

Housing Catalyst

Fort Collins, Colorado

Annual Comprehensive Financial Report and Single Audit Report

Year ended December 31, 2021

With Comparative Totals for the Year Ended December 31, 2020



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Issued by:

Finance and Accounting Department of Housing Catalyst

Tonya Frammolino, Chief Financial Officer



Housing Catalyst

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December 31, 2021

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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 26, 2022

Cathy Mathis, Chairperson of the Board of Commissioners

Members of the Board of Commissioners of Housing Catalyst

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for Housing Catalyst for the year ended December 31, 2021. 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 Eide Bailly, LLP. The auditors issued an unmodified opinion on Housing Catalyst's financial statements for the years ended December 31, 2021 and 2020. 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.

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HousingCatalyst.com



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, HUD subsidies passed through to program participants and development related fee income. 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 1,200 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 \$14 million in Housing Assistance Payments (HAP) to local landlords on behalf of participating families in 2021. This amount includes funding for 152 Veterans Affairs Supportive Housing program vouchers.

Economic Condition and Outlook

Congressional housing legislation and the federal budget affect Housing Catalyst more than local economic factors. Housing Catalyst's primary sources of funding are HUD, administrative management fees and other grants. As with most housing authorities, much of Housing Catalyst's operating and capital funding comes from federal dollars in the form of public housing operating subsidies and capital fund grants and Housing Choice Voucher administrative fees and Housing Assistance Payments. During the year ended December 31, 2021, HUD and other federal agencies provided over 57% of Housing Catalyst's operating revenue and approximately 48% of Housing Catalyst's total revenues (including \$112,334 in pass-through grant 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 Housing Choice Voucher program was prorated at 100% and 86% of eligibility for HAP and administration fees, respectively. During the year ended December 31, 2021, HUD also disbursed CARES Act funding to housing authorities nationwide to assist with additional administrative costs related to the preparation and response to the COVID-19 pandemic. During the year ended December 31, 2021, Housing Catalyst spent the remaining balance of CARES Act administrative funding of \$303,515 received during 2020.

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 2021, Housing Catalyst, like all housing authorities nationwide, was funded at approximately 97% of eligibility. During the year ended December 31, 2021, Housing Catalyst also spent the remaining balance of CARES Act funding from 2020 of \$42,362.

Fort Collins has an estimated population of 172,321 (2021) and a median household income of \$65,866. The median family income for Larimer County is \$107,300. The rental market in Fort Collins remains tight with rents continuing to increase and vacancy rates around 5-6%.

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 (Section 18) 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 were projected to result in the development, or renovation, of 665 units of affordable housing within Fort Collins.

In 2019, after completing three projects under the RAD program, which resulted in the disposition of 84 of the 154 public housing units, a decision was made to pursue a disposition strategy once again for the remaining 70 public housing units using the Section 18 criteria. The first three projects resulted in the construction or preservation of 453 affordable housing units. The repositioning of the remaining 70 public housing units is now expected to be completed over the next 2-3 years. Housing Catalyst plans to utilize proceeds from the Section 18 disposition to renovate and preserve 26 existing units, known as Impala, which will also result in the construction of an additional 40 new units. A separate renovation will preserve another 15 existing units located at 2155 Plum.

Housing Catalyst began to accumulate the assignment of significant Private Activity Bond (PAB) authority in 2013 for the purpose of rehabilitating, developing and refinancing affordable housing units located in Fort Collins, Colorado. Through 2020, Housing Catalyst had secured the following assignments:

	<u>PAB Authority</u>
City of Fort Collins	\$ 57,658,159
Larimer County	24,499,712
Weld County	16,165,035
State of Colorado	55,641,372
Other Counties	<u>15,419,346</u>
Total	<u>\$ 169,383,624</u>

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
Meadows Townhomes	6,500,000	2020
Swallow Road Apartments	13,200,000	2021
Oak 140	14,272,787	2021
Future Projects	<u>29,520,237</u>	-
Total	<u>\$ 169,383,624</u>	

In addition to other funding sources, projects that have used portions of the PAB authority include: Village on Plum, a 95 unit rehabilitation project; Village on Redwood, a new-build project that consists of 72 units of affordable housing; Village on Horsetooth, a new-build project of 96 affordable units; Village on Shields, a 285 unit rehabilitation project; Lakeview on the Rise, a 180 affordable unit new-build project with a private developer for which Housing Catalyst was the conduit issuer and Meadows Townhomes, a 51 affordable unit new-build project with a private developer for which Housing Catalyst was also the conduit issuer.

In early 2021, Housing Catalyst utilized \$13.2 million of PAB authority as a conduit issuer for an 84-unit rehabilitation project in partnership with CARE Housing, Inc. Housing Catalyst is the developer on this project. Housing Catalyst also utilized additional PAB authority later in 2021 as a conduit issuer for an 84-unit new-build project with developer, Mercy Housing, Inc.

In 2022, Housing Catalyst will continue the development of Oak 140, a 79-unit new-build project located in downtown Fort Collins that includes commercial space on the ground floor. This mixed-use project is in partnership with the Fort Collins Downtown Development Authority. Housing Catalyst is the developer for the project and will operate the 79 affordable units while the Downtown Development Authority will own and operate the commercial space with Housing Catalyst retaining a 99-year lease on one of the commercial units for expansion of facilities for staff. The project is being financed using 4% LIHTC's, City of Fort Collins grant funds, loan from Housing Catalyst and use of PAB authority accumulated by Housing Catalyst. Housing Catalyst utilized a general revenue pledge enhanced by its Standard & Poor's credit rating for the public bond offering.

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, 2021 found no instances of material weakness in internal control. Audit reports regarding this are included in this Annual Report 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 Housing Catalyst for its annual comprehensive financial report for the year ended December 31, 2020. This was the eighth consecutive year that Housing Catalyst has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive 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 Annual Comprehensive Financial Report on a timely basis was accomplished through the dedicated service of the entire staff of the Finance and Accounting department. 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 Eide Bailly, 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,



Michele Christensen
Chief Operating Officer and Acting Chief Executive Officer



Tonya Frammolino
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Housing Catalyst
Colorado**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

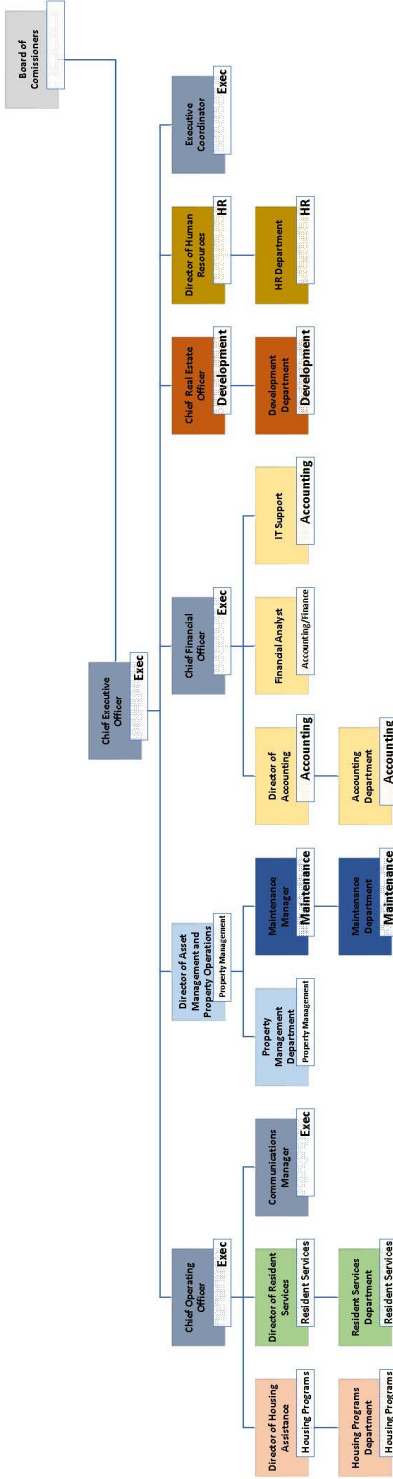
December 31, 2020

Christopher P. Morill

Executive Director/CEO

Housing Catalyst

Organizational Chart
December 31, 2021



Board of Commissioners:

Cathy Mathis
Chairperson

Jennifer Wagner
Vice-Chairperson

David Bye
Commissioner

Emily Francis
Commissioner

Ann Green
Resident Commissioner

Hep Wilkins
Commissioner

Lizette Mill
Commissioner

Management:

Julie Brewen
Chief Executive Director

Michele Christensen
Chief Operating Officer

Tonya Frammolino
Chief Financial Officer

Kristin Fritz
Chief Real Estate Officer

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





Independent Auditor's Report

To the Board of Commissioners
Housing Catalyst
Fort Collins, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Fort Collins Housing Authority (the Authority) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority, as of December 31, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the discretely presented component units, except for Oak 140, LLLP, were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Authority has reported a change in its reporting entity, which has resulted in a restatement of the net position as of January 1, 2021. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying combining statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit 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) and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2022 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 solely 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 the effectiveness of the Authority's 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.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, professional style.

Fargo, North Dakota
July 26, 2022

Housing Catalyst offers readers of the financial statements this narrative overview and analysis of the financial activities of Housing Catalyst for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with Housing Catalyst's financial statements, which begin on page 16.

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 \$87,782,116 (net position), an increase of \$10,181,769 from the prior year balance. The most significant contributing factors to the current year increase was other grant revenue of \$5,153,257 which increased by \$3,342,921 as compared to the prior year and gain on sale of capital assets for the year of \$3,900,231 as compared to the prior year balance of \$0. Of the other grant income received, a total of \$200,000 was loaned to Mason Place, LLLP, a tax credit partnership, and \$4,294,545 was loaned to Oak 140, LLLP, a tax credit partnership, to assist in financing the construction of low income housing.
- As of the close of the current fiscal year, Housing Catalyst's programs had an unrestricted net position of \$80,392,605 and \$139,150 in restricted net position, which represents unspent HUD voucher funding.
- Housing Catalyst's unrestricted cash balance at December 31, 2021 was \$17,525,157, representing an increase of \$4,328,219 (33%) from December 31, 2020. The increase was mainly due to the collection of developer fees during the year of \$1,472,444 and the net proceeds from the sale of capital assets of \$4,712,135, net of the purchase of capital assets of \$2,092,590.
- Housing Catalyst received HUD operating funding of \$15,532,035, internal service fees (management fees and overhead cost allocations) of \$2,759,078 and rental income of \$2,497,418 for the year. Housing Catalyst paid out \$14,024,566 in housing assistance payments and incurred \$8,761,472 in other operating expenses (excluding depreciation and amortization of \$576,324).
- Developer fee income remained consistent with the prior year balance, increasing by \$21,442 (1%) as compared to the prior year. The prior year balance of \$1,514,318 represents the final balance of developer fee income related to the development of Mason Place and fees related to the rehabilitation of the Villages on Myrtle, a property owned by Villages and managed by Housing Catalyst. The balance of current year developer fee income of \$754,081 represents the initial developer fees for the development of Oak 140 and Swallow Road Apartments and also the remaining fees related to the rehabilitation of the Village on Myrtle.
- Gain on sale of capital assets of \$3,900,231 is due to the sale of the Village on Swallow property to the new tax credit partnership, Swallow Roads Apartments, LLLP. The development of the property will be managed by Housing Catalyst.

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.

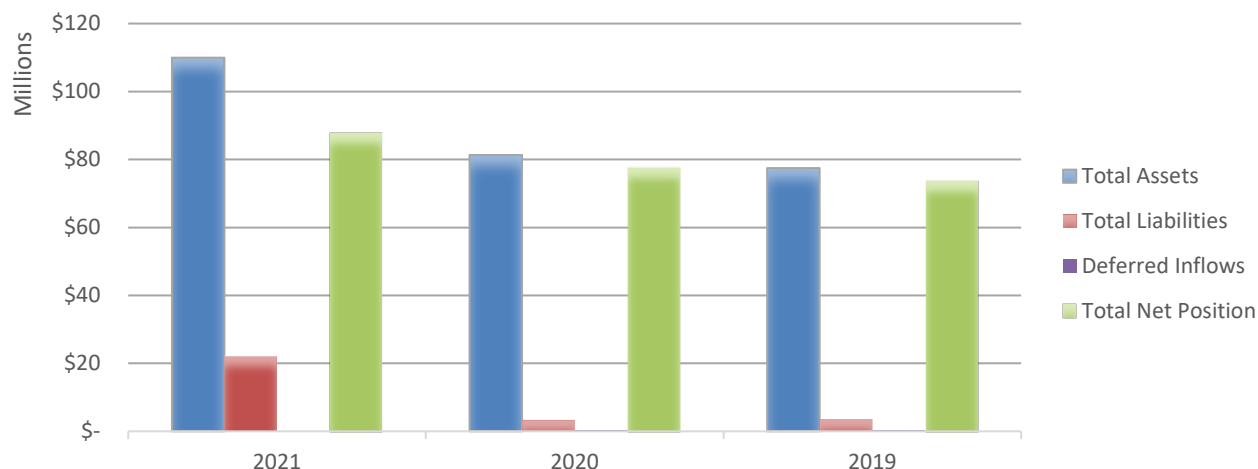
Financial Analysis

Statements of Net Position:

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

	2021	2020	2019
Current assets, unrestricted	\$ 20,365	\$ 15,221	\$ 15,917
Other current assets, restricted	463	1,630	362
Capital assets, net	8,224	9,167	9,178
Non-current assets	80,928	55,272	52,042
Total Assets	\$ 109,980	\$ 81,290	\$ 77,499
Current liabilities	\$ 1,143	\$ 1,522	\$ 808
Current liabilities payable from restricted assets	523	864	334
Long-term liabilities	20,479	985	2,373
Total Liabilities	22,145	3,371	3,515
Deferred Inflows	53	318	379
Net Investment in Capital Assets	7,250	8,044	6,695
Restricted Net Position	139	824	286
Unrestricted Net Position	80,393	68,733	66,624
Total Net Position	87,782	77,601	73,605
Total Liabilities, Deferred Inflows & Net Position	\$ 109,980	\$ 81,290	\$ 77,499

Assets, Liabilities, Deferred Inflows and Net Position



Unrestricted current assets are comprised of cash, receivables, prepaid items and inventories. The balance of unrestricted current assets increased by over \$5.14 million (34%) as compared to December 31, 2020. The increase is primarily due to an increase in unrestricted cash with an increase of approximately \$4.33 million during the year.

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 other unspent grant funding. The balance of restricted current assets decreased by approximately \$1.17 million (72%) as compared to the prior year, primarily due to the spending of HUD CARES Act funding in the Housing Choice Voucher program during the current year of \$335 thousand and the transition of HUD housing assistance payment funds to HUD-Held reserves of \$777 thousand. The funds held in HUD-Held reserves are available for future housing assistance payments, as needed by the program.

Capital assets include land, buildings, building improvements, furniture and equipment and are shown net of accumulated depreciation. Capital assets decreased by approximately \$943 thousand (10%), primarily due to current year depreciation and amortization expense and the sale of the Village on Swallow property, which was nearly fully depreciated.

Non-current assets consists of long-term developer fees receivable, lease receivable, notes receivable, long-term prepaid lease, investments in tax credit partnerships and investments in future developments. Non-current assets increased by nearly \$25.7 million (46%) due to increases in notes receivable of approximately \$25.4 million and long-term prepaid lease of approximately \$1.3 million, along with a decrease to long-term developer fees receivable of approximately \$770 thousand.

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 leases and notes payable. Current liabilities decreased by over \$379 thousand (25%), primarily due to decreases in the balances of accounts payable and accrued liabilities due to regular operations.

Current liabilities payable from restricted assets consists of tenant security deposits payable, family self sufficiency escrow balances payable, flex fund escrow balances and unspent grant funds. These liabilities decreased by approximately \$341 thousand (39%) as compared to the prior year. The decrease was primarily due to the current year spending of the remaining CARES Act grant funds which were received during 2020.

Long-term liabilities consist of leases and notes payable. Long-term liabilities increased by approximately \$19.5 million (1,979%) as compared to the prior year. The increase is primarily due to the issuance of \$19.28 million in revenue bonds which were loaned to Oak 140, LLLP to fund the construction of a 79-unit building in Fort Collins and an additional \$535 thousand loan received from FirstBank and loaned to FC DDA, LLC to aid in funding the construction of the commercial portion of the building at Oak 140.

Deferred inflows consist of the balance of lease income expected to be received over the life of the lease of the Mason street parking lot. The decrease in deferred inflows of approximately \$265 thousand (83%) as compared to the prior year is mainly due to the revision of the lease during the year and the recognition of current year lease income.

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 approximately \$10.1 million (13%) from December 31, 2020 to December 31, 2021.

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, 2021 and 2020, Housing Catalyst's current ratios were 12:5 and 7:1, respectively.

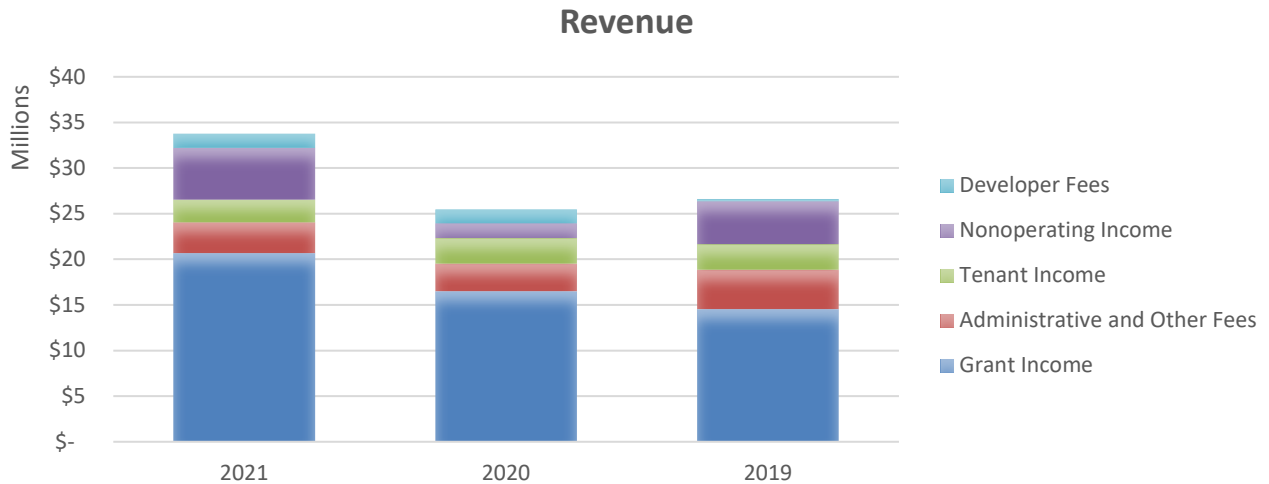
Revenues, Expenses and Changes in Net Position:

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

	2021	2020	2019
Revenues:			
Grant income	\$ 20,685	\$ 16,505	\$ 14,547
Administrative fees	2,759	2,719	2,502
Tenant income	2,498	2,776	2,796
Interest income	1,579	1,457	1,466
Developer fees	1,536	1,514	249
Gain on sale of capital assets	3,900	-	3,054
Capital grants and contributions	178	169	158
Other	614	315	1,824
Total Revenue	33,749	25,455	26,596
Expenses			
Housing assistance payments	14,025	12,279	11,223
Administrative	6,204	5,862	4,874
Maintenance	1,684	1,659	1,723
Depreciation	576	660	717
Utilities	264	282	275
Insurance	191	186	190
Interest expense and financing costs	205	101	191
Other	419	430	377
Total Expenses	23,568	21,459	19,570
Change in Net Position	10,181	3,996	7,026
Net Position - Beginning of Year	77,601	73,605	66,579
Net Position - End of Year	\$ 87,782	\$ 77,601	\$ 73,605

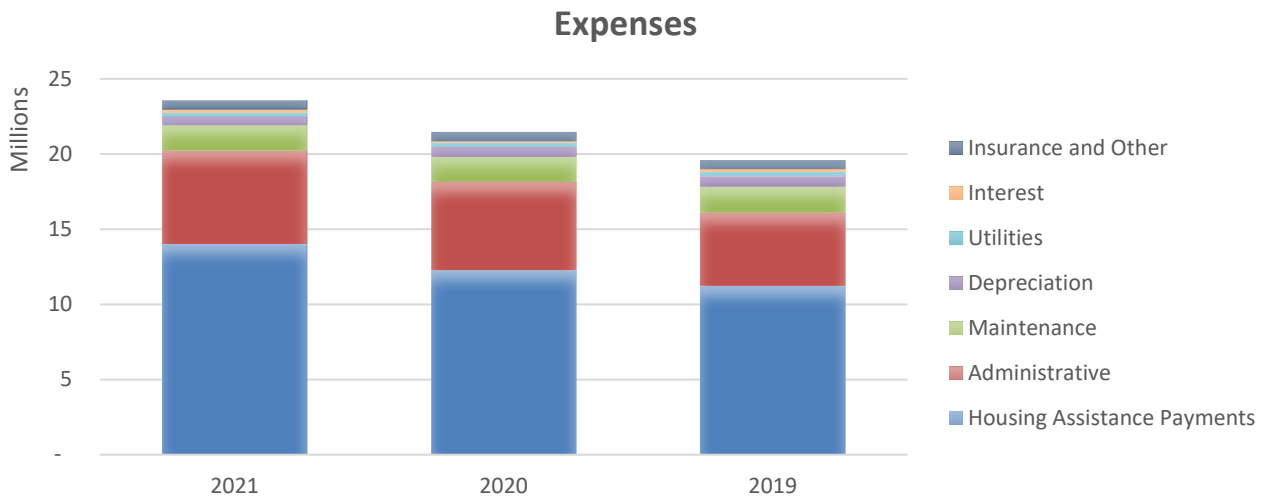
Revenues increased by approximately \$8.3 million (33%) from the year ended December 31, 2020 to the year ended December 31, 2021. The increase is primarily due to the increases in grant income (\$4.1 million) and gain of sale of capital assets (\$3.9 million).

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



Expenses increased by approximately \$2.1 million (10%) from the year ended December 31, 2020 to the year ended December 31, 2021. During the year, housing assistance payments increased by over \$1.7 million (14%) as compared to the prior year due to increased costs and additional leasing of 5-Year Mainstream vouchers. Administrative expenses also increased by over \$342 thousand (6%) due to increased staffing, particularly in property management, and annual compensation increases.

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



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 programs is to provide information on near-term inflows, outflows, and balances of spendable resources. During 2020, Housing Catalyst maintained seven departmental programs as described below:

- 1. Public Housing:** Owns and operates 70 units of housing for rent to low-income families. The program ended 2021 with a net position of \$3,659,002 of which \$2,734,599 (75%) is invested in capital assets; and \$924,403 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 Mason Place (60 units), Villages, Ltd. (227 units), Wellington Community Housing (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 \$1,305,284, of which (\$8,918) (>1%) 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 \$59,610,799, including \$114,894 invested in capital assets. Revenues for 2021 included rental income from the Mason street parking lot lease, CDBG, HOME and AHF grant income used for Mason Place, Fort Collins DDA grant income used for Oak 140, accrued interest income on loans to tax credit funded properties and developer fees.
- 4. Vouchers:** Housing Catalyst managed 1,047 Housing Choice Vouchers (HCV), 174 Veterans Affairs Supportive Housing (VASH) vouchers, 50 Family Unification Program (FUP) vouchers, 6 Foster Youth to Independence (FYI) vouchers, 25 Emergency Housing Vouchers (EHV) and 178 Five Year Mainstream vouchers at year-end 2021.

The revenue source for the HCV, VASH, FUP and Mainstream vouchers is HUD in the amount of \$13,678,328, which is an increase of \$777,304 (6%) as compared to the prior year total of \$12,901,024. The current year housing assistance payment (HAP) expenses of \$13,128,561 increased by \$1,747,410 (15%) as compared to the prior year expenses of \$11,381,151. The current year administrative expenses for the voucher program of \$1,210,412 increased by \$252,852 (26%) as compared to the prior year expenses of \$957,560.

- 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 \$223,260.
- 6. Larimer County Housing Authority (Blended Component Unit):** 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 Housing Catalyst.

The revenue source for the Larimer County Housing Authority vouchers is HUD in the amount of \$1,021,276, which is an increase of \$43,325 (4%) as compared to the prior year total of \$977,951. The current year housing assistance payment (HAP) expenses of \$896,005 decreased by \$20,60 (>1%) as compared to the prior year expenses of \$898,065. The current year administrative expenses for the voucher program of \$108,874 increased by \$24,645 (29%) as compared to the prior year expenses of \$84,229.

- 7. Villages (Blended Component Unit):** Owns and operates 185 units of housing for rent to low-income families and a leasing office. Villages ended 2021 with a net position of \$22,675,622 of which \$4,409,786 (19%) is invested in capital assets; and \$18,265,836 is available as operating reserves. The main sources of revenue are rents charged to tenants and grants.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2021, Housing Catalyst's net investment in capital assets was \$7,250,361 (net of accumulated depreciation and capital loans). This investment in capital assets includes land, buildings, improvements, equipment, and computer software, but does not include leased assets.

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

- Roof replacement of various Public Housing homes in the amount of \$168,853.
- Water heater replacements in Public Housing homes in the amount of \$13,096.
- Purchase of land located at 143 Remington Street in Fort Collins, Colorado for \$1,325,724, of which a deposit of \$51,000 was paid at the end of 2020. The land was subsequently transferred to DDA FC, LLC in exchange for a long-term lease at the commercial property to be constructed on the land.
- Village on Myrtle renovation project completed which included interior renovations in the amount of \$693,644, improvements to the exterior and site of \$93,491 and new furnishings and fixtures in the amount of \$92,298, of which \$640,920 was included in construction in progress at December 31, 2020 with \$372,385 accrued as payable as of that date and paid during 2021.
- Sale of the Village on Swallow property to Swallow Road Apartments, LLLP, a tax credit partnership with net proceeds of \$4,712,135 and a gain on sale of \$3,900,231.

Additional information on the Authority's capital assets can be found in Note 1 on pages 31 through 32 and Note 6 on pages 39 through 40 of this report.

Long-Term Debt

As of December 31, 2021, Housing Catalyst had four long-term loans totaling \$20,614,923. The long-term loans are to fund the remodeling costs for the Authority's main offices on Mountain Avenue, to purchase the parking lot on Mason Street, to assist in funding the cost of the construction of the commercial portion of the building at Oak 140 and revenue bonds used to assist in funding the construction of the residential portion of the building at Oak 140.

Loan activity during the current fiscal year is as follows:

- Principal payments made to FirstBank on the Mountain Office remodel note in the amount of \$54,715.
- Regular principal payments for the Mason Street parking lot loan made to ANB in the amount of \$31,202.
- Regular principal payments for the Village on Cowen property made to the Heatherington Trust in the amount of \$28,035. The loan was paid off in full in April 2021.
- Loan from FirstBank in the amount of \$535,000 with funding loaned to DDA, LLC to assist in funding the construction of the commercial portion of the building at Oak 140.
- Revenue bonds issues in the amount of \$19,280,000 with funds loaned to Oak 140, LLLP, a tax credit partnership, to assist in funding the construction of the residential portion of the building at Oak 140.

Additional information on the Authority's debt can be found in Note 7 on pages 40 through 52 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 rentcafe.com apartment rents increased by an average of 11% in Fort Collins during 2021. Additionally, effects of the COVID-19 pandemic increased the demand for affordable rental housing at a time when expansion of affordable units has been challenging. This is expected to keep upward pressure on rental rates overall. Additional funding through federal, state and other emergency programs may keep rental collection rates at near normal levels in the near term. The longer-term outlook for rent collection and demand for rental housing will be driven by the length and depth of the economic recovery.

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 97% utilization of housing assistance payment (HAP) funding and a nearly 90% HCV leased utilization in 2021. Despite the increase of total reserves, the level of funding received by HUD is expected to continue to negatively affect the total number of families served through the HCV programs due to rising rent prices and increased housing demand.

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

Additionally, in early 2022, Housing Catalyst was approved to join HUD's Moving to Work (MTW) program under the Landlord Incentive cohort. The transition to MTW will allow the flexibility of funding received from HUD to be applied to areas most needed and the ability to initiate new programs and strategies within the community. The transition will not directly impact the overall HUD funding received by Housing Catalyst.

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:

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

Housing Catalyst
Statement of Net Position
December 31, 2021

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 17,525,157	\$ 2,190,046
Restricted cash and cash equivalents	463,195	22,359,917
Accounts receivable		
Grants	100,637	-
Tenants	26,403	120,890
Developer fees, current	1,801,735	-
Other	366,342	51,298
Accrued interest	296,320	-
Lease receivable - current portion	15,661	-
Notes receivable - current portion	127,736	-
Prepaid expenses and other current assets	34,240	45,644
Inventory	70,413	-
Total Current Assets	<u>20,827,839</u>	<u>24,767,795</u>
Noncurrent Assets		
Capital Assets		
Non-depreciable	4,460,964	18,656,353
Depreciable, net	3,689,070	125,226,118
Leased capital assets, net	74,091	-
Total Capital Assets, Net	<u>8,224,125</u>	<u>143,882,471</u>
Other Assets		
Developer fees receivable, long-term	5,637,751	-
Lease receivable - net of current portion	38,230	-
Notes receivable - net of current portion	73,778,672	-
Prepaid long-term lease	1,325,724	-
Other assets, net	-	632,981
Investment in tax credit partnerships	147,735	-
Total Other Assets	<u>80,928,112</u>	<u>632,981</u>
Total Noncurrent Assets	<u>89,152,237</u>	<u>144,515,452</u>
Total Assets	<u>109,980,076</u>	<u>169,283,247</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 109,980,076</u></u>	<u><u>\$ 169,283,247</u></u>

Housing Catalyst
Statement of Net Position
December 31, 2021

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 78,873	\$ 1,706,216
Accrued liabilities	216,542	-
Accrued compensation	614,216	-
Accrued interest payable	12,798	269,715
Unearned revenues	212,909	-
Tenant security deposits payable	97,896	363,194
Due to related party	-	6,638
Money held in escrow	211,811	-
Developer fees payable - current portion	-	1,020,056
Leases payable - current portion	34,564	-
Notes and mortgages payable - current portion	186,577	6,836,326
	<u>1,666,186</u>	<u>10,202,145</u>
Total Current Liabilities		
	<u>1,666,186</u>	<u>10,202,145</u>
Long-Term Liabilities		
Leases payable - net of current portion	50,586	-
Notes and mortgages payable - net of current portion	20,428,346	117,121,277
Developer fees payable - net of current portion	-	5,637,751
	<u>20,478,932</u>	<u>122,759,028</u>
Total Long-Term Liabilities		
	<u>20,478,932</u>	<u>122,759,028</u>
Total Liabilities		
	<u>22,145,118</u>	<u>132,961,173</u>
Deferred Inflows of Resources		
	<u>52,842</u>	<u>-</u>
Net Position		
Net investment in capital assets	7,250,361	19,924,868
Restricted - housing assistance payments	139,150	-
Unrestricted	80,392,605	16,397,206
	<u>87,782,116</u>	<u>36,322,074</u>
Total Net Position		
	<u>87,782,116</u>	<u>36,322,074</u>
Total Liabilities, Deferred Inflows of Resources and Net Position		
	<u>\$ 109,980,076</u>	<u>\$ 169,283,247</u>

Housing Catalyst
Statement of Net Position
December 31, 2020 (Comparative Totals Only)

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 13,196,938	\$ 2,974,010
Restricted cash and cash equivalents	1,629,716	4,637,596
Accounts receivable		
Grants	60,837	-
Tenants	54,787	185,870
Developer fees, current	967,959	-
Other	332,310	64,391
Accrued interest	341,546	-
Lease receivable - current portion	56,607	-
Notes receivable - current portion	94,549	-
Prepaid expenses and other current assets	63,897	49,801
Inventory	52,228	-
Total Current Assets	<u>16,851,374</u>	<u>7,911,668</u>
Noncurrent Assets		
Capital Assets		
Non-depreciable	5,294,762	25,757,139
Depreciable, net	3,762,765	117,295,424
Leased capital assets, net	109,345	-
Total Capital Assets, Net	<u>9,166,872</u>	<u>143,052,563</u>
Developer fees receivable, long-term	6,408,210	-
Lease receivable - net of current portion	301,867	-
Notes receivable - net of current portion	48,413,332	-
Other assets, net	-	528,916
Investment in tax credit partnerships	148,278	-
Total Other Assets	<u>55,271,687</u>	<u>528,916</u>
Total Noncurrent Assets	<u>64,438,559</u>	<u>143,581,479</u>
Total Assets	<u>81,289,933</u>	<u>151,493,147</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 81,289,933</u>	<u>\$ 151,493,147</u>

Housing Catalyst
Statement of Net Position
December 31, 2020 (Comparative Totals Only)

	Primary Government	Discretely Presented Component Units
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 266,179	\$ 979,030
Accrued liabilities	574,877	-
Accrued compensation	522,686	-
Accrued interest payable	7,051	490,214
Unearned revenues	513,274	-
Tenant security deposits payable	119,943	350,223
Due to related party	-	7,387
Money held in escrow	235,280	-
Developer fees payable - current portion	-	929,045
Leases payable - current portion	33,375	-
Notes and mortgages payable - current portion	113,951	717,829
	<u>2,386,616</u>	<u>3,473,728</u>
Total Current Liabilities	<u>2,386,616</u>	<u>3,473,728</u>
Long-Term Liabilities		
Leases payable - net of current portion	85,150	-
Notes and mortgages payable - net of current portion	899,674	98,491,062
Developer fees payable	-	6,408,210
Other long-term liabilities	-	929,198
	<u>984,824</u>	<u>105,828,470</u>
Total Long-Term Liabilities	<u>984,824</u>	<u>105,828,470</u>
Total Liabilities	<u>3,371,440</u>	<u>109,302,198</u>
Deferred Inflows of Resources	<u>318,146</u>	<u>-</u>
Net Position		
Net investment in capital assets	8,043,902	43,843,672
Restricted	823,844	-
Unrestricted	68,732,601	(1,652,723)
	<u>77,600,347</u>	<u>42,190,949</u>
Total Net Position	<u>77,600,347</u>	<u>42,190,949</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 81,289,933</u>	<u>\$ 151,493,147</u>

Housing Catalyst

Statement of Revenues, Expenses and Changes in Net Position Year Ended December 31, 2021

	Primary Government	Discretely Presented Component Units
Operating Revenues		
HUD PHA grants	\$ 15,532,035	\$ -
Other grants	5,153,257	-
Rental income	2,497,418	9,186,223
Administration fees	2,759,078	-
Developer fees	1,535,760	-
Other	614,023	538,501
Total Operating Revenues	28,091,571	9,724,724
Operating Expenses		
Housing assistance payments	14,024,566	-
Administrative salaries and benefits	4,991,283	1,943,134
Maintenance salaries and benefits	961,249	-
Other administrative	1,212,307	1,857,031
Ordinary maintenance	723,190	1,902,394
Depreciation and amortization	576,324	6,609,164
Utilities	263,560	548,406
Insurance	191,306	428,068
Payments in lieu of taxes	15,543	-
Other	403,034	-
Total Operating Expenses	23,362,362	13,288,197
Operating Income (Loss)	4,729,209	(3,563,473)
Non-Operating Revenues (Expenses)		
Interest income	1,579,465	1,226
Interest expense	(204,172)	(3,434,644)
Other financing costs	(851)	-
Gain (loss) on disposal of capital assets	3,900,231	(12,237)
Total Non-Operating Revenues (Expenses), net	5,274,673	(3,445,655)
Income (Loss) Before Contributions and Distributions	10,003,882	(7,009,128)
HUD Capital Contributions	177,887	-
Capital Contributions	-	1,143,596
Priority Distributions	-	(3,343)
Change in Net Position	10,181,769	(5,868,875)
Net Position, Beginning of the Year, as Restated	77,600,347	42,190,949
Net Position, End of the Year	\$ 87,782,116	\$ 36,322,074

Housing Catalyst

Statement of Revenues, Expenses and Changes in Net Position Year Ended December 31, 2020 (Comparative Totals Only)

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Operating Revenues		
HUD PHA grants	\$ 14,694,471	\$ -
Other grants	1,810,336	-
Rental income	2,775,494	8,219,059
Administration fees	2,719,002	-
Developer fees	1,514,318	-
Other	314,820	603,556
Total Operating Revenues	<u>23,828,441</u>	<u>8,822,615</u>
Operating Expenses		
Housing assistance payments	12,279,216	-
Administrative salaries and benefits	4,000,951	1,458,247
Maintenance salaries and benefits	825,383	-
Other administrative	1,860,637	1,528,080
Ordinary maintenance	833,876	1,423,985
Depreciation and amortization	660,489	6,072,041
Utilities	281,787	497,902
Insurance	186,306	372,642
Payments in lieu of taxes	14,524	-
Other	415,165	-
Total Operating Expenses	<u>21,358,334</u>	<u>11,352,897</u>
Operating Income (Loss)	<u>2,470,107</u>	<u>(2,530,282)</u>
Non-Operating Revenues (Expenses)		
Interest income	1,457,131	4,597
Interest expense	(100,103)	(3,112,025)
Other financing costs	(1,000)	-
Total Non-Operating Revenues (Expenses), net	<u>1,356,028</u>	<u>(3,107,428)</u>
Income (Loss) Before Contributions and Distributions	3,826,135	(5,637,710)
HUD Capital Contributions	169,425	-
Capital Contributions	-	1,907,935
Priority Distributions	-	(3,123)
Change in Net Position	3,995,560	(3,732,898)
Net Position, Beginning of the Year	<u>73,604,787</u>	<u>45,923,847</u>
Net Position, End of the Year	<u>\$ 77,600,347</u>	<u>\$ 42,190,949</u>

Housing Catalyst
Statement of Cash Flows
Year Ended December 31, 2021

	Primary Government
Operating Activities	
HUD PHA grants	\$ 15,788,282
Other grants	5,306,079
Receipts from tenants	1,754,521
Administration fees	2,759,078
Other income	619,813
Developer fee income	1,472,443
Housing assistance payments	(14,048,035)
Payments to employees	(5,861,002)
Payments to suppliers	(3,022,575)
Net Cash from Operating Activities	4,768,604
Capital and Related Financing Activities	
Proceeds from issuance of revenue bonds	19,280,000
Proceeds from long-term debt	535,000
Principal payments on long-term debt	(113,952)
Principal payments on leases payable	(33,375)
HUD capital contributions	177,887
Proceeds from sale of capital assets	4,712,135
Interest paid on leases payable and long-term debt	(198,425)
Acquisition of capital assets	(2,092,590)
Net Cash from Capital and Related Financing Activities	22,266,680
Investing Activities	
Receipts on notes receivable	89,577
Note receivable advance to related party	(24,319,073)
Interest income	355,910
Net Cash used for Investing Activities	(23,873,586)
Net Change in Cash and Cash Equivalents and Restricted Cash	3,161,698
Transfer of Cash and Cash Equivalents	-
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	14,826,654
Cash and Cash Equivalents and Restricted Cash, End of Year	\$ 17,988,352

Housing Catalyst
Statement of Cash Flows
Year Ended December 31, 2021

	Primary Government
Reconciliation of Cash and Cash Equivalents and Restricted Cash	
Cash	\$ 17,525,157
Restricted Cash	463,195
Total Cash and Cash Equivalents and Restricted Cash	\$ 17,988,352
Reconciliation of Change in Net Position to Net Cash	
From Operating Activities	
Operating Income	\$ 4,729,209
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation and amortization	576,324
Other financing costs paid	(851)
Decrease in investment in tax credit partnerships	543
Decrease in deferred inflows of resources	(265,304)
Changes in assets and liabilities	
(Increase) decrease in assets:	
Receivables	195,818
Inventory	(18,185)
Prepaid expenses	(21,343)
Increase (decrease) in liabilities:	
Accounts payable	146,165
Tenant security deposits payable	(22,047)
Money held in escrow	(23,469)
Accrued compensation	91,530
Accrued liabilities	(319,421)
Unearned revenue	(300,365)
Net Cash from Operating Activities	\$ 4,768,604
Schedule of Noncash Investing Activities:	
Increase in notes receivable from accrued interest	\$ 1,268,781
Increase in capital assets from prepaid expenses and other current assets	\$ 51,000
Increase in capital assets from accounts payable	\$ 333,471
Increase in capital assets from accrued liabilities	\$ 38,914
Increase in prepaid long-term lease from capital assets	\$ 1,325,724

Housing Catalyst
Statement of Cash Flows
Year Ended December 31, 2020 (Comparative Totals Only)

	Primary Government
Operating Activities	
HUD PHA grants	\$ 14,972,347
Other grants	1,963,158
Receipts from tenants	2,808,123
Administration fees	2,719,002
Other income	122,484
Developer fee income	1,787,562
Housing assistance payments	(12,251,458)
Payments to employees	(4,673,954)
Payments to suppliers	(3,376,307)
Net Cash from Operating Activities	4,070,957
Capital and Related Financing Activities	
Principal payments on long-term debt	(1,341,370)
Principal payments on leases payable	(30,030)
HUD capital contributions	169,425
Interest paid on leases payable and long-term debt	(81,448)
Acquisition of capital assets	(277,620)
Net Cash used for Capital and Related Financing Activities	(1,561,043)
Investing Activities	
Receipts on notes receivable	250,485
Note receivable advance to related party	(1,800,000)
Interest income	254,648
Net Cash used for Investing Activities	(1,294,867)
Net Change in Cash and Cash Equivalents and Restricted Cash	1,215,047
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	13,611,607
Cash and Cash Equivalents and Restricted Cash, End of Year	\$ 14,826,654

Housing Catalyst
Statement of Cash Flows
Year Ended December 31, 2020 (Comparative Totals Only)

	Primary Government
Reconciliation of Cash and Cash Equivalents and Restricted Cash	
Cash	\$ 13,196,938
Restricted Cash	1,629,716
Total Cash and Cash Equivalents and Restricted Cash	\$ 14,826,654
Reconciliation of Change in Net Position to Net Cash	
From Operating Activities	
Operating Income	\$ 2,470,107
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation and amortization	660,489
Other financing costs paid	(1,000)
Decrease in investment in tax credit partnerships	523
Decrease in deferred inflows of resources	(60,599)
Changes in assets and liabilities	
(Increase) decrease in assets:	
Receivables	197,900
Inventory	4,609
Prepaid expenses	(50,937)
Increase (decrease) in liabilities:	
Accounts payable	182,952
Tenant security deposits payable	(6,394)
Money held in escrow	27,758
Accrued compensation	152,380
Accrued liabilities	40,793
Unearned revenue	452,376
Net Cash from Operating Activities	\$ 4,070,957
Schedule of Noncash Investing Activities:	
Increase in notes receivable from accrued interest	\$ 1,122,464

Housing Catalyst

 Combining Statement of Net Position - Discretely Presented Component Units
 December 31, 2021

	Mason Place	Oak 140	Redtail Ponds PSH	Village on Elizabeth	Village on Horsetooth	Village on Plum	Village on Redwood	Village on Shields	Village on Stanford	Total
Assets										
Current Assets										
Cash	\$ 223,699	\$ 1,100	\$ 15,936	\$ 42,206	\$ 328,979	\$ 521,877	\$ 263,758	\$ 511,032	\$ 281,459	\$ 2,190,046
Restricted cash	78,802	17,364,535	753,929	233,751	427,587	688,834	461,571	1,857,155	493,753	22,359,917
Accounts receivable										
Tenants	24,700	-	13,132	8,296	19,059	17,469	10,454	23,065	4,715	120,890
Other	-	-	48,028	-	-	3,115	-	-	155	51,298
Prepaid expenses	1,825	-	255	-	-	39,637	-	155	3,772	45,644
Total Current Assets	329,026	17,365,635	831,280	284,253	775,625	1,270,932	735,783	2,391,407	783,854	24,767,795
Capital Assets										
Non-depreciable	3,013,850	7,396,217	862,000	640,000	1,113,963	543,454	230,000	3,858,432	998,437	18,656,353
Depreciable, net	13,869,153	-	7,848,791	2,327,971	21,306,625	10,411,765	15,061,260	49,607,237	4,793,316	125,226,118
Total Capital Assets, Net	16,883,003	7,396,217	8,710,791	2,967,971	22,420,588	10,955,219	15,291,260	53,465,669	5,791,753	143,882,471
Other Assets	153,276	-	33,223	1,765	89,074	34,178	51,784	263,077	6,604	632,981
Total Noncurrent Assets	17,036,279	7,396,217	8,744,014	2,969,736	22,509,662	10,989,397	15,343,044	53,728,746	5,798,357	144,515,452
Total Assets	\$ 17,365,305	\$ 24,761,852	\$ 9,575,294	\$ 3,253,989	\$ 23,285,287	\$ 12,260,329	\$ 16,078,827	\$ 56,120,153	\$ 6,582,211	\$ 169,283,247
Liabilities and Net Position										
Current Liabilities										
Accounts payable	\$ 193,251	\$ 1,170,456	\$ 50,857	\$ 6,519	\$ 21,365	\$ 31,902	\$ 102,272	\$ 99,765	\$ 29,829	\$ 1,706,216
Accrued interest payable	14,021	-	6,313	5,032	39,275	38,370	14,722	70,852	81,130	269,715
Tenant security deposits payable	11,800	-	12,000	21,150	50,201	49,837	42,186	136,221	39,799	363,194
Due to related party	-	-	-	6,638	-	-	-	-	-	6,638
Developer fee payable - current portion	499,193	-	-	-	34,235	13,588	14,028	459,012	-	1,020,056
Notes and mortgages mortgages payable - current portion	6,147,416	-	51,833	21,106	158,207	136,897	47,564	228,441	44,862	6,836,326
Total Current Liabilities	6,865,681	1,170,456	121,003	60,445	303,283	270,594	220,772	994,291	195,620	10,202,145
Long-Term Liabilities										
Notes and mortgages payable - net of current portion	6,670,939	23,584,073	4,614,950	4,275,526	13,532,461	10,211,522	9,836,533	39,334,454	5,060,819	117,121,277
Developer fee payable - net of current portion	726,615	-	-	-	466,810	284,643	260,053	3,899,630	-	5,637,751
Total Long-Term Liabilities	7,397,554	23,584,073	4,614,950	4,275,526	13,999,271	10,496,165	10,096,586	43,234,084	5,060,819	122,759,028
Total Liabilities	14,263,235	24,754,529	4,735,953	4,335,971	14,302,554	10,766,759	10,317,358	44,228,375	5,256,439	132,961,173
Net Position										
Net investment in capital assets	4,064,648	(16,187,856)	4,044,008	(1,328,661)	8,729,920	606,800	5,407,163	13,902,774	686,072	19,924,868
Unrestricted	(962,578)	16,195,179	795,333	246,679	252,813	886,770	354,306	(2,010,996)	639,700	16,397,206
Total Net Position	3,102,070	7,323	4,839,341	(1,081,982)	8,982,733	1,493,570	5,761,469	11,891,778	1,325,772	36,322,074
Total Liabilities and Net Position	\$ 17,365,305	\$ 24,761,852	\$ 9,575,294	\$ 3,253,989	\$ 23,285,287	\$ 12,260,329	\$ 16,078,827	\$ 56,120,153	\$ 6,582,211	\$ 169,283,247

Housing Catalyst

Combining Statement of Revenues, Expenses and Changes in Net Position - Discretely Presented Component Units
Year Ended December 31, 2021

	Mason Place	Oak 140	Redtail Ponds PSH	Village on Elizabeth	Village on Horsetooth	Village on Plum	Village on Redwood	Village on Shields	Village on Stanford	Total
Operating Revenues										
Rental income	\$ 669,966	\$ -	\$ 828,534	\$ 496,049	\$ 1,186,280	\$ 1,137,523	\$ 763,172	\$ 3,353,669	\$ 751,030	\$ 9,186,223
Other	11,282	-	312,792	29,244	16,904	55,369	24,504	70,393	18,013	538,501
Total Operating Revenues	681,248	-	1,141,326	525,293	1,203,184	1,192,892	787,676	3,424,062	769,043	9,724,724
Operating Expenses										
Administrative salaries and benefits	151,801	-	439,770	130,213	180,660	179,673	104,393	578,350	178,274	1,943,134
Other administrative	278,961	-	206,815	117,863	249,206	217,244	207,220	483,011	96,711	1,857,031
Regular and extraordinary maintenance	193,086	-	247,753	154,072	184,435	261,045	191,641	511,303	159,059	1,902,394
Depreciation and amortization	587,275	-	494,139	196,313	1,026,380	580,194	780,169	2,613,573	331,121	6,609,164
Utilities	52,731	-	73,493	34,918	67,695	76,649	58,208	144,880	39,832	548,406
Insurance	37,775	-	39,321	22,038	56,504	49,179	43,410	154,317	25,524	428,068
Total Operating Expenses	1,301,629	-	1,501,291	655,417	1,764,880	1,363,984	1,385,041	4,485,434	830,521	13,288,197
Operating Income (Loss)	(620,381)	-	(359,965)	(130,124)	(561,696)	(171,092)	(597,365)	(1,061,372)	(61,478)	(3,563,473)
Non-Operating Revenues (Expenses)										
Interest income	15	-	161	208	268	66	152	271	85	1,226
Interest expense	(363,606)	-	(155,794)	(191,395)	(384,713)	(399,257)	(350,346)	(1,377,220)	(212,313)	(3,434,644)
Loss on disposal of capital assets	-	-	(4,352)	-	-	-	(7,885)	-	-	(12,237)
Total Non-Operating Revenues (Expenses)	(363,591)	-	(159,985)	(191,187)	(384,445)	(399,191)	(358,079)	(1,376,949)	(212,228)	(3,445,655)
Loss Before Contributions and Distributions	(983,972)	-	(519,950)	(321,311)	(946,141)	(570,283)	(955,444)	(2,438,321)	(273,706)	(7,009,128)
Capital Contributions	1,136,273	7,323	-	-	-	-	-	-	-	1,143,596
Priority Distributions	-	-	-	(3,343)	-	-	-	-	-	(3,343)
Change in Net Position	152,301	7,323	(519,950)	(324,654)	(946,141)	(570,283)	(955,444)	(2,438,321)	(273,706)	(5,868,875)
Net Position, Beginning of the Year	2,949,769	-	5,359,291	(757,328)	9,928,874	2,063,853	6,716,913	14,330,099	1,599,478	42,190,949
Net Position, End of the Year	\$ 3,102,070	\$ 7,323	\$ 4,839,341	\$ (1,081,982)	\$ 8,982,733	\$ 1,493,570	\$ 5,761,469	\$ 11,891,778	\$ 1,325,772	\$ 36,322,074

Note 1 - Nature of Operations and Significant Accounting Policies

General

Housing Catalyst, formally known as Fort Collins Housing Authority (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 70 units of family housing and administers 1,082 Housing Choice Vouchers (HCV), 174 Veterans Affairs Supportive Housing (VASH) vouchers, 50 Family Unification Program (FUP) vouchers, 6 Foster Youth to Independence (FYI) vouchers, 25 Emergency Housing (EHV) vouchers and 243 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.

During the year ended December 31, 2021, the members of the board of commissioners of Housing Catalyst were also appointed to the board of directors of Villages, Ltd (Villages). The change in board structure resulted in Villages being subject to oversight and control by Housing Catalyst. Villages, formerly known as Fort Collins Housing Corporation, is a not-for-profit organization organized in 1980 to provide housing for the elderly and low-income families of Fort Collins, Colorado. Substantially all of Villages revenue is currently derived from rental operations and grants. In total, Villages owns and manages 185 residential units and a leasing and management office. As a legally separate entity, Villages, Ltd. has been reported as a blended component unit starting with the year ended December 31, 2021.

Also included within the financial reporting entity of Housing Catalyst as blended component units are Village on Elizabeth, LLC, Village on Stanford, 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, Mason Place, LLC, Mason Place Development, LLC, Oak 140, LLC, Housing Catalyst Swallow Road, LLC, Housing Catalyst Development Services, 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, Village on Shields, LLC is the general partner of Village on Shields, LLLP, Mason Place, LLC is the general partner of Mason Place, LLLP and Oak 140, LLC is the general partner of Oak 140, LLLP which are discretely presented component units and are described below.

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, Village on Shields Development, LLC was formed to be the developer in Village on Shields, LLLP and Mason Place Development, LLC was formed to be the developer for Mason Place, LLLP. Housing Catalyst Swallow Road, LLC was formed to be the special limited partner for Swallow Road Apartments, LLLP, an 84 unit low income housing tax credit project. Housing Catalyst Development Services, LLC was formed to provide development services to various housing projects. 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 nine 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.

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.

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

Oak 140, LLLP (Oak 140) – the general partner of this partnership, Oak 140, LLC, is wholly owned by Housing Catalyst. Oak 140, LLC has an ownership percentage of 0.009%. 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 programs, each of which is considered a separate accounting entity. The operations of each program 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 programs 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.

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 certificates of deposit 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

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 2021.

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.

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, 2021, unearned revenue consisted of \$15,186 of prepaid rent from tenants, \$38,977 of unspent EHV service fee grant funds, \$109,109 of unspent Larimer County Behavioral Services grant funds, \$10,000 of unspent Kaiser Foundation financial health initiative grant funds and \$39,637 of prepaid land lease funds. The Larimer County Behavior Services grant must be spent by September 30, 2022 on specific costs related to Mason Place Permanent Supportive Housing. All unspent funds must be returned to the grantors.

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.

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, 2020, from which the summarized information was derived.

Change in Reporting Entity

As stated above, during the year ended December 31, 2021, the members of the board of commissioners of Housing Catalyst were also appointed to the board of directors of Villages, Ltd (Villages). The change in board structure resulted in Villages being subject to oversight and control by Housing Catalyst. As a legally separate entity, Villages, Ltd. has been reported as a blended component unit starting with the year ended December 31, 2021, and all prior periods presented have been adjusted to include Villages as a blended component unit. Initial balances from Villages that were transferred as of December 31, 2020 are as follows:

Current Assets	\$ 5,014,907
Capital Assets	5,382,676
Other Assets	<u>7,997,066</u>
 Total Assets	 <u><u>\$ 18,394,649</u></u>
 Current Liabilities	 \$ 599,691
Long-Term Liabilities	<u>-</u>
 Total Liabilities	 599,691
 Net Position	 <u>17,794,958</u>
 Total Liabilities and Net Position	 <u><u>\$ 18,394,649</u></u>

The adjustment to beginning net position due to the change in reporting entity is as follows:

	<u>Primary Government at 01/01/2021</u>
Net Position, Beginning of Year, as Previously Reported	\$ 59,805,389
Adjustment for change in reporting entity	<u>17,794,958</u>
Net Position, Beginning of Year, as Restated	<u><u>\$ 77,600,347</u></u>

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 2021.

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, 2021, 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, 2021, Housing Catalyst's carrying amount of deposits was \$17,987,402 and the bank balance was \$18,209,249. Of the bank balances, \$369,305 was covered by Federal Depository Insurance. Of the remaining balances for 2021, \$17,839,944 was collateralized with securities held by a pledging financial institution's agent in the government's name.

For the primary government, cash and cash equivalents consist of the following at December 31, 2021:

Cash and cash equivalents - unrestricted	\$ 17,525,157
Cash and cash equivalents - restricted	<u>463,195</u>
Total cash and cash equivalents	17,988,352
Less: cash on hand	<u>(950)</u>
Total deposits	<u><u>\$ 17,987,402</u></u>

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

At December 31, 2021, the carrying amount of the discretely presented component units deposited with financial institutions was \$24,549,577 and the bank balance was \$24,544,814. The bank deposits are held with financial institutions and are entirely insured or collateralized.

For the discretely presented component units, cash and cash equivalents consist of the following at December 31, 2021:

Cash and cash equivalents - unrestricted	\$ 2,190,046
Cash and cash equivalents - restricted	<u>22,359,917</u>
 Total cash and cash equivalents	 24,549,963
Less: cash on hand	<u>(386)</u>
 Total deposits	 <u><u>\$ 24,549,577</u></u>

Note 3 - Restricted Cash

Primary Government

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, held for tenant security deposits and other restricted grants.

Discretely Presented Component Units

Restricted cash consists of cash and cash equivalents balances restricted for tenant security deposits, funding of operating deficits, repairs or improvements to the buildings which extend their useful lives, annual insurance payments, supportive services payments and bond proceeds available for construction expenditures.

Note 4 - Lease Receivable (Primary Government)

Housing Catalyst is leasing a parking lot with monthly payments of \$1,500 with a maturity date of March 2025. During the year ended December 31, 2021, Housing Catalyst recognized revenue of \$30,563 which includes income from deferred inflows of \$27,344 and interest income of \$3,219. Income over the next four years is expected to be \$18,598 in 2022, \$17,797 in 2023, \$16,954 in 2024 and \$4,102 in 2024.

Note 5 - Notes Receivable (Primary Government)

Notes receivable as of December 31, 2021 consist of the following:

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.	\$ 3,367,702
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 2038 and collateralized by a deed of trust, security agreement, financing statement and assignment of rents and revenues.	1,941,549
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.	2,734,149
Village on Plum, LLLP - Notes receivable with stated interest rates of 3.50% per annum, yearly payments to the extent of available cash flow with the entire balance due October 2044 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	5,077,001
Village on Redwood, LLLP - Notes receivable with a stated interest rate of 4.00% per annum, yearly payments to the extent of available cash flow with the entire balance due April 2056 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	5,827,446
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.	4,868,776
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.	21,742,413

Mason Place, LLLP - Notes receivable with stated interest rates ranging from 1.00% to 5.60% per annum, yearly payments to the extent of available cash flow with maturity dates ranging from December 2050 to December 2060 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	3,490,425
Oak 140 - Notes receivable with stated interest rates ranging from 0.875% to 2.25% per annum, yearly payments to be made in accordance with the loan agreements and to the extent of available cash flow with maturity dates ranging from July 2039 to January 2054 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	23,584,073
Legacy-Fort Collins Partners, LP - Note receivable with a stated interest rate of 2.50% per annum, yearly payments to the extent of available cash flow, a maturity date of December 2032 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	717,164
Fort Collins DDA - Notes receivable with a stated interest rate of 4.50% per annum, yearly principal and interest payments of \$121,869, with a maturity dates of July 2026 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	535,000
Other notes receivable	<u>20,710</u>
Total notes receivable	73,906,408
Less current portion	<u>(127,736)</u>
Notes receivable - net of current portion	<u><u>\$ 73,778,672</u></u>

Note 6 - Capital Assets

Changes in capital assets for the primary government during the year ended December 31, 2021 were as follows:

	Balance 01/01/21 (as restated)	Additions	Deletions	Balance 12/31/21
Non-Depreciable				
Land	\$ 4,643,560	\$ 1,325,724	\$ (1,543,621)	\$ 4,425,663
Construction in progress	651,202	263,531	(879,432)	35,301
	<u>5,294,762</u>	<u>1,589,255</u>	<u>(2,423,053)</u>	<u>4,460,964</u>
Depreciable/Amortizable				
Buildings and improvements	17,337,461	969,084	(2,871,318)	15,435,227
Furniture and equipment	1,044,907	92,298	-	1,137,205
Leased equipment	174,647	-	-	174,647
	<u>18,557,015</u>	<u>1,061,382</u>	<u>(2,871,318)</u>	<u>16,747,079</u>
Less: Accumulated Depreciation				
Buildings and improvements	(13,583,753)	(519,979)	2,277,311	(11,826,421)
Furniture and equipment	(1,035,850)	(21,091)	-	(1,056,941)
Less: Accumulated Amortization				
Leased equipment	(65,302)	(35,254)	-	(100,556)
	<u>(14,684,905)</u>	<u>(576,324)</u>	<u>2,277,311</u>	<u>(12,983,918)</u>
Net Depreciable Capital Assets	<u>3,872,110</u>	<u>485,058</u>	<u>(594,007)</u>	<u>3,763,161</u>
Total	<u>\$ 9,166,872</u>	<u>\$ 2,074,313</u>	<u>\$ (3,017,060)</u>	<u>\$ 8,224,125</u>

Changes in capital assets for the discretely presented component units during the year ended December 31, 2021 were as follows:

	Balance 01/01/21	Additions	Deletions	Balance 12/31/21
Non-Depreciable				
Land	\$ 11,114,286	\$ 145,850	\$ -	\$ 11,260,136
Construction in progress	14,642,853	7,396,217	(14,642,853)	7,396,217
	<u>25,757,139</u>	<u>7,542,067</u>	<u>(14,642,853)</u>	<u>18,656,353</u>
Depreciable/Amortizable				
Buildings and improvements	129,639,673	13,059,029	(15,070)	142,683,632
Land improvements	8,555,586	667,193	-	9,222,779
Furniture and equipment	4,534,631	765,714	-	5,300,345
	<u>142,729,890</u>	<u>14,491,936</u>	<u>(15,070)</u>	<u>157,206,756</u>
Total depreciable capital assets	<u>142,729,890</u>	<u>14,491,936</u>	<u>(15,070)</u>	<u>157,206,756</u>
Total accumulated depreciation	<u>(25,434,466)</u>	<u>(6,549,005)</u>	<u>2,833</u>	<u>(31,980,638)</u>
Net Depreciable Capital Assets	<u>117,295,424</u>	<u>7,942,931</u>	<u>(12,237)</u>	<u>125,226,118</u>
Total	<u>\$ 143,052,563</u>	<u>\$ 15,484,998</u>	<u>\$ (14,655,090)</u>	<u>\$ 143,882,471</u>

Note 7 - Long-Term Debt

During the year ended December 31, 2021, the following changes occurred in long-term debt:

Primary Government

	Balance January 1 (as restated)	Increases	Decreases	Balance December 31	Due Within One Year
Notes Payable	<u>\$ 913,875</u>	<u>\$ 19,815,000</u>	<u>\$ (113,952)</u>	<u>\$ 20,614,923</u>	<u>\$ 186,577</u>

Discretely Presented Component Units

Mason Place

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes Payable	<u>\$ 12,206,181</u>	<u>\$ 1,878,048</u>	<u>\$ (1,265,874)</u>	<u>\$ 12,818,355</u>	<u>\$ 6,147,416</u>

Housing Catalyst
Notes to Financial Statements
December 31, 2021

Oak 140

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Notes Payable	\$ -	\$ 23,584,073	\$ -	\$ 23,584,073	\$ -

Redtail Ponds PSH

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Notes Payable	\$ 4,637,541	\$ 79,169	\$ (49,927)	\$ 4,666,783	\$ 51,833

Village on Elizabeth

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Notes Payable	\$ 4,186,044	\$ 130,451	\$ (19,863)	\$ 4,296,632	\$ 21,106

Village on Horsetooth

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Notes Payable	\$ 13,702,156	\$ 138,753	\$ (150,241)	\$ 13,690,668	\$ 158,207

Village on Plum

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Notes Payable	\$ 10,320,476	\$ 157,349	\$ (129,406)	\$ 10,348,419	\$ 136,897

Village on Redwood

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Notes Payable	\$ 9,691,173	\$ 238,756	\$ (45,832)	\$ 9,884,097	\$ 47,564

Village on Shields

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Notes Payable	\$ 39,332,031	\$ 522,174	\$ (291,310)	\$ 39,562,895	\$ 228,441

Village on Stanford

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes Payable	\$ 5,133,289	\$ 3,318	\$ (30,926)	\$ 5,105,681	\$ 44,862

Notes payable as of December 31, 2021, consisted of the following:

Primary Government

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.	\$ 354,567
Oak 140 Commercial - DDA - Notes payable due to First Bank with a stated interest rate of 4.00% per annum, due in annual principal and interest installments of \$120,679 with a maturity date of August 2026 and secured by a deed of trust.	535,000
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.	445,356
Oak 140 - Revenue bonds payable due to UMB with stated interest rates ranging from 0.875% to 2.25% per annum, yearly payments to be made in accordance with the loan agreements and to the extent of available cash flow with maturity dates ranging from July 2039 to January 2054 and collateralized by a deed of trust and an agreement of restrictive covenants on the property (see additional disclosures below).	<u>19,280,000</u>
Total notes payable - Primary Government	<u>\$ 20,614,923</u>

Revenue Bonds:

During the year ended December 31, 2021, Housing Catalyst issued \$14,270,000 in Series 2021A tax-exempt revenue bonds and \$5,010,000 in Series 2021B federally taxable revenue bonds. The bonds are secured by deeds of trust on the Oak 140, LLLP property, a discretely presented component unit. The bonds were issued to finance the construction of a 79-unit affordable housing project. Revenues from the property are intended to be the primary source of repayment. Revenues of Housing Catalyst would be used only if those revenues are not sufficient to cover the required payments. No Housing Catalyst revenues have been used for any required payments to date.

Housing Catalyst

Notes to Financial Statements

December 31, 2021

The tax-exempt term bonds mature on July 1, 2024 (\$6,165,000), July 1, 2025 (\$165,000), July 1, 2026 (\$165,000), July 1, 2027 (\$165,000), July 1, 2028 (\$170,000), July 1, 2029 (\$170,000), July 1, 2030 (\$170,000), July 1, 2031 (\$175,000) and July 1, 2039 (\$6,925,000) and carry interest rates of 1.25%, 0.875%, 1.00%, 1.125%, 1.375%, 1.50%, 1.75%, 1.875% and 2.25%, respectively. The taxable term bonds matures on July 1, 2024 and carries an interest rate of 1.00%.

Future debt service requirements are as follows for the Oak 140 revenue bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 299,069	\$ 299,069
2023	-	299,069	299,069
2024	11,175,000	235,841	11,410,841
2025	165,000	171,188	336,188
2026	165,000	169,642	334,642
2027-2031	850,000	815,086	1,665,086
2032-2036	935,000	727,652	1,662,652
2037-2041	5,990,000	323,699	6,313,699
Total	<u>\$ 19,280,000</u>	<u>\$ 3,041,246</u>	<u>\$ 22,321,246</u>

The estimated debt requirements to maturity for the remaining notes payable for the year ending December 31, 2021 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 186,577	\$ 50,326	\$ 236,903
2023	573,761	27,409	601,170
2024	166,994	20,093	187,087
2025	173,240	13,846	187,086
2026	179,667	7,419	187,086
2027-2031	54,684	465	55,149
2032-2036	-	-	-
2037-2041	-	-	-
Total	<u>\$ 1,334,923</u>	<u>\$ 119,558</u>	<u>\$ 1,454,481</u>

Discretely Presented Component Units

Mason Place

Mortgage note payable to ANB with a stated interest rate of 4.35% per annum and an effective interest rate of 4.89% per annum secured by real property with a maturity date of September 2037. The note converted to permanent financing in January 2022 with a principal balance of \$2,200,000 and due in monthly principal and interest installments of \$10,315.	\$ 8,318,127
Unamortized debt issuance costs, based on an effective interest rate of 4.89%	<u>(190,197)</u>
	<u>8,127,930</u>
Mortgage notes payable due to Housing Catalyst with stated and effective interest rates ranging from 1.00% to 5.00% per annum, due in annual installments from cash flow or proceeds of capital transactions with maturity dates ranging from December 2050 to December 2060 and secured by a mortgage on substantially all assets and an assignment of rent.	3,490,425
Mortgage note payable with a stated and effective interest rate of 0.00% per annum, due in annual with the principal balance due on the maturity date of September 2059 and secured by real property.	<u>1,200,000</u>
Total notes payable - Mason Place	<u><u>\$ 12,818,355</u></u>

Redtail Ponds PSH

Mortgage note payable to US Bank with a stated interest rate of 3.75% per annum and an effective interest rate of 3.92%, 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.	\$ 2,020,270
Unamortized debt issuance costs, based on an effective interest rate of approximately 3.92%	<u>(87,636)</u>
	1,932,634
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.	1,703,792
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>1,030,357</u>
Total notes payable - Redtail Ponds PSH	<u><u>\$ 4,666,783</u></u>

Oak 140

Mortgage note payable to Housing Catalyst with stated interest rates ranging from 0.875% to 2.25% per annum, yearly payments to be made in accordance with the loan agreements and to the extent of available cash flow with maturity dates ranging from July 2039 to January 2054 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	\$ 19,280,000
Mortgage note payable due to Housing Catalyst with a stated and effective interest rate of 1.50% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of January 2054 and secured by a mortgage on substantially all assets and an assignment of rent.	<u>4,304,073</u>
	<u><u>\$ 23,584,073</u></u>

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.	\$ 770,139
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.	164,495
Unamortized debt issuance costs, based on an effective interest rate of approximately 6.6%	<u>(5,704)</u>
	<u>928,930</u>
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.	<u>3,367,702</u>
Total notes payable - Village on Elizabeth	<u><u>\$ 4,296,632</u></u>

Village on Horsetooth

Mortgage note payable with a stated and effective interest rate of 3.24% per annum, due in monthly installments of principal and interest of \$31,933 starting January 2020 with a maturity date of December 2037 and secured by a mortgage on substantially all assets and an assignment of rent.	\$ 7,007,875
Unamortized debt issuance costs, based on an effective interest rate of approximately 3.45%	<u>(185,983)</u>
	6,821,892
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.	<u>4,868,776</u>
Total notes payable - Village on Horsetooth	<u><u>\$ 13,690,668</u></u>

Village on Plum

Mortgage note payable with a stated interest rate of 3.85% per annum and an effective interest rate of 4.17%, due in monthly principal and interest installments of \$28,792 with a maturity date of August 2034 and secured by a mortgage on substantially all assets and an assignment of rent.	\$ 5,465,362
Unamortized debt issuance costs, based on an effective interest rate of approximately 4.17%	<u>(193,944)</u>
	5,271,418
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>5,077,001</u>
Total notes payable - Village on Plum	<u><u>\$ 10,348,419</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 4.9%, 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.	\$ 2,368,459
Unamortized debt issuance costs, based on an effective interest rate of approximately 4.87%	<u>(197,569)</u>
	2,170,890
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.	<u>1,906,269</u>
	<u>4,077,159</u>
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.	5,827,446
Unamortized debt issuance costs, based on an effective interest rate of approximately 4.00%	<u>(20,508)</u>
	<u>5,806,938</u>
Total notes payable - Village on Redwood	<u><u>\$ 9,884,097</u></u>

Village on Shields

Mortgage note payable due to the US Bank National Association with a stated interest rate of 4.79% per annum and an effective interest rate of 3.19%, due in monthly installments of principal and interest of \$89,474 with a maturity date of October 2036 and secured by real property, operating reserve account and assignment of rents of the Partnership.	\$ 17,749,964
Unamortized debt issuance costs, based on an effective interest rate of approximately 4.97%	<u>(508,616)</u>
	17,241,348

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.	579,134
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.	21,198,322
Mortgage notes payable due to Villages, Ltd with a stated and effective interest rate of 2.00% 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>544,091</u>
Total notes payable - Village on Shields	<u><u>\$ 39,562,895</u></u>

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.	\$ 1,748,017
Unamortized debt issuance costs, based on an effective interest rate of approximately 8.14%	<u>(22,950)</u>
	1,725,067
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.	1,223,167
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.	718,382
CDBG mortgage note payable with a stated and effective interest rate of 0.00% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of December 2038 and secured by a mortgage on substantially all assets and an assignment of rent.	219,534
CDBG mortgage note payable with a stated and effective interest rate of 0.00% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of December 2038 and secured by a mortgage on substantially all assets and an assignment of rent.	230,466

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

989,065

Total notes payable - Village on Stanford

\$ 5,105,681

The estimated debt requirements to maturity for the year ending December 31, 2021 are as follows:

Mason Place

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 6,147,416	\$ 178,691	\$ 6,326,107
2023	28,631	189,664	218,295
2024	29,653	188,642	218,295
2025	31,254	187,041	218,295
2026	32,661	185,634	218,295
2027-2031	186,437	905,039	1,091,476
2032-2036	232,143	859,333	1,091,476
2037-2041	1,629,932	525,902	2,155,834
2042-2046	-	472,520	472,520
2047-2051	2,032,165	452,198	2,484,363
2052-2056	-	370,910	370,910
2057-2061	2,658,260	296,728	2,954,988
Unamortized Debt Issuance Costs	<u>(190,197)</u>	<u>-</u>	<u>(190,197)</u>
Total	<u><u>\$ 12,818,355</u></u>	<u><u>\$ 4,812,302</u></u>	<u><u>\$ 17,630,657</u></u>

Redtail Ponds PSH

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 51,833	\$ 150,443	\$ 202,276
2023	53,811	148,466	202,277
2024	55,864	146,413	202,277
2025	57,995	144,282	202,277
2026	60,208	142,069	202,277
2027-2031	337,296	674,086	1,011,382
2032-2036	406,738	604,644	1,011,382
2037-2041	490,476	520,906	1,011,382
2042-2046	3,240,198	276,022	3,516,220
Unamortized Debt Issuance Costs	<u>(87,636)</u>	<u>-</u>	<u>(87,636)</u>
Total	<u><u>\$ 4,666,783</u></u>	<u><u>\$ 2,807,331</u></u>	<u><u>\$ 7,474,114</u></u>

Housing Catalyst
Notes to Financial Statements
December 31, 2021

Village on Elizabeth

	Principal	Interest	Total
2022	\$ 21,106	\$ 194,322	\$ 215,428
2023	22,433	192,995	215,428
2024	23,851	191,577	215,428
2025	25,368	190,060	215,428
2026	841,876	161,689	1,003,565
2027-2031	-	672,600	672,600
2032-2036	-	672,600	672,600
2037-2041	3,367,702	123,310	3,491,012
Unamortized Debt Issuance Costs	(5,704)	-	(5,704)
Total	<u>\$ 4,296,632</u>	<u>\$ 2,399,153</u>	<u>\$ 6,695,785</u>

Village on Horsetooth

	Principal	Interest	Total
2022	\$ 158,207	\$ 355,445	\$ 513,652
2023	216,320	349,964	566,284
2024	221,097	345,187	566,284
2025	227,243	339,041	566,284
2026	232,985	333,299	566,284
2027-2031	1,257,292	1,574,129	2,831,421
2032-2036	1,426,570	1,404,851	2,831,421
2037-2041	4,268,170	780,029	5,048,199
2042-2046	263,160	652,295	915,455
2047-2051	263,160	652,295	915,455
2052-2056	263,160	652,295	915,455
2057-2061	5,079,287	86,973	5,166,260
Unamortized Debt Issuance Costs	(185,983)	-	(185,983)
Total	<u>\$ 13,690,668</u>	<u>\$ 7,525,803</u>	<u>\$ 21,216,471</u>

Housing Catalyst
Notes to Financial Statements
December 31, 2021

Village on Plum

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 136,897	\$ 350,651	\$ 487,548
2023	142,867	344,681	487,548
2024	148,466	339,082	487,548
2025	154,284	333,264	487,548
2026	160,330	327,218	487,548
2027-2031	900,960	1,536,778	2,437,738
2032-2036	3,821,558	1,075,365	4,896,923
2037-2041	-	710,190	710,190
2042-2046	5,077,001	402,441	5,479,442
Unamortized Debt Issuance Costs	<u>(193,944)</u>	<u>-</u>	<u>(193,944)</u>
Total	<u>\$ 10,348,419</u>	<u>\$ 5,419,670</u>	<u>\$ 15,768,089</u>

Village on Redwood

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 47,564	\$ 334,505	\$ 382,069
2023	98,824	332,124	430,948
2024	100,743	330,205	430,948
2025	103,299	327,649	430,948
2026	105,691	325,257	430,948
2027-2031	567,893	1,586,845	2,154,738
2032-2036	2,028,751	1,458,285	3,487,036
2037-2041	244,395	1,165,490	1,409,885
2042-2046	244,395	1,165,490	1,409,885
2047-2051	244,395	1,165,490	1,409,885
2052-2056	6,295,716	1,010,091	7,305,807
Unamortized Debt Issuance Costs	<u>(197,569)</u>	<u>-</u>	<u>(197,569)</u>
Total	<u>\$ 9,884,097</u>	<u>\$ 9,201,431</u>	<u>\$ 19,085,528</u>

Housing Catalyst
Notes to Financial Statements
December 31, 2021

Village on Shields

	Principal	Interest	Total
2022	\$ 228,441	\$ 1,344,515	\$ 1,572,956
2023	250,478	1,333,388	1,583,866
2024	262,320	1,321,546	1,583,866
2025	274,738	1,309,128	1,583,866
2026	287,759	1,296,107	1,583,866
2027-2031	1,657,398	6,261,932	7,919,330
2032-2036	14,951,031	5,723,924	20,674,955
2037-2041	63,627	2,487,241	2,550,868
2042-2046	66,873	2,483,995	2,550,868
2047-2051	70,284	2,480,584	2,550,868
2052-2056	73,869	2,476,999	2,550,868
2057-2061	21,884,693	1,155,421	23,040,114
Unamortized Debt Issuance Costs	(508,616)	-	(508,616)
Total	\$ 39,562,895	\$ 29,674,780	\$ 69,237,675

Village on Stanford

	Principal	Interest	Total
2022	\$ 44,862	\$ 207,543	\$ 252,405
2023	17,479	205,446	222,925
2024	18,526	204,399	222,925
2025	20,451	202,474	222,925
2026	22,140	200,785	222,925
2027-2031	1,654,040	601,095	2,255,135
2032-2036	-	341,305	341,305
2037-2041	3,351,133	136,522	3,487,655
Unamortized Debt Issuance Costs	(22,950)	-	(22,950)
Total	\$ 5,105,681	\$ 2,099,569	\$ 7,205,250

Note 8 - Leases Payable

Housing Catalyst is leasing seven vehicles for the maintenance departments and six copiers for various locations. The lease terms are between four and five years and have total monthly payments of \$3,835. During the year ended December 31, 2021, the following changes occurred in leases payable:

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Leases	\$ 118,525	\$ -	\$ (33,375)	\$ 85,150	\$ 34,564

The lease payment requirements to maturity as of December 31, 2021 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 34,564	\$ 8,882	\$ 43,446
2023	29,516	5,011	34,527
2024	<u>21,070</u>	<u>1,038</u>	<u>22,108</u>
Total	<u>\$ 85,150</u>	<u>\$ 14,931</u>	<u>\$ 100,081</u>

During the year ended December 31, 2021, Housing Catalyst purchased land in Fort Collins, Colorado, for \$1,325,724 and subsequently exchanged the land for a long-term prepaid lease in a commercial office building. The office building is anticipated to be completed in 2023 and the lease term is for 99 years.

Note 9 - Restricted Net Position

As of December 31, 2021, restricted net position consisted of \$139,150 in Section 8 HAP received but not yet paid to eligible individuals.

Note 10 - Annual Contributions Contract

Housing Catalyst has an annual contributions contract for Section 8 HAP and adjustments vary based on requirements. The maximum contract was \$15,348,416 for the year ended December 31, 2021.

Note 11 - Related Party Transactions

Management Fees and Reimbursement of Expenses

Housing Catalyst is a general partner in Mason Place, LLLP, a 60 unit low income housing tax credit project, and provides management services to the project. After the completion of construction, under the management agreement, Housing Catalyst is to be paid management fees totaling 6% of net rental income and accounting fees totaling 4% of net rental income on the project. During the year ended December 31, 2021, Housing Catalyst earned \$66,997 for these fees. As of December 31, 2021, Housing Catalyst was owed \$597 for these fees and that balance is included in accounts receivable. 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, 2021, Housing Catalyst earned \$15,000 for this fee and that balance is included in accounts receivable.

Housing Catalyst is a general partner in Oak 140, LLLP, a 79 unit low income housing tax credit project, and provides management services to the project. After the completion of construction, under the management agreement, Housing Catalyst is to be paid management fees totaling 7% of gross rental income and accounting fees totaling 6% of net rental income on the project. During the year ended December 31, 2021, Housing Catalyst did not receive compensation for management services.

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, 2021, Housing Catalyst earned \$91,139 for these fees. As of December 31, 2021, Housing Catalyst was owed \$1,160 for these fees and that balance is included in accounts receivable.

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, 2021, Housing Catalyst earned \$40,016 in property management fees. As of December 31, 2021, Housing Catalyst was owed \$512 for that fee and that balance is included in accounts receivable.

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, 2021, Housing Catalyst earned \$201,667 for these fees. As of December 31, 2021, Housing Catalyst was owed \$1,259 for these fees and that balance is included in accounts receivable.

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, 2021, Housing Catalyst earned \$125,128 for these fees. As of December 31, 2021, Housing Catalyst was owed \$1,206 for these fees and that balance is included in accounts receivable.

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, 2021, Housing Catalyst earned \$134,988 for these fees. As of December 31, 2021, Housing Catalyst was owed \$790 for these fees and that balance is included in accounts receivable. 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, 2021, Housing Catalyst earned \$16,883 for this fee. As of December 31, 2021, the total accrued balance for this fee is \$73,388 and it is included in accounts receivable.

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, 2021, Housing Catalyst earned \$368,904 for these fees. As of December 31, 2021, Housing Catalyst was owed \$3,461 for these fees and that balance is included in accounts receivable.

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, 2021, Housing Catalyst received \$62,000 in property management fees. As of December 31, 2021, Housing Catalyst was owed \$796 for these fees and that balance is included in accounts receivable.

Housing Catalyst is reimbursed for various office expenses, caretaker payroll and benefits, and other maintenance costs incidental to the operations of Mason Place, Redtail Ponds, VOE, VOH, VOP, VOR, VOSH and VOS. During the year ended December 31, 2021, Housing Catalyst received approximately \$215,715 from Mason Place, \$498,300 from Redtail, \$172,300 from VOE, \$210,700 from VOH, \$287,500 from VOP, \$176,500 from VOR, \$761,500 from VOSH and \$236,300 from VOS for these expenses. As of December 31, 2021, Housing Catalyst was owed \$4,006 from Mason Place, \$7,307 from Redtail, \$2,783 from VOE, \$4,112 from VOH, \$3,799 from VOP, \$4,674 from VOR, \$17,357 from VOSH and \$6,983 from VOS for these fees and expenses and those balances are included in accounts receivable.

Developer Fees

As of December 31, 2021, Housing Catalyst was owed \$1,225,808, \$501,045, \$298,231, \$274,081, \$4,358,642 and \$781,679 in developer fees from Mason Place, LLLP, Village on Horsetooth, LLLP, Village on Plum, LLLP, Village on Redwood, LLLP, Village on Shields, LLLP and Swallow Road Apartments, LLLP (Swallow Road), respectively, related to the construction and development of the projects. Of these amounts, the Authority expects to receive \$499,193 from Mason Place, \$34,235 from VOH, \$13,588 from VOP, \$14,028 from VOR, \$459,012 from VOSH and \$781,679 from Swallow Road during 2022. The remaining balances of \$726,615, \$466,810, \$284,643, \$260,053 and \$3,899,630, respectively, will be paid to Housing Catalyst from future available cash flows of the projects. In addition, Housing Catalyst was owed accrued interest of \$19,721, \$25,511 and \$8,291 from VOH, VOP and VOR, respectively, as of December 31, 2021.

Notes Receivable

As of December 31, 2021, Housing Catalyst was owed \$3,490,425 on four notes receivable from Mason Place with a stated interest rates ranging from 1.00% per annum to 5.00% per annum (see Note 5). Interest income from Mason Place for the year ended December 31, 2021, was \$88,010.

As of December 31, 2021, Housing Catalyst was owed \$23,584,073 on two notes receivable from Oak 140 with a stated interest rates ranging from 0.875% per annum to 2.25% per annum (see Note 5). Interest income from Oak 140 for the year ended December 31, 2021, was \$153,247.

As of December 31, 2021, Housing Catalyst and Villages were owed \$2,734,149 on three notes receivable from Redtail Ponds PSH with stated interest rates ranging from 2.50% per annum to 4.00% per annum (see Note 5). Interest income from Redtail Ponds for the year ended December 31, 2021, was \$75,568.

As of December 31, 2021, Housing Catalyst was owed \$3,367,702 on various notes receivable from VOE with interest rates ranging from 3.50% per annum to 5.31% per annum (see Note 5). Interest income from VOE for the year ended December 31, 2021, was \$129,160.

As of December 31, 2021, Housing Catalyst was owed \$4,868,776 on three notes receivable from VOH with stated interest rates of 2.68% per annum (see Note 5). Interest income from VOH for the year ended December 31, 2021, was \$127,077.

As of December 31, 2021, Villages was owed \$5,077,001 on two notes receivable from VOP with stated interest rates of 3.50% per annum (see Note 5). Interest income from VOP for the year ended December 31, 2021, was \$142,038.

As of December 31, 2021, Housing Catalyst was owed \$5,827,446 on three notes receivable from VOR with stated interest rates of 4.00% per annum (see Note 5). Interest income from VOR for the year ended December 31, 2021, was \$224,133.

As of December 31, 2021, Housing Catalyst and Villages was owed \$21,742,413 on six notes receivable from VOSH with stated interest rates ranging from 2.00% to 2.60% per annum (see Note 5). Interest income from VOSH for the year ended December 31, 2021, was \$482,794.

As of December 31, 2021, Housing Catalyst and Villages were owed \$1,941,549 on three notes receivable from VOS with stated interest rates of 3.57% per annum (see Note 5). In addition, Housing Catalyst was owed accrued interest of \$69,313 from VOS. Interest income from VOS for the year ended December 31, 2021, was \$69,313.

Investment in Tax Credit Partnerships

Housing Catalyst is the managing general partner in Mason Place, Oak 140, Redtail Ponds, VOE, VOH, VOP, VOR, VOSH and VOS 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 \$147,735 as of December 31, 2021.

Note 12 - Management Services

As mentioned in Note 10, Housing Catalyst provides management services for Mason Place, LLLP, Redtail Ponds PSH, LLLP, Village on Elizabeth, LLLP, Village on Horsetooth, LLLP, Village on Plum, LLLP, Village on Redwood, LLLP, Village on Shields, LLLP and Village on Stanford, LLLP. In addition, Housing Catalyst provides management services for The Villages, Ltd. (Villages), the Wellington Housing Authority (WHA) and Wellington Community Housing (SCH). The Villages, WHA and WCH pay for all direct charges and then reimburse Housing Catalyst through a management fee agreement for the salaries, employee benefits, and other overhead items. Housing Catalyst will also provide management services for Oak 140, LLLP once construction is complete and the property begins operations.

Note 13 - 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 14 - Pension Plan

Beginning on January 1, 2019, Housing Catalyst provides eligible employees with a 401a deferred compensation retirement plan, a type of defined contribution plan. The plan and the contributions rate 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 4.5% of earnings for 2019 and of 6.2% for 2020 and beyond and the employer contributes 10% of each employee's earnings, including overtime and bonuses. Contributions are made to and maintained by the plan administrator, ICMA-RC, which maintains an individual account for each participant. Employees are vested in their account by years of service, 33% (year 1), 66% (year 2), 99% (year 3) and 100% (year 4) and are eligible for plan benefits at retirement, which is defined as reaching age 62 and no longer being employed with Housing Catalyst. For the years ended December 31, 2021 and 2020, the total employer cost of the plan totaled \$549,551 and \$464,529, respectively. Prior to 2019, Housing Catalyst provided eligible employees with a 457 deferred compensation retirement plan. For the year ended December 31, 2019, the employer cost of the plan totaled \$334,085.

Note 15 - Line of Credit

Housing Catalyst and Villages have unsecured lines of credit with a total available balance of \$2,000,000 and \$1,000,000, respectively, with FirstBank of Northern Colorado. The lines expire on September 23, 2022 and July 19, 2022, respectively, and interest on the line of credit is variable based on the Wall Street Journal Prime Rate plus 0.75% with a minimum rate of 4.00% per annum for both lines. The funds from the lines are designated for the temporary financing of Housing Development projects. As of December 31, 2021, there was no outstanding balance due on the lines of credit.

Note 16 - 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. During the year ended December 31, 2021, Neighbor to Neighbor paid the debt in full.

In November of 2020, Housing Catalyst issued private activity bonds in the amount of \$6,500,000 to Meadows Townhomes LIHTC, LLLP, for the rehabilitation of Meadows Townhomes. The debt has a final maturity date of October 1, 2022 and is secured by real estate. Housing Catalyst in no way guarantees the debt or has any liability for the debt. Accordingly, the debt is not reported as liabilities in Housing Catalyst's financial statements. Meadows Townhomes paid Housing Catalyst an issuance fee for issuing the bonds. As of December 31, 2021, the outstanding balance of the debt was \$6,500,000.

Note 17 - CDBG and HOME Grants

Housing Catalyst received CDBG and HOME grant funds from the City of Fort Collins (City) for the payment of development costs for the Mason Place construction and Village on Myrtle (Myrtle) rehabilitation projects. The Mason Place grant funds were loaned to the partnership with a maturity date of 2050 and the Myrtle grant was funded directly to Villages. The 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 grant funds through the restricted period. During the year ended December 31, 2021, Housing Catalyst had total CDBG grant income of \$58,107 and HOME grant income of \$54,227.

Note 18 - 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 19 - Subsequent Events

In March of 2022, Housing Catalyst was approved to transition to HUD's Moving to Work (MTW) program under the Landlord Incentive cohort. The transition to MTW will allow Housing Catalyst flexibility with HUD funding and the ability to explore new programs to assist the community. The transition will not directly impact the overall HUD funding received by Housing Catalyst.

In April of 2022, Housing Catalyst issued private activity bonds in the amount of \$12,000,000 to MHMP 16 Northfield, LLLP, for the construction of Northfield Commons in Fort Collins, Colorado. The debt has a final maturity date of April 23, 2039 and is secured by real estate. Housing Catalyst will not guarantee the debt or have any liability for the debt. Accordingly, the debt will not be reported as a liability in Housing Catalyst's financial statements. MHMP 16 Northfield paid Housing Catalyst an issuance fee for issuing the bonds.

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Housing Catalyst
Combining Schedule of Net Position
December 31, 2021

	Public Housing	Housing Choice Vouchers	Mainstream Vouchers	Emergency Housing Vouchers	Blended Component Units	State and Local
Assets and Deferred Outflows						
Cash and cash equivalents	\$ 969,907	\$ 440,195	\$ -	\$ 91,511	\$ 10,156,237	\$ 2,930
Restricted cash and cash equivalents	16,723	199,702	-	38,977	93,605	-
Accounts receivable						
Grants	-	6,102	46,220	-	287	-
Tenants	6,307	-	-	-	20,096	-
Developer fees, current	-	-	-	-	-	-
Other	-	2,729	-	-	1,426	-
Accrued interest	-	-	-	-	43,575	-
Lease receivable - current	-	-	-	-	-	-
Notes receivable - current	-	-	-	-	10,908	-
Prepaid expenses	-	-	-	-	66	-
Inventory	-	-	-	-	-	-
Due from other funds	7,237	2,553	-	-	-	-
Total current assets	<u>1,000,174</u>	<u>651,281</u>	<u>46,220</u>	<u>130,488</u>	<u>10,326,200</u>	<u>2,930</u>
Non-depreciable capital assets	2,199,946	-	-	-	1,561,518	-
Depreciable capital assets, net	534,653	-	-	-	2,848,268	-
Leased capital assets, net	-	-	-	-	-	-
Developer fees receivable, long-term	-	-	-	-	-	-
Lease receivable, net	-	-	-	-	-	-
Notes receivable, net	-	-	-	-	8,175,836	-
Prepaid long-term lease	-	-	-	-	-	-
Investment in tax credit partnerships	-	-	-	-	-	-
Investment in future developments	-	-	-	-	-	-
Total Assets	<u>3,734,773</u>	<u>651,281</u>	<u>46,220</u>	<u>130,488</u>	<u>22,911,822</u>	<u>2,930</u>
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows	<u>\$ 3,734,773</u>	<u>\$ 651,281</u>	<u>\$ 46,220</u>	<u>\$ 130,488</u>	<u>\$ 22,911,822</u>	<u>\$ 2,930</u>
Liabilities, Deferred Inflows and Net Position						
Liabilities						
Accounts payable	\$ 31,586	\$ 1,664	\$ -	\$ -	\$ 20,532	\$ -
Accrued liabilities	15,543	21,606	6,347	1,974	47,079	-
Accrued compensation	8,803	82,543	3,653	291	-	-
Accrued interest payable	-	-	-	-	-	-
Unearned revenues	3,116	-	-	38,977	51,707	-
Due to other funds	-	-	13,005	-	2,268	-
Due to other agencies	-	-	-	-	-	-
Tenant security deposits	14,021	-	-	-	83,875	-
Money held in escrow	2,702	199,702	-	-	5,554	-
Leases payable - current	-	-	-	-	-	-
Notes and mortgages payable - current	-	-	-	-	-	-
Total current liabilities	<u>75,771</u>	<u>305,515</u>	<u>23,005</u>	<u>41,242</u>	<u>211,015</u>	<u>-</u>
Leases payable, net	-	-	-	-	-	-
Notes and mortgages payable, net	-	-	-	-	-	-
Total Liabilities	<u>75,771</u>	<u>305,515</u>	<u>23,005</u>	<u>41,242</u>	<u>211,015</u>	<u>-</u>
Deferred Inflows of Resources	-	-	-	-	-	-
Net Position						
Net investment in capital assets	2,734,599	-	-	-	4,409,786	-
Restricted - housing assistance payments	-	-	-	69,028	25,055	-
Unrestricted	924,403	345,766	23,215	20,218	18,265,966	2,930
Total Net Position, as Restated	<u>3,659,002</u>	<u>345,766</u>	<u>23,215</u>	<u>89,246</u>	<u>22,700,807</u>	<u>2,930</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 3,734,773</u>	<u>\$ 651,281</u>	<u>\$ 46,220</u>	<u>\$ 130,488</u>	<u>\$ 22,911,822</u>	<u>\$ 2,930</u>

Housing Catalyst
Combining Schedule of Net Position
December 31, 2021

Housing Development	Management	HUD Grant	Section 8 SRO	COCC	Subtotal	Elimination of Intercompany Activity	Total
\$ 4,434,538	\$ 1,384,772	\$ -	\$ 45,067	\$ -	\$ 17,525,157	\$ -	\$ 17,525,157
-	114,188	-	-	-	463,195	-	463,195
-	48,028	-	-	-	100,637	-	100,637
-	-	-	-	-	26,403	-	26,403
1,801,735	-	-	-	-	1,801,735	-	1,801,735
124,778	237,409	-	-	-	366,342	-	366,342
97,189	155,556	-	-	-	296,320	-	296,320
15,661	-	-	-	-	15,661	-	15,661
18,573	98,255	-	-	-	127,736	-	127,736
-	34,174	-	-	-	34,240	-	34,240
-	70,413	-	-	-	70,413	-	70,413
-	11,685	-	-	-	21,475	(21,475)	-
6,492,474	2,154,480	-	45,067	-	20,849,314	(21,475)	20,827,839
660,000	39,500	-	-	-	4,460,964	-	4,460,964
-	306,149	-	-	-	3,689,070	-	3,689,070
-	74,091	-	-	-	74,091	-	74,091
5,637,751	-	-	-	-	5,637,751	-	5,637,751
38,230	-	-	-	-	38,230	-	38,230
45,985,841	19,716,745	-	-	-	73,878,422	(99,750)	73,778,672
1,325,724	-	-	-	-	1,325,724	-	1,325,724
147,735	-	-	-	-	147,735	-	147,735
-	-	-	-	-	-	-	-
60,287,755	22,290,965	-	45,067	-	110,101,301	(121,225)	109,980,076
-	-	-	-	-	-	-	-
<u>\$ 60,287,755</u>	<u>\$ 22,290,965</u>	<u>\$ -</u>	<u>\$ 45,067</u>	<u>\$ -</u>	<u>\$ 110,101,301</u>	<u>\$ (121,225)</u>	<u>\$ 109,980,076</u>
\$ 3,353	\$ 21,738	\$ -	\$ -	\$ -	\$ 78,873	\$ -	\$ 78,873
4,500	119,493	-	-	-	216,542	-	216,542
63,593	455,333	-	-	-	614,216	-	614,216
1,360	11,438	-	-	-	12,798	-	12,798
-	119,109	-	-	-	212,909	-	212,909
6,202	-	-	-	-	21,475	(21,475)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	97,896	-	97,896
-	3,853	-	-	-	211,811	-	211,811
-	34,564	-	-	-	34,564	-	34,564
32,677	153,900	-	-	-	186,577	-	186,577
111,685	919,428	-	-	-	1,687,661	(21,475)	1,666,186
-	50,586	-	-	-	50,586	-	50,586
512,429	20,015,667	-	-	-	20,528,096	(99,750)	20,428,346
624,114	20,985,681	-	-	-	22,266,343	(121,225)	22,145,118
52,842	-	-	-	-	52,842	-	52,842
114,894	(8,918)	-	-	-	7,250,361	-	7,250,361
-	-	-	45,067	-	139,150	-	139,150
59,495,905	1,314,202	-	-	-	80,392,605	-	80,392,605
59,610,799	1,305,284	-	45,067	-	87,782,116	-	87,782,116
<u>\$ 60,287,755</u>	<u>\$ 22,290,965</u>	<u>\$ -</u>	<u>\$ 45,067</u>	<u>\$ -</u>	<u>\$ 110,101,301</u>	<u>\$ (121,225)</u>	<u>\$ 109,980,076</u>

Housing Catalyst

Combining Schedule of Revenues, Expenses and Changes in Net Position

Year Ended December 31, 2021

	Public Housing	Housing Choice Vouchers	Mainstream Vouchers	Emergency Housing Vouchers	Blended Component Units	State and Local
Operating Revenues						
HUD PHA grants	\$ 326,267	\$ 12,266,603	\$ 1,266,013	\$ 145,712	\$ 1,021,276	\$ -
Other grants	-	-	-	-	500,000	-
Rental income	232,457	-	-	-	2,264,961	-
Administration fees	-	-	-	-	-	-
Developer fees	-	-	-	-	-	-
Other	49,201	21,368	-	-	81,585	-
Total Operating Revenues	607,925	12,287,971	1,266,013	145,712	3,867,822	-
Operating Expenses						
Housing assistance payments	-	11,909,365	1,171,481	47,715	896,005	-
Administrative salaries and benefits	88,091	575,330	59,314	2,659	239,343	-
Maintenance salaries and benefits	1,599	-	-	-	20,147	-
Other administrative	222,557	518,161	48,851	6,097	611,185	-
Regular and extraordinary maintenance	247,066	-	-	-	592,199	-
Depreciation and amortization	50,420	-	-	-	424,518	-
Utilities	72,081	-	-	-	179,278	-
Insurance	39,415	-	-	-	86,558	-
Payments in lieu of taxes	15,543	-	-	-	-	-
Other	8,608	-	-	-	55,680	-
Total Operating Expenses	745,380	13,002,856	1,279,646	56,471	3,104,913	-
Operating Income (Loss)	(137,455)	(714,885)	(13,633)	89,241	762,909	-
Non-Operating Revenues (Expenses)						
Interest income	245	291	28	5	234,530	1
Interest expense	-	-	-	-	(60)	-
Other financing costs	-	-	-	-	-	-
Gain on sale of capital assets	-	-	-	-	3,900,231	-
Total Non-Operating Revenues (Expenses)	245	291	28	5	4,134,701	1
Income (Loss) Before Contributions	(137,210)	(714,594)	(13,605)	89,246	4,897,610	1
HUD Capital Contributions	177,887	-	-	-	-	-
Change in Net Position	40,677	(714,594)	(13,605)	89,246	4,897,610	1
Net Position-Beginning of Year, as Restated	3,618,325	1,060,360	36,820	-	17,803,197	2,929
Net Position-End of Year	\$ 3,659,002	\$ 345,766	\$ 23,215	\$ 89,246	\$ 22,700,807	\$ 2,930

Housing Catalyst

Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2021

Housing Development	Management	HUD Grant	Section 8 SRO	COCC	Subtotal	Elimination of Intercompany Activity	Total
\$ -	\$ 282,904	\$ 223,260	\$ -	\$ -	\$ 15,532,035	\$ -	\$ 15,532,035
4,524,545	128,712	-	-	-	5,153,257	-	5,153,257
-	-	-	-	-	2,497,418	-	2,497,418
-	885,281	-	-	3,966,955	4,852,236	(2,093,158)	2,759,078
1,535,760	-	-	-	-	1,535,760	-	1,535,760
195,367	259,414	-	-	7,088	614,023	-	614,023
<u>6,255,672</u>	<u>1,556,311</u>	<u>223,260</u>	<u>-</u>	<u>3,974,043</u>	<u>30,184,729</u>	<u>(2,093,158)</u>	<u>28,091,571</u>
-	-	-	-	-	14,024,566	-	14,024,566
765,109	343,910	223,260	-	2,694,267	4,991,283	-	4,991,283
18,476	595,331	-	-	325,696	961,249	-	961,249
565,768	253,268	-	-	856,550	3,082,437	(1,870,130)	1,212,307
6,482	63,076	-	-	37,395	946,218	(223,028)	723,190
-	92,692	-	-	8,694	576,324	-	576,324
1,985	-	-	-	10,216	263,560	-	263,560
4,853	19,880	-	-	40,600	191,306	-	191,306
-	-	-	-	-	15,543	-	15,543
55,842	282,904	-	-	-	403,034	-	403,034
<u>1,418,515</u>	<u>1,651,061</u>	<u>223,260</u>	<u>-</u>	<u>3,973,418</u>	<u>25,455,520</u>	<u>(2,093,158)</u>	<u>23,362,362</u>
<u>4,837,157</u>	<u>(94,750)</u>	<u>-</u>	<u>-</u>	<u>625</u>	<u>4,729,209</u>	<u>-</u>	<u>4,729,209</u>
1,188,301	156,058	-	6	-	1,579,465	-	1,579,465
(23,000)	(180,487)	-	-	(625)	(204,172)	-	(204,172)
(851)	-	-	-	-	(851)	-	(851)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,900,231</u>	<u>-</u>	<u>3,900,231</u>
<u>1,164,450</u>	<u>(24,429)</u>	<u>-</u>	<u>6</u>	<u>(625)</u>	<u>5,274,673</u>	<u>-</u>	<u>5,274,673</u>
6,001,607	(119,179)	-	6	-	10,003,882	-	10,003,882
-	-	-	-	-	177,887	-	177,887
6,001,607	(119,179)	-	6	-	10,181,769	-	10,181,769
<u>53,609,192</u>	<u>1,424,463</u>	<u>-</u>	<u>45,061</u>	<u>-</u>	<u>77,600,347</u>	<u>-</u>	<u>77,600,347</u>
<u>\$ 59,610,799</u>	<u>\$ 1,305,284</u>	<u>\$ -</u>	<u>\$ 45,067</u>	<u>\$ -</u>	<u>\$ 87,782,116</u>	<u>\$ -</u>	<u>\$ 87,782,116</u>

Housing Catalyst

Combining Schedule of Net Position - Blended Component Units
December 31, 2021

	Larimer County Housing Authority	Villages, Ltd	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 26,733	\$ 10,129,504	\$ 10,156,237
Restricted cash and cash equivalents	9,730	83,875	93,605
Accounts receivable			
Grants	287	-	287
Tenants	-	20,096	20,096
Other	1,104	322	1,426
Accrued interest	-	43,575	43,575
Notes receivable - current	-	10,908	10,908
Prepaid expenses	-	66	66
Total Current Assets	37,854	10,288,346	10,326,200
Capital Assets			
Non-depreciable	-	1,561,518	1,561,518
Depreciable, net	-	2,848,268	2,848,268
Total Capital Assets, Net	-	4,409,786	4,409,786
Notes receivable, net	-	8,175,836	8,175,836
Total Noncurrent Assets	-	12,585,622	12,585,622
Total Assets	\$ 37,854	\$ 22,873,968	\$ 22,911,822
Liabilities and Net Position			
Current Liabilities			
Accounts payable	\$ -	\$ 20,532	\$ 20,532
Accrued liabilities	7,115	39,964	47,079
Unearned revenues	-	51,707	51,707
Due to other funds	-	2,268	2,268
Tenant security deposits payable	-	83,875	83,875
Money held in escrow	5,554	-	5,554
Total Current Liabilities	12,669	198,346	211,015
Total Liabilities	12,669	198,346	211,015
Net Position			
Net investment in capital assets	-	4,409,786	4,409,786
Restricted - housing assistance payments	25,055	-	25,055
Unrestricted	130	18,265,836	18,265,966
Total Net Position	25,185	22,675,622	22,700,807
Total Liabilities and Net Position	\$ 37,854	\$ 22,873,968	\$ 22,911,822

Housing Catalyst

Combining Schedule of Revenues, Expenses and Changes in Net Position - Blended Component Units
Year Ended December 31, 2021

	Larimer County Housing Authority	Villages, Ltd	Total
Operating Revenues			
HUD PHA grants	\$ 1,021,276	\$ -	\$ 1,021,276
Other grants	-	500,000	500,000
Rental income	-	2,264,961	2,264,961
Other	549	81,036	81,585
Total Operating Revenues	1,021,825	2,845,997	3,867,822
Operating Expenses			
Housing assistance payments	896,005	-	896,005
Administrative salaries and benefits	54,311	185,032	239,343
Maintenance salaries and benefits	-	20,147	20,147
Other administrative	54,563	556,622	611,185
Regular and extraordinary maintenance	-	592,199	592,199
Depreciation and amortization	-	424,518	424,518
Utilities	-	179,278	179,278
Insurance	-	86,558	86,558
Other	-	55,680	55,680
Total Operating Expenses	1,004,879	2,100,034	3,104,913
Operating Income (Loss)	16,946	745,963	762,909
Non-Operating Revenues (Expenses)			
Interest income	-	234,530	234,530
Interest expense	-	(60)	(60)
Gain of sale of capital assets	-	3,900,231	3,900,231
Total Non-Operating Revenues (Expenses)	-	4,134,701	4,134,701
Change in Net Position	16,946	4,880,664	4,897,610
Net Position, Beginning of the Year, as Restated	8,239	17,794,958	17,803,197
Net Position, End of the Year	<u>\$ 25,185</u>	<u>\$ 22,675,622</u>	<u>\$ 22,700,807</u>

Housing Catalyst

Fort Collins, Colorado

Statistical Section:

Financial Trends

Revenue Capacity

Debt Capacity

Demographic and Economic Information

Operation Information



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

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>
2012	\$ 11,135,254	\$ 830,743	\$ 10,598,006	\$ 22,564,003
2013	10,911,282	124,601	11,049,361	22,085,244
2014	7,271,939	165,676	19,127,842	26,565,457
2015	7,618,140	166,313	21,747,242	29,531,695
2016	7,173,493	153,278	24,265,680	31,592,451
2017	9,271,815	94,058	41,339,629	50,705,502
2018	7,404,055	114,697	60,132,359	67,651,111
2019	6,695,367	285,791	66,623,629	73,604,787
2020	8,043,902	823,844	68,732,601	77,600,347
2021	7,250,361	139,150	80,392,605	87,782,116

Source: Previous years' audits and current year financial statements

Note: Villages (Blended Component Unit) added to add years for comparability

Housing Catalyst

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

	2012	2013	2014	2015
<i>Operating Revenue:</i>				
Intergovernmental revenues	\$ 10,264,791	\$ 10,089,671	\$ 10,684,674	\$ 11,595,136
Net tenant revenue	2,887,517	6,257,062	6,589,029	5,483,156
Other revenues	1,639,780	1,556,377	1,870,414	4,010,501
	<u>14,792,088</u>	<u>17,903,110</u>	<u>19,144,117</u>	<u>21,088,793</u>
<i>Operating Expenses:</i>				
Administrative	3,560,096	3,941,071	4,140,172	4,446,537
Utilities	443,905	669,370	608,836	486,827
Ordinary maintenance and operating	1,699,357	2,486,579	2,386,274	2,129,092
General expenses	129,538	306,730	354,697	601,520
Depreciation and amortization	911,776	1,791,880	1,765,212	1,451,766
Housing assistance payments	7,911,438	8,335,325	8,319,806	8,722,655
	<u>14,656,110</u>	<u>17,530,955</u>	<u>17,574,997</u>	<u>17,838,397</u>
<i>Operating Income (Loss)</i>	135,978	372,155	1,569,120	3,250,396
<i>Nonoperating Revenue (Expenses):</i>				
Investment revenue	194,684	225,143	280,773	434,087
Interest expense	(389,687)	(1,251,724)	(1,051,184)	(832,614)
Other revenue	-	-	3,423,994	(4,582)
Other financing costs	(238,995)	(19,832)	(541)	-
	<u>(433,998)</u>	<u>(1,046,413)</u>	<u>2,653,042</u>	<u>(403,109)</u>
<i>Income (Loss) before Capital Contribution</i>	(298,020)	(674,258)	4,222,162	2,847,287
Capital grants	321,524	195,499	258,051	118,951
Change in net position	23,504	(478,759)	4,480,213	2,966,238
<i>Net Position, Beginning of the Year</i>	<u>22,540,499</u>	<u>22,564,003</u>	<u>22,085,244</u>	<u>26,565,457</u>
<i>Net Position, End of the Year</i>	<u>\$ 22,564,003</u>	<u>\$ 22,085,244</u>	<u>\$ 26,565,457</u>	<u>\$ 29,531,695</u>

Source: Previous years' audits and current year financial statements

Note: Villages (Blended Component Unit) added to add years for comparability

Housing Catalyst

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

2016	2017	2018	2019	2020	2021
\$ 13,165,946	\$ 14,490,955	\$ 12,611,505	\$ 14,546,760	\$ 16,504,807	\$ 20,685,292
5,491,850	4,643,450	3,070,311	2,795,340	2,775,494	2,497,418
2,037,185	4,065,170	12,328,561	4,575,558	4,548,140	4,908,861
<u>20,694,981</u>	<u>23,199,575</u>	<u>28,010,377</u>	<u>21,917,658</u>	<u>23,828,441</u>	<u>28,091,571</u>
4,642,560	4,564,853	4,576,933	4,874,101	5,861,588	6,203,590
500,311	491,164	325,374	275,003	281,787	263,560
2,385,322	2,144,447	1,718,640	1,722,432	1,659,259	1,684,439
636,297	667,666	534,757	566,657	615,995	609,883
1,533,348	1,305,347	768,308	716,839	660,489	576,324
9,175,020	9,337,277	10,367,104	11,223,214	12,279,216	14,024,566
<u>18,872,858</u>	<u>18,510,754</u>	<u>18,291,116</u>	<u>19,378,246</u>	<u>21,358,334</u>	<u>23,362,362</u>
1,822,123	4,688,821	9,719,261	2,539,412	2,470,107	4,729,209
638,318	725,724	1,225,758	1,465,607	1,457,131	1,579,465
(832,056)	(630,935)	(226,555)	(182,980)	(100,103)	(204,172)
476,252	13,720,482	6,096,457	1,981,406	-	3,900,231
(52,771)	(48,771)	(19,032)	(7,500)	(1,000)	(851)
<u>229,743</u>	<u>13,766,500</u>	<u>7,076,628</u>	<u>3,256,533</u>	<u>1,356,028</u>	<u>5,274,673</u>
2,051,866	18,455,321	16,795,889	5,795,945	3,826,135	10,003,882
8,890	657,730	149,720	157,731	169,425	177,887
2,060,756	19,113,051	16,945,609	5,953,676	3,995,560	10,181,769
<u>29,531,695</u>	<u>31,592,451</u>	<u>50,705,502</u>	<u>67,651,111</u>	<u>73,604,787</u>	<u>77,600,347</u>
<u>\$ 31,592,451</u>	<u>\$ 50,705,502</u>	<u>\$ 67,651,111</u>	<u>\$ 73,604,787</u>	<u>\$ 77,600,347</u>	<u>\$ 87,782,116</u>

Housing CatalystTable 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	
2012	\$ 2,887,517	19.52%	\$ 10,264,791	69.39%	\$ 1,639,780	11.09%	\$ 14,792,088
2013	6,257,062	34.95%	10,089,671	56.36%	1,556,377	8.69%	17,903,110
2014	6,589,029	34.42%	10,684,674	55.81%	1,870,414	9.77%	19,144,117
2015	5,483,156	26.00%	11,595,136	54.99%	4,010,501	19.02%	21,088,793
2016	5,491,850	26.54%	13,165,946	63.62%	2,037,185	9.84%	20,694,981
2017	4,643,450	20.02%	14,490,955	62.47%	4,065,170	17.52%	23,199,575
2018	3,070,311	10.96%	12,611,505	45.02%	12,328,561	44.02%	28,010,377
2019	2,795,340	12.75%	14,546,760	66.37%	4,575,558	20.88%	21,917,658
2020	2,775,494	11.65%	16,504,807	69.27%	4,548,140	19.09%	23,828,441
2021	2,497,418	8.89%	20,685,292	73.64%	4,908,861	17.47%	28,091,571

Source: Previous years' audits and current year financial statements

Note: Villages (Blended Component Unit) added to add years for comparability

Housing CatalystTable 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	
2012	\$ -	0.00%	\$ 194,684	100.00%	\$ -	0.00%	\$ 194,684
2013	-	0.00%	225,143	100.00%	-	0.00%	225,143
2014	-	0.00%	280,773	7.58%	3,423,994	92.42%	3,704,767
2015	-	0.00%	434,087	101.07%	(4,582)	-1.07%	429,505
2016	-	0.00%	638,318	57.27%	476,252	42.73%	1,114,570
2017	-	0.00%	725,724	5.02%	13,720,482	94.98%	14,446,206
2018	-	0.00%	1,225,758	16.74%	6,096,457	83.26%	7,322,215
2019	-	0.00%	1,465,607	42.52%	1,981,406	57.48%	3,447,013
2020	-	0.00%	1,457,131	100.00%	-	0.00%	1,457,131
2021	-	0.00%	1,579,465	28.82%	3,900,231	71.18%	5,479,696

Source: Previous years' audits and current year financial statements

Note: Villages (Blended Component Unit) added to add years for comparability

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenue	\$ 15,308,296	\$ 18,323,752	\$ 19,682,941	\$ 21,641,831
Expenses (excluding depreciation)	<u>(14,373,016)</u>	<u>(17,010,631)</u>	<u>(16,861,510)</u>	<u>(17,219,245)</u>
Revenue Available for debt service	<u>\$ 935,280</u>	<u>\$ 1,313,121</u>	<u>\$ 2,821,431</u>	<u>\$ 4,422,586</u>
Debt Service Requirements:				
Principal	\$ 380,458	\$ 477,046	\$ 533,205	\$ 461,236
Interest	<u>379,625</u>	<u>1,226,232</u>	<u>1,038,968</u>	<u>821,249</u>
Total	<u>\$ 760,083</u>	<u>\$ 1,703,278</u>	<u>\$ 1,572,173</u>	<u>\$ 1,282,485</u>
Debt Service Coverage Ratio	1.23	0.77	1.79	3.45

Source: Previous years' audits and current year financial statements

Note: Villages (Blended Component Unit) added to add years for comparability

Housing Catalyst

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

2016	2017	2018	2019	2020	2021
\$ 21,342,189 <u>(18,224,337)</u>	\$ 24,583,029 <u>(17,885,113)</u>	\$ 29,385,855 <u>(17,768,395)</u>	\$ 23,540,996 <u>(18,851,887)</u>	\$ 25,454,997 <u>(20,798,948)</u>	\$ 29,848,923 <u>(22,991,061)</u>
<u>\$ 3,117,852</u>	<u>\$ 6,697,916</u>	<u>\$ 11,617,460</u>	<u>\$ 4,689,109</u>	<u>\$ 4,656,049</u>	<u>\$ 6,857,862</u>
\$ 966,599 <u>799,139</u>	\$ 2,225,331 <u>759,760</u>	\$ 412,919 <u>75,507</u>	\$ 476,292 <u>205,340</u>	\$ 418,462 <u>66,721</u>	\$ 113,951 <u>34,857</u>
<u>\$ 1,765,738</u>	<u>\$ 2,985,091</u>	<u>\$ 488,426</u>	<u>\$ 681,632</u>	<u>\$ 485,183</u>	<u>\$ 148,808</u>
1.77	2.24	23.79	6.88	9.60	46.09

Housing Catalyst

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

<u>Fiscal Year</u>	<u>Short-Term Debt</u>	<u>Long-Term Debt</u>	<u>Total Debt</u>	<u>Capital Assets</u>	<u>Ratio of Total Debt to Capital Assets</u>
2012	\$ 477,047	\$ 32,390,850	\$ 32,867,897	\$ 43,607,248	75.37%
2013	533,205	31,885,418	32,418,623	42,965,290	75.45%
2014	461,236	25,738,657	26,199,893	33,371,171	78.51%
2015	2,792,187	23,458,254	26,250,441	33,268,074	78.91%
2016	2,225,331	22,251,836	24,477,167	31,592,013	77.48%
2017	412,918	2,124,459	2,537,377	11,773,139	21.55%
2018	476,292	5,199,178	5,675,470	13,067,186	43.43%
2019	448,492	2,037,452	2,485,944	9,177,356	27.09%
2020	147,326	984,824	1,132,150	9,166,872	12.35%
2021	221,141	20,478,932	20,700,073	8,224,125	251.70%

Source: Previous years' audits and current year financial statements

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

Note: Villages (Blended Component Unit) added to add years for comparability

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 Housing Catalyst</u>	<u>Fort Collins & Larimer County Unemployment Rate</u>
2012	148,700	2,430	6.4%
2013	151,330	2,446	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	2.2%
2018	171,100	2,847	2.8%
2019	172,653	2,828	2.0%
2020	174,871	2,755	6.4%
2021	172,321	3,188	3.0%

Note: 2021 unemployment rate is based on the Fort Collins / Loveland regional area. This table includes all Housing Catalyst housing programs.

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

Note: Resident data does not include Villages due to insufficient demographic records.

Housing Catalyst

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

	2020 (1)		
	Employees	Rank	Percentage of Total City Employment
Colorado State University	7,800	1	7.9%
UC Health: Poudre Valley Hospital	5,600	2	5.6%
Poudre R-1 School District	4,000	3	4.0%
Larimer County	2,040	4	2.1%
City of Fort Collins	2,030	5	2.0%
Woodward	1,300	6	1.3%
Broadcom (Avago)	1,260	7	1.3%
Department of Agriculture	1,120	8	1.1%
Dillon Companies Inc (King Soopers)	870	9	0.9%
Otter Products, LLC	820	10	0.8%
Total	26,840		27.1%
	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 Annual Comprehensive Financial Report, FY 12/31/2020

(1) Current year data is unavailable at the time of the preparation of the Annual Comprehensive Financial Report.

* 2010 data not available

Housing CatalystTable 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
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
2019	73	89	20	182
2020	66	92	17	175
2021	56	84	19	159

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
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
2019	951	1,255	440	2,646
2020	859	1,244	477	2,580
2021	1,033	1,488	508	3,029

Source: Housing Catalyst tenant records.

Note: Does not include Villages due to insufficient demographic records.

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
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
2019	85	81	9	7	-	182
2020	79	81	8	7	-	175
2021	68	78	7	6	-	159

Housing Choice Voucher Program						
Fiscal Year	Caucasian	Latino	African American	Native American	Other	Total
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
2019	1,556	819	155	58	58	2,646
2020	1,453	834	160	74	59	2,580
2021	1,594	1,003	242	104	86	3,029

Source: Housing Catalyst tenant records.

Note: Does not include Villages due to insufficient demographic records.

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>Emergency Housing Vouchers</u>	<u>Five Year Mainstream Vouchers</u>	<u>RAD</u>	<u>SRO</u>	<u>TBRA</u>	<u>VOCC</u>	<u>Villages</u>	<u>Total</u>
2012	154	836	64	64	64	-	27	6	-	325	1,540
2013	154	810	79	79	65	-	27	9	344	325	1,892
2014	154	853	89	89	63	-	27	6	285	325	1,891
2015	154	901	112	112	63	-	27	10	285	230	1,894
2016	154	916	121	121	64	-	-	5	285	230	1,896
2017	70	870	115	115	60	69	-	-	-	230	1,529
2018	70	983	122	122	63	19	-	-	-	230	1,609
2019	70	969	119	119	99	-	-	-	-	230	1,606
2020	70	956	133	133	141	-	-	-	-	229	1,662
2021	70	1,108	143	13	196	-	-	-	-	185	1,715

Source: Housing Catalyst tenant records.

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>	
Villages:			
Village on Bryan	100 S Bryan Avenue	27	1988
Village on Castlerock	1204 Castlerock Drive	4	1961
Village on Cherry	1321 Cherry Street	4	1980
Village on Cowen	615 Cowan Street	19	1971
First - SRO	300 1st Street	13	1981
Village on Impala	400 Impala Circle	24	1998
Village on Leisure	2700 Leisure Drive	26	1971
Village on Maple	1216 Maple Street	4	1994
Village on Matuka	1200 Matuka Court	20	1991
Village on Mountain	366 E Mountain Avenue	5	1905
Myrtle - SRO	811 E Myrtle Street	16	1950
Village on Stanford	2831 Stanford Road	6	1969
Duplexes	813 Cherry Street	10	1960
Single Family Home - Cherry	817 Cherry Street	1	1905
Single Family Home - 327 Howes	327 N Howes Street	1	1934
Single Family Home - 331 Howes	331 N Howes Street	1	1900
Single Family Home - Maple	1218 Maple Street	1	1993
Single Family Home - 1711 Remington	1711 Remington Street	1	1957
Single Family Home - 1713 Remington	1713 Remington Street	1	1957
Single Family Home - Stuart	124 E Stuart Street	1	1939
		<u>185</u>	
Total Units		<u><u>255</u></u>	

Source: Housing Catalyst Property Records

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>
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
2019	9	4	7	36	16	72
2020	6	7	10	45	17	85
2021	10	8	8	48	16	90

Source: Housing Catalyst employment records.

Housing Catalyst

Fort Collins, Colorado

Single Audit Section:

Independent Auditors' Reports

Schedule of Findings and Questioned Costs

Schedule of Prior Year Audit Findings

Schedule of Expenditures of Federal Awards





Independent Auditor’s 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
Housing Catalyst
Fort Collins, Colorado

We have audited, 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 business-type activities and the aggregate discretely presented component units of the Housing Catalyst as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Housing Catalyst’s basic financial statements, and have issued our report thereon dated July 26, 2022. The financial statements of the discretely presented component units, except for Oak 140, LLLP, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units, except for Oak 140, LLLP.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Housing Catalyst's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Housing Catalyst’s internal control. Accordingly, we do not express an opinion on the effectiveness of Housing Catalyst’s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Catalyst'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Handwritten signature of Eric Sully LLP in cursive script.

Fargo, North Dakota
July 26, 2022



Independent Auditor’s Report on Compliance for The Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Commissioners
Housing Catalyst
Fort Collins, Colorado

Report on Compliance for the Major Federal Program

Opinion on The Major Federal Program

We have audited Housing Catalyst’s (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the major federal program of the Authority for the year ended December 31, 2021. The Authority’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority 's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Fargo, North Dakota
July 26, 2022

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Housing Voucher Cluster:	
Section 8 Housing Choice Vouchers	14.871
Mainstream Vouchers	14.879
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Housing Catalyst

Schedule of Expenditures of Federal Awards Year Ended December 31, 2021

Federal Agency / Pass-Through Grantor Program Title	Federal Financial Assistance Listing / Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
United States Department of Housing and Urban Development:			
Housing Choice Voucher Cluster			
Section 8 Housing Choice Vouchers **	14.871	-	\$ 12,699,570
COVID-19 Assistance - Housing Choice Vouchers CARES Act **	14.871	-	271,429
Mainstream Vouchers **	14.879	-	1,272,178
COVID-19 Assistance - Mainstream Vouchers CARES Act **	14.879	-	7,468
Emergency Housing Vouchers **	14.871	-	<u>56,471</u>
Total Housing Choice Voucher Cluster			14,307,116
Public and Indian Housing	14.850	-	283,905
Public and Indian Housing - CARES Act	14.850	-	42,362
Family Self-Sufficiency Program	14.896	-	223,260
Public Housing Capital Fund	14.872	-	177,887
Continuum of Care Program	14.267	-	<u>282,904</u>
Total Direct Awards			<u>15,317,434</u>
Passed through the City of Fort Collins:			
HOME Investment Partnership Program - Development Funds	14.239	3750 S Mason	54,227
Community Development Block Grants / Entitlement Grants	14.218	3750 S Mason	<u>58,107</u>
Total Pass-Through Awards			<u>112,334</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	-	380,110
COVID-19 Assistance - Housing Choice Vouchers CARES Act	14.871	-	8,666
Mainstream Vouchers	14.879	-	600,151
COVID-19 Assistance - Mainstream Vouchers CARES Act	14.879	-	<u>15,952</u>
Total Housing Choice Voucher Cluster			<u>1,004,879</u>
Total Federal Expenditures			<u><u>\$ 16,434,647</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

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Housing Catalyst under programs of the federal government for the year ended December 31, 2021. 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.

Note 4 - Identification of COVID-19 Related Awards

To maximize the transparency of COVID-19 related award expenditures, Housing Catalyst has separately identified COVID-19 expenditures in the Schedule with the prefix "COVID-19" in the program name when a new grant award was received for a COVID-19 related grant or program.