

**Northeastern Colorado Revolving Loan Fund
(A Colorado Non-Profit Corporation)**

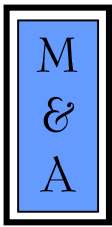
**Financial Statements
December 31, 2021**

**Northeastern Colorado Revolving Loan Fund
(A Colorado Non-Profit Corporation)**

December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

**Revolving Loan Fund Committee
Northeastern Colorado Revolving Loan Fund
Yuma, CO**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Northeastern Colorado Revolving Loan Fund (the "Organization"), a Colorado non-profit corporation, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). 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 Organization 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

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INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
NECRLF
Yuma, CO

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS 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 U.S. GAAS, 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 Organization'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 Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgetary comparison schedule on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
NECRLF
Yuma, CO

Report on Summarized Comparative Information

We have previously audited Northeastern Colorado Revolving Loan Fund December 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
June 3, 2022

Northeastern Colorado Revolving Loan Fund
(A Colorado Non-Profit Corporation)
Statement of Financial Position
December 31, 2021
(With Comparative Balances For the Year Ended December 31, 2020)

	2021	2020
Assets:		
Current Assets:		
Cash and cash equivalents	1,647,836	1,586,093
Investments	99,223	99,223
Loans receivable	560,349	567,648
Accrued interest receivable	10,185	10,185
Other current assets	2,663	18,202
Total Current Assets	2,320,256	2,281,351
Non-Current Assets:		
Loans receivable, net of allowance for uncollectible loans of \$244,168 in 2021 and \$435,148 in 2020	2,428,349	2,462,225
Fixed assets, net	61,911	67,160
Total Non-Current Assets	2,490,260	2,529,385
Total Assets	4,810,516	4,810,736
Liabilities:		
Accrued compensation	29,532	28,989
Total Liabilities	29,532	28,989
Net Assets:		
Net assets	4,780,984	4,781,747
Total Net Assets	4,780,984	4,781,747
Total Liabilities and Net Assets	4,810,516	4,810,736

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

Northeastern Colorado Revolving Loan Fund
(A Colorado Non-Profit Corporation)
Statement of Activities and Change in Net Assets
For the Year Ended December 31, 2021
(With Comparative Amounts For the Year Ended December 31, 2020)

	2021	2020
Revenues:		
Revolving loan grant	50,000	12,500
Loan fees	9,713	13,787
Finance charges	2,530	2,660
Interest - Cash	1,721	3,716
Interest - Loans	166,655	164,777
Bad debt recovery	500	105,050
Total Revenues	231,119	302,490
Expenses:		
Program service expenses	181,635	208,019
Management and general expenses	50,247	53,721
Total Expenses	231,882	261,740
Change in Net Assets	(763)	40,750
Net Assets - Beginning of Year	4,781,747	4,740,997
Net Assets - End of Year	4,780,984	4,781,747

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

Northeastern Colorado Revolving Loan Fund
(A Colorado Non-Profit Corporation)
Statement of Functional Expenses
For the Year Ended December 31, 2021
(With Comparative Actuals For the Year Ended December 31, 2020)

	2021		2020
	Program Services	Management and General	Total
Compensation	87,518	21,879	109,397
Fringe benefits	39,582	9,895	49,477
Tax preparation and audit	-	7,100	7,100
Dues	32	8	40
Filing fees	937	-	937
Legal	1,226	307	1,533
Loan expense	1,916	-	1,916
Marketing	2,221	-	2,221
Bank service charges	155	-	155
Office expense, rent and utilities	6,095	1,524	7,619
Postage	410	102	512
Publications and newspapers	665	166	831
Repairs	524	131	655
Supplies and equipment	2,481	620	3,101
Telephone	2,788	697	3,485
Travel	1,054	264	1,318
Vehicle expense	2,389	597	2,986
Workman's compensation	202	50	252
Miscellaneous and board expense	-	5,856	5,856
Bad debt	27,242	-	27,242
Depreciation	4,199	1,050	5,249
Total Expenses	181,635	50,247	231,882
Percentages	78%	22%	100%

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

Northeastern Colorado Revolving Loan Fund
(A Colorado Non-Profit Corporation)
Statement of Cash Flows
For the Year Ended December 31, 2021
(With Comparative Amounts For the Year Ended December 31, 2020)

	2021	2020
Cash Flows From Operating Activities:		
Cash received from loan principal and interest	851,366	1,046,174
Cash received from grants	50,000	12,500
Cash received from bad debt recovery	16,039	105,050
Cash received from interest on deposits	1,721	3,716
Cash paid for goods and services	(40,517)	(61,484)
Cash paid for employees	(158,331)	(158,425)
Cash loaned to borrowers	(658,535)	(1,239,075)
Net Cash Provided (Used) by Operating Activities	61,743	(291,544)
Net Change in Cash	61,743	(291,544)
Cash - Beginning of Year	1,586,093	1,877,637
Cash - End of Year	1,647,836	1,586,093
Reconciliation of Change in Net Assets to Net Cash (Used) by Operating Activities:		
Change in Net Assets	(763)	40,750
Adjustments to reconcile to net cash provided (used) by operating activities:		
Bad debt	27,242	50,772
Depreciation	5,249	5,249
(Increase) decrease in loans receivable, net	13,933	(374,472)
(Increase) decrease in interest receivable	-	346
(Increase) decrease in settlements	15,539	(15,539)
Increase (decrease) in accrued liabilities	543	1,350
Total Adjustments	62,506	(332,294)
Net Cash Provided (Used) by Operating Activities	61,743	(291,544)

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

**Northeastern Colorado Revolving Loan Fund
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2021**

1. Organization

Northeastern Colorado Revolving Loan Fund (“NCRLF”) is a revolving loan fund as defined under U.S. Department of Housing and Urban Development - Community Development Block Grant (“CDBG”) Program regulations. NCRLF is administered at the State level by the Colorado Department of Local Affairs.

NCRLF was established to administer CDBG funds for the purpose of increasing local employment by providing established or new area businesses with low-interest loans.

2. Summary of Significant Accounting Policies

A. Financial Statement Presentation

NCRLF reports its financial statements in accordance with FASB Accounting Standards Codification Topic 958, *Not-for-Profit Organizations* (“ASC Topic 958”), formerly Statement of Financial Accounting Standards No. 117.

B. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

C. Cash and Cash Equivalents

NCRLF considers all checking and savings accounts to be cash equivalents for the purposes of the Statement of Cash Flows since all funds are highly liquid.

D. Investments

NCRLF has invested certain funds in certificates of deposit, which are classified as trading for financial statement presentation purposes. Accordingly, these securities are reported on these financial statements at fair value, and all realized and unrealized gains and losses are included in current period earnings.

E. Allowance for Doubtful Accounts

NCRLF uses the allowance method for recognition of uncollectible receivables, whereby an allowance for possible uncollectibility is established when collection becomes doubtful. The allowance is based on experience and other circumstances with borrowers. At December 31, 2021, an allowance in the amount of \$244,168 was reported. It is NCRLF’s policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

F. Fixed Assets

Furniture, fixtures and computer equipment that are over \$1,000 are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets. NCRLF reported \$5,249 depreciation expense during 2021.

Northeastern Colorado Revolving Loan Fund
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2021
(Continued)

2. Summary of Significant Accounting Policies (continued)

G. Income Taxes

NCRLF is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code, and is thus exempt from Federal and State income taxes on income which is directly related to its organizational purpose. The Federal information returns of the NCRLF are subject to examination by the Internal Revenue Service. NCRLF is no longer subject to examination for tax years prior to 2018.

H. Use of Estimates

The preparation of financial statements to conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. Method Used for Allocation of Expenses

The financial statements do not report categories of expenses attributable to one or more program or supporting functions. Expenses are categorized as supporting unless directly related to loan administration.

J. Net Assets

All net assets, revenues, gains, and losses are restricted for the loan program and administration.

K. Comparative Information

The financial statements include certain prior year comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with NCRLF's financial statements for the year ended December 31, 2020, from which the comparative totals were derived.

L. Subsequent Events

Management has evaluated subsequent events through the date of the auditor's report, which is also the date these financial statements were available to be issued.

Northeastern Colorado Revolving Loan Fund
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2021
(Continued)

3. Cash and Cash Equivalents

NCRLF's cash deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of NCRLF's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. At December 31, 2021, the carrying amount of NCRLF's demand deposits was \$1,647,836.

At December 31, 2021, NCRLF had the following investments:

	<u>Total</u>
Certificate of deposit:	
Maturing 2022, interest at 0.40% p.a.	\$ 99,223
	<u>\$ 99,223</u>

At December 31, 2021, NCRLF did not have any investments requiring fair value measurement.

4. Liquidity and Availability of Resources

None of NCRLF's financial assets are subject to grantor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. NCRLF's investment policy and liquidity management is structured around short-term investments. The financial assets available within one year from December 31, 2021 for general expenditures are as follows:

Cash and cash equivalents	\$ 1,647,836
Current loans and interest receivable	570,534
Other current assets	2,663
Short-term investments	99,223
	<u>\$ 2,320,256</u>

5. Loans Receivable

Loans receivable consists of the following:

	<u>2021</u>	<u>2020</u>
Loans receivable - Current	\$ 560,349	567,648
Loans receivable - Long-term	2,672,517	2,897,373
Less allowance for doubtful accounts	(244,168)	(435,148)
	<u>\$ 2,988,698</u>	<u>3,029,873</u>

The recorded investment in loans that were delinquent is as follows. NCRLF considers loans to be delinquent if the required principal and interest payment has not been remitted prior to the due date, as detailed in the loan agreement.

**Northeastern Colorado Revolving Loan Fund
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2021
(Continued)**

5. Loans Receivable (continued)

	2021	2020
Less than 30 days past due	\$ 10,195	\$ 10,386
30-60 days past due	8,555	9,161
60-90 days past due	6,311	8,619
90-120 days past due	5,790	5,279
More than 120 days past due	249,029	348,802
	\$ 279,882	382,247

Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

During 2021, NCRLF had the following activity in allowance for doubtful accounts:

Balance at December 31, 2020	\$ 435,148
Add: current provision for bad debt	27,242
Less: write-downs charged against allowance	(218,222)
Balance at December 31, 2021	\$ 244,168

6. Fixed Assets

Fixed asset balances at December 31, 2021 were as follows:

	Dec. 31/21
Buildings	\$ 119,908
Improvements	41,976
Equipment	45,930
Total cost	207,814
Less: Accumulated depreciation	(145,903)
Fixed assets, net	\$ 61,911

Depreciation for the year ended December 31, 2021 was \$5,249.

**Northeastern Colorado Revolving Loan Fund
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2021
(Continued)**

7. Pension Plan

A. Defined Contribution Plan

Employees may participate in NCRLF's 401(a) defined contribution plan. NCRLF is a member of the Colorado County Officials and Employees Retirement Association. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account plus the returns earned on investments of those contributions.

Eligible employees contribute five percent (5%) of their base pay, which is matched by NCRLF. The plan has a five (5) year vesting period and is distributed upon the employee's termination or retirement.

As of December 31, 2021, two of NCRLF's employees elected to participate in the defined contribution plan. For the year ended December 31, 2021, NCRLF's employer contributions were \$9,930, which represented 5% of covered payroll. NCRLF's total and covered payroll for the year ended December 31, 2021 was \$109,397.

B. Deferred Compensation Plan

Employees may participate in NCRLF's deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries. The accrual basis of accounting is used for the plan. Revenues are recognized when earned and expenditures are recognized when incurred. Investments are recorded at market value.

Plan investment purchases are determined by the plan participant and therefore, the plan's investment concentration varies between participants.

NCRLF has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. NCRLF is neither the trustee nor the administrator of the plan.

8. Other Employee Benefits

NCRLF's employees may participate in Yuma County's cafeteria plan. The County offers a cafeteria compensation plan organized under IRS Section 125 that includes the following benefits: medical disability, accident and/or term life insurance, and health expense reimbursement. No cost is recognized, as the plan is a salary reduction plan.

Northeastern Colorado Revolving Loan Fund
(A Colorado Non-Profit Corporation)
Schedule of Expenses - Budget (Non-GAAP Basis) and Actual
With Reconciliation to GAAP Basis
For the Year Ended December 31, 2021
(With Comparative Actuals For the Year Ended December 31, 2020)

	<u>2021</u>		<u>2020</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>(Unaudited)</u>		<u>Positive</u>	
			<u>(Negative)</u>	
Compensation	109,629	109,397	232	106,847
Fringe benefits	50,833	48,934	1,899	51,833
Tax preparation and audit	7,300	7,100	200	7,100
Dues	150	40	110	140
Filing fees	1,400	937	463	1,136
Legal	15,000	1,533	13,467	4,450
Loan expense	1,500	1,916	(416)	1,280
Marketing	2,500	2,221	279	2,550
Debit memos	150	155	(5)	176
Office expense, rent and utilities	7,700	7,619	81	6,573
Postage	700	512	188	188
Publications and newspapers	1,000	831	169	669
Repairs	1,100	655	445	1,494
Supplies and equipment	3,800	3,101	699	4,146
Telephone	4,700	3,485	1,215	4,449
Travel	3,000	1,318	1,682	157
Vehicle expense	3,800	2,986	814	2,590
Workman's compensation	350	252	98	252
Miscellaneous and board expense	8,750	5,856	2,894	8,594
Capital expense	3,000	-	3,000	-
Total Expenses - Budget-Basis	<u>226,362</u>	<u>198,848</u>	<u>27,514</u>	<u>204,624</u>
Reconciliation to GAAP Basis:				
Bad debt		27,242		50,772
Depreciation		5,249		5,249
Accrued compensation		543		1,095
Total Expenses - GAAP Basis		<u>231,882</u>		<u>261,740</u>

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