

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

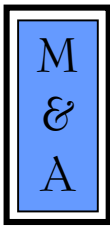
**Financial Statements
December 31, 2023**

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

December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

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

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, 2023, 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, 2023, 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, Colorado

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, Colorado

Report on Summarized Comparative Information

We have previously audited Northeastern Colorado Revolving Loan Fund December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 12, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 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
July 16, 2024

Northeastern Colorado Revolving Loan Fund
(A Colorado Non-Profit Corporation)
Statement of Financial Position
December 31, 2023
(With Comparative Balances For the Year Ended December 31, 2022)

	2023	2022
Assets:		
Current Assets:		
Cash and cash equivalents	1,182,416	1,872,554
Investments	355,003	99,223
Loans receivable	633,760	538,749
Accrued interest receivable	15,211	10,185
Total Current Assets	2,186,390	2,520,711
Non-Current Assets:		
Loans receivable, net of allowance for uncollectible loans of \$233,000 in 2023 and \$250,000 in 2022	2,903,354	2,234,408
Fixed assets, net	51,951	56,661
Total Non-Current Assets	2,955,305	2,291,069
Total Assets	5,141,695	4,811,780
Liabilities:		
Accrued compensation	31,393	31,393
Total Liabilities	31,393	31,393
Net Assets:		
Net assets	5,110,302	4,780,387
Total Net Assets	5,110,302	4,780,387
Total Liabilities and Net Assets	5,141,695	4,811,780

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, 2023
(With Comparative Amounts For the Year Ended December 31, 2022)

	2023	2022
Revenues:		
Revolving loan grant	215,000	78,150
Loan administration grant	10,750	3,850
Loan fees	28,350	9,296
Finance charges	2,018	5,182
Interest - Cash	16,164	2,399
Interest - Loans	251,685	170,239
Bad debt recovery	25,000	100
Total Revenues	548,967	269,216
 Expenses:		
Program service expenses	159,844	217,983
Management and general expenses	59,208	51,830
Total Expenses	219,052	269,813
 Change in Net Assets	 329,915	 (597)
 Net Assets - Beginning of Year	 4,780,387	 4,780,984
 Net Assets - End of Year	 5,110,302	 4,780,387

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, 2023
(With Comparative Actuals For the Year Ended December 31, 2022)

	2023			2022
	Program Services	Management and General	Total	Total
Compensation	94,474	23,619	118,093	112,643
Fringe benefits	43,667	10,917	54,584	50,533
Tax preparation and audit	-	7,600	7,600	7,100
Dues	-	-	-	40
Filing fees	602	-	602	974
Legal	53	13	66	504
Loan expense	1,411	-	1,411	2,372
Marketing	4,055	-	4,055	2,000
Bank service charges	112	-	112	241
Office expense, rent and utilities	9,178	2,294	11,472	8,305
Postage	190	47	237	210
Publications and newspapers	763	191	954	719
Repairs	1,029	257	1,286	1,115
Supplies and equipment	3,141	785	3,926	3,147
Telephone	2,215	554	2,769	3,580
Travel	230	58	288	1,186
Vehicle expense	3,286	821	4,107	4,905
Workman's compensation	66	17	83	112
Miscellaneous and board expense	-	11,093	11,093	6,280
Bad debt	(8,396)	-	(8,396)	58,597
Depreciation	3,768	942	4,710	5,250
Total Expenses	159,844	59,208	219,052	269,813
Percentages	<u>73%</u>	<u>27%</u>	<u>100%</u>	

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, 2023
(With Comparative Amounts For the Year Ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Cash received from loan principal and interest	949,467	963,074
Cash received from grants	225,750	82,000
Cash received from bad debt recovery	25,000	100
Cash received from interest on deposits	16,164	2,399
Cash paid for goods and services	(50,062)	(42,789)
Cash paid for employees	(172,677)	(161,316)
Cash loaned to borrowers	<u>(1,428,000)</u>	<u>(618,750)</u>
Net Cash Provided (Used) by Operating Activities	<u>(434,358)</u>	<u>224,718</u>
Cash - Beginning of Year	<u>1,872,554</u>	<u>1,647,836</u>
Cash - End of Year	<u><u>1,182,416</u></u>	<u><u>1,872,554</u></u>
Reconciliation of Change in Net Assets to Net Cash (Used) by Operating Activities:		
Change in Net Assets	<u>329,915</u>	<u>(597)</u>
Adjustments to reconcile to net cash provided (used) by operating activities:		
Bad debt	(8,396)	58,597
Depreciation	4,710	5,250
(Increase) decrease in loans receivable, net	(755,561)	156,944
(Increase) decrease in settlements	-	2,663
Increase (decrease) in accrued liabilities	-	1,861
Total Adjustments	<u>(764,273)</u>	<u>225,315</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(434,358)</u></u>	<u><u>224,718</u></u>

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, 2023**

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, 2023, an allowance in the amount of \$233,000 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 \$4,710 depreciation expense during 2023.

Northeastern Colorado Revolving Loan Fund
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2023
(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 2020.

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, 2022, 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, 2023
(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, 2023, the carrying amount of NCRLF's demand deposits was \$1,182,416.

At December 31, 2023, NCRLF had the following investments:

	<u>Total</u>
Certificate of deposit:	
Maturing 2024, interest at 4.65% p.a.	\$ 99,112
Maturing 2024, interest at 5.5% p.a.	255,891
	<u>\$ 355,003</u>

At December 31, 2023, 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, 2023 for general expenditures are as follows:

Cash and cash equivalents	\$ 1,182,416
Current loans and interest receivable	648,971
Short-term investments	355,003
	<u>\$ 2,186,390</u>

5. Loans Receivable

Loans receivable consists of the following:

	<u>2023</u>	<u>2022</u>
Loans receivable - Current	\$ 633,760	538,749
Loans receivable - Long-term	3,136,354	2,484,408
Less allowance for doubtful accounts	(233,000)	(250,000)
	<u>\$ 3,537,114</u>	<u>2,773,157</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, 2023
(Continued)

5. Loans Receivable (continued)

	2023	2022
Less than 30 days past due	\$ 9,689	\$ 6,358
30-60 days past due	1,432	3,299
60-90 days past due	1,268	2,729
90-120 days past due	1,252	3,079
More than 120 days past due	255,513	285,145
	\$ 269,154	300,609

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

During 2023, NCRLF had the following activity in allowance for doubtful accounts:

Balance at December 31, 2022	\$ 250,000
Add: current provision for bad debt	(8,396)
Less: write-downs charged against allowance	(8,604)
Balance at December 31, 2023	\$ 233,000

6. Fixed Assets

Fixed asset balances at December 31, 2023 were as follows:

	Dec. 31/23
Buildings	\$ 119,908
Improvements	41,975
Equipment	45,930
Total cost	207,813
Less: Accumulated depreciation	(155,862)
Fixed assets, net	\$ 51,951

Depreciation for the year ended December 31, 2023 was \$4,710.

**Northeastern Colorado Revolving Loan Fund
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2023
(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, 2023, two of NCRLF's employees elected to participate in the defined contribution plan. For the year ended December 31, 2023, NCRLF's employer contributions were \$5,905, which represented 5% of covered payroll. NCRLF's total and covered payroll for the year ended December 31, 2023 was \$118,092.

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, 2023
(With Comparative Actuals For the Year Ended December 31, 2022)

	2023		Variance Positive (Negative)	2022
	Budget (Unaudited)	Actual		Actual
Compensation	118,563	118,093	470	112,643
Fringe benefits	49,310	54,584	(5,274)	48,672
Tax preparation and audit	7,300	7,600	(300)	7,100
Dues	100	-	100	40
Filing fees	1,400	602	798	974
Legal	15,000	66	14,934	504
Loan expense	1,700	1,411	289	2,372
Marketing	3,500	4,055	(555)	2,000
Debit memos	250	112	138	241
Office expense, rent and utilities	10,200	11,472	(1,272)	8,305
Postage	500	237	263	210
Publications and newspapers	-	954	(954)	719
Repairs	1,200	1,286	(86)	1,115
Supplies and equipment	7,000	3,926	3,074	3,147
Telephone	-	2,769	(2,769)	3,580
Travel	3,000	288	2,712	1,186
Vehicle expense	5,000	4,107	893	4,905
Workman's compensation	150	83	67	112
Miscellaneous and board expense	8,750	11,093	(2,343)	6,280
Capital expense	3,000	-	3,000	-
Total Expenses - Budget-Basis	235,923	222,738	13,185	204,105
Reconciliation to GAAP Basis:				
Bad debt		(8,396)		58,597
Depreciation		4,710		5,250
Accrued compensation		-		1,861
Total Expenses - GAAP Basis		219,052		269,813

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