Financial Statements
December 31, 2024

Willoughby Corner Multifamily LLLP

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Independent Auditor's Report

To the Partners
Willoughby Corner Multifamily LLLP
Boulder, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Willoughby Corner Multifamily LLLP, which comprise the balance sheet as of December 31, 2024, and the related statements of operations, partners' equity, and cash flows for the period from inception (March 10, 2023) to December 31, 2024, 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 Willoughby Corner Multifamily LLLP as of December 31, 2024, and the results of its operations and its cash flows for the period from inception (March 10, 2023) to December 31, 2024, 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 Willoughby Corner Multifamily LLLP 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.

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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 Willoughby Corner Multifamily LLLP'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 Willoughby Corner Multifamily LLLP'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 Willoughby Corner Multifamily LLLP'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, 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
August 18, 2025

Willoughby Corner Multifamily LLLP
Balance Sheet
December 31, 2024

Assets	
Cash	$ 276,000
Accounts receivable	462
Prepaid expenses	18,694
Tenant security deposits	1
Restricted cash	2
Property and equipment, at cost, net of accumulated depreciation	67,682,181
Tax credit fees	196,988
Other assets	512,447
	$ 68,686,775
Liabilities and Partners' Equity	
Liabilities	
Accounts payable	$ 108,947
Accounts payable - construction	4,656,799
Due to related party	135,968
Accrued expenses	928,580
Tenant security deposits payable	12,600
Construction bonds payable	33,232,590
Developer fee payable	5,102,263
Long-term debt	19,016,880
Total liabilities	63,194,627
Partners' Equity	5,492,148
	$ 68,686,775

Revenue		
Tenant rent	$	25,617
Rental assistance		9,319
Less vacancies		(6,897)
Net rental income		28,039
Other income		322
Total revenue		28,361
Expenses		
Maintenance and operating		837
Administrative		78,631
Insurance		2,110
Interest		38,295
Depreciation		41,610
Total expenses		161,483
Net Loss	$	(133,122)

	General Partner	Limited Partners	Investment Partner	State Investment Partner	Total
Balance, March 10, 2023	$ -	$ -	$ -	$ -	$ -
Contributions	50	60	4,979,853	725,307	5,705,270
Syndication costs	-	-	(50,000)	(30,000)	(80,000)
Net loss	(7)	(20)	(131,764)	(1,331)	(133,122)
Balance, December 31, 2024	$ 43	$ 40	$ 4,798,089	$ 693,976	$ 5,492,148

Operating Activities	
Net loss	$ (133,122)
Adjustments to reconcile net loss to net cash from operating activities	
Depreciation	41,610
Changes in operating assets and liabilities	
Accounts receivable	(462)
Prepaid expenses	(18,694)
Accounts payable	108,947
Accrued expenses	380,010
Tenant security deposits payable	12,600
Net Cash From Operating Activities	390,889
Net Cash Used for Investing Activity	
Purchase of property and equipment	(57,280,191)
Financing Activities	
Payment of tax credit fees	(196,988)
Payment of other assets	(512,447)
Proceeds from construction bonds payable	33,232,590
Proceeds from long-term debt	19,016,880
Payment of syndication costs	(80,000)
Partner contributions	5,705,270
Net Cash from Financing Activities	57,165,305
Net Change in Cash, Tenant Security Deposits, and Restricted Cash	276,003
Cash, Tenant Security Deposits, and Restricted Cash, Beginning of Period	-
Cash, Tenant Security Deposits, and Restricted Cash, End of Period	$ 276,003
Cash	$ 276,000
Tenant Security Deposits	1
Restricted Cash	2
Total cash, tenant security deposits, and restricted cash	$ 276,003

Supplemental Disclosure of Cash Flow Information	
Cash payments for interest, net of capitalized interest	$ 16,377
Supplemental Disclosure of Noncash Investing and Financing Activities	
Increase in property and equipment from developer fee payable	$ 5,102,263
Increase in property and equipment from accounts payable - construction	$ 4,656,799
Increase in property and equipment from due to related party	$ 135,968
Increase in property and equipment from accrued interest	$ 548,570

Note 1 - Principal Business Activity and Significant Accounting Policies

Principal Business Activity, Risks, and Uncertainty

Willoughby Corner Multifamily LLLP (the Partnership) was formed March 10, 2023, as a limited liability limited partnership under the laws of the State of Colorado and shall continue in perpetual existence, unless dissolved or terminated at an earlier date. The Partnership was formed for the purpose to develop, finance, own, maintain, and operate a 129-unit low income multi-family housing complex located in Lafayette, Colorado. Substantially all of the Partnership's income is derived from the rental of its apartment units. The Partnership began operations in November 2024.

The Partnership 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 Partnership 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 Partners. 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 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, the Partnership had approximately $40,800 in excess of FDIC-insured limits.

Receivables and Credit Policy

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

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	0-15 years
Buildings and improvements	30 years
Furniture and fixtures	5 years

The Partnership 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.

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 $13,130 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 limited partnership, the Partnership's taxable income or loss is allocated to partners in accordance with the operating agreement. Therefore, no provision for income taxes has been included in the financial statements.

The Partnership 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, the unrecognized tax benefit accrual was zero. The Partnership 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 and rental assistance 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 December 31, 2024 in 2025 are approximately $277,100.

Advertising and Marketing

Advertising and marketing costs are expensed as incurred.

Organization Costs

Costs of $106,173 incurred for the organization of the Partnership have been expensed.

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 Partnership has evaluated subsequent events through August 18, 2025, the date which the financial statements were available to be issued.

Note 2 - Restricted Cash

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

Replacement Reserve	$ 1
Operating Reserve	1
	$ 2

Replacement Reserve

Pursuant to the terms of the partnership agreement, the Partnership is to establish a replacement reserve to fund major repairs, capital expenditures, and replacement of capital items. The Partnership is to deposit annually, $300 per unit per year, increasing at a rate of three percent each year. Any withdrawals from the replacement reserve are to be made with the consent of the special limited partner. As of December 31, 2024, the replacement reserve has not been funded.

Operating Reserve

Pursuant to the terms of the partnership agreement, the Partnership is to establish and maintain an operating reserve equal to $915,000. The reserve is to be funded at the time of third capital installment. The operating reserve shall be maintained for the duration of the tax credit compliance period and shall be used exclusively to pay for operating deficits incurred by the Partnership. Any disbursements from the operating reserve are to be made with the consent of the special limited partner. As of December 31, 2024, the operating reserve has not been funded.

Note 3 - Tenant Security Deposits

Pursuant to management policy, the Partnership 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 129-unit low-income housing project in Lafayette, Colorado. All of the Partnership's property and equipment is subject to operating leases with the residential tenants at December 31, 2024. Property and equipment at December 31, 2024 consists of the following:

Land	1,573,200
Land Improvements	4,665,483
Buildings and Improvements	59,474,898
Furniture and Fixtures	2,010,210
	67,723,791
Accumulated depreciation	(41,610)
	$ 67,682,181

Interest of $1,652,077 incurred for the period from inception to December 31, 2024 has been capitalized into the building costs.

The Partnership entered into a construction contract in the amount of $46,615,658 including change orders. As of December 31, 2024, the construction has been completed. As of December 31, 2024, the Partnership owes the contractor $4,504,976. This amount is included in accounts payable – construction on the balance sheet.

Note 5 - Accrued Expenses

Accrued expenses at December 31, 2024 consist of the following:

Interest		
FirstBank construction bonds	$	133,365
Bounder County Housing Authority (BCHA) 4.25% - $14,124,106 (Note 9)		576,028
BCHA 4.25% - $1,646,094 (Note 9)		115,562
BCHA 4.25% - $1,470,000 (Note 9)		103,200
		928,155
Subordinate Management Fees (Note 9)		425
	$	928,580

Note 6 - Construction Bonds Payable

The Partnership financed the construction of the project in part with a 5.22% Mult-Family Housing Revenue Bond issued by BCHA (issuer) and payable to FirstBank, in an amount up to $37,791,108, of which $4,026,333 is taxable. The note is secured by a deed of trust, security agreement and fixture filing. The Partnership is to make monthly payments of interest through the expected conversion date, December 2025. As of December 31, 2024, the balance of the construction bonds payable was $33,232,590.

During the period from inception to December 31, 2024, the Partnership incurred interest of $895,582, of which $868,694 was capitalized into the building costs and $26,888 was expensed.

Note 7 - Long-Term Debt

Long-term debt at December 31, 2024 consists of:

Related Party	
4.25%, $14,124,106 note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due May 2065, secured by a deed of trust, security agreement, financing statement and fixture filing - (a)	$ 13,724,106
4.25%, $1,646,094 note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due May 2065, secured by a deed of trust, security agreement, financing statement and fixture filing	1,646,094
4.25%, $1,470,000 note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due May 2055, secured by a deed of trust, security agreement, financing statement and fixture filing	1,470,000
0%, $2,176,680 note payable to BCHA, payments are to be made from available cash flow, unpaid principal and interest due May 2065, secured by a deed of trust, security agreement, financing statement and fixture filing	2,176,680
Total long-term debt	$ 19,016,880

(a) The remaining proceeds of $400,000 are expected to be received in 2025.

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 8 - Property Taxes

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

Note 9 - Related Party Transactions

Developer Fees

A developer fee of $5,610,562 to BCHA, an affiliate of the general partner, has been capitalized as part of the building costs. During the period from inception to December 31, 2024, the Partnership paid $508,299 for developer fees, which is included in the purchase of property and equipment on the cash flow statement. As of December 31, 2024, the Partnership owes BCHA $5,102,263 for developer fees, which are expected to be paid from capital contributions and available cash flow. The developer fee is due no later than 15 years from the second capital contribution.

Notes Payable and Accrued Interest

The Partnership has entered into multiple loan agreements with BCHA (Note 7). During the period from inception to December 31, 2024, the Partnership incurred interest of $794,790 on the BCHA notes payable, of which $783,383 has been capitalized into the building costs and $11,407 was expensed. As of December 31, 2024, the Partnership owes BCHA $794,790 for accrued interest (Note 5).

Management Fees

The Partnership has entered into a management agreement with BCHA to provide management services for the project. Under the terms of the agreement, the Partnership is to pay management fees equal to 4.5% of total gross income. During the period from inception to December 31, 2024, the Partnership incurred and paid management fees of $1,276 to BCHA.

The Partnership is to pay subordinate management fees equal to the excess of management fees, up to 6% of gross income. The subordinate management fee shall be payable from available cash flow. During the period from inception to December 31, 2024, the Partnership incurred subordinate management fees of $425. As of December 31, 2024, the Partnership owes BCHA $425 for subordinate management fees.

BCHA is periodically reimbursed for various office expenses, payroll and other operating expenses incidental to the operations of the project. As of December 31, 2024, the Partnership owes BCHA $54,196 for payroll and other operating expenses, which is included in accounts payable on the balance sheet.

Asset Management Fees

Pursuant to the partnership agreement, the special limited partner shall be paid an annual, cumulative asset management fee of $5,000, increasing by 3% each year, commencing on the date of the third capital contribution. The asset management fee shall be payable from available cash flow. The Partnership did not incur or pay any asset management fees during the period ending December 31, 2024.

State Asset Management Fees

Pursuant to the partnership agreement, the state investment partner shall be paid an annual, cumulative state asset management fee of $2,000, increasing by 3% each year, commencing on the date of the third capital contribution. The state asset management fee shall be payable from available cash flow. The Partnership did not incur or pay any state asset management fees during the period ending December 31, 2024.

Due to Related Party

During the period from inception to December 31, 2024, BCHA paid for construction costs on behalf of the Partnership. As of December 31, 2024, the Partnership owes BCHA $135,968 for construction costs.

Operating Deficit Guaranty

Pursuant to the partnership agreement, the general partner is required to fund operating deficits commencing from the third capital contribution and five years thereafter as defined in the agreement, up to $913,318. The operating deficit loan shall bear no interest and shall be payable from cash flow.

Distributions of Cash Flow

Pursuant to the partnership agreement, net cash flow shall be distributed to the Partners in the following priority:

1. First, to the investment partner and state investment partner pro-rata to the credit deficiency.
2. Second, to the payment of asset management fees and state asset management fee and then any amount due to special limited partner.
3. Third, to replenish operating reserve minimum to original balance.
4. Fourth, payment of the subordinate management fee.
5. Fifth, payment of the development fee.
6. Sixth, payment of the deferred management fee.
7. Seventh, payment of any operating deficit loan and development deficit loan.
8. Eighth, payment of the BCHA seller loan until paid in full.
9. Ninth, payment of the BCHA gap loan and BCHA worthy cause loan until fully paid.
10. Tenth, payment of the BCHA ARPA loan until fully paid.
11. The balance shall then be distributed 1% to the state investment partner, 10% to the investment partner, 0.005% to the general partner, 88.895% to the administrative limited partner and 0.01% to the special limited partner.

Note 10 - Partners' Equity

Partners	Ownership Percentages
General	
Willoughby Corner Multifamily GP LLC	0.005%
Administrative Limited	
Willoughby Corner Multifamily ALP LLC	0.005%
Special Limited	
Hudson-FM SLP LLC	0.01%
Investment	
Hudson Willoughby 4% LLC	98.98%
State Investment	
MPC CO Willoughby Corner PCFd, LLC	1.00%
	100.00%

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

Pursuant to the partnership agreement, the general partner is to make capital contributions in the amount of $50. As of December 31, 2024, the general partner has made contributions of $50 to the Partnership.

Pursuant to the partnership agreement, the administrative limited partner is to make capital contributions in the amount of $50. As of December 31, 2024, the administrative limited has made contributions of $50 to the Partnership.

Pursuant to the partnership agreement, the special limited partner is to make capital contributions in the amount of $10. As of December 31, 2024, the special limited partner has made contributions of $10 to the Partnership.

Pursuant to the partnership agreement, the investment partner is to make capital contributions in the amount of $33,859,841. As of December 31, 2024, the investment partner has made contributions of $4,979,853 to the Partnership, which includes syndication costs of $50,000.

Pursuant to the partnership agreement, the state investment partner is to make capital contributions in the amount of $4,842,053. As of December 31, 2024, the state investment partner has made contributions of $725,307 to the Partnership, which includes syndication costs of $30,000.

Supplementary Information
December 31, 2024

Willoughby Corner Multifamily LLLP

Maintenance and Operating		
Reimbursed maintenance payroll and benefits	$	136
Maintenance supplies		203
Contracted services		498
	$	837
Administrative		
Organizational	$	76,173
Management fees		1,277
Subordinate management fees		425
Other administrative		756
	$	78,631
Insurance	$	2,110
Interest		
FirstBank construction bonds	$	26,888
BCHA 4.25% - $14,124,106		10,161
BCHA 4.25% - $1,646,094		1,246
	$	38,295