

MIDDLE INCOME HOUSING AUTHORITY
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Middle Income Housing Authority
Denver, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Middle Income Housing Authority (the Authority) as of and for the years ended June 30, 2025 and 2024, 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 financial position of Middle Income Housing Authority as of June 30, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Middle Income Housing Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Middle Income Housing 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 Middle Income Housing 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 Middle Income Housing 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.

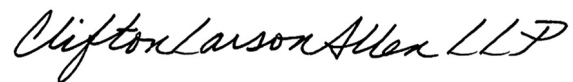
Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Board of Directors
Middle Income Housing Authority

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2026, on our consideration of Middle Income Housing Authority'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 Middle Income Housing Authority's 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 Middle Income Housing Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Denver, Colorado
January 16, 2026

**MIDDLE INCOME HOUSING AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024**

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 229,172	\$ 363,367
Prepaid Items	9,705	9,726
Total Current Assets	238,877	373,093
Total Assets	\$ 238,877	\$ 373,093
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts Payable	\$ 31,466	\$ 3,972
Total Liabilities	31,466	3,972
NET POSITION		
Unrestricted	207,411	369,121
Total Liabilities and Net Position	\$ 238,877	\$ 373,093

See accompanying Notes to Financial Statements.

**MIDDLE INCOME HOUSING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
OPERATING EXPENSES		
Professional Fees	\$ 41,445	\$ 18,900
OEDIT Admin	67,892	94,263
Legal Fees	38,547	54,846
Insurance	18,866	19,856
Dues and Subscriptions	2,295	6,104
Miscellaneous	386	561
Total Operating Expenses	169,431	194,530
OPERATING LOSS	(169,431)	(194,530)
NONOPERATING REVENUES		
Interest Income	7,721	15,935
Total Nonoperating Income	7,721	15,935
CHANGE IN NET POSITION	(161,710)	(178,595)
Net Position - Beginning of Year	369,121	547,716
NET POSITION - END OF YEAR	\$ 207,411	\$ 369,121

See accompanying Notes to Financial Statements.

**MIDDLE INCOME HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Payments to Vendors	\$ (141,916)	\$ (317,607)
Net Cash Used by Operating Activities	(141,916)	(317,607)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	7,721	15,935
Net Cash Provided by Investing Activities	7,721	15,935
NET CHANGE IN CASH AND DEPOSITS	(134,195)	(301,672)
Cash and Deposits Held - Beginning of Year	363,367	665,039
CASH AND DEPOSITS HELD - END OF YEAR	\$ 229,172	\$ 363,367
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (169,431)	\$ (194,530)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Effect of Changes in Assets and Liabilities:		
Prepaid Expenses	21	6,549
Accounts Payable	27,494	(129,626)
Net Cash Used by Operating Activities	\$ (141,916)	\$ (317,607)

See accompanying Notes to Financial Statements.

**MIDDLE INCOME HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 DEFINITION OF REPORTING ENTITY

Middle Income Housing Authority (the Authority or MIHA) is a special purpose authority of the state of Colorado. The Authority was created by Colorado Senate Bill 22-232, signed into law on June 3, 2022, for the purpose of acquiring, constructing, rehabilitating, owning, operating, and financing affordable rental housing projects for middle-income workforce housing.

On July 1, 2022, the Colorado State Treasurer issued the Authority a warrant paid from the state of Colorado General Fund in an amount equal to \$1,000,000 for use by the Authority consistent with the provisions of Senate Bill 22-232.

The Authority is a body corporate and political subdivision of the state of Colorado. It is not an agency of the State and is not subject to administrative direction by any department, commission, board, bureau, or agency of the state of Colorado.

In 1992, Colorado voters approved an amendment to the State Constitution, Article X, Section 20, which, among other things, imposes restrictions on increases in revenue and expenditures of state and local governments (known as Taxpayer Bill of Rights or TABOR). The Authority is a "special purpose authority," not a part of the "State" under C.R.S. 24-77-102(15) and (16), and not a "district" as defined in TABOR, and is therefore exempt from its provisions.

By law the Authority shall conduct an annual audit of its finances and shall adopt a budget and work plan for each fiscal year. The Authority shall submit to the governor, the state auditor, and the general assembly within six months after the end of the state fiscal year a report that shall set forth a complete and detailed operating and financial statement of the authority during such year.

The powers of the Authority are vested in the governing body of the Authority, which is the board of directors. The board consists of fourteen members, twelve of which are appointed by the Governor of Colorado with the consent of the Colorado Senate. The Executive Director of the Colorado Office of Economic Development and International Trade (OEDIT) and the Director of the Department of Local Affairs Division of Housing also make one member appointment each. At least one member must have experience in each of the following areas: the development of rental housing, real estate transactions, and public finance. Additionally, one member must meet one of the following criteria: be the director of a local housing authority; an elected county commissioner from a rural county in the state; an elected county commissioner from a county in the state; and a representative from a nonprofit organization that has experience developing middle-income housing.

In addition to the above requirements, reasonable efforts should be made to appoint members that reflect geographic diversity of the state. Each member is appointed to four-year terms, with terms staggered so that no more than five members' terms expire in the same year. Members are limited to two consecutive terms and serve without compensation but are reimbursed for necessary expenses while serving on the board.

**MIDDLE INCOME HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

In June 2023, the enabling legislation for the Authority was amended with Colorado Senate Bill 23-035. The bill clarified the power of the Authority to enter into public-private partnerships, to hire staff and contract with state agencies such as Colorado OEDIT, and expanded the board of directors of the Authority to sixteen by adding two nonvoting members from the Colorado legislature. The board of directors, supported by an administrative contract with OEDIT, is responsible for overseeing the activities of MIHA in relation to the specified requirements set forth by the MIHA statute.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental units accounted for as a proprietary fund. The accompanying financial statements are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

The Authority follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity.

GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The Authority is not financially accountable for any other organization. The state of Colorado has determined that the Authority is not a component unit of the state.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Authority considers highly liquid instruments with a maturity of three months or less when purchased to be cash equivalents.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

**MIDDLE INCOME HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

When both restricted (externally or legislatively imposed restrictions) and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted, as they are needed. All the Authority's net position is unrestricted and is available for use in general operations.

Classification of Revenues and Expenses

The Authority distinguishes between operating or nonoperating revenue and expense items in the Statement of Revenues, Expenses, and Changes in Net Position.

Operating Revenues and Expenses – Operating expenses represent the administrative expenses of the Authority. In future years, operating revenues and expenses will result from providing services in connection with the Authority's ongoing operations, including financing the acquisition, construction, rehabilitation, and ownership of housing intended for occupancy by middle-income individuals and families.

Nonoperating Revenues – Nonoperating revenues include appropriations from the State of Colorado General Fund and interest income earned on deposits held with the Colorado State Treasury.

Budgets

Budgets are prepared in accordance with the requirements of Colorado Revised Statutes and, accordingly, include "anticipated income and other means of financing proposed expenditures," and expenditures include those shown in the operating statements. Accordingly, budget comparisons are of the legally adopted budget. The level of budget control is determined by the resolution appropriating sums of monies. The resolution appropriates the level of budget control by total expenditures. Appropriations lapse at year-end. The Authority's final budgeted expenses for the year ended June 30, 2025, were \$349,700. Actual expenses were less than budgeted expenses by \$180,269 for the year ended June 30, 2025.

Income Taxes

The Authority is a special purpose authority in the state of Colorado and is not subject to income taxes.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 significantly from those estimates.

MIDDLE INCOME HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 3 CASH AND DEPOSITS

Colorado statutes govern the Authority's deposits of cash. The Colorado Public Deposit Protection Act (PDPA) requires that all units of a government deposit cash in eligible depositories; eligibility is determined by state regulators. Amounts in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At June 30, 2025 and 2024, the Authority had cash deposits with a financial institution with a bank balance of \$77,686 and \$19,601, respectively. The Authority's cash account at times may exceed the amount insured by the Federal Depository Insurance Corporation (FDIC). The Authority has not experienced any losses in the account. The Authority believes it is not exposed to any significant custodial credit risk on cash.

The Authority also deposits cash with the Colorado State Treasury (State Treasury), an external investment pool. Monies deposited in the State Treasury are invested until the cash is needed. The State Treasury pool deposits and invests them in securities authorized by state statute and acts as a bank for all state agencies (the Pool). As of June 30, 2025 and 2024, the Authority had deposits held by the Pool of \$151,486 and \$343,766, respectively.

At June 30, 2025 and 2024, the fair value of the deposits held by the State Treasury was not reasonably available without undue cost and effort; however, management believes that the fair values of the deposits would not be significantly different than the carrying values. On the basis of the Authority's participation in the Pool, the Authority reports interest income as an increase or decrease in cash for its share of the State Treasury's unrealized gains and losses on the Pool's underlying investments. The State Treasurer does not invest any of the Pool's resources in any external investment pool, and there is no assignment of income related to participation in the Pool.

At June 30, 2025 and 2024, full credit quality and interest risk reporting was not reasonably available without undue cost and effort to the Authority. However, management believes that the credit quality and interest risk reporting would not be significantly different than the reporting made by the State Treasury as of the most recently available fiscal year end of June 30, 2025.

Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations. This risk is assessed by national rating agencies that assign a credit quality rating for many investments. Credit quality ratings for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not reported; however, credit quality ratings are reported for obligations of U.S. government agencies that are not explicitly guaranteed by the U.S. government. Based on these parameters, as of the end of the most recent fiscal year for the State Treasury of June 30, 2025 and 2024 approximately 83.8% and 81.0%, respectively, of investments of the Pool are subject to credit quality risk reporting.

**MIDDLE INCOME HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 3 CASH AND DEPOSITS (CONTINUED)

Interest rate risk is the risk that changes in the market rate of interest will adversely affect the value of an investment. In addition to statutory limitations on the types of investments, the State Treasurer’s investment policy mitigates interest rate risk through the use of maturity limits set to meet the needs of the individual fund if the Treasurer is investing for a specific fund rather than the Pool. The Treasurer actively manages the time to maturity in reacting to changes in the yield curve, economic forecasts, and liquidity needs of the participating funds.

The Treasurer further limits investment risk by setting a minimum/maximum range for the percentage of investments subject to interest rate risk and by laddering maturities and credit ratings. The distribution of the investments by investment type in the Pool is shown in the following table as of the end of the most recent fiscal years for the State Treasury, June 30:

Investment Type	June 30, 2025		June 30, 2024	
	Weighted-Average Maturity (in Years)	Percent of the Treasury Pool	Weighted-Average Maturity (in Years)	Percent of the Treasury Pool
Commercial Paper	2.000	27.5 %	0.219	22.6 %
U.S. Treasury Bills/Notes/Bonds	7.093	16.2	5.472	19.0
U.S. Agency Securities	3.000	3.0	2.707	5.2
Asset-Backed Securities	2.000	0.6	3.077	2.0
Corporate Bonds	9.000	23.0	6.369	24.9
Money Market Funds	0.137	5.2	0.112	6.1
Mortgage-Backed Securities	10.000	22.8	12.081	18.1
Other	7.000	1.7	2.618	2.1

None of the investments in the Pool are subject to custodial credit, foreign currency, or concentration of credit risk.

NOTE 4 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; or acts of God. The Authority maintains commercial insurance for all risks of loss. There have been no claims since the Authority’s inception on June 3, 2022.

NOTE 5 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer’s Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations, which apply to the state of Colorado and all local governments.

The Authority is a “special purpose authority”, not part of the “State” under C.R.S. 24-77-102(15) and (16), and not a “district” as defined in TABOR and is therefore exempt from its provisions.

**MIDDLE INCOME HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 6 SUBSEQUENT EVENTS

On July 1, 2025, the Authority entered into an addendum to the operating agreement of NHPF Galena, LLC (the Company) to cooperate with the Company for an exemption from special assessments and real property taxes (property tax exemption). This constitutes a public-private partnership for purposes of the Authority. The Company will ground lease certain real property and construct an affordable rental housing project (the Project) with the primary purpose of providing rental housing for middle-income individuals and families. On July 2, 2025, the Authority issued a tax-exempt bond, the proceeds of which were transferred to the Company to finance the Project. The Authority has no obligations, responsibilities, or liabilities to the Company or the Project.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND REPORT ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Middle Income Housing Authority
Denver, Colorado

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 Middle Income Housing Authority as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Middle Income Housing Authority's basic financial statements, and have issued our report thereon dated January 16, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Middle Income Housing 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 Middle Income Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Middle Income Housing 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 Middle Income Housing 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*.

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.



CliftonLarsonAllen LLP

Denver, Colorado
January 16, 2026



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