Housing Authority of the City of Englewood
dba Innovative Housing Concepts

Financial Statements, Management's Discussion and Analysis and Independent Auditors' Reports

Year Ended December 31, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the City of Englewood
dba Innovative Housing Concepts
3460 S. Sherman Street, Suite #101
Englewood, CO 80113

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Housing Authority of the City of Englewood dba Innovative Housing Concepts (the Authority) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Authority as of December 31, 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 the Authority's basic financial statements. The accompanying 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*, and Financial Data Schedule Statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

Management is responsible for the other information included in the annual report. The other information does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Salt Lake City, Utah
July 20, 2026

Housing Authority of the City of Englewood

dba Innovative Housing Concepts
Management's Discussion and Analysis (MD&A)
December 31, 2025 and 2024

As management of the Housing Authority of the City of Englewood, Colorado (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in the financial statements.

Financial Highlights

- The Authority continues to have a stable outlook with Total Net Position (Equity) at year-end of $12,956,033 an increase of $855,648 from $12,100,385 at the end of 2024.
- With a current ratio of 11.83 the Authority demonstrates liquidity. In other words, the Authority can meet its current obligations 11.83 times.
- The number of months expendable funds balance ratio, which shows adequacy of funds or the ability to pay monthly expenses, is 6.55 months.

Using the Basic Financial Statements

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

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

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

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

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

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

Authority Financial Analysis

	2025	2024	Dollar Change	Percent Change
Assets				
Current assets	$ 5,971,677	$ 4,525,594	$ 1,446,083	31.95%
Non-current assets	8,321,922	8,871,208	(549,286)	-6.19%
Total assets	14,293,599	13,396,802	896,797	6.69%
Liabilities				
Current liabilities	504,679	439,334	65,345	14.87%
Non-current liabilities	832,887	857,083	(24,196)	-2.82%
Total liabilities	1,337,566	1,296,417	41,149	3.17%
Net position				
Net investment in capital assets	7,310,015	7,313,759	(3,744)	-0.05%
Unrestricted	5,646,018	4,786,626	859,392	17.95%
Total net position	12,956,033	12,100,385	855,648	7.07%
Total liabilities and net position	$ 14,293,599	$ 13,396,802	$ 896,797	6.69%

- The major change in current assets is due to the increase in cash. Cash increased primarily as a result of the receipt of notes receivable and interest receivable payoffs totaling $592,474, as well as an increase in grants received from the federal government. These factors also contributed to the decrease in non-current assets.
- The increase in total liabilities of $41,149 was mainly due to increase in Accounts payable related to the FSS escrow.
- Net Position increased by $855,648 in the current year. Please see the following table for more information.

	2025	2024	Dollar Change	Percent Change
Operating revenues	$ 10,645,897	$ 9,545,750	$ 1,100,147	11.52%
Operating expenses	10,352,071	9,220,929	1,131,142	12.27%
Net operating income (loss)	293,826	324,821	(30,995)	-9.54%
Non-operating revenue (expense)	124,434	109,837	14,597	13.29%
Net income (loss) before Capital contributions	418,260	434,658	(16,398)	-3.77%
Capital contributions and transfers	437,388	334,289	103,099	30.84%
Changes in net position	855,648	768,947	86,701	11.28%
Net position, beginning of year	12,100,385	11,331,438	768,947	6.79%
Net position, end of year	$ 12,956,033	$ 12,100,385	$ 855,648	7.07%

- The increase in operating revenues of $1,099,335 is due to the increase in grant income of $1,009,749, and other income of $85,524.
- Operating expenses increased by $1,130,330 because of an increase in HAP-related expenses of $1,091,972, and utility costs of $43,206. There were increases in depreciation expenses of $10,751 and insurance and benefit costs of $15,461. The HAP cost increase was due to leasing new vouchers and absorbing Port-In vouchers.
- Non-operating revenue (expense) change of $14,597 is mainly from the decrease in interest expense.
- Capital contributions increased by $103,099 due to the increase in the Public Housing CFP Grant received in 2025.
- The Housing Authority ended the year with a gain of $855,648.

	2025	2024	Dollar Change	Percent Change
Total capital assets, not being depreciated	$ 2,867,937	$ 2,867,937	$ -	0.00%
Total capital assets, being depreciated	15,899,779	16,216,528	(316,749)	-1.95%
Total accumulated depreciation	(11,457,701)	(11,770,706)	313,005	-2.66%
Total capital assets, net	$ 7,310,015	$ 7,313,759	$ (3,744)	-0.05%

As of December 31, 2025, the Authority had $7,310,015 invested in a broad range of capital assets, including sites, buildings, and equipment. This is the net capital asset decrease of $3,744 from $7,313,759 in 2024. Further information on capital asset activities is provided in Note 5 to the financial statements.

	2025	2024	Dollar Change	Percent Change
Notes payable - current	$ 18,301	$ 17,760	$ 541	3.05%
Notes payable - non-current	790,685	809,014	(18,329)	-2.27%
Total long-term debt	$ 808,986	$ 826,774	$ (17,788)	-2.15%

In 2024, the Authority was able to acquire a note payable amounting to $836,500. Details of the notes payables can be found in Note 6 of the financial statements. As of December 31, 2025, the Authority had $808,986 outstanding notes payable.

The Funds

Public Housing

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

The Public Housing program provided 1,177 unit-months of occupancy out of 1,265 unit-months available, due to the RAD conversion, which took 10 units offline during the year. The occupancy rate for the year was 93%.

Housing Choice Voucher Program

Four types of funding are received from HUD: (1) Housing Assistance Payments (HAP), for rent and homeownership subsidies and utility reimbursements; (2) Administrative Fees, for program administrative costs; (3) Family Self-Sufficiency (FSS) funding, for FSS program activities; (4) Resident Opportunity and Supportive Services (ROSS) Grant, for supportive services, service coordination and self-sufficiency program activities. Funding is not fungible either within or outside the Voucher Program. The Authority's Voucher Program administers 437 vouchers and holds a contract to administer vouchers for the City of Sheridan.

Sheridan’s Voucher Program was able to utilize 85% or 1,851-unit months of the 2,172-unit months available for its program. An average of 154 vouchers were administered monthly. Monthly Management Fees are received from the City of Sheridan’s Voucher Program.

The Authority was able to utilize 86% or 4,535-unit months of the 5,244-unit months available for its program. Of the 437 Vouchers available, an average of 378 vouchers were issued monthly to low-income clients in the City of Englewood.

Simon Center

Simon Center is a 104-unit apartment building which is operated under HUD’s Section 8 New Construction program. The monthly subsidies or HAPs are managed through the Colorado Housing and Finance Authority (CHFA). Simon Center had 95% occupancy for 2025, with 1,186-unit months leased out of 1,248 available.

Office Building

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

Market Rate Rentals

There are 18 units in total. The housing authority purchased two market-rate developments in 2024, adding 11 additional units to the market rate portfolio. They had a 95% occupancy rate in 2025 with 202-unit months leased out of the 212-unit months available.

Management Fund

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

The Future of the Housing Authority of the City of Englewood – 2025

The estimated proration for Housing Choice Voucher earned administrative fees for 2026 is 88%.

The Authority is in the process of completing a HUD RAD conversion of its Public Housing Program in 2026.

Requests for Information

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

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
C/O 3460 S. Sherman Street, Suite 101
Englewood, CO 80113

Basic Financial Statements

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Statement of Net Position
Proprietary Funds
December 31, 2025

	Public Housing	Vouchers	Management	Simon Center	Market Rate Rentals	Nonmajor Office Building	TOTAL
Assets							
Current assets							
Cash and investments	$ 694,452	$ 416,262	$ 1,520,473	$ 2,403,987	$ 231,561	$ 404,022	$ 5,670,757
Accounts receivable	17,992	102,764	78,847	43,331	33,776	-	276,710
Prepaid expense	7,286	5,562	2,635	6,898	1,348	481	24,210
Total current assets	719,730	524,588	1,601,955	2,454,216	266,685	404,503	5,971,677
Non-current asssets							
Notes receivable	-	-	608,514	-	-	-	608,514
Interest receivable	-	-	403,393	-	-	-	403,393
Capital assets, not being depreciated	478,994	-	1,387,000	208,409	768,124	25,410	2,867,937
Capital assets, net of accumulated depreciation	735,265	-	154,981	567,487	2,929,959	54,386	4,442,078
Total non-current assets	1,214,259	-	2,553,888	775,896	3,698,083	79,796	8,321,922
Total assets	$ 1,933,989	$ 524,588	$ 4,155,843	$ 3,230,112	$ 3,964,768	$ 484,299	$ 14,293,599
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	$ 64,673	$ 37,736	$ 16,031	$ 58,177	$ 9,034	$ 3,808	$ 189,459
Unearned revenues	1,238	222	-	10,000	970	-	12,430
Accrued interest payable	-	-	-	-	2,023	-	2,023
Tenant security deposits	33,152	-	-	34,793	29,135	-	97,080
Escrow deposits	-	177,318	-	-	-	-	177,318
Accrued compensated absences	2,468	1,711	1,159	2,020	392	177	7,927
Interprogram due to	-	141	-	-	-	-	141
Current portion of long-term debt	-	-	-	-	18,301	-	18,301
Total current liabilities	101,531	217,128	17,190	104,990	59,855	3,985	504,679
Non-current liabilities							
Accrued compensated absences	13,139	9,108	6,173	10,754	2,088	940	42,202
Notes payable	-	-	-	-	790,685	-	790,685
Total non-current liabilities	13,139	9,108	6,173	10,754	792,773	940	832,887
Total liabilities	114,670	226,236	23,363	115,744	852,628	4,925	1,337,566
Net position							
Net investment in capital assets	1,214,259	-	1,541,981	775,896	3,698,083	79,796	7,310,015
Unrestricted	605,060	298,352	2,590,499	2,338,472	(585,943)	399,578	5,646,018
Total net position	1,819,319	298,352	4,132,480	3,114,368	3,112,140	479,374	12,956,033
Total liabilities and net position	$ 1,933,989	$ 524,588	$ 4,155,843	$ 3,230,112	$ 3,964,768	$ 484,299	$ 14,293,599

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2025

	Public Housing	Vouchers	Management	Simon Center	Market Rate Rentals	Nonmajor Office Building	TOTAL
Operating revenues							
Rental	$ 461,692	$ -	$ -	$ 470,874	$ 344,148	$ 111,216	$ 1,387,930
Grants	280,004	6,648,470	366,719	1,407,285	-	-	8,702,478
Management fees	-	-	169,828	-	-	-	169,828
Other	32,349	201,153	124,622	14,010	1,527	12,000	385,661
Total operating revenues	774,045	6,849,623	661,169	1,892,169	345,675	123,216	10,645,897
Operating expenses							
Housing assistance payments	-	6,395,847	139,325	-	-	-	6,535,172
General and administrative	328,415	455,250	432,693	383,681	65,945	15,941	1,681,925
Utilities	151,674	-	3,194	102,285	26,928	16,578	300,659
Maintenance and operations	462,916	215	6,002	391,763	78,791	24,242	963,929
Insurance and benefits	158,281	78,216	62,610	139,894	26,730	9,864	475,595
Depreciation	99,816	-	16,494	152,435	116,436	9,610	394,791
Total operating expenses	1,201,102	6,929,528	660,318	1,170,058	314,830	76,235	10,352,071
Net operating income (loss)	(427,057)	(79,905)	851	722,111	30,845	46,981	293,826
Non-operating revenues (expenses)							
Interest income	23,821	1,236	83,351	33,768	238	6,508	148,922
Interest expense	-	-	-	-	(24,488)	-	(24,488)
Total non-operating revenues (expenses)	23,821	1,236	83,351	33,768	(24,250)	6,508	124,434
Net income (loss) before capital contributions and transfers	(403,236)	(78,669)	84,202	755,879	6,595	53,489	418,260
Capital contributions and transfers							
Grants	437,388	-	-	-	-	-	437,388
Transfers in	150,339	99,425	137,424	-	100,810	-	487,998
Transfers out	-	-	-	(387,188)	(100,810)	-	(487,998)
Changes in net position	184,491	20,756	221,626	368,691	6,595	53,489	855,648
Net position, beginning of year	1,634,828	277,596	3,910,854	2,745,677	3,105,545	425,885	12,100,385
Net position, end of year	$ 1,819,319	$ 298,352	$ 4,132,480	$ 3,114,368	$ 3,112,140	$ 479,374	$ 12,956,033

Housing Authority of the City of Englewood

dba Innovative Housing Concepts

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2025

	Public Housing	Vouchers	Management	Simon Center	Market Rate Rentals	Nonmajor Office Building	TOTAL
Cash flows from operating activities							
Cash received from tenants	$ 476,838	$ -	$ -	$ 540,871	$ 315,674	$ 121,246	$ 1,454,629
Cash received from grants	280,004	6,928,347	447,260	1,407,285	-	-	9,062,896
Cash received from others	32,349	201,153	294,450	14,010	1,527	12,000	555,489
Housing assistance payments	-	(6,395,847)	(139,325)	-	-	-	(6,535,172)
Cash payments to employees and administrative costs	(327,961)	(456,966)	(432,361)	(385,080)	(66,003)	(15,985)	(1,684,356)
Cash payments to suppliers	(802,394)	(80,143)	(67,604)	(600,095)	(127,425)	(48,984)	(1,726,645)
Net cash from operating activities	(341,164)	196,544	102,420	976,991	123,773	68,277	1,126,841
Cash flows from non-capital financing activities							
Payments from other funds	150,339	99,425	137,424	-	100,810	-	487,998
Payments to other funds	-	-	-	(387,188)	(100,810)	-	(487,998)
Net cash from non-capital financing activities	150,339	99,425	137,424	(387,188)	-	-	-
Cash flows from capital financing activities							
Cash received from capital grants	437,388	-	-	-	-	-	437,388
Debt principal payments	-	-	-	-	(17,788)	-	(17,788)
Debt interest payments	-	-	-	-	(24,532)	-	(24,532)
Net cash from capital financing activities	437,388	-	-	-	(42,320)	-	395,068
Cash flows from investing activities							
Net of (purchases)/ sale of capital assets	(299,389)	-	(13,753)	(77,905)	-	-	(391,047)
Payment of notes receivables	-	-	313,245	-	-	-	313,245
Interest payments received	23,821	1,236	315,648	33,768	238	6,508	381,219
Net cash from investing activities	(275,568)	1,236	615,140	(44,137)	238	6,508	303,417
Net change in cash and cash equivalents	(29,005)	297,205	854,984	545,666	81,691	74,785	1,825,326
Cash and cash equivalents, beginning of year	723,457	119,057	665,489	1,858,321	149,870	329,237	3,845,431
Cash and cash equivalents, end of year	$ 694,452	$ 416,262	$ 1,520,473	$ 2,403,987	$ 231,561	$ 404,022	$ 5,670,757

Housing Authority of the City of Englewood

dba Innovative Housing Concepts

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2025

	Public Housing	Vouchers	Management	Simon Center	Market Rate Rentals	Nonmajor Office Building	TOTAL
Reconciliation of net operating income (loss) to net cash from operating activities							
Net operating income (loss)	$ (427,057)	$ (79,905)	$ 851	$ 722,111	$ 30,845	$ 46,981	$ 293,826
Adjustments to reconcile net operating income (loss) to net cash from operating activities							
Depreciation	99,816	-	16,494	152,435	116,436	9,610	394,791
Changes in assets and liabilities:							
Accounts receivable	21,713	228,461	80,541	69,036	(17,470)	10,030	392,311
Prepaid expenses	(2,543)	(5,169)	(2,305)	(2,369)	(514)	(168)	(13,068)
Accounts payable and accrued expenses	(26,980)	3,457	6,507	36,216	5,538	1,868	26,606
Unearned revenues	(4,196)	222	-	3,485	(11,864)	-	(12,353)
Tenant security deposits	(2,371)	-	-	(2,524)	860	-	(4,035)
Escrow deposits	-	51,194	-	-	-	-	51,194
Accrued compensated absences	454	(1,716)	332	(1,399)	(58)	(44)	(2,431)
Total adjustments	85,893	276,449	101,569	254,880	92,928	21,296	833,015
Net cash from operating activities	$ (341,164)	$ 196,544	$ 102,420	$ 976,991	$ 123,773	$ 68,277	$ 1,126,841

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

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

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

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

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

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

Assets, Liabilities and Net Position

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

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

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

Capital Assets - Property and equipment are recorded at cost or at estimated cost where no historical records exist. Contributed assets are valued at the acquisition value on the date received. The Authority capitalizes all assets with a cost of $5,000 or greater and a useful life of more than one year.

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

Land Improvements	5 – 20 years
Building and Improvements	5 – 25 years
Equipment	3 – 10 years

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

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

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

Long-term obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities.

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

Revenues and Expenditures/Expenses

Revenues and expenses - Revenues and expenses of proprietary funds are recognized in essentially the same manner as in commercial accounting. Proprietary funds distinguish operating revenues and expenses from non-operating activities. Operating revenues and expenses generally result from providing goods and services and producing and delivering goods in connection with the principal ongoing operation.

Use of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for these risks of loss.

Subsequent Events

Subsequent events were evaluated by management through July 20, 2026, which is the date the financial statements were available to be issued. No material subsequent events required to be disclosed were noted by management.

NOTE 2 – CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2025, follows:

Petty cash	$ 270
Cash deposits	3,967,961
Investments	1,702,526
Total	$ 5,670,757

Cash is reported in the financial statements as follows:

Cash and investments	$ 3,132,557
Restricted cash and investments	2,538,200
Total	$ 5,670,757

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2025, the Authority had bank deposits of $5,749,815 collateralized with securities held by the financial institutions' agents but not in the Authority's name.

Investments

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

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

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

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

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

Local Government Investment Pool - At December 31, 2025, the Authority had $1,723,876 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds.

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

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2025, consisted of the following:

	Tenants	HUD	Other	Total
Public Housing	$ 17,992	$ -	$ -	$ 17,992
Vouchers	61,297	41,367	100	102,764
Management	-	17,413	61,434	78,847
Simon Center	22,334	4,594	16,403	43,331
Market Rate Rental	33,776	-	-	33,776
Total accounts receivables, net	$ 135,399	$ 63,374	$ 77,937	$ 276,710

NOTE 4 – NOTES RECEIVABLE

Notes receivable at December 31, 2025, consisted of the following:

Management fund	
$300,000 promissory note from Terraces on Pennsylvania Senior Residences, LLLP, due December 2029, bearing compound interest at 4.88% per annum. Payments shall be made only from cash flow.	$ 252,891
$355,623 promissory note from Terraces on Pennsylvania Senior Residences, LLLP, due December 2029, bearing compound interest at 1.00% per annum. Payments shall be made only from cash flow.	355,623
	$ 608,514

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, is summarized below:

	Balance 12/31/2024	Additions	Transfers/ Deletions	Balance 12/31/2025
Capital assets, not being depreciated:				
Land	$ 2,867,937	$ -	$ -	$ 2,867,937
Total capital assets, not being depreciated	2,867,937	-	-	2,867,937
Capital assets, being depreciated:				
Land improvements	1,501,266	16,500	-	1,517,766
Building and improvements	14,323,903	282,888	(636,018)	13,970,773
Equipment	391,359	91,658	(71,777)	411,240
Total capital assets, being depreciated	16,216,528	391,046	(707,795)	15,899,779
Less accumulated depreciation				
Land improvements	(1,294,865)	(31,818)	-	(1,326,683)
Building and improvements	(10,113,006)	(349,416)	636,018	(9,826,404)
Equipment	(362,835)	(13,556)	71,777	(304,614)
Total accumulated depreciation	(11,770,706)	(394,790)	707,795	(11,457,701)
Total capital assets, being depreciated, net	4,445,822	(3,744)	-	4,442,078
Total capital assets, net	$ 7,313,759	$ (3,744)	$ -	$ 7,310,015

NOTE 6 – LONG-TERM DEBT

A summary of changes in long-term debt for the year ended December 31, 2025, is presented below:

	Balance 12/31/2024	Additions	Payments	Balance 12/31/2025	Due within one year
Compensated absences	$ 52,560	$ 4,192	$ (6,623)	$ 50,129	$ 7,927
Notes payable	826,774	-	(17,788)	808,986	18,301
Total	$ 879,334	$ 4,192	$ (24,411)	$ 859,115	$ 26,228

Interest cost incurred and expensed during the year ended December 31, 2025, was $24,488.

Notes Payable

On March 5, 2024, the Authority entered into a loan agreement amounting to $836,500 with the Impact Development Fund for the acquisition of the Lincoln Street property. The loan bears interest at a fixed rate of 3.00% per annum and matures on March 5, 2029. Monthly payments of principal and interest in the amount of $3,527 are due over the term of the loan. The proceeds from this loan were used exclusively to finance the purchase of the Lincoln Street property.

Note payable 5-year maturity payment, are as follows:

	Principal	Interest
2026	$ 18,301	$ 24,020
2027	18,857	23,464
2028	19,431	22,890
2029	752,397	5,877
Total	$ 808,986	$ 76,251
Current portion	$ 18,301	$ 24,020
Non-current portion	$ 790,685	$ 52,231

NOTE 7 – RETIREMENT COMMITMENTS

The Authority participates in employer-sponsored money-purchase 401(a) retirement plan on behalf of all employees. Plan investments are managed by MissionSquare. The contribution requirements are established and may be amended by the Board of Commissioners. Employees are required to participate in the Plan on the date of employment and must contribute 2.5% of their eligible salary. The Authority contributes 5% of the eligible salary. Employees are fully vested in the Authority's contributions after five years. During the year ended December 31, 2025, the Authority contributed $66,074 to the plan.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

TABOR Amendment

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

SUPPLEMENTAL INFORMATION

Housing Authority of the City of Englewood

dba Innovative Housing Concepts

Financial Data Schedule Statement of Net Position by Program

December 31, 2025

			Public Housing	Vouchers	Management	Simon Center	Market Rate Rentals	Nonmajor Office Building	Total
	Assets								
	Current assets								
100	111	Cash and cash equivalents-unrestricted	$ 20	$ -	$ 671,030	$ 1,856,490	$ 202,426	$ 402,591	$ 3,132,557
100	113	Cash - other restricted	669,556	416,262	849,443	509,013	-	1,431	2,445,705
100	114	Cash - tenant security deposits	24,876	-	-	38,484	29,135	-	92,495
	100	Total cash	694,452	416,262	1,520,473	2,403,987	231,561	404,022	5,670,757
120	121	Accounts receivable - PHA projects	17,992	32,569	-	22,334	33,776	-	106,671
120	122	Accounts receivable - HUD other projects	-	41,367	17,413	4,594	-	-	63,374
120	125	Accounts receivable - other	-	100	61,434	16,403	-	-	77,937
120	128	Fraud recovery	-	28,728	-	-	-	-	28,728
	120	Total accounts receivable	17,992	102,764	78,847	43,331	33,776	-	276,710
142	142	Prepaid expenses	7,286	5,562	2,635	6,898	1,348	481	24,210
	150	Total current assets	719,730	524,588	1,601,955	2,454,216	266,685	404,503	5,971,677
	Capital assets								
160	161	Land	478,994	-	1,387,000	208,409	768,124	25,410	2,867,937
160	162	Buildings	5,401,788	-	-	4,660,174	3,544,337	364,474	13,970,773
160	163	Furniture and fixtures dwelling	5,016	-	13,753	277,564	-	114,907	411,240
160	165	Leasehold improvements	1,174,312	-	202,000	141,454	-	-	1,517,766
160	166	Accumulated depreciation	(5,845,851)	-	(60,772)	(4,511,705)	(614,378)	(424,995)	(11,457,701)
	160	Net capital assets	1,214,259	-	1,541,981	775,896	3,698,083	79,796	7,310,015
	Other non-current assets								
180	171	Notes, loans and mortgages receivable-non-current	-	-	608,514	-	-	-	608,514
180	174	Other assets	-	-	403,393	-	-	-	403,393
	180	Total non-current assets	1,214,259	-	2,553,888	775,896	3,698,083	79,796	8,321,922
	290	Total assets	1,933,989	524,588	4,155,843	3,230,112	3,964,768	484,299	14,293,599

Housing Authority of the City of Englewood

dba Innovative Housing Concepts

Financial Data Schedule Statement of Net Position by Program

December 31, 2025

		Liabilities and net position							
		Current liabilities							
	311	Bank overdraft	-	2	-	-	-	-	2
312	312	Accounts payable	32,984	-	3,514	49,647	7,556	3,447	97,148
312	333	Accounts payable - other government	-	33,648	9,757	2,556	478	-	46,439
324	322	Accrued compensated absences - current portion	2,468	1,711	1,159	2,020	392	177	7,927
324	325	Accrued interest payable	-	-	-	-	2,023	-	2,023
345	341	Tenant security deposits	33,152	-	-	34,793	29,135	-	97,080
345	342	Unearned revenue	1,238	222	-	10,000	970	-	12,430
350	343	Current portion - long-term debt - capital project	-	-	-	-	18,301	-	18,301
345	345	Other current liabilities	-	177,318	-	-	-	-	177,318
324	346	Accrued liabilities - other	31,689	4,086	2,760	5,974	1,000	361	45,870
345	347	Inter program due to	-	141	-	-	-	-	141
	310	Total current liabilities	101,531	217,128	17,190	104,990	59,855	3,985	504,679
		Non-current liabilities							
350	351	Long-term debt, net of current - capital projects/ mortgage revenue	-	-	-	-	790,685	-	790,685
358	354	Accrued compensated absences - noncurrent	13,139	9,108	6,173	10,754	2,088	940	42,202
	350	Total non-current liabilities	13,139	9,108	6,173	10,754	792,773	940	832,887
	300	Total liabilities	114,670	226,236	23,363	115,744	852,628	4,925	1,337,566
		Net position							
	508.1	Net invested in capital assets	1,214,259	-	1,541,981	775,896	3,698,083	79,796	7,310,015
	512.1	Unrestricted net position	605,060	298,352	2,590,499	2,338,472	(585,943)	399,578	5,646,018
	513	Total net position	1,819,319	298,352	4,132,480	3,114,368	3,112,140	479,374	12,956,033
	600	Total liabilities and net position	$ 1,933,989	$ 524,588	$ 4,155,843	$ 3,230,112	$ 3,964,768	$ 484,299	$ 14,293,599

Housing Authority of the City of Englewood

dba Innovative Housing Concepts

Financial Data Schedule Statement of Activities by Program

For the Year ended December 31, 2025

		Public Housing	Vouchers	Management	Simon Center	Market Rate Rentals	Nonmajor Office Building	Total
Revenue								
Tenant revenue								
70300	Net tenant rental revenue	$ 461,211	$ -	$ -	$ 470,574	$ 343,916	$ -	$ 1,275,701
70400	Tenant revenue - other	481	-	-	300	232	-	1,013
70500	Total tenant revenue	461,692	-	-	470,874	344,148	-	1,276,714
HUD PHA operating grants								
70610	HUD capital grants	437,388	-	-	-	-	-	437,388
70710	Management fee	-	-	145,407	-	-	-	145,407
70720	Asset management fee	-	-	24,421	-	-	-	24,421
70750	Other fees	-	-	-	-	-	111,216	111,216
70500	Total fee revenue	437,388	-	169,828	-	-	111,216	718,432
Other revenue								
70800	Other government grants	280,004	6,648,470	366,719	1,407,285	-	-	8,702,478
71100	Investment income - unrestricted	23,821	1,236	83,351	33,768	238	6,508	148,922
71400	Fraud recovery	450	43,122	-	-	-	-	43,572
71500	Other revenue	31,899	158,031	124,622	14,010	1,527	12,000	342,089
70000	Total revenue	1,235,254	6,850,859	744,520	1,925,937	345,913	129,724	11,232,207
Expenses								
Administrative expenses								
91100	Administrative salaries	166,341	282,327	262,418	211,374	35,736	12,147	970,343
91200	Auditing fees	8,310	6,371	3,047	7,756	1,662	554	27,700
91310	Bookkeeping fees	4,926	9,250	1,806	4,598	985	328	21,893
91400	Advertising and marketing	217	21	10	174	5	2	429
91600	Office expenses	28,245	23,777	25,993	24,563	4,111	1,381	108,070
91700	Legal expenses	5,147	2,321	3,390	3,564	1,656	202	16,280
91810	Allocated overhead	37,673	42,395	29,544	35,973	5,101	614	151,300
91900	Other	49,400	78,758	106,289	17,186	2,584	713	254,930
91000	Total operating-administrative	300,259	445,220	432,497	305,188	51,840	15,941	1,550,945
Utilities								
93100	Water	44,368	-	2,914	38,165	14,872	2,636	102,955
93200	Electricity	87,195	-	280	42,680	12,056	13,942	156,153
93300	Gas	20,111	-	-	21,440	-	-	41,551
93000	Total utilities	151,674	-	3,194	102,285	26,928	16,578	300,659

Housing Authority of the City of Englewood

dba Innovative Housing Concepts

Financial Data Schedule Statement of Activities by Program

For the Year ended December 31, 2025

Maintenance								
94100	Ordinary maintenance - labor	211,027	-	-	189,510	36,682	13,760	450,979
94200	Ordinary maintenance and operations - materials and other	24,310	41	441	54,874	10,484	579	90,729
94300	Ordinary maintenance and operations contracts	227,579	174	5,561	147,379	31,625	9,903	422,221
94000	Total maintenance	462,916	215	6,002	391,763	78,791	24,242	963,929
Insurance premiums								
96110	Property insurance	38,167	-	-	35,677	6,638	2,489	82,971
96120	Liability insurance	6,446	4,708	3,161	8,093	1,299	450	24,157
96130	Workmen's compensation	4,197	2,854	2,603	4,313	814	272	15,053
96140	All other insurance	3,336	-	-	3,118	580	218	7,252
96100	Total insurance premiums	52,146	7,562	5,764	51,201	9,331	3,429	129,433
Other general expenses								
96200	Other general expenses	106,135	6,466,501	56,846	88,693	17,399	6,435	6,742,009
96210	Compensated absences	454	-	196	-	-	-	650
96400	Bad debt- tenant rents	27,702	10,030	-	78,493	14,105	-	130,330
96000	Total other general expenses	134,291	6,476,531	57,042	167,186	31,504	6,435	6,872,989
Interest expense and amortization cost								
96710	Interest on mortage (or bonds) payable	-	-	-	-	24,488	-	24,488
96700	Total interest expense and amortization cost	-	-	-	-	24,488	-	24,488
96900	Total operating expenses	1,101,286	6,929,528	504,499	1,017,623	222,882	66,625	9,842,443
97000	Excess revenue over operating expenses	133,968	(78,669)	240,021	908,314	123,031	63,099	1,389,764
97300	Housing assistance payments	-	-	139,325	-	-	-	139,325
97400	Depreciation expense	99,816	-	16,494	152,435	116,436	9,610	394,791
90000	Total expenses	1,201,102	6,929,528	660,318	1,170,058	339,318	76,235	10,376,559
10010	Operating transfers in	150,339	99,425	137,424	-	100,810	-	487,998
10020	Operating transfers out	-	-	-	(387,188)	(100,810)	-	(487,998)
1000	Net income (loss)	184,491	20,756	221,626	368,691	6,595	53,489	855,648
11030	Beginning equity	1,634,828	277,596	3,910,854	2,745,677	3,105,545	425,885	12,100,385
	Net position at end of year	$ 1,819,319	$ 298,352	$ 4,132,480	$ 3,114,368	$ 3,112,140	$ 479,374	$ 12,956,033

Federal Financial Assistance

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*

To the Board of Commissioners
Housing Authority of the City of Englewood
dba Innovative Housing Concepts
3460 S. Sherman Street, Suite #101
Englewood, CO 80113

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 business-type activities, each major fund and the aggregate remaining fund information of Housing Authority of the City of Englewood dba Innovative Housing Concepts (the Authority), as of and for the year ended December 31, 2025 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 20, 2026.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.*

1785 West 2320 South, Salt Lake City, UT 84119 801-972-4800 HaynieCPAs.com

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.



Salt Lake City, Utah
July 20, 2026

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
Housing Authority of the City of Englewood
dba Innovative Housing Concepts
3460 S. Sherman Street, Suite #101
Englewood, CO 80113

Opinion on Each Major Federal Program

We have audited Housing Authority of the City of Englewood dba Innovative Housing Concepts' (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2025. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards,

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 the Authority's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 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 purposes.

Haynie

Salt Lake City, Utah
July 20, 2026

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Assistance Programs Agency/Program Grant Title	Federal Assistance Listing Number	Federal Expenditures
U.S. Department of Housing & Urban Development (HUD)		
Section 8 Housing Voucher Cluster		
Section 8 New Construction and Substantial Rehabilitation	14.182	$ 1,017,621
ROSS Grant	14.870	72,554
Public and Indian Housing	14.850	280,004
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	6,667,432
Family Self-Sufficiency Program	14.896	70,980
Public Housing Capital Fund	14.872	437,388
Total Expenditures of Federal Awards		$ 8,545,979

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

Scope of Presentation
The accompanying schedule presents the expenditures incurred (and related awards received) by Housing Authority of the City of Englewood dba Innovative Housing Concepts (Authority) that are reimbursable under federal programs of federal agencies providing financial assistance and state awards. For the purposes of this schedule, only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with local or other nonfederal funds are excluded from the accompanying schedule.

Basis of Accounting
The expenditures included in the accompanying schedule were reported on an accrual basis of accounting. Expenditures are recognized in the accounting period in which the related liability is incurred. Expenditures reported included any property or equipment acquisitions incurred under the federal program.

Indirect Cost Rate
The Authority has elected not to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, section 414.

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Status of Findings and Questioned Costs
For the Year Ended December 31, 2025

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ Yes	__X__ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	__X__ None reported
Noncompliance material to financial statements noted?	_____ Yes	__X__ No

Federal Awards

Type of auditors' report issued on compliance for major programs:	Unmodified	
Internal control over major programs:		
• Material weakness(es) identified?	_____ Yes	__X__ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	__X__ None reported
Any audit findings disclosed that are required to be reported in accordance with OMB Compliance Supplement?	_____ Yes	__X__ No

Identification of major programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.871	Section 8 Housing Voucher Cluster
14.182	Section 8 New Construction and Substantial Rehabilitation

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

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

There were no findings to report for the year ended December 31, 2025.

Housing Authority of the City of Englewood
dba Innovative Housing Concepts
Schedule of Findings and Questioned Costs - Prior Year
For the Year Ended December 31, 2024

There were no findings to report for the year ended December 31, 2024.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Housing Authority of the City of Englewood
dba Innovative Housing Concepts
3460 S. Sherman Street, Suite #101
Englewood, CO 80113

We have performed the procedure enumerated in the second paragraph, which was agreed to by Housing Authority of the City of Englewood dba Innovative Housing Concepts (the Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), on whether the electronic submission of certain information agrees with related hard copy documents included within the Single Audit reporting package. The sufficiency of the procedure is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedure enumerated below either for the purpose of which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the chart below under the "UFRS Rule Information" column with corresponding printed documents listed in the chart under the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the electronic submission of the items listed in the "UFRS Rule Information" column in the chart below. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

We were engaged to perform an audit in accordance with 2 CFR 200 Subpart F, Audit Requirements, for the Authority as of and for the year ended December 31, 2025, and have issued our reports thereon dated July 20, 2026. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of the audit. Further, our opinion on the fair presentation of the Authority's Financial Data Schedule (FDS) dated July 20, 2026, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package required by Uniform Guidance, which includes the auditors' report, is available in its entirety from the Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH REAC.

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This report was intended solely for the information and use of the Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties

Procedure	UFRS Rule Information	Hard Copy Document(s)	Findings
1	Balance Sheet and Revenue Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDAs, if applicable	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (data element G3100-040)	Auditor's Supplemental report on FDS	Agrees
4	Audit findings narrative (data element G5200-010)	Schedule of findings and Questioned Costs	Agrees
5	General information (data element series G2000, G2100, G2200,G9000, G9100)	OMB Data Collection Form	Agrees
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Costs , Part 1 of OMB Data Collection Form	Agrees
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Costs , Part 1 of OMB Data Collection Form	Agrees
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Agrees
9	Basic financial statements and auditor reports required to be submitted electronically	Basic Financial Statements (inclusive of auditor reports)	Agrees



Salt Lake City, Utah
July 20, 2026