Financial Statements
December 31, 2023 and 2022

Aspinwall, LLC

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Members
Aspinwall, LLC
Boulder, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aspinwall, LLC, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and members' equity, and cash flows for the years 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 Aspinwall, LLC as of December 31, 2023 and 2022, and the results of its operations 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 (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 Aspinwall, LLC 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 Aspinwall, LLC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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4310 17th Ave. S. | P.O. Box 2545 | Fargo, ND 58108-2545 | T 701.239.8500 | F 701.239.8600 | EOE

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 Aspinwall, 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 Aspinwall, 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 audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Maintenance and Operating, Utilities, Administrative, Insurance, and Interest Expenses are presented for the purposes of additional analysis and are 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 GAAS. 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 9, 2024

	2023	2022
Assets		
Cash	$ 957,285	$ 401,952
Accounts receivable		
Tenant	32,183	26,554
Insurance proceeds	-	14,682
Other	376	-
Tenant security deposits	56,675	56,705
Restricted cash	1,217,943	1,184,594
Property and equipment, at cost, less accumulated depreciation	28,500,720	29,436,351
Tax credit fees, net of accumulated amortization of $70,385 in 2023 and $62,911 in 2022	41,734	49,208
	$ 30,806,916	$ 31,170,046
Liabilities and Members' Equity		
Liabilities		
Accounts payable	$ 34,771	$ 80,923
Due to related party	148,305	68,084
Prepaid rent	4,411	6,277
Accrued expenses	3,785,836	3,365,929
Tenant security deposits payable	53,595	51,545
Long-term debt, net of unamortized debt issuance costs	25,440,131	25,733,447
Total liabilities	29,467,049	29,306,205
Members' Equity	1,339,867	1,863,841
	$ 30,806,916	$ 31,170,046

	2023	2022
Operations		
Revenue		
Tenant rent	$ 1,608,237	$ 1,486,421
Rental assistance payments	1,637,916	1,229,080
Less vacancies	(136,351)	(203,765)
Net rental income	3,109,802	2,511,736
Tenant charges	18,305	12,755
Laundry	426	577
Interest income	33,349	3,098
Other income	28,767	68,375
Total revenue	3,190,649	2,596,541
Expenses		
Maintenance and operating	834,669	884,852
Utilities	404,505	396,781
Administrative	384,237	236,926
Insurance	155,655	141,005
Interest	957,640	959,337
Depreciation and amortization	971,193	963,753
Total expenses	3,707,899	3,582,654
Loss before Asset Management Fees	(517,250)	(986,113)
Asset Management Fee	6,724	6,528
Net Loss	$ (523,974)	$ (992,641)

Members' Equity

	Managing Member	Investor and Special Members	Total
Balance (Deficit), December 31, 2021	$ (618)	$ 2,857,100	$ 2,856,482
Net loss	(89)	(992,552)	(992,641)
Balance (Deficit), December 31, 2022	(707)	1,864,548	1,863,841
Net loss	(47)	(523,927)	(523,974)
Balance (Deficit), December 31, 2023	$ (754)	$ 1,340,621	$ 1,339,867

	2023	2022
Operating Activities		
Net loss	$ (523,974)	$ (992,641)
Adjustments to reconcile net loss to net cash from operating activities		
Depreciation	963,718	956,278
Amortization	7,475	7,475
Interest expense attributable to amortization of debt issuance costs	18,410	18,410
Bad debt	10,314	4,444
Changes in operating assets and liabilities		
Accounts receivable	(1,637)	23,328
Accounts payable	(46,152)	19,803
Due to related party	80,221	6,039
Prepaid rent	(1,866)	(910)
Accrued expenses	419,907	333,650
Tenant security deposits payable	2,050	(2,100)
Net Cash from Operating Activities	928,466	373,776
Net Cash used for Investing Activity		
Purchase of property and equipment	(28,088)	(105,424)
Net Cash used for Financing Activity		
Principal payments on long-term debt	(311,726)	(373,510)
Net Change in Cash, Tenant Security Deposits, and Restricted Cash	588,652	(105,158)
Cash, Tenant Security Deposits, and Restricted Cash, Beginning of Year	1,643,251	1,748,409
Cash, Tenant Security Deposits, and Restricted Cash, End of Year	$ 2,231,903	$ 1,643,251
Cash	$ 957,285	$ 401,952
Tenant Security Deposits	56,675	56,705
Restricted Cash	1,217,943	1,184,594
Total cash, tenant security deposits, and restricted cash	$ 2,231,903	$ 1,643,251
Supplemental Disclosure of Cash Flow Information		
Cash payments for interest	$ 519,519	$ 607,473

Note 1 - Principal Business Activity and Significant Accounting Policies

Principal Business Activity, Risks, 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). The project is to include 95 scattered site rehabilitated units and 72 new construction units in Lafayette, Colorado. Substantially all of the Company's income is derived from the rental of its apartment units. The project purchased the scattered sites in August 2013 and began operations. Units were placed in service throughout 2014 as construction was completed.

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 investor member. 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 Partnership maintains its cash in bank deposit accounts which may periodically exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2023 and 2022, the Partnership had approximately $2,016,100 and $1,393,200, respectively, in excess of FDIC-insured limits.

Receivables and Credit Policy

Accounts receivable are rents and charges currently due from residential tenants and insurance proceeds due from the insurance company. Payments on accounts receivable are applied to specific months. Management reviews accounts receivable monthly and charges operations with those considered uncollectible. All remaining accounts are considered collectible.

Property and Equipment

The initial purchase of the property and equipment was recorded at fair value on the date of acquisition. As such, the property acquired is stated at fair value as of the acquisition date less accumulated depreciation. The Company accounted for its property acquisition by allocating the purchase price of the property to the property's assets based on management's estimates of their fair value. Techniques used to estimate the fair value include an appraisal of the property by a certified independent appraiser at the time of the acquisition. Costs incurred in connection with the acquisition are expensed.

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	20 years
Buildings and improvements	40 years
Equipment and furnishings	10 years
Geothermal equipment	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, 2023 and 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 $7,475 for each of the next five years.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which is a reasonable estimate of the effective interest method. Debt issuance costs are included within long-term debt on the balance sheet. Amortization of debt issuance costs is included in interest expense in the accompanying financial statements.

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, 2023 and 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.

The future cash flows from operating lease payments to be received as of Aspinwall, LLC in 2024 are approximately $207,800.

Advertising and Marketing

Advertising and marketing costs are expensed as 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 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 9, 2024, the date which the financial statements were available to be issued.

Note 2 - Restricted Cash

Restricted cash as of December 31, 2023 and 2022 consists of the following:

	2023	2022
Replacement Reserve	$ 344,003	$ 338,113
Operating Reserve	873,940	846,481
	$ 1,217,943	$ 1,184,594

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 $300 per unit per year, increasing at a rate of three percent each year, into the replacement reserve.

Replacement reserve activity for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Balance, January 1	$ 338,113	$ 274,069
Deposits	-	63,465
Interest	5,890	579
Balance, December 31	$ 344,003	$ 338,113

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 the investor member's third capital contribution. The managing member may make withdrawals subject to the special member's approval.

Note 3 - Tenant Security Deposits

Pursuant to management policy, the Company has set aside funds, to repay tenant security deposits after lease termination as of December 31, 2023 and 2022.

Note 4 - Property and Equipment

As disclosed in Note 1, the Company owns and operates a 167-unit low-income housing project in Lafayette, Colorado. All of the Company's property and equipment is subject to operating leases with residential tenants at December 31, 2023 and 2022. Property and equipment at December 31, 2023 and 2022 consists of the following:

	2023	2022
Land and Improvements	$ 6,245,922	$ 6,245,922
Buildings and Improvements	30,678,755	30,676,325
Equipment and Furnishings	546,280	520,622
Geothermal Equipment	1,856,997	1,856,997
	39,327,954	39,299,866
Accumulated depreciation	(10,827,234)	(9,863,515)
	$ 28,500,720	$ 29,436,351

Note 5 - Accrued Expenses

Accrued expenses at December 31, 2023 and 2022 consists of the following:

	2023	2022
Interest - Related Party - Note 8	$ 3,731,403	$ 3,311,692
Interest - Non-Related Party	47,709	47,709
Asset Management Fees - Note 8	6,724	6,528
	$ 3,785,836	$ 3,365,929

Note 6 - Long-Term Debt

Long-term debt as of December 31, 2023 and 2022 consists of:

	2023	2022
Related Party (Note 8)		
1.80%, $270,000 note payable to BCHA (Boulder County Housing Authority), 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	$ 270,000
2.80%, $442,035 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	442,035
2.80%, $430,000 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	430,000
1.80%, $368,938, $95,000, and $159,085 HOME loan notes 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	623,023	623,023
1.80%, $464,754 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	464,754

	2023	2022
2.80%, $5,289,998 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	$ 5,289,998
2.80%, $3,020,000 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	3,020,000
1.80%, $2,762,296 combo sub loan 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	2,762,296	2,762,296
Total related party debt	13,302,106	13,302,106
Unrelated		
4.2%, $13,300,000 note payable to FirstBank, monthly payments of $65,348, including interest, through maturity, August 2031, secured by a deed of trust - (a)	11,055,000	11,361,280
Unamortized debt issuance costs, based on an effective interest rate of 4.47%	(139,605)	(158,015)
	10,915,395	11,203,265
6.75%, $650,000 note payable to Mile High Community Loan Fund, Inc., monthly payments of principal and interest are to be made through maturity in July 2031, secured by a deed of trust on the property	613,549	618,995
0%, $737,519 note payable to the State of Colorado, due in annual payments from available cash flow in the amount of $24,584, beginning April 2016, unpaid principal due August 2045, secured by a deed of trust	609,081	609,081
Total unrelated debt	12,138,025	12,431,341
	$ 25,440,131	$ 25,733,447

(a) The Company has covenants related to, among other matters, the maintenance of debt coverage ratios (DSCR) and invested cash balance requirements. The Company must maintain a DSCR of 1.20 to 1.00 throughout the term of the permanent loan with FirstBank. As of December 31, 2023, the Company has met the debt service coverage ratio requirement.

Accrued interest on the above loans as of December 31, 2023 and 2022 consist of the following:

	2023	2022
Accrued Interest - Related Party		
1.80% BCHA note - $270,000	$ 54,977	$ 49,231
2.80% BCHA note - $442,035	146,842	130,803
2.80% BCHA note - $430,000	142,845	127,242
1.80% BCHA note - $368,938 and $95,000	122,111	108,935
1.80% BCHA note - $464,754	94,632	84,741
2.80% BCHA note - $5,289,998	1,630,396	1,441,902
2.80% BCHA note - $3,020,000	1,003,230	893,647
1.80% BCHA note - $2,762,396	536,370	475,191
Total accrued interest - related party	3,731,403	3,311,692
FirstBank	44,255	43,741
Mile High Community Loan Fund	3,454	3,968
	$ 3,779,112	$ 3,359,401

Future maturities of long-term debt are as follows:

Year Ended December 31,	Principal	Interest	Total
2024	$ 333,167	$ 498,077	$ 831,244
2025	347,587	483,656	831,243
2026	362,637	468,607	831,244
2027	378,342	452,902	831,244
2028	394,732	436,512	831,244
Thereafter	23,763,271	42,956,285	66,719,556
Unamortized debt issuance costs	(139,605)	-	(139,605)
	$ 25,440,131	$ 45,296,039	$ 70,736,170

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

Mortgage Notes and Accrued Interest

The Company has entered into multiple loan agreements with Boulder County Housing Authority (BCHA), the sole member of the managing member (Note 6). During 2023 and 2022, the Company incurred interest of $419,712 and $408,323, respectively, to BCHA on these mortgage notes payable. During 2023 and 2022, the Company made payments on accrued interest of $0 and $74,870 respectively, from surplus cash. As of December 31, 2023 and 2022, the Company owes BCHA $3,731,403 and $3,311,692, respectively, for accrued interest (Note 5).

Due to Related Party

As of December 31, 2023 and 2022, the Company owed BCHA $148,305 and $68,084, respectively, 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 $480 per unit or 5.5% of effective gross income. During 2023 and 2022, the Company incurred management fees of $80,160.

Reimbursement of Expenses

During 2023 and 2022, the Company reimbursed BCHA approximately $587,000 and $472,500, respectively, 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 for the review of the operations of the Company. The fee is to increase by 3% annually. During 2023 and 2022, the Company incurred $6,724 and $6,528, respectively, for asset management fees. As of December 31, 2023 and 2022, the Company owed the special member $6,724 and $6,528, respectively, for these fees (Note 5).

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.

Contributions

During 2023 and 2022, BCHA made contributions to the Company in the amount of $28,400 and $68,342, respectively, to help fund mitigation costs incurred by the Company, which were recorded in other income on the statements of operations.

Note 9 - Members' Equity

Members	Profit and Loss Percentages
Managing	
Aspinwall Manager, LLC	0.009%
Investor	
Red Stone - 2013 National Fund, L.P.	99.99%
Special	
Red Stone Equity Manager, LLC	0.001%
	100%

The members have certain rights and obligations as outlined in the operating agreement.

Supplementary Information
December 31, 2023 and 2022

Aspinwall, LLC

	2023	2022
Maintenance and Operating		
Reimbursed salaries and benefits	$ 370,146	$ 320,384
Supplies	73,326	97,775
Grounds	98,123	70,067
Other contracted services	104,300	175,621
Mitigation costs	20,713	61,498
Painting	4,525	3,810
Trash removal	53,715	54,078
Snow removal	109,821	101,619
	$ 834,669	$ 884,852
Utilities		
Electricity	$ 182,516	$ 176,461
Water and sewer	148,494	152,323
Gas and oil	51,931	47,259
Other utilities	21,564	20,738
	$ 404,505	$ 396,781
Administrative		
Reimbursed salaries and benefits	$ 227,023	$ 86,678
Management fees	80,160	80,160
Homeowners association fees	42,222	39,153
Audit and accounting	8,240	10,125
Other administrative	15,014	16,366
Bad debt	10,314	4,444
Legal	1,264	-
	$ 384,237	$ 236,926
Insurance	$ 155,655	$ 141,005
Interest		
BCHA	$ 419,712	$ 408,323
FirstBank permanent loan	496,341	509,042
Mile High Community loan	41,587	41,972
	$ 957,640	$ 959,337