Consolidated Financial Statements
June 30, 2026 and 2025

Housing Resources of Western Colorado

Housing Resources of Western Colorado

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Independent Auditor's Report

Board of Directors
Housing Resources of Western Colorado
Grand Junction, Colorado

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Housing Resources of Western Colorado (the Organization), which comprise the consolidated statements of financial position as of June 30, 2026 and 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2026 and 2025, and the changes in its net assets 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2026 on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statement of financial position information and the consolidating statement of activities information are presented for the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS and *Government Auditing Standards.* In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Eide Bailly LLP

Grand Junction, Colorado
October 22, 2026

Housing Resources of Western Colorado
Consolidated Statements of Financial Position
June 30, 2026 and 2025

	2026	2025
Assets		
Cash and cash equivalents	$ 1,711,102	$ 2,135,993
Certificate of deposit	411,344	397,879
Accounts receivable, net	236,760	581,239
Grants receivable, net	719,383	766,765
Inventory	156,268	151,803
Prepaid expenses and other assets	113,717	92,762
Property held for development, rehabilitation and sale	1,700,891	3,559,262
Restricted cash	1,197,015	980,762
Loans receivable		
Amortizing loans receivable, net of allowance for credit losses of $175,295 and $167,586 at 2026 and 2025, respectively	1,093,078	1,192,963
Programmatic loans receivable, net of allowance for credit losses of $0 at 2026 and 2025; present value discount of $1,279,346 and $816,681 at 2026 and 2025, respectively	7,649,906	4,038,061
Property and equipment, net	5,324,610	5,548,405
Total assets	$ 20,314,074	$ 19,445,894
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 342,236	$ 539,222
Refundable advances	228,634	641,233
Tenant deposits and other liabilities	94,105	92,744
Notes payable, net of unamortized issuance costs	2,281,806	4,541,777
Total liabilities	2,946,781	5,814,976
Net assets		
Without donor restrictions	7,092,612	6,833,097
With donor restrictions	10,274,681	6,797,821
Total net assets	17,367,293	13,630,918
Total liabilities and net assets	$ 20,314,074	$ 19,445,894

Housing Resources of Western Colorado

Consolidated Statement of Activities

Year Ended June 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue			
Grant revenue			
Federal	$ 2,230,535	$ -	$ 2,230,535
State and local	1,666,720	-	1,666,720
Foundations	378,857	-	378,857
Contributions	52,383	-	52,383
Rental income	2,211,663	-	2,211,663
Contract revenue	526,030	-	526,030
Gain on sale of assets	302,979	-	302,979
Total operating revenue	7,369,167	-	7,369,167
Operating Expenses			
Weatherization	2,708,879	-	2,708,879
Housing development	355,168	-	355,168
Lending and critical home repair	488,753	-	488,753
Property management	2,358,629	-	2,358,629
Housing counseling and education	399,052	-	399,052
Management and administration	792,694	-	792,694
Community outreach and resources development expenses	69,465	-	69,465
Total operating expenses	7,172,640	-	7,172,640
Net operating income	196,527	-	196,527
Nonoperating Activities			
Grant revenue restricted for revolving loan fund	-	3,455,665	3,455,665
Interest and other income	62,988	21,195	84,183
Net nonoperating activities	62,988	3,476,860	3,539,848
Change in Net Assets	259,515	3,476,860	3,736,375
Net Assets, Beginning of Year	6,833,097	6,797,821	13,630,918
Net Assets, End of Year	$ 7,092,612	$ 10,274,681	$ 17,367,293

Housing Resources of Western Colorado
Consolidated Statement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue			
Grant revenue			
Federal	$ 2,753,672	$ -	$ 2,753,672
State and local	1,694,962	-	1,694,962
Foundations	169,000	-	169,000
Contributions	6,684	-	6,684
Rental income	2,164,652	-	2,164,652
Contract revenue	452,751	-	452,751
Gain on sale of assets	68,810	-	68,810
Total operating revenue	7,310,531	-	7,310,531
Operating Expenses			
Weatherization	3,643,108	-	3,643,108
Housing development	387,252	-	387,252
Lending and critical home repair	363,305	-	363,305
Property management	2,056,486	-	2,056,486
Housing counseling and education	234,601	-	234,601
Management and administration	797,888	-	797,888
Community outreach and resources development expenses	129,367	-	129,367
Total operating expenses	7,612,007	-	7,612,007
Net operating loss	(301,476)	-	(301,476)
Nonoperating Activities			
Grant revenue restricted for revolving loan fund	-	1,675,154	1,675,154
Interest and other income	93,785	-	93,785
Net nonoperating activities	93,785	1,675,154	1,768,939
Change in Net Assets	(207,691)	1,675,154	1,467,463
Net Assets, Beginning of Year	7,040,788	5,122,667	12,163,455
Net Assets, End of Year	$ 6,833,097	$ 6,797,821	$ 13,630,918

Housing Resources of Western Colorado

Consolidated Statement of Functional Expenses

Year Ended June 30, 2026

	Program Services								
	Weatherization	Housing Development	Lending and Critical Home Repair	Property Management	Housing Counseling and Education	Total	Management and Administration	Community Outreach and Resources Development	Total
Personnel									
Salaries and wages	$ 1,067,198	$ 110,389	$ 258,846	$ 501,273	$ 189,693	$ 2,127,399	$ 336,002	$ 39,667	$ 2,503,068
Payroll taxes and benefits	368,818	34,300	67,898	126,002	56,043	653,061	104,129	7,233	764,423
Total personnel	1,436,016	144,689	326,744	627,275	245,736	2,780,460	440,131	46,900	3,267,491
General									
Program materials and supplies	843,459	1,452	8,857	94,285	3,036	951,089	6,337	1,541	958,967
Repairs and maintenance	27,351	8,233	16	524,305	87	559,992	3,558	-	563,550
Occupancy and rental	39,802	20,895	587	405,806	-	467,090	120	-	467,210
Office expenses and information technology	61,220	27,763	24,261	31,958	4,929	150,131	148,379	3,809	302,319
Insurance	112,787	9,582	-	96,251	-	218,620	27,985	-	246,605
Interest	-	80,279	-	142,904	-	223,183	-	-	223,183
Professional services	26,022	17,838	68,561	5,315	-	117,736	88,797	4,200	210,733
Client and resident assistance	-	-	26,307	3,463	136,857	166,627	-	45	166,672
Training and development	29,886	11,963	5,403	2,150	6,072	55,474	33,168	3,039	91,681
Travel and meals	75,224	1,541	1,719	3,904	2,071	84,459	1,294	40	85,793
Development fees	-	28,091	-	-	-	28,091	-	-	28,091
Advertising and marketing	1,867	2,842	3,588	711	-	9,008	11,408	5,873	26,289
Miscellaneous	252	-	-	3,456	264	3,972	9,577	-	13,549
Total general	1,217,870	210,479	139,299	1,314,508	153,316	3,035,472	330,623	18,547	3,384,642
Depreciation and losses									
Depreciation and amortization	54,993	-	-	414,053	-	469,046	21,940	4,018	495,004
Bad debt expense for rent	-	-	15,001	2,793	-	17,794	-	-	17,794
Credit loss expense for loans	-	-	7,709	-	-	7,709	-	-	7,709
Total depreciation and losses	54,993	-	22,710	416,846	-	494,549	21,940	4,018	520,507
Total expenses	$ 2,708,879	$ 355,168	$ 488,753	$ 2,358,629	$ 399,052	$ 6,310,481	$ 792,694	$ 69,465	$ 7,172,640

See Notes to Consolidated Financial Statements

Housing Resources of Western Colorado
Consolidated Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services								
	Weatherization	Housing Development	Lending and Critical Home Repair	Property Management	Housing Counseling and Education	Total	Management and Administration	Community Outreach and Resources Development	Total
Personnel									
Salaries and wages	$ 1,214,001	$ 206,606	$ 180,628	$ 471,604	$ 162,122	$ 2,234,961	$ 307,803	$ 79,991	$ 2,622,755
Payroll taxes and benefits	444,786	72,005	53,188	120,461	50,267	740,707	105,264	27,337	873,308
Total personnel	1,658,787	278,611	233,816	592,065	212,389	2,975,668	413,067	107,328	3,496,063
General									
Program materials and supplies	1,455,917	3,065	15,983	27,524	2,420	1,504,909	21,345	-	1,526,254
Repairs and maintenance	47,439	360	-	408,081	-	455,880	4,677	-	460,557
Occupancy and rental	40,999	27,884	326	383,765	-	452,974	-	-	452,974
Office expenses and information technology	54,459	6,483	14,114	23,694	3,547	102,297	143,234	4,197	249,728
Insurance	125,584	5,265	-	106,511	-	237,360	26,115	-	263,475
Interest	49	-	-	97,824	-	97,873	-	-	97,873
Professional services	64,669	31,883	61,124	9,286	440	167,402	145,075	-	312,477
Client assistance payments	-	-	-	3,543	5,000	8,543	-	-	8,543
Training and development	11,734	3,282	4,804	-	8,846	28,666	14,894	250	43,810
Travel and meals	113,749	92	937	2,942	1,559	119,279	634	840	120,753
Development fees	-	29,079	-	-	-	29,079	-	-	29,079
Advertising and marketing	1,935	1,128	217	514	400	4,194	6,262	13,404	23,860
Miscellaneous	231	120	-	6,181	-	6,532	151	-	6,683
Total general	1,916,765	108,641	97,505	1,069,865	22,212	3,214,988	362,387	18,691	3,596,066
Depreciation and losses									
Depreciation and amortization	67,556	-	-	378,631	-	446,187	22,434	3,348	471,969
Bad debt expense for rent	-	-	-	15,925	-	15,925	-	-	15,925
Credit loss expense for loans	-	-	31,984	-	-	31,984	-	-	31,984
Total depreciation and losses	67,556	-	31,984	394,556	-	494,096	22,434	3,348	519,878
Total expenses	$ 3,643,108	$ 387,252	$ 363,305	$ 2,056,486	$ 234,601	$ 6,684,752	$ 797,888	$ 129,367	$ 7,612,007

See Notes to Consolidated Financial Statements

	2026	2025
Operating Activities		
Receipts from grants, contracts, and contributions, net of amounts restricted for revolving loan fund	$ 4,489,308	$ 5,599,996
Program rental payments received	2,161,880	2,026,790
Interest and other cash receipts	85,544	161,352
Payments for salaries, contract labor, benefits and taxes	(3,399,028)	(3,523,426)
Payments to vendors	(3,075,873)	(3,572,496)
Interest paid	(218,372)	(97,873)
Property taxes paid	(111,975)	(126,421)
Net Cash from (used for) Operating Activities	(68,516)	467,922
Investing Activities		
Purchase of and reinvested interest on certificate of deposit	(411,344)	(397,879)
Maturity of certificate of deposit	397,879	381,372
Purchases of property and equipment	(246,730)	(319,138)
Purchases of property held for development, rehabilitation and sale	(1,450,364)	(2,170,276)
Proceeds from sales of property held for development, rehabilitation and sale	3,891,514	-
Loans receivable issued	(4,332,455)	(1,959,141)
Loans receivable payments received	350,080	273,377
Net Cash used for Investing Activities	(1,801,420)	(4,191,685)
Financing Activities		
Proceeds from issuance of notes payable	1,776,779	2,049,054
Principal payments on notes payable	(4,041,561)	(169,470)
Collections of grants restricted for revolving loan fund	3,926,080	1,740,624
Net Cash from Financing Activities	1,661,298	3,620,208
Net Change in Cash, Cash Equivalents, and Restricted Cash	(208,638)	(103,555)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	3,116,755	3,220,310
Cash, Cash Equivalents, and Restricted Cash, End of Year	$ 2,908,117	$ 3,116,755
Cash and cash equivalents	$ 1,711,102	$ 2,135,993
Restricted cash	1,197,015	980,762
Total cash, cash equivalents, and restricted cash	$ 2,908,117	$ 3,116,755
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Accounts receivable for property sold	$ -	$ 376,468

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Housing Resources of Western Colorado (the Organization, we, us, our) is a nonprofit organization that was formed with the original mission of promoting the wise and sustainable use of the earth's resources. The Organization has expanded its mission statement to meet the changing needs of the community. The current mission is to advance equitable housing and healthy communities through education, empowerment, preservation, and development. The scope of our work now includes more affordable housing related activities, such as low- and moderate-income housing rehabilitations, rental housing, homeownership promotion, low-income energy conservation programs, housing development, and the management of multi-family units.

Weatherization
Since 1988, the Weatherization Program has provided cost-effective, energy-efficient home improvements to homeowners and renters. Weatherization services are available to income-qualified residents in 11 Western Colorado counties. The program also provides immediate intervention services to residents facing no-heat emergencies. The goal of the program is to improve the efficiency and quality of the region's housing stock in order to preserve affordability for low- and modest-income households.

Lending and Critical Home Repair
Since 1991, the Housing Rehabilitation Loan Program has provided income qualifying homeowners access to low interest rate loans to repair and maintain their homes. The program is designed to finance essential repairs to improve health, safety, energy conservation, major and/or minor deficiencies, and accessibility modifications. In addition, when funding is available, we assist with small scale emergency home repairs, such as water heater replacement, roof leaks, and pest control. The Lending Program added a new initiative in 2024, offering purchase assistance loans for income qualified homebuyers. Funded from grants, these loans have low or no interest and typically offer deferred payments in order to lower the monthly cost and upfront cash associated with home purchase. The goal of the program is to help households maintain their tenure as homeowners and to create new owners.

Housing Development
Our housing development activities create more affordable homes for sale and for-rent in our service territory. The Real Estate Development program works with various funding sources to acquire property, develop plans, and build new units that add to the affordability of our local housing stock. We are a Community Housing Development Organization. Our active projects include the construction of for-sale homes in Montrose, a low-income housing tax credit rental project in Clifton, and a for-sale subdivision in Parachute, with other land in our queue for future development.

Property Management
Our assets include 181 rental units with a variety of bedroom types and units. Our rental properties serve low- and modest-income residents. Our property rental rates vary depending upon the market, the source of assistance, and our evaluation of each property. The goal of Property Management is to make quality rental homes available to low- and moderate-income households. We self-manage all of the units that we own.

Housing Counseling and Education
The services provided through the Housing Counseling and Education Program include financial coaching, financial capability workshops, homebuyer education classes, pre-purchase counseling, post-purchase coaching, rental counseling, rental and mortgage assistance, Home Equity Conversion Mortgage (HECM) counseling, and foreclosure prevention counseling. We are a HUD-approved counseling agency and our HUD Counseling Plan covers 15 counties plus additional areas for the purposes of HECM Counseling. The goal of Housing Counseling and Education is to empower local households with accurate information so they can make informed housing decisions and connect to available resources.

Community Outreach and Resources Development
Our Community Outreach and Resources Development (CORD) department works to make our services widely known to local residents through outreach and marketing activities. This program also strives to connect people, places and local community systems in order to empower local stakeholders to come together and develop strong communities. The program facilitates the Montrose Housing Action team and hosts occasional learning and organizing events. The program was previously called Community Building and Engagement. The CORD team also takes the lead on resource development activities, such as grant writing and donor engagement.

Management and Administration
To support the mission-related work of the organization, the Management & Administration function provides support services such as accounting and finance, human resources, IT, operations, and general oversight.

Principles of Consolidation

The consolidated financial statements include the accounts of Housing Resources of Western Colorado, GVAH Limited Partnership, Grand Valley Apartments Limited Partnership (dba Grand Valley Apartments), Phoenix, LLP, and ComAct Housing Corporation (ComAct) because Housing Resources of Western Colorado has both control and an economic interest in those organizations. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as “Housing Resources, the Organization, we, us or our”.

Cash and Cash Equivalents and Restricted Cash

We consider all cash and highly liquid financial instruments with original maturities of three months or less, to be cash and cash equivalents. Amounts classified as restricted cash represent cash held in escrow for tax, lots, insurance, tenant security deposits, and other fees and expenses related to operating our properties, including cash held for the revolving loan funds.

Certificate of Deposit

We hold a certificate of deposit (the CD) in a local financial institution that is initially recorded at cost. Thereafter, the CD is reported at its fair value in the consolidated statements of financial position. Changes in fair value and interest earned are reported within interest and other income in the consolidated statements of activities.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for rent and from the sale of a property held for development. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. The allowance totaled $10,104 at June 30, 2026 and 2025.

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying consolidated statements of financial position. At July 1, 2024, contract assets and liabilities were insignificant.

Grants Receivable

Grants receivable consist primarily of noninterest-bearing amounts due from federal, state, and local granting agencies in accordance with grant terms. We determine the allowance for uncollectable grants receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants receivable are written off when deemed uncollectable. At June 30, 2026 and 2025, no allowance was deemed necessary.

Inventory

Inventory is comprised of materials for the Weatherization program and is stated at the lower of cost or net realizable value. Cost is determined on an average cost basis. At June 30, 2026 and 2025, no allowance for inventory obsolescence was deemed necessary.

Property Held for Development, Rehabilitation, and Sale

We currently hold various lots and property that we intend to sell in the near future or are held for development for our Self-Help Housing Program and other initiatives. Lots held for sale are classified as such when the land and property is not planned to be held for operational use.

Property and Equipment

We record property and equipment additions over $5,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to forty years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Impairment on Long-Lived Assets

We review the carrying values of property and equipment and property held for development, rehabilitation and sale for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2026 and 2025.

Amortizing Loans Receivable

Amortizing loans receivable consist of amounts outstanding to low- and moderate-income families for purposes of home rehabilitation. Terms of the contract require funds from repayment of these loans are to be used for further rehabilitation loans. Interest rates range from 0% to 3% with monthly payment terms of principal and/or interest. After a loan is executed, funds are expended for each homeowner according to an approved scope of work. The loans are secured by real property, considered residential loans, and carry a concentration of credit risk. Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balances adjusted for the allowance for credit losses.

Programmatic Loans Receivable

Programmatic loans receivable are loans that bear 0% interest, require no monthly payments, and either have no maturity date or greater than 20 years from the initial loan closing date. They include loans which are due upon maturity, sale, transfer, vacating of, or refinance of the related home. The loans are secured by real property, considered residential loans, and carry a concentration of credit risk. Programmatic loans are measured at fair value at inception to determine if a contribution element exists and are recorded net of a present value discount. The discount uses the effective interest method commensurate with the risk inherent in the expected cash flows that would be unaffordable by the borrower and represents the inherent contribution made by us from issuing programmatic loans at below market rate interest, is amortized, and is included in grant revenue restricted for revolving loan fund in the consolidated statements of activities. We assess the programmatic loans, except for the contribution element, for the allowance for credit losses.

Allowance for Credit Losses – Loans

The allowance for credit losses (ACL) is established as losses are estimated to have occurred through a provision for credit losses and reported as credit loss within the consolidated statements of functional expenses. Credit losses are charged against the ACL when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the ACL.

The ACL is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, expected prepayments when appropriate, and estimated value of any underlying collateral. The allowance estimate considers relevant, available information from internal and external sources relating to past events, current conditions, and reasonable and supportable forecasts. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

We measure the expected credit losses for loans on a collective pooled basis when similar risk characteristics exist. These loan pools consist of amortizing loans and programmatic loans. Relevant risk characteristics of loan pools include program participants, funding source, payment schedule and status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data. We use aging categories to calculate a loss rate that combines the pool's risk characteristics, historical loss experience, and reasonable and supportable future economic forecasts to project lifetime losses.

Loans that do not share similar risk characteristics are evaluated on an individual basis and are excluded from the collective measurement. This is based on current information, events, and probability that we will be unable to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan agreement. Generally, this occurs when past due payments exceed 6 months. Loans that experience insignificant payment delays and payment shortfalls generally are not individually evaluated. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. For loans individually evaluated, an allowance is established when the discounted cash flows of the loan are lower than the carrying value of that loan.

Expected credit losses for unfunded commitments are estimated over the contractual period in which we are exposed to credit risk through the commitment adjusted for anticipated prepayments when appropriate and also considering the likelihood that funding will occur. The ACL on unfunded commitments is adjusted through a provision for credit losses on the consolidated statements of activities. The risks associated with unfunded commitments are essentially the same as loans and therefore we use the same ACL process as loans to estimate the allowance. At June 30, 2026 and 2025, no ACL for unfunded commitments was deemed necessary.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor or grantor restrictions. Some donor or grantor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report conditional and unconditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restrictions when the assets are placed in service.

Revenue and Revenue Recognition

We recognize contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. A portion of our revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Consequently, at June 30, 2026 and 2025, conditional contributions approximating $5,578,000 and $3,379,000 respectively, have not been recognized in the accompanying consolidated financial statements. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position.

Additionally, we receive revenue from contracts for a performance of a specified scope of work of commensurate value. We recognize revenue at the point in time our performance obligation of delivering the scope of work is complete.

Housing units are rented under operating lease agreements with terms of one year or less. Rent income from tenants is recognized in the month in which it is earned rather than received. Any rent received prior to the month of occupancy is reported as a liability and is allocated to income when earned. Contractually due but unpaid rents are included in accounts receivable in the consolidated statements of financial position.

In-Kind Contributions

In-kind contributions include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. We do not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles (GAAP). Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended June 30, 2026 and 2025.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method as a reasonable estimate of the effective interest method. Debt issuance costs are included within notes payable in the consolidated statements of financial position. Amortization of debt issuance costs is included in interest expense in the accompanying consolidated financial statements.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages and payroll taxes and benefits, which are allocated on the basis of estimates of time and effort.

Measure of Operations

The consolidated statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities include all revenues, gains, expenses, and losses related to our mission and ongoing operations. Nonoperating activities consist of revenues restricted for the establishment or expansion of revolving loan funds that are not available for current operations and those that generate returns from investments or loans.

Income Taxes

Housing Resources of Western Colorado is organized as a Colorado nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. Housing Resources of Western Colorado's ownership in three partnerships, treated as disregarded entities for tax purposes, is incorporated into our tax filings. Housing Resources of Western Colorado is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, we are subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. Housing Resources of Western Colorado files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

ComAct is organized as a Colorado nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. ComAct is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, ComAct is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. ComAct has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

We believe that each entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. We would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. Our Forms 990, 990-T and other income tax filings required by state or local tax authorities are no longer subject to tax examination for years before 2023.

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash and a certificate of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable, grants receivable, and loans receivable is considered to be limited due to high historical collection rates and funding sources. We maintain our cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2026 and 2025, we had approximately $1,354,000 and $1,613,000 in excess of FDIC-insured limits.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

We have evaluated subsequent events through October 22, 2026, the date the consolidated financial statements were available to be issued.

Note 2 - Liquidity and Availability

We operate on a balanced budget and regularly monitor liquidity to meet our operating needs and other contractual commitments while also striving to maximize our available funds. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following as of June 30, 2026 and 2025:

	2026	2025
Cash and cash equivalents	$ 682,468	$ 694,760
Certificate of deposit	411,344	397,879
Accounts receivable, net	236,760	204,771
Grants receivable, net	719,383	766,765
	$ 2,049,955	$ 2,064,175

At June 30, 2026 and 2025, cash and cash equivalents exclude $800,000 of funding we received to hold properties for their respective restricted purposes and refundable advances of $228,634 and $641,233, respectively, which are restricted for our revolving loan funds for down payment assistance (Note 7).

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

The certificate of deposit reported in the consolidated statements of financial position is valued by the custodian of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and is classified within Level 2.

Note 4 - Loans and Allowance for Credit Losses

Amortizing Loans Receivable

Amortizing loans receivable consist of the following at June 30, 2026 and 2025:

	2026	2025
Principal balance	$ 1,268,373	$ 1,360,549
Less allowance for individually evaluated loans	(102,091)	(91,589)
Less general allowance on remaining loans	(73,204)	(75,997)
	$ 1,093,078	$ 1,192,963

As discussed in Note 1, the allowance consists of loans on a pooled basis and those individually evaluated. Loans past due by 6 months or more are considered to be individually evaluated and an allowance applied. We estimate the allowance of the remaining amortizing loans receivable as a percentage of the respective balances. We believe this is reasonable based on our security interests in the properties and the minimal historical write offs.

Changes in the allowance for credit losses for amortizing loans are as follows for the years ended June 30, 2026 and 2025:

	2026	2025
Allowance for Credit Losses, Beginning of Year	$ 167,586	$ 128,146
Recoveries	-	7,456
Provision for credit losses	7,709	31,984
Allowance for Credit Losses, End of Year	$ 175,295	$ 167,586

We had the following aging of past due amortizing loans as of June 30, 2026:

	30-59 Days Past Due	60-89 Days Past Due	Over 90 Days Past Due	Total Past Due	Current	Total Loans
Principal balance	$ 141,132	$ -	$ 102,091	$ 243,223	$ 1,025,150	$ 1,268,373

We had the following aging of past due amortizing loans as of June 30, 2025:

	30-59 Days Past Due	60-89 Days Past Due	Over 90 Days Past Due	Total Past Due	Current	Total Loans
Principal balance	$ 21,036	$ 15,259	$ 91,589	$ 127,884	$ 1,232,665	$ 1,360,549

Of the past due loans as of June 30, 2026 and 2025, balances of $102,091 and $91,589, respectively, was past due by 6 months or more and are fully included in the allowance. All loans past due over 90 days are still accruing interest. As of June 30, 2026 and 2025, we had $180,614 and $186,667, respectively, in unfunded commitments to low- and moderate-income families.

Programmatic Loans Receivable

Programmatic loans receivable consist of the following at June 30, 2026 and 2025:

	2026	2025
Principal balance	$ 8,929,252	$ 4,854,742
Less discount	(1,279,346)	(816,681)
	$ 7,649,906	$ 4,038,061

At June 30, 2026 and 2025, no allowance of credit losses for programmatic loans was deemed necessary.

Note 5 - Property and Equipment and Property Held for Development, Rehabilitation and Sale

Property and equipment and property held for development, rehabilitation and sale consist of the following at June 30, 2026 and 2025:

	2026	2025
Land and improvements	$ 1,145,957	$ 1,145,957
Buildings and improvements	12,477,495	12,211,815
Equipment, furniture and fixtures	588,470	692,711
Vehicles	949,652	1,097,701
	15,161,574	15,148,184
Less accumulated depreciation	(9,836,964)	(9,599,779)
	$ 5,324,610	$ 5,548,405
Property held for development, rehabilitation and sale	$ 1,700,891	$ 3,559,262

Ten lots were acquired in a prior year for redevelopment and resale. During the year ended June 30, 2025, we sold one redeveloped lot for approximately $376,000 and recognized a gain of approximately $68,000. During the year ended June 30, 2026, we sold six redeveloped lots for aggregate proceeds of approximately $3,515,000 and recognized a gain of approximately $283,000.

As described in Note 1, we rent housing units to tenants under short-term operating lease agreements. Carrying value of land was $514,598 at June 30, 2026 and 2025. Carrying value of buildings and improvements was $4,114,294 and $4,231,978 at June 30, 2026 and 2025, respectively.

Note 6 - Notes Payable

Notes payable consist of the following at June 30, 2026 and 2025:

	2026	2025
4.65% promissory note, due in monthly installments of $11,315 including interest to April 2039, effective interest rate over the life of the note is 5.45%, secured by property	$ 1,308,728	$ 1,380,362
3.50% promissory note, due in monthly installments of $10,947 including interest to June 2032, effective interest rate over the life of the note is 6.46%, secured by property	718,836	823,052
3.00% note payable, due in monthly installments of $2,052 including interest to December 30, 2032, secured by real estate	320,023	334,804
7.50% Construction draw-down loan, principal and interest due upon maturity in November 2026, secured by real estate	-	2,049,054
	2,347,587	4,587,272
Less unamortized debt issuance costs	(65,781)	(45,495)
	$ 2,281,806	$ 4,541,777

Additional Construction Loans Available

In 2025, we entered into a construction loan agreement with a bank providing for a maximum principal amount of $1,020,590. The loan is intended to finance the construction of four single-family residences in Mesa County, Colorado. The loan bears interest at a rate of 7.50% and matures on November 2, 2026. The loan is secured by deeds of trust on the properties to be constructed. As of June 30, 2026, there were no amounts outstanding under the construction loan, with approximately $934,000 of draws and repayments made during the fiscal year. As of June 30, 2025, there were no amounts outstanding under the construction loan, with no draws or repayments made during the fiscal year.

In 2026, we entered into 3 other construction loan agreements with a different bank providing for a maximum principal amount of $500,000, $849,152, and $1,500,000, respectively. The loans are intended to finance the construction of remaining lots held for sale. The loans bear a variable interest rate equal to the JP Morgan Chase Bank prime rate (6.75% at June 30, 2026). The loans mature on October 3, 2028, April 3, 2031 and April 20, 2029, respectively. The loans are secured by deeds of trust on the properties to be constructed. As of June 30, 2026, there were no amounts outstanding under these construction loans, with approximately $842,000 of draws and repayments made during the fiscal year.

Future maturities of notes payable, less deferred issuance costs, are as follows:

Years Ending June 30,	Total
2027	$ 199,655
2028	207,590
2029	215,848
2030	224,443
2031	233,389
Thereafter	1,266,662
Less unamortized issuance costs	(65,781)
	$ 2,281,806

Note 7 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2026 and 2025:

	2026	2025
Time restricted with affordability requirement	$ 800,000	$ 800,000
Perpetual in nature - revolving loan funds	9,474,681	5,997,821
	$ 10,274,681	$ 6,797,821

Time restricted with affordability requirement above reflects funding we received to hold properties for their respective restricted purposes. The agreements placed a restriction that the property is to remain dedicated to affordable housing for 50 years, or the amounts are to be repaid.

Revolving loan funds are used to make home improvement and down payment assistance loans to low- and moderate-income individuals for development, rehabilitation, and payment assistance in target areas. These loan funds are perpetually restricted as all repaid loan funds go back into the loan pool to be redistributed to eligible participants. Perpetually restricted revolving loan funds include interest earned, return of loan principal, and reduced for losses incurred on loans.

No net assets were released from donor restrictions during the years ended June 30, 2026 and 2025.

Note 8 - Employee Benefits

We sponsor a defined contribution plan under which eligible employees may elect to defer a portion of their salaries subject to current limits established by the Internal Revenue Code. The percentage matched by us is determined by the Board of Directors and is subject to change. For the years ended June 30, 2026 and 2025, we contributed $51,668 and $52,375, respectively.

Supplementary Information
June 30, 2026

Housing Resources of Western Colorado

Housing Resources of Western Colorado
Consolidating Statement of Financial Position Information
June 30, 2026

	Housing Resources of Western Colorado	GVAH Limited Partnership	Grand Valley Apartments L.P.	Phoenix, LLP	ComAct Housing Corporation	Eliminations	Total
Assets							
Cash and cash equivalents	$ 593,689	$ 262,541	$ 96,964	$ 101,102	$ 656,806	$ -	$ 1,711,102
Certificate of deposit	-	-	-	-	411,344	-	411,344
Accounts receivable, net	668,180	96,688	26,456	4,197	203,517	(762,278)	236,760
Grants receivable, net	511,220	-	-	-	208,163	-	719,383
Inventory	156,268	-	-	-	-	-	156,268
Due from affiliates	-	62,955	53,052	2,315	167,658	(285,980)	-
Prepaid expenses and other assets	97,745	11,484	4,488	-	-	-	113,717
Property held for development, rehabilitation, and sale	1,700,891	-	-	-	-	-	1,700,891
Restricted cash	858,762	171,878	48,251	-	118,124	-	1,197,015
Investment deficit in partnerships	(443,671)	-	-	-	-	443,671	-
Loans receivable							
Amortizing loans receivable, net	3,179,460	-	-	-	889,738	(2,976,120)	1,093,078
Programmatic loans receivable, net	2,540,506	-	-	-	5,109,400	-	7,649,906
Accrued interest	557,647	-	-	-	-	(557,647)	-
Property and equipment, net	1,274,966	3,158,286	616,389	274,969	-	-	5,324,610
Total assets	$ 11,695,663	$ 3,763,832	$ 845,600	$ 382,583	$ 7,764,750	$ (4,138,354)	$ 20,314,074

Housing Resources of Western Colorado
Consolidating Statement of Financial Position Information (Continued)
June 30, 2026

	Housing Resources of Western Colorado	GVAH Limited Partnership	Grand Valley Apartments L.P.	Phoenix, LLP	ComAct Housing Corporation	Eliminations	Total
Liabilities and Net Assets							
Accounts payable and accrued expenses	$ 385,958	$ 157,550	$ 534,522	$ 8,940	$ 17,544	$ (762,278)	$ 342,236
Refundable advances	128,143	-	-	-	100,491	-	228,634
Tenant deposits and other liabilities	28,586	19,930	38,711	6,466	412	-	94,105
Due to affiliates	285,980	-	-	-	-	(285,980)	-
Notes payable, net of issuance costs	1,146,006	3,213,860	1,455,707	-	-	(3,533,767)	2,281,806
Total liabilities	1,974,673	3,391,340	2,028,940	15,406	118,447	(4,582,025)	2,946,781
Net assets							
Without donor restrictions							
Undesignated	4,673,833	-	-	-	2,418,779	-	7,092,612
Partners' capital (deficit)	-	372,492	(1,183,340)	367,177	-	443,671	-
	4,673,833	372,492	(1,183,340)	367,177	2,418,779	443,671	7,092,612
With donor restrictions	5,047,157	-	-	-	5,227,524	-	10,274,681
Total net assets	9,720,990	372,492	(1,183,340)	367,177	7,646,303	443,671	17,367,293
Total liabilities and net assets	$ 11,695,663	$ 3,763,832	$ 845,600	$ 382,583	$ 7,764,750	$ (4,138,354)	$ 20,314,074

Housing Resources of Western Colorado
Consolidating Statement of Activities Information
Year Ended June 30, 2026

	Housing Resources of Western Colorado	GVAH Limited Partnership	Grand Valley Apartments L.P.	Phoenix, LLP	ComAct Housing Corporation	Eliminations	Total
Operating Revenue							
Grant revenue							
Federal	$ 2,127,763	$ -	$ -	$ -	$ 102,772	$ -	$ 2,230,535
State and local	1,098,909	-	-	-	567,811	-	1,666,720
Foundations	378,857	-	-	-	-	-	378,857
Contributions	52,383	-	-	-	-	-	52,383
Rental income	332,615	1,389,058	465,285	80,445	-	(55,740)	2,211,663
Contract revenue	526,030	-	-	-	-	-	526,030
Gain on sale of assets	302,979	-	-	-	-	-	302,979
Total operating revenue	4,819,536	1,389,058	465,285	80,445	670,583	(55,740)	7,369,167
Operating Expenses							
Program services	4,486,771	1,585,398	608,713	117,371	120,329	(608,101)	6,310,481
Management and administration	792,694	-	-	-	-	-	792,694
Community outreach and resources development expenses	69,465	-	-	-	-	-	69,465
Total operating expenses	5,348,930	1,585,398	608,713	117,371	120,329	(608,101)	7,172,640
Net operating activities	(529,394)	(196,340)	(143,428)	(36,926)	550,254	552,361	196,527
Nonoperating Activities							
Grant revenue restricted for revolving loan fund	295,365	-	-	-	3,160,300	-	3,455,665
Interest and other income	90,545	864	348	-	27,201	(34,775)	84,183
Management fees	517,586	-	-	-	-	(517,586)	-
Gain (loss) on investments in partnership	(375,482)	-	-	-	-	375,482	-
Net nonoperating activities	528,014	864	348	-	3,187,501	(176,879)	3,539,848
Change in Net Assets	(1,380)	(195,476)	(143,080)	(36,926)	3,737,755	375,482	3,736,375
Net Assets, Beginning of Year	9,722,370	567,968	(1,040,260)	404,103	3,908,548	68,189	13,630,918
Net Assets, End of Year	$ 9,720,990	$ 372,492	$ (1,183,340)	$ 367,177	$ 7,646,303	$ 443,671	$ 17,367,293

Independent Auditor's 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*

The Board of Directors
Housing Resources of Western Colorado
Grand Junction, Colorado

We have audited, 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 (*Government Auditing Standards*), the consolidated financial statements of Housing Resources of Western Colorado (the Organization), which comprise the Organization's consolidated statement of financial position as of June 30, 2026, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated October 22, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

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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 Organization's consolidated 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 consolidated 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 result of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Grand Junction, Colorado
October 22, 2026