

Housing Authority of the City of Englewood
dba Innovative Housing Concepts

Financial Statements
with Independent Auditor's Report

December 31, 2023



Housing Authority of the City of Englewood

dba Innovative Housing Concepts

December 31, 2023

Board of Commissioners

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Housing Authority of the City of Englewood
dba Innovative Housing Concepts
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Independent Auditor's Report

Board of Commissioners
Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Englewood, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Englewood *dba* Innovative Housing Concepts (the Authority) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Authority as of December 31, 2023, 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* (GAS), 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

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 schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Authority's financial statements as of and for the year ended December 31, 2022, and we expressed unmodified audit opinions on the business-type activities, each major fund, and the aggregate remaining fund information in our report dated May 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Hick & Company, PC

Englewood, Colorado
June 3, 2024



Housing Authority of the City of Englewood

dba Innovative Housing Concepts Management's Discussion and Analysis

As management of the Housing Authority of the City of Englewood, Colorado (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in the financial statements.

Financial Highlights

- The Authority continues to have a stable outlook with Total Net Position (Equity) at year-end of \$11,331,438 an increase of \$1,310,068 from \$10,021,370 at the end of 2022.
- With a current ratio of 2.7 the Authority demonstrates liquidity. In other words, the Authority can meet its current obligations 2.7 times.
- The number of Months Expendable Funds Balance ratio, which shows adequacy of funds or the ability to pay monthly expenses, is 6.6 months.

Using the Basic Financial Statements

The Financial Statements consist of Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Authority as an entire operating entity.

A fund is a self-balancing set of accounts recording cash and other financial resources. It will include all related liabilities and net position and changes. These are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or restrictions.

The Statement of Net Position--Proprietary Funds presents information on all the Authority's assets and liabilities. Under GASB 34, the difference between a PHA's assets and liabilities is Net Position. Over time, increases and decreases in Net Position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position--Proprietary Funds shows the reader operating revenues and expenses by individual funds and by the Authority as a total. This is reported on a full-accrual basis where income is reported when earned, and expenses are reported as incurred. This report shows the reader operating profit/loss before grants and transfers to/from other funds.

The Statement of Cash Flows--Proprietary Funds provides our third statement which converts accrual-accounting to cash. This lets the reader know, by fund and by the Authority as a whole, whether the Authority increased or decreased its cash position this year and the sources and/or uses of the cash.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements and can be found immediately after them in the audit report.

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
 Management's Discussion and Analysis

Authority Financial Analysis

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS**

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
ASSETS				
Current Assets	\$ 7,136,440	\$ 4,003,987	\$ 3,132,453	78.2%
Noncurrent Assets	7,183,217	7,508,247	(325,030)	-4.3%
Total Assets	<u>14,319,657</u>	<u>11,512,234</u>	<u>2,807,423</u>	<u>24.4%</u>
LIABILITIES				
Current Liabilities	2,606,196	492,948	2,113,248	428.7%
Long Term Liabilities	382,023	997,916	(615,893)	-61.7%
Total Liabilities	<u>2,988,219</u>	<u>1,490,864</u>	<u>1,497,355</u>	<u>100.4%</u>
NET POSITION				
Net Investment in Capital Assets	5,066,237	4,784,966	281,271	5.9%
Unrestricted	6,265,201	5,236,404	1,028,797	19.6%
Total Net Position	<u>11,331,438</u>	<u>10,021,370</u>	<u>1,310,068</u>	<u>13.1%</u>
Total Liabilities and Net Position	<u>\$ 14,319,657</u>	<u>\$ 11,512,234</u>	<u>\$ 2,807,423</u>	<u>24.4%</u>

- The major change in Current Assets is due to the increase in cash and receivables. Cash was increased mainly from a pass-through deposit by the State for a low-income housing project due to the developer of \$2,050,000, an increase in interest earned on Investments, increases in rents collected and Grant income from HUD. Accounts Receivables increased for management fees due from Sheridan's Voucher Program, funding from the State due for the Next Step Grant and Housing Choice Vouchers (HCV) Housing Assistancess Program (HAP) funding.
- The increase in Total Liabilities of \$1,497,355 was due mainly to funding due the developer from the State for the low-income housing project in the amount of \$2,050,000. The increase in (FSS) Escrow Payable of \$28,222. Liabilities decreased due to the payoff of the mortgage on the Galapagos property of (\$432,746) and the JCI Lease Payables decreasing (\$190,852).
- Net Position increased by our gain this year of \$1,310,068. Please see the following table for more information.

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
 Management's Discussion and Analysis

**STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 PROPRIETARY FUNDS**

	2023	2022	Dollar Change	Percent Change
Operating Revenues	\$ 8,483,531	\$ 7,381,555	\$ 1,101,976	14.9%
Operating Expenses	<u>8,182,101</u>	<u>7,239,543</u>	<u>942,558</u>	<u>13.0%</u>
Net Operating Income (Loss)	301,430	142,012	159,418	112.3%
Nonoperating Revenues (Expenses)	<u>518,940</u>	<u>16,615</u>	<u>502,325</u>	<u>3023%</u>
Net Income (Loss) Before Capital Contributions	820,370	158,627	661,743	417.2%
Capital Contributions	<u>489,698</u>	<u>93,910</u>	<u>395,788</u>	<u>421.5%</u>
Change in Net Position	1,310,068	252,537	1,057,531	418.8%
Net Position, Beginning	<u>10,021,370</u>	<u>9,768,833</u>	<u>252,537</u>	<u>2.6%</u>
Net Position, Ending	\$ <u>11,331,438</u>	\$ <u>10,021,370</u>	\$ <u>1,310,068</u>	<u>13.1%</u>

- The increase in Operating Revenues of \$1,101,976 is due to an increase in grant income of \$1,165,673, a decrease in Management Fee income of (\$12,220) and Other Income of (\$85,871). Rental Income increased by \$34,394.
- Operating expenses increased \$942,558 because of an increase in HAP expense of \$403,261, Maintenance expense of \$252,382, General and Administrative costs of \$219,210 and a decrease in Utility costs of (\$48,463). There were increases in Insurance and Benefit costs of \$99,951, and an increase in Depreciation expenses of \$16,217. The HAP cost increase was due to leasing new vouchers and absorbing Port-In vouchers.
- Nonoperating Expenses (Revenue) change of \$502,325 is from a decrease in interest expense of \$14,819 for the loans of the housing authority and an increase of \$113,938 in interest revenue earned. There was also a gain from the sale of the Grant Street property of \$373,568.
- Capital Contributions increased \$395,788 due to funding for Public Housing CFP Grant expenses in 2022 being received in 2023.
- The Housing Authority ended the year with a gain of \$1,310,068.

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
 Management's Discussion and Analysis

CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Total Capital Assets, Not Being Depreciated	\$ 2,961,573	\$ 2,798,260	\$ 163,313	5.8%
Total Capital Assets, Being Depreciated	14,001,923	14,318,326	(316,403)	-2.2%
Total Depreciation	<u>(11,342,388)</u>	<u>(11,153,151)</u>	<u>(189,237)</u>	<u>1.7%</u>
Total Capital Assets, Net	<u>\$ 5,621,108</u>	<u>\$ 5,963,435</u>	<u>\$ (342,327)</u>	<u>-5.7%</u>

As of December 31, 2023, the Authority had \$5,621,108 invested in a broad range of capital assets, including sites, buildings, and equipment. This is a net capital asset decrease of (\$342,327) from 2022's \$5,963,435. Further information on capital asset activities is provided in Note 5 to the financial statements.

**CONDENSED STATEMENT OF CHANGES
 IN LONG TERM DEBT**

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Note Payable Current	\$ --	\$ 12,495	\$ (12,495)	-100%
Capital Lease Current	209,256	174,678	34,578	19.8%
Note Payable Long Term	--	420,251	(420,251)	-100%
Capital Lease Long Term	<u>554,871</u>	<u>571,045</u>	<u>(16,174)</u>	<u>--2.8%</u>
Total	<u>\$ 764,127</u>	<u>\$ 1,178,469</u>	<u>\$ (414,342)</u>	<u>-35.2%</u>

As of December 31, 2023, the Authority had \$764,127 in outstanding Capital Lease Payables. There was a net decrease in the total outstanding Note and Capital Lease Debt of (\$414,342) from the prior year. Details of the Notes and Capital Lease Payables can be found in Note 6 of the financial statements.

Housing Authority of the City of Englewood

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Management's Discussion and Analysis

The Funds

Public Housing

Public Housing consists of 110 low-rent dwelling units. Public Housing operations are funded by HUD through an annual Operating Subsidy. HUD Capital Fund Program grants provide additional funding for upgrades and improvements.

The Public Housing program provided 1,273-unit months of occupancy out of the 1,320-unit months available (110 units' times 12 months) a 96.4% occupancy rate.

Housing Choice Voucher Program

Three types of funding are received from HUD: 1) HAP; for rent and home-ownership subsidies, utility reimbursements and Family Self-Sufficiency (FSS) escrow deposits, 2) Administrative Fees; for program administrative costs. Funding is not fungible either within or outside the Voucher program. The Authority's Voucher Program has 427 Vouchers to administer and holds a contract to administer Vouchers for the City of Sheridan.

Sheridan's Voucher Program was able to utilize 84.5% or 1,835-unit months of the 2,172-unit months available for its program. An average of 153 vouchers were administered monthly. Monthly Management Fees are received from the City of Sheridan's Voucher Program.

The Authority was able to utilize 80.1% or 4,125-unit months of the 5,124-unit months available for its program. Of the 427 Vouchers available, an average of 344 vouchers were issued monthly to low-income clients in the City of Englewood.

Simon Center

Simon Center is a 104-unit apartment building which is operated under HUD's Section 8 New Construction program. The monthly subsidies or HAPs are managed through the Colorado Housing and Finance Authority (CHFA). Simon Center had 94.2% occupancy for 2023, with 1,176-unit months leased out of 1,248 available.

Office Building

The authority owns an Office Building with eight units. The Tenants and each Authority program pays a monthly rent to the Office Building.

Market Rate Rentals

Market Rate Rentals is a triplex and two duplexes with a single-family house sold in July 2023. There are seven units in total after the sale of the house. They had a 91.7% occupancy rate in 2023 with 77-unit months leased out of the 84-unit months available. They are expected to be fully leased in 2024.

Housing Authority of the City of Englewood
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Management's Discussion and Analysis

Management Fund

The Management Fund provides general administration for special programs and contracts. The Management Fund receives a management fee from the Sheridan Voucher Program. Recognizing the need for affordable housing, the Management Fund continues to develop affordable units as opportunities are presented.

The Future of the Housing Authority of the City of Englewood -- 2023

HUD's cash management system will continue to retain housing authority reserves at the Federal level rather than local. Local housing authority reserves could be recaptured. HUD is estimating prorates of 98.72% of eligibility for Public Housing Operating Subsidy and 97.2% for Housing Choice Voucher earned Administrative Fees.

The Authority continues to explore means to generate additional sources of revenue to cover budget shortfalls of administrative funds.

Requests for Information

The financial report is designed to provide a general overview of the Housing Authority of the City of Englewood's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Housing Authority of the City of Englewood
3460 S. Sherman Street, Suite #101
Englewood, Colorado 80113

Basic Financial Statements

Housing Authority of the City of Englewood

dba Innovative Housing Concepts
Statement of Net Position
Proprietary Funds
December 31, 2023

	2023				Totals		
	Public Housing	Vouchers	Management	Simon Center	Market Rate Rentals	Nonmajor Office Building	2022
Assets							
<i>Current Assets</i>							
Cash and Investments	\$ 890,191	\$ 293,074	\$ 3,131,281	\$ 1,579,568	\$ 649,141	\$ 279,748	\$ 3,753,887
Accounts Receivable	77,583	30,645	160,573	15,842	969	-	240,679
Prepaid Expenses	4,400	518	18,140	4,209	280	278	9,421
Total Current Assets	972,174	324,237	3,309,994	1,599,619	650,390	280,026	4,003,987
<i>Noncurrent Assets</i>							
Notes Receivable	-	-	951,437	21,125	-	-	972,562
Interest Receivable	-	-	589,547	-	-	-	572,250
Capital Assets, Not Being Depreciated	478,994	-	1,700,636	208,409	548,124	25,410	2,798,260
Capital Assets, Net of Accumulated Depreciation	440,471	-	-	766,663	1,378,265	74,136	3,165,175
Total Noncurrent Assets	919,465	-	3,241,620	996,197	1,926,389	99,546	7,508,247
Total Assets	\$ 1,891,639	\$ 324,237	\$ 6,551,614	\$ 2,595,816	\$ 2,576,779	\$ 379,572	\$ 11,512,234
Liabilities							
<i>Current Liabilities</i>							
Accounts Payable and Accrued Expenses	\$ 77,529	\$ 6,899	\$ 2,062,501	\$ 36,893	\$ 1,894	\$ 2,588	\$ 2,188,304
Unearned Revenues	1,923	2,610	-	11,974	874	-	17,381
Accrued Interest Payable	450	-	-	819	-	-	1,269
Tenant Security Deposits	36,165	-	-	36,190	16,450	-	88,805
Escrow Deposits	-	91,211	-	-	-	-	91,211
Accrued Compensated Absences	2,513	2,292	2,193	2,513	268	191	9,970
Current Portion of Long Term Debt	74,286	-	-	134,970	-	-	201,639
Total Current Liabilities	192,866	103,012	2,064,694	223,359	19,486	2,779	492,948
<i>Noncurrent Liabilities</i>							
Accrued Compensated Absences	9,178	8,370	8,008	9,177	978	697	21,086
Note Payable	-	-	-	-	-	-	421,961
Lease Payable	122,760	-	-	222,855	-	-	554,869
Total Noncurrent Liabilities	131,938	8,370	8,008	232,032	978	697	997,916
Total Liabilities	324,804	111,382	2,072,702	455,391	20,464	3,476	1,490,864
Net Position							
Net Investment in Capital Assets	722,419	-	1,700,636	617,247	1,926,389	99,546	4,784,966
Unrestricted	844,416	212,855	2,778,276	1,523,178	629,926	276,550	5,236,404
Total Net Position	1,566,835	212,855	4,478,912	2,140,425	2,556,315	376,096	10,021,370
Total Liabilities and Net Position	\$ 1,891,639	\$ 324,237	\$ 6,551,614	\$ 2,595,816	\$ 2,576,779	\$ 379,572	\$ 11,512,234

See Notes to the Financial Statements.

Housing Authority of the City of Englewood

dba Innovative Housing Concepts

Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds

For the Year Ended December 31, 2023

	Public Housing		Vouchers		Management		Simon Center		Market Rate Rentals		Nonmajor Office Building		Totals	
													2023	2022
Operating Revenues														
Rental	\$ 476,776	\$ -	\$ -	\$ -	\$ 463,347	\$ 171,590	\$ 111,216	\$ 1,222,929	\$ 1,188,535				6,862,143	5,696,470
Grants	299,336	5,096,672	220,103	158,156	1,246,032	-	-	158,156	170,376				240,303	326,174
Management Fees	-	-	67,881	60,036	40,835	3,068	12,000	-	-				-	-
Other	56,483	-	-	-	-	-	-	-	-				-	-
Total Operating Revenues	832,595	5,164,553	438,295	1,750,214	1,750,214	174,658	123,216	8,483,531	7,381,555					
Operating Expenses														
Housing Assistance Payments	-	4,784,847	-	-	-	-	-	-	-				4,784,847	4,381,586
General and Administrative	299,530	333,225	399,496	341,146	88,626	17,487	1,479,510	1,260,300					293,583	293,583
Utilities	117,638	-	(14)	101,367	8,542	17,587	245,120	245,120					931,259	678,877
Maintenance and Operation	410,211	51	4,694	437,949	55,761	22,593	428,870	328,919					312,495	296,278
Insurance and Benefits	156,903	73,053	59,929	121,519	9,311	8,155	428,870	328,919					8,182,101	7,239,543
Depreciation	73,628	-	-	144,047	83,620	11,200	312,495	296,278					301,430	142,012
Total Operating Expenses	1,057,910	5,191,176	464,105	1,146,028	245,860	77,022	8,182,101	7,239,543						
Net Operating Income (Loss)	(225,315)	(26,623)	(25,810)	604,186	(71,202)	46,194	301,430	142,012						
Nonoperating Revenues (Expenses)														
Interest Income	26,394	1,346	111,171	34,371	15,183	6,375	194,840	80,902						
Interest Expense	(13,016)	-	-	(23,649)	(12,803)	-	(49,468)	(64,287)						
Gain on Disposal of Capital Assets	-	-	-	-	373,568	-	373,568	-						
Net Nonoperating Revenues (Expenses)	13,378	1,346	111,171	10,722	375,948	6,375	518,940	16,615						
Net Income (Loss) Before Capital Contributions and Transfers	(211,937)	(25,277)	85,361	614,908	304,746	52,569	820,370	158,627						
Capital Contributions and Transfers														
Grants	489,698	-	-	-	-	-	489,698	93,910						
Transfers In	-	20,000	20,000	-	-	-	40,000	39,496						
Transfers Out	-	-	-	(40,000)	-	-	(40,000)	(39,496)						
Change in Net Position	277,761	(5,277)	105,361	574,908	304,746	52,569	1,310,068	252,537						
Net Position, Beginning of Year	1,289,074	218,132	4,373,551	1,565,517	2,251,569	323,527	10,021,370	9,768,833						
Net Position, End of Year	\$ 1,566,835	\$ 212,855	\$ 4,478,912	\$ 2,140,425	\$ 2,556,315	\$ 376,096	\$ 11,331,438	\$ 10,021,370						

See Notes to the Financial Statements.

Housing Authority of the City of Englewood

dba Innovative Housing Concepts
Statement of Cash Flows
Proprietary Funds

For the Year Ended December 31, 2023

	Public Housing	Vouchers	Management	Simon Center	Market Rate Rentals	Nonmajor Office Building	Totals
							2023
Cash Flows from Operating Activities							
Cash Received from Tenants	\$ 509,083	\$ -	\$ -	\$ 466,860	\$ 178,700	\$ 111,216	\$ 1,265,859
Cash Received from Grants	299,336	5,150,873	220,103	1,246,032	-	-	6,916,344
Cash Received from Others	56,483	67,881	118,038	40,835	3,068	12,000	298,305
Housing Assistance Payments	-	(4,784,847)	-	-	-	-	(4,784,847)
Cash Payments to Employees	(291,790)	(204,177)	(205,775)	(343,653)	(25,352)	(19,626)	(1,090,373)
Cash Payments to Suppliers	(672,665)	(209,020)	1,783,369	(649,808)	(136,496)	(46,753)	68,827
Net Cash Provided (Used) by Operating Activities	(99,553)	20,710	1,915,735	760,266	19,920	56,837	2,673,915
Cash Flows from Noncapital Financing Activities							
Payments to Other Funds	-	20,000	20,000	-	-	-	40,000
Net Cash Provided (Used) by Noncapital Financing Activities	-	20,000	20,000	(40,000)	-	-	(40,000)
Cash Flows from Capital and Related Financing Activities							
Cash Received from Capital Grants	489,698	-	-	-	-	-	489,698
Purchases of Property and Equipment	(26,611)	-	(225,988)	(40,001)	-	-	(292,600)
Proceeds from Sale of Capital Assets	-	-	-	-	696,000	-	696,000
Debt Principal Payments	(67,752)	-	-	(123,100)	(432,746)	-	(623,598)
Debt Interest Payments	(13,171)	-	-	(23,930)	(14,741)	-	(51,842)
Net Cash Provided (Used) by Capital and Related Financing Activities	382,164	-	(225,988)	(187,031)	248,513	-	217,658
Cash Flows from Investing Activities							
Interest Received	26,394	1,346	93,874	34,371	15,183	6,375	177,543
Net Cash Provided by Investing Activities	26,394	1,346	93,874	34,371	15,183	6,375	177,543
Net Change in Cash and Cash Equivalents	309,005	42,056	1,803,621	567,606	283,616	63,212	3,069,116
Cash and Cash Equivalents, Beginning of Year	581,186	251,018	1,327,660	1,011,962	365,525	216,536	3,753,887
Cash and Cash Equivalents, End of Year	\$ 890,191	\$ 293,074	\$ 3,131,281	\$ 1,579,568	\$ 649,141	\$ 279,748	\$ 6,823,003

(Continued)

Housing Authority of the City of Englewood

dba Innovative Housing Concepts
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023
(Continued)

	Public Housing	Vouchers	Management	Simon Center	Market Rate Rentals	Nonmajor Office Building	Totals
	2023	2023	2023	2023	2023	2023	2022
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Net Operating Income (Loss)	\$ (225,315)	\$ (26,623)	\$ (25,810)	\$ 604,186	\$ (71,202)	\$ 46,194	\$ 142,012
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Depreciation	73,628	-	-	144,047	83,620	11,200	296,278
Changes in Assets and Liabilities							
Accounts Receivable	30,189	23,369	(100,154)	(6,573)	8,236	-	(44,933)
Prepaid Expenses	(760)	(20)	(17,620)	(15)	25	(14)	(1,377)
Accounts Payable	16,855	(9,863)	2,054,755	5,056	16	(784)	2,066,035
Unearned Revenues	(987)	2,610	-	9,141	674	-	11,438
Tenant Security Deposits	3,105	-	-	945	(1,800)	-	2,250
Escrow Deposits	-	28,222	-	-	-	-	28,222
Accrued Compensated Absences	3,732	3,015	4,564	3,479	351	241	15,382
Total Adjustments	125,762	47,333	1,941,545	156,080	91,122	10,643	2,372,485
Net Cash Provided (Used) by Operating Activities	\$ (99,553)	\$ 20,710	\$ 1,915,735	\$ 760,266	\$ 19,920	\$ 56,837	\$ 342,131

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies

The financial statements of the Housing Authority of the City of Englewood *dba* Innovative Housing Concepts (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The financial reporting entity consists of the Authority, organizations for which the Authority is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Authority. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Authority. Legally separate organizations for which the Authority is financially accountable are considered part of the reporting entity. Financial accountability exists if the Authority appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the Authority. Based on the application of this criteria, the Authority does not include additional organizations within its reporting entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority uses funds to report its financial position and activities. Fund accounting is designed to segregate transactions related to certain functions or activities. All of the Authority's funds are classified as enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where fees are charged to external users for goods or services.

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

When both restricted and unrestricted resources are available for a specific use, it is the Authority's practice to use restricted resources first, then unrestricted resources as they are needed.

Major individual funds are reported as separate columns in the financial statements. The Authority reports the following major proprietary funds:

The *Public Housing Fund* accounts for the financial activities of Orchard Place, a 100-unit housing complex for individuals who are seniors, handicapped or disabled, and five family duplex housing units.

The *Vouchers Fund* accounts for the financial activities of the Authority's Section 8 Housing Choice Voucher program. The program has been allocated 427 vouchers by the U.S. Department of Housing and Urban Development (HUD).

The *Management Fund* accounts for the general administration and operations of the Authority and the acquisition and development of new units.

The *Simon Center Fund* accounts for the financial activities of the Simon Center Apartments, a 104-unit housing complex for individuals who are seniors, handicapped or disabled.

The *Market Rate Rentals Fund* was established to account for the financial activities of eight market-rate rental units.

Assets, Liabilities and Net Position

Cash Equivalents - Cash equivalents are defined as short-term investments with an original maturity of three months or less.

Accounts Receivable - Accounts receivable are expensed as bad debts at the time they are determined to be uncollectible and are approved by the Board of Commissioners. Management has established an allowance for doubtful accounts for amounts that may not be collectible in the future.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Capital Assets - Property and equipment are recorded at cost or at estimated cost where no historical records exist. Contributed assets are valued at the acquisition value on the date received. The Authority capitalizes all assets with a cost of \$2,500 or greater and a useful life of more than one year.

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position (Continued)

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

Land Improvements	5 - 20 years
Buildings and Improvements	5 - 25 years
Equipment	3 - 10 years

Unearned Revenues - Unearned revenues arise when resources are received by the Authority before it has a legal claim to them, including when cash is received before the eligibility requirements imposed by the grantor have been met, or when rent is received in advance.

Escrow Deposits - The Authority holds deposits in escrow for participants of the family self-sufficiency program. The deposits are returned to the participants upon the satisfaction of all program requirements.

Compensated Absences - Authority employees are allowed to accumulate unused vacation. Employees are limited in the amount of vacation leave they are allowed to accrue, up to a maximum of 160 hours. Upon termination of employment from the Authority, an employee will be compensated for all accrued vacation leave at their current pay rate. These compensated absences are recognized as a liability in the financial statements when earned.

Net Position - Net position is restricted when constraints placed on the use of resources are externally imposed.

Risk Management

The Authority 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. The Authority carries commercial insurance for these risks of loss.

Subsequent Events

We have evaluated subsequent events through June 3, 2024, the date the financial statements were available to be issued.

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
 Notes to the Financial Statements
 December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Comparative Information

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for 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, 2023, from which the summarized information was derived. Prior year amounts have been reclassified to conform with the current year presentation.

Note 2: Cash and Investments

A summary of cash and investments at December 31, 2023, follows:

Petty Cash	\$ 270
Cash Deposits	4,891,567
Investments	<u>1,931,166</u>
Total	<u>\$ 6,823,003</u>

Cash is reported in the financial statements as follows:

Cash and Investments	6,161,662
Restricted Cash and Investments	<u>661,341</u>
Total	<u>\$ 6,823,003</u>

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Notes to the Financial Statements
December 31, 2023

Note 2: Cash and Investments (Continued)

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to 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 PDPA allows the financial institution 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2023, the Authority had bank deposits of \$4,658,070 collateralized with securities held by the financial institutions' agents but not in the Authority's name.

Investments

The Authority has an investment policy which follows State statutes and the investment guidelines set forth in the HUD Financial Management Handbook. The policy specifies investment instruments meeting defined rating, maturity, custodial, and concentration risk criteria in which the Authority may invest, which include the following.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Interest Rate Risk - State statutes generally limit the maturity of investment securities to five years from the date of purchase, unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes allow investments with specified ratings provided by nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk - State statutes do not limit the amount the Authority may invest in a single issuer of investment securities, except for corporate securities.

Local Government Investment Pool - At December 31, 2023, the Authority had \$1,931,166 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds.

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
 Notes to the Financial Statements
 December 31, 2023

Note 2: Cash and Investments (Continued)

Investments (Continued)

Colotrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables and payables. This investment is valued using the Net Asset Value per share (or its equivalent) of the investments.

Colotrust is an investment vehicle established by state statute for local entities in Colorado to pool surplus funds for investment purposes and registered with the State Securities Commissioner. The pools operate similarly to money market funds and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. Securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments. Investments of the pools consist of US Treasury bills, notes, and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by US Treasury securities or US Instrumentalities. Colotrust is rated AAAM by Standard and Poor's. Information regarding Colotrust's financial statements is available at their website www.colotrust.com.

Note 3: Accounts Receivable

Accounts receivable at December 31, 2023, consisted of the following:

	<u>Tenants</u>	<u>HUD</u>	<u>Other</u>	<u>Total</u>
Public Housing	\$ 14,212	\$ 63,371	\$ -	\$ 77,583
Vouchers	1,486	3,390	25,769	30,645
Management	-	13,608	146,965	160,573
Simon Center	15,842	-	-	15,842
Market Rate Rental	969	-	-	969
Total	<u>\$ 32,509</u>	<u>\$ 80,369</u>	<u>\$ 172,734</u>	<u>\$ 285,612</u>

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Notes to the Financial Statements
December 31, 2023

Note 4: Notes Receivable

Notes receivable at December 31, 2023, consisted of the following:

Management Fund	Total
\$300,000 promissory note from Terraces on Pennsylvania Senior Residences, LLLP, due December 2029, bearing interest at 4.88% per annum. Payments shall be made only from cash flow.	\$ 252,891
\$355,623 promissory note from Terraces on Pennsylvania Senior Residences, LLLP, due December 2049, bearing interest at 1.00% per annum. Payments shall be made only from cash flow.	355,623
\$342,923 promissory note from Terraces on Pennsylvania Senior Residences, LLLP, due October 2027, bearing interest at 5.00% per annum. Payments shall be made only from cash flow.	342,923
 Simon Center Fund	
Amount due from Englewood Housing Development Corporation (EHDC), non-interest bearing, due upon dissolution of EHDC.	21,125
 Total	\$ 972,562

Note 5: Capital Assets

Capital asset activity for the year ended December 31, 2023, is summarized below:

	Balance 12/31/22	Additions	Deletions	Balance 12/31/23
Capital Assets, Not Being Depreciated:				
Land	\$ 2,260,612	\$ 130,000	\$ (62,675)	\$ 2,327,937
Construction in Progress	537,648	95,988	-	633,636
Total Capital Assets, <i>Not Being Depreciated</i>	2,798,260	225,988	(62,675)	2,961,573
Capital Assets, <i>Being Depreciated</i> :				
Land Improvements	1,279,466	19,800	-	1,299,266
Buildings and Improvements	12,685,259	16,812	(383,015)	12,319,056
Equipment	353,601	30,000	-	383,601
Total Capital Assets, <i>Being Depreciated</i>	14,318,326	66,612	(383,015)	14,001,923
Less Accumulated Depreciation:				
Land Improvements	(1,210,960)	(27,657)	-	(1,238,617)
Buildings and Improvements	(9,596,326)	(278,114)	123,258	(9,751,182)
Equipment	(345,865)	(6,724)	-	(352,589)
Total Accumulated Depreciation	(11,153,151)	(312,495)	123,258	(11,342,388)
Capital Assets, <i>Being Depreciated, net</i>	3,165,175	(245,883)	(259,757)	2,659,535
Total Capital Assets, <i>net</i>	\$ 5,963,435	\$ (19,895)	\$ (322,432)	\$ 5,621,108

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
 Notes to the Financial Statements
 December 31, 2023

Note 6: Long-Term Debt

A summary of changes in long-term debt for the year ended December 31, 2023, is presented below:

	<u>Balance 12/31/22</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/23</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 30,996	\$ 46,378	\$ (30,996)	\$ 46,378	\$ 9,970
Note Payable	432,746	-	(432,746)	-	-
Capital Lease	745,723	-	(190,852)	554,871	209,256
Total	<u>\$ 1,209,465</u>	<u>\$ 46,378</u>	<u>\$ (654,594)</u>	<u>\$ 601,249</u>	<u>\$ 219,226</u>

Interest cost incurred and expensed during the year ended December 31, 2023, was \$49,468.

Note Payable

In 2014, the Authority obtained a loan from FirstBank in the amount of \$516,750. Proceeds of the loan were used to construct a market-rent triplex. Annual principal and interest payments were due on the loan through September 1, 2044. Interest accrues at the rate of 3.38% per annum through September 30, 2022. On October 1, 2023, and each October 1st thereafter, the interest rate will be calculated by adding 3.25% to the weekly average yield on United States Treasury securities adjusted to a constant maturity of one year. The interest rate will not increase or decrease annually by more than 2% and will never be greater than 9.375%. At December 31, 2023, the weekly average yield on United States Treasury securities was 4.12%. The loan will be paid from Market Rate Rentals Fund resources.

The Authority paid off the loan in July 2024 and paid interest of \$12,803 for the 7 months of the year. The interest rate was assumed to be 5.38% for the year of 2023 with a loan pay off of \$432,746.

Capital Lease

On October 15, 2010, the Authority entered into a \$2,000,000 lease-purchase agreement with Saulsbury Hill Financial, LLC, to finance energy savings improvements at Orchard Place and Simon Center Apartments. Interest accrues on the outstanding balance of the lease at 5.49% per annum. Principal and interest payments are due quarterly beginning on September 15, 2011, with final payment due in June 2026. Capital assets of \$2,074,367 have been recorded under this lease. Accumulated amortization was \$1,293,972 as of December 31, 2023. Amortization on these capital assets was \$103,718 during the year ended December 31, 2023. The lease is paid from Public Housing and Simon Center Funds resources.

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
 Notes to the Financial Statements
 December 31, 2023

Note 6: Long-Term Debt (Continued)

Capital lease payments, to maturity, are as follows:

<u>Year Ended December 31,</u>	<u>Total</u>
2024	\$ 235,503
2025	241,892
2026	120,416
Total Minimum Lease Payments	597,811
Less: Interest Portion	(42,940)
	<hr/>
Present Value of Future Minimum Lease Payments	\$ 554,871
	<hr/>

Note 7: Retirement Commitments

The Authority participates in employer-sponsored money-purchase 401(a) retirement plan on behalf of all employees. Plan investments are managed by MissionSquare. The contribution requirements are established and may be amended by the Board of Commissioners. Employees are required to participate in the Plan on the date of employment and must contribute 2.5% of their eligible salary. The Authority contributes 5% of the eligible salary. Employees are fully vested in the Authority's contributions after five years. During the year ended December 31, 2023, the Authority contributed \$51,771 to the plan.

Note 8: Commitments and Contingencies

Claims and Judgements

The Authority participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. At December 31, 2023, significant amounts of grant expenses have not been audited, but management believes that subsequent audits will not have a material effect on the overall financial position of the Authority.

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. However, management believes the Authority is exempt from the provisions of the Amendment.

Federal Financial Assistance



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**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***

Board of Commissioners
Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Englewood, 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, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Englewood *dba* Innovative Housing Concepts (the Authority) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 3, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Frisco, CO
Tulsa, OK

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TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

Report on Compliance and Other Matters

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

Purpose of this Report

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

Hick & Company, PC

Englewood, Colorado
June 3, 2024





**Independent Auditor's Report on Compliance for each
Major Federal Program, Internal Control over Compliance,
and the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Board of Commissioners
Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Englewood, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing Authority of the City of Englewood *dba* Innovative Housing Concepts' (the Authority's) 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 each of the Authority's major federal programs for the year ended December 31, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each 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.

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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 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.

Hick & Company, PC

Englewood, Colorado
June 3, 2024



Housing Authority of the City of Englewood
dba Innovative Housing Concepts
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2023

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP): Unmodified.

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal program:

Assistance Listing Number	Name of Federal Cluster/Program
14.871	Housing Voucher Cluster/ Section 8 Housing Choice Vouchers
14.872	Public Housing Capital Fund Program

Dollar threshold used to distinguish Between Type A and Type B programs: \$750,000.

Auditee qualified as low-risk auditee? Yes No

Section II: Financial Statement Findings

No current year findings or questioned costs were reported.

(Continued)

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023
(Continued)

Section III: Federal Award Findings and Questioned Costs

No current year findings or questioned costs were reported.

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2023

Findings Required to be reported by the Uniform Guidance

No matters are reportable.

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Housing and Urban Development				
Section 8 Project-Based Cluster				
Section 8 New Construction and Substantial Rehabilitation	14.182		\$ 1,218,617	\$ -
Resident Opportunity and Supportive Services	14.870		68,674	-
Public and Indian Housing	14.850		299,336	-
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871		5,101,142	-
PIH Family Self-Sufficiency Program	14.896		64,817	-
Public Housing Capital Fund Program	14.872		<u>265,857</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 7,018,443</u>	<u>\$ -</u>

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. The Authority does not use a de minimis cost rate.



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditor's Report on Financial Data Schedules

Board of Commissioners
Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Englewood, Colorado

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Englewood *dba* Innovative Housing Concepts (the Authority) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Authority. We issued our report thereon dated June 3, 2024, which contained unmodified opinions on those financial statements. 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 financial data schedules are supplementary information required by the U. S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), and are not a required part of the basic 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 the 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 financial data schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Office Locations:

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Frisco, CO
Tulsa, OK

Englewood, Colorado
June 3, 2024

Hinkle & Company, PC

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