49 Market Street, LLC
and Subsidiary
(A Limited Liability Company)

Consolidated Financial Statements
and Independent Auditors' Report
December 31, 2019 and 2018

49 MARKET STREET, LLC AND SUBSIDIARY
(A Limited Liability Company)

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INDEPENDENT AUDITORS' REPORT

To the Members' of
49 Market Street, LLC and Subsidiaries

We have audited the accompanying consolidated balance sheets of 49 Market Street, LLC and Subsidiaries as of December 31, 2019 and 2018, and the related consolidated statements of real estate investment, operations, changes in members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of 49 Market Street, LLC and Subsidiaries as of December 31, 2019 and 2018, 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
April 2, 2020

49 MARKET STREET, LLC AND SUBSIDIARY
(A Limited Liability Company)

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 and 2018

ASSETS

	2019	2018
Real estate investment, at fair value (cost basis of $21,014,255)	$ 23,900,000	$ 22,600,000
Cash and cash equivalents	74,908	328,967
Escrows	24,491	14,622
Accounts receivable	143,477	109,843
Total Assets	$ 24,142,876	$ 23,053,432

LIABILITIES AND MEMBERS' EQUITY

	2019	2018
Liabilities:		
Mortgage payable, net of unamortized debt issuance costs of $172,440 and $186,649	$ 15,281,289	$ 15,684,939
Accounts payable and accrued expenses	253,643	75,654
Total Liabilities	15,534,932	15,760,593
Members' Equity	8,607,944	7,292,839
Total Liabilities and Members' Equity	$ 24,142,876	$ 23,053,432

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

49 MARKET STREET, LLC AND SUBSIDIARY
(A Limited Liability Company)

CONSOLIDATED STATEMENTS OF REAL ESTATE INVESTMENT
DECEMBER 31, 2019 and 2018

			2019				2018			
Type of Investment	Location	Acquisition Date	Percentage Ownership	% of Real Estate Investments	Cost	Fair Value	Percentage Ownership	% of Real Estate Investments	Cost	Fair Value
Office	Morristown, NJ	April 9, 2015	100%	100%	$ 21,014,255	$ 23,900,000	100%	100%	$ 21,014,255	$ 22,600,000
Total Real Estate Investment			100%	100%	$ 21,014,255	$ 23,900,000	100%	100%	$ 21,014,255	$ 22,600,000

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

49 MARKET STREET, LLC AND SUBSIDIARY
(A Limited Liability Company)

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

	2019	2018
Revenue:		
Rental revenue	$ 1,962,046	$ 1,931,367
Interest income	-	1,360
Total revenue	1,962,046	1,932,727
Expenses:		
Rental operating expenses	228,656	240,645
Real estate taxes	192,598	206,668
Professional fees	62,280	21,900
General and administrative	16,677	9,443
Interest expense	640,074	657,301
Total expenses	1,140,285	1,135,957
Net investment income	821,761	796,770
Unrealized gain (loss) on investment	1,300,000	(328,703)
Net income	$ 2,121,761	$ 468,067

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

49 MARKET STREET, LLC AND SUBSIDIARY
(A Limited Liability Company)

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

	Total	Managing Member	Investor Members
Members' equity at December 31, 2017 (as originally stated)	$ 8,090,252	$ 1,618,050	$ 6,472,202
Prior period adjustment	(725,283)	(145,056)	(580,227)
Preferred distribution	(540,197)	(108,039)	(432,158)
Net income	468,067	93,613	374,454
Members' equity at December 31, 2018	$ 7,292,839	$ 1,458,568	$ 5,834,271
Preferred distribution	(416,656)	(83,331)	(333,325)
Return of capital distribution	(390,000)	(78,000)	(312,000)
Net income	2,121,761	424,352	1,697,409
Members' equity at December 31, 2019	$ 8,607,944	$ 1,721,589	$ 6,886,355

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

49 MARKET STREET, LLC AND SUBSIDIARY
(A Limited Liability Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities:		
Net income	$ 2,121,761	$ 468,067
Adjustments to reconcile net income to		
net cash provided by operating activities:		
Amortization of debt issuance costs	14,209	14,209
Unrealized gain (loss) on investment	(1,300,000)	328,703
Changes in Operating Assets and Liabilities:		
Accounts receivable	(33,634)	(3,951)
Accounts payable and accrued expenses	177,989	(108,547)
Net cash provided by operating activities	980,325	698,481
Cash Flows from Investing Activities:		
Capital expenditures	-	(344,265)
Net cash used in investing activities	-	(344,265)
Cash Flows from Financing Activities:		
Member distributions	(806,656)	(540,197)
Payment of mortgage payable	(417,859)	(401,502)
Net cash used in financing activities	(1,224,515)	(941,699)
Net decrease in cash, cash equivalents and escrows	(244,190)	(587,483)
Cash, cash equivalents and escrows, beginning of year	343,589	931,072
Cash, cash equivalents and escows, end of year	$ 99,399	$ 343,589
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$ 627,258	$ 644,431

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

1. General

49 Market Street, LLC ("the Company") was formed pursuant to the laws of the State of Delaware on April 7, 2015, as a limited liability company, for the purpose of capital appreciation and investment income by way of ownership in its wholly-owned subsidiary 55 Market Urban Renewal, LLC (the "Subsidiary"). The Subsidiary owns a five-story office building in Morristown, New Jersey (the "Property"), which is leased to a single tenant. The managing member, LG 49 Market Street, L.L.C. (the "Manager") has full and exclusive management authority over all investments and affairs of the Company.

The investment manager for the Company is FIMCO, L.L.C. The Manager and FIMCO, L.L.C. are affiliated entities of the Company.

2. Summary of Significant Accounting Policies

A) Basis of Accounting –

The accompanying consolidated financial statements are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The consolidated financial statements include the accounts of the Company and the Subsidiary. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements. Under FASB Accounting standards Codification (ASC), ASC 946, Financial Services – Investment Companies, the Company qualifies as an Investment Company.

B) Use of Estimates –

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates and assumptions for the Company related to the valuation of the real estate investment.

C) Cash and Cash Equivalents –

For the purpose of the consolidated statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

2. Summary of Significant Accounting Policies (continued)

D) Escrows –

In accordance with the terms of the Company's mortgage payable, certain cash balances are held by the lender, or escrowed for taxes and insurance, and certain real estate improvements. Upon execution of the mortgage payable in 2017, the Company was required to deposit $465,740 into a special escrow with the lender. The balance, which was equal to three months of rent to be received by the Company, was refunded to the Company in 2018 upon satisfaction of the requirements of the mortgage payable.

E) Accounts receivable –

Accounts receivable represent the amounts due from tenants. The company reviews the credit worthiness of its tenants and adjusts an allowance for doubtful accounts accordingly. At December 31, 2019 and 2018 the Company expects all receivables to be collected, therefore no allowances were recorded.

F) Investment in Real Estate –

The Company's investment is comprised of an investment in real estate ("the Investment"). The Company carries its Investment at its estimated fair value. Historical cost depreciation is not provided on the Investment. The difference between the cost basis and the estimated fair value of the Investment represents unrealized gains or losses. Changes in value during the period are reported as unrealized gains or losses on investment in the consolidated statement of operations.

At December 31, 2019, the Company received an independent appraisal for the Investment. The Company provided the valuation company with the data necessary to value the Investment including, but not limited to, specific property information, tenant and lease information, and expense information. The valuation company applied the direct capitalization approach method.

Significant renovations or expenditures that extend the economic useful life of the real estate investment or represent additional capital investments benefiting future periods are capitalized to the cost basis of the investment. Ordinary repairs and maintenance charges are expensed as incurred.

Because of the inherent uncertainty of real estate valuations related to assumptions regarding highest and best use, capitalization rates, discount rates, leasing and other factors, the estimated fair market value reflected in the consolidated financial statements may differ from the value that would be determined by negotiation between independent parties in a sale transaction, and the difference could be material.

2. Summary of Significant Accounting Policies (continued)

G) Concentration of Credit Risk –

Financial instruments which potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents.

The Company places its cash and cash equivalents with high-credit institutions and minimizes its credit risk exposure via formal credit policies and monitoring procedures.

H) Income Taxes –

The Company's real estate operations are conducted through a limited liability company electing to be treated as a partnership for Federal income tax purposes. As a partnership, the Company is generally not directly subject to federal income tax and the taxable income or loss of these operations is included in the income tax returns of the members. Accordingly, no provision for income tax expense or benefit is reflected in the accompanying consolidated financial statements. These operations are subject to certain state and local taxes.

The Company reviews and evaluates tax positions taken for all open tax years in its major jurisdictions and determines whether there are tax benefits derived from uncertain tax positions. Other than the U.S. Federal taxing jurisdiction, the Company has determined the major tax jurisdictions to be in the states where the Company is organized and where the Company makes its investment. The Company believes that it is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2017.

I) Revenue Recognition –

Rental revenue is recognized when earned from tenants in accordance with the terms of the underlying lease agreements. Included in revenue from real estate operations on the consolidated statements of operations are certain tenant reimbursements determined in accordance with the terms of the lease agreements.

J) Mortgage Payable –

The Company's mortgage payable is reported at the principal amount of the obligation outstanding, less unamortized debt issuance costs. The Company did not elect the fair value option for the debt.

2. Summary of Significant Accounting Policies (continued)

K) Fair Value of Financial Instruments –

The Company follows the provisions of ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), which emphasizes that fair value is a market-based measurement, as opposed to an entity-specific measurement. In accordance with ASC 820, fair value is defined as the price that the Company would receive upon selling an asset or paying to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a framework for measuring fair value and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's own assumptions about the factors that market participants would use in pricing the asset or liability developed based on the best information available given the circumstances. See Note 5 — Fair Value Measurements, for the Company's valuation.

L) Recently issued accounting pronouncements -

In January 2016, the FASB issued an update, ("ASU 2016-01") *Recognition and Measurement of Financial Assets and Financial Liabilities*, to ASC Topic 825-10, *Financial Instruments* - Overall. ASU 2016-01 changes certain aspects of recognition, measurement, presentation, and disclosure of financial instruments for all entities that hold financial assets or owe financial liabilities. Entities will be required to measure many equity investments at fair value and recognize changes in fair value in net income. In February 2018, the FASB issued an update, ("ASU 2018-03") *Technical Corrections and Improvements to Financial Instruments-Overall*, to ASC Topic 825-10, which provides enhancements to the existing guidance in ASC 825-10 in order to correct unintended application of the guidance or to provide clarification where needed. ASU 2016-01 and ASU 2018-03 are effective for fiscal years beginning after December 15, 2018. Nonpublic reporting entities are permitted to early adopt the provision that eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost. Adoption of the standard did not have a material effect on the financial statements.

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments supersede the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*, and most industry specific guidance. Management has determined that the guidance under ASU 2014-09 does not impact the Company.

2. Summary of Significant Accounting Policies (continued)

The Company's revenue is derived from a lease contract under the scope of ASC Topic 840 which is excluded from this guidance.

In August 2016, the FASB issued an update ("ASU 2016-15") *Classification of Certain Cash Receipts and Cash Payments* to ASC Topic 230, *Statement of Cash Flows*. ASU 2016-15 provides guidance on the classification of cash payments and receipts related to the following eight cash flow issues (i) debt prepayment or debt extinguishment costs, (ii) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing, (iii) contingent consideration payments made after a business combination, (iv) proceeds from the settlement of insurance claims, (v) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies, (vi) distributions received from equity method investees, (vii) beneficial interests in securitization transactions, and (viii) separately identifiable cash flows and application of the predominance principle. In November 2016, the FASB issued an update ("ASU 2016-18") *Restricted Cash* to ASC Topic 230, *Statement of Cash Flows*. ASU 2016-18 requires entities to include restricted cash or restricted cash equivalents with cash and cash equivalents balances in the statement of cash flows. ASU 2016-15 and ASU 2016-18 are effective for reporting periods beginning after December 15, 2018, with early adoption permitted. Adoption of the standard did not have a material effect on the financial statements.

In February 2017, the FASB issued an update ("ASU 2017-05") *Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets* to ASC Subtopic 610-20, *Other Income–Gains and Losses from the Derecognition of Nonfinancial Assets*. ASU 2017-05 clarifies the scope of recently established guidance on nonfinancial asset derecognition, and the accounting for partial sales of nonfinancial assets or in substance nonfinancial assets. This update also clarifies that an entity should allocate consideration of each distinct nonfinancial assets or in substance nonfinancial assets according to guidance in ASC 606. The amendment simplifies GAAP and all entities are required to account for the derecognition of a business in accordance with ASC 810. The entity is required to initially measure a retained noncontrolling interest in a nonfinancial asset at fair value. ASU 2017-05 is effective for reporting periods in fiscal years beginning after December 15, 2018 for nonpublic reporting entities. Adoption of the standard did not have a material effect on the financial statements.

In August 2018, the Financial Accounting Standards Board ("FASB") issued an update, ("ASU 2018-13") *Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*, to ASC Topic 820, *Fair Value Measurement*. ASU 2018-13 modifies the disclosure requirements for fair value measurements by removing, modifying, and/or adding certain disclosures. Entities are no longer required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy.

2. Summary of Significant Accounting Policies (concluded)

Nonpublic entities are required to disclose transfers into and out of Level 3 of the fair value hierarchy, and purchases and issuances of Level 3 assets and liabilities. For nonpublic entities, this update eliminates the requirements to disclose the valuation processes for level 3 fair value measurements, to reconcile the opening balances to the closing balances of recurring Level 3 fair value measurements, and to disclose changes in unrealized gains and losses for the period included in earnings for recurring level 3 fair value measurements held at the end of the reporting period. ASU 2018-13 is effective for reporting periods in fiscal years beginning after December 15, 2019 for nonpublic reporting entities. An entity is permitted to early adopt by modifying existing disclosures and delay adoption of the additional disclosures until the effective date. The Company early adopted the ASU 2018-13 disclosure provision which did not have a material impact on the Company's consolidated financial statements.

M) Change in accounting principle –

In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update ASU 2016-15 and 2016-18 *Statement of Cash Flows* (Topic 230) - *Restricted Cash* ("ASU 2016-18") to address diversity in practice with respect to the cash flows presentation of changes in amounts described as restricted cash and cash equivalents. ASU 2016-15 and ASU 2016-18 requires a reporting entity to include amounts described as either restricted cash or restricted cash and cash equivalents (collectively referred to as "restricted cash" herein) when reconciling beginning and ending balances in its statement of cash flows. The update also amends Topic 230 to require disclosures about the nature of restricted cash and provide a reconciliation of cash, cash equivalents and restricted cash between the balance sheet and the statement of cash flows. ASU 2016-15 and ASU 2016-18 was adopted retrospectively during the year ended December 31, 2019. Consequently, ending cash, cash equivalents and restricted cash as of December 31, 2018 and 2017, was increased from $328,967 to $343,589 and $8,218 to $931,072, respectively.

3. Operating Agreement

All capitalized terms used, but not defined, shall have the meanings set forth in the Amended and Restated Operating Agreement (the "Agreement"), dated August 26, 2015.

Each Member has made its initial capital contribution to the Company. If the Manager determines that additional capital contributions are needed by the Company, the Manager will make a written request to the Members for an additional capital contribution. The Members are not obligated to contribute additional capital pursuant to the Manager's request.

During the construction period that expired on March 30, 2017, each Member accrued an Initial Preferred Return equal to six percent (6%) per annum on capital contributions. Thereafter, the Subsequent Preferred Return will be seven percent (7%) per annum on capital contributions.

3. Operating Agreement (continued)

Distributions from Operations –

Distributions of net cash from operations, as defined in the Agreement and determined by the Manager, shall be distributed to the Members as follows:

a) First, to each Member in the amount of and in proportion to the accrued and unpaid Preferred Return payable to such Member.
b) Second, fifty percent (50%) to Members in proportion to their respective Percentage Interest and fifty percent (50%) to the Managing Member.

Distributions from Capital Events –

Distributions of net cash from capital events, as defined in the Agreement and determined by the Manager, shall be distributed to the Members as follows:

a) First, to each Member in the amount of and in proportion to the accrued and unpaid Preferred Return payable to each Member.
b) Second, to each Member in the amount of and in proportion to the unpaid Capital Contributions of each Member.
c) Third, seventy-five percent (75%) to Members in proportion to their respective Percentage Interest and twenty-five percent (25%) to the Managing Member.

Allocations of Profits and Losses –

Net Profits shall be allocated to the Members in the following order and priority:

a) First, 100% to the Members in proportion to and to the extent of the excess of the cumulative losses allocated to such Member over the cumulative profits allocated to such Member for all fiscal years.
b) Second, to the Members in accordance with their respective ownership interest.

Net Losses shall be allocated to the Members in the following order and priority:

a) First, to the Members to the extent of any positive capital accounts.
b) Second, to those Members to reverse the cumulative amount of profits allocated to such Member over the cumulative net losses allocated.
c) Thereafter, to be allocated among the Members in accordance with their respective ownership interest.

4. Future Rental Income

At December 31, 2019, minimum future rental payments to be received under the non-cancelable operating lease having a term of more than one year is as follows:

4. Future Rental Income (concluded)

Years Ending December 31,	
2020	$ 1,822,943
2021	1,840,011
2022	1,843,425
2023	1,843,425
2024	1,843,425
Thereafter	13,272,660
	$ 22,465,889

5. Fair Value Measurements

In determining fair value, the Company applies the provisions of Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* (“ASC 820”). ASC 820 defines fair value, expands disclosure requirements and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company’s market assumptions. These two types of inputs create the following fair value hierarchy:

a. Level 1 – Quoted prices for identical instruments in active markets.

b. Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

c. Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors, including, for example, property type, tenant quality, lease terms, geography, the liquidity of markets and other characteristics particular to the investment. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for investments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

5. Fair Value Measurements (continued)

The following table summarizes the level in the fair value hierarchy that the Company's financial assets and liabilities fall into as of December 31, 2019:

	Real Estate Investment
Level 1 - Quoted prices	$ -
Level 2 - Other signficant observable inputs	-
Level 3 - Significant unobservable inputs	23,900,000
	$ 23,900,000

For the years ended December 31, 2019 and 2018, the Company had additions to Level 3 real estate investments related to capital expenditures of $0 and $344,265 respectively.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The following table summarizes the quantitative inputs and assumptions used for investments categorized in Level 3 of the fair value hierarchy as of December 31, 2019 and 2018:

2019

Assets	Property Type	Fair Value	Valuation Technique	Unobservable Inputs	Range
Real Estate Investment	Office	$ 23,900,000	Direct Capitalization	Capitalization Rate	6.25%
Total Real Estate Investment		$ 23,900,000			

2018

Assets	Property Type	Fair Value	Valuation Technique	Unobservable Inputs	Range
Real Estate Investment	Office	$ 22,600,000	Direct Capitalization	Capitalization Rate	6.50%

5. Fair Value Measurements (concluded)

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

6. Mortgage Payable

On April 6, 2017, the Subsidiary placed a 15-year permanent mortgage of $16,500,00 on the Property through Protective Life Insurance. The loan bears interest at 4.0% per annum with monthly payments of $87,093, consisting of principal and interest, due through May 2032, the maturity date. As of December 31, 2019 and 2018, the outstanding balance on the loan was $15,453,729 and $15,871,588 respectively. Interest expense for the years ended December 31, 2019 and 2018 was $625,865 and $643,092 respectively. For the years ended December 31, 2019 and 2018, the Company recorded amortization of debt issuance costs of $14,209 and $14,209 respectively to interest expense.

Total Mortgage Payable	$	15,453,729
Less: Unamortized debt issuance costs		(172,440)
Mortgage Payable, Net of Unamortized Debt Issuance Costs	$	15,281,289

Scheduled future principal payments for the mortgage obligation are as follows:

Years Ending:		
2020	$	434,883
2021		452,601
2022		471,041
2023		490,232
2024		510,204
Thereafter		13,094,768
	$	15,453,729

7. Related Party Transactions

In accordance with the Agreement, once the Investment is occupied, the Company shall pay a property management fee to FIMCO, L.L.C. equal to one percent (1.0%) of gross rental receipts from the Investment. For the years ended December 31, 2019 and 2018 property management fees paid totaled $20,176 and $18,624 respectively. The Company also pays an accounting fee to FIMCO, L.L.C. which totaled $2,800 and $2,400 for the years ended December 31, 2019 and 2018, respectively.

7. Related Party Transactions (concluded)

In accordance with the Agreement, the Company shall pay a disposition fee to FIMCO, L.L.C. to eventually arrange for the disposition of the Investment. The disposition fee is equal to one-half of one percent (0.5%) of the gross sales price. No disposition fee was paid for the years ended December 31, 2019 and 2018.

8. Limited Liability Company

Since the Company is a limited liability company, no member, manager, agent, or employee of the Company shall be personally liable for the debts, obligations, or liabilities of the Company, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other member, director, manager, agent, or employee of the Company, unless the individual has signed a specific personal guarantee. The duration of the Company is perpetual.

9. Concentration of Income

The Company earned 100% of rental revenue from one tenant during each of the years ended December 31, 2019 and 2018. The loss of this tenant would have a significant negative impact on the Company's operations.

10. Prior Period Adjustment-

The Company determined there were four errors in the 2017 financial statements, which resulted in assets being overstated by $620,840, liabilities being understated by $104,443, and equity being overstated by $725,283 as of January 1, 2018, as described below. A prior period adjustment has been recorded in the 2018 consolidated financial statements to reduce beginning equity by $725,283. The adjustments are as follows:

As of January 1, 2018, the Company recorded an adjustment to beginning retained earnings to correct an error resulting from a failure to record an accrual for real estate tax expense in 2017. The adjustment resulted in a decrease in beginning equity of $104,443.

As of January 1, 2018, the Company recorded an adjustment to reclassify a refundable deposit of $165,745 from real estate investment to other assets. As a result of this reclassification, the Company recorded an entry to increase its real estate investment and unrealized appreciation on investment. The adjustment resulted in an increase in beginning equity of $165,745.

As of January 1, 2018, the Company recorded an adjustment to reclassify a tenant receivable of $105,892 from real estate investment to accounts receivable. As a result of this reclassification, the Company recorded an entry to increase its real estate investment and unrealized appreciation on investment. The adjustment resulted in an increase in beginning equity of $105,892.

10. Prior Period Adjustment (concluded)

As of January 1, 2018, the Company recorded an adjustment to correct the opening value of its real estate investment due to an error in the financial information provided to the appraiser. The adjustment resulted in a decrease to the real estate investment of $892,477. As a result of this adjustment, the Company recorded an entry to decrease its real estate investment and unrealized appreciation on investment. The adjustment resulted in a decrease in beginning equity of $892,477.

11. Subsequent Events

The Company has evaluated subsequent events from December 31, 2019 through April 2, 2020, the date the consolidated financial statements were available to be issued and found the following:

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred domestically in the United States and globally including mandates from Federal, state and local authorities, leading to an overall decline in economic activity. The ultimate impact of COVID-19 on the financial performance of the Funds' investments cannot be reasonably estimated at this time.

12. Financial Highlights

The following financial highlights are calculated for the Members as a whole and exclude data for the Managing Member. Calculations of those highlights on an individual member basis may yield results that vary from those stated herein.

	2019	2018
Financial ratios:		
Expenses to weighted average Members' Equity	17.93%	19.37%
Net investment income to weighted average Members' Equity	12.92%	13.59%
Net unrealized appreciation to weighted average Members' Equity	20.44%	-5.61%

The ratio of net investment income to average Members' Equity represent the amount as reported on the consolidated statements of operations to the weighted average Members' Equity for the period.