Financial Statements
December 31, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, 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.

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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.

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 10, 2025

	2024	2023
Assets		
Cash	$ 1,167,835	$ 957,285
Accounts receivable		
Tenant	8,518	3,783
Related Party	-	28,400
Other	316	376
Tenant security deposits	56,675	56,675
Restricted cash	1,332,116	1,217,943
Property and equipment, at cost, less accumulated depreciation	27,568,662	28,500,720
Tax credit fees, net of accumulated amortization of $77,860 in 2024 and $70,385 in 2023	34,259	41,734
	$ 30,168,381	$ 30,806,916
Liabilities and Members' Equity		
Liabilities		
Accounts payable	$ 64,458	$ 34,771
Due to related party	245,870	148,305
Prepaid rent	2,177	4,411
Accrued expenses	3,679,052	3,785,836
Tenant security deposits payable	53,875	53,595
Long-term debt, net of unamortized debt issuance costs	25,135,801	25,440,131
Total liabilities	29,181,233	29,467,049
Members' Equity	987,148	1,339,867
	$ 30,168,381	$ 30,806,916

	2024	2023
Operations		
Revenue		
Tenant rent	$ 1,637,600	$ 1,608,237
Rental assistance payments	2,040,939	1,637,916
Less vacancies	(113,820)	(136,351)
Net rental income	3,564,719	3,109,802
Tenant charges	9,188	18,305
Laundry	1,162	426
Interest income	48,803	33,349
Other income	235	28,767
Total revenue	3,624,107	3,190,649
Expenses		
Maintenance and operating	988,092	834,669
Utilities	457,693	404,505
Administrative	472,522	384,237
Insurance	153,705	155,655
Interest	939,286	957,640
Depreciation and amortization	957,276	971,193
Total expenses	3,968,574	3,707,899
Loss before Asset Management Fees	(344,467)	(517,250)
Asset Management Fee	6,920	6,724
Net Loss	$ (351,387)	$ (523,974)

Members' Equity

	Managing Member	Investor and Special Members	Total
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
Distributions	-	(1,332)	(1,332)
Net loss	(32)	(351,355)	(351,387)
Balance (Deficit), December 31, 2024	$ (786)	$ 987,934	$ 987,148

	2024	2023
Operating Activities		
Net loss	$ (351,387)	$ (523,974)
Adjustments to reconcile net loss to net cash from operating activities		
Depreciation	949,801	963,718
Amortization	7,475	7,475
Interest expense attributable to amortization of debt issuance costs	18,410	18,410
Bad debt	285	10,314
Changes in operating assets and liabilities		
Accounts receivable	23,440	(1,637)
Accounts payable	29,687	(46,152)
Due to related party	97,565	80,221
Prepaid rent	(2,234)	(1,866)
Accrued expenses	(106,784)	419,907
Tenant security deposits payable	280	2,050
Net Cash from Operating Activities	666,538	928,466
Net Cash used for Investing Activity		
Purchase of property and equipment	(17,743)	(28,088)
Financing Activities		
Principal payments on long-term debt	(322,740)	(311,726)
Distributions	(1,332)	-
Net Cash used for Financing Activities	(324,072)	(311,726)
Net Change in Cash, Tenant Security Deposits, and Restricted Cash	324,723	588,652
Cash, Tenant Security Deposits, and Restricted Cash, Beginning of Year	2,231,903	1,643,251
Cash, Tenant Security Deposits, and Restricted Cash, End of Year	$ 2,556,626	$ 2,231,903
Cash	$ 1,167,835	$ 957,285
Tenant Security Deposits	56,675	56,675
Restricted Cash	1,332,116	1,217,943
Total cash, tenant security deposits, and restricted cash	$ 2,556,626	$ 2,231,903
Supplemental Disclosure of Cash Flow Information		
Cash payments for interest	$ 1,027,859	$ 519,519

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 Company 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, 2024 and 2023, the Company had approximately $2,321,500 and $2,016,100, respectively, in excess of FDIC-insured limits.

Receivables and Credit Policy

Accounts receivable are rents and charges currently due from residential tenants, amounts due from a related party, and other miscellaneous receivables. 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	5 - 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, 2024 and 2023.

Tax Credit Fees

Tax credit fees are being amortized over a 15-year life using the straight-line method of amortization. Amortization expense is expected to be approximately $7,475 for 2025 through 2028 and approximately $4,360 for 2029.

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 sheets. 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, 2024 and 2023, 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 2025 are approximately $180,800.

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 10, 2025, the date which the financial statements were available to be issued.

Note 2 - Restricted Cash

Restricted cash as of December 31, 2024 and 2023 consists of the following:

	2024	2023
Replacement reserve	$ 417,962	$ 344,003
Operating reserve	914,154	873,940
	$ 1,332,116	$ 1,217,943

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. As of December 31, 2024 and 2023, the replacement reserve was underfunded by $67,280 and $65,369, respectively.

Replacement reserve activity for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Balance, January 1	$ 344,003	$ 338,113
Deposits	65,369	-
Interest	8,590	5,890
Balance, December 31	$ 417,962	$ 344,003

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, 2024 and 2023.

Note 4 - Property and Equipment

As disclosed in Note 1, the Company owns and operates a 167-multi-family complex housing project in Lafayette, Colorado. All of the Company's property and equipment is subject to operating leases with residential tenants at December 31, 2024 and 2023.

Property and equipment at December 31, 2024 and 2023 consists of the following:

	2024	2023
Land and improvements	$ 6,245,922	$ 6,245,922
Buildings and improvements	30,678,755	30,678,755
Equipment and furnishings	564,023	546,280
Geothermal equipment	1,856,997	1,856,997
	39,345,697	39,327,954
Accumulated depreciation	(11,777,035)	(10,827,234)
	$ 27,568,662	$ 28,500,720

Note 5 - Accrued Expenses

Accrued expenses at December 31, 2024 and 2023 consists of the following:

	2024	2023
Interest - related party - Note 8	$ 3,633,293	$ 3,731,403
Interest - non-related party	38,836	47,709
Asset management fees - Note 8	6,923	6,724
	$ 3,679,052	$ 3,785,836

Note 6 - Long-Term Debt

Long-term debt as of December 31, 2024 and 2023 consists of:

	2024	2023
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

	2024	2023
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%, $2,762,396 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	2,762,396	2,762,296
Total related party debt	13,302,206	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)	10,737,986	11,055,000
Unamortized debt issuance costs, based on an effective interest rate of 4.47%	(121,196)	(139,605)
	10,616,790	10,915,395
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	607,724	613,549
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	11,833,595	12,138,025
	$ 25,135,801	$ 25,440,131

(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, 2024 and 2023, the Company has met the debt service coverage ratio requirement.

Accrued interest on the above loans as of December 31, 2024 and 2023 consist of the following:

	2024	2023
Accrued Interest - Related Party		
1.80% BCHA note - $270,000	$ 50,285	$ 54,977
2.80% BCHA note - $442,035	146,073	146,842
2.80% BCHA note - $430,000	142,096	142,845
1.80% BCHA note - $368,938 and $95,000	111,199	122,111
1.80% BCHA note - $464,754	86,556	94,632
2.80% BCHA note - $5,289,998	1,617,638	1,630,396
2.80% BCHA note - $3,020,000	997,975	1,003,230
1.80% BCHA note - $2,762,396	481,471	536,370
Total accrued interest - related party	3,633,293	3,731,403
FirstBank	38,836	44,255
Mile High Community Loan Fund	-	3,454
	$ 3,672,129	$ 3,779,112

Future maturities of long-term debt are as follows:

Year Ended December 31,	Principal	Interest	Total
2025	$ 346,261	$ 484,983	$ 831,244
2026	361,253	469,991	831,244
2027	376,899	454,345	831,244
2028	393,227	438,017	831,244
2029	410,268	420,976	831,244
Thereafter	23,369,089	40,817,486	64,186,575
Unamortized debt issuance costs	(121,196)	-	(121,196)
	$ 25,135,801	$ 43,085,798	$ 68,221,599

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 2024 and 2023, the Company incurred interest of $421,345 and $419,712, respectively, to BCHA on these mortgage notes payable. During 2024 and 2023, the Company made payments on accrued interest of $519,355 and $0 respectively, from surplus cash. As of December 31, 2024 and 2023, the Company owes BCHA $3,633,293 and $3,731,403, respectively, for accrued interest (Note 5).

Due to Related Party

As of December 31, 2024 and 2023, the Company owed BCHA $245,870 and $148,305, respectively, for costs paid on behalf of the project by BCHA, including construction costs, accrued wages and benefits.

Distributions

During 2024, the Company paid a distribution of $1,332 to the investor limited partner for a tax credit shortfall. No distributions were paid in 2023.

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 2024 and 2023, the Company incurred management fees of $80,160 and $80,160, respectively.

Reimbursement of Expenses

During 2024 and 2023, the Company reimbursed BCHA approximately $779,200 and $587,000, 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 2024 and 2023, the Company incurred $6,920 and $6,724, respectively, for asset management fees. As of December 31, 2024 and 2023, the Company owed the special member $6,923 and $6,724, 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.

Donations

During 2024 and 2023, BCHA made donations to the Company in the amount of $0 and $28,400, 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%
	100.000%

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

Supplementary Information
December 31, 2024 and 2023

Aspinwall, LLC

	2024	2023
Maintenance and Operating		
Reimbursed salaries and benefits	$ 458,120	$ 370,146
Supplies	109,356	73,326
Grounds	70,757	98,123
Other contracted services	164,191	104,300
Mitigation costs	6,360	20,713
Painting	18,564	4,525
Trash removal	62,003	53,715
Snow removal	98,741	109,821
	$ 988,092	$ 834,669
Utilities		
Electricity	$ 195,796	$ 182,516
Water and sewer	199,245	148,494
Gas and oil	41,928	51,931
Other utilities	20,724	21,564
	$ 457,693	$ 404,505
Administrative		
Reimbursed salaries and benefits	$ 315,713	$ 227,023
Management fees	80,160	80,160
Homeowners association fees	52,974	42,222
Audit and accounting	9,870	8,240
Other administrative	13,032	15,014
Bad debt	285	10,314
Legal	488	1,264
	$ 472,522	$ 384,237
Insurance	$ 153,705	$ 155,655
Interest		
BCHA	$ 421,345	$ 419,712
FirstBank permanent loan	476,704	496,341
Mile High Community loan	41,237	41,587
	$ 939,286	$ 957,640