

REGION 9 ECONOMIC DEVELOPMENT DISTRICT OF SOUTHWEST COLORADO, INC.

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANTS

REGION 9 ECONOMIC DEVELOPMENT DISTRICT OF SOUTHWEST COLORADO, INC.

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Independent Auditors' Report

Board of Directors
Region 9 Economic Development District of Southwest Colorado, Inc.
Durango, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Region 9 Economic Development District of Southwest Colorado Inc., as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Region 9 Economic Development District of Southwest Colorado Inc.'s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Region 9 Economic Development District of Southwest Colorado Inc., as of September 30, 2025, and the respective changes in financial position and, where applicable, 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 (GAAS) 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 Region 9 Economic Development District of Southwest Colorado Inc. 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

Region 9 Economic Development District of Southwest Colorado, Inc.Region 9 Economic Development District of Southwest Colorado Inc's 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 Region 9 Economic Development District of Southwest Colorado Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

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 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, 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 Region 9 Economic Development District of Southwest Colorado Inc.'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 Region 9 Economic Development District of Southwest Colorado Inc.'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

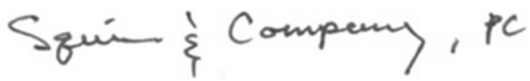
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Region 9 Economic Development District of Southwest Colorado Inc.'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* are presented for purposes of additional analysis 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 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 expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025 on our consideration of Region 9 Economic Development District of Southwest Colorado Inc.'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 solely 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 Region 9 Economic Development District of Southwest Colorado Inc.'s internal control over financial reporting and compliance.



Mesa, Arizona
April 20, 2026

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Economic Development District of Southwest Colorado, Inc.
Management's Discussion and Analysis
September 30, 2025

OVERVIEW OF SELECTED FINANCIAL STATEMENTS

Statement of Net Position. The statement of net position for the Region 9 Economic Development District of Southwest Colorado (Region 9 EDD), Inc., is divided into two categories, Governmental Activities and Business Type Activities (the proprietary funds). The difference between assets and liabilities is reported as *net position*. It provides information pertaining to the nature of Region 9 EDD's assets and liabilities. The statement also provides the basis for determining the overall financial health of Region 9 EDD including liquidity and financial flexibility. On September 30, 2025, total assets for Governmental Activities were $3,134,434 and total assets for the Business-type Activities were $12,016,813. Total liabilities for Governmental Activities are $3,121,024 with the primary liability being notes payable of $243,332 for Region 9 EDD's building. Another liability is the internal balance of $2,759,154 owed to non-governmental funds. The total liabilities of the Business- type Activities are ($124,423). USDA IRP, and USDA RMAP are $1,481,929. The total Business-type Activities liability also includes a reduction from the internal balance of $2,759,154 owed from Governmental Activities. Net position for Governmental Activities is $13,410. Net position for the Business-type Activities is $12,141,236.

Statement of Revenues, Expenses and Changes in Fund Balances – Governmental Funds. The Governmental Funds include: The General Fund #100, Enterprise Zone Administration #600, Economic Development Administration (EDA) Planning program #350 and the Community Technical Assistance Fund #355 (which includes the Technical Assistance programs and other special projects). These funds are reported within the general fund for financial reporting purposes. The Southwest Colorado Council of Governments Fund #356 is reported as a separate special revenue fund. The statements of revenues, expenditures, and changes in fund balances measure the success of Region 9 EDD's governmental type operations and can be used to determine if intergovernmental grants and user fees are adequate to recover expenses. Total revenue for the fiscal year ended September 30, 2025, in the Governmental Funds was $868,943 and total expenditures were $1,167,080 for a deficit of ($298,137) of revenue under expenditures before other financing sources and uses. After other financing sources of $334,000. The ending fund deficit for 2025 was ($243,200) and reduction of $35,863 from the prior year.

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds. The statement of revenues, expenses, and changes in fund net position includes the activities of the various loan programs. Total operating revenue in the Proprietary Funds for the fiscal year ended September 30, 2025, was $1,188,938 and the total operating expenses were $1,124,283 for an operating income of $64,655. This operating income was offset with funds from non-operating revenues (expenses). Intergovernmental grants of $229,536 and a loss on an equity position of ($5,306) generating income before transfers of $288,885.

Statement of Cash Flows – Proprietary Funds. This statement reports on the cash receipts, cash payments and net cash from operations, investments, intergovernmental grants, and related financial activities. On September 30, 2025, cash and cash equivalents were $754,147; $620,576 for September 30, 2024; September 30, 2023, $694,438; September. 30, 2022, $935,169 and on September. 30, 2021, $454,414.

FINANCIAL ANALYSIS

A summary of the statement of net position is included in the following Table A. Increases or decreases in Region 9 EDD's net position are indicators of improving or deteriorating financial health. Region 9 EDD's primary and major assets are the notes receivable from the business loan program and cash on hand available for lending.

TABLE A

Statement of Net Position

	FY 2024	FY 2025
Current and other assets	$ 15,634,457	$ 14,613,342
Capital assets, net	555,210	537,905
Total assets	$ 16,189,667	$ 15,151,247
Current liabilities	$ 1,689,319	$ 523,975
Long-term liabilities	2,335,476	2,472,626
Total liabilities	4,024,795	2,996,601
Net position:		
Invested in capital assets, net of related debt	306,208	294,573
Restricted	6,583,314	6,908,323
Unrestricted	5,275,350	4,951,750
Total net position	12,164,872	12,154,646
Total liabilities and net position	$ 16,189,667	$ 15,151,247

From October 1, 2024 to September 30, 2025 there was a decrease in total assets of $1,038,420 and an decrease in total liabilities of $1,028,194.

Revenues, Expenses and Changes in Fund Balance / Net Position

Table B summarizes activity in the Governmental Funds and Table C summarizes activity in the Proprietary Funds for FY2024 and FY2025.

TABLE B

Statements of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds

	FY ended Sept. 30, 2024	FY ended Sept. 30, 2025
Total revenues	$ 1,223,917	$ 868,943
Total expenditures	1,494,312	1,167,080
Excess (Deficit) of revenues over (under) expenditures	(270,395)	(298,137)
Other financing sources	259,000	334,000
Change in fund balance	(11,395)	35,863
Fund balance (deficit), beginning	(267,668)	(279,063)
Fund balance (deficit), ending	$ (279,063)	$ (243,200)

Table B shows a decrease in revenue of $354,974. Expenses decreased by $327,232 and other financing sources increased by $75,000.

TABLE C

Statement of Activities –Business-Type Activities

	FY ended September 30, 2024	FY ended September 30, 2025
Total operating revenues	$ 1,125,521	$ 1,188,938
Total operating expenses	1,519,745	1,124,283
Operating income (loss)	(394,224)	64,655
Non-operating revenues (expenses), Intergovernmental grant and change in fair value of assets held	934,931	224,230
Other financing sources (uses) Transfers out	(259,000)	(334,000)
Change in net position	281,707	(45,115)
Net position, beginning	11,882,626	12,164,333
Prior period adjustment	-	22,018
Net position, ending	$ 12,164,333	$ 12,141,236

Table C shows an increase in operating revenues of $63,417 and a decrease in operating expenses of $395,462. Non-operating revenues decreased by $710,701 in 2025. Other financing sources (uses) increased from the prior year $75,000. The ending net position decreased by $23,097, from the previous year.

FINANCIAL HIGHLIGHTS

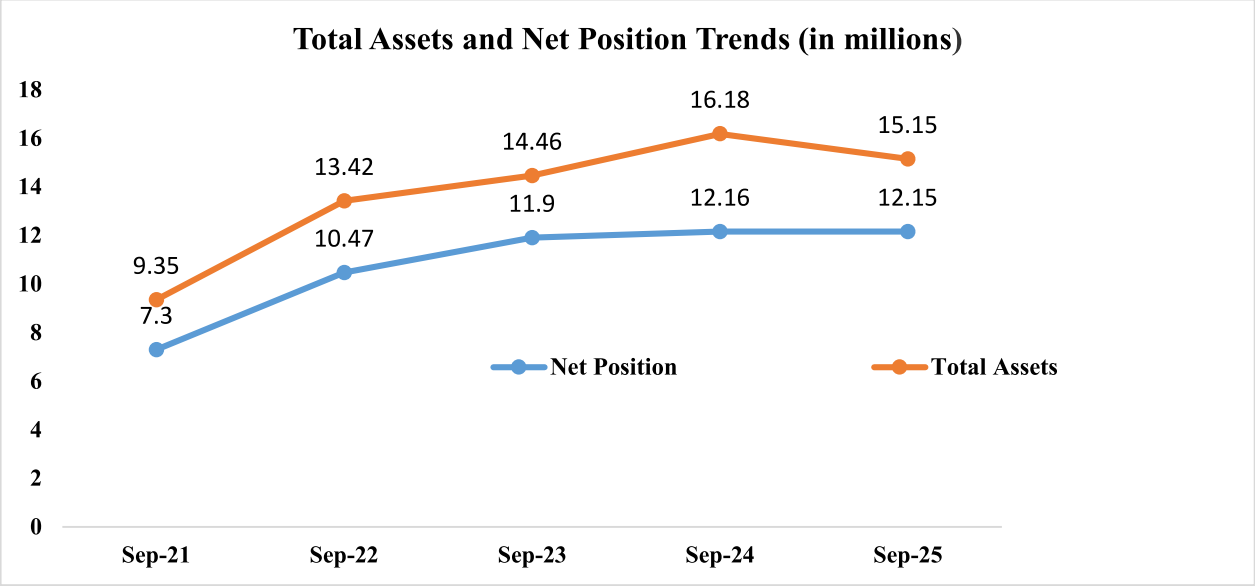
Region 9 EDD's total (both Governmental and Business Type activities) net position on September 30, 2025, was $12,154,646 including cash of $3,226,651. The majority of assets are in the Business Type Activities in our loan program. Total Net Position decreased by $10,226 from the prior year.

The Governmental Funds had total revenues of $868,943 and total expenditures of $1,167,080 for revenue under expenditures of ($298,137). By comparison in the previous fiscal year, the Governmental Funds had total revenues of $1,223,917 and total expenditures of $1,494,312 for revenue under expenditures of ($270,395). The comparison shows a decrease of 22,742 in revenues under expenditure from the previous year. After other financing sources of $334,000, the net change in fund balance decreased by $35,863.

For 2025, the Proprietary Fund operating revenues of $1,188,938 and operating expenses of $1,124,283 resulted in an operating revenue of $64,655. The change in net position was $23,097. For 2024, the Proprietary Fund operating revenues of $1,125,521 and operating expenses of $1,519,745 resulted in an operating loss of ($394,224). This loss was offset by Intergovernmental grants and other financing sources of $934,931 for a change in net position after transfers of $281,707. Ending net position for 2024 was $ 12,164,333 compared to 2023, $11,882,626 and to 2022 of $10,454,256.

MANAGEMENT'S DISCUSSION AND FINANCIAL ANALYSIS

The Net Position is the Total Assets less Liabilities. In FY 2025 Total Assets decreased 6.4%. Total Net Assets decreased by .08%. The total asset growth slowed and showed decrease for the first time in five years.



Preventing future declines and increasing unrestricted cash is important. Staff has successfully secured new lending capital sources as well as some funding that covers staff time. We are closely tracking our monthly loan goals to move towards sustainability. These measures of covering operating costs in addition to building our loan portfolio will help prevent future negative trends.

One factor that affects Region 9 EDD's financial position are interest rates for loans and deposits as well as our loan portfolio stability. Another factor that contributes to Region 9 EDD's Net Position is providing matching funds to programs that are not reimbursed. For year 2025 the amount was $334,000; 259,000 in FY24; $313,500 in FY23; $36,953 in FY2022; and $133,999 in FY2021; Matching funds are necessary for the EDA Planning grant and other economic development initiatives. These activities are accounted for in Funds #350, # 355 & 356. These funds also support other programs such as the local economic development groups and data publications.

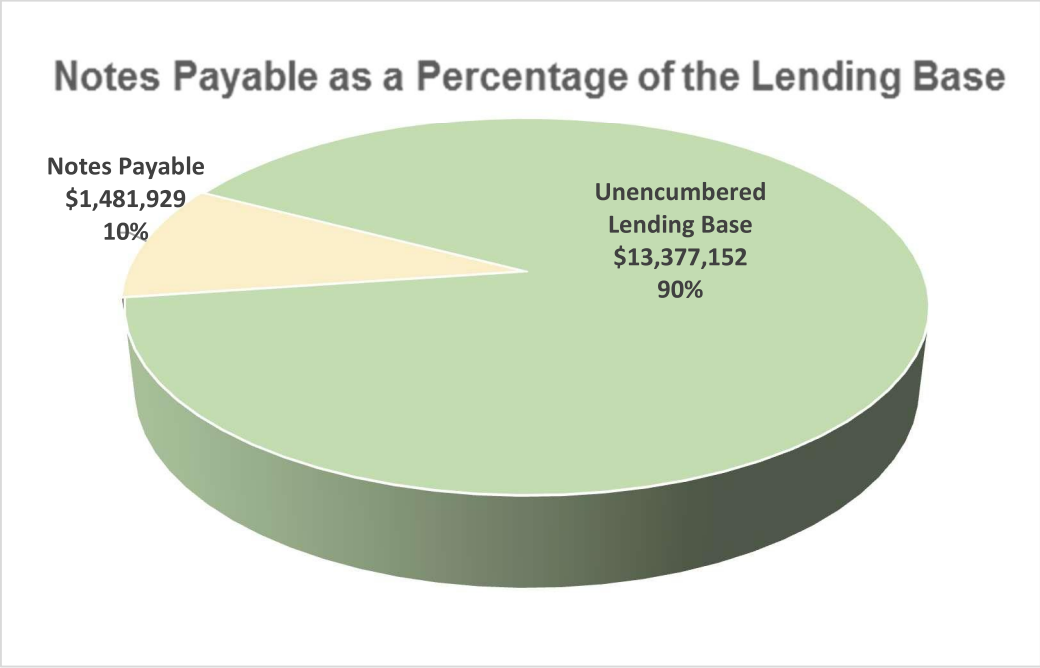
The primary liabilities of Region 9 EDD are the building mortgage, the loans from the USDA for the Intermediary Re-lending Program (IRP) and the Rural Micro-Entrepreneur Assistance Program. The mortgage loan for the building was $243,332 for FY25. The USDA notes payable for FY25 was $1,481,929. Certificates of deposits totaling $114,540 are pledged as security for the USDA IRP loans. One certificate of deposit for $16,790 and a restricted bank account of $12,128 are held as cash reserves for the USDA RMAP loans.

Region 9 EDD continues to support the efforts of Southwest Colorado Accelerator Program for Entrepreneurs (SCAPE) by investing in the Program's companies and utilizing financial resources for development and operations. As of September 30, 2025, Region 9 EDD has investments of $68,359 in companies through eight SCAPE investment funds, rather than the individual companies

FINANCIAL POLICY PRIORITIES

The financial goal of Region 9 EDD is to grow the loan portfolio to a level where the interest received on the loans will pay for operational costs of the business loan programs as well as help pay for the governmental programs that Region 9 EDD administers. The current target is $15 million with an annual goal of $2 million a year, putting the organization on schedule. The current lending base for September 30, 2025, is $14,859,081. Notes payable are $1,481,929 for an Unencumbered Lending Base of $13,377,152. Loan portfolio growth takes place as more intergovernmental grants are received and loans are repaid. Another priority is to keep the amount of funds borrowed for the loan funds within an acceptable range. Region 9 EDD policy is that borrowed funds should not exceed 30% of the total Lending Base which is Notes Receivable; plus, unrestricted cash on hand to lend; plus, loan funds receivable.

September 30, 2025		
Gross Notes Receivable	$	11,775,888
Unrestricted Cash to Lend		3,083,193
Loan Funds Receivable		-
Lending Base		14,859,081
Notes Payable		(1,481,929)
Unencumbered Lending Base	$	13,377,152



Maintaining liquidity is an issue, especially in periods of high loan demand. Region 9 EDD relies on principal and interest payments on loans outstanding to cover operating costs and to provide liquid assets for additional loans. Region 9 EDD maintains an operating cash balance of $150,000 in the primary bank account that is not included in the funds available for lending. We continue to seek funding diversity as we grow other programs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. Region 9 EDD's investments in capital assets as of September 30, 2025, is $537,905 (net of accumulated depreciation) and detailed below.

	Total Book Value of Capital Assets	
	2024	**2025**
Loan Software	$ 540	$ 0
Furniture & Fixtures	1,100	0
Computers	12,799	9,471
Building	540,771	528,434
Total	$560,949	$537,905

Long-term & Short-term Debt. For FY24, Region 9 EDD had a total debt for its business-type activities due to United States Department of Agriculture (USDA) loans of $$1,481,929. This amount is comprised of eight notes payable to the USDA. Six notes are through USDA's Intermediary re-lending program (IRP). The original amount for the first five notes was $250,000 each and the sixth note original amount is $500,000. The IRP notes were borrowed at 1% over a 30- year period. The eighth and ninth notes are through the Rural Microenterprise Assistance Program (RMAP). The original amount for the eighth note was $281,047 and the original amount for the ninth note was $300,000. Both RMAP notes are 2% amortized over a twenty-year term. All notes are secured by restricted cash, receivables, contract rights, and general intangibles. The borrowed funds were loaned to businesses and are part of the receivables used as security.

	Beginning Balance	Additions / Reductions	Ending Balance	Due Within one year
USDA (Note 1)	78,291	(9,500)	68,791	9,485
USDA (Note 2)	106,556	(9,218)	97,338	9,294
USDA (Note 3)	133,664	(8,947)	124,717	9,015
USDA (Note 4)	165,131	(8,962)	156,169	9,027
USDA (Note 5)	218,525	(8,098)	210,427	8,018
USDA (Note 10)	399,500	100,500	500,000	16,223
USDA RMAP (Note 6)	108,158	(16,766)	91,392	17,164
USDA RMAP (Note 7)	248,421	(15,017)	233,095	15,669
SBA Loan (Note 8)	164,352	(164,352)	0	0
SBA Loan (Note 9)	81,481	(81,481)	0	0
Total loans payable	1,704,079	222,150	1,481,929	92,969

Total debt owed on loans payable decreased by $222,150 during the current fiscal year. Regular annual IRP payments are made in January for notes 1 & 2 with the maturity dates in January 2033 and January 2035. The annual IRP payments for notes 3 & 4 are made in March with maturity dates in March 2038 and March 2041. The annual payments for the 5th IRP note are due in October with the maturity date in

October 2047. Payments for the 6th IRP are due in October with the maturity date in October 2053. Payments on the RMAP notes are made monthly. The first RMAP note matures in December of 2031 and the second in September of 2039.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Board of Directors and the management of Region 9 EDD considered many factors when they established the budget for FY26. Most important is continuing to anticipate the future need for cash flow for middle mile broadband construction and additional loan capital. Upcoming projects, loan funds, intergovernmental grant revenue, user fees and changes in operating costs are all evaluated and considered before a final budget is adopted. Because of Region 9 EDD's dependence on principal and interest payments to sustain its operating and loan activities, the 2025-2026 budget is dependent on client solvency and continued loan demand. Region 9 EDD continues to utilize many sources for lending capital to shift reliance from grants that will help cover administrative costs. We have also successfully integrated several programs previously under the Southwest Colorado Council of Governments.

This financial report is designed to provide our Board of Directors, funding partners and other interested parties with a general overview of Region 9 EDD's finances and demonstrate accountability for the money received. If you have any questions or need additional information please contact Laura Lewis Marchino, Executive Director, 970-247-9621 or laura@region9edd.org.

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BASIC FINANCIAL STATEMENTS

REGION 9 ECONOMIC DEVELOPMENT DISTRICT
OF SOUTHWEST COLORADO, INC.
Statement of Net Position
September 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments - unrestricted	$ 2,472,504	$ 610,689	$ 3,083,193
Cash - restricted	-	143,458	143,458
Prepaid expenses	6,972	-	6,972
Accounts receivable	117,053	191,473	308,526
Notes receivable	-	10,953,626	10,953,626
Accrued interest receivable	-	49,208	49,208
Equity positions	-	68,359	68,359
Capital assets (net of accumulated depreciation)	537,905	-	537,905
Total assets	3,134,434	12,016,813	15,151,247
Liabilities			
Accounts payable and other current liabilities	66,753	59,511	126,264
Accrued expenses	13,822	4,205	18,027
Internal balances	2,759,154	(2,759,154)	-
Unused grant funds	-	88,605	88,605
Long-term liabilities			
Due or payable within one year	23,942	267,137	291,079
Due or payable after one year	257,353	2,215,273	2,472,626
Total liabilities	3,121,024	(124,423)	2,996,601
Net Position			
Net investment in capital assets	294,573	-	294,573
Restricted for revolving loans	-	6,908,323	6,908,323
Unrestricted	(281,163)	5,232,913	4,951,750
Total Net Position	$ 13,410	$ 12,141,236	$ 12,154,646

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

REGION 9 ECONOMIC DEVELOPMENT DISTRICT OF SOUTHWEST COLORADO, INC.
Statement of Activities
For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Governmental activities:							
Economic development	$ 1,190,072	$ 285,358	$ 499,509	$ -	$ (405,205)	$ -	$ (405,205)
Total governmental activities	1,190,072	285,358	499,509	-	(405,205)		(405,205)
Business-type activities:							
Revolving loans	1,124,283	1,188,938	229,536		-	294,191	294,191
Total business-type activities	1,124,283	1,188,938	229,536	-	-	294,191	294,191
Total primary government	$ 2,314,355	$ 1,474,296	$ 729,045	$ -	(405,205)	294,191	(111,014)
General revenues:							
Earnings on investments					58,623	(5,306)	53,317
Miscellaneous					25,453	-	25,453
Transfers in (out)					334,000	(334,000)	-
Total general revenues & transfers					418,076	(339,306)	78,770
Change in net position					12,871	(45,115)	(32,244)
Net position - beginning					539	12,164,333	12,164,872
Prior period adjustment					-	22,018	22,018
Net position - ending					$ 13,410	$ 12,141,236	$ 12,154,646

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

REGION 9 ECONOMIC DEVELOPMENT DISTRICT
OF SOUTHWEST COLORADO, INC.
Balance Sheet
Governmental Funds
September 30, 2025

	General Fund	Major Special Revenue Fund: Southwest Colorado Council of Governments Fund	Total Governmental Funds
Assets			
Cash	$ 944,187	$ -	$ 944,187
Investment in CSAFE	1,528,317	-	1,528,317
Due from other funds	-	22,515	22,515
Prepaid expenses	2,067	4,905	6,972
Accounts and grants receivable	91,956	25,097	117,053
Total assets	2,566,527	52,517	2,619,044
Liabilities			
Accounts payable	17,857	4,905	22,762
Accrued expenses	12,990	832	13,822
Unearned grant revenue	4,370	39,621	43,991
Due to other funds	2,781,669	-	2,781,669
Total liabilities	2,816,886	45,358	2,862,244
Fund Balances			
Nonspendable	2,067	4,905	6,972
Unassigned (deficit)	(252,426)	2,254	(250,172)
Total fund balance (deficit)	(250,359)	7,159	(243,200)
Total liabilities and fund balances	$ 2,566,527	$ 52,517	$ 2,619,044

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

REGION 9 ECONOMIC DEVELOPMENT DISTRICT
OF SOUTHWEST COLORADO, INC.
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2025

Total governmental fund balance (deficit)		$ (243,200)
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 722,161	
Accumulated depreciation	(184,256)	537,905
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Note payable	(243,332)	
Accrued compensated absences	(37,963)	(281,295)
Total net position - governmental activities		$ 13,410

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

REGION 9 ECONOMIC DEVELOPMENT DISTRICT
OF SOUTHWEST COLORADO, INC.
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
For the Year Ended September 30, 2025

	General Fund	Major Special Revenue Fund: Southwest Colorado Council of Governments Fund	Governmental Funds
Revenues			
Grant revenue	$ 399,828	$ 69,189	$ 469,017
Dues assessed to member governments	70,000	92,705	162,705
Charges for services	15,194	107,459	122,653
Local sources			
Contributions and grants	30,492	-	30,492
Interest	58,623	-	58,623
Other revenues	23,166	2,287	25,453
Total revenues	597,303	271,640	868,943
Expenditures			
Economic development	757,856	392,625	1,150,481
Debt service:			
Principal	5,670	-	5,670
Interest	10,929	-	10,929
Total expenditures	774,455	392,625	1,167,080
Excess of revenues over (under) expenditures	(177,152)	(120,985)	(298,137)
Other financing sources (uses)			
Transfers in	334,000	138,000	472,000
Transfers out	(138,000)	-	(138,000)
Total other financing sources (uses)	196,000	138,000	334,000
Net change in fund balances	18,848	17,015	35,863
Fund balance (deficit), beginning	(269,207)	(9,856)	(279,063)
Fund balance (deficit), ending	$ (250,359)	$ 7,159	$ (243,200)

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

REGION 9 ECONOMIC DEVELOPMENT DISTRICT OF SOUTHWEST COLORADO, INC.
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds To the Statement of Activities
For the Year Ended September 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 35,863
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital outlay	$ -	
Depreciation expense	(16,765)	(16,765)
Governmental funds report proceeds from issuance of debt as other financing sources and principal payments of debt as expenditures. However, in the statement of activities these amounts adjust the amount reported as a liability.		
Principal payments on debt	5,670	5,670
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(11,897)
Change in net position of governmental activities		$ 12,871

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

REGION 9 ECONOMIC DEVELOPMENT DISTRICT
OF SOUTHWEST COLORADO, INC.
Statement of Net Position
Proprietary Funds
September 30, 2025

	Business-type Activities - Enterprise Revolving Loan Funds				
	CDBG Revolving Loan Fund	Colorado Startup Loan Fund	Revolving Loan Fund	SBA Micro Loan Fund	Intermediary Re-lending Loan Fund
Assets					
Cash - unrestricted	$ -	$ 103,898	$ 251,118	$ -	$ 19,498
Cash - restricted	-	-	-	-	143,458
Due from other funds	-	290,216	1,102,935	-	609,127
Grants and other receivables	46,400	-	49,510	-	-
Equity positions	-	-	68,359	-	-
Notes receivable, net	218,405	774,508	3,715,412	-	1,116,693
Accrued interest receivable	1,373	4,120	15,698	-	3,527
Total assets	266,178	1,172,742	5,203,032	-	1,892,303
Liabilities					
Current liabilities:					
Accounts payable	308	21,000	38,198	-	5
Accrued liabilities	360	623	2,646	-	176
Unused grant funds	-	88,605	-	-	-
Due to other funds	161,892	-	-	-	-
Long-term liabilities:					
Portion due within one year	2,351	1,843	6,129		94,700
Portion due after one year	2,350	1,842	6,128	-	1,388,840
Due to governments	-	-	-	-	-
Due to governments after one year	-	-	-	-	-
Total liabilities	167,261	113,913	53,101	-	1,483,721
Net position					
Restricted for revolving loans	98,917	1,058,829	-	-	408,582
Unrestricted	-	-	5,149,931	-	-
Total net position	$ 98,917	$ 1,058,829	$ 5,149,931	$ -	$ 408,582

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

Statewide EDA Revolving Loan Fund	EDA Revolving Fund	Forest Service Colorado State University Fund	Combined Total
$ 27,587	$ 208,588	$ -	$ 610,689
-	-	-	143,458
925,213	-	115,017	3,042,508
-	-	95,563	191,473
-	-	-	68,359
3,242,577	1,050,143	835,888	10,953,626
9,281	4,189	11,020	49,208
4,204,658	1,262,920	1,057,488	15,059,321
-	-	-	59,511
132	-	268	4,205
-	-	-	88,605
-	121,462	-	283,354
1,677	318	579	107,597
1,676	318	579	1,401,733
-	-	159,540	159,540
-	-	813,540	813,540
3,485	122,098	974,506	2,918,085
4,201,173	1,140,822	-	6,908,323
-	-	82,982	5,232,913
$ 4,201,173	$ 1,140,822	$ 82,982	$ 12,141,236

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

REGION 9 ECONOMIC DEVELOPMENT DISTRICT OF SOUTHWEST COLORADO, INC.
Statement Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2025

	Business-type Activities - Enterprise Revolving Loan Funds				
	CDBG Revolving Loan Fund	Colorado Startup Loan Fund	Revolving Loan Fund	SBA Micro Loan Fund	Intermediary Re-lending Loan Fund
Operating revenues					
Loan fees	$ 891	$ 3,001	$ 9,170	$ 500	$ 3,949
Loan interest	20,844	73,817	346,532	4,814	85,062
Loan insurance recoveries	-	-	-	-	-
Loan allowance recoveries	-	-	-	-	-
Other revenues	364	4,687	160,873	129	1,600
Total operating revenues	22,099	81,505	516,575	5,443	90,611
Operating expenses					
Loan processing costs					
Purchased services	2,063	328	2,105	49	477
Credit reserve registration fees	1,179	1,170	4,962	250	2,729
Economic development:	-				
Administration					
Salaries and benefits	95,940	80,350	393,131	13,689	33,031
Purchased services	16,728	7,286	34,744	645	3,578
Supplies and materials	4,380	3,952	18,699	633	1,462
Miscellaneous expenses	3,815	1,498	4,542	-	20
Contributions and grants	-	28,046	750	-	-
Depreciation	-	-	540	-	-
Interest expense	-	-	-	-	16,683
Provision for loan loss	63,817	114,525	89,241	1,282	5,444
Total operating expenses	187,922	237,155	548,714	16,548	63,424
Operating income (loss)	(165,823)	(155,650)	(32,139)	(11,105)	27,187
Non-operating revenues (expenses)					
Intergovernmental grants	46,400	180,230	-	2,044	862
Gain/(loss) on equity investment	-	-	(5,306)	-	-
Total non-operating revenues (expenses)	46,400	180,230	(5,306)	2,044	862
Income (loss) before transfers	(119,423)	24,580	(37,445)	(9,061)	28,049
Other financing sources (uses)					
Transfers in	15,000	-	24,315	37,768	-
Transfers out	-	-	(386,768)	(24,315)	-
Other financing sources (uses)	15,000	-	(362,453)	13,453	-
Change in net position	(104,423)	24,580	(399,898)	4,392	28,049
Total net position, beginning of year	203,340	1,012,231	5,549,829	(4,392)	380,533
Prior period adjustment	-	22,018	-	-	-
Total net position, end of year	$ 98,917	$ 1,058,829	$ 5,149,931	$ -	$ 408,582

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

Statewide EDA Revolving Loan Fund	EDA Revolving Fund	Forest Service Colorado State University Fund	Combined Total
$ 9,092	$ 8,091	$ 12,771	$ 47,465
217,035	77,233	47,068	872,405
-	-	-	-
-	-	-	-
802	809	99,804	269,068
226,929	86,133	159,643	1,188,938
441	589	151	6,203
750	1,050	7,008	19,098
77,391	12,797	31,214	737,543
12,550	5,175	2,117	82,823
3,590	553	1,605	34,874
415	-	2,634	12,924
-	-	-	28,796
-	-	-	540
-	-	-	16,683
(98,999)	(53,633)	63,122	184,799
(3,862)	(33,469)	107,851	1,124,283
230,791	119,602	51,792	64,655
-	-	-	229,536
-	-	-	(5,306)
-	-	-	224,230
230,791	119,602	51,792	288,885
-	-	-	77,083
-	-	-	(411,083)
-	-	-	(334,000)
230,791	119,602	51,792	(45,115)
3,970,382	1,021,220	31,190	12,164,333
-	-	-	22,018
$ 4,201,173	$ 1,140,822	$ 82,982	$ 12,141,236

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

REGION 9 ECONOMIC DEVELOPMENT DISTRICT OF SOUTHWEST COLORADO, INC.
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2025

	Business-type Activities - Enterprise Revolving Loan Funds				
	CDBG Revolving Loan Fund	Colorado Startup Loan Fund	Revolving Loan Fund	SBA Micro Loan Fund	Intermediary Re-lending Loan Fund
Cash flows from operating activities:					
Cash received from customers	$ 1,255	$ 29,706	$ 187,522	$ 4,346	$ 5,549
Interest received	20,435	72,734	351,028	4,957	84,932
Cash paid to employees	(96,175)	(80,335)	(407,928)	(13,689)	(33,031)
Cash paid to suppliers	(26,618)	(20,020)	(69,336)	(3,238)	(7,175)
Net cash provided (used) by operating activities	(101,103)	2,085	61,286	(7,624)	50,275
Cash flows from noncapital financing activities:					
Intergovernmental grants	192,908	194,532	-	2,044	862
Proceeds from long-term liabilities	-	-	-	-	100,500
Change in accounts payable related to amounts held for other local governments	-	(1,361,364)	-	-	-
Payments on long-term liabilities	-	-	-	(245,833)	(76,816)
Proceeds/payments between funds	(89,512)	1,196,635	(767,906)	(84,511)	(175,307)
Interfund transfers	15,000	-	(362,453)	13,453	-
Net cash provided (used) by noncapital financing activities	118,396	29,803	(1,130,359)	(314,847)	(150,761)
Cash flows from capital and related financing activities:					
Payments of interest	-	-	-	-	(16,683)
Net cash provided (used) by capital and related financing activities	-	-	-	-	(16,683)
Cash flows from investing activities:					
Loans distributed	(40,000)	(121,000)	(499,193)	(25,000)	(181,250)
Loan payments received	22,707	122,024	1,886,541	50,458	265,481
Loan loss recoveries	-	-	13,400	-	22,992
Transfers of notes receivable, (net)	-	-	(80,557)	80,557	-
Net cash provided (used) by investing activities	(17,293)	1,024	1,320,191	106,015	107,223
Net change in cash and cash equivalents	-	32,912	251,118	(216,456)	(9,946)
Cash and cash equivalents, including restricted cash beginning of year	-	70,986	-	216,456	172,902
Cash and cash equivalents, including restricted cash end of year	$ -	$ 103,898	$ 251,118	$ -	$ 162,956
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Net operating income (loss)	$ (165,823)	$ (155,650)	$ (32,139)	$ (11,105)	$ 27,187
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Provision for loan loss	63,817	114,525	89,241	1,282	5,444
Depreciation expense	-	-	540	-	-
Interest expense	-	-	-	-	16,683
Changes in operating assets and liabilities:					
(Increase)/decrease in receivables	-	22,018	17,479	3,717	-
(Increase) decrease in accrued interest	(409)	(1,083)	4,496	143	(130)
(Increase)/decrease in prepaid expenses	1,452	1,452	-	-	-
Increase/(decrease) in payables	95	20,808	(3,534)	-	-
Increase/(decrease) in accrued liabilities & deposits	(235)	15	(14,797)	(1,661)	1,091
Net cash provided (used) by operating activities	$ (101,103)	$ 2,085	$ 61,286	$ (7,624)	$ 50,275

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

Statewide EDA Revolving Loan Fund	EDA Revolving Fund	Forest Service Colorado State University Fund	Combined Total
$ 9,894	$ 43,476	$ 113,957	$ 395,705
216,350	75,270	39,266	864,972
(77,391)	(12,797)	(31,214)	(752,560)
(17,681)	(5,798)	(13,110)	(162,976)
131,172	100,151	108,899	345,141
-	-	-	390,346
-	-	646,280	746,780
-	-	-	(1,361,364)
-	-	-	(322,649)
(554,757)	219,607	(164,479)	(420,230)
-	-	-	(334,000)
(554,757)	219,607	481,801	(1,301,117)
-	-	-	(16,683)
-	-	-	(16,683)
(458,348)	(389,000)	(661,988)	(2,375,779)
782,108	145,171	71,288	3,345,778
99,839	-	-	136,231
-	-	-	-
423,599	(243,829)	(590,700)	1,106,230
14	75,929	-	133,571
27,573	132,659	-	620,576
$ 27,587	$ 208,588	$ -	$ 754,147
$ 230,791	$ 119,602	$ 51,792	$ 64,655
(98,999)	(53,633)	63,122	184,799
-	-	-	540
-	-	-	16,683
-	34,576	1,382	79,172
(685)	(1,963)	(7,802)	(7,433)
1,452	1,452	-	5,808
(27)	-	(132)	17,210
(1,360)	117	537	(16,293)
$ 131,172	$ 100,151	$ 108,899	$ 345,141

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

Note 1. Summary of Significant Accounting Policies

Reporting Entity

Region 9 Economic Development District of Southwest Colorado, Inc. (the District), is a not-for-profit corporation formed by local governments in Southwest Colorado in 1989 to provide economic development programs to Southwest Colorado and operates solely for the purpose of administering development grants.

The financial statements of the District have been prepared under accounting standards established by the Governmental Accounting Standards Board. The District was created by governmental entities; those governmental entities control a majority of the District's officers and the District can be dissolved by the governments that created it. Under guidance provided by the Governmental Accounting Standards Board, the District is to be considered a government for determination of the accounting standards applicable to its financial statements. However, since the District is not itself a governmental entity, some Colorado statutes applicable to governmental entities are not applicable to the District. Specifically, Colorado's Public Deposit Protection Act and budget statutes which are generally applicable to governmental entities in Colorado are not applicable to the District. The significant accounting policies applied are described below to enhance the usefulness of the financial statements to the reader.

Government-Wide and Fund Financial Statements

The government-wide statements include the statement of net position and the statement of activities, which display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District has adopted an informal indirect expense allocation plan rather than employ a formal indirect cost rate proposal (ICRP). These indirect expense allocations are reflected in the expenditures of the District's fund financial statements. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

The fund financial statements provide information about the District's funds. Separate statements for each fund category (governmental and proprietary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Note 1. Summary of Significant Accounting Policies, Continued

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party received and gives up essentially equal values. Nonoperating revenues, such as subsidies, grants, and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

The **General Fund** is the District's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

Southwest Colorado Council of Governments Fund is used to account for activities related to the operation of Southwest Colorado Council of Governments.

Proprietary funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. All of the District's proprietary funds are enterprise funds.

The District's major proprietary funds are as follows:

CDBG Revolving Loan Fund – used to account for collecting, disbursing and administering federal funds received in a Community Development Block Grant passed through the State of Colorado for the purpose of providing loans to qualified businesses in the region. There have been nine of these grants awarded since 1995. The ninth contract was awarded October 26, 2023 and was active in this reporting period.

Colorado Startup Loan Fund – used to account for collecting, disbursing, and administering state funds received from the Colorado Office of Economic Development and International Trade for the purpose of providing loans and grants to small businesses and to conduct outreach and marketing for the Colorado Startup Loan Fund.

Revolving Loan Fund – used to account for disbursing, collecting and administering loans that are considered "revolved" or that were originally made in a grant that has been closed.

SBA Micro Loan Fund – used to account for collecting, disbursing, and administering federal funds received from the United States Small Business Administration for the purpose of providing loans to qualified businesses in the rural areas of the state.

Intermediary Re-lending Loan Fund – used to account for collecting, disbursing, and administering federal funds received from a USDA loan for the purpose of providing loans to qualified businesses in the region.

Note 1. Summary of Significant Accounting Policies, Continued

Statewide EDA Revolving Loan Fund – used to account for disbursing, collecting and administering federal funds from the Economic Development Administration for the purpose of providing loans to qualified businesses in the state.

EDA Revolving Loan Fund - used to account for disbursing, collecting and administering federal funds from the Economic Development Administration for the purpose of providing loans to qualified businesses in the region.

Forest Service Colorado State University Fund - used to account for collecting, disbursing, and administering funds received from the Colorado State University for the purpose of providing loans to small businesses for the Wildfire Mitigation Loan Fund.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund 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 a liability is incurred, regardless of the timing of related cash flows. Non-reciprocal transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grants, donations, and interest are considered to be susceptible to accrual. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition for purposes of this note and the statement of cash flows.

Note 1. Summary of Significant Accounting Policies, Continued

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to" or "due from other funds. All trade accounts receivable in the proprietary funds are shown net of an allowance for uncollectible accounts.

Equity Positions

Equity positions consist of securities issued by private companies; may be subject to restrictions on their resale; and are generally illiquid. Purchase of these equity positions are made primarily for the purpose of promoting economic development in conjunction with the District's mission. Secondarily, the District seeks to realize appreciation and ultimately a gain on the sale of these positions. These equity positions are valued at cost, as adjusted for estimated impairment (if applicable). Gains, and losses not previously recognized through impairment, are recognized upon sale or liquidation of the equity position.

Notes Receivable

All notes receivable are shown net of an allowance for uncollectible loans. Loan payments past due more than 30 days are considered delinquent. Accrual of interest ceases when the loan is written off. The allowance for uncollectible loans is an estimate computed by grading each outstanding loan and applying percentages to each grade. Percentages are based on historical write-offs for similar loans. The allowance for uncollectible loans is reduced for each loan that is registered in the Colorado Credit Reserve Program. This program is a pooled insurance type program whereby each participating lender establishes a reserve account to cover losses on the loans it registers under the program. The District pays a registration fee into the reserve account each time a loan is registered. Registered small business loans qualify for a state funded match in the reserve account. Loan losses are covered by the program up to the total amount in the reserve account.

Real Property Held for Sale

The District occasionally holds real property that is acquired through foreclosure on collateralized notes receivable that default. The property is recorded at estimated fair value at the date of foreclosure and is subsequently adjusted for estimated impairment (if applicable). Gains, and losses not previously recognized through impairment, are recognized upon sale or liquidation of the property.

Restricted Assets

Certain assets of the District are classified as restricted assets because their use is restricted by grant agreements.

Note 1. Summary of Significant Accounting Policies, Continued

Capital Assets

Capital assets, which include; property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Equipment	5 years

Compensated Absences

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level when paid.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting in this category.

Fund Balance

Generally, fund balance represents the difference between the current assets and current liabilities. The District reports as restricted those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Fund balance related to prepaid expenses is not in spendable form and is

Note 1. Summary of Significant Accounting Policies, Continued

reported as nonspendable fund balance. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods. Assignment and commitment indicate management's intent to set aside resources for specific purposes. The District's policy with regard to the order of spending is to spend the restricted funds first, if available, followed by committed funds, assigned funds, and finally, unassigned funds. The Board commits funds by resolution and assigns funds by motion. The same level of action is required to remove a commitment or assignment of funds.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net position amount also is adjusted by any bond issuance deferred amount. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditor, grantors, or laws or regulations of governments. All other net position is reported as unrestricted.

Leases and Subscription-Based Information Technology Arrangements

Lessee: The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements when applicable. The District recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Note 1. Summary of Significant Accounting Policies, Continued

Lessor: The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements when applicable. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term.

Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-based information technology arrangements: The District recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements when applicable. The District recognizes subscription liabilities with an initial, individual value of $5,000 or more. The District uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement.

Interfund Activity

Flow of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources and (uses) in governmental funds and in proprietary funds.

Income Taxes

The District has received an Internal Revenue Service exemption from federal income taxes under Internal Revenue Code section 501(c)(6). The District adopted accounting requirements that prescribe when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns, including the position that the District continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained.

Note 1. Summary of Significant Accounting Policies, Continued

Based on that evaluation, if it were more than 50% probable that a material amount of income tax would be imposed at the entity level upon examination by the relevant taxing authorities, a liability would be recognized in the accompanying balance sheet along with any interest and penalties that would result from that assessment. When the District has unrelated business income, the federal Exempt Organization Business Income Tax Return (Form 990T) would be subject to examination by the Internal Revenue Service for three years after filing. Should any penalties and interest be incurred, they would be recognized as administration expenses.

Estimates

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

Budgetary Information

The District, a not-for-profit corporation, is not required to adopt an annual budget or to appropriate funds and is not subject to the Colorado state budget law. A budget to actual comparison is presented for those funds required to be reported by general accepted accounting principles.

Subsequent Events

Management has evaluated subsequent events through April 20, 2026, the date which the financial statements were available to be issued.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. These differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation.

Note 3. Deposits and Investments

A summary of cash and investments as shown on the statement of net position follows:

Cash on hand	$ 99
Cash in bank	1,598,027
Certificates of deposit	100,208
CSAFE investment pool	1,528,317
Total cash and investments	$ 3,226,651

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the District's deposit may not be returned to it. The District allocates its deposits to various financial institutions to mitigate this risk. As of September 30, 2025, $973,023 of the District's bank balances were not insured by FDIC coverage.

Investments

At September 30, 2025, the District had $1,528,317 invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is structured to be a stable value investment pool to meet the investment needs of local governments in Colorado. The State Securities Commission administers and enforces all State statutes governing the Trust. CSAFE seeks to maintain, but does not guarantee, a net asset value at $1.00 per share. CSAFE may invest in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, AAAm rated money market funds, approved Colorado Banks and highly rated commercial paper. A designated custodial bank serves as custodian for CSAFE's investment portfolio and serves as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. As of September 30, 2025 the public entity investment pool, CSAFE, was rated AAAmmf by Fitch Ratings. Prior to being rated by Fitch Ratings beginning in February 2022, the Cash Fund was rated AAAm by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investment in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of the Colorado Public Deposit Protection Act (PDPA) which requires that the District's investment portfolio maturities do not exceed five years from the time of purchase.

Note 3. Deposits and Investments, Continued

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy allows for investments meeting defined rating and risk rating as follows:

- Obligations of the United States and certain U.S. government agency securities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain international agency securities
- Certain mutual funds

Fair value measurements

Governmental Accounting Standards Board Statement No. 72 (GASB 72) *Fair Value Measurement and Application* establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not hold any investments in 2025 that are measured at fair value.

Note 4. Restricted Assets

The District reported restricted cash of $143,458 in the Intermediary Re-lending Loan Fund. These funds were pledged by the Board of Directors as collateral for local loan programs. Of this balance $114,540 is applicable to IRP and $28,918 is applicable to RMAP.

Note 5. Notes Receivable

Notes receivable represent loans made by the District to qualifying local businesses. The loans' proceeds were funded with a Community Development Block Grant, an Economic Development Administration Fund Grant, two SBA Loans, a Colorado Startup Loan Fund grant, seven USDA Intermediary Re-lending Loans and Wildfire Mitigation Loans. Loans are typically collateralized by real or tangible property (second or next available position on deed of trust) and personal guaranties. The notes receivable are recorded in their respective Revolving Loan Funds. Collections of principal and interest are deposited back into the program to be utilized for additional loans and administrative expenses.

Note 5. Notes Receivable, Continued

Notes receivable balances and related allowances at September 30, 2025 have been reported as follows:

	CDBG Revolving Loan Fund	Colorado Startup Loan Fund	Revolving Loan Fund	SBA Micro Loan Fund	Intermediary Re-lending Fund	Statewide EDA Revolving Loan Fund	EDA Revolving Loan Fund	Forest Service Colorado State University Fund	Totals
Notes receivable	$ 283,882	$ 859,518	$ 4,051,580	$ -	$ 1,160,459	$ 3,398,025	$ 1,108,926	$ 913,498	$ 11,775,888
Allowance for losses on uncollectible loans	(65,477)	(85,010)	(336,168)	-	(43,765)	(155,448)	(58,783)	(77,610)	(822,261)
Notes, net of allowance	$ 218,405	$ 774,508	$ 3,715,412	$ -	$ 1,116,694	$ 3,242,577	$ 1,050,143	$ 835,888	$ 10,953,627
A summary of note receivable activity for the year follows:									
Balance at beginning of year	$ 266,589	$ 918,088	$ 5,543,947	$ 107,296	$ 1,267,118	$ 3,735,963	$ 865,097	$ 322,798	$ 13,026,896
Loans disbursed	40,000	121,000	499,193	25,000	181,250	458,348	389,000	661,988	2,375,779
Loans charged off	-	(57,546)	(186,857)	-	(22,428)	(14,178)	-	-	(281,009)
Principal collections	(22,707)	(122,024)	(1,886,541)	(50,458)	(265,481)	(782,108)	(145,171)	(71,288)	(3,345,778)
Transfers	-	-	81,838	(81,838)	-	-	-	-	-
Balance at end of year	$ 283,882	$ 859,518	$ 4,051,580	$ -	$ 1,160,459	$ 3,398,025	$ 1,108,926	$ 913,498	$ 11,775,888
An analysis of the change in the allowance for uncollectible loans is as follows:									
Balance at beginning of year	$ 1,660	$ 28,031	$ 419,103	$ -	$ 37,757	$ 254,447	$ 112,416	$ 14,488	$ 867,902
Loans charged off	-	(57,546)	(186,857)	-	(22,428)	(14,178)	-	-	(281,009)
Recoveries	-	-	13,400	-	22,992	14,178	-	-	50,570
Loan loss reserve adjustment	63,817	114,525	89,241	1,281	5,444	(98,999)	(53,633)	63,122	184,798
Transfers	-	-	1,281	(1,281)	-	-	-	-	-
Balance at end of year	$ 65,477	$ 85,010	$ 336,168	$ -	$ 43,765	$ 155,448	$ 58,783	$ 77,610	$ 822,261

Note 6. Equity Positions and Real Property Held for Sale

At September 30, 2025 the District had no real property held for sale.

The equity positions were comprised of the following:

SCAPE Investment Fund	$ 68,359

The investment in the SCAPE Investment Fund represents amounts held by this investment fund at September 30, 2025 that have been or will be invested in small, closely-held startups.

Note 7. Capital Assets

The following table summarizes the changes to capital assets for governmental activities during the year.

Governmental Activities:	Balance 9/30/2024	Additions	Deletions	Balance 9/30/2025
Capital assets, being depreciated:				
Buildings	$ 616,849	$ -	$ -	$ 616,849
Equipment	105,312	-	-	$ 105,312
Total capital assets, being depreciated	722,161	-	-	722,161
Less accumulated depreciation for:				
Buildings	(76,078)	(12,337)	-	(88,415)
Equipment	(91,413)	(4,428)	-	(95,841)
Total accumulated depreciation	(167,491)	(16,765)	-	(184,256)
Total capital assets, being depreciated, net	554,670	(16,765)	-	537,905
Governmental activities capital assets, net	$ 554,670	$ (16,765)	$ -	$ 537,905

Depreciation expense was charged to the functions/programs of the District as follows:

Governmental Activities:	
Economic Development	$ 16,765
Total depreciation expense - governmental activities	$ 16,765

The following table summarizes the changes to capital assets for business-type activities during the year.

Business Type Activities:	Balance 9/30/2024	Additions	Deletions	Balance 9/30/2025
Capital assets being depreciated:				
Equipment	$ 15,850	$ -	$ -	$ 15,850
Total capital assets, being depreciated	15,850	-	-	15,850
Less accumulated depreciation for:				
Equipment	(15,310)	(540)	-	(15,850)
Total accumulated depreciation	(15,310)	(540)	-	(15,850)
Total capital assets, being depreciated, net	540	(540)	-	-
Business-type activities capital assets, net	$ 540	$ (540)	$ -	$ -

Depreciation expense was charged to the functions/programs of the District as follows:

Business-Type Activities:	
Administration	$ 540
Total depreciation expense - business-type activities	$ 540

Note 8. Long-Term Liabilities

The following is a summary of changes in long-term obligations for the year ended September 30, 2025:

	Balance 9/30/2024	Additions	Retirements	Balance 9/30/2025	Current Portion
Governmental Activities:					
Direct Borrowings and Direct Placements:					
1st Southwest Bank	$ 249,002	$ -	$ (5,670)	$ 243,332	$ 4,960
Compensated absences	26,066	11,897	-	37,963	18,982
Total Governmental activity Long-term liabilities	$ 275,068	$ 11,897	$ (5,670)	$ 281,295	$ 23,942
Business-Type Activities:					
Direct Borrowings and Direct Placements:					
USDA (Note 1)	$ 78,291	$ -	$ (9,500)	$ 68,791	$ 9,485
USDA (Note 2)	106,556	-	(9,218)	97,338	9,294
USDA (Note 3)	133,664	-	(8,947)	124,717	9,015
USDA (Note 4)	165,131	-	(8,962)	156,169	9,027
USDA (Note 5)	218,525	-	(8,098)	210,427	8,018
USDA (Note 10)	399,500	100,500	-	500,000	16,223
USDA (RMAP) (Note 6)	108,158	-	(16,766)	91,392	17,164
USDA (RMAP) (Note 7)	248,421	-	(15,326)	233,095	15,669
SBA Loan (Note 8)	164,352	-	(164,352)	-	-
SBA Loan (Note 9)	81,481	-	(81,481)	-	-
Total loans payable	1,704,079	100,500	(322,650)	1,481,929	92,969
Compensated absences	29,530	-	(2,130)	27,400	13,700
Due to governments	326,800	646,280	-	973,080	159,540
Total Business-type activity Long-term liabilities	$ 2,060,409	$ 746,780	$ (324,780)	$ 2,482,409	$ 266,209

Debt service requirements to maturity on the notes are as follows:

	Business-Type Activities		Governmental Activities	
	Direct Borrowings / Direct Placements		Direct Borrowings / Direct Placements	
Years ending September 30,	Principal	Interest	Principal	Interest
2026	93,943	18,127	4,960	11,639
2027	95,314	16,756	5,185	11,414
2028	96,287	15,783	5,388	11,211
2029	97,601	14,469	5,664	10,935
2030	98,965	13,105	5,920	10,679
2031-2035	388,317	49,405	33,841	49,155
2036-2040	282,662	26,315	42,208	40,788
2041-2045	155,162	13,209	52,701	30,295
2046-2050	131,861	5,780	65,767	17,229
2051-2055	41,817	627	21,698	3,458
	$ 1,481,929	$ 173,576	$ 243,332	$ 196,803

Note 8. Long-Term Liabilities, Continued

Direct Borrowings	
Governmental Activities:	
1st Southwest Bank loan due in monthly installmments of $1,383, including interest of 4.375%. Final payment is due September 2052.	$ 243,332
Business-Type Activities:	
USDA Intermediary Re-Lending Program loan due in annual installments of $10,283, including interest of 1%. Final payment is due January 2033.	68,791
USDA Intermediary Re-Lending Program loan due in annual installments of $10,283, including interest of 1%. Final payment is due January 2035.	97,338
USDA Intermediary Re-Lending Program loan due in annual installments of $10,283, including interest of 1%. Final payment is due March 2038.	124,717
USDA Intermediary Re-Lending Program loan due in annual installments of $10,613, including interest of 1%. Final payment is due March 2041.	156,169
USDA Intermediary Re-Lending Program loan due in annual installments of $10,283, including interest of 1%. Final payment is due October 2047.	210,427
USDA Intermediary Re-Lending Program loan due in annual installments of $16,957, including interest of 1%. Final payment is due October 2053.	500,000
USDA Rural Micro-entrepreneur Assistance Program loan due in monthly installments of $1,571, including interest of 2%. Final payment is due September 2031.	91,392
USDA Rural Micro-entrepreneur Assistance Program loan due in monthly installments of $1,687, including interest of 2%. Final payment is due September 2039.	233,095
Total Direct Borrowings	1,725,261
Other Long-term Liabilities	
Compensated absences	65,363
Due to governments related to the Wildfire Mitigation Loan program. Payments are due annually to Colorado State University as fund are collected from participants of the program.	973,080
Total Government-wide Long-term Liabilities	$ 2,763,704

As of September 30, 2025 the District had drawn down $500,000 of the available $500,000 funds on the eighth loan, administered by the USDA.

The District has a $500,000 line of credit from The Dolores State Bank. $0 is outstanding at September 30, 2025. The line of credit bears interest at .25% less than the Wall Street Journal prime rate. Unpaid principal and interest are due on November 16, 2025.

Note 9. Retirement Plan

On October 29, 1998 the District adopted a SIMPLE retirement account plan. All employees with annual compensation greater than $5,000 are eligible to participate. Participants may elect to voluntarily contribute up to $16,000 of their compensation to the plan annually. The District matches dollar for dollar employee pre-tax contributions in an amount up to 3% of the employee's compensation. Employee and employer contributions are fully vested at all times. The District's total contribution to the plan for the year ended September 30, 2025 was $25,614.

Note 10. Risk of Loss

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There have been no reductions in insurance coverages provided to the District and there have been no settlements exceeding insurance coverage.

Note 11. Interfund Receivables, Payables and Transfers

As of September 30, 2025, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due from Other Funds	Due to Other Funds
General Fund	$ -	$ 2,781,669
Southwest Colorado Council of Governments Fund	22,515	-
CDBG Revolving Loan Fund	-	161,892
Colorado Startup Loan Fund	290,216	-
Revolving Loan Fund	1,102,935	-
SBA Micro Loan Fund	-	-
Intermediary Re-lending Loan Fund	609,127	-
Statewide Revolving Loan Fund	925,213	-
EDA Revolving Loan Fund	-	121,462
Forest Service CSU Fund	115,017	-
	$ 3,065,023	$ 3,065,023

The inter-fund due to / from balances result from the fact that the general fund maintains the bank account that records deposits and disbursements of the other funds.

Note 11. Interfund Receivables, Payables and Transfers, Continued

Interfund transfers for the year ended September 30, 2025 were as follows:

	Transfers out:			
Transfers In:	General Fund	Revolving Loan Fund	SBA Micro Loan Fund	Total
General Fund	$ -	$ 334,000	$ -	$ 334,000
Southwest Colorado Council of Governments Fund	138,000	-	-	138,000
CDBG Revolving Loan Fund	-	15,000	-	15,000
Revolving Loan Fund	-	-	24,315	24,315
SBA Micro Loan Fund	-	37,768	-	37,768
	$ 138,000	$ 386,768	$ 24,315	$ 549,083

The purpose of the transfers is to transfer surplus funds to the General Fund to meet operating requirements. In addition, notes receivable may be transferred between funds as restrictions are lifted or changed.

Note 12. Contingent Liabilities

The District participates in federally assisted grant and loan programs which are subject to program compliance audits by the grantors, lenders, or their representatives. Not all of the audits of the programs included in the year ended September 30, 2025 have been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Note 13. Statutory Compliance

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

The District is not a direct tax supported entity; therefore, management believes that it is not subject to the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

Note 14. Prior Period Adjustment

During the year ended September 30, 2025, the District determined that revenue had been under reported in prior years in the Colorado Startup Loan Fund in the amount of $22,018. The District corrected the error which resulted in an increase in net position and a decrease in unused grant funds of $22,018.

REQUIRED SUPPLEMENTARY INFORMATION

REGION 9 ECONOMIC DEVELOPMENT DISTRICT OF SOUTHWEST COLORADO, INC.
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental				
Dues assessed to member governments	$ 70,000	$ 70,000	$ 70,000	$ -
Grant revenues	222,473	222,473	399,828	177,355
Charges for services	26,700	26,700	15,194	(11,506)
Local sources				
Interest revenue	10,000	10,000	58,623	48,623
Contributions and grants	-	-	30,492	30,492
Miscellaneous	52,000	52,000	23,166	(28,834)
Total revenues	381,173	381,173	597,303	216,130
Expenditures				
Economic development:				
Administration	516,746	875,746	757,856	117,890
Debt Service:				
Principal	-	-	5,670	(5,670)
Interest	12,000	12,000	10,929	1,071
Total expenditures	528,746	887,746	774,455	113,291
Excess (deficiency) of revenues over (under) expenditures	(147,573)	(506,573)	(177,152)	329,421
Other financing sources (uses):				
Transfers in	237,000	237,000	334,000	97,000
Transfer out	(76,000)	(76,000)	(138,000)	(62,000)
Total other financing sources (uses)	161,000	161,000	196,000	35,000
Net change in fund balance	13,427	(345,573)	18,848	364,421
Fund balance, beginning of year	(269,207)	(269,207)	(269,207)	-
Fund balance, end of year	$ (255,780)	$ (614,780)	$ (250,359)	$ 364,421

REGION 9 ECONOMIC DEVELOPMENT DISTRICT OF SOUTHWEST COLORADO, INC.
Southwest Colorado Council of Governments Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental				
Dues assessed to member governments	$ 92,706	$ 92,706	$ 92,705	$ (1)
Grant revenue	531,108	531,108	69,189	(461,919)
Charges for services	-	-	107,459	107,459
Local sources				
Miscellaneous	-	-	2,287	2,287
Total revenues	623,814	623,814	271,640	(352,174)
Expenditures				
Economic development:				
Administration	694,643	694,643	392,625	302,018
Total expenditures	694,643	694,643	392,625	302,018
Excess (deficiency) of revenues over (under) expenditures	(70,829)	(70,829)	(120,985)	(50,156)
Other financing sources (uses):				
Transfers in	71,000	71,000	138,000	67,000
Total other financing sources (uses)	71,000	71,000	138,000	67,000
Net change in fund balance	171	171	17,015	16,844
Fund balance, beginning of year	(9,856)	(9,856)	(9,856)	-
Fund balance, end of year	$ (9,685)	$ (9,685)	$ 7,159	$ 16,844

SINGLE AUDIT SECTION

Independent Auditors' 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 Directors
Region 9 Economic Development District of Southwest Colorado, Inc.

We have audited, in accordance with the 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Region 9 Economic Development District of Southwest Colorado, Inc.(the District), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 20, 2026.

Internal Control over Financial Reporting

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

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

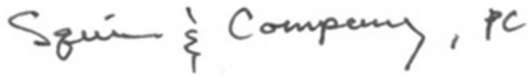
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 financial statements. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mesa, Arizona
April 20, 2026

Independent Auditors' Report on
Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance
In Accordance with the Uniform Guidance

Board of Directors
Region 9 Economic Development District of Southwest Colorado, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Region 9 Economic Development District of Southwest Colorado, Inc.'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 Region 9 Economic Development District of Southwest Colorado, Inc.'s major federal programs for the year ended September 30, 2025. Region 9 Economic Development District of Southwest Colorado, Inc.'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, Region 9 Economic Development District of Southwest Colorado, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

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 Region 9 Economic Development District of Southwest Colorado, Inc. 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 Region 9 Economic Development District of Southwest Colorado, Inc.'s compliance with the compliance requirements referred to above.

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 Region 9 Economic Development District of Southwest Colorado, Inc.'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 Region 9 Economic Development District of Southwest Colorado, Inc.'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 for 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 Region 9 Economic Development District of Southwest Colorado, Inc.'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 Region 9 Economic Development District of Southwest Colorado, Inc.'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 Region 9 Economic Development District of Southwest Colorado, Inc.'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 Region 9 Economic Development District of Southwest Colorado, Inc.'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

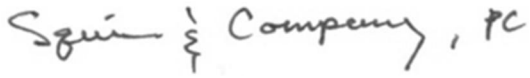
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.



Mesa, Arizona
April 20, 2026

REGION 9 ECONOMIC DEVELOPMENT DISTRICT
OF SOUTHWEST COLORADO, INC.
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	____ yes __X__ no
• Significant deficiencies identified?	____ yes __X__ no
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Awards

Internal Control over major programs:	
• Material weaknesses identified?	____ yes __X__ no
• Significant deficiencies identified?	____ yes __X__ no
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516?	____ yes __X__ no

Identification of major programs.

CFDA Number(s)	Name of Federal Program or Cluster
11.307	Economic Development Cluster

Dollar threshold used to distinguish between type A and type B programs:	$ 1,000,000
Auditee qualified as low-risk auditee?	__X__ yes _____ no

REGION 9 ECONOMIC DEVELOPMENT DISTRICT
OF SOUTHWEST COLORADO, INC.
Schedule of Findings and Questioned Costs, Continued
For the Year Ended September 30, 2025

Section II - Financial Statement Findings

No financial statement findings noted.

Section III - Federal Award Findings and Questioned Costs

No federal award findings or questioned costs noted.

Section IV - Summary Schedule of Prior Audit Findings

No prior year federal award findings or questioned costs reported.

REGION 9 ECONOMIC DEVELOPMENT DISTRICT OF SOUTHWEST COLORADO, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Total Federal Expenditures
U.S. Department of Commerce			
Economic Development Support for Planning Organizations	11.302		$ 70,000
Economic Development Cluster:			
Economic Development Assistance for Statewide EDA Loan Fund	11.307		4,470,883
COVID-19-Economic Development Assistance for COVID Revolving Loan Fund	11.307		472,149
Economic Development Assistance Revolving Loan Fund	11.307		445,468
Total Economic Development Cluster			5,388,500
Total U.S. Department of Commerce			5,458,500
U.S. Department of Agriculture			
Intermediary Relending Program	10.767		1,202,167
Rural Microentrepreneur Assistance Program-Loan Progran	10.870		356,579
Total U.S. Department of Agriculture			1,558,746
U.S. Department of Housing and Urban Development			
Passed through the Colorado Department of Local Affairs:			
Community Development Block Grant Contract 8	14.228	unknown	46,400
Total U.S. Department of Housing and Urban Development			46,400
U.S. Small Business Administration and Microloan			
Direct Program			
Microloan Program Technical Assistance Grant	59.046		2,044
Microloan Program	59.046		164,352
Microloan Program	59.046		81,481
Total U.S. Department of Transportation			247,877
Total expenditures of federal awards			$ 7,311,523

REGION 9 ECONOMIC DEVELOPMENT DISTRICT OF SOUTHWEST COLORADO, INC.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Region 9 Economic Development District of Southwest Colorado, Inc. under programs of the federal government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations Region 9 Economic Development District of Southwest Colorado, Inc., it is not intended to and does not present the financial position, changes in net position, or cash flows of Region 9 Economic Development District of Southwest Colorado, Inc.

Basis of Accounting

This accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Expenditures reported for the Economic Development Association Revolving Loan Fund grant, ALN 11.307, are calculated according to formula. Loan balances outstanding at the end of the year that were expended in prior years are included in this calculation.

Indirect Cost Rate

The District utilizes the ten percent de minimis cost rate allowed by Uniform Guidance.

U.S. Department of Commerce Federal Awards

Amounts reported on the Schedule of Expenditures of Federal Awards for the U.S. Department of Commerce Economic Development Association Revolving Loan Fund are calculated according to the following program-required formula:

Balance of EDA revolving loan fund loans	$	737,541
Cash and investments held by the fund		142,991
Administrative expenses		10,403
Loan losses		-
		890,935
Federal share		50.00%
Amount reported on the Schedule of Expenditures of Federal Awards	$	445,468

REGION 9 ECONOMIC DEVELOPMENT DISTRICT
OF SOUTHWEST COLORADO, INC.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Federal Awards Expended for Loan or Loan Guarantee Programs

Balances of loans and loan guarantee programs outstanding as of September 30, 2025 for loans described in 2 CFR section 200.502(b) are as follows:

ALN	Program Name	9/30/24 Balance	FY 25 Loans	SEFA
10.767	Rural Development - Intermediary Relending Program	$ 1,101,667	$ 100,500	$ 1,202,167
	September 30, 2025 balance is $1,157,442			

ALN	Program Name	9/30/24 Balance	FY 25 Loans	SEFA
10.870	Rural Development - Microentrepreneur Assistance Program	$ 356,579	$ -	$ 356,579
	September 30, 2025 balance is $324,487			

ALN	Program Name	9/30/24 Balance	FY 25 Loans	SEFA
59.046	Small Business Administration-Microloan Program	$ 164,352	$ -	$ 164,352
	September 30, 2025 balance is $0			

ALN	Program Name	9/30/24 Balance	FY 25 Loans	SEFA
59.046	Small Business Administration-Microloan Program	$ 81,481	$ -	$ 81,481
	September 30, 2025 balance is $0			

Subrecipients:

The District had no subrecipients for fiscal year 2025.