

Fort Collins Housing Authority dba Housing Catalyst

Fort Collins, Colorado

Comprehensive Annual Financial Report and Single Audit Report

Year ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

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Office of the State Auditor

July 10, 2018



Fort Collins Housing Authority dba Housing Catalyst

Fort Collins, Colorado

Comprehensive Annual Financial Report and Single Audit Report

Year ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

Issued by:

Finance and Accounting Department of
the Fort Collins Housing Authority dba Housing Catalyst
Duane Hopkins, Chief Financial Officer



Fort Collins Housing Authority dba Housing Catalyst

Table of Contents
December 31, 2017

Introductory Section

Letter of Transmittal	i
Government Finance Officers Association of the United States and Canada (GFOA) December 31, 2016 Certificate	viii
Organizational Chart	ix
List of Principal Officials	x

Financial Section

Report of Independent Auditors	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statements of Net Position	12
Statements of Revenues, Expenses and Changes in Net Position	16
Statements of Cash Flows	18
Combining Statement of Net Position - Discretely Presented Component Units	22
Combining Statement of Revenues, Expenses and Changes in Net Position - Discretely Presented Component Units	23
Notes to Financial Statements	24
Combining Schedule of Net Position	53
Combining Schedule of Revenues, Expenses and Changes in Net Position	55

Statistical Section (Unaudited)

Statistical Section Table of Contents	57
Net Position (Table 1)	58
Change in Net Position (Table 2)	59
Operating Revenues by Source (Table 3)	61
Non-Operating Revenues by Source (Table 4)	62
Debt Service Coverage (Table 5)	63
Ratio of Debt to Capital Assets (Table 6)	65
Service Area Demographics / Statistics (Table 7)	66
Principal Employers for the City of Fort Collins (Table 8)	67
Resident Demographics / Population Statistics (Table 9)	68
Resident Demographics / Ethnicity Statistics (Table 10)	69
Number of FCHA Dwelling Units (Table 11)	70
Property Characteristics and Unit Composition (Table 12)	71
Number of FCHA Staff (Table 13)	72

Single Audit Section

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	73
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	75
Schedule of Expenditures of Federal Awards	77
Schedule of Findings and Questioned Costs	79

Fort Collins Housing Authority dba Housing Catalyst

Fort Collins, Colorado

Introductory Section:

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart

List of Principal Officials





June 28, 2018

Mr. David Bye, Chairperson of the Board of Commissioners

Members of the Board of Commissioners of the Fort Collins Housing Authority dba Housing Catalyst:



We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Fort Collins Housing Authority dba Housing Catalyst (Housing Catalyst) for the year ended December 31, 2017. This report is prepared in conformance with standards of financial reporting as established by the Governmental Accounting Standards Board and the Government Finance Officers Association. The United States Department of Housing and Urban Development (HUD) requires that all public housing authorities publish within nine months after the fiscal year-end, financial statements presented in conformity with United States Generally Accepted Accounting Principles (GAAP), Housing Catalyst's financial statements presented here have been audited by Novogradac & Company, LLP. The auditors issued an unmodified opinion on Housing Catalyst's financial statements for the years ended December 31, 2017 and 2016. The data presented in this report is the responsibility of the management of Housing Catalyst. To the best of our knowledge and belief, the data as presented is accurate in all material aspects; is presented in a manner designed to fairly state the financial position and results of operations of Housing Catalyst; and all disclosures necessary have been included to enable the reader to gain an understanding of Housing Catalyst's financial affairs. GAAP requires that management provide a narrative introduction, overview and analysis to complement the basic financial statements in the form of Management's Discussion and Analysis (MD&A). Housing Catalyst's MD&A can be found immediately following the report of the independent auditors. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

Housing Catalyst is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Information related to this single audit, including the independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards; the independent auditors' report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with the Uniform Guidance; the Schedule of Federal Awards; Schedule of Findings and Questioned Costs; and the status of prior year findings are included in the single audit section of this report.



Organizational Overview

Housing Catalyst was created in 1971 by a petition of twenty-five citizens who were concerned about the community's lack of adequate, safe housing for all of its inhabitants. This report includes all programs of Housing Catalyst as well as all of its component units. Component units are legally separate entities for which a government is financially accountable. Housing Catalyst is not a component unit of the City of Fort Collins (the City) as defined by the pronouncements of the Governmental Accounting Standards Board. The governing body for Housing Catalyst is its Board of Commissioners (Board) comprised of seven members appointed by the City Council. The Board appoints a Chief Executive Officer (CEO) to administer the affairs of Housing Catalyst. Sources of funding include resident rents, administration of HUD programs and HUD subsidies passed through to program participants. The City is not financially accountable for the operations of Housing Catalyst, has no responsibility to fund deficits or receive surpluses and has not guaranteed Housing Catalyst's debt.

Housing Catalyst is our community's leader in sustainable, long-term affordable housing solutions. Each year, the agency helps over 5,000 lower income individuals through innovative, award-winning affordable housing and programs that also benefit the city's economy and revitalize neighborhoods. Housing Catalyst is a progressive housing provider and developer, offering permanent solutions that move people out of homelessness, stabilize families, and improve lives.

To achieve our mission, all Housing Catalyst functions are operated with attention paid to a triple bottom line:

- Maintaining the fiscal viability of the organization.
- Achieving a social goal through the provision of affordable housing and supportive services.
- Achieving environmental sustainability.

Housing Catalyst's goals are accomplished through a variety of housing programs and activities. These activities include several programs developed by HUD such as the Low Rent Housing Program (Public Housing) and the Housing Choice Voucher Program. In addition to these federal programs, Housing Catalyst has established various instrumentalities to explore and develop innovative techniques for providing a variety of housing possibilities for the low to moderate-income residents of Fort Collins. These programs have allowed Housing Catalyst the flexibility to develop several private/public partnerships providing a variety of housing opportunities for Fort Collins residents.

Housing Catalyst currently owns and operates 70 Public Housing units in addition to administering over 1,100 Housing Choice Vouchers for Fort Collins and Larimer County. The Larimer County allocation of 100 of these vouchers, 65 of which are targeted specifically to people with disabilities, is administered through an intergovernmental agreement. Housing Catalyst administered over \$9 million in Housing Assistance Payments (HAP) to local landlords on behalf of participating families in 2017. This amount includes funding for 135 Veterans Affairs Supportive Housing program vouchers. HUD grades this program through its Section 8 Management Assessment Program (SEMAP). Housing Catalyst received an "A" rating for 2017, was designated a High Performer and has utilized 99% of its authorized funding.

Economic Condition and Outlook

Congressional housing legislation and the federal budget affect Housing Catalyst more than local economic factors. One of Housing Catalyst's primary sources of funding is HUD. As with most housing authorities, much of Housing Catalyst's operating and capital funding comes from federal dollars in the form of operating subsidies, capital fund grants and Section 8 Housing Assistance Payments. During the year ended December 31, 2017, HUD and other federal agencies provided approximately 67% of Housing Catalyst's operating revenue and approximately 41% of Housing Catalyst's total revenues (including \$3,204,764 in pass-through funding).

For the Housing Choice Voucher program, HUD provides housing authorities with a fixed annual budget for Housing Assistance Payments (HAP) and for administration fees. Funding for the Section 8 program was prorated at 97% and 78% of eligibility for HAP and administration fees, respectively.

For the Public Housing program, housing authorities receive operating subsidies in accordance with an operating subsidy funding formula. In general, the calculated subsidy amount is the difference between an estimate of operating costs minus an estimate of income from rents. Operating subsidies are subject to annual appropriation by Congress. In 2017, Housing Catalyst, like all housing authorities nationwide, was funded at 93% of eligibility.

Fort Collins has an estimated population of 167,500 (2017). Median household income for Larimer County is \$59,600 and median family income is \$85,100 (Colorado Housing and Finance Authority, 2018 Colorado County Income and Rent Tables). The rental market has tightened considerably in the past years and rents continue to increase with recent vacancy rates as low as 1%.

Long-Term Planning and Major Commitments and Initiatives

Housing Catalyst supports the development and preservation of affordable housing throughout Fort Collins, with funding from the City, State Division of Housing, Colorado Housing and Finance Authority, equity investors, and lenders. Along with its partners, Housing Catalyst combines high quality design with sustainable development principles and sound planning to develop and maintain a vibrant and diverse affordable housing portfolio. Housing Catalyst employs many strategies to create and preserve its stock of affordable housing. These strategies include new construction, acquisition, rehabilitation and preservation of existing housing to create and maintain high-quality sustainable units.

Between 2011 and 2013, Housing Catalyst analyzed options to dispose of or reposition the 154 units of public housing operated by the organization. This analysis included both a disposition strategy under Section 18 of the Housing Act of 1937 and the use of the opportunities available under the HUD Rental Assistance Demonstration (RAD) Program. In late 2013 it was determined that the best approach would be to reposition the entire portfolio of 154 public housing units using a combination of disposition and conversion utilizing the HUD RAD program. In mid-2014, Housing Catalyst submitted an application for a multi-phase development under the RAD program which proposed to use proceeds from the disposition of the public housing portfolio in seven separate projects. The seven projects are projected to result in the development, or renovation, of 665 units of affordable housing within Fort Collins.

A large renovation project of 285 units will utilize proceeds from the disposition of some of the public housing units. Housing Catalyst acquired these units in 2012 as part of its purchase of Village on Cunningham Corners (VOCC). The VOCC purchase consisted 345 total units of privately owned affordable housing located in Fort Collins (285 units) and Loveland (60 units), Colorado. The 60-unit property located in Loveland, known as the Madison Avenue Apartments, was sold in 2014. After the payment of outstanding debt and selling costs, the sale of the Madison Avenue Apartments resulted in a net cash increase of \$809,423. All properties in VOCC were previously developed or updated using Low Income Housing Tax Credits (LIHTC). All properties have completed their initial 15-year compliance periods but still have Land Use Regulatory Agreements (LURA) in place to ensure affordability for extended periods.

The entire VOCC portfolio was purchased with a combination of \$1.072 million in Community Development Block Grant (CDBG) funds through the City of Fort Collins, a \$2.5 million short-term loan from a local Community Development Finance Institution (CDFI) and a \$21.35 million short-term loan from a local financial institution. A \$2.6 million portion of the short-term debt used to purchase the VOCC properties was refinanced during 2013. The new loan was obtained through the Colorado Housing Investment Fund (CHIF) administered by the State of Colorado. Proceeds were used to pay-off the CDFI loan from with the remainder used to reduce the other debt on the properties. This transaction reduced the interest rate on this portion of the debt from 6.25% to 1.0% which translated into a savings of over \$11,000 per month. The CHIF debt on the VOCC project matured in late 2017 and the remaining debt on the properties was extended through 2017.

During 2017, Housing Catalyst sold the 285 Fort Collins VOCC units to Village on Shields, LLLP, and began the renovation of the property. Started in late 2017, the renovation will utilize a portion of the public housing disposition proceeds combined with a 4% Low Income Housing Tax Credit ("LIHTC") transaction and grant funding obtained through the City of Fort Collins. The grant funding will include CDBG, HOME Investment Partnerships Program (HOME) and City of Fort Collins Affordable Housing Fund (AHF) grant funds.

Housing Catalyst began to accumulate the assignment of significant Private Activity Bond (PAB) authority in 2013 to be used for the VOCC rehabilitation and other significant 4% LIHTC funded projects. Housing Catalyst has partnered with the City of Fort Collins, Larimer County and Weld County to secure PAB assignments. Through 2017, Housing Catalyst had secured the following assignments:

	<u>PAB Authority</u>
City of Fort Collins	\$ 21,980,818
Larimer County	8,643,575
Weld County	16,165,035
State of Colorado	<u>22,460,572</u>
Total	<u><u>\$ 69,250,000</u></u>

In addition to the 285 Village on Shields units, additional projects that are currently projected to use a portion of the proceeds from the public housing disposition and PAB authority are the Village on Redwood project, a new-build project that will consist of 72 units of affordable housing, and the Village on Horsetooth, a new-build project of 96 affordable units. The projects have utilized PAB authority as follows:

	<u>PAB Authority</u>
Village on Shields	\$ 35,000,000
Village on Redwood	12,000,000
Village on Horsetooth	<u>22,000,000</u>
Total	<u><u>\$ 69,000,000</u></u>

The Village on Redwood project includes 72 new units of affordable housing with 36 townhouse-style units and 36 flats-style units separated into 12 individual buildings surrounding a large community green. The mix of unit types includes 1, 2, 3 and 4-bedroom units. Total cost was approximately \$18.98 million. In addition to the PAB Authority, the project was funded with \$2.72 million in CDBG and HOME grant funding, \$1.9 million in funding from CDBG-Disaster Recovery (CDBG-DR) funds and \$2.1 million from the Housing Catalyst public housing disposition. State of Colorado low-income housing tax credits (State Tax Credits) will also be utilized to finance the Redwood project. The CDBG-DR funds are available to projects in Larimer County because of a natural disaster from flooding that occurred in the area in late 2013. In 2014, the State of Colorado approved a \$5 million annual amount of State Tax Credits to be issued on a competitive basis in 2015 and 2016.

The Village on Horsetooth project will include 96 new units of affordable housing separated into 10 individual buildings surrounding a large community green with community gardens, a playground and walking paths. The mix of unit types include apartment homes with 1, 2, 3 and 4-bedrooms. Total cost for the project is estimated at \$24.37 million. In addition to funds from the Housing Catalyst public housing disposition, PAB authority, CDBG-Disaster Recovery (CDBG-DR) funds and State of Colorado low-income housing tax credits (State Tax Credits) will also be utilized to finance the Horsetooth project. This project is also a unique opportunity to partner with the City of Fort Collins to activate their Horsetooth Land Bank property to create much needed relief to the City's affordable housing rental shortage.

Financial Information

Management of Housing Catalyst is responsible for establishing and maintaining an internal control structure designed to ensure that Housing Catalyst's assets are protected from loss, theft or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. Housing Catalyst has designed its internal control structure to provide reasonable, but not absolute, assurances that those objectives are met. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgment by management.

As a recipient of federal awards, Housing Catalyst is responsible for ensuring that adequate internal controls are in place to provide compliance with applicable laws, regulations, contracts and grants related to those programs. Those internal controls are subject to periodic evaluation by management, and their independent auditors.

As part of Housing Catalyst's single audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal award programs, as well as to learn whether Housing Catalyst has complied with applicable laws, regulations, contracts and grants. Housing Catalyst's single audit for the year ended December 31, 2017 found no instances of material weakness in the internal control or significant violations of the applicable laws, regulations, contracts and grants, audit reports regarding this are included in this CAFR in the Single Audit Section.

Other Information - Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fort Collins Housing Authority for its comprehensive annual financial report for the year ended December 31, 2016. This was the fourth consecutive year that Fort Collins Housing Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

Preparation of the Comprehensive Annual Financial Report on a timely basis was accomplished through the dedicated service of the entire staff of the Finance and Accounting department under the leadership of Duane Hopkins, Housing Catalyst's Chief Financial Officer. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Our sincere appreciation is also extended to the management and staff of Novogradac & Company, LLP who provided necessary expertise and technical assistance.

In closing, without the leadership and support of the members of the Board of Commissioners, preparation of this report would not have been possible.

Respectfully submitted,

A handwritten signature in black ink that reads "Julie Brewen". The signature is fluid and cursive, with the first name "Julie" and last name "Brewen" clearly legible.

Julie Brewen
Chief Executive Officer

A handwritten signature in blue ink that reads "Duane Hopkins". The signature is fluid and cursive, with the first name "Duane" and last name "Hopkins" clearly legible.

Duane Hopkins
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Fort Collins Housing Authority
dba Housing Catalyst, Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

Fort Collins Housing Authority dba Housing Catalyst

Organizational Chart

December 31, 2017



**HOUSING
CATALYST**
Building Community. Inspiring Change.

Fort Collins Housing Authority dba Housing Catalyst

List of Principal Officials
December 31, 2017

Board of Commissioners:

David Bye
Chairperson

Rev. Jake Miles Joseph
Vice-Chairperson

Ross Cunniff
Commissioner

Ann Green
Resident Commissioner

Cathy Mathis
Commissioner

Nicole Staudinger
Commissioner

Hep Wilkins
Commissioner

Management:

Julie J. Brewen
CEO / Executive Director

Duane Hopkins
Chief Financial Officer / Deputy Director

Kristin Fritz
Director of Real Estate Development

John Tuchscherer
Director of Federal Programs

Nancy Stafford
Director of Property Operations

Michele Christensen
Director of Program Development

Fort Collins Housing Authority dba Housing Catalyst

Fort Collins, Colorado

Financial Section:

Report of Independent Auditors

Management's Discussion and Analysis

Basic Financial Statements

Notes to Basic Financial Statements

Combining Financial Schedules





REPORT OF INDEPENDENT AUDITORS

The Board of Commissioners
Fort Collins Housing Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities (primary government) and the aggregate discretely presented component units of the Fort Collins Housing Authority (the "Authority") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which along with the discretely presented component units of the Authority collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the primary government and the aggregate discretely presented component units of the Authority, as of December 31, 2017, and the changes in their net position and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The accompanying financial data schedule, combining schedule of net position, and combining schedule of revenue, expenses and changes in net position are also not a required part of the financial statements and are presented for the purposes of additional analysis.

The schedule of expenditures of federal awards, financial data schedule, combining schedule of net position, and combining schedule of revenue, expenses and changes in net position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 schedule of expenditures of federal awards, financial data schedule combining schedule of net position, and combining schedule of revenue, expenses and changes in net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section of this report, which is the responsibility of management, is presented for the 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 audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Novogradac & Company LLP

June 28, 2018
Toms River, New Jersey

Fort Collins Housing Authority dba Housing Catalyst

Management's Discussion and Analysis

December 31, 2017

The Fort Collins Housing Authority dba Housing Catalyst (Housing Catalyst) offers readers of Housing Catalyst's financial statements this narrative overview and analysis of the financial activities of Housing Catalyst for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with Housing Catalyst's financial statements, which begin on page 12.

Financial Highlights

- The assets and deferred outflows of Housing Catalyst exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$33,987,321 (net position), an increase of \$18,484,869 from the prior year balance. The two most significant contributing factors to the current year increase was the sale of Village on Cunningham Corner properties to Village on Shields, LLLP for a net gain of \$11,593,413 and the sales of fifteen RAD properties for a total net gain of \$2,127,069. Additionally, current year other grant income of \$3,851,394 received, an increase of \$1,405,342 (57%) as compared to the prior year. The majority of the grant income (\$2,922,892) was received as pass-through funding of federal HOME and CDBG funds from the City of Fort Collins for the development of the Village on Redwood, Village on Shields and Village on Horsetooth low income housing tax credit projects.
- As of the close of the current fiscal year, Housing Catalyst's funds had an unrestricted net position of \$28,875,351 and \$94,058 in restricted net position, which represents HUD voucher funding.
- Housing Catalyst's unrestricted cash balance at December 31, 2017 was \$4,797,310, representing an increase of \$1,597,531 (50%) from December 31, 2016.
- Housing Catalyst received HUD operating funding of \$10,638,812, internal service fees (management fees and overhead cost allocations) of \$1,592,000 and rental income of \$2,267,117 for the year. Housing Catalyst paid out \$9,337,277 in housing assistance payments and \$6,355,951 in other operating expenses (excluding depreciation of \$773,858).
- Developer fee income increased by \$1,494,820 (291%) as compared to the prior year. The prior year balance of \$513,823 was the initial developer fee income related to the development of Village on Redwood. The balance of current year developer fee income of \$2,008,643 represents the initial developer fee for Village on Horsetooth, which is expected to be completed during 2018 and the final developer fees for Village on Redwood, which was completed during 2017.
- As referenced above, Housing Catalyst released and sold properties under the Rental Assistance Demonstration (RAD) program through HUD. The program allows the release and subsequent sale of former public housing properties with the sale proceeds received required to be reinvested in low-income housing. During 2017, there were a total of 84 units released from public housing and of those 84 units, 15 were sold during the year.

Fort Collins Housing Authority dba Housing Catalyst

Management's Discussion and Analysis

December 31, 2017

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Housing Catalyst's basic financial statements. Housing Catalyst's basic financial statements are comprised of: 1) fund financial statements and 2) notes to the financial statements. As required by HUD, this report also includes supplemental information such as:

- Reports on Compliance
- Schedule of Expenditures of Federal Awards
- Departmental Financial Statements
- Schedule of Findings and Questioned Costs

Financial Statements

The financial statements are designed to provide readers with a broad overview of Housing Catalyst's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of Housing Catalyst's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Housing Catalyst is improving or deteriorating.

The statement of activities presents information showing how Housing Catalyst's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in past or future periods (e.g. depreciation and earned personal leave).

The statement of cash flows presents information showing Housing Catalyst's inflows and outflows of cash and cash equivalents during the most recent fiscal year. All changes in cash and cash equivalents are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related changes in net position. Thus, cash flows are reported in this statement for some items that will only result in revenue or expenses in past or future periods (e.g., purchase of assets, new loans, or payments on loans).

Departmental Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Housing Catalyst, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Housing Catalyst has only one fund type, namely enterprise funds.

Fort Collins Housing Authority dba Housing Catalyst

Management's Discussion and Analysis

December 31, 2017

Supplemental Information

The supplemental information is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. The schedule of expenditures of federal awards can be found on page 78 of this report.

Entity-Wide Financial Analysis

Statement of Net Position:

The following table reflects the condensed Statement of Net Position for the organization.

Fort Collins Housing Authority dba Housing Catalyst
Authority-Wide Net Position as of December 31,
(in thousands of dollars)

	2017	2016
Cash & Escrow Deposits	\$ 5,094	\$ 4,460
Receivables	2,164	1,043
Notes & Interest Receivable	22,449	8,233
Inventory	64	70
Prepaid Expenses	24	177
Capital Assets (Net)	5,582	24,899
Other Assets	189	1,091
Total Assets	35,566	39,973
Deferred Outflows	-	-
Total Assets & Deferred Outflows	\$ 35,566	\$ 39,973
Line of Credit	\$ -	\$ 314
Accounts Payable & Accrued Liabilities	727	765
Security Deposits & Escrow	250	344
Unearned Revenue	2	15
Notes & Mortgage Payable	600	22,215
Total Liabilities	1,579	23,653
Deferred Inflows	-	818
Net Investment in Capital Assets	5,018	2,743
Restricted Net Position	94	153
Unrestricted Net Position	28,875	12,606
Total Net Position	33,987	15,502
Total Liabilities, Deferred Inflows & Net Position	\$ 35,566	\$ 39,973

Fort Collins Housing Authority dba Housing Catalyst

Management's Discussion and Analysis

December 31, 2017

As previously noted, net position may serve, over time, as a useful indicator of a government's financial position. In the case of Housing Catalyst, assets and deferred outflows exceeded liabilities and deferred inflows by \$33,987,321 at the close of 2017.

A large portion of Housing Catalyst's net position (14%) reflects its investment in capital assets (e.g. buildings, machinery, and equipment). Housing Catalyst uses these capital assets to provide housing and services to low-income tenants: consequently, these assets are not available for future spending. The unrestricted net position (\$28,875,351) of the Authority is available for future use to provide program services.

A condensed Statement of Changes in Net Position is shown in the table below.

Fort Collins Housing Authority dba Housing Catalyst Authority-Wide Change in Net Position for the Year Ended December 31, (in thousands of dollars)

	2017	2016
Revenues		
Rental income	\$ 2,267	\$ 3,235
Administrative fees	1,592	1,290
HUD PHA grants	10,639	10,710
Interest income	483	402
Developer fees	2,009	514
Other	17,910	2,567
Total Revenue	34,900	18,718
Expenses		
Housing assistance payments	9,337	9,175
Administrative salaries and benefits	2,991	2,968
Maintenance	1,599	1,773
General and administrative	934	980
Depreciation	774	975
Utilities	287	305
Insurance	158	153
Interest expense and financing costs	607	765
Other	386	371
Total Expenses	17,073	17,465
Income (Loss) Before Contributions	17,827	1,253
HUD Capital Contributions	658	9
Change in Net Position	18,485	1,262
Net Position - Beginning of Year	15,502	14,240
Net Position - End of Year	\$ 33,987	\$ 15,502

Fort Collins Housing Authority dba Housing Catalyst

Management's Discussion and Analysis
December 31, 2017

A large portion of Housing Catalyst's revenues are intergovernmental revenues received from the United States Department of Housing and Urban Development for cost reimbursement grants and operating expense subsidies. Housing Catalyst draws monies from the grant awards for allowable program and capital expenditures.

Departmental Financial Analysis

As noted earlier, Housing Catalyst uses departmental accounting to ensure and demonstrate compliance with finance-related legal requirements. Each of the departments has a specific objective and purpose to accomplish. The focus of Housing Catalyst's funds is to provide information on near-term inflows, outflows, and balances of spendable resources. During 2017, Housing Catalyst maintained seven departmental funds as described below:

- 1. Public Housing:** Owns and operates 70 units of housing for rent to low-income families. The program ended 2017 with a net position of \$3,606,224 of which \$2,680,055 (74%) is invested in capital assets; and \$926,169 is available as operating reserves. The main sources of revenue are rents charged to tenants, HUD annual operating subsidy, and capital grants. As mentioned above, 84 public housing units were released under the RAD program during 2017.
- 2. Management:** Provides administrative support for all departments and has outside management contracts with Villages, Ltd. (227 units), Wellington Housing Authority (42 units), Village on Elizabeth (48 units), Village on Stanford (82 units), Redtail Ponds PSH (60 units), Village on Plum (95 units), Village on Redwood (72 units) and Village on Shields (285 units). The net position is \$1,674,333, of which \$65,583 (4%) is invested in capital assets. The sources of revenues are cost allocations, administrative fees charged and maintenance fees charged.
- 3. Housing Development:** Provides for the development of rental housing and homeownership opportunities. This department presently has a net position in the amount of \$28,329,646. Revenues for 2017 included tenant rental income, CDBG and HOME grants for Village on Redwood, Village on Horsetooth and Village on Shields, accrued interest income on loans to both tax credit funded properties, fees for managing construction projects, developer fees and gains on sales of the Village on Cunningham Corner properties and RAD units.

Housing Catalyst previously owned three apartment complexes in Fort Collins. Those apartment complexes were sold to a tax credit partnership, Village on Shields, LLLP, during 2017. Housing Catalyst also owns 69 RAD units that were released from public housing during 2017. These remaining RAD units are expected to be sold during 2018 and 2019 with the proceeds being loaned to and invested in the Village on Horsetooth and Village on Shields projects.

Fort Collins Housing Authority dba Housing Catalyst

Management's Discussion and Analysis
December 31, 2017

- 4. Vouchers:** Housing Catalyst managed 921 Housing Choice Vouchers (HCV), 135 Veterans Affairs Supportive Housing (VASH) vouchers and 50 Family Unification Program (FUP) vouchers at year-end 2017.

The revenue source for the HCV, VASH and FUP vouchers is HUD in the amount of \$8,997,351, which is a decrease of \$27,407 (0.3%) as compared to the prior year total of \$9,024,758. The current year housing assistance payment (HAP) expenses of \$8,378,694 increased by \$90,804 (1%) as compared to the prior year expenses of \$8,287,890. The current year administrative expenses for the voucher program of \$727,615 increased by \$24,992 (3.6%) as compared to the prior year expenses of \$702,623.

- 5. HUD Grant (FSS):** Provides funding for the salary and benefit expenses of family self sufficiency staff. This is a cost reimbursement grant with a current year funding of \$203,654.

- 6. State and Local (Colorado Division of Housing and the City of Fort Collins):** Funds provided through the City of Fort Collins for the TBRA CDDT program fund 10 vouchers for clients in this program. These vouchers were funded in the amount of \$58,757 during 2017. This program was discontinued in October 2017.

- 7. Larimer County Housing Authority:** Provides 100 rental vouchers for low-income clients. The revenue source is HUD cost reimbursement for the vouchers. The Larimer County Housing Authority is reported as a blended component unit of the Fort Collins Housing Authority.

The revenue source for the Larimer County Housing Authority vouchers is HUD in the amount of \$866,307, which is an increase of \$82,752 (10.6%) as compared to the prior year total of \$783,555. The current year housing assistance payment (HAP) expenses of \$793,950 increased by \$71,754 (10%) as compared to the prior year expenses of \$722,196. The current year administrative expenses for the voucher program of \$71,266 decreased by \$4,598 (6.1%) as compared to the prior year expenses of \$75,864.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2017, Housing Catalyst's net investment in capital assets was \$5,017,912 (net of accumulated depreciation and capital loans). This investment in capital assets includes land, buildings, improvements, equipment, and computer software.

Capital asset activity during the current fiscal year is as follows:

- Roof replacements and other various renovation projects for public housing units in the amount of \$76,022.

Fort Collins Housing Authority dba Housing Catalyst

Management's Discussion and Analysis
December 31, 2017

- Sale of 15 RAD units with total sales proceeds of \$2,911,000, costs of sales of \$170,560 and net book value of \$613,371 for a net gain on sales of \$2,127,069 and net sales proceeds of \$2,740,440.
- Sale of three apartment complexes with total sales proceeds of \$29,600,000 and net book value of \$18,006,587 for a net gain on sales of \$11,593,413.

Additional information on the Authority's capital assets can be found in Note 1 on page 28 and Note 5 on page 35 of this report.

Long-Term Debt

As of December 31, 2017, Housing Catalyst had two long-term loans totaling \$599,816. The long-term loans are to fund remodeling costs for the Taft Hill Road office of the Villages, Ltd and to fund the remodeling costs for the Authority's main offices on Mountain Avenue.

Loan activity during the current fiscal year is as follows:

- Principal payments made to the Colorado Department of Housing on the Village on Cunningham Corner (VOCC) loan in the amount of \$1,825,588. This loan was paid in full at the time of the sale of the properties to Village on Shields, LLLP.
- Principal payments made to First Bank on the Taft Hill Road note in the amount of \$22,594.
- Principal payments made to First Bank on the Mountain Office remodel note in the amount of \$48,456.
- Principal payment made to First Bank on the VOCC acquisition note in the amount of \$18,602,751. This loan was paid in full at the time of the sale of the properties to Village on Shields, LLLP.
- Transfer of VOCC note payable to Villages, Ltd to Village on Shields, LLLP in the amount of \$1,072,811.
- Transfer of long-term interest from the VOCC note payable due to Villages, Ltd. to accrued interest payable in the amount of \$42,912.

Additional information on the Authority's debt can be found in Note 6 on pages 39 through 48 of this report.

Fort Collins Housing Authority dba Housing Catalyst

Management's Discussion and Analysis

December 31, 2017

Economic Outlook

Demand for affordable housing remains strong in the Fort Collins market. The rental market has tightened considerably in recent years and rents continue to increase. According to RentCafe.com, apartment rents have increased an average of 11% in Fort Collins in the last year (updated May 2018) (<https://www.rentcafe.com/average-rent-market-trends/us/co/fort-collins/>). HCV funding utilization is expected to remain close to 100% going forward based on current leasing levels and the large number of individuals on the waiting list. The level of HCV HUD funding available, combined with rising rental rates, resulted in 99% utilization of housing assistance payment (HAP) funding and a 87% HCV leased utilization in 2017. Given the lack of reserves held by Housing Catalyst, the level of funding received by HUD is expected to continue to negatively affect the total number of families served through the HCV programs.

Housing Catalyst remains focused on development of new affordable housing units through both acquisition and new build strategies.

Contact Information

Mr. Duane Hopkins, Chief Financial Officer, may be contacted with questions concerning this report. He can be reached at (970) 416-2993, or by mail at 1715 West Mountain Ave., Fort Collins, CO 80521. His e-mail address is dhopkins@housingcatalyst.com.

Fort Collins Housing Authority dba Housing Catalyst

Statement of Net Position

December 31, 2017

	Primary Government	Discretely Presented Component Units
Assets and Deferred Outflows		
Current Assets		
Cash and cash equivalents	\$ 4,797,310	\$ 8,474,305
Restricted cash and cash equivalents	296,625	1,902,243
Accounts receivable		
Grants	29,119	-
Tenants	10,081	75,991
Developer fees, current	800,878	-
Other	128,032	30,903
Accrued interest	151,814	-
Notes receivable - current portion	23,715	-
Prepaid expenses and other current assets	24,252	206,483
Inventory	64,466	-
Due from other agencies	8,744	-
Total Current Assets	6,335,036	10,689,925
Noncurrent Assets		
Capital Assets		
Non-depreciable	4,091,529	23,258,365
Depreciable, net	1,490,146	75,474,648
Total Capital Assets, Net	5,581,675	98,733,013
Other Assets		
Developer fees receivable, long-term	1,186,991	-
Notes receivable - net of current portion	22,273,469	-
Other assets, net	-	196,301
Investment in tax credit partnerships	149,971	-
Investment in future developments	39,319	-
Total Other Assets	23,649,750	196,301
Total Noncurrent Assets	29,231,425	98,929,314
Total Assets	35,566,461	109,619,239
Deferred Outflows of Resources	-	-
Total Assets and Deferred Outflows	\$ 35,566,461	\$ 109,619,239

Fort Collins Housing Authority dba Housing Catalyst

Statement of Net Position

December 31, 2017

	Primary Government	Discretely Presented Component Units
Liabilities, Deferred Inflows and Net Position		
Current Liabilities		
Accounts payable	\$ 105,288	\$ 193,489
Accrued liabilities	85,928	-
Accrued compensation	483,178	-
Accrued interest payable	52,415	288,263
Unearned revenues	2,482	-
Tenant security deposits payable	24,511	262,546
Due to related party	-	7,274
Money held in escrow	225,522	-
Developer fees payable - current portion	-	800,878
Construction loan	-	10,512,402
Notes and mortgages payable - current portion	73,619	190,956
	<u>1,052,943</u>	<u>12,255,808</u>
Long-Term Liabilities		
Notes and mortgages payable - net of current portion	526,197	68,410,741
Developer fees payable - net of current portion	-	1,186,991
Other long-term liabilities	-	2,665,211
	<u>526,197</u>	<u>72,262,943</u>
Total Long-Term Liabilities	<u>526,197</u>	<u>72,262,943</u>
Total Liabilities	<u>1,579,140</u>	<u>84,518,751</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Net Position		
Net investment in capital assets	5,017,912	30,131,316
Restricted - housing assistance payments	94,058	-
Unrestricted	28,875,351	(5,030,828)
	<u>33,987,321</u>	<u>25,100,488</u>
Total Net Position	<u>33,987,321</u>	<u>25,100,488</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 35,566,461</u>	<u>\$ 109,619,239</u>

Fort Collins Housing Authority dba Housing Catalyst

Statement of Net Position
December 31, 2016 (Comparative Totals Only)

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Assets and Deferred Outflows		
Current Assets		
Cash and cash equivalents	\$ 3,199,779	\$ 1,221,173
Restricted cash and cash equivalents	1,259,110	1,728,714
Accounts receivable		
Grants	71,845	-
Tenants	48,428	6,001
Developer fees, current	173,062	-
Other	35,743	40,166
Accrued interest	273,545	-
Notes receivable - current portion	24,007	-
Prepaid expenses and other current assets	176,830	203,144
Inventory	70,425	-
Due from other agencies	8,055	31
Total Current Assets	<u>5,340,829</u>	<u>3,199,229</u>
Noncurrent Assets		
Capital Assets		
Non-depreciable	5,848,559	15,918,718
Depreciable, net	19,050,910	33,384,944
Total Capital Assets, Net	<u>24,899,469</u>	<u>49,303,662</u>
Developer fees receivable, long-term	706,185	-
Notes receivable - net of current portion	7,935,197	-
Other assets, net	-	135,861
Investment in tax credit partnerships	149,916	-
Investment in future developments	941,081	-
Total Other Assets	<u>9,732,379</u>	<u>135,861</u>
Total Noncurrent Assets	<u>34,631,848</u>	<u>49,439,523</u>
Total Assets	<u>39,972,677</u>	<u>52,638,752</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>\$ 39,972,677</u>	<u>\$ 52,638,752</u>

Fort Collins Housing Authority dba Housing Catalyst

Statement of Net Position
December 31, 2016 (Comparative Totals Only)

	Primary Government	Discretely Presented Component Units
Liabilities, Deferred Inflows and Net Position		
Current Liabilities		
Line of credit payable	\$ 314,249	\$ -
Accounts payable	125,766	61,732
Accrued liabilities	108,735	-
Accrued compensation	470,514	-
Accrued interest payable	59,305	349,333
Unearned revenues	14,638	-
Tenant security deposits payable	153,644	123,332
Due to other agencies	387	-
Due to related party	-	7,105
Money held in escrow	190,491	-
Construction loan payable	-	173,062
Notes and mortgages payable - current portion	1,896,521	185,784
Total Current Liabilities	3,334,250	900,348
Long-Term Liabilities		
Notes and mortgages payable - net of current portion	20,318,407	34,190,857
Developer fees payable	-	706,185
Other long-term liabilities	-	1,589,102
Total Long-Term Liabilities	20,318,407	36,486,144
Total Liabilities	23,652,657	37,386,492
Deferred Inflows of Resources	817,568	-
Net Position		
Net investment in capital assets	2,743,188	14,927,021
Restricted	153,278	-
Unrestricted	12,605,986	325,239
Total Net Position	15,502,452	15,252,260
Total Liabilities, Deferred Inflows and Net Position	\$ 39,972,677	\$ 52,638,752

Fort Collins Housing Authority dba Housing Catalyst

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2017

	Primary Government	Discretely Presented Component Units
Operating Revenues		
HUD PHA grants	\$ 10,921,463	\$ -
Other grants	3,569,492	-
Rental income	2,267,117	3,620,757
Administration fees	1,592,000	-
Developer fees	2,008,643	-
Other	338,535	411,548
	<u>20,697,250</u>	<u>4,032,305</u>
Total Operating Revenues		
Operating Expenses		
Housing assistance payments	9,337,277	-
Administrative salaries and benefits	2,991,271	761,315
Maintenance salaries and benefits	849,629	-
Other administrative	934,510	644,834
Ordinary maintenance	749,926	865,704
Depreciation	773,858	2,358,897
Utilities	286,844	322,211
Insurance	157,976	173,796
Payments in lieu of taxes	9,638	-
Other	376,157	-
	<u>16,467,086</u>	<u>5,126,757</u>
Total Operating Expenses		
Operating Income (Loss)	<u>4,230,164</u>	<u>(1,094,452)</u>
Non-Operating Revenues (Expenses)		
Interest income	483,378	998
Interest expense	(558,364)	(1,404,723)
Other financing costs	(48,521)	-
Gain on sale of capital assets	13,720,482	-
	<u>13,596,975</u>	<u>(1,403,725)</u>
Total Non-Operating Revenues (Expenses), net		
Income (Loss) Before Contributions and Distributions	<u>17,827,139</u>	<u>(2,498,177)</u>
HUD Capital Contributions	657,730	-
Capital Contributions	-	12,349,459
Priority Distributions	-	(3,054)
	<u>18,484,869</u>	<u>9,848,228</u>
Change in Net Position		
Net Position, Beginning of the Year	<u>15,502,452</u>	<u>15,252,260</u>
Net Position, End of the Year	<u>\$ 33,987,321</u>	<u>\$ 25,100,488</u>

Fort Collins Housing Authority dba Housing Catalyst

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2016 (Comparative Totals Only)

	Primary Government	Discretely Presented Component Units
Operating Revenues		
HUD PHA grants	\$ 10,709,894	\$ -
Other grants	2,446,052	-
Rental income	3,235,677	2,695,058
Administration fees	1,289,843	-
Developer fees	513,823	-
Other	121,570	402,776
Total Operating Revenues	<u>18,316,859</u>	<u>3,097,834</u>
Operating Expenses		
Housing assistance payments	9,175,020	-
Administrative salaries and benefits	2,968,164	575,870
Maintenance salaries and benefits	827,122	-
Other administrative	980,194	491,236
Ordinary maintenance	946,117	593,482
Depreciation	974,967	1,681,642
Utilities	305,204	229,508
Insurance	152,542	118,632
Payments in lieu of taxes	10,153	-
Other	360,558	-
Total Operating Expenses	<u>16,700,041</u>	<u>3,690,370</u>
Operating Income (Loss)	<u>1,616,818</u>	<u>(592,536)</u>
Non-Operating Revenues (Expenses)		
Interest income	401,994	799
Interest expense	(712,532)	(1,156,944)
Other financing costs	(52,521)	-
Total Non-Operating Revenues (Expenses)	<u>(363,059)</u>	<u>(1,156,145)</u>
Income (Loss) Before Contributions and Distributions	1,253,759	(1,748,681)
HUD Capital Contributions	8,890	-
Capital Contributions	-	12,737,475
Priority Distributions	-	(2,445)
Change in Net Position	1,262,649	10,986,349
Net Position, Beginning of the Year	<u>14,239,803</u>	<u>4,265,911</u>
Net Position, End of the Year	<u>\$ 15,502,452</u>	<u>\$ 15,252,260</u>

Fort Collins Housing Authority dba Housing Catalyst

Statement of Cash Flows
Year Ended December 31, 2017

	Primary Government
Operating Activities	
HUD PHA grants	\$ 10,146,621
Other grants	3,569,492
Receipts from tenants	2,164,175
Administration fees	1,591,311
Other income	246,246
Developer fee income	900,021
Housing assistance payments	(9,302,246)
Payments to employees	(3,828,236)
Payments to suppliers	(2,400,186)
	3,087,198
Net Cash from Operating Activities	
Capital and Related Financing Activities	
Principal payments on long-term debt	(21,572,199)
Proceeds from line of credit	(314,249)
HUD capital contributions	657,730
Proceeds from sale of capital assets	32,340,440
Interest paid on long-term debt	(565,254)
Other financing costs paid	(48,521)
Acquisition of capital assets	(76,022)
	10,421,925
Net Cash from Capital and Related Financing Activities	
Investing Activities	
Receipts on notes receivable	24,019
Note receivable advance to related party	(14,036,969)
Interest income	237,166
Investment in tax credit partnerships	(55)
Reimbursement of development costs	2,461,072
Investments in future developments	(1,559,310)
	(12,874,077)
Net Cash used for Investing Activities	
Net Change in Cash and Cash Equivalents	635,046
Cash and Cash Equivalents, Beginning of Year	4,458,889
Cash and Cash Equivalents, End of Year	\$ 5,093,935

Fort Collins Housing Authority dba Housing Catalyst

Statement of Cash Flows
Year Ended December 31, 2017

	Primary Government
Reconciliation of Cash and Cash Equivalents	
Cash	\$ 4,797,310
Restricted Cash	296,625
Total Cash and Cash Equivalents	\$ 5,093,935
Reconciliation of Change in Net Position to Net Cash	
From Operating Activities	
Operating Income	\$ 4,230,164
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	773,858
Changes in assets and liabilities	
(Increase) decrease in assets:	
Receivables	(1,119,838)
Inventory	5,959
Prepaid expenses	152,578
Due from other agencies	(689)
Increase (decrease) in liabilities:	
Accounts payable	(20,478)
Tenant security deposits payable	(129,133)
Money held in escrow	35,031
Accrued compensation	12,664
Accrued liabilities	(22,807)
Unearned revenue	(12,156)
Due to other agencies	(387)
Increase in deferred inflows of resources	(817,568)
Net Cash from Operating Activities	\$ 3,087,198

Fort Collins Housing Authority dba Housing Catalyst

Statement of Cash Flows

Year Ended December 31, 2016 (Comparative Totals Only)

	Primary Government
Operating Activities	
HUD PHA grants	\$ 11,547,272
Other grants	2,446,052
Receipts from tenants	3,206,923
Administration fees	1,314,421
Other income	199,249
Developer fee income	1,606,687
Housing assistance payments	(9,111,268)
Payments to employees	(3,744,985)
Payments to suppliers	(2,905,988)
Net Cash from Operating Activities	<u>4,558,363</u>
Capital and Related Financing Activities	
Principal payments on long-term debt	(1,405,119)
Proceeds from line of credit	314,249
HUD capital contributions	8,890
Proceeds from sale of capital assets	233,500
Interest paid on long-term debt	(716,247)
Other financing costs paid	(52,521)
Acquisition of capital assets	(88,686)
Net Cash used for Capital and Related Financing Activities	<u>(1,705,934)</u>
Investing Activities	
Receipts on notes receivable	34,170
Note receivable advance to related party	(2,043,410)
Interest income	88,500
Investment in tax credit partnerships	560
Investment in future development	(138,802)
Net Cash used for Investing Activities	<u>(2,058,982)</u>
Net Change in Cash and Equivalents	793,447
Cash and Cash Equivalents, Beginning of Year	<u>3,665,442</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,458,889</u>

Fort Collins Housing Authority dba Housing Catalyst

Statement of Cash Flows

Year Ended December 31, 2016 (Comparative Totals Only)

	<u>Primary Government</u>
Reconciliation of Cash and Cash Equivalents	
Cash	\$ 3,199,779
Restricted Cash	<u>1,259,110</u>
Total Cash and Cash Equivalents	<u>\$ 4,458,889</u>
Reconciliation of Change in Net Position to Net Cash	
From Operating Activities	
Operating Income	\$ 1,616,818
Adjustments to reconcile operating income	
to net cash from operating activities	
Depreciation	974,967
Changes in assets and liabilities	
(Increase) decrease in assets:	
Receivables	1,172,964
Inventory	(13,243)
Prepaid expenses	(109,477)
Due from other agencies	24,578
Increase (decrease) in liabilities:	
Accounts payable	18,459
Tenant security deposits payable	(7,396)
Money held in escrow	63,752
Accrued compensation	50,301
Accrued liabilities	(6,336)
Unearned revenue	(3,969)
Due to other agencies	(40,623)
Increase in deferred inflows of resources	<u>817,568</u>
Net Cash from Operating Activities	<u>\$ 4,558,363</u>

Fort Collins Housing Authority dba Housing Catalyst
Combining Statement of Net Position - Discretely Presented Component Units
December 31, 2017

	Village on Elizabeth	Village on Stanford	Redtail Ponds PSH	Village on Plum	Village on Redwood	Village on Horsetooth	Village on Shields	Total
Assets								
Current Assets								
Cash	\$ 133,803	\$ 282,379	\$ 80,223	\$ 543,582	\$ 7,011,837	\$ 273,162	\$ 149,319	\$ 8,474,305
Restricted cash	151,880	390,758	682,379	520,865	58,737	-	97,624	1,902,243
Accounts receivable								
Tenants	2,768	7,036	2,683	9,446	2,658	-	51,400	75,991
Other	-	516	29,119	1,268	-	-	-	30,903
Prepaid expenses	184	8,802	20,565	59,877	10,933	-	106,122	206,483
Due from related party	-	-	-	-	-	-	-	-
Total Current Assets	288,635	689,491	814,969	1,135,038	7,084,165	273,162	404,465	10,689,925
Capital Assets								
Non-depreciable	640,000	998,437	862,000	543,454	230,000	7,714,004	12,270,470	23,258,365
Depreciable, net	3,085,426	5,968,776	9,761,526	12,925,444	18,217,567	-	25,515,909	75,474,648
Total Capital Assets, Net	3,725,426	6,967,213	10,623,526	13,468,898	18,447,567	7,714,004	37,786,379	98,733,013
Other Assets	8,823	15,666	49,496	49,857	72,459	-	-	196,301
Total Assets	\$ 4,022,884	\$ 7,672,370	\$ 11,487,991	\$ 14,653,793	\$ 25,604,191	\$ 7,987,166	\$ 38,190,844	\$ 109,619,239
Liabilities and Net Position								
Current Liabilities								
Accounts payable	\$ 3,272	\$ 13,764	\$ 26,966	\$ 14,101	\$ 74,437	\$ 6,016	\$ 54,933	\$ 193,489
Accrued interest payable	46,908	78,364	13,124	56,880	14,704	13,707	64,576	288,263
Tenant security deposits payable	21,636	39,764	12,000	51,986	39,536	-	97,624	262,546
Due to related party	7,274	-	-	-	-	-	-	7,274
Developer fee payable - current portion	-	-	41,497	35,336	724,045	-	-	800,878
Construction loan	-	-	-	-	10,512,402	-	-	10,512,402
Notes and mortgages mortgages payable - current portion	16,594	11,389	44,624	118,349	-	-	-	190,956
Total Current Liabilities	95,684	143,281	138,211	276,652	11,365,124	19,723	217,133	12,255,808
Long-Term Liabilities								
Notes and mortgages payable - net of current portion	4,057,339	5,229,386	4,525,077	10,089,067	6,388,003	5,202,461	32,919,408	68,410,741
Developer fee payable - net of current portion	-	-	140,930	488,422	557,639	-	-	1,186,991
Other long-term liabilities	-	-	-	-	-	886,123	1,779,088	2,665,211
Total Long-Term Liabilities	4,057,339	5,229,386	4,666,007	10,577,489	6,945,642	6,088,584	34,698,496	72,262,943
Total Liabilities	4,153,023	5,372,667	4,804,218	10,854,141	18,310,766	6,108,307	34,915,629	84,518,751
Net Position								
Net investment in capital assets	(348,507)	1,726,438	6,053,825	3,261,482	12,059,564	2,511,543	4,866,971	30,131,316
Unrestricted	218,368	573,265	629,948	538,170	(4,766,139)	(632,684)	(1,591,756)	(5,030,828)
Total Net Position	(130,139)	2,299,703	6,683,773	3,799,652	7,293,425	1,878,859	3,275,215	25,100,488
Total Liabilities and Net Position	\$ 4,022,884	\$ 7,672,370	\$ 11,487,991	\$ 14,653,793	\$ 25,604,191	\$ 7,987,166	\$ 38,190,844	\$ 109,619,239

Fort Collins Housing Authority dba Housing Catalyst
Combining Statement of Revenues, Expenses and Changes in Net Position -
Discretely Presented Component Units
Year Ended December 31, 2017

	Village on Elizabeth	Village on Stanford	Redtail Ponds PSH	Village on Plum	Village on Redwood	Village on Horsetooth	Village on Shields	Total
Operating Revenues								
Rental income	\$ 452,306	\$ 648,783	\$ 641,217	\$ 1,001,828	\$ 330,054	\$ -	\$ 546,569	\$ 3,620,757
Other	9,984	25,835	316,313	40,819	3,572	-	15,025	411,548
Total Operating Revenues	462,290	674,618	957,530	1,042,647	333,626	-	561,594	4,032,305
Operating Expenses								
Administrative salaries and benefits	67,957	109,958	308,918	115,303	49,976	-	109,203	761,315
Other administrative	55,426	81,817	151,865	179,589	74,014	-	102,123	644,834
Regular and extraordinary maintenance	130,441	163,298	191,057	177,301	67,998	-	135,609	865,704
Depreciation and amortization	195,599	320,007	491,201	659,484	458,515	-	234,091	2,358,897
Utilities	49,323	45,340	73,383	75,946	37,497	-	40,722	322,211
Insurance	16,342	29,197	38,820	34,272	38,574	-	16,591	173,796
Total Operating Expenses	515,088	749,617	1,255,244	1,241,895	726,574	-	638,339	5,126,757
Operating Income (Loss)	(52,798)	(74,999)	(297,714)	(199,248)	(392,948)	-	(76,745)	(1,094,452)
Non-Operating Revenues (Expenses)								
Interest income	47	375	304	156	7	-	109	998
Interest expense	(185,400)	(219,552)	(168,979)	(435,349)	(289,041)	-	(106,402)	(1,404,723)
Total Non-Operating Revenues (Expenses)	(185,353)	(219,177)	(168,675)	(435,193)	(289,034)	-	(106,293)	(1,403,725)
Loss Before Contributions and Distributions	(238,151)	(294,176)	(466,389)	(634,441)	(681,982)	-	(183,038)	(2,498,177)
Capital Contributions	-	-	-	-	7,012,347	1,878,859	3,458,253	12,349,459
Priority Distributions	(3,054)	-	-	-	-	-	-	(3,054)
Change in Net Position	(241,205)	(294,176)	(466,389)	(634,441)	6,330,365	1,878,859	3,275,215	9,848,228
Net Position, Beginning of the Year	111,066	2,593,879	7,150,162	4,434,093	963,060	-	-	15,252,260
Net Position, End of the Year	\$ (130,139)	\$ 2,299,703	\$ 6,683,773	\$ 3,799,652	\$ 7,293,425	\$ 1,878,859	\$ 3,275,215	\$ 25,100,488

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2017

Note 1 - Nature of Operations and Significant Accounting Policies

General

The Fort Collins Housing Authority dba Housing Catalyst (Housing Catalyst) is a corporate body created in May 1971 and uses available federal, state, and local resources to serve the residents of Fort Collins, Colorado by upgrading and maintaining the existing housing stock, encouraging the construction of new housing affordable to low and moderate income households, and providing low and moderate income families and senior households with decent, safe, and affordable rental housing opportunities. Housing Catalyst owns and operates 139 units of family housing and administers 921 Section 8 Housing Choice Vouchers, 135 Section 8 VASH vouchers and 50 Family Unification Program vouchers.

Housing Catalyst is governed by a seven-member Board of Commissioners.

Reporting Entity

Housing Catalyst's financial statements include the accounts of all Housing Catalyst operations. The criteria for including organizations as component units within the reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board's (GASB) Codification of Government Accounting and Financial Reporting Standards, include whether:

- The organization is legally separated (can sue and be sued in their own name)
- Housing Catalyst holds the corporate powers of the organization
- Housing Catalyst appoints a voting majority of the organization's board
- Housing Catalyst is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on Housing Catalyst
- There is fiscal dependency by the organization on Housing Catalyst

Blended Component Units

Included within the financial reporting entity of Housing Catalyst as a blended component unit is the Larimer County Housing Authority (LCHA). The purpose of LCHA is to provide safe and sanitary accommodations to the low and moderate-income residents of the County of Larimer. Over the past several years, Housing Catalyst has maintained a contractual relationship with LCHA for the administration of its housing activities. However, in January 1997, the Larimer County Board of Supervisors assigned all interests in LCHA to Housing Catalyst, as LCHA was deemed immaterial with respect to the overall functions of the County. Thus, despite being a legally separate entity and receiving funds directly from the Department of Housing and Urban Development, LCHA has been accounted for as a blended component unit of Housing Catalyst as the members of Housing Catalyst's Board also acts as the governing body of LCHA and LCHA's operations are fully the responsibility of the management of Housing Catalyst. Accordingly, the balances and transactions of this component unit are reported within the proprietary funds of Housing Catalyst.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2017

Also included within the financial reporting entity of Housing Catalyst as blended component units are Village on Elizabeth, LLC, Village on Stanford, LLC, VOS Development, LLC, Redtail Ponds Permanent Supportive Housing, LLC, Redtail Ponds Permanent Supportive Housing Development, LLC, Village on Plum, LLC, Village on Plum Development, LLC, Village on Redwood, LLC, Village on Redwood Development, LLC, Village on Horsetooth, LLC, Village on Horsetooth Development, LLC, Village on Shields, LLC, Village on Shields Development, LLC and Housing Catalyst, LLC, which are single-member LLC's. Separate financial statements for the component units are not issued.

Village on Elizabeth, LLC is the general partner in Village on Elizabeth, LLLP, Village on Stanford, LLC is the general partner in Village on Stanford, LLLP, Redtail Ponds Permanent Supportive Housing, LLC is the general partner in Redtail Ponds Permanent Supportive Housing, LLLP, Village on Plum, LLC is the general partner in Village on Plum, LLLP, Village on Redwood, LLC is the general partner in Village on Redwood, LLLP, Village on Horsetooth, LLC is the general partner of Village on Horsetooth, LLLP and Village on Shields, LLC is the general partner of Village on Shields, LLLP which are discretely presented component units and are described below.

VOS Development, LLC was formed to be the developer in Village on Stanford, LLC, Redtail Ponds Permanent Supportive Housing Development, LLC was formed to be the developer in Permanent Supportive Housing, LLC, Village on Plum Development, LLC was formed to be the developer in Village on Plum, LLLP, Village on Redwood Development, LLC was formed to be the developer in Village on Redwood, LLLP, Village on Horsetooth Development, LLC was formed to be the developer in Village on Horsetooth, LLLP and Village on Shields Development, LLC was formed to be the developer in Village on Shields, LLLP. Housing Catalyst, LLC was formed to be an entity that will be used, as needed, to participate as the partner in future development projects for Housing Catalyst when desired to facilitate project financing. Housing Catalyst, LLC is the administrative general partner in Provincetowne Green LLLP, an 85 unit low income housing tax credit project (Note 10).

Discretely Presented Component Units

The component unit columns in the combining financial statements include the financial data of Housing Catalyst's five discretely presented component units. These units are reported in separate columns to emphasize that they are legally separate from Housing Catalyst.

Village on Elizabeth, LLLP (VOE) – the general partner of this partnership, Village on Elizabeth, LLC, is wholly owned by Housing Catalyst. Village on Elizabeth, LLC has an ownership percentage of 0.01%. As the general partner, Housing Catalyst has the day to day management responsibilities of the partnership.

Village on Stanford, LLLP (VOS) – the general partner of this partnership, Village on Stanford, LLC, is wholly owned by Housing Catalyst. Village on Stanford, LLC has an ownership percentage of 0.01%. As the general partner, Housing Catalyst has the day to day management responsibilities of the partnership.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2017

Redtail Ponds Permanent Supportive Housing, LLLP (Redtail Ponds PSH) – the general partner of this partnership, Redtail Ponds Permanent Supportive Housing, LLC, is wholly owned by Housing Catalyst. Redtail Ponds Permanent Supportive Housing, LLC has an ownership percentage of 0.01%. As the general partner, Housing Catalyst has the day to day management responsibilities of the partnership.

Village on Plum, LLLP (VOP) – the general partner of this partnership, Village on Plum, LLC, is wholly owned by Housing Catalyst. Village on Plum, LLC has an ownership percentage of 0.01%. As the general partner, Housing Catalyst has the day to day management responsibilities of the partnership.

Village on Redwood, LLLP (VOR) – the general partner of this partnership, Village on Redwood, LLC, is wholly owned by Housing Catalyst. Village on Redwood, LLC has an ownership percentage of 0.01%. As the general partner, Housing Catalyst has the day to day management responsibilities of the partnership.

Village on Horsetooth, LLLP (VOH) – the general partner of this partnership, Village on Horsetooth, LLC, is wholly owned by Housing Catalyst. Village on Horsetooth, LLC has an ownership percentage of 0.01%. As the general partner, Housing Catalyst has the day to day management responsibilities of the partnership.

Village on Shields, LLLP (VOSH) – the general partner of this partnership, Village on Shields, LLC, is wholly owned by Housing Catalyst. Village on Shields, LLC has an ownership percentage of 0.01%. As the general partner, Housing Catalyst has the day to day management responsibilities of the partnership.

The financial statements of the discretely presented component units are presented in Housing Catalyst's basic financial statements. Complete financial statements of the individual component units can be obtained from the Chief Financial Officer, Housing Catalyst, 1715 W. Mountain Ave., Fort Collins, CO 80521.

Basis of Accounting

The accounts of Housing Catalyst are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and deferred outflows, liabilities and deferred inflows, net position, revenues, and expenses. Housing Catalyst classifies its funds as proprietary.

Housing Catalyst accounts for its operations in one fund type, the enterprise fund. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded at the time liabilities are incurred. All assets, deferred outflows, liabilities and deferred inflows associated with the operations of Housing Catalyst are included on the statement of net position. All significant intrafund transactions have been eliminated.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2017

Cash and Cash Equivalents

Housing Catalyst's cash deposits can only be invested in HUD approved investments: direct obligations of the Federal Government backed by the full faith and credit of the United States, obligations of government agencies, securities of government sponsored agencies, demand and savings deposits, time deposits, repurchase agreements, and other securities approved by HUD.

For the purpose of the statement of cash flows, Housing Catalyst considers cash deposits and highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Certificates of deposit are also considered to be cash equivalents due to their highly liquid nature and insignificant risk of change in value due to changes in interest rates. Housing Catalyst uses the certificate of deposits as part of the entities cash management.

Accounts and Notes Receivable

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Inventory

Inventories are valued at cost using the first-in/first-out method.

Capital Assets

Land, buildings and improvements, and equipment are recorded at cost, including indirect development costs. Housing Catalyst uses a capitalization threshold of \$5,000. Donated fixed assets are valued at their acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	15 - 30 Years
Furniture and Equipment	3 - 15 Years

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2017

Housing Catalyst 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 flow 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 flows analysis, or other valuation technique. There were no impairment losses recognized during 2017.

Investment in Tax Credit Partnerships and Future Developments

Investments in tax credit partnerships are accounted for under the equity method. Investments are stated at cost, plus (minus) Housing Catalyst's equity in net earnings (losses) since acquisition, less any distributions received.

Investments in future developments represents costs incurred by Housing Catalyst for future developments and are recorded at cost until a project is established.

Operating Revenues and Expenses

Housing Catalyst considers all revenues and expenses (including HUD intergovernmental revenues and expenses) as operating items with the exception of interest expense, interest revenue, and gain/loss on disposal of capital assets which are considered non-operating for financial reporting purposes.

Fraud Recovery

HUD requires Housing Catalyst to account for monies recovered from tenants who committed fraud or misrepresentation in the application process for rent calculations and now owe additional rent for prior periods or retroactive rent as fraud recovery. The monies recovered are shared by HUD and the local authority.

Developer Fee Revenue Recognition

Housing Catalyst earns development fees based on agreements with certain partnerships for the development of affordable housing. Developer fees are generally recognized under the percentage-of-completion method and in accordance with the corresponding development agreement.

Restricted and Unrestricted Resources

Housing Catalyst applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2017

Accumulated Unpaid Vacation Leave

Accumulated unpaid vacation leave is accrued in the period incurred. Employees are permitted to accumulate a limited amount of vacation benefits. Upon separation or termination from the Housing Catalyst, an employee will not be paid time in excess of 240 hours.

Unearned Revenues

As of December 31, 2017, unearned revenue consisted of \$2,482 of prepaid rent from tenants.

Components of Net Position

Components of net position include the following:

- *Net Investment in Capital Assets* – Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.
- *Restricted Net Position* – Consists of assets and deferred outflows less related liabilities and deferred inflows reported in the basic statement of net position that are subject to restraints on their use by HUD.
- *Unrestricted Net Position* – Consists of assets and deferred outflows less related liabilities and deferred inflows reported in the basic statement of net position that are not subject to restraints on their use.

Budgetary

Housing Catalyst's annual budgets are the annual contracts, which are with, and approved by, HUD. No budget to actual statements are presented in this report, as housing authorities are not legally required to adopt a budget under the Local Government Budget Law of Colorado.

Accounting 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2017

Comparative Totals

The financial statements and related footnotes include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Note 2 - Deposits and Investments

Primary Government

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at or equal to 102% of the uninsured deposits. The general depository agreement required by annual contract with HUD has additional collateral requirements, which Housing Catalyst met in 2017.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, Housing Catalyst's deposits may not be returned to it. As of December 31, 2017, Housing Catalyst's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with PDPA.

At December 31, 2017, Housing Catalyst's carrying amount of deposits was \$5,093,935 and the bank balance was \$6,517,382. Of the bank balances, \$466,159 was covered by Federal Depository Insurance. Of the remaining balances for 2017, \$6,051,223 was collateralized with securities held by a pledging financial institution's agent in the government's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of certificates of deposit will adversely affect the fair value of investments. All certificates of deposit held by Housing Catalyst as of December 31, 2017, mature within 1 year.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2017

Investments

Housing Catalyst's investment policy allows for investments to be solely in securities approved by HUD. Authorized investment instruments are as follows:

- Obligations of the United States and certain U.S. government agency securities
- Insured Money Market Deposit Accounts
- Municipal Depository Fund
- Super NOW Accounts
- Certificates of Deposit
- Repurchase Agreements
- Sweep Accounts
- Separate Trading of Registered Interest and Principal of Securities (STRIPS)
- Mutual Funds that meet HUD criteria

Housing Catalyst's deposit and investment policy specifies that all investments are to be adequately collateralized if deposits and investments exceed federal insurance limits. The policy does not formally address credit risk, interest rate risk, or foreign currency risk associated with investments.

Discretely Presented Component Units

Village on Elizabeth

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, VOE's deposits may not be returned to it. As of December 31, 2017, VOE's deposits were not exposed to custodial credit risk, as all deposits were insured by the FDIC.

Village on Stanford

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, VOS's deposits may not be returned to it. As of December 31, 2017, VOS's carrying amount of deposits and bank balance was \$673,037. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$423,037 was not insured and is exposed to custodial credit risk. Management does not believe that the deposits are exposed to a significant level of risk.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2017

Redtail Ponds PSH

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, Redtail Pond PSH's deposits may not be returned to it. As of December 31, 2017, Redtail Ponds PSH's carrying amount of deposits and bank balance was \$700,759. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$450,759 was not insured and is exposed to custodial credit risk. Management does not believe that the deposits are exposed to a significant level of risk.

Village on Plum

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, VOP's deposits may not be returned to it. As of December 31, 2017, VOP's carrying amount of deposits and bank balance was \$1,064,447. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$814,447 was not insured and is exposed to custodial credit risk. Management does not believe that the deposits are exposed to a significant level of risk.

Village on Redwood

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, VOR's deposits may not be returned to it. As of December 31, 2017, VOR's carrying amount of deposits and bank balance was \$7,070,046. Of the bank balances, \$496,646 was covered by Federal Depository Insurance. The remaining balance of \$6,573,400 was not insured and is exposed to custodial credit risk. Management does not believe that the deposits are exposed to a significant level of risk.

Village on Horsetooth

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, VOH's deposits may not be returned to it. As of December 31, 2017, VOH's deposits were not exposed to custodial credit risk, as all deposits were insured by the FDIC.

Village on Shields

Custodial credit risk is the risk that, in the event of a bank failure, VOSH's deposits may not be returned to it. As of December 31, 2017, VOSH's deposits were not exposed to custodial credit risk, as all deposits were insured by the FDIC.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2017

Note 3 - Restricted Cash

Restricted cash consists of cash and cash equivalents balances restricted for use in the Housing Choice Voucher program, held in escrow in order to comply with HUD requirements for the family self-sufficiency program and held for tenant security deposits.

Note 4 - Notes Receivable (Primary Government)

Village on Elizabeth, LLLP - Note receivables with stated interest rates of 3.50% - 5.31% per annum, yearly payments to the extent of available cash flow with the entire balance due December 2037 and collateralized by real property located at 2209 - 2217 West Elizabeth, Fort Collins, Colorado. \$ 3,077,396

Village on Stanford, LLLP - Note receivable with a stated interest rate of 3.57% per annum, yearly payments to the extent of available cash flow with the entire balance due December 2037 and collateralized by a deed of trust, security agreement, financing statement and assignment of rents and revenues. 1,283,421

Villages, LTD - Note receivable with a stated interest rate of 4.80% per annum, monthly payments of \$2,079, including principal and interest with the entire balance due October 2020 and collateralized by a deed of trust. 36,053

Redtail Ponds Permanent Supportive Housing, LLLP - Notes receivable with stated interest rates ranging from 2.50% to 4.00% per annum, yearly payments to the extent of available cash flow with the entire balance due January 2045 and collateralized by a deed of trust and an agreement of restrictive covenants on the property. 1,560,233

Village on Redwood, LLLP - Notes receivable with stated interest rates ranging from 2.50% to 4.00% per annum, yearly payments to the extent of available cash flow with the entire balance due January 2045 and collateralized by a deed of trust and an agreement of restrictive covenants on the property. 4,744,786

Village on Horsetooth, LLLP - Note receivable with a stated interest rate of 2.68% per annum, yearly payments to the extent of available cash flow with the entire balance due August 2057 and collateralized by a deed of trust and an agreement of restrictive covenants on the property. 1,012,500

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2017

Village on Shields, LLLP - Notes receivable with stated interest rates ranging from 2.00% to 2.60% per annum, yearly payments to the extent of available cash flow with the entire balance due April 2059 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	10,562,085
Other notes receivable	20,710
Total notes receivable	22,297,184
Less current portion	(23,715)
Notes receivable - net of current portion	\$ 22,273,469

Note 5 - Capital Assets

The following is a summary of capital assets for the year ended December 31, 2017:

Primary Government

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Non-Depreciable				
Land	\$ 5,848,559	\$ -	\$ (1,757,030)	\$ 4,091,529
	5,848,559	-	(1,757,030)	4,091,529
Depreciable				
Buildings and improvements	27,033,824	76,022	(20,876,200)	6,233,646
Furniture and equipment	1,212,444	-	(165,974)	1,046,470
Total depreciable capital assets	28,246,268	76,022	(21,042,174)	7,280,116
Less: Accumulated Depreciation				
Buildings and improvements	(8,141,682)	(734,951)	4,067,069	(4,809,564)
Furniture and equipment	(1,053,676)	(38,907)	112,177	(980,406)
Total accumulated depreciation	(9,195,358)	(773,858)	4,179,246	(5,789,970)
Net Depreciable Capital Assets	19,050,910	(697,836)	(16,862,928)	1,490,146
Total	\$ 24,899,469	\$ (697,836)	\$ (18,619,958)	\$ 5,581,675

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2017

Discretely Presented Component Units

Village on Elizabeth

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Non-Depreciable				
Land	\$ 640,000	\$ -	\$ -	\$ 640,000
	<u>640,000</u>	<u>-</u>	<u>-</u>	<u>640,000</u>
Depreciable				
Buildings and improvements	4,689,947	-	-	4,689,947
Furniture and equipment	562,755	-	-	562,755
Total depreciable capital assets	<u>5,252,702</u>	<u>-</u>	<u>-</u>	<u>5,252,702</u>
Total accumulated depreciation	<u>(1,973,442)</u>	<u>(193,834)</u>	<u>-</u>	<u>(2,167,276)</u>
Net Depreciable Capital Assets	<u>3,279,260</u>	<u>(193,834)</u>	<u>-</u>	<u>3,085,426</u>
Total	<u>\$ 3,919,260</u>	<u>\$ (193,834)</u>	<u>\$ -</u>	<u>\$ 3,725,426</u>

Village on Stanford

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Non-Depreciable				
Land	\$ 998,437	\$ -	\$ -	\$ 998,437
Depreciable				
Buildings and improvements	8,574,150	-	-	8,574,150
Land improvements	66,615	-	-	66,615
Furniture and equipment	195,271	-	-	195,271
Total depreciable capital assets	<u>8,836,036</u>	<u>-</u>	<u>-</u>	<u>8,836,036</u>
Total accumulated depreciation	<u>(2,549,519)</u>	<u>(317,741)</u>	<u>-</u>	<u>(2,867,260)</u>
Net Depreciable Capital Assets	<u>6,286,517</u>	<u>(317,741)</u>	<u>-</u>	<u>5,968,776</u>
Total	<u>\$ 7,284,954</u>	<u>\$ (317,741)</u>	<u>\$ -</u>	<u>\$ 6,967,213</u>

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2017

Redtail Ponds PSH

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Non-Depreciable				
Land	\$ 862,000	\$ -	\$ -	\$ 862,000
	<u>862,000</u>	<u>-</u>	<u>-</u>	<u>862,000</u>
Depreciable				
Buildings and improvements	9,487,623	10,500	-	9,498,123
Land improvements	1,220,031	-	-	1,220,031
Furniture and equipment	422,884	-	-	422,884
Total depreciable capital assets	<u>11,130,538</u>	<u>10,500</u>	<u>-</u>	<u>11,141,038</u>
Total accumulated depreciation	<u>(892,379)</u>	<u>(487,133)</u>	<u>-</u>	<u>(1,379,512)</u>
Net Depreciable Capital Assets	<u>10,238,159</u>	<u>(476,633)</u>	<u>-</u>	<u>9,761,526</u>
Total	<u>\$ 11,100,159</u>	<u>\$ (476,633)</u>	<u>\$ -</u>	<u>\$ 10,623,526</u>

Village on Plum

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Non-Depreciable				
Land	\$ 543,454	\$ -	\$ -	\$ 543,454
	<u>543,454</u>	<u>-</u>	<u>-</u>	<u>543,454</u>
Depreciable				
Buildings and improvements	12,826,728	-	-	12,826,728
Land improvements	1,411,097	-	-	1,411,097
Furniture and equipment	432,135	-	-	432,135
Total depreciable capital assets	<u>14,669,960</u>	<u>-</u>	<u>-</u>	<u>14,669,960</u>
Total accumulated depreciation	<u>(1,088,952)</u>	<u>(655,564)</u>	<u>-</u>	<u>(1,744,516)</u>
Net Depreciable Capital Assets	<u>13,581,008</u>	<u>(655,564)</u>	<u>-</u>	<u>12,925,444</u>
Total	<u>\$ 14,124,462</u>	<u>\$ (655,564)</u>	<u>\$ -</u>	<u>\$ 13,468,898</u>

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2017

Village on Redwood

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Non-Depreciable				
Land	\$ 230,000	\$ -	\$ -	\$ 230,000
Construction in progress	12,644,827	6,026,079	(18,670,906)	-
	<u>\$ 12,874,827</u>	<u>\$ 6,026,079</u>	<u>\$ (18,670,906)</u>	<u>\$ 230,000</u>
Depreciable				
Buildings and improvements	-	16,782,086	-	16,782,086
Land improvements	-	1,581,517	-	1,581,517
Furniture and equipment	-	307,303	-	307,303
Total depreciable capital assets	-	18,670,906	-	18,670,906
Total accumulated depreciation	-	(453,339)	-	(453,339)
Net Depreciable Capital Assets	-	18,217,567	-	18,217,567
Total	<u>\$ 12,874,827</u>	<u>\$ 24,243,646</u>	<u>\$ (18,670,906)</u>	<u>\$ 18,447,567</u>

Village on Horsetooth

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Non-Depreciable				
Land	\$ -	\$ 996,300	\$ -	\$ 996,300
Construction in progress	-	6,717,704	-	6,717,704
Total	<u>\$ -</u>	<u>\$ 7,714,004</u>	<u>\$ -</u>	<u>\$ 7,714,004</u>

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2017

Village on Shields

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Non-Depreciable				
Land	\$ -	\$ 3,850,000	\$ -	\$ 3,850,000
Construction in progress	-	8,420,470	-	8,420,470
	<u>\$ -</u>	<u>\$ 12,270,470</u>	<u>\$ -</u>	<u>\$ 12,270,470</u>
Depreciable				
Buildings and improvements	-	25,750,000	-	25,750,000
Total depreciable capital assets	-	25,750,000	-	25,750,000
Less: Accumulated Depreciation				
Buildings and improvements	-	(234,091)	-	(234,091)
Total accumulated depreciation	-	(234,091)	-	(234,091)
Net Depreciable Capital Assets	-	25,515,909	-	25,515,909
Total	<u>\$ -</u>	<u>\$ 37,786,379</u>	<u>\$ -</u>	<u>\$ 37,786,379</u>

Note 6 - Long-Term Debt

During the year ended December 31, 2017, the following changes occurred in long-term debt:

Primary Government

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes Payable	<u>\$ 22,214,928</u>	<u>\$ -</u>	<u>\$ (21,615,112)</u>	<u>\$ 599,816</u>	<u>\$ 73,619</u>

Discretely Presented Component Units

Village on Elizabeth

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes Payable	<u>\$ 3,996,943</u>	<u>\$ 91,337</u>	<u>\$ (14,347)</u>	<u>\$ 4,073,933</u>	<u>\$ 16,594</u>

Village on Stanford

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes Payable	<u>\$ 5,244,270</u>	<u>\$ 6,311</u>	<u>\$ (9,806)</u>	<u>\$ 5,240,775</u>	<u>\$ 11,389</u>

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2017

Redtail Ponds PSH

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes Payable	\$ 4,533,516	\$ 75,568	\$ (39,383)	\$ 4,569,701	\$ 44,624

Village on Plum

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes Payable	\$ 10,161,483	\$ 142,038	\$ (96,105)	\$ 10,207,416	\$ 118,349

Village on Redwood

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes Payable	\$ 4,002,521	\$ 2,796,389	\$ (410,907)	\$ 6,388,003	\$ -

Village on Horsetooth

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes Payable	\$ -	\$ 5,202,461	\$ -	\$ 5,202,461	\$ -

Village on Shields

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes Payable	\$ -	\$ 32,919,408	\$ -	\$ 32,919,408	\$ -

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2017

Notes payable as of December 31, 2017, consisted of the following:

Primary Government

Taft Hill Office Remodel - Note payable due to First Bank with a stated interest rate of 4.80% per annum, due in monthly principal and interest installments of \$2,087 with a maturity date of October 2020 and secured by a deed of trust and all deposit accounts held by First Bank Holding Company. \$ 36,053

Mountain Office Remodel - Note payable due to First Bank with a stated interest rate of 3.00% per annum, due in monthly principal and interest installments of \$5,534 with a maturity date of October 2027 and secured by a deed of trust and all deposit accounts held by First Bank Holding Company. 563,763

Total notes payable - Primary Government \$ 599,816

Discretely Presented Component Units

Village on Elizabeth

Mortgage note payable with a stated interest rate of 7.20% per annum and an effective interest rate of 7.32%, due in monthly principal and interest installments of \$5,876 with a maturity date of June 2026 and secured by a mortgage on substantially all assets and an assignment of rent. \$ 822,369

Mortgage note payable with a stated interest rate of 3.00% per annum and an effective interest rate of 3.12%, due in monthly principal and interest installments of \$866 with a maturity date of June 2026 and secured by a mortgage on all property and equipment and an assignment of rent. 185,036

Mortgage notes payable due to Housing Catalyst with stated and effective interest rates ranging from 3.50% to 5.31% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of December 2037 and secured by a mortgage on substantially all assets and an assignment of rent. 2,288,140

Total notes payable - Village on Elizabeth 3,295,545

Long-term accrued interest due to Housing Catalyst added to principal balance 789,256
Less: unamortized debt issuance costs (10,868)

Total notes payable, net - Village on Elizabeth \$ 4,073,933

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2017

Village on Stanford

Mortgage note payable with a stated interest rate of 7.85% per annum and an effective interest rate of 8.19%, due in monthly principal and interest installments of \$12,889 with a maturity date of December 2028 and secured by a mortgage on substantially all assets and an assignment of rent. \$ 1,800,742

Mortgage notes payable due to Housing Catalyst with stated and effective interest rates of 3.57% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of December 2038 and secured by a mortgage on substantially all assets and an assignment of rent. 1,283,421

Mortgage note payable due to Villages, LTD with a stated and effective interest rate of 3.57% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of December 2038 and secured by a mortgage on substantially all assets and an assignment of rent. 753,769

CDBG mortgage note payable with a stated and effective interest rate of 0.00% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of December 2038 and secured by a mortgage on substantially all assets and an assignment of rent. 219,534

CDBG mortgage note payable with a stated and effective interest rate of 0.00% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of December 2038 and secured by a mortgage on substantially all assets and an assignment of rent. 230,466

Tax Credit Assistance Program (TCAP) loan payable from the Colorado Housing and Finance Authority with a stated and effective interest rate of 0.00% per annum, with the principal balance due on the maturity date of February 2029 and secured by a second mortgage on substantially all assets and an assignment of rent. 989,065

Total notes payable - Village on Stanford 5,276,997

Less: unamortized debt issuance costs (36,222)

Total notes payable, net - Village on Stanford \$ 5,240,775

Redtail Ponds PSH

Mortgage note payable with a stated interest rate of 3.75% per annum and an effective interest rate of 3.89%, due in monthly principal and interest installments of \$10,559 with a maturity date of April 2046 and secured by a mortgage on substantially all assets and an assignment of rent. \$ 2,209,241

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2017

Mortgage notes payable due to Housing Catalyst with stated and effective interest rates ranging from 2.50% to 4.00% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of January 2045 and secured by a deed of trust and an Agreement of Restrictive Covenants Affecting Real Property. 1,560,233

Mortgage note payable due to Villages, LTD with a stated and effective interest rate of 4.00% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of January 2045 and secured by a mortgage on substantially all assets and an assignment of rent. 902,269

Total notes payable - Redtail Ponds PSH 4,671,743

Less: unamortized debt issuance costs (102,042)

Total notes payable, net - Redtail Ponds PSH \$ 4,569,701

Village on Plum

Mortgage note payable with a stated interest rate of 3.75% per annum and an effective interest rate of 3.78%, due in monthly principal and interest installments of \$10,559 with a maturity date of April 2046 and secured by a mortgage on substantially all assets and an assignment of rent. \$ 5,954,144

Mortgage notes payable due to Villages, LTD with stated and effective interest rates of 3.50% per annum, due in annual installments from cash flow or proceeds of capital transactions with maturity dates of October 2044 and secured by a mortgage on substantially all assets and an assignment of rent. 4,508,461

Total notes payable - Village on Plum 10,462,605

Less: unamortized debt issuance costs (255,189)

Total notes payable, net - Village on Plum \$ 10,207,416

Village on Redwood

Mortgage note payable due to the State of Colorado with a stated and effective interest rate of 0.00% per annum, due in annual installments of principal and interest of \$48,879 beginning in June 2018 with a maturity date of March 2056 and secured by real property. \$ 1,906,269

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2017

Mortgage notes payable due to Housing Catalyst with stated and effective interest rates of 4.00% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of April 2056 and secured by a mortgage on substantially all assets and an assignment of rent. 4,744,786

Total notes payable - Village on Redwood 6,651,055

Less: unamortized debt issuance costs (263,052)

Total notes payable, net - Village on Redwood \$ 6,388,003

Village on Horsetooth

Construction loan payable with a maximum available amount of \$2,990,000 with a stated interest rate of 3.24% per annum and secured by real property with a maturity date of August 2021. \$ 2,189,961

Mortgage note payable due to the State of Colorado with a stated and effective interest rate of 0.00% per annum, due in annual installments of principal and interest of \$52,632 beginning in June 2020 with a maturity date of August 2057 and secured by real property. 2,000,000

Mortgage note payable due to Housing Catalyst with a stated and effective interest rate of 2.68% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of August 2057 and secured by a mortgage on substantially all assets and an assignment of rent. 1,012,500

Total notes payable - Village on Horsetooth \$ 5,202,461

Village on Shields

Construction loan payable with a maximum available amount of \$35,000,000 with a stated interest rate of 3.81% per annum and secured by real property with a maturity date of September 2019. The loan will convert to permanent financing at the completion of the construction period with an anticipated principal balance of \$18,209,000 and an interest rate of 4.68% per annum. \$ 20,774,546

Mortgage notes payable due to Housing Catalyst with stated and effective interest rates ranging from 2.00% of 2.60% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of April 2059 and secured by a mortgage on substantially all assets and an assignment of rent. 10,562,085

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2017

Mortgage notes payable due to Villages, Ltd with stated and effective interest rates ranging from 2.00% to 2.60% per annum, due in annual installments from cash flow or proceeds of capital transactions with maturity dates of April 2059 and secured by a mortgage on substantially all assets and an assignment of rent.

1,582,777

Total notes payable - Village on Shields

\$ 32,919,408

The estimated debt requirements to maturity for the year ending December 31, 2017 are as follows:

Primary Government

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 73,619	\$ 17,737	\$ 91,356
2019	63,831	15,090	78,921
2020	53,042	13,365	66,407
2021	54,717	11,690	66,407
2022	56,405	10,002	66,407
2023-2027	<u>298,202</u>	<u>22,854</u>	<u>321,056</u>
Total	<u><u>\$ 599,816</u></u>	<u><u>\$ 90,738</u></u>	<u><u>\$ 690,554</u></u>

Discretely Presented Component Units

Village on Elizabeth

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 16,594	\$ 186,487	\$ 203,081
2019	17,613	185,468	203,081
2020	18,701	184,380	203,081
2021	19,863	183,218	203,081
2022	21,106	181,975	203,081
2023-2027	913,528	809,105	1,722,633
2028-2032	-	610,867	610,867
2033-2037	<u>3,077,396</u>	<u>610,867</u>	<u>3,688,263</u>
Total	<u><u>\$ 4,084,801</u></u>	<u><u>\$ 2,952,367</u></u>	<u><u>\$ 7,037,168</u></u>

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2017

Village on Stanford

	Principal	Interest	Total
2018	\$ 11,389	\$ 216,002	\$ 227,391
2019	12,755	214,636	227,391
2020	13,398	213,993	227,391
2021	14,914	212,477	227,391
2022	16,146	211,245	227,391
2023-2027	102,563	1,034,395	1,136,958
2028-2032	2,618,642	492,732	3,111,374
2033-2037	-	363,638	363,638
2038-2042	2,487,190	72,728	2,559,918
	<u>\$ 5,276,997</u>	<u>\$ 3,031,846</u>	<u>\$ 8,308,843</u>

Redtail Ponds PSH

	Principal	Interest	Total
2018	\$ 44,624	\$ 157,653	\$ 202,277
2019	46,326	155,951	202,277
2020	48,094	154,183	202,277
2021	49,928	152,349	202,277
2022	51,833	150,444	202,277
2023-2027	290,381	721,002	1,011,383
2028-2032	350,165	661,218	1,011,383
2033-2037	422,256	589,127	1,011,383
2038-2042	509,188	502,195	1,011,383
2043-2047	2,858,948	183,349	3,042,297
	<u>\$ 4,671,743</u>	<u>\$ 3,427,471</u>	<u>\$ 8,099,214</u>

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2017

Village on Plum

	Principal	Interest	Total
2018	\$ 118,349	\$ 369,198	\$ 487,547
2019	122,987	364,560	487,547
2020	127,806	359,741	487,547
2021	132,814	354,733	487,547
2022	138,019	349,528	487,547
2023-2027	775,588	1,662,149	2,437,737
2028-2032	939,937	1,497,800	2,437,737
2033-2037	3,598,644	930,383	4,529,027
2038-2042	-	710,189	710,189
2043-2047	4,508,461	260,403	4,768,864
	\$ 10,462,605	\$ 6,858,684	\$ 17,321,289

Village on Redwood

	Principal	Interest	Total
2018	\$ -	\$ 193,250	\$ 193,250
2019	48,879	193,250	242,129
2020	48,879	193,250	242,129
2021	48,879	193,250	242,129
2022	48,879	193,250	242,129
2023-2027	244,395	966,252	1,210,647
2028-2032	244,395	966,252	1,210,647
2033-2037	244,395	966,252	1,210,647
2038-2042	244,395	966,252	1,210,647
2043-2047	244,395	966,252	1,210,647
2048-2052	244,395	966,252	1,210,647
2053-2057	4,989,169	644,168	5,633,337
	\$ 6,651,055	\$ 7,407,930	\$ 14,058,985

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2017

Village on Horsetooth

	Principal	Interest	Total
2018	\$ -	\$ 27,135	\$ 27,135
2019	-	27,135	27,135
2020	-	27,135	27,135
2021	2,189,961	27,135	2,217,096
2022	-	27,135	27,135
2023-2027	-	135,675	135,675
2028-2032	-	135,675	135,675
2033-2037	-	135,675	135,675
2038-2042	-	135,675	135,675
2043-2047	-	135,675	135,675
2048-2052	-	135,675	135,675
2053-2057	3,012,500	126,630	3,139,130
	<u>\$ 5,202,461</u>	<u>\$ 1,076,355</u>	<u>\$ 6,278,816</u>

Village on Shields

	Principal	Interest	Total
2018	\$ -	\$ 430,342	\$ 430,342
2019	20,774,546	395,965	21,170,511
2020	-	295,699	295,699
2021	-	295,699	295,699
2022	-	295,699	295,699
2023-2027	-	1,478,497	1,478,497
2028-2032	-	1,478,497	1,478,497
2033-2037	-	1,478,497	1,478,497
2038-2042	-	1,478,497	1,478,497
2043-2047	-	1,478,497	1,478,497
2048-2052	-	1,478,497	1,478,497
2053-2057	-	1,478,497	1,478,497
2058-2062	12,144,862	394,266	12,539,128
	<u>\$ 32,919,408</u>	<u>\$ 12,457,149</u>	<u>\$ 45,376,557</u>

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2017

Note 7 - Construction Loan Payable

Village on Redwood, LLLP has a short-term construction loan payable with Bank of Colorado with a variable interest rate based on the Wall Street Journal U.S. Prime rate less 1.00%, at 3.50% per annum as of December 31, 2017, and interest only payments during the construction period. The loan has a maximum amount of \$12,000,000 and an original maturity date of February 2018, which was extended to May 2018. The loan is secured by a first mortgage on all real property and improvements on the property, assignment of leases, rents and other income, assignments of all service, construction and architect's contracts and an assignment of capital contributions. The loan was converted to permanent financing with the Bank of Colorado on May 16, 2018 with a principal balance of \$2,525,000. As of December 31, 2017, the outstanding principal balance was \$10,512,402 and accrued interest payable was \$3,058.

Note 8 - Restricted Net Position

As of December 31, 2017, restricted net position consisted of \$94,058 in Section 8 HAP received but not yet paid to eligible individuals.

Note 9 - Annual Contributions Contract

Housing Catalyst has an annual contributions contract for Section 8 HAP and adjustments vary based on requirements. The maximum contract was \$9,222,953 for the year ended December 31, 2017.

Note 10 - Related Party Transactions

Management Fees and Reimbursement of Expenses

Housing Catalyst is also a general partner in Village on Elizabeth, LLLP, a 48 unit low income housing tax credit project, and provides management services to the project. Under the management agreement, Housing Catalyst is to be paid management fees totaling 7.5% of gross collections on the project. During the year ended December 31, 2017, Housing Catalyst received \$34,609 in property management fees.

Housing Catalyst is also a general partner in Village on Stanford, LLLP, an 82 unit low income housing tax credit project, and provides management services to the project. Under the management agreement, Housing Catalyst is to be paid management fees totaling 8% of gross rents of the project. During the year ended December 31, 2017, Housing Catalyst received \$54,311 in property management fees.

Housing Catalyst is also a general partner in Redtail Ponds PSH, LLLP, a 60 unit low income housing tax credit project, and provides management services to the project. Under the management agreement, Housing Catalyst is to be paid management fees totaling 8% of net rental income and accounting fees totaling 3% of net rental income on the project. During the year ended December 31, 2017, Housing Catalyst received \$70,534 for these fees.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2017

Housing Catalyst is also a general partner in Village on Plum, LLLP, a 95 unit low income housing tax credit project, and provides management services to the project. Under the management agreement, Housing Catalyst is to be paid management fees totaling 8% of net rental income and accounting fees totaling 3% of net rental income on the project. During the year ended December 31, 2017, Housing Catalyst received \$110,055 for these fees.

Housing Catalyst is also a general partner in Village on Redwood, LLLP, a 72 unit low income housing tax credit project, and provides management services to the project. Under the management agreement, Housing Catalyst is to be paid management fees totaling 8% of net rental income and accounting fees totaling 9% of net rental income on the project. During the year ended December 31, 2017, Housing Catalyst received \$56,109 for these fees.

Housing Catalyst is also a general partner in Village on Shields, LLLP, a 285 unit low income housing tax credit project, and provides management services to the project. Under the management agreement, Housing Catalyst is to be paid management fees totaling 8% of rental income and accounting fees totaling 3% of rental income on the project. During the year ended December 31, 2017, Housing Catalyst received \$84,876 for these fees.

Housing Catalyst is reimbursed for various office expenses, caretaker payroll and benefits, and other maintenance costs incidental to the operations of VOE, VOS, Redtail Ponds, VOP, VOR and VOSH. During the year ended December 31, 2017, Housing Catalyst received approximately \$108,500 from VOE, \$176,600 from VOS, \$350,800 from Redtail Ponds, \$203,700 from VOP, \$97,500 from VOR and \$162,600 from VOSH for these expenses. As of December 31, 2017, Housing Catalyst was owed \$4,103 from VOE, \$7,392 from VOS, \$16,165 from Redtail Ponds, \$6,000 from VOP, \$4,503 from VOR and \$18,926 from VOSH for these fees and expenses.

As of December 31, 2017, Housing Catalyst was owed \$182,427, \$523,758 and \$1,281,684 in developer fees from Redtail Ponds Permanent Supportive Housing, LLLP, Village on Plum, LLLP and Village on Redwood, LLLP, respectively, related to the construction and development of the projects. Of these amounts, the Authority expects to receive \$41,497 from Redtail Ponds, \$35,336 from VOP and \$724,045 from VOR during 2018. The remaining balances of \$140,930, \$488,422 and \$557,639, respectively, will be paid to Housing Catalyst from future available cash flows of the projects. In addition, Housing Catalyst was owed accrued interest of \$6,220, \$43,508 and \$11,646 from Redtail Ponds, VOP and VOR, respectively, as of December 31, 2017.

Notes Receivable

As of December 31, 2017, Housing Catalyst was owed \$3,077,396 on various notes receivable from VOE with interest rates ranging from 3.50% per annum to 5.31% per annum (see Note 4). In addition, Housing Catalyst was owed accrued interest of \$41,512 from VOE. Interest income from VOE for the year ended December 31, 2017, was \$118,918.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2017

As of December 31, 2017, Housing Catalyst was owed \$1,283,421 on two notes receivable from VOS with stated interest rates of 3.57% per annum (see Note 4). In addition, Housing Catalyst was owed accrued interest of \$41,701 from VOS. Interest income from VOS for the year ended December 31, 2017, was \$45,677.

As of December 31, 2017, Housing Catalyst was owed \$1,560,233 on two notes receivable from Redtail Ponds PSH with stated interest rates ranging from 2.50% per annum to 4.00% per annum (see Note 4). Interest income from Redtail Ponds for the year ended December 31, 2017, was \$43,568.

As of December 31, 2017, Housing Catalyst was owed \$4,744,786 on three notes receivable from VOR with stated interest rates of 4.00% per annum (see Note 4). Interest income from VOR for the year ended December 31, 2017, was \$138,285.

As of December 31, 2017, Housing Catalyst was owed \$1,012,500 on one note receivable from VOH with a stated interest rate of 4.00% per annum (see Note 4). In addition, Housing Catalyst was owed accrued interest of \$7,226 from VOH. Interest income from VOH for the year ended December 31, 2017, was \$7,226.

As of December 31, 2017, Housing Catalyst was owed \$10,562,085 on three notes receivable from VOSH with stated interest rates ranging from 2.00% to 2.60% per annum (see Note 4). Interest income from VOSH for the year ended December 31, 2017, was \$63,446.

Investment in Tax Credit Partnerships

Housing Catalyst is the managing general partner in VOE, VOS, Redtail Ponds, VOP, VOR, VOH and VOSH with ownership interests generally 0.01% or less. As the general partner, Housing Catalyst has the day to day management responsibilities of each partnership. Housing Catalyst's equity interest in the partnerships above was \$149,971 as of December 31, 2017.

Note 11 - Management Services

As mentioned in Note 10, Housing Catalyst provides management services for Village on Elizabeth, LLLP, Village on Stanford, LLLP, Redtail Ponds PSH, LLLP, Village on Plum, LLLP, Village on Redwood, LLLP and Village on Shields, LLLP. In addition, Housing Catalyst provides management services for The Villages, Ltd. (Villages) and the Wellington Housing Authority (WHA). The Villages and WHA pay for all direct charges and then reimburse Housing Catalyst through a management fee agreement for the salaries, employee benefits, and other overhead items. Housing Catalyst will also provide management services for Village on Horsetooth, LLLP once construction is completed and it opens which is expected to occur during 2018.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2017

Note 12 - Risk Management

Housing Catalyst is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. Housing Catalyst carries commercial insurance for the risks of loss, including worker's compensation and employee accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Limits of insurance coverage have been adjusted annually.

Note 13 - Pension Plan

Housing Catalyst provides eligible employees with a 457 deferred compensation retirement plan, a type of defined contribution plan. The plan and the contributions rates are authorized by Housing Catalyst's Board of Commissioners. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Under the plan, eligible employees are required to contribute a minimum of two and a half percent of pre-tax salary and the employer contributes five percent of each employee's basic salary. The maximum amount of compensation that can be deferred for any taxable year is the lesser of either: (i) the limit imposed by section 457(b)(2)(A) of the Internal Revenue Code, which is currently \$18,000; or (ii) 100% of the participant's compensation. Contributions are made to and maintained by the plan administrator, ICMA-RC, which maintains an individual account for each participant. Employees are fully vested in the full amount of contributions made and are eligible for plan benefits at retirement, which is defined as reaching age 65 and no longer being employed with Housing Catalyst. For the years ended December 31, 2017, 2016 and 2015, the employer cost of the plan totaled \$185,753, \$179,291 and \$166,675, respectively.

Note 14 - Line of Credit

Housing Catalyst has an unsecured line of credit with a total available balance of \$1,000,000 with First Bank of Northern Colorado. The line expires on August 11, 2018, and interest on the line of credit is variable based on the Wall Street Journal Prime Rate plus 1.00% with a minimum rate of 5.25% per annum. The funds from this line are designated for the temporary financing of Housing Development projects. As of December 31, 2017, there was no outstanding balance due on the line of credit.

Note 15 - Conduit Debt

In September of 2011, Housing Catalyst arranged for tax exempt financing in the amount of \$2,737,000 for Neighbor to Neighbor, a local housing provider. The debt has a final maturity date of September 9, 2026 and is secured by real estate. Housing Catalyst in no way guarantees the loan or has any liability for the loan. Accordingly, the loan is not reported as liabilities in Housing Catalyst's financial statements. Neighbor to Neighbor pays the principal and interest directly to Home State Bank, paid a fee for the refinancing of the loan, and pays Housing Catalyst a yearly fee for arranging the loan. As of December 31, 2017, the outstanding balance of the debt was \$2,339,400.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2017

Note 16 - CDBG and HOME Grants

Housing Catalyst received CDBG and HOME grants from the City of Fort Collins (City) for the payment of development costs for the Village on Redwood, Village on Horsetooth and Village on Shields projects. The grant funds were loaned to the respective partnerships with a maturity dates ranging from 2056 to 2059. The CDBG and HOME grants are restricted for a period of time. Housing Catalyst is to repay the City upon the sale of property that was acquired, constructed or improved with the CDBG and HOME grant funds through the restricted period. During the year ended December 31, 2017, Housing Catalyst had total CDBG and HOME grant income of \$2,922,892.

Note 17 - Commitments and Contingencies

Housing Catalyst receives significant financial assistance from the United States Government in the form of contracts and grants. Entitlement to these resources is generally contingent upon compliance with the terms and conditions of the contract or grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all federal grants and contracts are subject to a financial and compliance audit under federal regulations. Disallowed costs as a result of compliance audits become a liability of Housing Catalyst. Management believes that the potential for a material liability due to future audit disallowance is remote.

Note 18 - Subsequent Events

Subsequent events have been evaluated through June 28, 2018, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

* * * * *

Fort Collins Housing Authority dba Housing Catalyst

Combining Schedule of Net Position

December 31, 2017

	<u>Public Housing</u>	<u>Housing Choice Vouchers</u>	<u>Larimer County Housing Authority</u>	<u>State and Local</u>	<u>Housing Development</u>
Assets and Deferred Outflows					
Cash and cash equivalents	\$ 969,809	\$ 329,532	\$ 10,017	\$ 2,852	\$ 1,588,393
Restricted cash and cash equivalents	24,676	245,260	11,432	-	10,331
Accounts receivable					
Grants	-	-	-	-	-
Tenants	10,081	-	-	-	-
Developer fees, current	-	-	-	-	800,878
Other	81	591	-	-	45,811
Accrued interest	-	-	-	-	151,814
Notes receivable - current	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Inventory	-	-	-	-	-
Due from other funds	2,943	379	-	-	-
Due from other agencies	-	-	-	-	-
Total current assets	<u>1,007,590</u>	<u>575,762</u>	<u>21,449</u>	<u>2,852</u>	<u>2,597,227</u>
Non-depreciable capital assets	2,199,946	-	-	-	1,852,083
Depreciable capital assets, net	480,109	-	-	-	420,191
Developer fees receivable, long-term	-	-	-	-	1,186,991
Notes receivable, net	-	-	-	-	22,261,131
Investment in tax credit partnerships	-	-	-	-	149,971
Investment in future developments	-	-	-	-	39,319
Total Assets	<u>3,687,645</u>	<u>575,762</u>	<u>21,449</u>	<u>2,852</u>	<u>28,506,913</u>
Deferred Outflows of Resources	-	-	-	-	-
Total Assets	<u>\$ 3,687,645</u>	<u>\$ 575,762</u>	<u>\$ 21,449</u>	<u>\$ 2,852</u>	<u>\$ 28,506,913</u>
Liabilities, Deferred Inflows and Net Position					
Liabilities					
Accounts payable	\$ 29,482	\$ 7,476	\$ 1,530	\$ -	\$ 30,567
Accrued liabilities	9,638	2,163	6,746	-	2,303
Accrued compensation	17,106	40,655	-	-	75,014
Accrued interest payable	-	-	-	-	50,959
Unearned revenues	518	-	-	-	1,964
Due to other funds	-	-	-	-	6,129
Due to other agencies	-	-	-	-	-
Tenant security deposits	14,180	-	-	-	10,331
Money held in escrow	10,497	199,560	9,729	-	-
Notes and mortgages payable - current	-	-	-	-	-
Total current liabilities	<u>81,421</u>	<u>249,854</u>	<u>18,005</u>	<u>-</u>	<u>177,267</u>
Notes and mortgages payable, net	-	-	-	-	-
Total Liabilities	<u>81,421</u>	<u>249,854</u>	<u>18,005</u>	<u>-</u>	<u>177,267</u>
Deferred Inflows of Resources	-	-	-	-	-
Net Position					
Net investment in capital assets	2,680,055	-	-	-	2,272,274
Restricted - housing assistance payments	-	45,700	3,444	-	-
Unrestricted	<u>926,169</u>	<u>280,208</u>	<u>-</u>	<u>2,852</u>	<u>26,057,372</u>
Total Net Position	<u>3,606,224</u>	<u>325,908</u>	<u>3,444</u>	<u>2,852</u>	<u>28,329,646</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 3,687,645</u>	<u>\$ 575,762</u>	<u>\$ 21,449</u>	<u>\$ 2,852</u>	<u>\$ 28,506,913</u>

Fort Collins Housing Authority dba Housing Catalyst

Combining Schedule of Net Position

December 31, 2017

<u>Management</u>	<u>HUD Grant</u>	<u>Section 8 SRO</u>	<u>COCC</u>	<u>Subtotal</u>	<u>Elimination of Intercompany Activity</u>	<u>Total</u>
\$ 1,844,860	\$ 6,933	\$ 44,914	\$ -	\$ 4,797,310	\$ -	\$ 4,797,310
4,926	-	-	-	296,625	-	296,625
29,119	-	-	-	29,119	-	29,119
-	-	-	-	10,081	-	10,081
-	-	-	-	800,878	-	800,878
81,549	-	-	-	128,032	-	128,032
-	-	-	-	151,814	-	151,814
23,715	-	-	-	23,715	-	23,715
24,252	-	-	-	24,252	-	24,252
64,466	-	-	-	64,466	-	64,466
2,807	-	-	-	6,129	(6,129)	-
8,744	-	-	-	8,744	-	8,744
<u>2,084,438</u>	<u>6,933</u>	<u>44,914</u>	<u>-</u>	<u>6,341,165</u>	<u>(6,129)</u>	<u>6,335,036</u>
39,500	-	-	-	4,091,529	-	4,091,529
589,846	-	-	-	1,490,146	-	1,490,146
-	-	-	-	1,186,991	-	1,186,991
12,338	-	-	-	22,273,469	-	22,273,469
-	-	-	-	149,971	-	149,971
-	-	-	-	39,319	-	39,319
<u>2,726,122</u>	<u>6,933</u>	<u>44,914</u>	<u>-</u>	<u>35,572,590</u>	<u>(6,129)</u>	<u>35,566,461</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,726,122</u>	<u>\$ 6,933</u>	<u>\$ 44,914</u>	<u>\$ -</u>	<u>\$ 35,572,590</u>	<u>\$ (6,129)</u>	<u>\$ 35,566,461</u>
\$ 36,233	\$ -	\$ -	\$ -	\$ 105,288	\$ -	\$ 105,288
65,078	-	-	-	85,928	-	85,928
343,470	6,933	-	-	483,178	-	483,178
1,456	-	-	-	52,415	-	52,415
-	-	-	-	2,482	-	2,482
-	-	-	-	6,129	(6,129)	-
-	-	-	-	-	-	-
-	-	-	-	24,511	-	24,511
5,736	-	-	-	225,522	-	225,522
<u>73,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,619</u>	<u>-</u>	<u>73,619</u>
<u>525,592</u>	<u>6,933</u>	<u>-</u>	<u>-</u>	<u>1,059,072</u>	<u>(6,129)</u>	<u>1,052,943</u>
<u>526,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>526,197</u>	<u>-</u>	<u>526,197</u>
<u>1,051,789</u>	<u>6,933</u>	<u>-</u>	<u>-</u>	<u>1,585,269</u>	<u>(6,129)</u>	<u>1,579,140</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
65,583	-	-	-	5,017,912	-	5,017,912
-	-	44,914	-	94,058	-	94,058
<u>1,608,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,875,351</u>	<u>-</u>	<u>28,875,351</u>
<u>1,674,333</u>	<u>-</u>	<u>44,914</u>	<u>-</u>	<u>33,987,321</u>	<u>-</u>	<u>33,987,321</u>
<u>\$ 2,726,122</u>	<u>\$ 6,933</u>	<u>\$ 44,914</u>	<u>\$ -</u>	<u>\$ 35,572,590</u>	<u>\$ (6,129)</u>	<u>\$ 35,566,461</u>

Fort Collins Housing Authority dba Housing Catalyst
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2017

	Public Housing	Housing Choice Vouchers	Larimer County Housing Authority	State and Local	Housing Development
Operating Revenues					
HUD PHA grants	\$ 572,249	\$ 8,997,351	\$ 866,307	\$ -	\$ -
Other grants	-	-	-	58,757	3,510,735
Rental income	260,398	-	-	-	2,006,719
Administration fees	-	-	-	-	-
Developer fees	-	-	-	-	2,008,643
Other	13,154	18,438	1,087	-	53,310
Total Operating Revenues	845,801	9,015,789	867,394	58,757	7,579,407
Operating Expenses					
Housing assistance payments	112,033	8,378,694	793,950	52,600	-
Administrative salaries and benefits	114,449	276,635	26,775	2,898	791,423
Maintenance salaries and benefits	40,646	-	-	-	4,936
Other administrative	234,502	450,980	44,491	3,842	837,584
Regular and extraordinary maintenance	326,990	-	-	-	533,793
Depreciation	93,508	-	-	-	601,023
Utilities	118,867	-	-	-	150,933
Insurance	27,566	-	-	-	92,120
Payments in lieu of taxes	9,638	-	-	-	-
Other	32,626	-	-	-	52,126
Total Operating Expenses	1,110,825	9,106,309	865,216	59,340	3,063,938
Operating Income (Loss)	(265,024)	(90,520)	2,178	(583)	4,515,469
Non-Operating Revenues (Expenses)					
Interest income	961	566	-	2	479,643
Interest expense	-	-	-	-	(540,288)
Other financing costs	-	-	-	-	(48,521)
Gain on sale of capital assets	-	-	-	-	13,720,482
Total Non-Operating Revenues (Expenses)	961	566	-	2	13,611,316
Income (Loss) Before Contributions	(264,063)	(89,954)	2,178	(581)	18,126,785
HUD Capital Contributions	657,730	-	-	-	-
Change in Net Position	393,667	(89,954)	2,178	(581)	18,126,785
Equity transfers	(2,890,755)	-	-	-	2,300,755
Net Position-Beginning of Year	6,103,312	415,862	1,266	3,433	7,902,106
Net Position-End of Year	\$ 3,606,224	\$ 325,908	\$ 3,444	\$ 2,852	\$ 28,329,646

Fort Collins Housing Authority dba Housing Catalyst
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2017

Management	HUD Grant	Section 8 SRO	COCC	Subtotal	Elimination of Intercompany Activity	Total
\$ 281,902	\$ 203,654	\$ -	\$ -	\$ 10,921,463	\$ -	\$ 10,921,463
-	-	-	-	3,569,492	-	3,569,492
-	-	-	-	2,267,117	-	2,267,117
831,525	-	-	2,552,610	3,384,135	(1,792,135)	1,592,000
-	-	-	-	2,008,643	-	2,008,643
233,916	-	-	18,630	338,535	-	338,535
<u>1,347,343</u>	<u>203,654</u>	<u>-</u>	<u>2,571,240</u>	<u>22,489,385</u>	<u>(1,792,135)</u>	<u>20,697,250</u>
-	-	-	-	9,337,277	-	9,337,277
11,826	203,654	-	1,563,611	2,991,271	-	2,991,271
597,866	-	-	206,181	849,629	-	849,629
174,807	-	-	688,211	2,434,417	(1,499,907)	934,510
110,249	-	-	71,122	1,042,154	(292,228)	749,926
79,327	-	-	-	773,858	-	773,858
185	-	-	16,859	286,844	-	286,844
13,034	-	-	25,256	157,976	-	157,976
-	-	-	-	9,638	-	9,638
281,902	-	9,503	-	376,157	-	376,157
<u>1,269,196</u>	<u>203,654</u>	<u>9,503</u>	<u>2,571,240</u>	<u>18,259,221</u>	<u>(1,792,135)</u>	<u>16,467,086</u>
78,147	-	(9,503)	-	4,230,164	-	4,230,164
2,182	-	24	-	483,378	-	483,378
(18,076)	-	-	-	(558,364)	-	(558,364)
-	-	-	-	(48,521)	-	(48,521)
-	-	-	-	13,720,482	-	13,720,482
<u>(15,894)</u>	<u>-</u>	<u>24</u>	<u>-</u>	<u>13,596,975</u>	<u>-</u>	<u>13,596,975</u>
62,253	-	(9,479)	-	17,827,139	-	17,827,139
-	-	-	-	657,730	-	657,730
62,253	-	(9,479)	-	18,484,869	-	18,484,869
590,000	-	-	-	-	-	-
<u>1,022,080</u>	<u>-</u>	<u>54,393</u>	<u>-</u>	<u>15,502,452</u>	<u>-</u>	<u>15,502,452</u>
<u>\$ 1,674,333</u>	<u>\$ -</u>	<u>\$ 44,914</u>	<u>\$ -</u>	<u>\$ 33,987,321</u>	<u>\$ -</u>	<u>\$ 33,987,321</u>

Fort Collins Housing Authority dba Housing Catalyst

Fort Collins, Colorado

Statistical Section:

Financial Trends

Revenue Capacity

Debt Capacity

Demographic and Economic Information

Operation Information



Fort Collins Housing Authority dba Housing Catalyst

Statistical Section

Year Ended December 31, 2017

This part of Housing Catalyst's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about Housing Catalyst's overall financial health.

Contents

Tables

Financial Trends

These schedules contain trend information to help the reader understand how Housing Catalyst's financial performance and well-being have changed over the past 10 years.

1 - 2

Revenue Capacity

These schedules contain trend information to help the reader assess Housing Catalyst's most significant revenue sources.

3 - 4

Debt Capacity

These schedules contain trend information to help the reader assess the affordability of Housing Catalyst's current levels of outstanding debt and ability to issue additional debt in the future.

5 - 6

Demographic and Economic Information

These schedules contain trend information of the demographic and economic indicators to help the reader understand the environment within which Housing Catalyst's financial activities take place.

7 - 10

Operating Information

These schedules contain data to help the reader understand how the information in Housing Catalyst's financial report relates to the services Housing Catalyst provides and the activities it performs.

11 - 13

Fort Collins Housing Authority dba Housing Catalyst

Table 1 - Net Position - Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Net investment in capital assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position</u>	<u>Total</u>
2008	\$ 5,557,049	\$ 3,005	\$ 4,284,526	\$ 9,844,580
2009	6,113,547	2,053	5,493,795	11,609,395
2010	6,258,078	881,203	6,386,691	13,525,972
2011	6,257,376	1,394,254	6,148,049	13,799,679
2012	6,127,227	830,743	5,650,992	12,608,962
2013	5,983,000	124,601	5,838,915	11,946,516
2014	3,820,752	165,676	8,388,192	12,374,620
2015	2,979,363	166,313	11,094,127	14,239,803
2016	2,743,188	153,278	12,605,986	15,502,452
2017	5,017,912	94,058	28,875,351	33,987,321

Source: Previous years' audits and current year financial statements

Fort Collins Housing Authority dba Housing Catalyst

Table 2 - Changes in Net Position - Last Ten Fiscal Years
(Unaudited)

	2008	2009	2010	2011
<i>Operating Revenue:</i>				
Intergovernmental revenues	\$ 7,814,252	\$ 7,949,883	\$ 8,689,444	\$ 9,417,341
Net tenant revenue	206,154	226,570	266,956	247,980
Other revenues	2,715,514	3,663,004	3,182,309	1,480,943
	10,735,920	11,839,457	12,138,709	11,146,264
<i>Operating Expenses:</i>				
Administrative	2,144,043	2,268,006	2,426,037	2,508,848
Utilities	140,170	129,749	138,805	136,511
Ordinary maintenance and operating	955,686	1,380,520	1,198,615	804,992
General expenses	78,555	41,740	56,821	51,805
Depreciation	204,817	211,970	237,949	202,784
Housing assistance payments	6,620,333	6,598,924	7,040,168	7,553,141
	10,143,604	10,630,909	11,098,395	11,258,081
<i>Operating Income (Loss)</i>	592,316	1,208,548	1,040,314	(111,817)
<i>Nonoperating Revenue (Expenses):</i>				
Investment revenue	285,883	305,316	268,582	225,730
Interest expense	(177,582)	(146,554)	(120,673)	(86,963)
Other revenue	-	-	-	-
Other financing costs	-	-	-	-
	108,301	158,762	147,909	138,767
<i>Income (Loss) before Capital Contribution</i>	700,617	1,367,310	1,188,223	26,950
Capital grants	160,353	397,990	727,869	246,757
Change in net position	860,970	1,765,300	1,916,092	273,707
HUD adjustments	28,577	-	-	-
<i>Net Position, Beginning of the Year</i>	8,955,033	9,844,580	11,609,880	13,525,972
<i>Net Position, End of the Year</i>	\$ 9,844,580	\$ 11,609,880	\$ 13,525,972	\$ 13,799,679

Source: Previous years' audits and current year financial statements

Fort Collins Housing Authority dba Housing Catalyst

Table 2 - Changes in Net Position - Last Ten Fiscal Years
(Unaudited)

2012	2013	2014	2015	2016	2017
\$ 8,760,939	\$ 9,776,237	\$ 9,900,985	\$ 10,985,136	\$ 13,155,946	\$ 14,490,955
200,224	3,416,131	3,700,398	3,262,352	3,235,677	2,267,117
1,511,301	1,435,805	1,770,297	3,831,760	1,925,236	3,939,178
<u>10,472,464</u>	<u>14,628,173</u>	<u>15,371,680</u>	<u>18,079,248</u>	<u>18,316,859</u>	<u>20,697,250</u>
2,675,531	3,239,544	3,401,757	3,751,172	3,948,358	3,925,781
155,801	382,351	353,235	295,063	305,204	286,844
900,628	1,509,999	1,728,885	1,605,998	1,773,239	1,599,555
48,204	187,225	240,514	502,260	523,253	543,771
181,422	1,055,276	1,064,166	964,299	974,967	773,858
7,911,438	8,335,325	8,319,806	8,722,655	9,175,020	9,337,277
<u>11,873,024</u>	<u>14,709,720</u>	<u>15,108,363</u>	<u>15,841,447</u>	<u>16,700,041</u>	<u>16,467,086</u>
(1,400,560)	(81,547)	263,317	2,237,801	1,616,818	4,230,164
161,089	164,195	188,389	202,582	401,994	483,378
(34,275)	(923,213)	(776,907)	(694,151)	(712,532)	(558,364)
-	-	495,254	-	-	13,720,482
(238,495)	(17,380)	-	-	(52,521)	(48,521)
<u>(111,681)</u>	<u>(776,398)</u>	<u>(93,264)</u>	<u>(491,569)</u>	<u>(363,059)</u>	<u>13,596,975</u>
(1,512,241)	(857,945)	170,053	1,746,232	1,253,759	17,827,139
321,524	195,499	258,051	118,951	8,890	657,730
(1,190,717)	(662,446)	428,104	1,865,183	1,262,649	18,484,869
-	-	-	-	-	-
<u>13,799,679</u>	<u>12,608,962</u>	<u>11,946,516</u>	<u>12,374,620</u>	<u>14,239,803</u>	<u>15,502,452</u>
<u>\$ 12,608,962</u>	<u>\$ 11,946,516</u>	<u>\$ 12,374,620</u>	<u>\$ 14,239,803</u>	<u>\$ 15,502,452</u>	<u>\$ 33,987,321</u>

Fort Collins Housing Authority dba Housing Catalyst

Table 3 - Operating Revenues by Source - Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Net Tenant Rental		Intergovernmental		Other		Total
	Amount	% of Total	Amount	% of Total	Amount	% of Total	
2008	\$ 206,154	1.92%	\$ 7,814,252	72.79%	\$ 2,715,514	25.29%	\$ 10,735,920
2009	226,570	1.91%	7,949,883	67.15%	3,663,004	30.94%	11,839,457
2010	266,956	2.20%	8,689,444	71.58%	3,182,309	26.22%	12,138,709
2011	247,980	2.22%	9,417,341	84.49%	1,480,943	13.29%	11,146,264
2012	200,224	1.91%	8,760,939	83.66%	1,511,301	14.43%	10,472,464
2013	3,416,131	23.35%	9,776,237	66.83%	1,435,805	9.82%	14,628,173
2014	3,700,398	24.07%	9,900,985	64.41%	1,770,297	11.52%	15,371,680
2015	3,262,352	18.04%	10,985,136	60.77%	3,831,760	21.19%	18,079,248
2016	3,235,677	17.67%	13,155,946	71.82%	1,925,236	10.51%	18,316,859
2017	2,267,117	10.95%	14,490,955	70.02%	3,939,178	19.03%	20,697,250

Source: Previous years' audits and current year financial statements

Fort Collins Housing Authority dba Housing Catalyst

Table 4 - Non-Operating Revenues by Source - Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Intergovernmental		Investment		Other Income		Total
	Amount	% of Total	Amount	% of Total	Amount	% of Total	
2008	\$ -	0.00%	\$ 285,883	100.00%	\$ -	0.00%	\$ 285,883
2009	-	0.00%	305,316	100.00%	-	0.00%	305,316
2010	-	0.00%	268,582	100.00%	-	0.00%	268,582
2011	-	0.00%	225,730	100.00%	-	0.00%	225,730
2012	-	0.00%	161,089	100.00%	-	0.00%	161,089
2013	-	0.00%	164,195	100.00%	-	0.00%	164,195
2014	-	0.00%	188,389	27.56%	495,254	72.44%	683,643
2015	-	0.00%	202,582	100.00%	-	0.00%	202,582
2016	-	0.00%	401,994	100.00%	-	0.00%	401,994
2017	-	0.00%	483,378	3.40%	13,720,482	96.60%	14,203,860

Source: Previous years' audits and current year financial statements

Fort Collins Housing Authority dba Housing Catalyst

Table 5 - Debt Service Coverage - Last Ten Fiscal Years

(Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenue	\$ 11,182,156	\$ 12,542,278	\$ 13,135,160	\$ 11,618,751
Expenses (excluding depreciation)	<u>(10,116,369)</u>	<u>(10,565,493)</u>	<u>(10,981,119)</u>	<u>(11,142,260)</u>
Revenue Available for debt service	<u>\$ 1,065,787</u>	<u>\$ 1,976,785</u>	<u>\$ 2,154,041</u>	<u>\$ 476,491</u>
Debt Service Requirements:				
Principal	\$ 315,931	\$ 319,571	\$ 333,451	\$ 286,483
Interest	<u>195,149</u>	<u>135,939</u>	<u>115,142</u>	<u>104,289</u>
Total	<u>\$ 511,080</u>	<u>\$ 455,510</u>	<u>\$ 448,593</u>	<u>\$ 390,772</u>
Debt Service Coverage Ratio	2.09	4.34	4.80	1.22

Source: Previous years' audits and current year financial statements

Fort Collins Housing Authority dba Housing Catalyst

Table 5 - Debt Service Coverage - Last Ten Fiscal Years
(Unaudited)

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 10,955,077 <u>(11,963,372)</u>	\$ 14,987,867 <u>(14,595,037)</u>	\$ 16,313,374 <u>(14,821,104)</u>	\$ 18,400,781 <u>(15,571,299)</u>	\$ 18,727,743 <u>(16,490,127)</u>	\$ 21,838,358 <u>(16,300,113)</u>
<u>\$ (1,008,295)</u>	<u>\$ 392,830</u>	<u>\$ 1,492,270</u>	<u>\$ 2,829,482</u>	<u>\$ 2,237,616</u>	<u>\$ 5,538,245</u>
\$ 16,523 <u>24,213</u>	\$ 70,488 <u>897,721</u>	\$ 149,502 <u>749,985</u>	\$ 133,526 <u>674,464</u>	\$ 636,696 <u>682,021</u>	\$ 1,896,521 <u>691,314</u>
<u>\$ 40,736</u>	<u>\$ 968,209</u>	<u>\$ 899,487</u>	<u>\$ 807,990</u>	<u>\$ 1,318,717</u>	<u>\$ 2,587,835</u>
(24.75)	0.41	1.66	3.50	1.70	2.14

Fort Collins Housing Authority dba Housing Catalyst

Table 6 -Ratio of Debt to Capital Assets - Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Short-Term Debt</u>	<u>Long-Term Debt</u>	<u>Total Debt</u>	<u>Capital Assets</u>	<u>Ratio of Total Debt to Capital Assets</u>
2008	\$ 319,571	\$ 3,987,018	\$ 4,306,589	\$ 5,606,459	76.81%
2009	429,451	3,383,890	3,813,341	6,144,359	62.06%
2010	286,483	2,718,440	3,004,923	6,269,347	47.93%
2011	16,523	414,326	430,849	6,490,876	6.64%
2012	70,489	26,019,709	26,090,198	39,545,585	65.97%
2013	149,502	25,898,780	26,048,282	31,511,522	82.66%
2014	133,526	23,109,456	23,242,982	26,963,072	86.20%
2015	2,462,284	21,157,763	23,620,047	26,019,250	90.78%
2016	1,896,521	20,318,407	22,214,928	24,899,469	89.22%
2017	73,619	526,197	599,816	5,581,675	10.75%

Source: Previous years' audits and current year financial statements

Note: Total debt amount includes short-term portion due within one year

Fort Collins Housing Authority dba Housing Catalyst

Table 7 - Service Area Demographics / Statistics - Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>City of Fort Collins Population</u>	<u>Residents of FCHA</u>	<u>Fort Collins & Larimer County Unemployment Rate</u>
2008	136,427	2,126	5.0%
2009	138,100	2,164	6.6%
2010	143,986	2,342	7.4%
2011	144,875	2,430	6.8%
2012	148,700	2,446	6.4%
2013	151,330	3,433	5.4%
2014	155,400	3,433	4.3%
2015	160,935	3,286	3.3%
2016	161,000	3,164	2.8%
2017	167,500	2,717	2.5%

Note: 2017 unemployment rate is based on the Fort Collins / Loveland regional area. This table includes all FCHA housing programs.

Source: City of Fort Collins, Bureau of Labor Statistics and Housing Catalyst tenant records.

Fort Collins Housing Authority dba Housing Catalyst

Table 8 - Principal Employers for the City of Fort Collins
(Unaudited)

	2016 (1)		
	Employees	Rank	Percentage of Total City Employment
Colorado State University	7,525	1	9.2%
Poudre R-1 School District	4,297	2	5.3%
UC Health: Poudre Valley Hospital	3,801	3	4.7%
City of Fort Collins	2,006	4	2.5%
Larimer County	1,838	5	2.3%
Woodward	1,232	6	1.5%
Broadcom (Avago)	1,084	7	1.3%
Department of Agriculture	1,078	8	1.3%
Otter Products, LLC	864	9	1.1%
Employment Solutions Personnel	850	10	1.0%
Total	24,575		30.1%
	2007 (1)		
	Employees	Rank	Percentage of Total City Employment
Colorado State University	6,948	1	8.5%
Hewlett Packard	3,182	2	3.9%
UC Health: Poudre Valley Hospital	3,020	3	3.7%
Poudre R-1 School District	3,014	4	3.7%
Agilent Technologies	2,800	5	3.4%
City of Fort Collins	1,864	6	2.3%
Larimer County	1,467	7	1.8%
Walmart Super Center	909	8	1.1%
Advanced Energy Industries	825	9	1.0%
Anheuser-Busch	760	10	1.0%
Total	24,789		30.4%

Source: City of Fort Collins CAFR, FY 12/31/2016

(1) Current year data is unavailable at the time of the preparation of the CAFR.

Fort Collins Housing Authority dba Housing Catalyst

Table 9 - Resident Demographics / Population Statistics - Last Ten Fiscal Years
(Unaudited)

Public Housing and Non-HUD Housing Programs				
Fiscal Year	Number of minors (ages 0-18)	Number of adults (ages 19-61)	Number of elderly (ages 62+)	Total number of residents
2008	218	205	13	436
2009	200	232	16	448
2010	160	207	15	382
2011	158	203	15	376
2012	153	202	19	374
2013	160	197	23	380
2014	337	626	63	1,026
2015	265	543	68	876
2016	261	449	64	774
2017	81	89	17	187
Housing Choice Voucher Program				
Fiscal Year	Number of minors (ages 0-18)	Number of adults (ages 19-61)	Number of elderly (ages 62+)	Total number of residents
2008	791	775	118	1,684
2009	789	772	117	1,678
2010	784	855	143	1,782
2011	845	983	138	1,966
2012	884	1,008	164	2,056
2013	888	992	186	2,066
2014	995	1,137	275	2,407
2015	975	1,145	290	2,410
2016	917	1,154	319	2,390
2017	987	1,222	321	2,530

Source: Housing Catalyst tenant records.

Fort Collins Housing Authority dba Housing Catalyst

Table 10 - Resident Demographics / Ethnicity Statistics - Last Ten Fiscal Years
(Unaudited)

Public Housing and Non-HUD Housing Programs

Fiscal Year	Caucasian	Latino	African American	Native American	Other	Total
2008	279	135	9	13	-	436
2009	278	139	9	13	9	448
2010	240	126	8	8	-	382
2011	203	143	11	11	8	376
2012	218	131	11	7	7	374
2013	220	133	8	11	8	380
2014	650	330	16	18	12	1,026
2015	565	232	43	20	16	876
2016	511	217	25	13	8	774
2017	96	75	6	6	4	187

Housing Choice Voucher Program

Fiscal Year	Caucasian	Latino	African American	Native American	Other	Total
2008	1,111	438	51	67	17	1,684
2009	1,107	420	67	67	17	1,678
2010	1,194	446	53	71	18	1,782
2011	1,336	472	79	59	20	1,966
2012	1,398	493	82	62	21	2,056
2013	1,404	496	83	62	21	2,066
2014	1,724	515	96	48	24	2,407
2015	1,712	530	96	48	24	2,410
2016	1,720	502	96	48	24	2,390
2017	1,770	557	101	51	51	2,530

Source: Housing Catalyst tenant records.

Fort Collins Housing Authority dba Housing Catalyst

Table 11 - Number of Housing Catalyst Dwelling Units - Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Public Housing</u>	<u>Housing Choice Vouchers</u>	<u>VASH Vouchers</u>	<u>Five Year Mainstream Vouchers</u>	<u>RAD</u>	<u>SRO</u>	<u>TBRA</u>	<u>VOCC</u>	<u>Total</u>
2008	154	776	-	64	-	27	37	-	1,058
2009	154	776	-	63	-	27	11	-	1,031
2010	154	735	46	64	-	27	10	-	1,036
2011	154	793	65	60	-	27	7	-	1,106
2012	154	836	64	64	-	27	6	-	1,151
2013	154	810	79	65	-	27	9	344	1,488
2014	154	853	89	63	-	27	6	285	1,477
2015	154	901	112	63	-	27	10	285	1,552
2016	154	916	121	64	-	-	5	285	1,545
2017	70	870	115	60	69	-	-	-	1,184

Source: Housing Catalyst tenant records.

Fort Collins Housing Authority dba Housing Catalyst

Table 12 - Property Characteristics and Unit Composition - Last Ten Fiscal Years
(Unaudited)

Name of Development	Address	Number of Units	Year Built
Public Housing:			
Gallup	804 - 824 Gallup Road	8	1976
Grant - 307-317	307 - 317 N. Grant Avenue	6	1976
Impala	300 - 330 Impala Circle	11	1976
Jamith	112 - 125 Jamith Place	14	1980
Loomis	331 S Loomis Avenue	2	1890
Morgan	1016 - 1018 Morgan Street	3	1965
Plum - 2155	2155 W. Plum Street	15	1980
Rams	2912 - 2926 Rams Lane	2	1976
Rocky	800 - 813 Rocky Road	3	1976
Sycamore	905 Sycamore Street	1	1940
West - 512-514	512 - 514 West Street	2	1976
Whedbee - 228	228 Whedbee Street	1	1890
Whitcomb	311 N. Whitcomb Street	1	1930
Wood	500 Wood Street	1	1940
Total Public Housing Units		<u>70</u>	
RAD Units to be Sold:			
Azalea	1720 Azalea Drive	8	1973
Emigh	1107 - 1109 Emigh Street	4	1965
Erin	1709 Erin Court	8	1970
Gallup	817 - 820 Gallup Road	2	1976
Garfield	1012 - 1022 Garfield Street	6	1970
Grant - 608	608 Grant Avenue	2	1940
Laporte	501 - 503 Laporte Avenue	2	1950
Mathews	701 Mathews Street	2	1945
Montgomery	1206 Montgomery Street	4	1970
Mulberry - 519	519 E. Mulberry Street	1	1940
Mulberry - 717	717 E. Mulberry Street	2	1930
Park	513 - 519 Park Street	4	1976
Pecan	1960 - 1962 Pecan Street	3	1978
Pitkin	1648 - 1652 E. Pitkin Street	8	1970
Plum - 411	411 E. Plum Street	2	1940
Rams	2916 - 2926 Rams Lane	4	1976
Rocky	800 - 813 Rocky Road	5	1976
Stanford	2601 - 2603 Stanford Road	2	1975
Total RAD Units		<u>69</u>	
Total Units		<u><u>139</u></u>	

Source: Housing Catalyst Property Records

Fort Collins Housing Authority dba Housing Catalyst

Table 13 - Number of Housing Catalyst Staff - Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Administration</u>	<u>Development</u>	<u>Finance</u>	<u>Housing</u>	<u>Maintenance</u>	<u>Total</u>
2008	5	-	4	25	13	47
2009	5	-	4	27	12	48
2010	6	3	5	23	8	45
2011	7	3	6	26	9	51
2012	6	4	6	25	10	51
2013	6	5	6	29	11	57
2014	7	6	6	23	15	57
2015	8	6	7	24	16	61
2016	8	6	7	27	15	63
2017	8	6	6	27	16	63

Source: Housing Catalyst employment records.

Fort Collins Housing Authority dba Housing Catalyst

Fort Collins, Colorado

Single Audit Section:

Independent Auditors' Reports

Schedule of Expenditures of Federal Awards

Schedule of Findings and Questioned Costs

Status of Prior Year Findings





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CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Fort Collins Housing Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Fort Collins Housing Authority (the "Authority"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogradac & Company LLP

June 28, 2018
Toms River, New Jersey



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Fort Collins Housing Authority:

Report on Compliance for Each Major Federal Program

We have audited the Fort Collins Housing Authority's ("the Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2017. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.



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Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Novogradac & Company LLP

June 28, 2018
Toms River, New Jersey

Fort Collins Housing Authority dba Housing Catalyst

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Federal Agency / Pass-Through Grantor Program Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
United States Department of Housing and Urban Development:			
Section 8 Housing Choice Vouchers **	14.871	-	\$ 9,106,309
Public and Indian Housing	14.850	-	572,249
Family Self-Sufficiency Program	14.896	-	203,654
Public Housing Capital Fund	14.872	-	657,730
Continuum of Care Program	14.267	-	281,902
Total Direct Awards			10,821,844
Passed through the City of Fort Collins:			
HOME Investment Partnership Program - Development Funds **	14.239	97263-78-007 97263-001	1,722,591
Community Development Block Grants / Entitlement Grants	14.218	97263-75-001 97263-78-007	1,200,301
Total Pass-Through Awards			2,922,892
Blended Component Unit (Larimer County Housing Authority)			
United States Department of Housing and Urban Development:			
Housing Choice Voucher Cluster ***			
Section 8 Housing Choice Vouchers	14.871	-	315,867
Mainstream Vouchers	14.879	-	549,349
Total Housing Choice Voucher Cluster			865,216
Total Federal Expenditures			\$ 14,609,952

** - Denotes a Major Program

*** - Denotes operations tested as part of the Larimer County Housing Authority Single Audit and was not included in the Major Program determination of Housing Catalyst

Fort Collins Housing Authority dba Housing Catalyst

Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Fort Collins Housing Authority dba Housing Catalyst (Housing Catalyst) under programs of the federal government for the year ended December 31, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Housing Catalyst, it is not intended to and does not present the financial position, changes in net position or cash flows of Housing Catalyst.

Note 2 - Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

Housing Catalyst has not elected to use the 10-percent de minimis indirect cost rate.

**FORT COLLINS HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2017**

I. Summary of Auditors' Results

Financial Statement Section

- | | | |
|----|---|------------|
| 1. | Type of auditors' report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| | a. Material Weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | No |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards Section

- | | | |
|----|--|------------|
| 1. | Internal Control over compliance: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | No |
| 2. | Type of auditors' report on compliance for major programs: | Unmodified |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.871	Section 8 Housing Choice Vouchers
14.218	Community Development Block Grants

- | | | |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| 6. | Auditee qualified as low-risk Auditee? | Yes |

FORT COLLINS HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
DECEMBER 31, 2017

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

There were no findings related to the federal awards which are required to be in compliance with Uniform Guidance.

IV. Schedule of Prior Year Federal Audit Findings

There were no findings or questioned costs in the prior year