

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

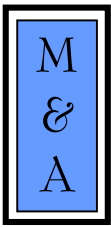
**Financial Statements  
December 31, 2024**

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

**December 31, 2024**

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# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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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, 2024, 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, 2024, 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.

*Member: American Institute of Certified Public Accountants*

**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, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 16, 2024. 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.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**Avon, Colorado**  
**May 5, 2025**

**Northeastern Colorado Revolving Loan Fund**  
**(A Colorado Non-Profit Corporation)**  
**Statement of Financial Position**  
**December 31, 2024**  
**(With Comparative Balances For the Year Ended December 31, 2023)**

	<b>2024</b>	<b>2023</b>
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	1,714,098	1,182,416
Investments	368,459	355,003
Loans receivable	560,449	633,760
Accrued interest receivable	15,211	15,211
<b>Total Current Assets</b>	<b>2,658,217</b>	<b>2,186,390</b>
<b>Non-Current Assets:</b>		
Loans receivable, net of allowance for credit loss of \$295,534 in 2024 and \$233,000 in 2023	2,375,767	2,903,354
Fixed assets, net	99,220	51,951
<b>Total Non-Current Assets</b>	<b>2,474,987</b>	<b>2,955,305</b>
<b>Total Assets</b>	<b>5,133,204</b>	<b>5,141,695</b>
<b>Liabilities:</b>		
Accrued compensation	20,441	31,393
<b>Total Liabilities</b>	<b>20,441</b>	<b>31,393</b>
<b>Net Assets:</b>		
Net assets	5,112,763	5,110,302
<b>Total Net Assets</b>	<b>5,112,763</b>	<b>5,110,302</b>
<b>Total Liabilities and Net Assets</b>	<b>5,133,204</b>	<b>5,141,695</b>

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, 2024**  
**(With Comparative Amounts For the Year Ended December 31, 2023)**

	<b>2024</b>	<b>2023</b>
<b>Revenues:</b>		
Revolving loan grant	103,865	215,000
Loan administration grant	5,058	10,750
Loan fees	14,143	28,350
Finance charges	3,796	2,018
Interest - Cash	28,863	16,164
Interest - Loans	249,716	251,685
Bad debt recovery	10	25,000
Other	18,112	-
<b>Total Revenues</b>	<b>423,563</b>	<b>548,967</b>
 <b>Expenses:</b>		
Program service expenses	348,834	159,844
Management and general expenses	72,268	59,208
<b>Total Expenses</b>	<b>421,102</b>	<b>219,052</b>
 <b>Change in Net Assets</b>	 2,461	 329,915
 <b>Net Assets - Beginning of Year</b>	 5,110,302	 4,780,387
 <b>Net Assets - End of Year</b>	 5,112,763	 5,110,302

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, 2024**  
**(With Comparative Actuals For the Year Ended December 31, 2023)**

	2024		2023	
	Program Services	Management and General	Total	Total
Compensation	110,498	27,624	138,122	118,093
Fringe benefits	52,835	13,209	66,044	54,584
Tax preparation and audit	-	8,000	8,000	7,600
Contract Labor	12,000	3,000	15,000	-
Dues	32	8	40	-
Filing fees	746	-	746	602
Legal	1,158	290	1,448	66
Loan expense	5,569	-	5,569	1,411
Marketing	2,168	-	2,168	4,055
Bank service charges	121	-	121	112
Office expense, rent and utilities	8,054	2,013	10,067	11,472
Postage	537	134	671	237
Publications and newspapers	398	100	498	954
Repairs	554	139	693	1,286
Supplies and equipment	2,762	690	3,452	3,926
Telephone	1,938	485	2,423	2,769
Travel	524	131	655	288
Vehicle expense	3,194	799	3,993	4,107
Workman's compensation	86	22	108	83
Miscellaneous and board expense	-	12,979	12,979	11,093
Bad debt	135,069	-	135,069	(8,396)
Depreciation	10,589	2,647	13,236	4,710
<b>Total Expenses</b>	<b>348,834</b>	<b>72,268</b>	<b>421,102</b>	<b>219,052</b>
Percentages	<b>83%</b>	<b>17%</b>	<b>100%</b>	

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, 2024**  
**(With Comparative Amounts For the Year Ended December 31, 2023)**

	<b>2024</b>	<b>2023</b>
<b>Cash Flows From Operating Activities:</b>		
Cash received from loan principal and interest	1,462,634	949,467
Cash received from grants	108,923	225,750
Cash received from bad debt recovery	10	25,000
Cash received from interest on deposits	31,634	16,164
Other cash receipts	18,112	-
Cash paid for goods and services	(68,631)	(50,062)
Cash paid for employees	(215,118)	(172,677)
Cash loaned to borrowers	(729,150)	(1,428,000)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>608,414</b>	<b>(434,358)</b>
<b>Cash Flows From Investing Activities:</b>		
Cash paid for purchase of fixed assets	(63,276)	-
Cash paid for purchase of investments	(13,456)	(255,780)
<b>Net Cash (Used) by Investing Activities</b>	<b>(76,732)</b>	<b>(255,780)</b>
<b>Net Change in Cash</b>	531,682	(690,138)
<b>Cash - Beginning of Year</b>	1,182,416	1,872,554
<b>Cash - End of Year</b>	1,714,098	1,182,416
<b>Reconciliation of Change in Net Assets to Net Cash (Used) by Operating Activities:</b>		
<b>Change in Net Assets</b>	2,461	329,915
<b>Adjustments to reconcile to net cash provided (used) by operating activities:</b>		
Bad debt	135,069	(8,396)
Depreciation	13,236	4,710
(Increase) decrease in loans receivable, net	465,829	(755,561)
(Increase) decrease in interest receivable	-	(5,026)
(Gain) or loss on disposal of fixed asset	2,771	-
Increase (decrease) in accrued liabilities	(10,952)	-
<b>Total Adjustments</b>	<b>605,953</b>	<b>(764,273)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>608,414</b>	<b>(434,358)</b>

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, 2024**

**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 Credit Losses**

NCRLF uses the allowance method for recognition of credit losses, whereby an allowance for possible credit loss is established when collection becomes doubtful. The allowance is based on the loss rate methodology to determine historical credit losses. The rate loss rate method estimate is derived from historical write-offs as a percentage of average accounts receivable. At December 31, 2024, an allowance in the amount of \$295,534 was reported.

**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 \$13,236 of depreciation expense during 2024.

**Northeastern Colorado Revolving Loan Fund**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2024**  
**(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 2021.

**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, 2023, 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, 2024  
(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, 2024, the carrying amount of NCRLF's demand deposits was \$1,714,098.

At December 31, 2024, NCRLF had the following investments:

	<u><b>Total</b></u>
Certificate of deposit:	
Maturing 2025, interest at 4.65% p.a.	\$ 99,113
Maturing 2025, interest at 5% p.a.	269,346
	<u>\$ 368,459</u>

At December 31, 2024, 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, 2024 for general expenditures are as follows:

Cash and cash equivalents	\$ 1,714,098
Current loans and interest receivable	575,660
Short-term investments	368,459
	<u>\$ 2,658,217</u>

**5. Loans Receivable**

Loans receivable consists of the following:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Loans receivable - Current	\$ 560,449	633,760
Loans receivable - Long-term	2,671,301	3,136,354
Less allowance for credit losses	(295,534)	(233,000)
	<u>\$ 2,936,216</u>	<u>3,537,114</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, 2024  
(Continued)**

**5. Loans Receivable (continued)**

	<b>2024</b>	<b>2023</b>
Less than 30 days past due	\$ 7,224	\$ 9,689
30-60 days past due	4,314	1,432
60-90 days past due	3,975	1,268
90-120 days past due	4,000	1,252
More than 120 days past due	79,491	255,513
	\$ 99,004	269,154

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

During 2024, NCRLF had the following activity in allowance for credit losses:

Balance at December 31, 2023	\$ 233,000
Add: current provision for bad debt	135,069
Less: write-downs charged against allowance	(72,535)
Balance at December 31, 2024	\$ 295,534

**6. Fixed Assets**

Fixed asset balances at December 31, 2024 were as follows:

	<b>Dec. 31/24</b>
Buildings	\$ 119,908
Improvements	60,524
Equipment	40,754
Total cost	221,186
Less: Accumulated depreciation	(121,966)
Fixed assets, net	\$ 99,220

Depreciation for the year ended December 31, 2024 was \$13,236.

**Northeastern Colorado Revolving Loan Fund  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2024  
(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, 2024, two of NCRLF's employees elected to participate in the defined contribution plan. For the year ended December 31, 2024, NCRLF's employer contributions were \$6,543, which represented 5% of covered payroll. NCRLF's total and covered payroll for the year ended December 31, 2024 was \$93,122.

**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, 2024**  
**(With Comparative Actuals For the Year Ended December 31, 2023)**

	2024		Variance Positive Negative	2023
	Budget (Unaudited)	Actual		Actual
Compensation	136,408	138,122	(1,714)	118,093
Fringe benefits	63,915	60,677	3,238	54,584
Tax preparation and audit	7,600	8,000	(400)	7,600
Contract Labor	18,000	15,000	3,000	-
Dues	100	40	60	-
Filing fees	1,400	746	654	602
Legal	15,000	1,448	13,552	66
Loan expense	1,800	5,569	(3,769)	1,411
Marketing	3,500	2,168	1,332	4,055
Debit memos	250	121	129	112
Office expense, rent and utilities	11,250	10,067	1,183	11,472
Postage	700	671	29	237
Publications and newspapers	-	498	(498)	954
Repairs	1,500	693	807	1,286
Supplies and equipment	7,300	3,452	3,848	3,926
Telephone	-	2,423	(2,423)	2,769
Travel	3,000	655	2,345	288
Vehicle expense	7,000	3,993	3,007	4,107
Workman's compensation	100	108	(8)	83
Miscellaneous and board expense	10,000	12,979	(2,979)	11,093
Capital expense	39,205	63,276	(24,071)	-
<b>Total Expenses - Budget-Basis</b>	<b>328,028</b>	<b>330,706</b>	<b>(2,678)</b>	<b>222,738</b>
<b>Reconciliation to GAAP Basis:</b>				
Capitalized expense		(63,276)		-
Bad debt		135,069		(8,396)
Depreciation		13,236		4,710
Accrued compensation		5,367		-
<b>Total Expenses - GAAP Basis</b>		<b>421,102</b>		<b>219,052</b>

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