

Fort Collins Housing Authority dba Housing Catalyst

Fort Collins, Colorado

Comprehensive Annual Financial Report and Single Audit Report

Year ended December 31, 2018

With Comparative Totals for the Year Ended December 31, 2017



Fort Collins Housing Authority dba Housing Catalyst

Fort Collins, Colorado

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With Comparative Totals for the Year Ended December 31, 2017

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

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December 31, 2018

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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





July 29, 2019

Rev. Jake Miles Joseph, 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, 2018. 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, 2018 and 2017. 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 schedule of prior year audit 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 \$10 million in Housing Assistance Payments (HAP) to local landlords on behalf of participating families in 2018. This amount includes funding for 136 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 2018, was designated a High Performer and has utilized over 101% of its authorized annual 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, 2018, HUD and other federal agencies provided approximately 50% of Housing Catalyst's operating revenue and approximately 40% of Housing Catalyst's total revenues (including \$622,426 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 99.7% and 81% 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 2018, Housing Catalyst, like all housing authorities nationwide, was funded at 90% of eligibility.

Fort Collins has an estimated population of 170,100 (2018). Median household income for Larimer County is \$61,100 and median family income is \$87,200 (Colorado Housing and Finance Authority, 2019 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 utilized 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.

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 and completed in late 2018, the renovation utilized 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 obtained includes 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 2018, Housing Catalyst had secured the following assignments:

| | <u>PAB Authority</u> |
|----------------------|-----------------------|
| City of Fort Collins | \$ 31,287,709 |
| Larimer County | 13,711,768 |
| Weld County | 16,165,035 |
| State of Colorado | 50,272,831 |
| Other Counties | <u>11,266,846</u> |
| Total | <u>\$ 122,704,189</u> |

In addition to the 285 Village on Shields units, additional projects that have used portions of the proceeds from the public housing disposition and PAB authority are: the Village on Redwood, a new-build project that consists of 72 units of affordable housing; and, the Village on Horsetooth, a new-build project of 96 affordable units. Additional projects that have use portions of the PAB authority only are: the Village on Plum, a 95 unit rehabilitation project; and, Lakeview on the Rise, a 180 affordable unit new-build project with a private developer for which Housing Catalyst was the conduit issuer.

Projects have utilized or will utilize PAB authority as follows:

| | <u>PAB Authority</u> | <u>Bonds Issued</u> |
|-----------------------|---------------------------|---------------------|
| Village on Plum | \$ 8,750,000 | 2014 |
| Village on Redwood | 12,000,000 | 2016 |
| Village on Horsetooth | 19,190,000 | 2017 |
| Village on Shields | 35,000,000 | 2017 |
| Lakeview on the Rise | 30,950,600 | 2018 |
| Future Projects | <u>16,813,589</u> | - |
| Total | <u>\$ 122,704,189</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 Redwood was completed in 2017 and completed leasing in 2018.

The Village on Horsetooth project includes 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. The Village on Horsetooth was completed and began leasing units in late 2018.

During 2018, Housing Catalyst acquired an existing building and adjacent parking lot located on the main transportation corridor in Fort Collins. The building, which is currently being used as a dinner theater, is planned to undergo a full renovation in order to be converted into a 60 unit apartment building for people with a disability who are also homeless. The building, which will be called Mason Place, is planned to begin redevelopment in late 2019 and will be Housing Catalyst's second permanent supportive housing development. The three-story building will contain 60 apartments along with a community room, laundry rooms and offices for staff and service providers. Total cost for the project is estimated at \$18 million and will be funded through 9% federal low-income housing tax credits awarded to the project in 2018, Colorado Division of Housing grant funds and City of Fort Collins grant funds.

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, 2018 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 dba Housing Catalyst for its comprehensive annual financial report for the year ended December 31, 2017. This was the fifth 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,



Julie Brewen
Chief Executive Officer



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, 2017

Christopher P. Morill

Executive Director/CEO

Fort Collins Housing Authority dba Housing Catalyst

List of Principal Officials
December 31, 2018

Board of Commissioners:

Rev. Jake Miles Joseph
Chairperson

Nicole Staudinger
Vice-Chairperson

David Bye
Commissioner

Emily Gorgol
Commissioner

Ann Green
Resident Commissioner

Cathy Mathis
Commissioner

Hep Wilkins
Commissioner

Management:

Julie J. Brewen
Chief Executive Director

Duane Hopkins
Chief Financial Officer / Deputy Director

Kristin Fritz
Director of Real Estate Development

Dan Gomez
Director of Property Operations

Michele Christensen
Director of Program Development

Traci McGraw
Housing Choice Voucher Program Manager

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

To the Board of Commissioners of the
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, 2018, and the related notes to the financial statements, which 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.

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, 2018, and the changes in their net position and their cash flows, where applicable, 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 combining schedule of net position and combining schedule of revenues, 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, combining schedule of net position and combining schedule of revenues, 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, combining schedule of net position and combining schedule of revenues, 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 July 29, 2019 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.

July 29, 2019
Toms River, New Jersey

Novogradac & Company LLP

Fort Collins Housing Authority dba Housing Catalyst

Management's Discussion and Analysis

December 31, 2018

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, 2018. We encourage readers to consider the information presented here in conjunction with Housing Catalyst's financial statements, which begin on page 13.

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 \$50,185,279 (net position), an increase of \$16,197,958 from the prior year balance. The two most significant contributing factors to the current year increase was the increase in developer fee income of \$7,064,958 and the sales of nineteen RAD properties (50 units) for a total net gain of \$6,096,457, from which \$7,686,042 was loaned to tax credit partnerships to create new or rehabilitated housing.
- As of the close of the current fiscal year, Housing Catalyst's funds had an unrestricted net position of \$46,799,483 and \$114,697 in restricted net position, which represents HUD voucher funding.
- Housing Catalyst's unrestricted cash balance at December 31, 2018 was \$4,633,739, representing a decrease of \$163,571 (3%) from December 31, 2017.
- Housing Catalyst received HUD operating funding of \$11,989,079, internal service fees (management fees and overhead cost allocations) of \$2,183,563 and rental income of \$628,577 for the year. Housing Catalyst paid out \$10,367,104 in housing assistance payments and \$5,584,799 in other operating expenses (excluding depreciation of \$236,324).
- Developer fee income increased by \$7,064,958 (352%) as compared to the prior year. The prior year balance of \$2,008,643 represented the initial developer fee income related to the development of Village on Horsetooth. The balance of current year developer fee income of \$9,073,601 represents the completion of Village on Horsetooth which resulted in developer fee income earned of \$2,326,739 and the Village on Shields rehabilitation, which resulted in developer fee income earned of \$6,705,633.
- 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. Through 2018, there has been a total of 84 units released from public housing and of those 84 units, 50 were sold during 2018 and 15 were sold during 2017.
- During 2018, Housing Catalyst purchased a building and adjacent parking lot (Mason Place) in Fort Collins for \$3,624,670. The building will be sold to a low income housing tax credit partnership during 2019 and converted to a permanent supportive housing development. The property was purchased with new debt from ANB Bank of \$3,060,000 and Villages, Ltd of \$552,750.

Fort Collins Housing Authority dba Housing Catalyst

Management's Discussion and Analysis

December 31, 2018

Overview of the Basic 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
- Schedule of Findings and Questioned Costs

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 Revenues, Expenses and Changes in Net Position** 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.

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. This statement provides answers to such questions as where did the cash come from, how was cash used and what was the change in the cash balance during the year.

The **Combining Statements of Net Position and of Revenues, Expenses and Changes in Net Position for Discretely Presented Component Units** presents the financial information for Housing Catalyst's discretely presented component units. The discretely presented component units are described in Note 1 of the financial statements.

Notes to the Basic Financial Statements provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to a comprehensive understanding of the information provided in the basic financial statements.

Fort Collins Housing Authority dba Housing Catalyst

Management's Discussion and Analysis

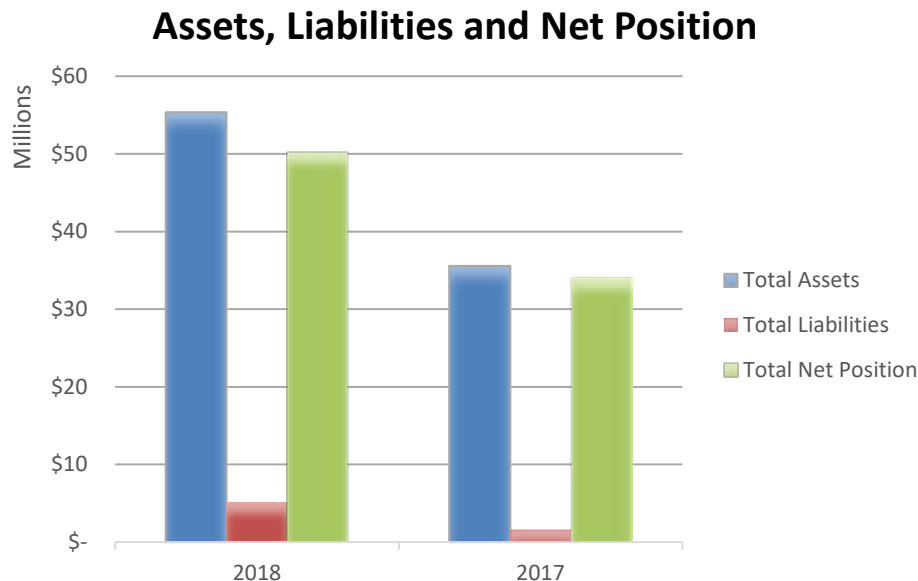
December 31, 2018

Financial Analysis

Statements of Net Position:

The following table reflects the condensed Statements of Net Position for the organization (balances in thousands of dollars).

| | 2018 | 2017 |
|--|------------------|------------------|
| Current assets, unrestricted | \$ 9,513 | \$ 6,037 |
| Other current assets, restricted | 276 | 297 |
| Capital assets, net | 7,332 | 5,582 |
| Non-current assets | 38,218 | 23,650 |
| Total Assets | \$ 55,339 | \$ 35,566 |
| Current liabilities | \$ 946 | \$ 803 |
| Current liabilities payable from restricted assets | 273 | 250 |
| Long-term liabilities | 3,935 | 526 |
| Total Liabilities | 5,154 | 1,579 |
| Net Investment in Capital Assets | 3,271 | 5,018 |
| Restricted Net Position | 115 | 94 |
| Unrestricted Net Position | 46,799 | 28,875 |
| Total Net Position | 50,185 | 33,987 |
| Total Liabilities & Net Position | \$ 55,339 | \$ 35,566 |



Fort Collins Housing Authority dba Housing Catalyst

Management's Discussion and Analysis

December 31, 2018

Unrestricted current assets are comprised of cash, receivables, prepaid items and inventories. The balance of unrestricted current assets is approximately 58% higher at December 31, 2018 than December 31, 2017, which represents an increase of over \$3 million, primarily due to the increase in current developer fees receivable.

Restricted current assets are comprised of cash that is restricted for payment of tenant security deposits, family self sufficiency program escrow balances, flex fund escrow balances and unspent federal funding. The balance of restricted current assets decreased by 7% as compared to the prior year which represents a decrease of approximately \$21 thousand, primarily due to a decrease in the amount of unspent federal funding in the Housing Choice Voucher program.

Capital assets include land, buildings, building improvements, furniture and equipment and are shown net of accumulated depreciation. Capital assets increased by \$1.75 million (31%), primarily due to the acquisition of Mason Place.

Non-current assets consists of long-term developer fees receivable, notes receivable, investments in tax credit partnerships and investments in future developments. Non-current assets increased by over \$14.5 million due to an increase in long-term developer fees receivable of over \$5 million and an increase in notes receivable of \$8.9 million.

Current liabilities consist of accounts payable, accrued liabilities, accrued wages and payroll tax, accrued interest, unearned revenue, balances due to other agencies and current portion of notes payable. Current liabilities increased by over \$140 thousand (18%), primarily due to an increase in pre-development costs payable related to the development of Mason Place.

Current liabilities payable from restricted assets primarily consist of tenant security deposits payable, family self sufficiency escrow balances payable and flex fund escrow balances. These liabilities increased by \$23 thousand (9%) as compared to the prior year. The increase was primarily due to an increase in security deposits payable related to the tenants in place at Mason Place, which was acquired during the year.

Long-term liabilities consist of notes payable. The increase in long-term liabilities of \$3.4 million (648%) as compared to the prior year is related to the current year borrowings related to the acquisition of Mason Place.

Net position represents the equity of Housing Catalyst after liabilities are subtracted from assets. Net position is divided into three major categories.

The first category, net investment in capital assets represents Housing Catalyst's equity in land, buildings, building improvements, furniture and equipment, net of related outstanding debt. The second category, restricted net position, has external limitations on the way in which these assets can be used. The last category, unrestricted net position, represents amounts that are available to Housing Catalyst to be used for any lawful and prudent purpose. Total net position of Housing Catalyst increased by \$16 million (48%) from December 31, 2017 to December 31, 2018.

Fort Collins Housing Authority dba Housing Catalyst

Management's Discussion and Analysis

December 31, 2018

Housing Catalyst's current ratio reflects the relationship between current assets and current liabilities and is a measure of Housing Catalyst's ability to pay short-term obligations. At December 31, 2018 and 2017, Housing Catalyst's current ratios were 8:1 and 6:1, respectively.

Revenues, Expenses and Changes in Net Position:

The following table compares the revenue and expenses for the current and previous periods (balance in thousands of dollars):

| | 2018 | 2017 |
|---|------------------|------------------|
| Revenues: | | |
| Grant income | \$ 12,611 | \$ 14,491 |
| Administrative fees | 2,184 | 1,592 |
| Tenant income | 629 | 2,267 |
| Interest income | 903 | 483 |
| Developer fees | 9,074 | 2,009 |
| Gain on sale of capital assets | 6,096 | 13,720 |
| Capital grants and contributions | 150 | 658 |
| Other | 919 | 338 |
| Total Revenue | 32,566 | 35,558 |
| Expenses | | |
| Housing assistance payments | 10,367 | 9,337 |
| Administrative | 3,905 | 3,925 |
| Maintenance | 1,147 | 1,599 |
| Depreciation | 236 | 774 |
| Utilities | 115 | 287 |
| Insurance | 83 | 158 |
| Interest expense and financing costs | 179 | 607 |
| Other | 336 | 386 |
| Total Expenses | 16,368 | 17,073 |
| Change in Net Position | 16,198 | 18,485 |
| Net Position - Beginning of Year | 33,987 | 15,502 |
| Net Position - End of Year | \$ 50,185 | \$ 33,987 |

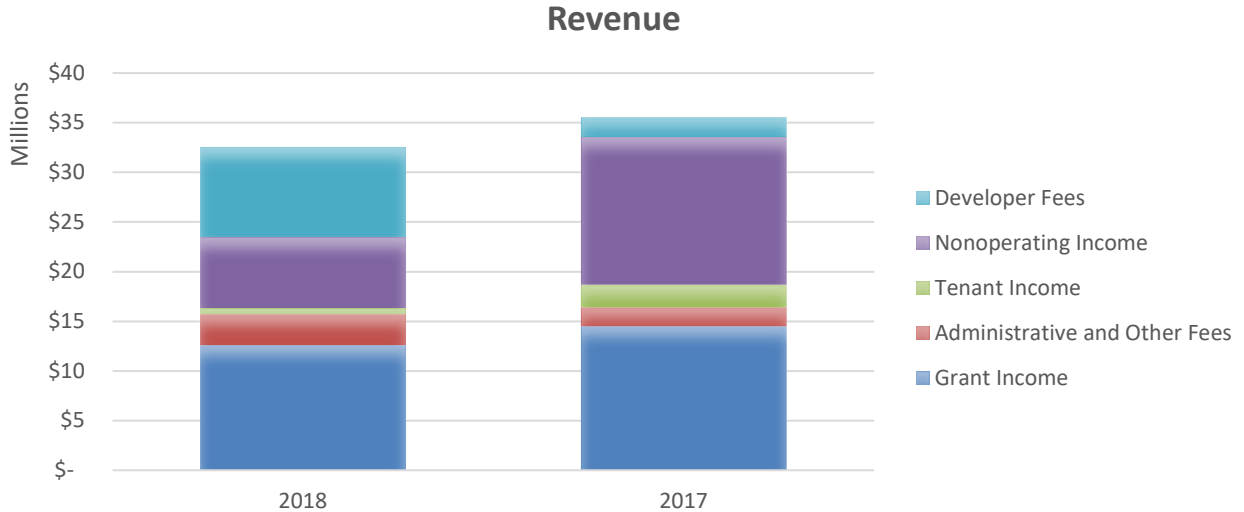
Revenues decreased by approximately \$3 million (8%) from the year ended December 31, 2017 to the year ended December 31, 2018. The decrease is primarily due to decreases in gain of sale of capital assets, grant income and tenant income, as well as an increase in developer fee income. The decrease in tenant income was primarily due to the sale of the Village on Cunningham Corner in 2017 and the sale of 65 former public housing units under the RAD program over the last two years.

Fort Collins Housing Authority dba Housing Catalyst

Management's Discussion and Analysis

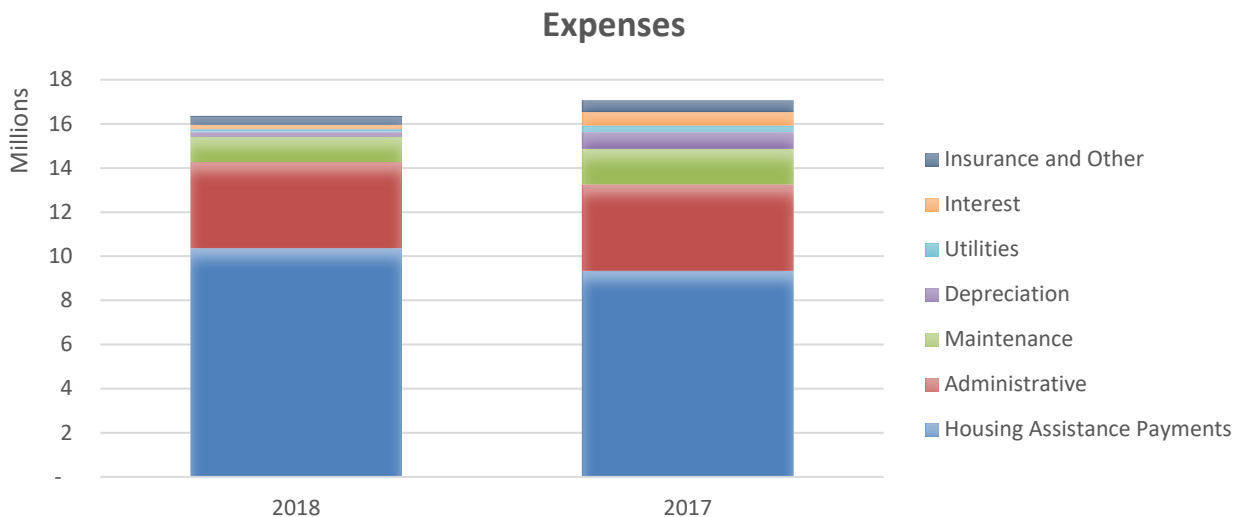
December 31, 2018

The following graph compares the revenues for the current and previous years:



Expenses decreased by approximately \$700 thousand (4%) from the year ended December 31, 2017 to the year ended December 31, 2018. The decrease is mainly due to the sale of Village on Cunningham Corner, which occurred during September of 2017. Additionally, housing assistance payments increased by over \$1 million as compared to the prior year due to increased costs and the additional of first-year RAD vouchers.

The following graph compares the expenses for the current and previous years:



Fort Collins Housing Authority dba Housing Catalyst

Management's Discussion and Analysis

December 31, 2018

Departmental Financial Analysis

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 2018, 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 2018 with a net position of \$3,621,926 of which \$2,625,979 (73%) is invested in capital assets; and \$995,947 is available as operating reserves. The main sources of revenue are rents charged to tenants, HUD annual operating subsidy, and capital grants.
- 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), Village on Shields (285 units) and Village on Horsetooth (96 units). The net position is \$1,652,915, of which \$36,676 (2%) 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 \$44,562,201. Revenues for 2018 included tenant rental income from Mason Place, CDBG and HOME grants for Village on Shields, Colorado Division of Housing grant income for Village on Shields, accrued interest income on loans to tax credit funded properties, developer fees and gains on sales of RAD units.

At the end of 2018, Housing Catalyst owned 19 RAD units that were released from public housing during 2017. These remaining RAD units are expected to be sold during 2019 with the proceeds being loaned to and invested in Village on Horsetooth.

- 4. Vouchers:** Housing Catalyst managed 1,005 Housing Choice Vouchers (HCV), 136 Veterans Affairs Supportive Housing (VASH) vouchers, 50 Family Unification Program (FUP) and 45 Five Year Mainstream vouchers at year-end 2018.

The revenue source for the HCV, VASH, FUP and Mainstream vouchers is HUD in the amount of \$10,337,066, which is an increase of \$1,339,715 (15%) as compared to the prior year total of \$8,997,351. The current year housing assistance payment (HAP) expenses of \$9,558,511 increased by \$1,179,817 (14%) as compared to the prior year expenses of \$8,378,694. The current year administrative expenses for the voucher program of \$822,473 increased by \$94,858 (13%) as compared to the prior year expenses of \$727,615.

- 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 \$205,216.

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- 6. 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 \$866,045, which is a decrease of \$262 (0%) as compared to the prior year total of \$866,307. The current year housing assistance payment (HAP) expenses of \$808,593 increased by \$14,643 (2%) as compared to the prior year expenses of \$793,950. The current year administrative expenses for the voucher program of \$61,619 decreased by \$9,647 (14%) as compared to the prior year expenses of \$71,266.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2018, Housing Catalyst's net investment in capital assets was \$3,271,099 (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:

- Purchase of building and parking lot in Fort Collins, known as Mason Place, for possible future sale to tax credit entity for renovations for \$3,600,000.
- Roof replacement at Mason Place in the amount of \$14,670.
- Sale of 50 RAD units with total sales proceeds of \$8,223,933, costs of sales of \$499,253 and net book value of \$1,628,223 for a net gain on sales of \$6,096,457 and net sales proceeds of \$7,724,680.

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, 2018, Housing Catalyst had six long-term loans totaling \$4,073,038. The long-term loans are to fund remodeling costs for the Taft Hill Road office of the Villages, Ltd., to fund the remodeling costs for the Authority's main offices on Mountain Avenue and to purchase the building and parking lot known as Mason Place.

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Management's Discussion and Analysis

December 31, 2018

Loan activity during the current fiscal year is as follows:

- Principal payments made to First Bank on the Taft Hill Road note in the amount of \$23,714.
- Principal payments made to First Bank on the Mountain Office remodel note in the amount of \$49,864.
- Addition of two notes payable for the purchase of Mason Place and the adjoining parking lot from ANB Bank in the amount of \$3,060,000. Principal payment made to ANB in the amount of \$65,950.
- Addition of two notes payable for the purchase of Mason Place and the adjoining parking lot from Villages, Ltd in the amount of \$552,750.

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

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 the RentCafe.com Year-End Apartment Market Report, apartment rents have increased an average of 3.4% in Fort Collins during the last year. Housing Choice Voucher ("HCV") program 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 HUD funding available for the HCV program, combined with rising rental rates, resulted in 101% utilization of housing assistance payment (HAP) funding and a 87% HCV leased utilization in 2018. 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

This financial report is designed to provide the reader with a general overview of Housing Catalyst's finances and to demonstrate Housing Catalyst's financial accountability over its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Duane Hopkins
Chief Financial Officer
1715 West Mountain Avenue
Fort Collins, Colorado 80521
Housing Catalyst website - www.housingcatalyst.com

Fort Collins Housing Authority dba Housing Catalyst

Statement of Net Position

December 31, 2018

| | Primary Government | Discretely Presented Component Units |
|---|-----------------------|---|
| Assets and Deferred Outflows | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 4,633,739 | \$ 1,859,989 |
| Restricted cash and cash equivalents | 276,527 | 2,351,338 |
| Accounts receivable | | |
| Grants | 132,424 | - |
| Tenants | 10,526 | 79,000 |
| Developer fees, current | 4,261,416 | - |
| Other | 116,000 | 231,692 |
| Accrued interest | 209,895 | - |
| Notes receivable - current portion | 53,037 | - |
| Prepaid expenses and other current assets | 36,089 | 126,988 |
| Inventory | 59,860 | - |
| | <u>9,789,513</u> | <u>4,649,007</u> |
| Total Current Assets | | |
| Noncurrent Assets | | |
| Capital Assets | | |
| Non-depreciable | 4,135,801 | 8,246,286 |
| Depreciable, net | 3,195,998 | 128,410,161 |
| | <u>7,331,799</u> | <u>136,656,447</u> |
| Total Capital Assets, Net | | |
| Other Assets | | |
| Developer fees receivable, long-term | 6,420,656 | - |
| Notes receivable - net of current portion | 31,205,734 | - |
| Other assets, net | - | 1,191,560 |
| Investment in tax credit partnerships | 149,569 | - |
| Investment in future developments | 441,646 | - |
| | <u>38,217,605</u> | <u>1,191,560</u> |
| Total Other Assets | | |
| Total Noncurrent Assets | <u>45,549,404</u> | <u>137,848,007</u> |
| Total Assets | <u>55,338,917</u> | <u>142,497,014</u> |
| Deferred Outflows of Resources | <u>-</u> | <u>-</u> |
| Total Assets and Deferred Outflows | <u>\$ 55,338,917</u> | <u>\$ 142,497,014</u> |

Fort Collins Housing Authority dba Housing Catalyst

Statement of Net Position

December 31, 2018

| | Primary Government | Discretely Presented Component Units |
|---|-----------------------|---|
| Liabilities, Deferred Inflows and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 39,505 | \$ 207,820 |
| Accrued liabilities | 314,950 | - |
| Accrued compensation | 414,197 | - |
| Accrued interest payable | 35,042 | 416,650 |
| Unearned revenues | 1,363 | - |
| Due to other agencies | 2,782 | - |
| Tenant security deposits payable | 39,119 | 301,868 |
| Due to related party | - | 6,206 |
| Money held in escrow | 233,642 | - |
| Developer fees payable - current portion | - | 4,261,416 |
| Construction loan payable | - | 31,268,446 |
| Notes and mortgages payable - current portion | 138,432 | 241,379 |
| | <u>1,219,032</u> | <u>36,703,785</u> |
| Total Current Liabilities | | |
| Long-Term Liabilities | | |
| Notes and mortgages payable - net of current portion | 3,934,606 | 73,696,521 |
| Developer fees payable - net of current portion | - | 6,420,656 |
| Other long-term liabilities | - | 4,375,008 |
| | <u>3,934,606</u> | <u>84,492,185</u> |
| Total Long-Term Liabilities | | |
| Total Liabilities | | |
| | <u>5,153,638</u> | <u>121,195,970</u> |
| Deferred Inflows of Resources | | |
| | <u>-</u> | <u>-</u> |
| Net Position | | |
| Net investment in capital assets | 3,271,099 | 31,450,101 |
| Restricted - housing assistance payments | 114,697 | - |
| Unrestricted | 46,799,483 | (10,149,057) |
| | <u>40,185,283</u> | <u>21,301,044</u> |
| Total Net Position | | |
| | <u>50,185,279</u> | <u>21,301,044</u> |
| Total Liabilities, Deferred Inflows and Net Position | | |
| | <u>\$ 55,338,917</u> | <u>\$ 142,497,014</u> |

Fort Collins Housing Authority dba Housing Catalyst

Statement of Net Position

December 31, 2017 (Comparative Totals Only)

| | <u>Primary Government</u> | <u>Discretely Presented Component Units</u> |
|---|-------------------------------|---|
| 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 | <u>6,335,036</u> | <u>10,689,925</u> |
| Noncurrent Assets | | |
| Capital Assets | | |
| Non-depreciable | 4,091,529 | 23,258,365 |
| Depreciable, net | 1,490,146 | 75,474,648 |
| Total Capital Assets, Net | <u>5,581,675</u> | <u>98,733,013</u> |
| 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 | <u>23,649,750</u> | <u>196,301</u> |
| Total Noncurrent Assets | <u>29,231,425</u> | <u>98,929,314</u> |
| Total Assets | <u>35,566,461</u> | <u>109,619,239</u> |
| Deferred Outflows of Resources | <u>-</u> | <u>-</u> |
| Total Assets and Deferred Outflows | <u>\$ 35,566,461</u> | <u>\$ 109,619,239</u> |

Fort Collins Housing Authority dba Housing Catalyst

Statement of Net Position

December 31, 2017 (Comparative Totals Only)

| | <u>Primary Government</u> | <u>Discretely Presented Component Units</u> |
|---|-------------------------------|---|
| 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 payable | - | 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 | - | 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 | 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 Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2018

| | <u>Primary Government</u> | <u>Discretely Presented Component Units</u> |
|--|-------------------------------|---|
| Operating Revenues | | |
| HUD PHA grants | \$ 11,989,079 | \$ - |
| Other grants | 622,426 | - |
| Rental income | 628,577 | 5,869,801 |
| Administration fees | 2,183,563 | - |
| Developer fees | 9,073,601 | - |
| Other | 918,786 | 471,732 |
| | <u>25,416,032</u> | <u>6,341,533</u> |
| Total Operating Revenues | | |
| Operating Expenses | | |
| Housing assistance payments | 10,367,104 | - |
| Administrative salaries and benefits | 2,826,779 | 999,339 |
| Maintenance salaries and benefits | 788,137 | - |
| Other administrative | 1,077,839 | 1,465,500 |
| Ordinary maintenance | 358,088 | 1,154,276 |
| Depreciation | 236,324 | 4,606,804 |
| Utilities | 115,438 | 525,719 |
| Insurance | 82,637 | 369,445 |
| Payments in lieu of taxes | 9,447 | - |
| Other | 326,434 | - |
| | <u>16,188,227</u> | <u>9,121,083</u> |
| Total Operating Expenses | | |
| Operating Income (Loss) | <u>9,227,805</u> | <u>(2,779,550)</u> |
| Non-Operating Revenues (Expenses) | | |
| Interest income | 903,029 | 6,232 |
| Interest expense | (162,521) | (2,386,414) |
| Other financing costs | (16,532) | - |
| Gain on sale of capital assets | 6,096,457 | - |
| | <u>6,820,433</u> | <u>(2,380,182)</u> |
| Total Non-Operating Revenues (Expenses), net | | |
| Income (Loss) Before Contributions and Distributions | 16,048,238 | (5,159,732) |
| HUD Capital Contributions | 149,720 | - |
| Capital Contributions | - | 1,363,300 |
| Priority Distributions | - | (3,012) |
| | <u>16,197,958</u> | <u>(3,799,444)</u> |
| Change in Net Position | | |
| Net Position, Beginning of the Year | <u>33,987,321</u> | <u>25,100,488</u> |
| Net Position, End of the Year | <u>\$ 50,185,279</u> | <u>\$ 21,301,044</u> |

Fort Collins Housing Authority dba Housing Catalyst

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2017 (Comparative Totals Only)

| | 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 Cash Flows
Year Ended December 31, 2018

| | <u>Primary Government</u> |
|--|-------------------------------|
| Operating Activities | |
| HUD PHA grants | \$ 11,885,774 |
| Other grants | 622,426 |
| Receipts from tenants | 641,621 |
| Administration fees | 2,192,307 |
| Other income | 930,818 |
| Developer fee income | 379,398 |
| Housing assistance payments | (10,358,984) |
| Payments to employees | (3,683,897) |
| Payments to suppliers | <u>(1,811,093)</u> |
| Net Cash from Operating Activities | <u>798,370</u> |
| Capital and Related Financing Activities | |
| Principal payments on long-term debt | (139,528) |
| Proceeds from long-term debt | 3,612,750 |
| HUD capital contributions | 149,720 |
| Proceeds from sale of capital assets | 7,724,679 |
| Interest paid on long-term debt | (179,894) |
| Other financing costs paid | (16,532) |
| Acquisition of capital assets | <u>(3,614,670)</u> |
| Net Cash from Capital and Related Financing Activities | <u>7,536,525</u> |
| Investing Activities | |
| Receipts on notes receivable | 23,715 |
| Note receivable advance to related party | (8,308,468) |
| Interest income | 168,114 |
| Investment in tax credit partnerships | 402 |
| Investments in future developments | <u>(402,327)</u> |
| Net Cash used for Investing Activities | <u>(8,518,564)</u> |
| Net Change in Cash and Cash Equivalents | (183,669) |
| Cash and Cash Equivalents, Beginning of Year | <u>5,093,935</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 4,910,266</u> |

Fort Collins Housing Authority dba Housing Catalyst

Statement of Cash Flows
Year Ended December 31, 2018

| | <u>Primary Government</u> |
|--|-------------------------------|
| Reconciliation of Cash and Cash Equivalents | |
| Cash | \$ 4,633,739 |
| Restricted Cash | <u>276,527</u> |
| Total Cash and Cash Equivalents | <u>\$ 4,910,266</u> |
| Reconciliation of Change in Net Position to Net Cash | |
| From Operating Activities | |
| Operating Income | \$ 9,227,805 |
| Adjustments to reconcile operating income | |
| to net cash from operating activities | |
| Depreciation | 236,324 |
| Changes in assets and liabilities | |
| (Increase) decrease in assets: | |
| Receivables | (8,785,921) |
| Inventory | 4,606 |
| Prepaid expenses | (11,837) |
| Due from other agencies | 8,744 |
| Increase (decrease) in liabilities: | |
| Accounts payable | (65,783) |
| Tenant security deposits payable | 14,608 |
| Money held in escrow | 8,120 |
| Accrued compensation | (68,981) |
| Accrued liabilities | 229,022 |
| Unearned revenue | (1,119) |
| Due to other agencies | <u>2,782</u> |
| Net Cash from Operating Activities | <u>\$ 798,370</u> |
| Schedule of Noncash Investing Activities: | |
| Increase in notes receivable from accrued interest | <u>\$ 676,834</u> |

Fort Collins Housing Authority dba Housing Catalyst

Statement of Cash Flows

Year Ended December 31, 2017 (Comparative Totals Only)

| | 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) |
| Net Cash from Operating Activities | <u>3,087,198</u> |
| Capital and Related Financing Activities | |
| Principal payments on long-term debt | (21,572,199) |
| Net payments on 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) |
| Net Cash from Capital and Related Financing Activities | <u>10,421,925</u> |
| 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 |
| Investment in future development | (1,559,310) |
| Net Cash used for Investing Activities | <u>(12,874,077)</u> |
| Net Change in Cash and Equivalents | 635,046 |
| Cash and Cash Equivalents, Beginning of Year | <u>4,458,889</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 5,093,935</u></u> |

Fort Collins Housing Authority dba Housing Catalyst

Statement of Cash Flows

Year Ended December 31, 2017 (Comparative Totals Only)

| | <u>Primary Government</u> |
|--|-------------------------------|
| Reconciliation of Cash and Cash Equivalents | |
| Cash | \$ 4,797,310 |
| Restricted Cash | <u>296,625</u> |
| Total Cash and Cash Equivalents | <u>\$ 5,093,935</u> |
| 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) |
| Decrease in deferred inflows of resources | <u>(817,568)</u> |
| Net Cash from Operating Activities | <u>\$ 3,087,198</u> |
| Schedule of Noncash Investing Activities: | |
| Increase in notes receivable from accrued interest | <u>\$ 325,030</u> |

Fort Collins Housing Authority dba Housing Catalyst
Combining Statement of Net Position - Discretely Presented Component Units
December 31, 2018

| | 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 | \$ 159,423 | \$ 318,057 | \$ 115,343 | \$ 518,322 | \$ 212,510 | \$ 13,079 | \$ 523,255 | \$ 1,859,989 |
| Restricted cash | 170,906 | 417,814 | 702,751 | 560,800 | 363,360 | 7,450 | 128,257 | 2,351,338 |
| Accounts receivable | | | | | | | | |
| Tenants | 1,370 | 4,597 | 5,981 | 20,831 | 4,194 | 12,906 | 29,121 | 79,000 |
| Other | 356 | 766 | 37,829 | 1,172 | 102,712 | - | 88,857 | 231,692 |
| Prepaid expenses | - | 32,191 | 6,263 | 60,279 | 5,050 | 23,002 | 203 | 126,988 |
| Due from related party | - | - | - | - | - | - | - | - |
| Total Current Assets | 332,055 | 773,425 | 868,167 | 1,161,404 | 687,826 | 56,437 | 769,693 | 4,649,007 |
| Capital Assets | | | | | | | | |
| Non-depreciable | 640,000 | 998,437 | 862,000 | 543,454 | 230,000 | 1,113,963 | 3,858,432 | 8,246,286 |
| Depreciable, net | 2,891,592 | 5,679,742 | 9,283,826 | 12,269,880 | 17,384,214 | 24,237,869 | 56,663,038 | 128,410,161 |
| Total Capital Assets, Net | 3,531,592 | 6,678,179 | 10,145,826 | 12,813,334 | 17,614,214 | 25,351,832 | 60,521,470 | 136,656,447 |
| Other Assets | 7,059 | 13,401 | 45,428 | 45,937 | 67,318 | 113,431 | 898,986 | 1,191,560 |
| Total Assets | \$ 3,870,706 | \$ 7,465,005 | \$ 11,059,421 | \$ 14,020,675 | \$ 18,369,358 | \$ 25,521,700 | \$ 62,190,149 | \$ 142,497,014 |
| Liabilities and Net Position | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Accounts payable | \$ 1,735 | \$ 33,080 | \$ 26,465 | \$ 14,171 | \$ 45,693 | \$ 29,321 | \$ 57,355 | \$ 207,820 |
| Accrued interest payable | 74,957 | 84,045 | 11,707 | 53,468 | 56,253 | 36,801 | 99,419 | 416,650 |
| Tenant security deposits payable | 21,636 | 40,416 | 12,200 | 51,123 | 40,786 | 7,450 | 128,257 | 301,868 |
| Due to related party | 6,206 | - | - | - | - | - | - | 6,206 |
| Developer fee payable - current portion | - | - | 88,172 | 25,593 | 527,742 | 1,598,101 | 2,021,808 | 4,261,416 |
| Construction loan | - | - | - | - | - | - | 31,268,446 | 31,268,446 |
| Notes and mortgages mortgages payable - current portion | 17,613 | 13,139 | 46,326 | 122,239 | 42,062 | - | - | 241,379 |
| Total Current Liabilities | 122,147 | 170,680 | 184,870 | 266,594 | 712,536 | 1,671,673 | 33,575,285 | 36,703,785 |
| Long-Term Liabilities | | | | | | | | |
| Notes and mortgages payable - net of current portion | 4,093,548 | 5,219,976 | 4,557,921 | 10,126,744 | 9,282,498 | 19,615,047 | 20,800,787 | 73,696,521 |
| Developer fee payable - net of current portion | - | - | 52,758 | 462,829 | 492,606 | 728,638 | 4,683,825 | 6,420,656 |
| Other long-term liabilities | - | - | - | - | - | 1,971,743 | 2,403,265 | 4,375,008 |
| Total Long-Term Liabilities | 4,093,548 | 5,219,976 | 4,610,679 | 10,589,573 | 9,775,104 | 22,315,428 | 27,887,877 | 84,492,185 |
| Total Liabilities | 4,215,695 | 5,390,656 | 4,795,549 | 10,856,167 | 10,487,640 | 23,987,101 | 61,463,162 | 121,195,970 |
| Net Position | | | | | | | | |
| Net investment in capital assets | (579,569) | 1,445,064 | 5,541,579 | 2,564,351 | 8,289,654 | 5,736,785 | 8,452,237 | 31,450,101 |
| Unrestricted | 234,580 | 629,285 | 722,293 | 600,157 | (407,936) | (4,202,186) | (7,725,250) | (10,149,057) |
| Total Net Position | (344,989) | 2,074,349 | 6,263,872 | 3,164,508 | 7,881,718 | 1,534,599 | 726,987 | 21,301,044 |
| Total Liabilities and Net Position | \$ 3,870,706 | \$ 7,465,005 | \$ 11,059,421 | \$ 14,020,675 | \$ 18,369,358 | \$ 25,521,700 | \$ 62,190,149 | \$ 142,497,014 |

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, 2018

| | 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 | \$ 460,334 | \$ 671,466 | \$ 702,259 | \$ 1,032,756 | \$ 712,149 | \$ 28,396 | \$ 2,262,441 | \$ 5,869,801 |
| Other | 8,824 | 20,889 | 312,204 | 39,786 | 21,135 | 9,775 | 59,119 | 471,732 |
| Total Operating Revenues | 469,158 | 692,355 | 1,014,463 | 1,072,542 | 733,284 | 38,171 | 2,321,560 | 6,341,533 |
| Operating Expenses | | | | | | | | |
| Administrative salaries and benefits | 77,822 | 115,399 | 331,412 | 134,370 | 51,302 | 15,279 | 273,755 | 999,339 |
| Other administrative | 57,531 | 77,232 | 154,358 | 151,953 | 180,398 | 93,800 | 750,228 | 1,465,500 |
| Regular and extraordinary maintenance | 94,116 | 112,183 | 178,634 | 222,488 | 152,879 | 24,665 | 369,311 | 1,154,276 |
| Depreciation and amortization | 195,598 | 322,214 | 491,527 | 659,484 | 781,040 | 134,468 | 2,022,473 | 4,606,804 |
| Utilities | 50,002 | 44,265 | 73,927 | 75,365 | 70,151 | 4,596 | 207,413 | 525,719 |
| Insurance | 18,624 | 29,491 | 38,864 | 37,409 | 38,259 | 4,737 | 202,061 | 369,445 |
| Total Operating Expenses | 493,693 | 700,784 | 1,268,722 | 1,281,069 | 1,274,029 | 277,545 | 3,825,241 | 9,121,083 |
| Operating Income (Loss) | (24,535) | (8,429) | (254,259) | (208,527) | (540,745) | (239,374) | (1,503,681) | (2,779,550) |
| Non-Operating Revenues (Expenses) | | | | | | | | |
| Interest income | 393 | 1,952 | 416 | 556 | 1,172 | - | 1,743 | 6,232 |
| Interest expense | (187,696) | (218,877) | (166,058) | (427,173) | (376,574) | (63,181) | (946,855) | (2,386,414) |
| Total Non-Operating Revenues (Expenses) | (187,303) | (216,925) | (165,642) | (426,617) | (375,402) | (63,181) | (945,112) | (2,380,182) |
| Loss Before Contributions and Distributions | (211,838) | (225,354) | (419,901) | (635,144) | (916,147) | (302,555) | (2,448,793) | (5,159,732) |
| Capital Contributions | - | - | - | - | 1,504,440 | (41,705) | (99,435) | 1,363,300 |
| Priority Distributions | (3,012) | - | - | - | - | - | - | (3,012) |
| Change in Net Position | (214,850) | (225,354) | (419,901) | (635,144) | 588,293 | (344,260) | (2,548,228) | (3,799,444) |
| Net Position, Beginning 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 |
| Net Position, End of the Year | <u>\$ (344,989)</u> | <u>\$ 2,074,349</u> | <u>\$ 6,263,872</u> | <u>\$ 3,164,508</u> | <u>\$ 7,881,718</u> | <u>\$ 1,534,599</u> | <u>\$ 726,987</u> | <u>\$ 21,301,044</u> |

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

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 89 units of family housing and administers 1,005 Section 8 Housing Choice Vouchers, 136 Section 8 VASH vouchers, 50 Family Unification Program vouchers and 45 Five Year Mainstream 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, 2018

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.

Discretely Presented Component Units

The component unit columns in the combining financial statements include the financial data of Housing Catalyst's seven 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, 2018

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 interfund transactions have been eliminated.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

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 capital 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, 2018

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 2018.

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, 2018

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, 2018, unearned revenue consisted of \$1,363 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, 2018

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, 2017, 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 2018.

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, 2018, 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, 2018, Housing Catalyst's carrying amount of deposits was \$4,909,615 and the bank balance was \$5,116,013. Of the bank balances, \$575,112 was covered by Federal Depository Insurance. Of the remaining balances for 2018, \$4,540,901 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, 2018, mature within 1 year.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

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, 2018, 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, 2018, VOS's carrying amount of deposits and bank balance was \$735,161. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$485,161 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, 2018

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, 2018, Redtail Ponds PSH's carrying amount of deposits and bank balance was \$766,959. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$516,959 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, 2018, VOP's carrying amount of deposits and bank balance was \$1,079,122. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$829,122 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, 2018, VOR's carrying amount of deposits and bank balance was \$575,685. Of the bank balances, \$498,634 was covered by Federal Depository Insurance. The remaining balance of \$77,051 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, 2018, 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, 2018, VOSH's carrying amount of deposits and bank balance was \$649,098. Of the bank balances, \$342,118 was covered by Federal Depository Insurance. The remaining balance of \$306,980 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, 2018

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. \$ 3,129,927

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. 1,283,420

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. 12,338

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. 1,603,801

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. 5,179,971

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. 1,047,123

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2018

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|--|-----------------------------|
| 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. | 18,981,481 |
| Other notes receivable | <u>20,710</u> |
| Total notes receivable | 31,258,771 |
| Less current portion | <u>(53,037)</u> |
| Notes receivable - net of current portion | <u><u>\$ 31,205,734</u></u> |

Note 5 - Capital Assets

The following is a summary of capital assets for the year ended December 31, 2018:

Primary Government

| | Balance 01/01/18 | Additions | Deletions | Balance 12/31/18 |
|----------------------------------|---------------------|--------------|----------------|---------------------|
| Non-Depreciable | | | | |
| Land | \$ 4,091,529 | \$ 1,347,000 | \$ (1,302,728) | \$ 4,135,801 |
| | 4,091,529 | 1,347,000 | (1,302,728) | 4,135,801 |
| Depreciable | | | | |
| Buildings and improvements | 6,233,646 | 2,267,670 | (1,761,442) | 6,739,874 |
| Furniture and equipment | 1,046,470 | - | - | 1,046,470 |
| | 7,280,116 | 2,267,670 | (1,761,442) | 7,786,344 |
| Total depreciable capital assets | | | | |
| Less: Accumulated Depreciation | | | | |
| Buildings and improvements | (4,809,564) | (214,404) | 1,435,948 | (3,588,020) |
| Furniture and equipment | (980,406) | (21,920) | - | (1,002,326) |
| | (5,789,970) | (236,324) | 1,435,948 | (4,590,346) |
| Total accumulated depreciation | | | | |
| Net Depreciable Capital Assets | 1,490,146 | 2,031,346 | (325,494) | 3,195,998 |
| Total | \$ 5,581,675 | \$ 3,378,346 | \$ (1,628,222) | \$ 7,331,799 |

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2018

Discretely Presented Component Units

Village on Elizabeth

| | Balance 01/01/18 | Additions | Deletions | Balance 12/31/18 |
|----------------------------------|---------------------|---------------------|-------------|---------------------|
| 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>(2,167,276)</u> | <u>(193,834)</u> | <u>-</u> | <u>(2,361,110)</u> |
| Net Depreciable Capital Assets | <u>3,085,426</u> | <u>(193,834)</u> | <u>-</u> | <u>2,891,592</u> |
| Total | <u>\$ 3,725,426</u> | <u>\$ (193,834)</u> | <u>\$ -</u> | <u>\$ 3,531,592</u> |

Village on Stanford

| | Balance 01/01/18 | Additions | Deletions | Balance 12/31/18 |
|----------------------------------|---------------------|---------------------|-------------|---------------------|
| Non-Depreciable | | | | |
| Land | \$ 998,437 | \$ - | \$ - | \$ 998,437 |
| | <u>998,437</u> | <u>-</u> | <u>-</u> | <u>998,437</u> |
| Depreciable | | | | |
| Buildings and improvements | 8,574,150 | - | - | 8,574,150 |
| Land improvements | 66,615 | - | - | 66,615 |
| Furniture and equipment | 195,271 | 30,915 | - | 226,186 |
| Total depreciable capital assets | <u>8,836,036</u> | <u>30,915</u> | <u>-</u> | <u>8,866,951</u> |
| Total accumulated depreciation | <u>(2,867,260)</u> | <u>(319,949)</u> | <u>-</u> | <u>(3,187,209)</u> |
| Net Depreciable Capital Assets | <u>5,968,776</u> | <u>(289,034)</u> | <u>-</u> | <u>5,679,742</u> |
| Total | <u>\$ 6,967,213</u> | <u>\$ (289,034)</u> | <u>\$ -</u> | <u>\$ 6,678,179</u> |

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

Redtail Ponds PSH

| | Balance 01/01/18 | Additions | Deletions | Balance 12/31/18 |
|----------------------------------|----------------------|---------------------|-------------|----------------------|
| Non-Depreciable | | | | |
| Land | \$ 862,000 | \$ - | \$ - | \$ 862,000 |
| | <u>862,000</u> | <u>-</u> | <u>-</u> | <u>862,000</u> |
| Depreciable | | | | |
| Buildings and improvements | 9,498,123 | - | - | 9,498,123 |
| Land improvements | 1,220,031 | 9,759 | - | 1,229,790 |
| Furniture and equipment | 422,884 | - | - | 422,884 |
| Total depreciable capital assets | <u>11,141,038</u> | <u>9,759</u> | <u>-</u> | <u>11,150,797</u> |
| Total accumulated depreciation | <u>(1,379,512)</u> | <u>(487,459)</u> | <u>-</u> | <u>(1,866,971)</u> |
| Net Depreciable Capital Assets | <u>9,761,526</u> | <u>(477,700)</u> | <u>-</u> | <u>9,283,826</u> |
| Total | <u>\$ 10,623,526</u> | <u>\$ (477,700)</u> | <u>\$ -</u> | <u>\$ 10,145,826</u> |

Village on Plum

| | Balance 01/01/18 | Additions | Deletions | Balance 12/31/18 |
|----------------------------------|----------------------|---------------------|-------------|----------------------|
| 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>(1,744,516)</u> | <u>(655,564)</u> | <u>-</u> | <u>(2,400,080)</u> |
| Net Depreciable Capital Assets | <u>12,925,444</u> | <u>(655,564)</u> | <u>-</u> | <u>12,269,880</u> |
| Total | <u>\$ 13,468,898</u> | <u>\$ (655,564)</u> | <u>\$ -</u> | <u>\$ 12,813,334</u> |

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

Village on Redwood

| | Balance 01/01/18 | Additions | Deletions | Balance 12/31/18 |
|----------------------------------|----------------------|---------------------|---------------------|----------------------|
| Non-Depreciable | | | | |
| Land | \$ 230,000 | \$ - | \$ - | \$ 230,000 |
| | <u>230,000</u> | <u>-</u> | <u>-</u> | <u>230,000</u> |
| Depreciable | | | | |
| Buildings and improvements | 16,782,086 | 41,229 | (100,863) | 16,722,452 |
| Land improvements | 1,581,517 | - | - | 1,581,517 |
| Furniture and equipment | 307,303 | - | - | 307,303 |
| Total depreciable capital assets | <u>18,670,906</u> | <u>41,229</u> | <u>(100,863)</u> | <u>18,611,272</u> |
| Total accumulated depreciation | <u>(453,339)</u> | <u>(773,719)</u> | <u>-</u> | <u>(1,227,058)</u> |
| Net Depreciable Capital Assets | <u>18,217,567</u> | <u>(732,490)</u> | <u>(100,863)</u> | <u>17,384,214</u> |
| Total | <u>\$ 18,447,567</u> | <u>\$ (732,490)</u> | <u>\$ (100,863)</u> | <u>\$ 17,614,214</u> |

Village on Horsetooth

| | Balance 01/01/18 | Additions | Deletions | Balance 12/31/18 |
|----------------------------------|---------------------|----------------------|------------------------|----------------------|
| Non-Depreciable | | | | |
| Land | \$ 996,300 | \$ 117,663 | \$ - | \$ 1,113,963 |
| Construction in progress | 6,717,704 | 17,646,531 | (24,364,235) | - |
| | <u>\$ 7,714,004</u> | <u>\$ 17,764,194</u> | <u>\$ (24,364,235)</u> | <u>\$ 1,113,963</u> |
| Depreciable | | | | |
| Buildings and improvements | - | 22,627,098 | - | 22,627,098 |
| Land improvements | - | 1,194,759 | - | 1,194,759 |
| Furniture and equipment | - | 542,378 | - | 542,378 |
| Total depreciable capital assets | <u>-</u> | <u>24,364,235</u> | <u>-</u> | <u>24,364,235</u> |
| Less: Accumulated Depreciation | | | | |
| Buildings and improvements | <u>-</u> | <u>(126,366)</u> | <u>-</u> | <u>(126,366)</u> |
| Total accumulated depreciation | <u>-</u> | <u>(126,366)</u> | <u>-</u> | <u>(126,366)</u> |
| Net Depreciable Capital Assets | <u>-</u> | <u>24,237,869</u> | <u>-</u> | <u>24,237,869</u> |
| Total | <u>\$ 7,714,004</u> | <u>\$ 42,002,063</u> | <u>\$ (24,364,235)</u> | <u>\$ 25,351,832</u> |

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

Village on Shields

| | Balance 01/01/18 | Additions | Deletions | Balance 12/31/18 |
|----------------------------------|---------------------|---------------|-----------------|---------------------|
| Non-Depreciable | | | | |
| Land | \$ 3,850,000 | \$ 8,432 | \$ - | \$ 3,858,432 |
| Construction in progress | 8,420,470 | 24,734,716 | (33,155,186) | - |
| | 12,270,470 | 24,743,148 | (33,155,186) | 3,858,432 |
| Depreciable | | | | |
| Buildings and improvements | 25,750,000 | 28,696,360 | - | 54,446,360 |
| Land improvements | - | 2,457,973 | - | 2,457,973 |
| Furniture and equipment | - | 2,000,853 | - | 2,000,853 |
| Total depreciable capital assets | 25,750,000 | 33,155,186 | - | 58,905,186 |
| Less: Accumulated Depreciation | | | | |
| Buildings and improvements | (234,091) | (2,008,057) | - | (2,242,148) |
| Total accumulated depreciation | (234,091) | (2,008,057) | - | (2,242,148) |
| Net Depreciable Capital Assets | 25,515,909 | 31,147,129 | - | 56,663,038 |
| Total | \$ 37,786,379 | \$ 55,890,277 | \$ (33,155,186) | \$ 60,521,470 |

Note 6 - Long-Term Debt

During the year ended December 31, 2018, the following changes occurred in long-term debt:

Primary Government

| | Balance January 1 | Increases | Decreases | Balance December 31 | Due Within One Year |
|---------------|----------------------|--------------|--------------|------------------------|------------------------|
| Notes Payable | \$ 599,816 | \$ 3,612,750 | \$ (139,528) | \$ 4,073,038 | \$ 138,432 |

Discretely Presented Component Units

Village on Elizabeth

| | Balance January 1 | Increases | Decreases | Balance December 31 | Due Within One Year |
|---------------|----------------------|-----------|-------------|------------------------|------------------------|
| Notes Payable | \$ 4,073,933 | \$ 53,822 | \$ (16,594) | \$ 4,111,161 | \$ 17,613 |

Village on Stanford

| | Balance January 1 | Increases | Decreases | Balance December 31 | Due Within One Year |
|---------------|----------------------|-----------|-------------|------------------------|------------------------|
| Notes Payable | \$ 5,240,775 | \$ 3,318 | \$ (10,978) | \$ 5,233,115 | \$ 13,139 |

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements
December 31, 2018

Redtail Ponds PSH

| | Balance January 1 | Increases | Decreases | Balance December 31 | Due Within One Year |
|---------------|----------------------|-----------|-------------|------------------------|------------------------|
| Notes Payable | \$ 4,569,701 | \$ 79,169 | \$ (44,623) | \$ 4,604,247 | \$ 46,326 |

Village on Plum

| | Balance January 1 | Increases | Decreases | Balance December 31 | Due Within One Year |
|---------------|----------------------|------------|--------------|------------------------|------------------------|
| Notes Payable | \$ 10,207,416 | \$ 157,349 | \$ (115,782) | \$ 10,248,983 | \$ 122,239 |

Village on Redwood

| | Balance January 1 | Increases | Decreases | Balance December 31 | Due Within One Year |
|---------------|----------------------|--------------|--------------|------------------------|------------------------|
| Notes Payable | \$ 6,628,152 | \$ 2,974,560 | \$ (278,152) | \$ 9,324,560 | \$ 42,062 |

Village on Horsetooth

| | Balance January 1 | Increases | Decreases | Balance December 31 | Due Within One Year |
|---------------|----------------------|---------------|--------------|------------------------|------------------------|
| Notes Payable | \$ 5,202,461 | \$ 14,633,403 | \$ (220,817) | \$ 19,615,047 | \$ - |

Village on Shields

| | Balance January 1 | Increases | Decreases | Balance December 31 | Due Within One Year |
|---------------|----------------------|--------------|--------------|------------------------|------------------------|
| Notes Payable | \$ 12,144,862 | \$ 9,191,851 | \$ (535,926) | \$ 20,800,787 | \$ - |

Notes payable as of December 31, 2018, 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. \$ 12,338

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. 513,900

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

Mason Place - Notes payable due to ANB Bank with a stated interest rate of 3.95% per annum, due in monthly principal and interest installments of \$16,092 with a maturity date of January 2023 and secured by a deed of trust and all deposit accounts held by ANB Bank. 2,994,050

Mason Place - Notes payable due to Villages, Ltd. with stated interest rates of 4.50% per annum, due in monthly interest installments with maturity dates of January 2022 and secured by a deed of trust. 552,750

Total notes payable - Primary Government \$ 4,073,038

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 7.33%, 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. \$ 810,682

Mortgage note payable with a stated interest rate of 3.00% per annum and an effective interest rate of 3.13%, 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. 180,129

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 3,278,951

Long-term accrued interest due to Housing Catalyst added to principal balance 841,787
Less: unamortized debt issuance costs (9,577)

Total notes payable, net - Village on Elizabeth \$ 4,111,161

Village on Stanford

Mortgage note payable with a stated interest rate of 7.85% per annum and an effective interest rate of 8.14%, 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. \$ 1,789,764

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

| | |
|--|----------------------------|
| 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. | <u>989,065</u> |
| Total notes payable - Village on Stanford | 5,266,019 |
| Less: unamortized debt issuance costs | <u>(32,904)</u> |
| Total notes payable, net - Village on Stanford | <u><u>\$ 5,233,115</u></u> |

Redtail Ponds PSH

| | |
|---|--------------|
| Mortgage note payable with a stated interest rate of 3.75% per annum and an effective interest rate of 3.91%, 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. | \$ 2,164,618 |
| 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. | 1,603,801 |

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

| | |
|--|----------------------------|
| 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. | <u>934,269</u> |
| Total notes payable - Redtail Ponds PSH | 4,702,688 |
| Less: unamortized debt issuance costs | <u>(98,441)</u> |
| Total notes payable, net - Redtail Ponds PSH | <u><u>\$ 4,604,247</u></u> |

Village on Plum

| | |
|---|-----------------------------|
| Mortgage note payable with a stated interest rate of 3.75% per annum and an effective interest rate of 4.16%, 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. | \$ 5,838,362 |
| 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. | <u>4,650,499</u> |
| Total notes payable - Village on Plum | 10,488,861 |
| Less: unamortized debt issuance costs | <u>(239,878)</u> |
| Total notes payable, net - Village on Plum | <u><u>\$ 10,248,983</u></u> |

Village on Redwood

| | |
|--|--------------|
| Mortgage note payable due to the Bank of Colorado with a stated interest rate of 4.25% per annum and an effective interest rate of 5.6%, due in monthly installments of principal and interest of \$12,414 with a maturity date of February 2036 and secured by real property, operating reserve account and assignment of rents of the Partnership. | \$ 2,500,267 |
| 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 from available cash flows 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, 2018

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. 5,179,971

Total notes payable - Village on Redwood 9,586,507

Less: unamortized debt issuance costs (261,947)

Total notes payable, net - Village on Redwood \$ 9,324,560

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. \$ 2,990,000

Construction loan payable with a maximum available amount of \$16,200,000 with a stated interest rate of 2.49% per annum through November 2019 and 3.24% per annum after that date and secured by real property with a maturity date of December 2037. The note will be converted to permanent financing with an maximum principal balance of \$7,400,000. \$ 13,796,823

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 from available cash flows 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. 1,047,123

Total notes payable - Village on Horsetooth 19,833,946

Less: unamortized debt issuance costs (218,899)

Total notes payable, net - Village on Horsetooth \$ 19,615,047

Village on Shields

Mortgage note payable due to the State of Colorado with a stated and effective interest rate of 1.00% per annum, due in annual installments of principal and interest from available cash flows of \$16,701 beginning in May 2019 with a maturity date of May 2059 and secured by real property. \$ 562,086

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

| | |
|--|-----------------------------|
| 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. | 18,981,481 |
| 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. | <u>1,620,914</u> |
| Total notes payable - Village on Shields | 21,164,481 |
| Less: unamortized debt issuance costs | <u>(363,694)</u> |
| Total notes payable, net - Village on Shields | <u><u>\$ 20,800,787</u></u> |

The estimated debt requirements to maturity for the year ending December 31, 2018 are as follows:

Primary Government

| | Principal | Interest | Total |
|-----------|----------------------------|--------------------------|----------------------------|
| 2019 | \$ 138,432 | \$ 158,464 | \$ 296,896 |
| 2020 | 130,313 | 154,071 | 284,384 |
| 2021 | 135,468 | 148,915 | 284,383 |
| 2022 | 693,200 | 119,060 | 812,260 |
| 2023 | 2,735,569 | 17,370 | 2,752,939 |
| 2024-2028 | 240,056 | 14,591 | 254,647 |
| Total | <u><u>\$ 4,073,038</u></u> | <u><u>\$ 612,471</u></u> | <u><u>\$ 4,685,509</u></u> |

Discretely Presented Component Units

Village on Elizabeth

| | Principal | Interest | Total |
|-----------|----------------------------|----------------------------|----------------------------|
| 2019 | \$ 17,613 | \$ 187,731 | \$ 205,344 |
| 2020 | 18,701 | 186,642 | 205,343 |
| 2021 | 19,863 | 185,480 | 205,343 |
| 2022 | 21,106 | 184,238 | 205,344 |
| 2023 | 22,433 | 184,238 | 206,671 |
| 2024-2028 | 891,095 | 766,634 | 1,657,729 |
| 2029-2033 | - | 622,180 | 622,180 |
| 2034-2038 | 3,129,927 | 497,744 | 3,627,671 |
| Total | <u><u>\$ 4,120,738</u></u> | <u><u>\$ 2,814,887</u></u> | <u><u>\$ 6,935,625</u></u> |

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

Village on Stanford

| | Principal | Interest | Total |
|-----------|--------------|--------------|--------------|
| 2019 | \$ 13,139 | \$ 211,946 | \$ 225,085 |
| 2020 | 13,398 | 211,688 | 225,086 |
| 2021 | 14,914 | 210,171 | 225,085 |
| 2022 | 16,146 | 208,940 | 225,086 |
| 2023 | 17,479 | 207,607 | 225,086 |
| 2024-2028 | 1,714,688 | 1,014,773 | 2,729,461 |
| 2029-2033 | 989,065 | 352,107 | 1,341,172 |
| 2034-2038 | 2,487,190 | 352,107 | 2,839,297 |
| | | | |
| Total | \$ 5,266,019 | \$ 2,769,339 | \$ 8,035,358 |

Redtail Ponds PSH

| | Principal | Interest | Total |
|-----------|--------------|--------------|--------------|
| 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 | 53,811 | 148,466 | 202,277 |
| 2024-2028 | 301,460 | 709,923 | 1,011,383 |
| 2029-2033 | 363,524 | 647,859 | 1,011,383 |
| 2034-2038 | 438,365 | 573,018 | 1,011,383 |
| 2039-2043 | 528,615 | 482,768 | 1,011,383 |
| 2044-2048 | 2,820,732 | 94,856 | 2,915,588 |
| | | | |
| Total | \$ 4,702,688 | \$ 3,269,817 | \$ 7,972,505 |

Village on Plum

| | Principal | Interest | Total |
|-----------|---------------|--------------|---------------|
| 2019 | \$ 122,239 | \$ 365,308 | \$ 487,547 |
| 2020 | 127,676 | 359,871 | 487,547 |
| 2021 | 132,679 | 354,868 | 487,547 |
| 2022 | 137,879 | 349,668 | 487,547 |
| 2023 | 143,282 | 344,265 | 487,547 |
| 2024-2028 | 805,162 | 1,632,575 | 2,437,737 |
| 2029-2033 | 975,778 | 1,461,959 | 2,437,737 |
| 2034-2038 | 3,393,667 | 795,674 | 4,189,341 |
| 2039-2043 | - | 710,189 | 710,189 |
| 2044-2048 | 4,650,499 | 118,365 | 4,768,864 |
| | | | |
| Total | \$ 10,488,861 | \$ 6,492,742 | \$ 16,981,603 |

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

Village on Redwood

| | Principal | Interest | Total |
|-----------|---------------------|---------------------|----------------------|
| 2019 | \$ 42,062 | \$ 314,172 | \$ 356,234 |
| 2020 | 92,490 | 312,622 | 405,112 |
| 2021 | 94,706 | 310,406 | 405,112 |
| 2022 | 96,720 | 308,392 | 405,112 |
| 2023 | 98,822 | 306,290 | 405,112 |
| 2024-2028 | 528,457 | 1,497,103 | 2,025,560 |
| 2029-2033 | 596,967 | 1,428,593 | 2,025,560 |
| 2034-2038 | 1,878,739 | 1,181,231 | 3,059,970 |
| 2039-2043 | 244,394 | 1,036,313 | 1,280,707 |
| 2044-2048 | 244,394 | 1,036,313 | 1,280,707 |
| 2049-2053 | 244,394 | 1,036,313 | 1,280,707 |
| 2054-2058 | 5,424,362 | 483,613 | 5,907,975 |
| | <u>\$ 9,586,507</u> | <u>\$ 9,251,361</u> | <u>\$ 18,837,868</u> |

Village on Horsetooth

| | Principal | Interest | Total |
|-----------|----------------------|---------------------|----------------------|
| 2019 | \$ - | \$ 476,436 | \$ 476,436 |
| 2020 | 52,632 | 571,290 | 623,922 |
| 2021 | 3,042,632 | 538,998 | 3,581,630 |
| 2022 | 52,632 | 474,414 | 527,046 |
| 2023 | 52,632 | 474,414 | 527,046 |
| 2024-2028 | 263,158 | 2,372,069 | 2,635,227 |
| 2029-2033 | 263,158 | 2,372,068 | 2,635,226 |
| 2034-2038 | 14,059,981 | 1,925,051 | 15,985,032 |
| 2039-2043 | 263,158 | 136,983 | 400,141 |
| 2044-2048 | 263,158 | 136,983 | 400,141 |
| 2049-2053 | 263,158 | 136,983 | 400,141 |
| 2054-2058 | 1,257,647 | 100,454 | 1,358,101 |
| | <u>\$ 19,833,946</u> | <u>\$ 9,716,143</u> | <u>\$ 29,550,089</u> |

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

Village on Shields

| | Principal | Interest | Total |
|-----------|---------------|---------------|---------------|
| 2019 | \$ - | \$ 462,131 | \$ 462,131 |
| 2020 | 11,236 | 462,020 | 473,256 |
| 2021 | 11,348 | 461,908 | 473,256 |
| 2022 | 11,462 | 461,794 | 473,256 |
| 2023 | 11,576 | 461,680 | 473,256 |
| 2024-2028 | 59,641 | 2,306,638 | 2,366,279 |
| 2029-2033 | 62,684 | 2,303,596 | 2,366,280 |
| 2034-2038 | 65,881 | 2,300,398 | 2,366,279 |
| 2039-2043 | 69,242 | 2,297,038 | 2,366,280 |
| 2044-2048 | 72,774 | 2,293,506 | 2,366,280 |
| 2049-2053 | 76,486 | 2,289,793 | 2,366,279 |
| 2054-2058 | 80,388 | 2,285,892 | 2,366,280 |
| 2059-2063 | 20,631,763 | 114,276 | 20,746,039 |
| Total | \$ 21,164,481 | \$ 18,500,670 | \$ 39,665,151 |

Note 7 - Construction Loan Payable

Village on Redwood, LLLP had 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 had a maximum amount of \$12,000,000 and an original maturity date of February 2018, which was extended to May 2018. The loan was 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 construction loan was paid in full and converted to permanent financing with the Bank of Colorado on May 16, 2018 with a principal balance of \$2,525,000.

Village on Shields, LLLP has a construction loan payable with JPMorgan Chase Bank with a fixed interest rate of 3.81% and interest only payments during the construction period. The loan has a maximum available amount of \$35,000,000 and an original maturity date of September 2019. 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 is expected to be converted to permanent financing with U.S. Bank National Association on the maturity date. As of December 31, 2018, the outstanding principal balance was \$31,268,446 and accrued interest payable was \$99,419. Interest expense on the construction note payable of \$988,825 was incurred during the year ended December 31, 2018, and was added to the principal balance of the construction note payable. Of that balance, \$627,611 was capitalized to property and equipment.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

Note 8 - Restricted Net Position

As of December 31, 2018, restricted net position consisted of \$114,697 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 \$10,234,321 for the year ended December 31, 2018.

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, 2018, Housing Catalyst received \$35,319 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, 2018, Housing Catalyst received \$54,755 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, 2018, Housing Catalyst received \$77,249 for these fees.

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, 2018, Housing Catalyst received \$113,979 for these fees.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

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, 2018, Housing Catalyst received \$124,273 for these fees. Additionally, under the partnership agreement, Housing Catalyst is to be paid an annual Partnership Management Fee of \$15,000. The fee increases by 3% on an annual basis, is payable from available cash and accrues to the extent that the fee was not paid during the year. During the year ended December 31, 2018, Housing Catalyst earned \$15,450 for this fee and it is included in accounts receivable as of December 31, 2018.

Housing Catalyst is also a general partner in Village on Horsetooth, LLLP, a 92 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, 2018, Housing Catalyst received \$4,828 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, 2018, Housing Catalyst received \$329,985 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, VOSH and VOH. During the year ended December 31, 2018, Housing Catalyst received approximately \$117,200 from VOE, \$166,500 from VOS, \$376,300 from Redtail Ponds, \$217,300 from VOP, \$120,000 from VOR, \$16,100 from VOH and \$407,400 from VOSH for these expenses. As of December 31, 2018, Housing Catalyst was owed \$3,013 from VOE, \$177 from VOS, \$12,367 from Redtail Ponds, \$4,828 from VOP, \$5,153 from VOR, \$11,170 from VOH and \$15,294 from VOSH for these fees and expenses.

As of December 31, 2018, Housing Catalyst was owed \$140,930, \$488,422, \$1,020,348, \$2,326,739 and \$6,705,633 in developer fees from Redtail Ponds Permanent Supportive Housing, LLLP, Village on Plum, LLLP, Village on Redwood, LLLP, Village on Horsetooth, LLLP and Village on Shields, LLLP, respectively, related to the construction and development of the projects. Of these amounts, the Authority expects to receive \$88,172 from Redtail Ponds, \$25,593 from VOP, \$527,742 from VOR, \$1,598,101 from VOH and \$2,021,808 from VOSH during 2019. The remaining balances of \$52,758, \$462,829, \$492,606, \$728,639 and \$4,683,825, respectively, will be paid to Housing Catalyst from future available cash flows of the projects. In addition, Housing Catalyst was owed accrued interest of \$4,943, \$39,732 and \$38,112 from Redtail Ponds, VOP and VOR, respectively, as of December 31, 2018.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

Notes Receivable

As of December 31, 2018, Housing Catalyst was owed \$3,129,927 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 \$69,643 from VOE. Interest income from VOE for the year ended December 31, 2018, was \$122,173.

As of December 31, 2018, 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 \$45,818 from VOS. Interest income from VOS for the year ended December 31, 2018, was \$45,818.

As of December 31, 2018, Housing Catalyst was owed \$1,603,801 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, 2018, was \$43,568.

As of December 31, 2018, Housing Catalyst was owed \$5,179,971 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, 2018, was \$198,743.

As of December 31, 2018, Housing Catalyst was owed \$1,047,123 on one note receivable from VOH with a stated interest rate of 4.00% per annum (see Note 4). Interest income from VOH for the year ended December 31, 2018, was \$27,397.

As of December 31, 2018, Housing Catalyst was owed \$18,981,481 on four 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, 2018, was \$347,369.

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 \$149,569 as of December 31, 2018.

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, Village on Shields, LLLP and Village on Horsetooth, 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.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

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, 2018, 2017 and 2016, the employer cost of the plan totaled \$186,539, \$185,753 and \$179,291, respectively.

Note 14 - Line of Credit

Housing Catalyst has an unsecured line of credit with a total available balance of \$2,000,000 with First Bank of Northern Colorado. The line expires on August 1, 2019, 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 5.00% per annum. The funds from this line are designated for the temporary financing of Housing Development projects. As of December 31, 2018, 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, 2018, the outstanding balance of the debt was \$2,223,161.

Fort Collins Housing Authority dba Housing Catalyst

Notes to Financial Statements

December 31, 2018

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 Shields project. The grant funds were loaned to the partnership with a maturity date of 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, 2018, Housing Catalyst had total CDBG and HOME grant income of \$206,220.

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 July 29, 2019, 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, 2018

| | Public Housing | Housing Choice Vouchers | Mainstream Vouchers | Larimer County Housing Authority | State and Local | Housing Development |
|---|---------------------|-------------------------------|------------------------|--|--------------------|------------------------|
| Assets and Deferred Outflows | | | | | | |
| Cash and cash equivalents | \$ 1,013,790 | \$ 210,304 | \$ 69,720 | \$ 3,090 | \$ 2,884 | \$ 1,469,669 |
| Restricted cash and cash equivalents | 24,823 | 213,865 | - | 7,703 | - | 24,540 |
| Accounts receivable | | | | | | |
| Grants | - | 77,646 | - | 616 | - | - |
| Tenants | 8,585 | - | - | - | - | 1,941 |
| Developer fees, current | - | - | - | - | - | 4,261,416 |
| Other | - | - | - | 153 | - | 68,221 |
| Accrued interest | - | - | - | - | - | 209,895 |
| Notes receivable - current | - | - | - | - | - | 40,699 |
| Prepaid expenses | - | - | - | - | - | 2,810 |
| Inventory | - | - | - | - | - | - |
| Due from other funds | 5,726 | 1,743 | - | - | - | - |
| Total current assets | <u>1,052,924</u> | <u>503,558</u> | <u>69,720</u> | <u>11,562</u> | <u>2,884</u> | <u>6,079,191</u> |
| Non-depreciable capital assets | 2,199,946 | - | - | - | - | 1,896,355 |
| Depreciable capital assets, net | 426,033 | - | - | - | - | 2,258,889 |
| Developer fees receivable, long-term | - | - | - | - | - | 6,420,656 |
| Notes receivable, net | - | - | - | - | - | 31,205,734 |
| Investment in tax credit partnerships | - | - | - | - | - | 149,569 |
| Investment in future developments | - | - | - | - | - | 441,646 |
| Total Assets | <u>3,678,903</u> | <u>503,558</u> | <u>69,720</u> | <u>11,562</u> | <u>2,884</u> | <u>48,452,040</u> |
| Deferred Outflows of Resources | - | - | - | - | - | - |
| Total Assets | <u>\$ 3,678,903</u> | <u>\$ 503,558</u> | <u>\$ 69,720</u> | <u>\$ 11,562</u> | <u>\$ 2,884</u> | <u>\$ 48,452,040</u> |
| Liabilities, Deferred Inflows and Net Position | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 8,894 | \$ 6,707 | \$ - | \$ - | \$ - | \$ 6,960 |
| Accrued liabilities | 9,447 | 949 | - | 8,035 | - | 223,140 |
| Accrued compensation | 12,738 | 51,381 | - | - | - | 39,275 |
| Accrued interest payable | - | - | - | - | - | 33,800 |
| Unearned revenues | 1,075 | - | - | - | - | 288 |
| Due to other funds | - | - | - | - | - | 15,036 |
| Due to other agencies | - | - | - | - | - | - |
| Tenant security deposits | 14,579 | - | - | - | - | 24,540 |
| Money held in escrow | 10,244 | 213,865 | - | 3,527 | - | - |
| Notes and mortgages payable - current | - | - | - | - | - | 74,558 |
| Total current liabilities | <u>56,977</u> | <u>272,902</u> | <u>-</u> | <u>11,562</u> | <u>-</u> | <u>417,597</u> |
| Notes and mortgages payable, net | - | - | - | - | - | 3,472,242 |
| Total Liabilities | <u>56,977</u> | <u>272,902</u> | <u>-</u> | <u>11,562</u> | <u>-</u> | <u>3,889,839</u> |
| Deferred Inflows of Resources | - | - | - | - | - | - |
| Net Position | | | | | | |
| Net investment in capital assets | 2,625,979 | - | - | - | - | 608,444 |
| Restricted - housing assistance payments | - | - | 69,720 | - | - | - |
| Unrestricted | <u>995,947</u> | <u>230,656</u> | <u>-</u> | <u>-</u> | <u>2,884</u> | <u>43,953,757</u> |
| Total Net Position | <u>3,621,926</u> | <u>230,656</u> | <u>69,720</u> | <u>-</u> | <u>2,884</u> | <u>44,562,201</u> |
| Total Liabilities, Deferred Inflows and Net Position | <u>\$ 3,678,903</u> | <u>\$ 503,558</u> | <u>\$ 69,720</u> | <u>\$ 11,562</u> | <u>\$ 2,884</u> | <u>\$ 48,452,040</u> |

Fort Collins Housing Authority dba Housing Catalyst

Combining Schedule of Net Position

December 31, 2018

| Management | HUD Grant | Section 8 SRO | COCC | Subtotal | Elimination of Intercompany Activity | Total |
|---------------------|------------------|------------------|-------------|----------------------|--|----------------------|
| \$ 1,819,305 | \$ - | \$ 44,977 | \$ - | \$ 4,633,739 | \$ - | \$ 4,633,739 |
| 5,596 | - | - | - | 276,527 | - | 276,527 |
| 37,109 | 17,053 | - | - | 132,424 | - | 132,424 |
| - | - | - | - | 10,526 | - | 10,526 |
| - | - | - | - | 4,261,416 | - | 4,261,416 |
| 47,626 | - | - | - | 116,000 | - | 116,000 |
| - | - | - | - | 209,895 | - | 209,895 |
| 12,338 | - | - | - | 53,037 | - | 53,037 |
| 33,279 | - | - | - | 36,089 | - | 36,089 |
| 59,860 | - | - | - | 59,860 | - | 59,860 |
| 12,785 | - | - | - | 20,254 | (20,254) | - |
| <u>2,027,898</u> | <u>17,053</u> | <u>44,977</u> | <u>-</u> | <u>9,809,767</u> | <u>(20,254)</u> | <u>9,789,513</u> |
| 39,500 | - | - | - | 4,135,801 | - | 4,135,801 |
| 511,076 | - | - | - | 3,195,998 | - | 3,195,998 |
| - | - | - | - | 6,420,656 | - | 6,420,656 |
| - | - | - | - | 31,205,734 | - | 31,205,734 |
| - | - | - | - | 149,569 | - | 149,569 |
| - | - | - | - | 441,646 | - | 441,646 |
| <u>2,578,474</u> | <u>17,053</u> | <u>44,977</u> | <u>-</u> | <u>55,359,171</u> | <u>(20,254)</u> | <u>55,338,917</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 2,578,474</u> | <u>\$ 17,053</u> | <u>\$ 44,977</u> | <u>\$ -</u> | <u>\$ 55,359,171</u> | <u>\$ (20,254)</u> | <u>\$ 55,338,917</u> |
| | | | | | | |
| \$ 16,944 | \$ - | \$ - | \$ - | \$ 39,505 | \$ - | \$ 39,505 |
| 68,591 | 4,788 | - | - | 314,950 | - | 314,950 |
| 303,756 | 7,047 | - | - | 414,197 | - | 414,197 |
| 1,242 | - | - | - | 35,042 | - | 35,042 |
| - | - | - | - | 1,363 | - | 1,363 |
| - | 5,218 | - | - | 20,254 | (20,254) | - |
| 2,782 | - | - | - | 2,782 | - | 2,782 |
| - | - | - | - | 39,119 | - | 39,119 |
| 6,006 | - | - | - | 233,642 | - | 233,642 |
| <u>63,874</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>138,432</u> | <u>-</u> | <u>138,432</u> |
| <u>463,195</u> | <u>17,053</u> | <u>-</u> | <u>-</u> | <u>1,239,286</u> | <u>(20,254)</u> | <u>1,219,032</u> |
| | | | | | | |
| <u>462,364</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,934,606</u> | <u>-</u> | <u>3,934,606</u> |
| <u>925,559</u> | <u>17,053</u> | <u>-</u> | <u>-</u> | <u>5,173,892</u> | <u>(20,254)</u> | <u>5,153,638</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | | | | | |
| 36,676 | - | - | - | 3,271,099 | - | 3,271,099 |
| - | - | 44,977 | - | 114,697 | - | 114,697 |
| <u>1,616,239</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>46,799,483</u> | <u>-</u> | <u>46,799,483</u> |
| <u>1,652,915</u> | <u>-</u> | <u>44,977</u> | <u>-</u> | <u>50,185,279</u> | <u>-</u> | <u>50,185,279</u> |
| <u>\$ 2,578,474</u> | <u>\$ 17,053</u> | <u>\$ 44,977</u> | <u>\$ -</u> | <u>\$ 55,359,171</u> | <u>\$ (20,254)</u> | <u>\$ 55,338,917</u> |

Fort Collins Housing Authority dba Housing Catalyst
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2018

| | Public Housing | Housing Choice Vouchers | Mainstream Vouchers | Larimer County Housing Authority | State and Local | Housing Development |
|--|---------------------|-------------------------------|------------------------|--|--------------------|------------------------|
| Operating Revenues | | | | | | |
| HUD PHA grants | \$ 287,149 | \$ 10,267,346 | \$ 69,720 | \$ 866,045 | \$ - | \$ - |
| Other grants | - | - | - | - | - | 622,426 |
| Rental income | 189,350 | - | - | - | - | 439,227 |
| Administration fees | - | - | - | - | - | - |
| Developer fees | - | - | - | - | - | 9,073,601 |
| Other | 22,582 | 15,181 | - | 723 | - | 840,384 |
| Total Operating Revenues | 499,081 | 10,282,527 | 69,720 | 866,768 | - | 10,975,638 |
| Operating Expenses | | | | | | |
| Housing assistance payments | - | 9,558,511 | - | 808,593 | - | - |
| Administrative salaries and benefits | 125,272 | 357,057 | - | 30,902 | - | 534,393 |
| Maintenance salaries and benefits | 18,721 | - | - | - | - | 36,628 |
| Other administrative | 134,091 | 465,416 | - | 30,717 | - | 662,883 |
| Regular and extraordinary maintenance | 199,214 | - | - | - | - | 150,854 |
| Depreciation | 54,077 | - | - | - | - | 103,477 |
| Utilities | 69,458 | - | - | - | - | 30,047 |
| Insurance | 18,889 | - | - | - | - | 11,990 |
| Payments in lieu of taxes | 9,447 | - | - | - | - | - |
| Other | 11,453 | - | - | - | - | 16,378 |
| Total Operating Expenses | 640,622 | 10,380,984 | - | 870,212 | - | 1,546,650 |
| Operating Income (Loss) | (141,541) | (98,457) | 69,720 | (3,444) | - | 9,428,988 |
| Non-Operating Revenues (Expenses) | | | | | | |
| Interest income | 7,523 | 3,205 | - | - | 32 | 869,834 |
| Interest expense | - | - | - | - | - | (146,192) |
| Other financing costs | - | - | - | - | - | (16,532) |
| Gain on sale of capital assets | - | - | - | - | - | 6,096,457 |
| Total Non-Operating Revenues (Expenses) | 7,523 | 3,205 | - | - | 32 | 6,803,567 |
| Income (Loss) Before Contributions | (134,018) | (95,252) | 69,720 | (3,444) | 32 | 16,232,555 |
| HUD Capital Contributions | 149,720 | - | - | - | - | - |
| Change in Net Position | 15,702 | (95,252) | 69,720 | (3,444) | 32 | 16,232,555 |
| Equity transfers | - | - | - | - | - | - |
| Net Position-Beginning of Year | 3,606,224 | 325,908 | - | 3,444 | 2,852 | 28,329,646 |
| Net Position-End of Year | \$ 3,621,926 | \$ 230,656 | \$ 69,720 | \$ - | \$ 2,884 | \$ 44,562,201 |

Fort Collins Housing Authority dba Housing Catalyst
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2018

| Management | HUD Grant | Section 8 SRO | COCC | Subtotal | Elimination of Intercompany Activity | Total |
|---------------------|----------------|------------------|------------------|----------------------|--|----------------------|
| \$ 293,603 | \$ 205,216 | \$ - | \$ - | \$ 11,989,079 | \$ - | \$ 11,989,079 |
| - | - | - | - | 622,426 | - | 622,426 |
| - | - | - | - | 628,577 | - | 628,577 |
| 782,832 | - | - | 2,597,670 | 3,380,502 | (1,196,939) | 2,183,563 |
| - | - | - | - | 9,073,601 | - | 9,073,601 |
| 36,395 | - | - | 3,521 | 918,786 | - | 918,786 |
| <u>1,112,830</u> | <u>205,216</u> | <u>-</u> | <u>2,601,191</u> | <u>26,612,971</u> | <u>(1,196,939)</u> | <u>25,416,032</u> |
| - | - | - | - | 10,367,104 | - | 10,367,104 |
| 13,203 | 199,299 | - | 1,566,653 | 2,826,779 | - | 2,826,779 |
| 540,149 | - | - | 192,639 | 788,137 | - | 788,137 |
| 133,717 | 5,917 | - | 715,240 | 2,147,981 | (1,070,142) | 1,077,839 |
| 57,779 | - | - | 77,038 | 484,885 | (126,797) | 358,088 |
| 78,770 | - | - | - | 236,324 | - | 236,324 |
| - | - | - | 15,933 | 115,438 | - | 115,438 |
| 18,070 | - | - | 33,688 | 82,637 | - | 82,637 |
| - | - | - | - | 9,447 | - | 9,447 |
| 298,603 | - | - | - | 326,434 | - | 326,434 |
| <u>1,140,291</u> | <u>205,216</u> | <u>-</u> | <u>2,601,191</u> | <u>17,385,166</u> | <u>(1,196,939)</u> | <u>16,188,227</u> |
| <u>(27,461)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>9,227,805</u> | <u>-</u> | <u>9,227,805</u> |
| 22,372 | - | 63 | - | 903,029 | - | 903,029 |
| (16,329) | - | - | - | (162,521) | - | (162,521) |
| - | - | - | - | (16,532) | - | (16,532) |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,096,457</u> | <u>-</u> | <u>6,096,457</u> |
| <u>6,043</u> | <u>-</u> | <u>63</u> | <u>-</u> | <u>6,820,433</u> | <u>-</u> | <u>6,820,433</u> |
| (21,418) | - | 63 | - | 16,048,238 | - | 16,048,238 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>149,720</u> | <u>-</u> | <u>149,720</u> |
| (21,418) | - | 63 | - | 16,197,958 | - | 16,197,958 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</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>\$ 1,652,915</u> | <u>\$ -</u> | <u>\$ 44,977</u> | <u>\$ -</u> | <u>\$ 50,185,279</u> | <u>\$ -</u> | <u>\$ 50,185,279</u> |

See accompanying Report of Independent Auditors

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, 2018

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 <i>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.</i> | 1 - 2 |
| Revenue Capacity <i>These schedules contain trend information to help the reader assess Housing Catalyst's most significant revenue sources.</i> | 3 - 4 |
| Debt Capacity <i>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.</i> | 5 - 6 |
| Demographic and Economic Information <i>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.</i> | 7 - 10 |
| Operating Information <i>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.</i> | 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> |
|--------------------|---|------------------------------------|--------------------------------------|---------------|
| 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 |
| 2018 | 3,271,099 | 114,697 | 46,799,483 | 50,185,279 |

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)

| | 2009 | 2010 | 2011 | 2012 |
|--|---------------|---------------|---------------|---------------|
| <i>Operating Revenue:</i> | | | | |
| Intergovernmental revenues | \$ 7,949,883 | \$ 8,689,444 | \$ 9,417,341 | \$ 8,760,939 |
| Net tenant revenue | 226,570 | 266,956 | 247,980 | 200,224 |
| Other revenues | 3,663,004 | 3,182,309 | 1,480,943 | 1,511,301 |
| | 11,839,457 | 12,138,709 | 11,146,264 | 10,472,464 |
| <i>Operating Expenses:</i> | | | | |
| Administrative | 2,268,006 | 2,426,037 | 2,508,848 | 2,675,531 |
| Utilities | 129,749 | 138,805 | 136,511 | 155,801 |
| Ordinary maintenance and operating | 1,380,520 | 1,198,615 | 804,992 | 900,628 |
| General expenses | 41,740 | 56,821 | 51,805 | 48,204 |
| Depreciation | 211,970 | 237,949 | 202,784 | 181,422 |
| Housing assistance payments | 6,598,924 | 7,040,168 | 7,553,141 | 7,911,438 |
| | 10,630,909 | 11,098,395 | 11,258,081 | 11,873,024 |
| <i>Operating Income (Loss)</i> | 1,208,548 | 1,040,314 | (111,817) | (1,400,560) |
| <i>Nonoperating Revenue (Expenses):</i> | | | | |
| Investment revenue | 305,316 | 268,582 | 225,730 | 161,089 |
| Interest expense | (146,554) | (120,673) | (86,963) | (34,275) |
| Other revenue | - | - | - | - |
| Other financing costs | - | - | - | (238,495) |
| | 158,762 | 147,909 | 138,767 | (111,681) |
| <i>Income (Loss) before Capital Contribution</i> | 1,367,310 | 1,188,223 | 26,950 | (1,512,241) |
| Capital grants | 397,990 | 727,869 | 246,757 | 321,524 |
| Change in net position | 1,765,300 | 1,916,092 | 273,707 | (1,190,717) |
| HUD adjustments | - | - | - | - |
| <i>Net Position, Beginning of the Year</i> | 9,844,580 | 11,609,880 | 13,525,972 | 13,799,679 |
| <i>Net Position, End of the Year</i> | \$ 11,609,880 | \$ 13,525,972 | \$ 13,799,679 | \$ 12,608,962 |

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)

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 9,776,237 | \$ 9,900,985 | \$ 10,985,136 | \$ 13,155,946 | \$ 14,490,955 | \$ 12,611,505 |
| 3,416,131 | 3,700,398 | 3,262,352 | 3,235,677 | 2,267,117 | 628,577 |
| 1,435,805 | 1,770,297 | 3,831,760 | 1,925,236 | 3,939,178 | 12,175,950 |
| <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> | <u>25,416,032</u> |
| 3,239,544 | 3,401,757 | 3,751,172 | 3,948,358 | 3,925,781 | 3,904,618 |
| 382,351 | 353,235 | 295,063 | 305,204 | 286,844 | 115,438 |
| 1,509,999 | 1,728,885 | 1,605,998 | 1,773,239 | 1,599,555 | 1,146,225 |
| 187,225 | 240,514 | 502,260 | 523,253 | 543,771 | 418,518 |
| 1,055,276 | 1,064,166 | 964,299 | 974,967 | 773,858 | 236,324 |
| 8,335,325 | 8,319,806 | 8,722,655 | 9,175,020 | 9,337,277 | 10,367,104 |
| <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> | <u>16,188,227</u> |
| (81,547) | 263,317 | 2,237,801 | 1,616,818 | 4,230,164 | 9,227,805 |
| 164,195 | 188,389 | 202,582 | 401,994 | 483,378 | 903,029 |
| (923,213) | (776,907) | (694,151) | (712,532) | (558,364) | (162,521) |
| - | 495,254 | - | - | 13,720,482 | 6,096,457 |
| (17,380) | - | - | (52,521) | (48,521) | (16,532) |
| <u>(776,398)</u> | <u>(93,264)</u> | <u>(491,569)</u> | <u>(363,059)</u> | <u>13,596,975</u> | <u>6,820,433</u> |
| (857,945) | 170,053 | 1,746,232 | 1,253,759 | 17,827,139 | 16,048,238 |
| 195,499 | 258,051 | 118,951 | 8,890 | 657,730 | 149,720 |
| (662,446) | 428,104 | 1,865,183 | 1,262,649 | 18,484,869 | 16,197,958 |
| - | - | - | - | - | - |
| <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> |
| <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> | <u>\$ 50,185,279</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 | |
| 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 |
| 2018 | 628,577 | 2.47% | 12,611,505 | 49.62% | 12,175,950 | 47.91% | 25,416,032 |

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 | |
| 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 |
| 2018 | - | 0.00% | 903,029 | 12.90% | 6,096,457 | 87.10% | 6,999,486 |

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>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|------------------------------------|---------------------|---------------------|---------------------|-----------------------|
| Revenue | \$ 12,542,278 | \$ 13,135,160 | \$ 11,618,751 | \$ 10,955,077 |
| Expenses (excluding depreciation) | <u>(10,565,493)</u> | <u>(10,981,119)</u> | <u>(11,142,260)</u> | <u>(11,963,372)</u> |
| Revenue Available for debt service | <u>\$ 1,976,785</u> | <u>\$ 2,154,041</u> | <u>\$ 476,491</u> | <u>\$ (1,008,295)</u> |
| Debt Service Requirements: | | | | |
| Principal | \$ 319,571 | \$ 333,451 | \$ 286,483 | \$ 16,523 |
| Interest | <u>135,939</u> | <u>115,142</u> | <u>104,289</u> | <u>24,213</u> |
| Total | <u>\$ 455,510</u> | <u>\$ 448,593</u> | <u>\$ 390,772</u> | <u>\$ 40,736</u> |
| Debt Service Coverage Ratio | 4.34 | 4.80 | 1.22 | (24.75) |

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)

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| \$ 14,987,867 (14,595,037) | \$ 16,313,374 (14,821,104) | \$ 18,400,781 (15,571,299) | \$ 18,727,743 (16,490,127) | \$ 21,838,358 (16,300,113) | \$ 26,468,781 (16,130,956) |
| <u>\$ 392,830</u> | <u>\$ 1,492,270</u> | <u>\$ 2,829,482</u> | <u>\$ 2,237,616</u> | <u>\$ 5,538,245</u> | <u>\$ 10,337,825</u> |
| \$ 70,488 897,721 | \$ 149,502 749,985 | \$ 133,526 674,464 | \$ 636,696 682,021 | \$ 1,896,521 691,314 | \$ 139,528 162,521 |
| <u>\$ 968,209</u> | <u>\$ 899,487</u> | <u>\$ 807,990</u> | <u>\$ 1,318,717</u> | <u>\$ 2,587,835</u> | <u>\$ 302,049</u> |
| 0.41 | 1.66 | 3.50 | 1.70 | 2.14 | 34.23 |

Fort Collins Housing Authority dba Housing Catalyst

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

| Fiscal Year | Short-Term Debt | Long-Term Debt | Total Debt | Capital Assets | Ratio of Total Debt to Capital Assets |
|----------------|-----------------|----------------|--------------|----------------|---|
| 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% |
| 2018 | 138,432 | 3,934,606 | 4,073,038 | 7,331,799 | 55.55% |

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> |
|--------------------|--|------------------------------|--|
| 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% |
| 2018 | 170,100 | 2,847 | 3.2% |

Note: 2018 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)

| | 2017 (1) | | |
|-----------------------------------|---------------|------|--|
| | Employees | Rank | Percentage of Total City Employment |
| Colorado State University | 7,829 | 1 | 8.0% |
| Poudre R-1 School District | 4,394 | 2 | 4.5% |
| UC Health: Poudre Valley Hospital | 4,288 | 3 | 4.4% |
| City of Fort Collins | 1,992 | 4 | 2.0% |
| Larimer County | 1,855 | 5 | 1.9% |
| Broadcom (Avago) | 1,244 | 6 | 1.3% |
| Woodward | 1,201 | 7 | 1.2% |
| Employment Solutions Personnel | 868 | 8 | 0.9% |
| Otter Products, LLC | 826 | 9 | 0.8% |
| Department of Agriculture | 789 | 10 | 0.8% |
| Total | 25,286 | | 25.8% |
| | 2009 (1) * | | |
| | Employees | Rank | Percentage of Total City Employment |
| Colorado State University | 6,755 | 1 | 7.8% |
| Poudre R-1 School District | 3,929 | 2 | 4.5% |
| UC Health: Poudre Valley Hospital | 2,832 | 3 | 3.3% |
| Larimer County | 1,975 | 4 | 2.3% |
| City of Fort Collins | 1,795 | 5 | 2.1% |
| Hewlett Packard | 1,524 | 6 | 1.8% |
| Center Partners | 1,081 | 7 | 1.2% |
| Woodward | 994 | 8 | 1.1% |
| Broadcom (Avago) | 656 | 9 | 0.8% |
| Anheuser-Busch | 609 | 10 | 0.7% |
| Total | 22,150 | | 25.4% |

Source: City of Fort Collins CAFR, FY 12/31/2017

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

* 2008 data not available

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 |
| 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 |
| 2018 | 80 | 87 | 20 | 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 |
| 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 |
| 2018 | 996 | 1,251 | 413 | 2,660 |

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 |
|-------------|-----------|--------|------------------|-----------------|-------|-------|
| 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 |
| 2018 | 90 | 81 | 8 | 8 | - | 187 |

Housing Choice Voucher Program

| Fiscal Year | Caucasian | Latino | African American | Native American | Other | Total |
|-------------|-----------|--------|------------------|-----------------|-------|-------|
| 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 |
| 2018 | 1,534 | 856 | 186 | 75 | 9 | 2,660 |

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> |
|--------------------|-----------------------|--------------------------------|----------------------|--------------------------------------|------------|------------|-------------|-------------|--------------|
| 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 |
| 2018 | 70 | 983 | 122 | 63 | 19 | - | - | - | 1,257 |

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 |
| Erin | 1713 Erin Court | 4 | 1970 |
| Laporte | 501 - 503 Laporte Avenue | 2 | 1950 |
| Rocky | 800 - 813 Rocky Road | 5 | 1976 |
| Total RAD Units | | <u>19</u> | |
| Total Units | | <u><u>89</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> |
|--------------------|-----------------------|--------------------|----------------|----------------|--------------------|--------------|
| 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 |
| 2018 | 8 | 4 | 6 | 28 | 14 | 60 |

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

Schedule of Prior Year Audit Findings



**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***

To the Board of Commissioners of the
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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 29, 2019.

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 Authority'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.

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 Authority'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

July 29, 2019
Toms River, New Jersey

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

To the Board of Commissioners of the
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 Uniform Guidance that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2018. 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 its 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.

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, 2018.

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.

July 29, 2019
Toms River, New Jersey

Novogradac & Company LLP

Fort Collins Housing Authority dba Housing Catalyst

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

| 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 | - | \$ 10,380,984 |
| Public and Indian Housing | 14.850 | - | 287,149 |
| Family Self-Sufficiency Program | 14.896 | - | 205,216 |
| Public Housing Capital Fund | 14.872 | - | 149,720 |
| Continuum of Care Program | 14.267 | - | <u>293,603</u> |
| Total Direct Awards | | | <u>11,316,672</u> |
| Passed through the City of Fort Collins: | | | |
| HOME Investment Partnership Program - Development Funds | 14.239 | 97263-78-007 97263-001 | 74,965 |
| Community Development Block Grants / Entitlement Grants | 14.218 | 97263-75-001 97263-78-007 | <u>131,255</u> |
| Total Pass-Through Awards | | | <u>206,220</u> |
| 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 | - | 327,776 |
| Mainstream Vouchers | 14.879 | - | <u>542,436</u> |
| Total Housing Choice Voucher Cluster | | | <u>870,212</u> |
| Total Federal Expenditures | | | <u><u>\$ 12,393,104</u></u> |

** - 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, 2018

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, 2018. 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, 2018**

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 |

- | | | |
|----|--|-----------|
| 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, 2018

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 or questioned costs relating to federal awards.

IV. Schedule of Prior Year Audit Findings

There were no findings or questioned costs in the prior year