NOVOGRADAC & COMPANY LLP®

2814 LLLP

Financial Statements with Report of Independent Auditors
December 31, 2022 and 2021

2814 LLLP

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NOVOGRADAC & COMPANY LLP®

Report of Independent Auditors

To the Partners of
2814 LLLP:

Opinion

We have audited the accompanying financial statements of 2814 LLLP, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in partners' equity, and cash flows for the year ended December 31, 2022 and the period from May 1, 2019 (inception) to December 31, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 2814 LLLP as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year ended December 31, 2022 and the period from May 1, 2019 (inception) to December 31, 2021 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 2814 LLLP 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, 2814 LLLP adopted accounting standards changes related to accounting for and disclosing leasing arrangements. Our opinion is not modified with respect to this matter.

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; this includes 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 2814 LLLP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 2814 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 2814 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 audits.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Expenses is presented for 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 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 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.

Disclaimer of Opinion on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Cash Available for Distribution (Unaudited), which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Novogradac & Company LLP

San Francisco, California
May 19, 2023

2814 LLLP

BALANCE SHEETS

December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 132,177	$ 218,556
Restricted cash	181,388	46,028
Accounts receivable	6,475	-
Prepaid expenses	786	2,825
Rental property, net	15,560,623	16,033,757
Deferred charges, net	116,563	161,191
Total assets	$ 15,998,012	$ 16,462,357
LIABILITIES AND PARTNERS' EQUITY		
Liabilities:		
Accounts payable	$ 7,387	$ 15,632
Security deposits payable	46,901	46,165
Prepaid rent	-	1,311
Due to affiliate	163,882	173,155
Developer fee payable	224,912	1,000,000
Accrued interest	149,295	97,639
Asset management fee payable	5,150	5,000
GP asset management fee payable	30,450	15,000
Long-term debt, net	3,397,087	13,066,942
Total liabilities	4,025,064	14,420,844
Partners' equity	11,972,948	2,041,513
Total liabilities and partners' equity	$ 15,998,012	$ 16,462,357

The accompanying notes are an integral part of these financial statements.

2814 LLLP
STATEMENTS OF OPERATIONS
For the year ended December 31, 2022 and
the period from May 1, 2019 (inception) to December 31, 2021

	2022	2021
REVENUE		
Rental revenue	$ 534,108	$ 361,231
Other revenue	37,400	14,261
Total revenue	571,508	375,492
OPERATING EXPENSES		
General and administrative	173,319	114,013
Utilities	93,991	57,449
Repairs and maintenance	98,684	64,434
Insurance	51,210	35,286
Total operating expenses	417,204	271,182
Net operating income	154,304	104,310
OTHER INCOME AND (EXPENSES)		
Interest income	413	6
Interest expense	(145,670)	(304,602)
Depreciation	(473,134)	(394,279)
Amortization	(8,966)	(8,966)
Organization costs	-	(20,000)
Asset management fee	(5,150)	(5,000)
GP asset management fee	(15,450)	(15,000)
Net other income and (expenses)	(647,957)	(747,841)
NET LOSS	$ (493,653)	$ (643,531)

The accompanying notes are an integral part of these financial statements.

2814 LLLP

STATEMENTS OF CHANGES IN PARTNERS' EQUITY

For the year ended December 31, 2022 and

the period from May 1, 2019 (inception) to December 31, 2021

	General Partner	Limited Partner	Total Partners' Equity
Balance, May 1, 2019 (inception)	$ -	$ -	$ -
Contributions	-	2,722,381	2,722,381
Syndication costs	-	(37,337)	(37,337)
Net loss	(64)	(643,467)	(643,531)
Balance, December 31, 2021	$ (64)	$ 2,041,577	$ 2,041,513
Contributions	-	10,425,088	10,425,088
Net loss	(49)	(493,604)	(493,653)
Balance, December 31, 2022	$ (113)	$ 11,973,061	$ 11,972,948

The accompanying notes are an integral part of these financial statements.

2814 LLLP

STATEMENTS OF CASH FLOWS

For the year ended December 31, 2022 and

the period from May 1, 2019 (inception) to December 31, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (493,653)	$ (643,531)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization of debt issuance costs	8,562	27,730
Depreciation	473,134	394,279
Amortization	8,966	8,966
Changes in assets and liabilities		
Accounts receivable	(6,475)	-
Prepaid expenses	2,039	(2,825)
Accounts payable	(8,245)	15,632
Security deposits payable	736	46,165
Prepaid rent	(1,311)	1,311
Due to affiliate	(9,273)	173,155
Accrued interest	51,656	97,639
Asset management fee payable	150	5,000
GP asset management fee payable	15,450	15,000
Net cash provided by operating activities	41,736	138,521
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of rental property	-	(15,394,760)
Additions to deferred charges	-	(134,495)
Net cash used in investing activities	-	(15,529,255)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of developer fee payable	(775,088)	-
Proceeds from long-term debt	718,823	13,072,489
Payment of long-term debt	(10,341,323)	-
Additions to debt issuance costs	(20,255)	(102,215)
Contributions	10,425,088	2,722,381
Syndication costs	-	(37,337)
Net cash provided by financing activities	7,245	15,655,318
NET CHANGE IN CASH AND CASH EQUIVALENTS	48,981	264,584
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF PERIOD	264,584	-
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD	$ 313,565	$ 264,584
Cash and cash equivalents	$ 132,177	$ 218,556
Restricted cash	181,388	46,028
Total cash, cash equivalents and restricted cash	$ 313,565	$ 264,584

(continued)

2814 LLLP
STATEMENTS OF CASH FLOWS (continued)
For the year ended December 31, 2022 and
the period from May 1, 2019 (inception) to December 31, 2021

	2022	2021
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	$ 85,452	$ 288,816
Interest capitalized to fixed assets	$ -	$ 109,583
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Increase in debt issuance costs from deferred charges	$ 35,662	$ -
Increase in rental property from developer fee payable	$ -	$ 1,000,000
Increase in rental property from capitalized amortization	$ -	$ 33,276

(concluded)

The accompanying notes are an integral part of these financial statements.

1. General

2814 LLLP (the "Partnership") is a Colorado limited liability limited partnership formed on May 1, 2019, for the purposes of acquiring, financing, owning, constructing, rehabilitating, maintaining, improving, operating, leasing and, if appropriate or desirable, selling or otherwise disposing of the apartment complex in a manner consistent with the requirements of Code Section 42. The apartment complex is a 60-unit, multifamily rental housing development in Grand Junction, Colorado, for low to moderate-income residents. Pursuant to the Amended and Restated Agreement of Limited Partnership dated March 13, 2020 (the "Partnership Agreement"), the Partnership shall continue in full force and effect until December 31, 2085. The Partnership may be dissolved prior to such date if certain events occur, which are outlined in the Partnership Agreement.

The Project 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 Project 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/or 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 limited partners. All units within this Project are subject to the rent restrictions and qualified tenant restrictions as required by the Low Income Housing Tax Credit Program.

Pursuant to the Partnership Agreement, income or loss of the Partnership is allocated 99.99% to Wells Fargo Affordable Housing Community Development Corporation (the "Limited Partner") and 0.01% to The Grand Junction Housing Authority (the "General Partner"). The Partnership is generating low-income housing tax credits, which will be allocated in the same manner.

The Limited Partner is required to provide capital contributions to the Partnership totaling $13,092,381, subject to adjustments based on the amount of low-income housing tax credits allocated to the Project in addition to other occurrences as more fully explained in the Partnership Agreement. As of December 31, 2022 and 2021, the Limited Partner has provided cumulative contributions of $13,147,469 and $2,722,381, respectively.

2. Summary of significant accounting policies and nature of operations

Basis of accounting
The Partnership prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Cash and cash equivalents
Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, and repairs or improvements to the buildings which extend their useful lives.

Concentration of credit risk
The Partnership places its temporary cash investments with high credit quality financial institutions. At times, the account balances may exceed the institution's federally insured limits. The Partnership has not experienced any losses in such accounts.

2. Summary of significant accounting policies and nature of operations (continued)

Accounts receivable
Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to trade accounts receivable. As of December 31, 2022 and 2021, the balance of the allowance for doubtful accounts was $0.

Capitalization and depreciation
Land, buildings, land improvements, and equipment and furnishings are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized and expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gain or loss is reflected in the statements of operations. The estimated useful lives are as follows:

	Years
Building and improvements	40
Land improvements	20
Equipment and furnishings	10

Impairment of long-lived assets
The Partnership reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. There were no impairment losses recognized for the year ended December 31, 2022 and the period from May 1, 2019 (inception) to December 31, 2021 (collectively, the "Periods").

Income taxes
Income taxes on Partnership income are levied on the partners at the partner level. Accordingly, all profits and losses of the Partnership are recognized by each partner on its respective tax return.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Partnership to report information regarding its exposure to various tax positions taken by the Partnership. The Partnership has determined whether any tax positions have met the recognition threshold and has measured the Partnership's exposure to those tax positions. Management believes that the Partnership has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Partnership are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Deferred charges
The Partnership is amortizing tax credit fees on the straight-line basis over the related tax credit compliance period of 15 years.

2. Summary of significant accounting policies and nature of operations (continued)

Revenue recognition for tenant leases and tenant charges
The Partnership is the lessor of the Project and accounts for tenant leases as operating leases. The Partnership determines if a contract is a lease or contains a lease at inception. At the commencement of an operating lease, no income is recognized; subsequently, lease payments received are recognized on a straight-line basis. Rental revenue attributable to tenant leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue includes fees for late payments, cleaning, damages, laundry facilities and other tenant charges and is recorded when earned. Advance receipts of revenue are deferred and classified as liabilities until earned.

Advertising
Advertising costs are expensed as incurred.

Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Economic concentrations
The Partnership operates one property in Grand Junction, Colorado. Future operations could be affected by changes in the economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

Subsequent events
Subsequent events have been evaluated through May 19, 2023, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

Change in accounting principle
In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 842, *Leases* ("FASB ASC 842") to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the balance sheet by lessees and the disclosure of key information about leasing arrangements.

FASB ASC 842 was adopted January 1, 2022, and any adjustment necessary, if any, was recognized through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

With respect to tenant leases, FASB ASC 842 did not have a material impact on the financial statements.

3. Restricted cash

Restricted cash comprised of the following as of December 31:

	2022	2021
Tenants' security deposits	$ 47,544	$ 44,928
Operating reserve	114,344	1,000
Replacement reserve	19,500	100
Total restricted cash	$ 181,388	$ 46,028

4. Rental property, net

The Partnership's rental property, net consisted of the following as of December 31:

	2022	2021
Land	$ 580,000	$ 580,000
Land improvements	1,538,417	1,538,417
Building and improvements	13,796,645	13,796,645
Equipment and furnishings	512,974	512,974
Total rental property	16,428,036	16,428,036
Less: accumulated depreciation	(867,413)	(394,279)
Rental property, net	$ 15,560,623	$ 16,033,757

5. Deferred charges, net

The Partnership's deferred charges, net consisted of the following as of December 31:

	2022	2021
Permanent loan fees	$ -	$ 35,662
Tax credit fees	134,495	134,495
Total deferred charges	134,495	170,157
Less: accumulated amortization	(17,932)	(8,966)
Deferred charges, net	$ 116,563	$ 161,191

6. Long-term debt, net

Note payable – Bank of Colorado
On March 13, 2020, the Partnership entered into a construction loan with the Bank of Colorado ("BOC") in the initial amount of $11,145,000. The loan bears interest at a rate equal to 3.25% per annum and is secured by the Project. Interest only payments are due monthly through maturity on March 13, 2022, at which time all outstanding principal and accrued interest shall be due and payable. On January 19, 2022, the loan was partially repaid and the terms of the loan agreement were modified. Pursuant to the Change in Terms Agreement with the Bank of Colorado dated January 19, 2022, the remaining unpaid $675,000 principal balance of the construction loan was converted to a permanent loan and the maturity date was extended to January 19, 2052. Through February 18, 2039, the interest rate will be 4.75% per annum, and monthly payments of principal and interest of $3,331.49 are due monthly. Beginning February 19, 2039, the interest rate will be the Federal Home Loan Bank of Topeka 5 Year Advance Rate plus a margin of 2.75% per annum, and monthly payments of principal and interest will decrease to $3,266.57. Any remaining outstanding principal and interest will be due upon maturity. A prepayment penalty will be required to the extent a prepayment is made any time prior to January 13, 2039.

As of December 31, 2022 and 2021, accrued interest was $22,726 and $21,627, respectively. For the Periods, interest of $68,539 and $310,443, respectively, was incurred, of which $0 and $72,945, respectively, was capitalized into rental property, and $68,539 and $237,498, respectively was expensed.

Notes payable – Bank of Colorado, net consists of the following as of December 31:

	2022	2021
Principal balance	$ 671,769	$ 10,889,350
Less: unamortized debt issuance costs	-	(5,547)
Note payable – Bank of Colorado, net	$ 671,769	$ 10,883,803

6. Long-term debt, net (continued)

Note payable – Bank of Colorado (continued)
Debt issuance costs on the above loan are being amortized over the life of the loan. For the Periods, the effective interest rate was 4.88% and 3.56%, respectively. For the Periods, amortization expense was $5,547 and $61,006, respectively, of which $0 and $33,276, respectively, was capitalized to rental property, and $5,547 and $27,730, respectively, was expensed.

CHFA loan
On January 19, 2022, the Partnership entered into a loan with Colorado Housing and Finance Authority ("CHFA") in the principal amount of $725,000. The loan is secured by a deed of trust on the Project. Monthly payments of principal and interest of $2,790.16 are due monthly beginning March 1, 2022. The loan bears interest at 3.0% per annum and matures on February 1, 2039.

For the Periods, interest of $18,012 and $0, respectively, was expensed and paid.

CHFA loan, net consists of the following as of December 31:

	2022	2021
Principal balance	$ 715,110	$ -
Less: unamortized debt issuance costs	(52,902)	-
CHFA loan, net	$ 662,208	$ -

Debt issuance costs on the above loan are being amortized over the life of the loan. For the Periods, the effective interest rate was 3.19% and 0.00%, respectively. For the Periods, amortization expense for debt issuance costs was $3,015 and $0, respectively.

Grand Junction Housing Authority – Sponsor Loan
On March 13, 2020, the Partnership entered into a loan with GJHA in the initial amount of $423,163. The loan bears interest at a rate equal to 1.93% and is secured by the Project. No payments are due until maturity on March 13, 2050, at which time all outstanding principal and accrued interest shall be due and payable. The amount of the loan drawn and outstanding as of December 31, 2022 and 2021, was $423,163. Outstanding interest as of December 31, 2022 and 2021 was $23,266 and $14,813, respectively. For the Periods, interest of $8,453 and $14,813, respectively, was incurred, of which $0 and $7,981, respectively, was capitalized into rental property, and $8,453 and $6,832, respectively, was expensed.

Grand Junction Housing Authority – City Loan
On March 13, 2020, the Partnership entered into a loan with GJHA in the initial amount of $105,000. The loan bears interest at a rate equal to 1.93% and is secured by the Project. No payments are due until maturity on March 13, 2050, at which time all outstanding principal and accrued interest shall be due and payable. Pursuant to the Note and Deed of Trust Modification Agreements dated January 19, 2022, the principal was decreased to $77,450. The amount of the loan drawn and outstanding as of December 31, 2022 and 2021, was $77,450. Outstanding interest as of December 31, 2022 and 2021 was $5,241 and $3,676, respectively. For the Periods, interest of $1,565 and $3,676, respectively, was incurred, of which $0 and $1,977, respectively, was capitalized into rental property, and $1,565 and $1,699, respectively, was expensed.

6. Long-term debt, net (continued)

Grand Junction Housing Authority – CDOH Loan
On March 13, 2020, the Partnership entered into a loan with GJHA in the initial amount of $900,000. The loan bears interest at a rate equal to 1.93% and is secured by the Project. No payments are due until maturity on March 13, 2050, at which time all outstanding principal and accrued interest shall be due and payable. The amount of the loan drawn and outstanding as of December 31, 2022 and 2021 was $900,000. Outstanding interest as of December 31, 2022 and 2021 was $46,567 and $28,645, respectively. For the Periods, interest of $17,922 and $28,645, respectively, was incurred, of which $0 and $15,364, respectively, was capitalized into rental property, and $17,922 and $13,281, respectively, was expensed.

Grand Junction Housing Authority – GAP Loan
On March 13, 2020, the Partnership entered into a loan with GJHA in the initial amount of $12,184. The loan bears interest at a rate equal to 1.93% and is secured by the Project. No payments are due until maturity on March 13, 2050, at which time all outstanding principal and accrued interest shall be due and payable. Pursuant to the Note and Deed of Trust Modification Agreements dated January 19, 2022, the principal was increased to $182,526. The amount of the loan drawn and outstanding as of December 31, 2022 and 2021 was $62,497 and $182,526, respectively. Outstanding interest as of December 31, 2022 and 2021 was $1,641 and $427, respectively. For the Periods, interest of $1,214 and $427, respectively, was expensed.

Grand Junction Housing Authority – Land Loan
On March 13, 2020, the Partnership entered into a loan with GJHA in the initial amount of $580,000 for the purchase of the land from GJHA. The loan bears interest at a rate equal to 1.93% and is secured by the Project. No payments are due until maturity on March 13, 2050, at which time all outstanding principal and accrued interest shall be due and payable. Outstanding principal as of December 31, 2022 and 2021 was $580,000. Outstanding interest as of December 31, 2022 and 2021 was $31,890 and $20,304, respectively. For the Periods, interest of $11,586 and $20,304, respectively, was incurred, of which $0 and $10,939, respectively, was capitalized into rental property, and $11,586 and $9,365, respectively, was expensed.

Grand Junction Housing Authority – CDBG Loan
On March 13, 2020, the Partnership entered into a loan with GJHA in the initial amount of $20,000. The loan bears interest at a rate equal to 1.93% and is secured by the Project. No payments are due until maturity on March 13, 2050, at which time all outstanding principal and accrued interest shall be due and payable. The amount of the loan drawn and outstanding as of December 31, 2022 and 2021, was $20,000. Outstanding interest as of December 31, 2022 and 2021 was $1,100 and $700, respectively. For the Periods, interest of $400 and $700, respectively, was incurred, of which $0 and $377, respectively, was capitalized into rental property, and $400 and $323, respectively, was expensed.

Future minimum principal payment requirements over the next five years and thereafter are as follows:

Year ending December 31,		
2023	$	20,153
2024		20,825
2025		21,704
2026		22,529
2027		23,088
Thereafter		3,341,690
Total	$	3,449,989

7. Related party transactions

Developer fee

The Partnership entered into a development agreement with Grand Junction Housing Authority for a developer fee in the amount of $1,400,000. The developer fee is payable from available cash flow and is required to be paid in entirety on or before April 1, 2036. The payable shall bear interest at the long-term Applicable Federal Rate compounded annually, as defined in the agreement, and is secured by the Project. As of December 31, 2022 and 2021, developer fee payable was $224,912 and $1,000,000, respectively. As of December 31, 2022 and 2021, the interest rate was 1.62%. Outstanding interest as of December 31, 2022 and 2021 was $16,864 and $7,447, respectively. For the Periods, interest of $9,417 and $7,447, respectively, was incurred and expensed.

Property management fee

The Partnership entered into a management agreement with the General Partner under which the Partnership is obligated to pay a management fee equal to 6.5 percent of gross rental receipts of the Project. Management fees incurred and paid under this agreement totaled $36,654 and $24,407, respectively, for the Periods, which is included in general and administrative on the accompanying statements of operations.

Asset management fee

Commencing on January 1, 2021, the Partnership is required to pay the Investor Limited Partner a cumulative annual Asset Management Fee in the amount of $5,000. The fee is payable out of cash flow, as defined in the Partnership Agreement, and must be paid before payments are made to the General Partner. The fee increases each year by an inflation factor of three percent (3%). For the Periods, $5,150 and $5,000, respectively, was incurred, and as of December 31, 2022 and 2021, $5,150 and $5,000, respectively, remains payable.

GP asset management fee

Commencing on January 1, 2021, the Partnership is required to pay the General Partner a cumulative annual GP asset management fee in the amount of $15,000. The fee is payable out of cash flow, as defined in the Partnership Agreement. The fee increases each year by an inflation factor of three percent (3%). For the Periods, $15,450 and $15,000, respectively was incurred, and as of December 31, 2022 and 2021, $30,450 and $15,000, respectively, remains payable.

Due to affiliate

The General Partner is periodically reimbursed for various construction costs, office expenses, caretaker payroll and benefits, and other maintenance costs incidental to the construction and operations of the Project. As of December 31, 2022 and 2021, the Partnership owed the General Partner $163,882 and $173,155, respectively.

Notes payable – related party

The Partnership financed the Project, in part, with six 1.93% notes payable from the General Partner (see Note 6).

8. Low-income housing tax credit

The Partnership expects to generate an aggregate of $13,498,650 of federal low-income housing tax credits ("Tax Credits"). Generally, such credits become available for use by its partners pro-rata over a ten-year period, which began in 2021. The year in which the credit period begins is determined on a building-by-building basis within the Partnership. In order to qualify for these credits, the Project must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. The Partnership has also agreed to maintain and operate the Project as low-income housing for an additional 25 years beyond the initial 15 year compliance period. Because the Tax Credits are subject to compliance with certain requirements, there can be no assurance that the aggregate amount of Tax Credits will be realized and failure to meet all such requirements or to correct noncompliance within a specified time period may result in generating a lesser amount of Tax Credits than expected in future years and/or recapture of Tax Credits previously allocated. A reduction of future credits or recapture would require credit deficit payments to the Investor Partner under the terms of the Partnership Agreement.

9. Vulnerability – Impact of COVID-19

The severity of the impact of COVID-19 on the Partnership's operations will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Partnership's tenants, all of which are uncertain and cannot be predicted. The Partnership's future results could be adversely impacted by delays in rent collections. Management is unable to predict with absolute certainty the impact of COVID-19 on its financial condition, results of operations or cash flows.

SUPPLEMENTARY INFORMATION

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SCHEDULES OF EXPENSES
For the year ended December 31, 2022 and
the period from May 1, 2019 (inception) to December 31, 2021

	2022	2021
General and administrative		
Management fee	$ 36,654	$ 24,407
Accounting fees - internal	30,694	2,647
Professional fees	26,025	10,373
Office salaries	55,894	65,504
Rent	706	600
Bad debt expense	12,153	-
Other administrative	11,193	10,482
Total general and administrative	$ 173,319	$ 114,013
Utilities		
Electricity	$ 43,773	$ 26,787
Water and sewer	29,057	20,391
Trash removal	5,438	3,590
Gas	15,723	6,681
Total utilities	$ 93,991	$ 57,449
Repairs and maintenance		
Contracted services	$ 87,994	58,275
Supplies	7,080	4,607
Grounds maintenance	1,787	997
Other maintenance and operating	1,823	555
Total repairs and maintenance	$ 98,684	$ 64,434
Interest expense		
Bank of Colorado loan	$ 68,539	$ 237,498
CHFA loan	18,012	-
Amortization of debt issuance costs	8,562	27,730
Grand Junction Housing Authority - Sponsor Loan	8,453	6,832
Grand Junction Housing Authority - City Loan	1,565	1,699
Grand Junction Housing Authority - CDOH Loan	17,922	13,281
Grand Junction Housing Authority - GAP Loan	1,214	427
Grand Junction Housing Authority - Land Loan	11,586	9,365
Grand Junction Housing Authority - CDBG Loan	400	323
Developer fee payable	9,417	7,447
Total interest	$ 145,670	$ 304,602

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SCHEDULE OF CASH AVAILABLE FOR DISTRIBUTION (UNAUDITED)

December 31, 2022

Distribution of Cash Flow

Pursuant to the Partnership Agreement, cash flow of the Partnership shall be distributed in the following order of priority:

1. To the Limited Partner, an amount equal to any unpaid Downward Adjuster
2. To the Limited Partner to repay any loans from Limited Partner
3. To the Limited Partner in the amount of any unpaid asset management fee
4. To replenish the operating reserve until the balance is $105,000
5. To pay any unpaid development fee
6. To the General Partner in the amount of any unpaid asset management fee
7. To the General Partner to repay any unrepaid portion of any operating deficit contributions, credit adjuster advance, development advance, or additional advance
8. To repay the GAP loan
9. To repay the Sponsor loan
10. To repay the CDOH loan
11. To repay the City loan
12. To repay the CDBG loan
13. To repay the Land loan
14. Any balance, 99.99% shall be distributed to the Limited Partner and 0.01% to the General Partner

Total Revenue	
Net rental income	$ 534,108
Other income	37,400
Change in accounts receivable	(6,475)
Total Revenue	565,033
Operating expenses	417,204
Change in accounts payable	8,245
Required replacement reserve deposits	19,400
Bank Principal (BOC and CHFA required payments)	16,373
Bank Interest (BOC and CHFA required payments)	48,960
Total Expenses	510,182
Net Cash Flow	$ 54,851
Available Cash	$ 54,851
Less: Payment of construction costs paid by General Partner	(54,851)
Remaining Cash	$ -