



Financial Statements  
December 31, 2024 and 2023  
**Tungsten Village LLC**

Independent Auditor's Report .....	1
Financial Statements	
Balance Sheets .....	4
Statements of Operations and Members' Equity .....	5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7
Supplementary Information	
Schedules of Maintenance and Operating, Utilities, Administrative, Insurance, and Interest Expenses.....	15



## **Independent Auditor's Report**

To the Members  
Tungsten Village LLC  
Boulder, Colorado

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Tungsten Village 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 Tungsten Village 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 Tungsten Village 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 Tungsten Village 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 Tungsten Village 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 Tungsten Village 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fargo, North Dakota  
March 27, 2025

Tungsten Village LLC  
Balance Sheets  
December 31, 2024 and 2023

	2024	2023
Assets		
Cash	\$ 236,896	\$ 192,266
Accounts receivable	4,530	2,846
Prepaid expenses	20,458	20,066
Tenant security deposits	7,895	7,895
Restricted cash	158,260	147,397
Property and equipment, at cost, less accumulated depreciation	7,791,885	8,094,553
Tax credit fees, net of accumulated amortization of \$42,014 in 2024 and \$32,678 in 2023	98,037	107,374
	<u>\$ 8,317,961</u>	<u>\$ 8,572,397</u>
Liabilities and Members' Equity		
Liabilities		
Accounts payable	\$ 1,102	\$ 1,237
Due to related party	144,699	83,593
Accrued expenses	274,427	221,424
Tenant security deposits payable	6,850	7,250
Long-term debt, net of unamortized debt issuance costs	3,919,460	3,941,559
Total liabilities	4,346,538	4,255,063
Members' Equity	3,971,423	4,317,334
	<u>\$ 8,317,961</u>	<u>\$ 8,572,397</u>

Tungsten Village LLC  
Statements of Operations and Members' Equity  
Years Ended December 31, 2024 and 2023

	2024	2023	
Operations			
Revenue			
Tenant rent	\$ 242,833	\$ 237,754	
Rental assistance payments	278,791	234,708	
Less vacancies	(10,738)	(14,553)	
Net rental income	510,886	457,909	
Tenant charges	1,276	1,000	
Interest income	2,829	2,123	
Other income	2,040	5,650	
Total revenue	517,031	466,682	
Expenses			
Maintenance and operating	87,513	83,718	
Utilities	85,682	68,865	
Administrative	116,249	80,037	
Insurance	41,767	41,442	
Interest	199,443	185,253	
Depreciation and amortization	312,004	312,004	
	842,658	771,319	
Loss Before Company Administration Fee and Investor Service Fee	(325,627)	(304,637)	
Company Administration Fee	14,656	12,430	
Investor Service Fee	5,628	5,464	
Net Loss	\$ (345,911)	\$ (322,531)	
Members' Equity			
	Managing Member	Investor Member	Total
Balance, December 31, 2022	\$ 11	\$ 4,639,854	\$ 4,639,865
Net loss	(32)	(322,499)	(322,531)
Balance (Deficit), December 31, 2023	(21)	4,317,355	4,317,334
Net loss	(35)	(345,876)	(345,911)
Balance (Deficit), December 31, 2024	\$ (56)	\$ 3,971,479	\$ 3,971,423

Tungsten Village LLC  
Statements of Cash Flows  
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Activities		
Net loss	\$ (345,911)	\$ (322,531)
Adjustments to reconcile net loss to net cash from operating activities		
Depreciation	302,667	302,667
Amortization	9,337	9,337
Interest expense attributable to amortization of debt issuance costs	12,658	12,659
Changes in operating assets and liabilities		
Accounts receivable	(1,684)	(1,376)
Prepaid expenses	(392)	(12)
Accounts payable	(135)	(8,530)
Due to related party	61,106	35,751
Accrued expenses	53,003	48,392
Tenant security deposits payable	(400)	300
Net Cash From Operating Activities	<u>90,249</u>	<u>76,657</u>
Net Cash Used for Financing Activity		
Principal payments on long-term debt	<u>(34,756)</u>	<u>(33,784)</u>
Net Change in Cash, Tenant Security Deposits, and Restricted Cash	55,493	42,873
Cash, Tenant Security Deposits, and Restricted Cash, Beginning of Year	<u>347,558</u>	<u>304,685</u>
Cash, Tenant Security Deposits, and Restricted Cash, End of Year	<u><u>\$ 403,051</u></u>	<u><u>\$ 347,558</u></u>
Cash	\$ 236,896	\$ 192,266
Tenant Security Deposits	7,895	7,895
Restricted Cash	<u>158,260</u>	<u>147,397</u>
Total cash, tenant security deposits, and restricted cash	<u><u>\$ 403,051</u></u>	<u><u>\$ 347,558</u></u>
Supplemental Disclosure of Cash Flow Information		
Cash payments for interest	<u><u>\$ 141,121</u></u>	<u><u>\$ 142,095</u></u>



## **Note 1 - Principal Business Activity and Significant Accounting Policies**

### **Principal Business Activity, Risks, and Uncertainty**

Tungsten Village LLC (Company) was formed November 12, 2018, 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 26-unit multi-family housing complex located in Nederland, Colorado. Substantially all of the Company's income is derived from the rental of its apartment units. The Company began operations in August 2020.

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 in bank deposit accounts which may 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 \$157,600 and \$100,900, respectively, in excess of FDIC-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 and improvements	5 - 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, 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 is expected to be approximately \$9,340 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 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. Rent income from tenants and rental assistance payments are recognized in the month in which it is earned rather than received. Tenant rent represents gross rent for all units in the project. Prepaid rent is recorded for rent or charges received in advance. Vacancy loss is recorded for any unrented units to arrive at net rental income.

The future cash flows from operating lease payments to be received as of December 31, 2024 in 2025 are approximately \$30,800.

## 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 March 27, 2025, the date which the financial statements were available to be issued.

## Note 2 - Restricted Cash

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

	2024	2023
Replacement reserve	\$ 34,977	\$ 26,943
Operating reserve	123,283	120,454
	<u>\$ 158,260</u>	<u>\$ 147,397</u>

## 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. In addition, the mortgage agreement requires the Company to make monthly deposits of \$650.

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

	2024	2023
Balance, January 1	\$ 26,943	\$ 18,909
Deposits	8,034	8,034
Withdrawals	-	-
	<u>\$ 34,977</u>	<u>\$ 26,943</u>

### Operating Reserve

Pursuant to the operating agreement, the Company is to establish and maintain an operating reserve equal to \$118,000. The reserve is to be funded upon the third and fourth 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. As of December 31, 2024 and 2023, the insurance escrow has not been funded.

### Note 3 - Tenant Security Deposits

Pursuant to management policy, the Company has set aside funds to repay tenant security deposits after lease termination.

### Note 4 - Property and Equipment

As disclosed in Note 1, the Partnership owns and operates a 26-unit low-income housing project in Nederland, Colorado. All of the Partnership's property and equipment is subject to operating leases with the residential tenants at December 31, 2024 and 2023. Property and equipment at December 31, 2024 and 2023, consist of the following:

	2024	2023
Land and improvements	\$ 939,926	\$ 939,926
Buildings and improvements	7,939,813	7,939,813
Equipment and furnishings	247,116	247,116
	<u>9,126,855</u>	<u>9,126,855</u>
Accumulated depreciation	<u>(1,334,970)</u>	<u>(1,032,302)</u>
	<u><u>\$ 7,791,885</u></u>	<u><u>\$ 8,094,553</u></u>

## Note 5 - Accrued Expenses

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

	2024	2023
Interest		
FirstBank	\$ 11,839	\$ 13,063
BCHA 6% - \$500,000	49,238	33,721
BCHA 3% - \$400,000	70,915	57,199
BCHA 1% - \$260,000	16,563	13,824
BCHA 3% - \$440,000	72,117	57,201
Company Administration Fee (Note 8)	53,755	40,952
Investor Service Fee (Note 8)	-	5,464
	<u>\$ 274,427</u>	<u>\$ 221,424</u>

## Note 6 - Long-Term Debt

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

	2024	2023
Non Related Party		
5.0% \$2,880,000 note payable to FirstBank, monthly payments of principal and interest in the amount of \$14,656, due June 2037, secured by deed of trust, security agreement, fixture filing and assignment of leases and rents	\$ 2,749,629	\$ 2,784,386
Unamortized debt issuance costs, based upon an effective interest rate of 5.94%	(155,063)	(167,721)
	<u>2,594,566</u>	<u>2,616,665</u>
Related Party		
6.0%, \$500,000 note payable to Boulder County Housing Authority (BCHA), payments are to be made from available cash flow, unpaid principal and interest due December 2054, secured by a deed of trust on the property	224,894	224,894
3.0%, \$400,000 note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due December 2054, secured by a deed of trust on the property	400,000	400,000

	<u>2024</u>	<u>2023</u>
1.0%, \$260,000 note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due December 2054, secured by a deed of trust on the property	260,000	260,000
3.0%, \$440,000 note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due December 2054, secured by a deed of trust on the property	<u>440,000</u>	<u>440,000</u>
Total long-term debt, net of unamortized debt issuance costs	<u><u>\$ 3,919,460</u></u>	<u><u>\$ 3,941,559</u></u>

Future maturities of long-term debt are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2025	\$ 37,101
2026	39,027
2027	41,052
2028	42,802
2029	45,703
Thereafter	3,868,838
Unamortized debt issuance costs	<u>(155,063)</u>
	<u><u>\$ 3,919,460</u></u>

The Company has loan agreements containing certain covenants related to, among other matters, the maintenance of debt coverage ratios.

## **Note 7 - Property Taxes**

The Company is exempt from property taxes under C.R.S 29-4-507 through Tungsten GP, LLC. Currently there is no expiration date on the property tax exemption for so long as Tungsten GP, 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 BCHA (Note 6), an entity related to the general partner. During 2024 and 2023, the Company incurred total interest of \$46,887 and \$30,499, respectively, on the BCHA mortgage notes payable. As of December 31, 2024 and 2023, the Company owes BCHA \$208,832 and \$161,945, respectively, for accrued interest (Note 5).

### **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 \$10,000 annually. During 2024 and 2023, the Company incurred management fees of \$10,000 to BCHA.

BCHA is periodically reimbursed for various office expenses, payroll and other operating expenses incidental to the operations of the project. During 2024 and 2023, the Company reimbursed BCHA approximately \$51,000 and \$101,200, respectively. As of December 31, 2024 and 2023, the Company owed BCHA \$144,699 and \$83,593, respectively, 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 2020 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 2024 and 2023, the Company incurred \$5,628 and \$5,464, respectively, for investor service fees. As of December 31, 2024 and 2023, the Company owes \$0 and \$5,464, respectively, 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 \$11,375 annually, commencing on the later of the year 2020 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 2024 and 2023, the Company incurred \$14,656 and \$12,430, respectively, for company administration fees. As of December 31, 2024 and 2023, the Company owed the managing member \$53,755 and \$40,952, respectively, 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 \$234,000, 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 development fee;
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 in accordance with Section 8.01 of the operating agreement.

## Note 9 - Members' Equity

Members	Profit and Loss Percentages
Managing Tungsten GP, LLC	0.01%
Investor Enterprise FB Housing Fund I, LLLP	99.99%
	<u>100.00%</u>

Pursuant to the operating agreement, the investor member is to make capital contributions in the amount of \$5,570,542. During 2024 and 2023, the investor member made capital contributions of \$0 to the Company and paid \$40,000 of syndication costs in 2020. As of December 31, 2024 and 2023, the investor member has made total contributions of \$5,570,542 with an upward adjustment of \$5,457, respectively, to the Company.

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.





Supplementary Information  
December 31, 2024 and 2023  
**Tungsten Village LLC**

Tungsten Village LLC

Schedules of Maintenance and Operating, Utilities, Administrative, Insurance, and Interest Expenses  
Years Ended December 31, 2024 and 2023

	2024	2023
Maintenance and Operating		
Reimbursed salaries and benefits	\$ 72,913	\$ 65,072
Supplies	4,779	8,017
Contracted services	9,821	10,629
	<u>\$ 87,513</u>	<u>\$ 83,718</u>
Utilities		
Electricity	\$ 33,432	\$ 29,727
Trash removal	10,643	9,592
Water and sewer	41,607	29,546
	<u>\$ 85,682</u>	<u>\$ 68,865</u>
Administrative		
Reimbursed management salaries and benefits	\$ 95,964	\$ 60,749
Management fees	10,000	10,000
Other administrative	2,839	2,598
Audit and accounting	8,530	6,670
Legal	-	20
Bad debt (recoveries)	(1,084)	-
	<u>\$ 116,249</u>	<u>\$ 80,037</u>
Insurance		
Insurance	\$ 34,679	\$ 34,387
Other taxes, licenses, permits, and financial	7,088	7,055
	<u>\$ 41,767</u>	<u>\$ 41,442</u>
Interest		
FirstBank note	\$ 152,556	\$ 154,754
BCHA notes	46,887	30,499
	<u>\$ 199,443</u>	<u>\$ 185,253</u>