

Regional Housing Alliance of La Plata County

Financial Statements

Year Ended December 31, 2024

Regional Housing Alliance of La Plata County

Table of Contents

	Page
Independent Auditor's Report.....	1
Management's Discussion and Analysis (Unaudited)	3
Basic Financial Statements	
Statement of Net Position	6
Statement of Revenues, Expenses and Changes in Net Position	7
Statement of Cash Flows	8
Notes to the Basic Financial Statements.....	9
Required Supplementary Information	
Schedule of Revenues, Expenses and Changes in Net Position Budget and Actual	16



www.mbecpa.com

Independent Auditor's Report

To the Board of Directors of
Regional Housing Alliance of La Plata County
Durango, CO

Opinion

We have audited the accompanying financial statements of the Regional Housing Alliance of La Plata County (the Authority), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Regional Housing Alliance of La Plata County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Regional Housing Alliance of La Plata County, as of December 31, 2024, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Regional Housing Alliance of La Plata County, 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Regional Housing Alliance of La Plata County'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 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 generally accepted auditing standards, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Housing Alliance of La Plata County'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 Regional Housing Alliance of La Plata County'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 (unaudited) and schedule of revenues, expenses and changes in net position – budget and actual information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

MBE CPAs, LLP

Durango, CO
September 30, 2025

**Regional Housing Alliance of La Plata County
Management's Discussion and Analysis (Unaudited)
December 31, 2024**

As fiscal managers of the Regional Housing Alliance of La Plata County (the "RHA"), the following information offers readers of the RHA's financial statements this narrative overview and analysis of the financial activities of the RHA for the year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the RHA.

Financial Highlights

- Between 2018 and 2021, RHA was in dormant status. All employees and assets, except for the Energy Impact Assistance Fund loans and cash, were transferred to HomesFund (formerly La Plata Homes Fund, Inc.). HomesFund provided homebuyer assistance program (education, counseling, down payment assistance) to the 5-county southwest Colorado region. In late 2022, the RHA began more active involvement in housing strategy and collaboration in partnership with the La Plata Economic Development Alliance. The Intergovernmental Agreement with local municipalities was re-initiated beginning in 2023.
- As of December 31, 2024, the RHA held \$835,000 in notes receivable. It did not hold any mortgage receivables. The RHA received a \$960,343 donation in 2024 to fund a new Revolving Loan Fund, providing short-term loans for affordable housing projects.
- As of December 31, 2024, the RHA held \$286,926 in cash. Of this amount, \$25,343 is restricted to the Revolving Loan fund.

Overview of the Financial Statements

The financial statements of the RHA are presented as a special purpose government engaged only in business-type activities.

The Statement of Net Position presents information on the RHA's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the RHA is improving or deteriorating. Nonfinancial factors should also be considered to assess the overall position of the RHA.

The Statement of Revenues, Expenses, and Changes in Net Position reports on the changes that have occurred during the year to RHA's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The Statement of Cash Flows reports RHA's cash flows from operating, noncapital financing, capital and investing activities.

**Regional Housing Alliance of La Plata County
Management's Discussion and Analysis (Unaudited)
December 31, 2024**

Financial Summary and Analysis

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Condensed Statement of Net Position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 631,169	\$ 233,999
Noncurrent assets	600,350	350
Total assets	<u>\$ 1,231,519</u>	<u>\$ 234,349</u>
Current liabilities	<u>\$ 22,672</u>	<u>\$ 5,507</u>
Total liabilities	22,672	5,507
Net position		
Restricted for emergencies	10,886	6,576
Unrestricted	1,197,961	222,266
Total net position	<u>1,208,847</u>	<u>228,842</u>
Total liabilities and net position	<u>\$ 1,231,519</u>	<u>\$ 234,349</u>

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>2024</u>	<u>2023</u>
Revenue		
Member contributions	\$ 261,600	\$ 225,000
Grants and donations	1,038,530	-
Sponsorship and fee income	23,741	-
Interest income	19,020	-
Total Revenue	<u>1,342,891</u>	<u>225,000</u>
Program expenses	<u>362,886</u>	<u>219,213</u>
Change in net position	980,005	5,787
Net position – beginning	<u>228,842</u>	<u>223,055</u>
Net position – ending	<u>\$ 1,208,847</u>	<u>\$ 228,842</u>

**Regional Housing Alliance of La Plata County
Management's Discussion and Analysis (Unaudited)
December 31, 2024**

Revenues

From 2018 through 2021 the RHA was primarily dormant and received minimal revenue, the only source being interest on bank accounts. Intergovernmental Agreements began again in 2023. In 2024, the RHA received \$261,600 in contributions from La Plata County, the City of Durango, the Town of Bayfield, and the Town of Ignacio. It received a \$960,343 donation in 2024 to fund a new Revolving Loan Fund, providing short-term loans for affordable housing projects. The donated funds were provided by the Durango Industrial Development Foundation that dissolved in 2024 to serve as principal for the new Revolving Loan Fund. A \$24,970 grant was received from the Colorado Housing and Finance Authority to fund housing needs.

Expenditures

The RHA's major expenditures in 2024 were (1) professional fees paid to La Plata Economic Development Alliance for administrative management and housing strategy planning, (2) professional fees paid to Root Policy Research for housing needs assessment, and (3) facility and speaker expenses for a regional housing summit hosted in April 2024. The RHA did not have any employees during 2024.

Budgetary Highlights

The RHA prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of capital outlay, in addition to operating and non-operating revenue and contributions.

- Actual operating revenues in 2024 were \$22,100 more than budgeted, primarily due to grant funds received.
- Actual operating expenses, on the budgetary basis, were more than budgeted by \$18,181.

Requests for Information

This financial report is designed to give its readers a general overview of the RHA's finances. Questions regarding any information contained in this report or requests for additional financial information should be addressed to: The La Plata County Economic Development Alliance, 2301 Main Avenue, Durango, CO 81301, or 970-259-1700.

Regional Housing Alliance of La Plata County
Statement of Net Position
December 31, 2024

Assets	
Current Assets	
Cash and cash equivalents	\$ 261,583
Restricted cash	25,343
Accounts receivable	102,800
Notes receivable - current portion	235,000
Accrued interest	4,692
Prepaid expenses	1,751
Total Current Assets	631,169
Noncurrent Assets	
Notes receivable - noncurrent portion	600,000
Security deposit	350
Total Noncurrent Assets	600,350
Total Assets	\$ 1,231,519
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 22,002
Accrued expenses	670
Total Current Liabilities	22,672
Total Liabilities	22,672
Net Position	
Restricted for:	
Declared emergencies - TABOR amendment	10,886
Unrestricted	1,197,961
Total Net Position	1,208,847
Total Liabilities and Net Position	\$ 1,231,519

The notes to the financial statements are an integral part of this statement.

Regional Housing Alliance of La Plata County
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2024

Operating Revenues	
Member contributions	\$ 261,600
Grants and contributions	1,038,530
Housing Summit sponsorships	23,741
Total Operating Revenues	1,323,871
Operating Expenses	
General and administrative	8,177
Grant expense	66,521
Marketing expense	14,863
Professional fees	268,571
Rent and utilities	4,754
Total Operating Expenses	362,886
Operating Income (Loss)	960,985
Non-Operating Revenues (Expenses)	
Interest income	19,020
Total Non-Operating Revenues (Expenses)	19,020
Change in Net Position	980,005
Net Position - Beginning of Year	228,842
Net Position - End of Year	\$ 1,208,847

The notes to the financial statements are an integral part of this statement.

Regional Housing Alliance of La Plata County
Statement of Cash Flows
For the Year Ended December 31, 2024

Cash Flows From Operating Activities:	
Cash receipts from customers and users	\$ 229,324
Payments to suppliers and others	(293,535)
Cash received from grants or contributions for operations	1,038,530
Issuance of notes	(935,000)
Net Cash Provided by (Used for) Operating Activities	<u>39,319</u>
Cash Flows From Investing Activities:	
Interest income	14,328
Net Cash Provided by (Used for) Operating Activities	<u>14,328</u>
Net Increase (Decrease) in Cash and Cash Equivalents	53,647
Cash and Cash Equivalents - Beginning of Year	<u>233,279</u>
Cash and Cash Equivalents - End of Year	<u>\$ 286,926</u>
Detail of cash and cash equivalents:	
Cash and cash equivalents	\$ 261,583
Restricted cash	25,343
Total Cash and Cash Equivalents - End of Year	<u>\$ 286,926</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Operating Income (Loss)	\$ 960,985
Add (deduct) items not affecting cash:	
(Increase) decrease in accounts receivable	(102,800)
(Increase) decrease in notes receivable	(835,000)
(Increase) decrease in prepaid expenses	(1,031)
Increase (decrease) in accounts payable	16,495
Increase (decrease) in accrued expenses	670
Total Changes from items not affecting cash:	<u>(921,666)</u>
Net Cash Provided by Operating Activities	<u>\$ 39,319</u>
Non-cash items	
Donated project costs - revenue	\$ 53,217
Donated project costs - expense	\$ (53,217)
Receipt of notes receivable	\$ 100,000
Disbursement on accounts receivable	\$ (100,000)

The notes to the financial statements are an integral part of this statement.

Regional Housing Alliance of La Plata County
Notes to the Financial Statements
December 31, 2024

Note A – Summary of Significant Accounting Policies

The Regional Housing Alliance of La Plata County (the Authority) is a multi-jurisdictional housing authority governed pursuant to provisions of the Colorado Revised Statutes Section 29-1-204.5. The Authority was created on April 14, 2004, pursuant to an intergovernmental agreement by and among the Board of County Commissioners of La Plata County, Colorado; the City of Durango, Colorado; the Town of Ignacio, Colorado; and the Town of Bayfield, Colorado. The Authority was established to facilitate the planning, financing, acquisition, construction, management and operation of housing projects or programs pursuant to a multi-jurisdictional plan to provide affordable dwelling accommodations to the communities within the jurisdiction of the Authority.

As part of this master agreement, the Authority provided staffing and administrative contract services to HomesFund for 2016. Beginning January 1, 2017, HomesFund provided staffing and administrative contract services to the Authority. The master agreement terminated July 1, 2017. All assets of the Authority that could be assigned to the HomesFund, were transferred to the HomesFund in April 2017. The Authority Board and member agencies agreed to transition the Authority into dormancy and let the HomesFund, a non-profit organization, take over primary operations related to affordable housing. Since that time, the Authority filed the required annual application for exemption from audits with the Colorado Office of the State Auditor. In November 2021, the Authority Board and member agencies signed a new intergovernmental agreement to restart the Authority and take it out of dormancy status.

Reporting Entity

In reevaluating how to define the government, for financial reporting purposes, the Authority's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial reporting Entity*, as amended by GASB No. 39. GASB pronouncements set for the financial accountability of governmental organizations elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. Based upon the application of these criteria, no entities will be included in the Authority's reporting entity.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

For financial reporting purposes, the Authority is considered a special-purpose government engaged only in business-type activities. Accordingly, the Authority's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting, where revenues are recognized when earned and expenses are recorded when an obligation is incurred. The Authority applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

Cash and Cash Equivalents

The Authority considers cash and cash equivalents to include all cash on hand, demand deposits and other highly liquid investments with an initial maturity of three months or less from the date of acquisition.

Accounts Receivable

Accounts receivable are stated at the amounts management expects to collect from outstanding balances. No allowance for credit losses has been recorded as management believes that any amounts not expected to be collected are immaterial.

Regional Housing Alliance of La Plata County
Notes to the Financial Statements
December 31, 2024

Note A – Summary of Significant Accounting Policies (continued)

Notes Receivable

The Authority received \$960,343 from Durango Industrial Development Foundation, Inc. to fund the Catalyst 2.0 revolving loan fund, which is administered in conjunction with La Plata Economic Development Alliance to provide short-term loans for affordable housing projects. Notes receivable represent short-term, interest-bearing loans issued under the Catalyst 2.0 program and are stated at the amounts management expects to collect from outstanding balances.

Interest income is recognized as revenue in the period in which it is earned. The Authority evaluates the collectability of notes receivable based on various factors such as the debtor's financial condition, historical collection experience, and other relevant information. Any adjustments or write-offs related to uncollectible notes are recorded as an expense in the period they are identified. As of year-end, no allowance for credit losses has been recorded, as management believes that any amounts not expected to be collected are immaterial, based on the composition of the loans, historical collection experience, and the continued stability and viability of the projects linked to the receivable, with no identified risks at this time.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2024, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expense in the year in which services are consumed.

Capital Assets

Capital assets are carried at cost. The Authority capitalizes all expenditures for capital assets of \$5,000 or more. The Authority held no depreciable capital assets during the year ended December 31, 2024.

Ordinary maintenance and repairs of capital assets are charged to operations when incurred. Betterments and renewals are capitalized. Upon retirement, sale, or other disposition of capital assets, the cost and related accumulated depreciation are eliminated from the account and any resulting gain or loss is included in operations.

Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire capital assets are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Authority reports expirations of donor restrictions when the donated or acquired assets are placed in service. Donor-restricted assets whose restrictions are met in the same reporting period are reported as assets without donor restrictions.

Right-to-use leased assets are recognized at the lease commencement date and represent the Authority's right-to-use an underlying asset for the lease term. Right-of-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period therefore would vary.

Regional Housing Alliance of La Plata County
Notes to the Financial Statements
December 31, 2024

Note A – Summary of Significant Accounting Policies (continued)

Net Position

Net position is classified as net position and displayed in three components:

Net investment in capital assets - Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets, excluding any unspent bond proceeds.

Restricted net position - Net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Unrestricted net position - Any other net position that does not meet these definitions is classified as unrestricted.

The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

As of December 31, 2024, the Authority had \$10,886 in restricted emergency reserves in accordance with TABOR requirements (see Note C).

Grants and Contributions

Grants and contributions consist of funding provided to the Authority by various businesses, private foundations and governmental agencies to assist the Authority in providing affordable dwelling accommodations. Revenue is recorded when all eligibility requirements, including time requirements, have been met. Any amounts received for which the eligibility or time requirement have not been met are reported as assets and either liabilities (unearned revenues) or as deferred inflows of resources, depending on the extent to which eligibility requirements are met.

Estimates

The preparation of financial statements require management to make estimates and assumptions that affect certain reported amounts and disclosures. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Date of Management's Review

Management has evaluated subsequent events through September 30, 2025, the date on which the financial statements were available to be issued.

Regional Housing Alliance of La Plata County
Notes to the Financial Statements
December 31, 2024

Note B – Budgets

The Authority adheres to the following procedures in establishing its annual budget.

- The Authority files an annual budget in accordance with State law.
- The budget officer is required to submit a proposed budget to the Board by October 15.
- Public hearings are conducted by the Board to obtain taxpayer comments.
- Expenses may not legally exceed appropriations at the funds level. Board approval is required for changes in the budget.
- Budget appropriations lapse at the end of each year.
- The Authority adopts budgets on a modified accrual basis.

Note C – Tax Spending and Debt Limitation (Tabor)

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the Amendment), 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. The Authority believes it is in compliance with the requirements of the Amendment.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The emergency reserve of \$10,886 is included in restricted net position on the accompanying statement of net position.

The Authority was de-Bruced by the electors of La Plata County in November 2005 and as such is not subject to the revenue limits imposed in the TABOR amendment.

Note D – Cash and Cash Equivalents

Legal and Contractual Provisions Governing Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by PDPA. PDPA allows the institution to create a single collateral pool for all public funds.

The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must equal at least 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk - This is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. As of December 31, 2024, the Authority's deposits exceeded the FDIC insured limit and were not collateralized in accordance with PDPA by \$10,030.

Regional Housing Alliance of La Plata County
Notes to the Financial Statements
December 31, 2024

Note D – Cash and Cash Equivalents (continued)

The carrying value of deposits as of December 31, 2024 are shown in the following captions in the statement of net position:

	<u>Carrying Value</u>	<u>Bank Value</u>
Cash and cash equivalents	\$ 286,926	\$ 298,901

Note E – Notes Receivable

The Authority has entered into agreements to provide loans issued under the Catalyst 2.0 revolving loan fund, which supports affordable housing development.

The first note bears interest at 1.75% per annum and is structured to be repaid in a single lump-sum payment of principal and interest one year from the date of execution. The note is due during November 2025 and is included in current assets on the statement of net position. The outstanding principal balance on this note was \$235,000 as of December 31, 2024. The note is secured by a second deed of trust on residential property located within the county.

The second note also carries an interest rate of 1.75% per annum and includes a minimum release provision, whereby the Authority receives a principal reduction of at least \$50,000 for each of the first 10 residential units sold by the borrower. This loan is further secured by a third-party guarantee and first deed of trust on residential property located within the county. The outstanding principal balance on this note was \$600,000 as of December 31, 2024 and has been extended to mature in April 2026. As such, this note is included in noncurrent assets on the statement of net position. In February 2025, an additional \$100,000 was awarded under the same note. The release provision was amended and starting from the sale of the 11th residential unit, the principal reduction per unit will increase to \$55,000. This new release provision will continue until the loan is fully repaid.

Interest income earned on these notes during the year ended December 31, 2024, totaled \$4,692.

Note F – Commitments and Contingencies

Administrative Services

In December 2023, the Authority entered into a two-year agreement with La Plata Economic Development Alliance for administrative services commencing January 1, 2024 through December 31, 2025 for \$23,920 per year for 2024 and 2025. Total costs incurred during the year ended December 31, 2024 was \$25,320.

In December 2023, the Authority entered into a renewable one-year agreement with the La Plata Economic Development Alliance for professional services commencing January 1, 2024, for \$14,833 per month. Total costs incurred for the year ended December 31, 2024 was \$178,250. In December 2024, the Authority renewed and extended the agreement for an additional one-year period with the La Plata Economic Development Alliance for professional services commencing January 1, 2025, for \$10,000 per month.

In August 2024, the Authority entered into a service agreement with an unrelated third party to provide assistance and servicing for loans issued by the Authority. The agreement became effective on August 5, 2024, and remains in effect until terminated by mutual consent of both parties. Under the terms of the agreement, the service provider is compensated at a rate equal to 0.25% of the interest rate charged to borrowers. Total service fees incurred for the year ended December 31, 2024 was \$670.

Regional Housing Alliance of La Plata County
Notes to the Financial Statements
December 31, 2024

Note F – Commitments and Contingencies (continued)

Lease Commitments

In December 2022, the Authority entered into a two-year lease agreement for office space with an unrelated party commencing January 1, 2023 for \$350 per month. Total expense incurred for the year ended December 31, 2024 was \$4,200.

In November 2024, the Authority extended the lease agreement for the office space for an additional three-years commencing January 1, 2025 for \$360 per month for the first year, with the rent increasing 3% annually and the Authority's share of the triple net charges, covering its proportional share of the building's property taxes, insurance, and common area maintenance. Since the total value of the lease is not significant to the financial statements, it was determined to not record a right-of-use leased asset as required under GASB no. 87. See Note J.

Note G – Related Party Transactions

The Authority is composed of four member agencies, each of which contributes financially to the Authority. The Board of the Authority is made up of two members from each of these agencies. In 2024, the member contributions amounted to \$173,850 from La Plata County, \$72,000 from the City of Durango, \$4,500 from the Town of Ignacio, and \$11,250 from the Town of Bayfield.

In 2024, the Authority also received a reimbursable grant from the Colorado Department of Local Affairs, facilitated by the Town of Ignacio, totaling \$192,400, with a matching fund requirement of \$47,600, representing approximately 20% of the total project cost of \$240,000. For the year ended December 31, 2024, total revenue recorded related to this grant was \$53,217, and expenses incurred amounted to \$66,521.

The Authority had a note receivable from the Ignacio Housing Authority, a department of the Town of Ignacio. The chair of the Ignacio Housing Authority also serves as a Board member of the Authority, with the balance of the note receivable totaling \$235,000 as of December 31, 2024.

Note H – Economic Dependency

The Authority's primary revenue stream is derived from contributions, donations, and grants received from various governmental entities. As such, the Authority's financial performance is closely tied to the availability and stability of government funding. Any significant reductions in these contributions or changes in government policies, funding allocations, or grant eligibility could have a material adverse effect on the Authority's revenue and overall financial condition.

Note I – Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. During 2017, the Authority was a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is an organization created by intergovernmental agreement to provide property, general liability, law enforcement liability, public official's liability, crime coverage, and workers compensation coverage to its members. Settled claims have not exceeded this coverage during 2024.

Regional Housing Alliance of La Plata County
Notes to the Financial Statements
December 31, 2024

Note I – Risk Management (continued)

The Authority pays annual premiums to CIRSA for property, general liability, law enforcement liability, public official's liability, crime coverage and workers compensation coverage. For the coverage provided, CIRSA shall be liable for payment of the applicable self-insured retentions and only to a total annual aggregate amount for CIRSA members as a whole of the amount of the applicable CIRSA loss fund for the coverage period. There shall be no aggregate excess coverage over any loss fund.

Coverage in excess of CIRSA's self-insured retentions shall be provided only by the applicable excess insurers and/or reinsurers in applicable excess and reinsurance policies and shall be payable only by those excess insurers and/or reinsurers. The limits of coverage provided by the excess insurers and/or reinsurers for the coverage period shall be described in the coverage documents issued to the Authority. Sub-limits, aggregate limits and other limits shall apply as provided in said documents.

Note J – Subsequent Events

In February 2025, the second note receivable was awarded an additional \$100,000 under the same note. The release provision was amended and starting from the sale of the 11th residential unit, the principal reduction per unit will increase to \$55,000. This new release provision will continue until the loan is fully repaid.

Required Supplementary Information

Regional Housing Alliance of La Plata County
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
For the Year Ended December 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
Revenues				
Member contributions	\$ 225,000	\$ 261,600	\$ 261,600	\$ -
Grants	-	64,133	78,187	14,054
Donations	-	963,552	960,343	(3,209)
Sponsorships	-	23,206	23,741	535
Interest income	-	8,300	19,020	10,720
Total Revenues	<u>225,000</u>	<u>1,320,791</u>	<u>1,342,891</u>	<u>22,100</u>
Expenditures				
Admin contract	23,920	23,920	25,320	(1,400)
Audit fees	6,500	8,500	9,008	(508)
General operating	6,000	6,000	7,899	(1,899)
Grant matches	-	12,827	13,304	(477)
Legal fees	3,500	3,500	5,524	(2,024)
Liability insurance	1,760	1,537	1,537	(0)
Marketing/outreach	15,000	15,000	14,863	137
Miscellaneous expense	1,040	1,040	-	1,040
Professional services - housing assessment	-	25,000	50,470	(25,470)
Professional services housing strategy	178,000	228,000	178,250	49,750
Project cost - grant funded	-	14,133	53,217	(39,084)
Training	4,000	4,000	3,494	506
Web maintenance	1,248	1,248	-	1,248
Total Expenditures	<u>240,968</u>	<u>344,705</u>	<u>362,886</u>	<u>(18,181)</u>
Net Change in Net Position	<u>\$ (15,968)</u>	<u>\$ 976,086</u>	980,005	<u>\$ 3,920</u>
Net Position - Beginning of Year			<u>228,842</u>	
Net Position - End of Year			<u>\$ 1,208,847</u>	

The notes to the financial statements are an integral part of this statement.