

Housing units are rented under operating lease agreements with terms of one year or less. Tenant rent income and rental assistance payments are recognized in the month in which they are earned rather than received. Any rent received prior to the month of occupancy is reported as prepaid rent. Tenant rent represents gross rent for all units in the project. Vacancy losses for unrented units and rental concessions are recorded as a reduction to gross rent potential to arrive at net tenant rent.

Advertising and Marketing

Advertising and marketing costs are expensed as incurred.

Organization Costs

Costs of $36,471 incurred for the organization of the Company were expensed in 2022.

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 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.

Subsequent Events

The Company has evaluated subsequent events through April 28, 2023, the date which the financial statements were available to be issued.

Note 2 - Restricted Cash

Restricted cash as of December 31, 2022 consist of the following:

Replacement Reserve	$	12,775
Operating Reserve		1
	$	12,776

Replacement Reserve

Pursuant to the operating agreement, the Company is to establish a replacement reserve to fund major repairs, capital expenditures, and replacement of capital items. The Company is to deposit annually, $300 per unit per year, increasing at a rate of three percent each year. Any withdrawals for capital expenditures over $5,000 from the replacement reserve are to be made with the consent of the investor member.

Replacement reserve activity for the year ended December 31, 2022, is as follows:

Balance, January 1	$	-
Deposits		12,775
Interest		-
Balance, December 31	$	12,775

Operating Reserve

Pursuant to the operating agreement, the Company is to establish and maintain an operating reserve equal to $333,350. The reserve is to be funded upon the fourth and fifth capital installments. The managing member shall fund the reserve to maintain the minimum balance as necessary. The managing member may make withdrawals subject to the investor member’s approval. The reserve shall be maintained in an interest-bearing account in a bank approved by the investor member.

Insurance Escrow

The Company plans to establish an insurance escrow to pay insurance premiums. This account will be used to receive monthly deposits to pay the annual insurance premiums.

Lease-up Reserve

Pursuant to the terms of the operating agreement, the Company is to maintain a lease-up reserve of $50,000 to be funded by the second capital installment. The reserve is to be used to pay operating expenses from completion date to stabilization date or loan conversion whichever is later. During 2022, the lease-up reserve was funded and then subsequently spent.

Note 3 - Property and Equipment

Property and equipment at December 31, 2022 consists of the following:

Land	$ 805,765
Land Improvements	734,287
Buildings	25,445,898
Equipment and Furnishings	384,052
	27,370,002
Accumulated depreciation	(536,663)
	$ 26,833,339

The Company had entered into a construction contract for the construction of the project with Pinkard Construction Co. in the amount of $19,493,278, including change orders. As of December 31, 2022, the Company had incurred and paid $19,493,278 on the contract.

Note 4 - Accrued Expenses

Accrued expenses at December 31, 2022 consists of the following:

Interest	
Construction note	$ 94,496
BCHA 2.5% - $1,550,000 (Note 8)	92,811
BCHA 2.5% - $3,730,000 (Note 8)	124,114
Company Administration Fee (Note 8)	21,441
	$ 332,862

Note 5 - Construction Note Payable

The Company financed the construction of the project in part with construction notes payable with CitiBank, N.A., in amounts up to $15,300,000 (Tranche A) and $4,265,000 (Tranche B). The notes accrue interest at a rate of one-month LIBOR plus 1.9% (6.02% as of December 31, 2022) and one-month LIBOR plus 2.5% (6.62% as of December 31, 2022), respectively. Monthly payments of interest for Tranche A are to be made through the expected conversion date, September 2023. As of December 31, 2022, Tranche B has been fully repaid and the balance of Tranche A is $11,867,079.

During 2022, the Company incurred interest of $639,451 on the construction notes, of which $180,255 was capitalized as part of the buildings costs and $459,196 was expensed. The note is secured by a deed of trust, assignment of rents, security agreement, and fixture filing and also guaranteed by BCHA.

Subsequent to year-end, Tranche A was paid down with equity contributions from the investor member (see Note 9) and converted to a permanent loan in the amount of $10,160,000. The interest rate on the permanent loan is 3%. Interest only payments are to be made beginning May 2023 until April 2026; followed by monthly payments of principal and interest in the amount of $39,101 until maturity of September 2053.

Note 6 - Long-Term Debt

Long-term debt as of December 31, 2022 consists of:

Related Party	
2.5%, $1,550,000 note payable to Boulder County Housing Authority (BCHA), payments are to be made from available cash flow, unpaid principal and interest due December 2075, secured by a deed of trust on the property	$ 1,550,000
2.5%, $3,730,000 note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due December 2075, secured by a deed of trust on the property	3,730,000
Total long-term debt	$ 5,280,000

There are no expected maturities for the next 5 years on the above related party notes as they are due only from available cash flows.

Note 7 - Property Taxes

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

Note 8 - Related Party Transactions

Developer Fees

The Company has entered into a development agreement with 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 $2,947,288, which has been capitalized as a cost of property and equipment. Developer fees are expected to be paid from various capital installments. During 2022, the Company paid $381,219 for developer fees, which is included in the purchase of property and equipment on the statement of cash flow. As of December 31, 2022, the Company owes BCHA $2,248,386 for developer fees. No interest has been incurred on the unpaid fees. The unpaid developer fees are to be paid from available cash flow and bear interest at a rate of 7%, compounding annually, commencing at the time of the fourth capital contribution. Any amount that remains unpaid shall be paid no later than the end of the compliance period (December 31, 2036).

Mortgage Notes and Accrued Interest

The Company has entered into multiple loan agreements with BCHA (Note 6). During 2022, the Company incurred interest of $134,088 on the BCHA mortgage notes payable, of which $66,010 has been capitalized as a cost of property and equipment, while $68,078 has been expensed. As of December 31, 2022, the Company owes BCHA $216,925 for accrued interest (Note 4).

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 4.5% of total gross income. During 2022, the Company incurred management fees of $31,108 to BCHA.

BCHA is periodically reimbursed for various office expenses, payroll and other operating expenses incidental to the operations of the project. There were no reimbursements during 2022. As of December 31, 2022, the Company owed BCHA $68,427 for the various costs paid on behalf of the project.

Investor Service Fee

Pursuant to the operating agreement, the Company is to pay the investor member a cumulative fee equal to $5,000 annually, commencing on the later of the year 2022 or the first calendar year the Company receives rental income. The fee is for services provided for the review of the operations of the Company and shall be payable from cash flow. The fee is to increase by 3% annually. During 2022, the Company incurred and paid $3,333 for investor service fees.

Company Administration Fee

Pursuant to the operating agreement, the Company is to pay the managing member a cumulative fee equal to $32,162 annually, commencing on the later of the year 2022 or the first calendar year the Company receives rental income. The fee is for services provided in the administration of the project and shall be payable from cash flow. The fee is to increase by 3% annually. During 2022, the Company incurred $21,441 for company administration fees. As of December 31, 2022, the Company owed the managing member $21,441 for accrued company administration fees.

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 $665,000, shall bear no interest, and shall be repayable solely from net cash flow as allowed in the operating agreement.

Distributions of Cash Flow

Pursuant to the operating agreement, net cash flow shall be distributed to the members in the following order and priority after payment of the priority distribution to the investor member and any development costs.

1. First, to the Investor Member in an amount equal to the credit deficiency.
2. Second, to the Investor Member in the amount of the maximum federal corporate income tax liability that would be imposed on the Investor Member and its partners from the transaction giving rise to sale or refinancing proceeds.
3. Third, to the Investor Member in the amount of any unpaid investor services fee.
4. Fourth, from and after the fourth installment of the Investor Member's capital contribution to fund the operating reserve up to the operating reserve amount.
5. Fifth, to pay any deferred portion of the property management fee in accordance with the property management agreement.
6. Sixth, to pay the deferred developer fees in accordance with the developer agreement.
7. Seventh, to the Managing Member to repay any operating deficit contribution.
8. Eighth, to pay the company administration fee.
9. Ninth, to pay the seller carryback loan until it is paid in full, thereafter, to pay the BCHA CDOH loan until it is paid in full, thereafter, to pay the BCHA worth cause loan until it is paid in full, and thereafter, to pay the BCHA development Loan until it is paid off.
10. Any remaining cash flow shall constitute net cash flow, which is distributable to the members within 75 days after the close of each fiscal year, of which 0.01% is to be distributed to the Managing Member and 99.99% to the Investor Member.

Note 9 - Members' Equity

Members	Profit and Loss Percentages
Managing	
Coffman Place GP LLC	0.01%
Investor	
Enterprise Neighborhood Partners IX, LLLP	99.99%
	100.00%

Profit or loss is allocated to the members in accordance with the operating agreement. The members have certain rights and obligations as outlined in the operating agreement.

Pursuant to the operating agreement, the managing member is to make capital contributions in the amount of $100. As of December 31, 2022, the managing member has not made any capital contributions to the Company.

Pursuant to the operating agreement, the investor member is to make capital contributions in the amount of $11,893,254. During 2022, the investor member made capital contributions of $7,162,639 to the Company. As of December 31, 2022, the investor member has made total contributions of $8,946,627 to the Company, which includes syndication costs of $45,000.

Subsequent to year-end, the investor member made an equity contribution of $2,592,497 to the Company, of which $1,788,788 was used to pay down the construction note payable (see Note 5), $8,322 was used to pay for closing fees, $122,707 was used to pay the property, liability, and umbrella insurance for the next 13 months, $166,675 was used to fund the operating reserve, and $506,005 was used to pay BCHA for developer fees.

Supplementary Information
December 31, 2022

Coffman Place LLC

Maintenance and Operating		
Reimbursed maintenance payroll	$	52,154
Contracted services		35,749
Snow removal		13,461
Maintenance supplies		5,663
Trash removal		4,371
Grounds maintenance		539
	$	111,937
Utilities		
Electricity	$	34,120
Water and sewer		14,264
Gas		9,394
Other utilities		147
	$	57,925
Administrative		
Organizational expenses	$	36,471
Management fees		31,108
Reimbursed manager payroll and benefits		22,142
Other administrative		5,090
Other renting expenses		4,954
Office expenses		4,850
Audit and accounting		1,500
Bad debt		206
Legal		20
	$	106,341
Insurance	$	36,751
Interest		
Construction note	$	459,196
BCHA 2.5% - $1,550,000		20,309
BCHA 2.5% - $3,730,000		47,769
	$	527,274