

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**

**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2025**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Housing Authority of the City of Annapolis  
Annapolis, Maryland

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of the Housing Authority of the City of Annapolis (the Authority), as of and for the year ended June 30, 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, based on our audit and the reports of other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities and aggregate discretely presented component units of the Authority as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of other auditors.

#### *Basis for Opinion*

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 Auditor's 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 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 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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements 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 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 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.

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 on pages 5 through 8 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedule, Statement of Net Position – AMPS, Statement of Revenue, Expenses, and Changes in Net Position – AMPS, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule, Statement of Net Position – AMPS, Statement of Revenue, Expenses, and Changes in Net Position – AMPS, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2026, on our consideration of the 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 the 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 the Authority’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style.

Bethesda, Maryland  
March 26, 2026

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**MANAGEMENTS DISCUSSION AND ANALYSIS – UNAUDITED**  
**June 30, 2025**

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The management of the Housing Authority of the City of Annapolis (the Authority) is pleased to offer to the readers and other interested parties of the Authority’s financial statements an overview of its financial activities for the year ended June 30, 2025.

Readers are encouraged to consider the information provided here in conjunction with the Authority’s financial statements. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Ms. Melissa Maddox-Evans, Chief Executive Officer.

**BASIC FINANCIAL STATEMENTS**

The basic financial statements are designed to provide readers with a broad overview of the Authority’s finances in a manner like a private-sector business. They consist of the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows.

The statement of net position reports all financial and capital resources for the Authority. The statement is presented in the format whereby assets and deferred outflows of resources minus liabilities and deferred inflows of resources equals net position.

Assets and liabilities are presented in order of liquidity and are classified as “current” (convertible into cash within one year) and “noncurrent.”

The focus of the statement of net position (the “unrestricted net position”) is designed to represent the net available liquid (noncapital) assets, net of liabilities, for the entire Authority. Net position is reported in three broad categories:

*Net Investment in Capital Assets* - This consists of capital assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted Net Position* - This component of net position consists of restricted assets when constraints are placed on the asset by creditors (such as debt covenants, grantors, contributors, laws, regulations, etc.).

*Unrestricted Net Position* - This consists of net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

The statement of revenues, expenses, and changes in net position reports the Authority’s operating and non-operating expenses and the changes in net position for the year. The focus of this statement is to show the “change in net position,” which is like net income or loss.

Finally, a statement of cash flows is included which discloses net cash from operating activities, capital, and related financing activities, and investing activities.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS  
MANAGEMENTS DISCUSSION AND ANALYSIS – UNAUDITED  
June 30, 2025**

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found in this report after the basic financial statements.

Supplementary Information

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Uniform Guidance. The financial data schedule is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development (HUD). The Authority also reports a statement of net position and statement of revenues, expenses, and changes in net position for each AMP.

CONDENSED FINANCIAL INFORMATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30,

	<u>2025</u>	<u>2024</u>	<u>Total Change</u>	<u>% Change</u>
Cash and Cash Equivalents	\$ 814,174	\$ 2,154,298	\$ (1,340,124)	-62.21%
Other Current Assets	1,503,377	529,253	974,124	184.06%
Capital Assets	13,124,040	12,967,868	156,172	1.20%
Notes Receivable	7,554,399	7,233,424	320,975	4.44%
Other Assets	<u>93,195</u>	<u>78,404</u>	<u>14,791</u>	18.87%
<b>Total Assets</b>	<b>\$ <u>23,089,185</u></b>	<b>\$ <u>22,963,247</u></b>	<b>\$ <u>125,938</u></b>	<b>0.55%</b>
Current Liabilities	\$ 957,337	\$ 370,307	\$ 587,030	158.53%
Noncurrent Liabilities	<u>6,311,174</u>	<u>6,268,444</u>	<u>42,730</u>	0.68%
<b>Total Liabilities</b>	<b><u>7,268,511</u></b>	<b><u>6,638,751</u></b>	<b><u>629,760</u></b>	<b>9.49%</b>
Investment in Capital Assets	13,124,040	12,967,868	156,172	1.20%
Restricted	-	174,659	(174,659)	-100.00%
Unrestricted	<u>2,696,634</u>	<u>3,181,969</u>	<u>(485,335)</u>	-15.25%
<b>Total Net Position</b>	<b><u>15,820,674</u></b>	<b><u>16,324,496</u></b>	<b><u>(503,822)</u></b>	<b>-3.09%</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ <u>23,089,185</u></b>	<b>\$ <u>22,963,247</u></b>	<b>\$ <u>125,938</u></b>	<b>0.55%</b>

Total assets increased primarily due to a increase in AR due from HUD and Other Government.

Total liabilities increased primarily due to an increase in accounts payable included in current liabilities.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**MANAGEMENTS DISCUSSION AND ANALYSIS – UNAUDITED**  
**June 30, 2025**

Total net position creased due to excess of revenues over expenses.

CONDENSED FINANCIAL INFORMATION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30,

	<u>2025</u>	<u>2024</u>	<u>Total Change</u>	<u>% Change</u>
<b>Revenue</b>				
HUD operating grants	\$ 15,737,567	\$ 11,842,821	\$ 3,894,746	32.89%
Other government grant revenue	705,046	248,401	456,645	183.83%
Tenant revenue	1,792,988	1,761,243	31,745	1.80%
Other revenue	148,559	479,294	(330,735)	-69.00%
<b>Total Revenue</b>	<b><u>18,384,160</u></b>	<b><u>14,331,759</u></b>	<b><u>4,052,401</u></b>	<b><u>28.28%</u></b>
<b>Expenses</b>				
Administrative	3,132,340	3,883,410	(751,070)	-19.34%
Tenant services	628,927	628,112	815	0.13%
Utilities	983,388	886,297	97,091	10.95%
Maintenance	2,170,279	1,572,377	597,902	38.03%
Insurance	632,703	290,129	342,574	118.08%
Housing assistance payments	11,157,659	7,546,626	3,611,033	47.85%
General	670,148	875,105	(204,957)	-23.42%
Depreciation and amortization	603,804	751,875	(148,071)	-19.69%
<b>Total Expenses</b>	<b><u>19,979,248</u></b>	<b><u>16,433,931</u></b>	<b><u>3,545,317</u></b>	<b><u>21.57%</u></b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest income	328,960	232,495	96,465	41.49%
Gain (loss) on disposal/sale of capital assets	2,330	(293,664)	295,994	-100.00%
<b>Total nonoperating revenues (expenses)</b>	<b><u>331,290</u></b>	<b><u>(61,169)</u></b>	<b><u>392,459</u></b>	<b><u>-641.60%</u></b>
<b>Capital Contributions</b>	<b>759,976</b>	<b>1,358,836</b>	<b>(598,860)</b>	<b>-44.07%</b>
<b>Change in Net Position</b>	<b>(503,822)</b>	<b>(804,505)</b>	<b>300,683</b>	<b>-37.37%</b>
<b>Beginning Net Position</b>	<b><u>16,324,496</u></b>	<b><u>17,129,001</u></b>	<b><u>(804,505)</u></b>	<b><u>-4.70%</u></b>
<b>Ending Net Position</b>	<b><u>\$ 15,820,674</u></b>	<b><u>16,324,496</u></b>	<b><u>\$ (710,223)</u></b>	<b><u>-4.35%</u></b>

Total HUD operating grant increased due to an increase in housing assistance payment subsidy disbursed to the Housing Choice Voucher program throughout the fiscal year.

Total expenses increased primarily due to an increase in housing assistance payments.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS  
MANAGEMENTS DISCUSSION AND ANALYSIS – UNAUDITED  
June 30, 2025**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

Capital assets (total capital assets, net of accumulated depreciation) showed an increase of \$156,172 from the previous fiscal year. As of June 30, 2025, the Authority's total capital assets, net of accumulated depreciation, stood at \$13,124,040.

**Debt Outstanding**

The Authority does not have any long-term debt outstanding as of June 30, 2025.

**ECONOMIC FACTORS**

The majority of the Authority's funding comes from the U.S. Department of Housing and Urban Development (HUD) in the form of Section 8 housing assistance payments, public housing operating subsidies, Capital Fund grants, and other smaller grants. Over the past several years, Congress and the federal government have continued to cut housing subsidies due to changes in budget priorities. Because of the reliance on federal subsidies, these funding reductions continue to have an impact on the Authority's economic position. There still is significant uncertainty about future funding levels.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS  
STATEMENT OF NET POSITION**

	<b>Primary Government - June 30, 2025</b>	<b>Discretely Presented Component Units - December 31, 2024</b>	<b>Totals (Memorandum Only)</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents - unrestricted	\$ 465,423	\$ 894,564	\$ 1,359,987
Cash and cash equivalents - restricted	280,987	33,196,571	33,477,558
Cash and cash equivalents - tenant security deposits	67,764	94,320	162,084
Accounts receivable	1,305,537	1,358,064	2,663,601
Prepaid expenses and other current assets	197,840	253,572	451,412
<b>Total current assets</b>	<u>2,317,551</u>	<u>35,797,091</u>	<u>38,114,642</u>
<b>Noncurrent assets</b>			
Capital assets, net	13,124,040	82,349,573	95,473,613
Notes receivable from discrete component units	7,554,399	-	7,554,399
Other assets	93,195	17,492,866	17,586,061
<b>Total noncurrent assets</b>	<u>20,771,634</u>	<u>99,842,439</u>	<u>120,614,073</u>
<b>TOTAL ASSETS</b>	<u>\$ 23,089,185</u>	<u>\$ 135,639,530</u>	<u>\$ 158,728,715</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 748,221	\$ 4,497,711	\$ 5,245,932
Accrued liabilities	13,319	258,851	272,170
Accrued wages	67,677	189,545	257,222
Accrued compensated absences - current	32,191	-	32,191
Current portion of long-term debt	-	330,781	330,781
Unearned revenue	10,533	226,141	236,674
Tenant security deposits	67,764	86,954	154,718
Other current liabilities	17,632	302,766	320,398
<b>Total current liabilities</b>	<u>957,337</u>	<u>5,892,749</u>	<u>6,850,086</u>
<b>Noncurrent liabilities</b>			
Long-term debt - noncurrent portion	-	79,815,234	79,815,234
Accrued compensated absences - noncurrent portion	72,239	-	72,239
Noncurrent liabilities - other	6,238,935	11,232,098	17,471,033
<b>Total noncurrent liabilities</b>	<u>6,311,174</u>	<u>91,047,332</u>	<u>97,358,506</u>
<b>Total liabilities</b>	<u>7,268,511</u>	<u>96,940,081</u>	<u>104,208,592</u>
<b>Net position</b>			
Net investment in capital assets	13,124,040	2,203,558	15,327,598
Restricted net position	-	33,203,937	33,203,937
Unrestricted net position	2,696,634	3,291,954	5,988,588
<b>Total net position</b>	<u>15,820,674</u>	<u>38,699,449</u>	<u>54,520,123</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 23,089,185</u>	<u>\$ 135,639,530</u>	<u>\$ 158,728,715</u>

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

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**

	<b>Primary Government - Year ended June 30, 2025</b>	<b>Discretely Presented Component Units - Year ended December 31, 2024</b>	<b>Totals (Memorandum Only)</b>
<b>Operating Revenues</b>			
Tenant rental revenue	\$ 1,792,988	\$ 7,548,947	\$ 9,341,935
HUD operating revenue	15,737,567	-	15,737,567
Other government grant revenue	705,046	-	705,046
Other revenue	<u>148,559</u>	<u>414,448</u>	<u>563,007</u>
<b>Total operating revenues</b>	<u>18,384,160</u>	<u>7,963,395</u>	<u>26,347,555</u>
<b>Operating Expenses</b>			
Administrative	3,132,340	1,785,087	4,917,427
Tenant services	628,927	-	628,927
Utilities	983,388	567,739	1,551,127
Maintenance	2,170,279	2,038,779	4,209,058
Protective services	-	418,297	418,297
Insurance	632,703	527,944	1,160,647
Housing assistance payments	11,157,659	-	11,157,659
General	670,148	570,311	1,240,459
Depreciation and amortization	<u>603,804</u>	<u>2,650,698</u>	<u>3,254,502</u>
<b>Total operating expenses</b>	<u>19,979,248</u>	<u>8,558,855</u>	<u>28,538,103</u>
<b>Operating income (loss)</b>	<u>(1,595,088)</u>	<u>(595,460)</u>	<u>(2,190,548)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Investment income	-	1,378,446	1,378,446
Mortgage interest income	328,960	-	328,960
Loss on sale of capital assets	2,330	-	2,330
Distributions	-	(145,378)	(145,378)
Interest expense	<u>-</u>	<u>(1,443,448)</u>	<u>(1,443,448)</u>
<b>Total nonoperating revenues (expenses)</b>	<u>331,290</u>	<u>(210,380)</u>	<u>120,910</u>
<b>Income (loss) before contributions</b>	(1,263,798)	(805,840)	(2,069,638)
<b>Capital contributions</b>	<u>759,976</u>	<u>7,773,720</u>	<u>8,533,696</u>
<b>Change in net position</b>	(503,822)	6,967,880	6,464,058
<b>Net position, beginning of year</b>	<u>16,324,496</u>	<u>31,731,569</u>	<u>48,056,065</u>
<b>Net position, end of year</b>	<u>\$ 15,820,674</u>	<u>\$ 38,699,449</u>	<u>\$ 54,520,123</u>

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

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**STATEMENT OF CASH FLOWS**  
**Year ended June 30, 2025**

	<b>Primary Government</b>
<b>Cash flows from operating activities</b>	
Cash received from HUD and other governments	\$ 15,571,797
Cash received from tenants	1,163,023
Cash received from others	259,183
Cash paid to employees	(3,161,727)
Cash paid to suppliers	(4,133,853)
Cash paid to landlords	(11,157,659)
<b>Net cash flows provided/(used) by operating activities</b>	<b>(1,459,236)</b>
<b>Cash flows from capital and related financing activities</b>	
Purchases of capital assets	(648,849)
HUD capital grants	759,976
<b>Net cash flows provided/(used) by capital and related financing activities</b>	<b>111,127</b>
<b>Cash flows from investing activities</b>	
Payments received on notes receivable	7,223
Interest received	762
<b>Net cash flows provided/(used) by investing activities</b>	<b>7,985</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>(1,340,124)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>2,154,298</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 814,174</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION:</b>	
Cash and cash equivalents - unrestricted	\$ 465,423
Cash and cash equivalents - restricted	280,987
Cash and cash equivalents - tenant security deposits	67,764
Cash and Cash Equivalents per Statement of Net Position	<b>\$ 814,174</b>

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

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**STATEMENT OF CASH FLOWS**  
**Year ended June 30, 2025**

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**Reconciliation of operating income (loss) to net cash  
provided/(used) by operating activities**

Operating income (loss)	\$ (1,595,088)
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**Adjustments to reconcile operating income/(loss) to net cash  
provided/(used) by operating activities**

Depreciation	603,804
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**Changes in operating assets and liabilities**

Decrease (increase) in accounts receivable	(937,932)
Decrease (increase) in prepaid expenses and other current assets	(36,192)
Decrease (increase) in other assets	(14,791)
Increase (decrease) in accounts payable	489,649
Increase (decrease) in accrued liabilities	20,077
Increase (decrease) in accrued compensated absences	32,482
Increase (decrease) in unearned revenue	<u>(21,245)</u>

<b>Net cash provided/(used) by operating activities</b>	<b><u>\$ (1,459,236)</u></b>
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The accompanying notes are an integral part of these financial statements.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The Housing Authority of the City of Annapolis (the Authority) was established pursuant to the laws of the State of Maryland to transact business and to have powers as defined therein. An independent Board of Commissioners, appointed for five-year terms by the mayor, is responsible for all activities of the Authority. The offices of the Authority are separate from those of the City of Annapolis (the City), and employees of the Authority are not included in or entitled to benefit programs of the City. Separate accounting records are maintained, and debts incurred by the Authority are not the obligations of the City.

The Authority's financial statements include the accounts of all Authority operations.

The criteria for including organizations within the Authority's reporting entity, as set forth in accounting standards promulgated by the Governmental Accounting Standards Board (GASB), relate to financial accountability. Based on these criteria, Obery Court Phase I, LLC, Obery Court/College Creek Phase II, LLC, Obery Court Phase III, LLC, Annapolis Community Development Partners, LLC, Newtowne 20, LLC, and Morris Blum, LLC are discretely presented component units of the Authority. The six companies' year ends are December 31.

The accompanying financial statements present the Authority and its component units. The discretely presented component units are reported in a separate column in the Authority's financial statements to emphasize that they are legally separate from the Authority. The financial statements of the component units may be obtained by writing to the Authority's Deputy Executive Director and Chief Financial Officer at 1217 Madison Street, Annapolis, Maryland 21403.

Blended Component Unit

Annapolis Housing and Community Redevelopment Corporation (AHCRC), was formed as a nonprofit under the laws of the State of Maryland on August 24, 2021. The purpose of AHCRC, is to develop, initiate, and operate projects that are in support of the Housing Authority of the City of Annapolis.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Discretely Presented Component Units

Obery Court Phase I, LLC, was formed as a limited liability company under the laws of the State of Maryland on March 6, 2009. The purpose of Obery Court Phase I, LLC, is to acquire, construct, renovate and operate an affordable housing project known as Obery Court I, consisting of 50 rental units in Annapolis, Maryland.

Obery Court/College Creek Phase II, LLC, was formed as a limited liability company under the laws of the State of Maryland on May 26, 2010. The purpose of the Company is to construct and operate an affordable housing project consisting of 63 rental units in Annapolis, Maryland.

Obery Court Phase III, LLC, was formed as a limited liability company under the laws of the State of Maryland on March 20, 2014. The purpose of Obery Court Phase III, LLC, is to construct and operate an affordable housing project known as Obery Court III consisting of 61 rental units in Annapolis, Maryland.

Annapolis Community Development Partners, LLC was formed as a limited liability company under the laws of the State of Maryland on November 26, 2008, for the purpose of constructing and operating a 150-unit apartment project known as Annapolis Gardens in Annapolis, Maryland.

Newtowne 20, LLC was formed as a limited liability company under the laws of the State of Maryland on October 22, 2019. The purpose of Newtowne 20, LLC is to acquire, construct, and operate an affordable housing project consisting of eight buildings and 78 rental units located in Annapolis, Maryland and is currently operating under the name of Wilbourn Estates.

Morris Blum, LLC was formed as a limited liability company under the laws of the State of Maryland on October 29, 2021. The purpose of Morris Blum, LLC is to acquire, develop, construct, and operate a rental housing project consisting of 154 units located in Annapolis, Maryland.

Basis of Presentation

The Authority's accounts are organized as an enterprise fund. The operations are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. Accordingly, the accompanying financial statements have been prepared using the accrual method of accounting and on the basis of accounting principles generally accepted in the United States of America (U.S. GAAP).

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Basis of Accounting and Measurement Focus

The basis of accounting for the Authority is determined by measurement focus. The flow of economic resources measurement focus and the accrual basis of accounting are used to account for the activities of the Authority. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operation of the Authority are included on the statement of net position. The Authority is required to follow all statements of GASB.

Significant programs of the Authority include the following:

**Public Housing Operating Fund** – Funding for the federal housing projects is acquired through advances from HUD. The objective of the program is to provide decent, safe, and sanitary housing and related facilities for eligible low-income families and the elderly.

**Housing Choice Voucher Program** – The objectives of this program are to provide decent, safe, and affordable housing for eligible low-income families and the elderly. The program utilizes existing privately-owned rental housing units and is funded by contributions from HUD for the difference between approved landlord contract rent and the rent paid by the tenants.

**Capital Fund Program** – The objectives of this program are to improve the physical condition of the Low-Income Public Housing units and upgrade the management of the program.

**Resident Opportunity and Supportive Services/Family Self-Sufficiency** – The objective of these programs are to provide funding for a service coordinator to assess the needs of residents of public housing and meet those needs. The Authority enters into a contract of participation with HUD.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Authority considers cash and cash equivalents to be all highly liquid debt instruments with original maturities of three months or less.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Authority provides for losses on accounts receivable using the allowance method. The allowance is based on experience and knowledge about the collectability of individual accounts. Receivables are considered impaired if full principal payments are not received in accordance with the repayment terms. It is the Authority's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Notes Receivable

The Authority has advanced loans to related-party developers in conjunction with various mixed finance projects. All principal and interest are due at maturity or based upon cash flow; interest income will be recognized when interest is earned. The Authority reviews notes receivable for collectability whenever events or circumstances indicate that the carrying value of the receivable may not be recoverable.

Prepaid Expenses

Prepaid items consist of payments made to vendors for services that will benefit future periods.

Inventories

Inventories consist of materials and supplies that have not been used or consumed. Inventory is valued at cost and recorded as an expense when it is consumed.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Deferred Costs and Amortization

Costs incurred by the discretely presented component units that are related to obtaining low-income housing tax credits are amortized over the mandatory 15-year compliance period, using the straight-line method, and are reflected in the accompanying financial statements as other assets.

For the discretely presented component units, in accordance with the accounting standards applicable to their individual financial statements, debt issuance costs, net of accumulated amortization, are reported as a direct reduction from the face amount of the mortgage loans payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Capital Assets

Capital assets are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed while significant renewals and betterments are capitalized. Small dollar value minor equipment items are expensed. Depreciation has been expensed in the statement of revenues, expenses, and changes in net position. Estimated useful lives are as follows:

Buildings	45 Years
Building improvements	15 Years
Furniture and equipment	3 - 15 Years

Impairment of Long-Lived Assets

Prominent events or changes in circumstances affecting capital assets are evaluated to determine whether an impairment of a capital asset has occurred. Impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage generally is measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written off. No such impairment loss was incurred during the current year.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Accrued Compensated Absences

The Authority accrues a liability for compensated absences, including vacation and sick leave that have been earned but not yet paid.

Net Position

Net position is displayed in three components:

*Net Investment in Capital Assets* – This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted Net Position* – This component of net position consists of restricted resources when constraints are placed on the resource by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

*Unrestricted Net Position* – This component of net position consists of resources that do not meet the definition of “net investment in capital assets” or “restricted net position.”

Certain assets including cash and investments may be classified in restricted net position on the statement of net position because their use is restricted for specific purposes. It is the Authority’s policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Revenue and Expenses

Revenue and expenses are distinguished between operating and non-operating items. Operating revenues generally result from providing services in connection with the Authority’s principal ongoing operations. The principal operating revenues of the Authority are tenant rentals and operating grants/subsidies from the Department of Housing and Urban Development (HUD).

Operating expenses include the costs associated with the day-to-day operations of the Authority and depreciation on capital assets. All revenue and expenses not meeting these definitions are reported as non-operating revenue and expenses.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Eliminations

Transactions between the Authority's different programs and inter-program receivables and payables have been eliminated from the financial statements.

**NOTE 2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of amounts maintained in commercial checking and saving accounts and are readily available. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a deposit policy that addresses custodial credit risk.

At June 30, 2025, the carrying amount of the Authority's deposits was \$814,174, and the bank balance was \$828,533. As of June 30, 2025, \$500,000 was covered by federal depository insurance, \$137,262 was fully collateralized by securities held by the depository's agent in the Authority's name, and \$433,383 was uncollateralized.

**NOTE 3. RESTRICTED CASH AND CASH EQUIVALENTS**

At June 30, 2025, the Authority had the following cash and cash equivalents, the use of which was restricted under the terms of various grant programs, debt obligations, or other requirements:

Tenant Security Deposits	\$ 67,764
FSS Escrows	<u>280,987</u>
	<u>\$ 348,751</u>

**NOTE 4. RESTRICTED CASH AND CASH EQUIVALENTS – DISCRETELY PRESENTED COMPONENT UNITS**

Pursuant to various agreements with the Department of Housing and Community Development and the operating agreements for each discretely presented component unit, certain funds are required to be deposited in restricted accounts. Restricted cash and cash equivalent balances at December 31, 2024, amounted to \$33,196,571 for the discretely presented component units.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

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**NOTE 5. ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following at June 30, 2025:

Accounts receivable - tenant dwelling rents (net of allowance of \$1,103,484)	\$ 243,300
Accounts receivable - HUD	729,643
Accounts receivable - other government	268,244
Accounts receivable - miscellaneous	16,888
Fraud recovery	47,462
	<u>\$ 1,305,537</u>

**NOTE 6. CAPITAL ASSETS**

The changes in capital assets for the year ended June 30, 2025, are as follows:

	<b>Beginning</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Ending</b>
	<b>Balances</b>	<b>Balances</b>	<b>Balances</b>	<b>Balances</b>	<b>Balances</b>
Land	\$ 4,204,603	\$ -	\$ -	\$ -	\$ 4,204,603
<b>Total capital assets not being depreciated</b>	<b>4,204,603</b>	-	-	-	<b>4,204,603</b>
Buildings and improvements	28,361,841	-	-	34,953	28,396,794
Furniture and equipment - dwellings	788,315	-	-	-	788,315
Furniture and equipment - administration	1,216,846	-	-	-	1,216,846
Leasehold improvements	1,308,387	-	-	(34,953)	1,273,434
Construction in progress	1,358,836	759,976	-	-	2,118,812
<b>Total capital assets being depreciated</b>	<b>33,034,225</b>	<b>759,976</b>	-	-	<b>33,794,201</b>
Accumulated depreciation	(24,270,960)	(603,804)	-	-	(24,874,764)
<b>Capital assets, net</b>	<b>\$ 12,967,868</b>	<b>\$ 156,172</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,124,040</b>

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 7. CAPITAL ASSETS – DISCRETELY PRESENTED COMPONENT UNITS**

The changes in capital assets for the year ended December 31, 2024, are as follows:

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balances</b>
Buildings and improvements	\$ 64,916,690	\$ 21,078,824	\$ -	\$ 85,995,514
Land improvements	2,959,613	442,339	-	3,401,952
Furniture and equipment - dwellings	1,883,390	809,227	-	2,692,617
Construction in progress	12,758,918	-	(5,507,455)	7,251,463
Leasehold improvements	4,085,529	-	-	4,085,529
<b>Total capital assets being depreciated</b>	<b>86,604,140</b>	<b>22,330,390</b>	<b>(5,507,455)</b>	<b>103,427,075</b>
Accumulated depreciation	(18,643,565)	(2,433,937)	-	(21,077,502)
<b>Capital assets, net</b>	<b>\$ 67,960,575</b>	<b>\$ 19,896,453</b>	<b>\$ (5,507,455)</b>	<b>\$ 82,349,573</b>

**NOTE 8. NOTES RECEIVABLE AND ACCRUED INTEREST**

As of June 30, 2025, the Authority's notes outstanding consisted of the following:

	<b>Principal Outstanding</b>	<b>Increases</b>	<b>Decreases</b>	<b>Accrued Interest</b>	<b>Total Outstanding</b>
Annapolis Community Development Partners, LLC	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
Annapolis Community Development Partners, LLC	92,118	-	-	-	92,118
Obery Court Phase III, LLC	616,378	-	(7,223)	-	609,155
Newtowne 20, LLC	1,780,100	-	-	23,319	1,803,419
Newtowne 20, LLC	929,473	-	-	-	929,473
Morris Blum, LLC	3,083,105	-	-	294,550	3,377,655
Morris Blum, LLC	118,369	-	-	-	118,369
Morris Blum, LLC	113,881	-	-	10,329	124,210
	<b>\$ 7,233,424</b>	<b>\$ -</b>	<b>\$ (7,223)</b>	<b>\$ 328,198</b>	<b>\$ 7,554,399</b>

Repayment is not expected in fiscal year 2026.

**NOTE 9. OTHER ASSETS – DISCRETELY PRESENTED COMPONENT UNITS**

As of December 31, 2024, other assets for the discretely presented component units consisted of \$98,001 in tax credit fees, net of accumulated amortization, \$17,358,817 in prepaid ground leases, net of accumulated amortization, \$1,500 in utility deposits, and \$34,548 in other assets amounting in a total of \$17,492,866.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10. CHANGES IN LONG-TERM LIABILITIES**

A summary of activity in long-term liabilities for the primary government for the year ended June 30, 2025, was as follows:

	Balance 7/1/2024	Increases	Decreases	Balance 6/30/2025	Due within one year
Accrued compensated absences	\$ 71,948	\$ 32,482	\$ -	\$ 104,430	\$ 32,191
HUD repayment agreement	282,118	-	(17,632)	264,486	17,632
FSS escrows	171,120	109,867	-	280,987	-
Prepaid ground leases	5,771,684	-	(60,590)	5,711,094	-
	<u>\$6,296,870</u>	<u>\$ 142,349</u>	<u>\$ (78,222)</u>	<u>\$6,360,997</u>	<u>\$ 49,823</u>

**NOTE 11. CHANGES IN LONG-TERM LIABILITIES – DISCRETELY PRESENTED COMPONENT UNITS**

A summary of activity in long-term liabilities for the year ended December 31, 2024, are as follows:

	Balance 12/1/2024	Increases	Decreases	Balance 12/31/2024	Due within one year
Developer fee	\$ 1,538,100	\$ 859,989	\$ -	\$ 2,398,089	\$ -
Due to affiliate	-	50,000	-	50,000	-
Long-term debt	74,264,539	6,658,104	(517,777)	80,404,866	589,632 *
Unearned grant revenue	9,374,933	-	(361,619)	9,013,314	229,305 **
	<u>\$ 85,177,572</u>	<u>\$7,568,093</u>	<u>\$ (879,396)</u>	<u>\$ 91,866,269</u>	<u>\$ 818,937</u>

\* Includes \$258,851 of accrued interest that is included in accrued liabilities and \$330,781 current portion of long-term debt.

\*\* Included in other current liabilities.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11. CHANGES IN LONG-TERM LIABILITIES – DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)**

Discretely Presented Component Unit – Annapolis Community Development Partners, LLC (ACDP)

Pursuant to the Tax Credit Exchange Program Sub-Award Agreement (the Sub-Award Agreement) with Department of Housing and Community Development of the State of Maryland (DHCD), ACDP obtained a grant in the amount of \$13,667,184 (the 1602 Grant) from DHCD. This grant program was authorized by the United States Congress under Section 1602 of the American Recovery and Reinvestment Act of 2009. As a condition to receiving the 1602 Grant, ACDP agreed to operate under the program requirements applicable to the low-income housing tax credit program, as outlined in Internal Revenue Code Section 42 and the Treasury Regulations thereunder, including, but not limited to, operating the Project as affordable housing for 15 years (the Compliance Period). ACDP has also agreed to maintain and operate the Project as low-income housing for another 15 years after the Compliance Period ends.

In the event of default by the Company under the provisions of the Sub-Award Agreement, the 1602 Grant will be recaptured by DHCD and repaid by the Company to DHCD. This recapture obligation is secured by the Project. The Company's recapture obligation under the 1602 Grant is decreased by 1/15 of the grant amount for each taxable year during the Compliance Period in which the Company fulfills its obligations under the Sub-Award Agreement. The Compliance Period began in 2011. The grant income is recognized ratably over the 40 year depreciable life of the building in the annual amount of \$341,680.

At December 31, 2024, the unearned grant income was \$8,784,009.

Obery Court Phase I, LLC

DHCD issued a commitment to lend and has originated funding in the amount of \$2,000,000, which is secured by a deed of trust note. The loan bears simple interest at a rate of 4.00% per annum commencing on June 1, 2010, and ends at maturity (June 1, 2050). Annual payments of outstanding principal and interest are due and payable out of 75% surplus cash, beginning April 1, 2011. Interest expense for the year ended December 31, 2024, was \$80,616 which includes \$3,081 of amortization of debt issuance cost. Accrued interest as of December 31, 2024, is \$973,317, of which \$0 is currently due. As of December 31, 2024, the outstanding principal is \$1,906,604 and is reflected in the accompanying financial statements as \$1,828,016, net of unamortized debt issuance costs of \$78,588.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
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**NOTE 12. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS**

DHCD issued a commitment to lend and has originated funding in the amount of \$2,307,547, which is secured by a deed of trust note. The loan bears simple interest at a rate of 4.00% per annum commencing on June 1, 2010, and ends at maturity (June 1, 2050). All payments of principal and interest are deferred and shall remain outstanding in perpetuity, as agreed to in the deed of trust note. Interest expense for the year ended December 31, 2024, was \$112,043. Accrued interest as of December 31, 2024, is \$1,365,812. As of December 31, 2024, the outstanding principal is \$2,307,547.

Arundel Community Development Services, Inc. (ACDS) issued a commitment to lend and has originated funding in the amount of \$1,000,000, which is secured by a deed of trust note. The loan bears simple interest at a rate of 2.00% per annum commencing on March 6, 2011, and ends at maturity (March 6, 2051). All outstanding principal and interest are due and payable at maturity. Interest expense for the year ended December 31, 2024, was \$20,000. Accrued interest as of December 31, 2024, is \$273,334. As of December 31, 2024, the outstanding principal is \$1,000,000.

Obery Court/College Creek Phase II, LLC

Severn Savings Bank issued a mortgage commitment in the amount of \$2,200,000 for a period of 25 years. The loan bears interest at 4.25% per annum, with monthly payments of principal and interest due until the maturity date (July 1, 2033). Interest expense for the year ended December 31, 2024, was \$68,077, which includes the amortization of debt issuance costs of \$3,868. Accrued interest as of December 31, 2024, was \$5,244, and is currently due. As of December 31, 2024, the principal balance is \$1,473,970 and is reflected in the accompanying financial statements as \$1,441,873, net of unamortized debt issuance costs of \$32,097. The annual maturities for the five years following December 31, 2024, and thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Balance</u>
2025	\$ 81,959
2026	85,511
2017	89,217
2028	93,084
Thereafter	<u>1,124,199</u>
	<u>\$ 1,473,970</u>

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
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**NOTE 12. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)**

DHCD issued a mortgage commitment in the amount of \$3,657,500 of which \$3,407,874 was drawn. The loan is secured by a second deed of trust note. The loan bears interest at a rate of 4% per annum commencing on April 1, 2013. Annual payments of outstanding principal and interest are payable beginning April 1, 2014, from 75% of surplus cash available. Annual payments shall be equal to the lesser of 75% of surplus cash, or the principal and interest payment, which would have been due for that fiscal year if the indebtedness had been amortized in equal annual installments of \$166,311 (the scheduled payment). The remaining outstanding principal balance and accrued interest is payable in full at maturity, April 1, 2053. Interest expense for the year ended December 31, 2024, was \$128,701, which includes the amortization of debt issuance costs of \$6,156. Accrued interest as of December 31, 2024, was \$122,546, and is currently due. As of December 31, 2024, the outstanding principal is \$3,053,170, of which \$3,765 is currently due, and is reflected in the accompanying financial statements as \$2,881,047, net of unamortized debt issuance costs of \$172,123.

Obery Court Phase III, LLC

Capital One, N.A. issued a commitment to lend and has originated funding in the amount of \$1,430,028 which is secured by a deed of trust note. The loan bears interest at a rate equal to 5.75% per annum. The loan matures 15 years after the conversion date (January 1, 2032). Commencing on January 1, 2017 (the conversion date), payments of principal and interest totaling \$11,410 shall be due and payable in equal consecutive monthly installments. For the year ended December 31, 2024, interest expense was \$77,332. Interest expense includes debt issuance cost amortization of \$4,864. Accrued interest as of December 31, 2024, is \$6,017. As of December 31, 2024, the outstanding loan balance is \$1,255,597 and is reflected in the accompanying financial statements as \$1,164,264, net of unamortized debt issuance costs of \$91,333.

The Maryland Community Development Administration (CDA) issued a commitment to lend and has originated funding in the amount of \$2,000,000 which is secured by a deed of trust note. The loan bears interest at a rate equal to 2% per annum, commencing on September 1, 2016 and ending at maturity (September 1, 2056). Annual payments of principal and interest are due and payable equal to the lesser of 75% of surplus cash or the scheduled payment of \$69,721 starting April 2017. For the year ended December 31, 2024, interest expense was \$34,213. Accrued interest as of December 31, 2024, is \$33,717. As of December 31, 2024, the outstanding principal balance is \$1,643,998.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
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**NOTE 12. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)**

CDA issued a commitment to lend and has originated funding in the amount of \$1,225,000 which is secured by a deed of trust note. The loan bears interest at a rate of 2% per annum, commencing on September 1, 2016 and ending at maturity. All payments of principal and interest are deferred until maturity on September 1, 2056. For the year ended December 31, 2024, interest expense was \$24,500. Accrued interest as of December 31, 2024, is \$204,539. As of December 31, 2024, the outstanding principal balance is \$1,225,000.

Housing Authority of the City of Annapolis issued a commitment to loan and has originated funding in the amount of \$700,000 which is secured by a deed of trust note. The loan is noninterest-bearing and matures on September 17, 2057. All payments of principal and interest are due and payable from 25% of the remaining amount of surplus cash. As of December 31, 2024, the outstanding principal is \$609,155.

Annual maturities of the above mortgages payable for each of the next five years following December 31, 2024, are as follows:

<u>Year Ending December 31,</u>	<u>Balance</u>
2025	\$ 29,454
2026	30,389
2027	32,183
2028	34,083
2029	36,095
Thereafter	<u>4,571,546</u>
	<u>\$ 4,733,750</u>

Annapolis Community Development Partners, LLC (ACDP)

ACDP is obligated under a mortgage dated September 29, 2009, with Enterprise Mortgage Investments, Inc., in the original amount of \$2,300,000. The mortgage bears interest at 7.01% per annum and matures October 3, 2026. The mortgage is secured by a deed of trust. At December 31, 2024, the first mortgage had an unpaid balance of \$1,808,900, and accrued interest payable of \$10,567.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
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**NOTE 12. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)**

The future minimum principal payments due under the mortgage are as follows:

<u>Year Ending December 31,</u>	<u>Balance</u>
2025	\$ 58,873
2026	<u>1,750,027</u>
	<u>\$ 1,808,900</u>

ACDP entered into a loan agreement with DHCD dated September 29, 2009, in the amount of \$1,747,245. No interest was due during the construction period ended April 2011, with interest at 4% per annum thereafter. Annual principal and interest payments are due in an amount equal to the lesser of 75% of Surplus Cash or the scheduled payment, as defined in the loan agreement. The loan matures on May 1, 2051 and is secured by a deed of trust. At December 31, 2024, the outstanding balance was \$1,547,374, and accrued interest was \$100,697.

ACDP entered into a loan agreement with Arundel Community Development Services, Inc., dated September 29, 2009, in the amount of \$500,000. No interest was due during the construction period ended May 2011, with interest at 2% per annum thereafter. Annual principal and interest payments beginning in May 2011 are limited to an amount equal to up to 25% of annual net cash flow, as defined in the loan agreement. During 2022, ACDP did not make any payments. The loan matures on May 29, 2051, and is secured by a leasehold deed of trust. At December 31, 2024, the outstanding balance was \$233,463, and accrued interest was \$4,669.

ACDP entered into a loan agreement with the Housing Authority of the City of Annapolis, dated September 29, 2009, in the amount of \$500,000. The loan is noninterest bearing and is due at maturity on June 1, 2051. At December 31, 2024, the outstanding balance was \$500,000.

ACDP entered into a second loan agreement with the Housing Authority of the City of Annapolis, dated September 29, 2009, in the amount of \$92,118. The loan is noninterest bearing and is secured by the Project. The loan is due at maturity on June 1, 2051. At December 31, 2024, the outstanding balance was \$92,118.

Unamortized debt issuance costs at December 31, 2024 for the above loans totaled \$197,801.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

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**NOTE 12. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)**

Newtowne 20, LLC (Newtowne)

On December 29, 2022, the construction loan converted to a \$9,350,000 permanent loan with Orix Real Estate Capital, LLC (dba Lument Capital). The loan bears interest at a rate of 3.82%, which includes a servicing fee of 0.14%. The permanent loan will mature on July 1, 2041. Monthly payments of interest are due through July 1, 2024. Beginning August 1, 2024, monthly payments of principal and interest in the amount of \$38,037 will be due based on an amortization rate of 40 years. As of December 31, 2024, the permanent loan balance was \$9,207,119. For the year ended December 31, 2024, total interest was \$359,551.

Unamortized debt issuance costs are \$394,081 and will be amortized over the remaining life of the loan at an effective interest rate of 4.11%. For the year ended December 31, 2024, amortization of debt issuance costs was \$22,098.

On December 22, 2020, CDA issued a commitment to lend \$2,500,000 under its Rental Housing Works Fund (RHW). The loan is noninterest-bearing, unless certain criteria are met as described in the loan agreement, at which time contingent interest may be charged in the future. Beginning on the first day of April of the permanent loan period, annual payments equal to 16.67% of surplus cash are due until the Developer Fee has been paid in full. Thereafter, the Applicable Surplus Cash Percentage shall be 21.66%. The loan matures on December 31, 2062, at which time any outstanding principal is due. As of December 31, 2024, the outstanding principal balance is \$2,471,632.

On December 22, 2020, CDA issued a commitment to lend \$1,000,000 under its Housing Trust Funds (HTF). The loan is noninterest-bearing, unless certain criteria are met as described in the loan agreement, at which time contingent interest may be charged in the future. Beginning on the first day of April of the permanent loan period, annual payments equal to 16.67% of surplus cash are due until the Developer Fee has been paid in full. Thereafter, the Applicable Surplus Cash Percentage shall be 21.66%. The loan matures on December 31, 2062, at which time any outstanding principal is due. As of December 31, 2024, the outstanding principal balance is \$971,632.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

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**NOTE 12. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)**

On December 22, 2020, CDA issued a commitment to lend \$1,357,300 under its Rental Housing Funds (RHP). The loan is noninterest-bearing, unless certain criteria are met as described in the loan agreement, at which time contingent interest may be charged in the future. Beginning on the first day of April of the permanent loan period, annual payments equal to 16.66% of surplus cash are due until the Developer Fee has been paid in full. Thereafter, the Applicable Surplus Cash Percentage shall be 21.65%. The loan matures on December 31, 2062, at which time any outstanding principal is due. As of December 31, 2024, the outstanding principal balance is \$1,328,949.

Unamortized debt issuance costs totaled \$65,986. The debt issuance costs will be amortized over the remaining life of the loan at an effective interest rate of 0.12%. For the year ended December 31, 2024, amortization of debt issuance costs was \$1,678.

On December 18, 2020, the Housing Authority of the City of Annapolis (HACA) issued a commitment to lend up to \$1,279,473. \$929,473 has been advanced and is the final funding amount. The loan is noninterest-bearing and matures December 31, 2062 at which time all unpaid principal is due. As of December 31, 2024, the outstanding principal balance is \$929,473.

On November 20, 2020, Arundel Community Development Services (ACDS) issued a commitment to lend \$750,000 funded through the HOME Investment Partnership Program (HOME) for Anne Arundel County, Maryland. The loan is noninterest-bearing, unless certain criteria are met as described in the loan agreement, at which time contingent interest may be charged in the future. Beginning on the first day of April of the permanent loan period, annual payments equal to 10.03% of surplus cash are due until maturity. The loan matures on December 31, 2062, at which time any outstanding principal is due. As of December 31, 2024, the outstanding principal balance is \$732,932.

On December 18, 2020, HACA issued a commitment to lend \$1,700,795. The loan will bear interest at 1.31% compounding annually. Beginning after full repayment of all deferred developer fee, payments up to the amount of amortized principal and accrued interest due and owing will be payable annually from available cash flow. The loan matures on December 31, 2062, at which time any outstanding principal is due. As of December 31, 2024, the outstanding principal balance and accrued interest is \$1,700,795 and \$90,889, respectively. For the year ended December 31, 2024, interest incurred was \$23,168.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 12. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)**

The above mortgages are collateralized by all rental property of the Company.

Aggregate annual maturities of the mortgage payable over the next five years and thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Balance</u>
2025	\$ 101,346
2026	105,342
2027	109,495
2028	112,842
2029	118,261
Thereafter	<u>16,795,246</u>
	<u>\$ 17,342,532</u>

Morris Blum, LLC (Morris Blum)

On August 1, 2023, Morris Blum entered into a first mortgage loan with the AGM Financial Services, Inc. (the Lender), acting through HUD, in the original amount of \$9,370,000, for the purposes of providing permanent financing for the construction and development of Morris Blum. The loan will be insured by the Federal Housing Administration (FHA) under HUD program 221(d)(4). The loan bears interest at 5.98%. During the construction period, interest payments are due monthly. Commencing on permanent loan closing, which has not yet occurred, monthly payments of principal and interest are required through maturity. As of December 31, 2024, the outstanding principal is \$2,274,952. During the period ended December 31, 2024, \$54,748 of interest was incurred, and capitalized to construction in progress. As of December 31, 2024, interest of \$10,952 remains payable.

On August 16, 2023, Morris Blum entered into a promissory note with CDA, in the original amount of \$2,500,000, for the purposes of providing construction to permanent financing for the construction and development of Morris Blum. The note is secured by a junior priority deed of trust on the property. The note bears simple interest at 2% per annum, commencing on October 1, 2025 until the maturity date of October 1, 2065. Annual payments of principal and interest will be due and payable from available surplus cash in the priority set forth in the Operating Agreement. As of December 31, 2024, the outstanding principal balances was \$2,249,465.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

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**NOTE 12. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)**

On August 16, 2023, Morris Blum entered into a promissory note with CDA, in the original amount of \$3,001,353 for the purpose of providing construction to permanent financing for the construction and development of the project. The note matures on October 1, 2065. No payments of principal and interest are due during the construction period. Annual payments of principal will be due and payable from available surplus cash in the priority set forth in the Operating Agreement after permanent loan conversion. The note bears contingent interest of 20% on any surplus cash available subsequent to the principal balance being paid off in the priority set forth in the Operating Agreement. As of December 31, 2024, the outstanding principal balance was \$2,701,216.

On August, 16, 2023, Morris Blum entered into a promissory note with CDA, in the original amount of \$2,000,000, for the purpose of providing construction to permanent financing for the construction and development of the Project. The note matures on October 1, 2065. No payments of principal and interest are due during the construction period. Annual payments of principal will be due and payable from available surplus cash in the priority set forth in the Operating Agreement after permanent loan conversion. The note bears contingent interest of 4% on any surplus cash available subsequent to the principal balance being paid off in the priority set forth in the Operating Agreement. As of December 31, 2024, the outstanding principal balance was \$1,800,000.

On August, 16, 2023, the Company entered into a promissory note with CDA, in the original amount of \$212,116, for the purpose of providing construction to permanent financing for the construction and development of the Project. The note matures on October 1, 2065. No payments of principal and interest are due during the construction period. Annual payments of principal will be due and payable from available surplus cash in the priority set forth in the Operating Agreement after permanent loan conversion. As of December 31, 2024, the outstanding principal balance was \$96,280.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**MANAGEMENTS DISCUSSION AND ANALYSIS – UNAUDITED**  
**June 30, 2025**

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**NOTE 12. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)**

On August, 16, 2023, Morris Blum entered into a promissory note with the Arundel Community Development Services Inc, in the original amount of \$1,200,000, for the purpose of providing construction to permanent financing for the construction and development of the project. The note matures on October 1, 2065. No payments of principal and interest are due during the construction period. Annual payments of principal will be due and payable from available surplus cash in the priority set forth in the Operating Agreement after permanent loan conversion. The note bears contingent interest of 4% of any surplus cash available subsequent to the principal balance being paid off in the priority set forth in the Operating Agreement. As of December 31, 2024, the outstanding principal balance was \$1,200,000.

On August 16, 2023, Morris Blum entered into promissory note A and promissory note B with the Housing Authority of the City of Annapolis, in the combined original amount of \$3,000,000, for the purpose of providing construction to permanent financing for the construction and development of the project. The notes mature on October 1, 2065. Note A is in the amount of \$2,881,631, and bears interest at 8.39%, compounded annually. Promissory Note B is in the amount of \$118,369 and does not bear interest.

Annual payments of principal will be due and payable from available surplus cash in the priority set forth in the Operating Agreement after permanent loan conversion. As of December 31, 2024, the outstanding principal balance was \$3,000,000. During the period ended December 31, 2024, \$282,174 of interest was incurred, expensed. As of December 31, 2024, interest of \$374,181 remains payable.

On August, 16, 2023, the Company entered into a Promissory Note with the Housing Authority of the City of Annapolis, in the original amount of \$105,878, for the purpose of providing construction to permanent financing for the construction and development of the project. The note matures on October 1, 2065. The note bears simple interest at 9.07% per annum, commencing on October 1, 2025. Annual payments of principal will be due and payable from available surplus cash in the priority set forth in the Operating Agreement after permanent loan conversion. As of December 31, 2024, the outstanding principal balance was \$105,878.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

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**NOTE 12. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)**

The liabilities of Morris Blum under the above mortgages and notes payable are limited to the underlying value of the real estate collateral, improvements, easements or other interest, assignment of rents, assignment of leases and personal property.

Morris Blum entered into a bond loan agreement (the Bonds) with CDA, in the amount of \$27,950,000 on August 16, 2023. The loan bears interest at a rate equal of 4.52% per annum. The Maturity Date of the Bonds is March 1, 2026. The loan is funded by Series 2023 B bonds. Interest payments on the Bonds are due biannually and commence in 2024. The full amount of the Bonds were drawn and deposited with Wilmington Trust, National Association (the Trustee) and deposited into a bond fund pursuant to a Trust Agreement. Interest payments are payable by the Trustee solely from the bond fund. During the year ended December 31, 2024, \$1,315,979 of interest was incurred and capitalized to construction in progress, and \$1,315,979 of investment income was recognized from the bond fund. As of December 31, 2024, of the \$421,113 of interest is payable, and \$421,113 of investment income is receivable.

Morris Blum entered into various predevelopment loan agreements with The Community Builders Inc. (TCB). As of December 31, 2024, the principal has been repaid in full and \$62,061 of interest is payable.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 12. NOTES PAYABLE - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)**

As of December 31, 2024, the discretely presented component units' notes payable outstanding consisted of the following:

	Principal Outstanding, net	Accrued Interest	Total Outstanding
Obery Court Phase I, LLC - DHCD \$2 Million	\$ 1,828,016	\$ 973,317	\$ 2,801,333
Obery Court Phase I, LLC - DHCD \$2.3 Million	2,307,547	1,365,812	3,673,359
Obery Court Phase I, LLC - ACDS	1,000,000	273,334	1,273,334
Obery Court/College Creek Phase II, LLC - Severn	1,441,873	5,244	1,447,117
Obery Court/College Creek Phase II, LLC - DHCD	2,881,047	122,546	3,003,593
Obery Court Phase III, LLC - Capital One	1,164,264	6,017	1,170,281
Obery Court Phase III, LLC - CDA \$2 Million	1,643,998	33,718	1,677,716
Obery Court Phase III, LLC - CDA \$1.2 Million	1,225,000	204,539	1,429,539
Obery Court Phase III, LLC - HACA	609,155	-	609,155
ACDP, LLC - Enterprise	1,808,900	10,567	1,819,467
ACDP, LLC - DHCD	1,547,374	100,697	1,648,071
ACDP, LLC - ACDS	233,463	4,669	238,132
ACDP, LLC - HACA \$500K	500,000	-	500,000
ACDP, LLC - HACA \$92K	92,118	-	92,118
Less: ACDP, LLC - Unamortized financing costs	(197,801)	-	(197,801)
Newtowne 20, LLC - Orix	8,813,038	-	8,813,038
Newtowne 20, LLC - CDA RHW	2,471,632	-	2,471,632
Newtowne 20, LLC - CDA HTF	971,632	-	971,632
Newtowne 20, LLC - CDA RHP	1,262,963	-	1,262,963
Newtowne 20, LLC - HACA \$1.2 Million	929,473	-	929,473
Newtowne 20, LLC - ACDS	732,932	-	732,932
Newtowne 20, LLC - HACA \$1.7 Million	1,700,795	90,889	1,791,684
Morris Blum, LLC - AGM	2,274,952	10,952	2,285,904
Morris Blum, LLC - CDA \$2.5 Million	2,249,465	-	2,249,465
Morris Blum, LLC - CDA \$3 Million	2,701,216	-	2,701,216
Morris Blum, LLC - CDA \$2 Million	1,800,000	-	1,800,000
Morris Blum, LLC - ACDS	1,200,000	-	1,200,000
Morris Blum, LLC - HACA Note A	2,881,631	374,181	3,255,812
Morris Blum, LLC - HACA Note B	118,369	-	118,369
Morris Blum, LLC - HACA \$105K	105,878	-	105,878
Morris Blum, LLC - CDA Bond	27,950,000	421,113	28,371,113
Morris Blum, LLC - CDA \$212K	96,280	-	96,280
Morris Blum, LLC - TCB Loans	-	62,061	62,061
	<u>\$ 76,345,210</u>	<u>\$ 4,059,656</u>	<u>\$ 80,404,866</u>

Notes payable and accrued interest are reported on the accompanying statement of net position as follows:

Accrued liabilities	\$ 258,851
Current portion of long-term debt	330,781
Long-term debt - noncurrent portion	<u>79,815,234</u>
	<u>\$ 80,404,866</u>

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

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**NOTE 13. RETIREMENT PLAN**

The Authority participates in the Housing Renewal and Local Agency Retirement Plan, a multiemployer defined contribution plan covering substantially all employees. The Authority contributes 5.5% of participating employees' gross salaries, if the employees contribute 5.0% of their gross salaries. Employees can voluntarily contribute any amount up to the maximum deferrals set by the Internal Revenue Service in addition to this contribution. Employees become fully vested in employer contributions after five years of service. Contributions by the Authority to the plan for the year ended June 30, 2025 were \$204,288.

**NOTE 14. ECONOMIC DEPENDENCY**

The Authority is economically dependent on receiving operating subsidies from the U.S. Department of Housing and Urban Development (HUD).

**NOTE 15. RISK MANAGEMENT**

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has obtained insurance coverage from commercial insurance companies for these risks. There were no significant reductions in insurance coverage from the prior year and no amounts of settlements have exceeded insurance coverage in each of the past three years.

**NOTE 16. CONTINGENCIES**

The Authority has several grants from the U.S. Government. Revenue from such grants is recognized only to the extent that actual expenses incurred comply with grant terms. For government grants, revenue received in excess of expenses is shown as a liability, and expenses incurred in excess of funds collected are reflected as grants receivable.

In April 2018, the Authority entered into a repayment agreement with HUD whereby \$352,648 would be repaid to HUD as the Authority in its role as Contract Administrator of the Resident Opportunity and Self Sufficiency (ROSS) Grant failed to maintain documentation to support program achievement data reported to HUD for two grants totaling \$243,400 and charged salary and benefit costs totaling \$109,248 that were unrelated to the ROSS grant.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

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**NOTE 16. CONTINGENCIES (CONTINUED)**

Terms of the agreement provided that the Authority shall make annual payments in the amount of \$17,632 on December 15 each year beginning on December 15, 2020, and ending on December 15, 2039. The balance due as of June 30, 2025, was \$264,486.

**NOTE 17. LITIGATION**

The Authority is involved in lawsuits arising in the normal course of its operations. Management is of the opinion that no material liability will result from such lawsuits outstanding as of June 30, 2025.

**NOTE 18. CONDENSED FINANCIAL INFORMATION – BLENDED COMPONENT UNIT**

Condensed information for Annapolis Housing and Community Redevelopment Corporation, the Authority’s blended component unit, as of and for the year ended June 30, 2025, is provided as follows:

**Statements of Net Position**  
June 30, 2025

	<u><b>AHCRC</b></u>
<b>ASSETS</b>	
Current assets	\$ 738,900
Total Assets	<u>738,900</u>
<b>NET POSITION</b>	
Unrestricted	738,900
Total Net Position	<u>\$ 738,900</u>

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 18. CONDENSED FINANCIAL INFORMATION – BLENDED COMPONENT UNIT (CONTINUED)**

**Statements of Revenues, Expenses and Changes in Net Position**

Year ended June 30, 2025

	<u>AHCRC</u>
<b>REVENUE</b>	
Rental income	\$ -
Other income	20,405
Total Revenues	<u>20,405</u>
<b>EXPENSES</b>	
Operating expense	-
Depreciation and amortization	-
Total Expenses	<u>-</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>	
	<u>(582,000)</u>
Change in net position	(561,595)
<b>Net position beginning of year</b>	<u>1,300,495</u>
<b>Net position end of year</b>	<u>\$ 738,900</u>

**Statements of Cash Flows**

Year ended June 30, 2025

	<u>AHCRC</u>
<b>Net Cash Provided/ (Used) by</b>	
Operating activities	\$ 20,405
Noncapital financing activities	<u>(679,347)</u>
Net Increase/(Decrease) in Cash	(658,942)
<b>Cash and Cash Equivalents - Beginning of year</b>	<u>806,248</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 147,306</u>

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 19. CONDENSED FINANCIAL INFORMATION – DISCRETELY PRESENTED COMPONENT UNITS**

Condensed information for the Authority’s discretely presented component units as of and for the year ended December 31, 2024, is provided as follows:

**Statements of Net Position**  
December 31, 2024

	<u>Oberv Court I</u>	<u>Oberv Court II</u>	<u>Oberv Court III</u>	<u>ACDP</u>	<u>Newtowne 20</u>	<u>Morris Blum LLC</u>	<u>Total</u>
<b>ASSETS</b>							
Current assets	\$ 1,043,121	\$ 1,385,323	\$ 644,651	\$ 2,652,407	\$ 1,147,024	\$ 28,924,565	\$35,797,091
Capital assets, net	6,171,484	7,496,438	9,398,042	10,405,738	19,660,746	29,217,125	82,349,573
Noncurrent assets	187,833	181,235	454,993	-	1,909,257	14,759,548	17,492,866
<b>Total Assets</b>	<b>7,402,438</b>	<b>9,062,996</b>	<b>10,497,686</b>	<b>13,058,145</b>	<b>22,717,027</b>	<b>72,901,238</b>	<b>135,639,530</b>
<b>LIABILITIES</b>							
Current liabilities	78,637	406,917	190,101	730,521	296,839	4,189,734	5,892,749
Noncurrent liabilities	7,774,642	4,197,196	4,842,108	12,709,190	17,064,335	44,459,861	91,047,332
<b>Total Liabilities</b>	<b>7,853,279</b>	<b>4,604,113</b>	<b>5,032,209</b>	<b>13,439,711</b>	<b>17,361,174</b>	<b>48,649,595</b>	<b>96,940,081</b>
<b>NET POSITION</b>							
Net investment in capital assets	(1,576,542)	3,173,518	4,526,480	6,421,684	2,687,392	(13,028,974)	2,203,558
Restricted net position	826,553	834,466	437,391	2,093,497	892,093	28,119,937	33,203,937
Unrestricted	299,148	450,899	501,606	(8,896,747)	1,776,368	9,160,680	3,291,954
<b>Total Net Position</b>	<b>\$ (450,841)</b>	<b>\$ 4,458,883</b>	<b>\$ 5,465,477</b>	<b>\$ (381,566)</b>	<b>\$ 5,355,853</b>	<b>\$ 24,251,643</b>	<b>\$38,699,449</b>

**Statements of Revenues, Expenses and Changes in Net Position**  
Year ended December 31, 2024

	<u>Oberv Court I</u>	<u>Oberv Court II</u>	<u>Oberv Court III</u>	<u>ACDP</u>	<u>Newtowne 20</u>	<u>Morris Blum</u>	<u>Total</u>
<b>REVENUE</b>							
Rental income	\$ 532,320	\$ 1,227,838	\$ 935,306	\$ 1,992,614	\$ 1,467,341	\$ 1,393,528	\$ 7,548,947
Other income	-	-	-	372,329	-	42,119	414,448
<b>Total Revenues</b>	<b>532,320</b>	<b>1,227,838</b>	<b>935,306</b>	<b>2,364,943</b>	<b>1,467,341</b>	<b>1,435,647</b>	<b>7,963,395</b>
<b>EXPENSES</b>							
Operating expense	502,600	737,334	768,668	1,530,947	1,040,082	1,328,526	5,908,157
Depreciation and amortization	284,078	348,826	328,855	599,977	661,738	427,224	2,650,698
<b>Total Expenses</b>	<b>786,678</b>	<b>1,086,160</b>	<b>1,097,523</b>	<b>2,130,924</b>	<b>1,701,820</b>	<b>1,755,750</b>	<b>8,558,855</b>
<b>NONOPERATING REVENUE (EXPENSES)</b>							
	(202,080)	(301,329)	(152,278)	(200,716)	(388,938)	1,034,961	(210,380)
Net income (loss) before contributions	(456,438)	(159,651)	(314,495)	33,303	(623,417)	714,858	(805,840)
Capital contributions	-	-	-	-	-	7,773,720	7,773,720
Change in net position	(456,438)	(159,651)	(314,495)	33,303	(623,417)	8,488,578	6,967,880
<b>Net position beginning of year</b>	<b>5,597</b>	<b>4,618,534</b>	<b>5,779,972</b>	<b>(414,869)</b>	<b>5,979,270</b>	<b>15,763,065</b>	<b>31,731,569</b>
<b>Net position end of year</b>	<b>\$ (450,841)</b>	<b>\$ 4,458,883</b>	<b>\$ 5,465,477</b>	<b>\$ (381,566)</b>	<b>\$ 5,355,853</b>	<b>\$ 24,251,643</b>	<b>\$ 38,699,449</b>

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

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**NOTE 20. SUBSEQUENT EVENTS**

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the statement of net position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the statement of net position require disclosure in the accompanying notes. Management evaluated the activity of the Authority through March 26, 2026, the date the financial statements were available to be issued and concluded that aside from the disclosures below, no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**FINANCIAL DATA SCHEDULE**  
**ENTITY-WIDE BALANCE SHEET SUMMARY**  
**June 30, 2025**

	<b>14.850 Public Housing Operating Grant</b>	<b>14.871 Housing Choice Vouchers</b>	<b>14.218 Community Development Block Grants/Entitlement Grants</b>	<b>14.892 CNI Planning Grant</b>	<b>14.870 Resident Opportunity and Supportive Services</b>	<b>State and Local</b>	<b>6.2 Component Unit - Blended</b>	<b>14.896 Family Self Sufficiency</b>
111 Cash - Unrestricted	\$ 310,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147,306	\$ 1,390
113 Cash - Other Restricted	188,216	92,771	-	-	-	-	-	-
114 Cash - Tenant Security Deposits	67,764	-	-	-	-	-	-	-
100 Total Cash	<u>566,571</u>	<u>92,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,306</u>	<u>1,390</u>
122 Accounts Receivable - HUD Other Projects	-	691,406	-	-	38,237	-	-	-
124 Accounts Receivable - Other Government	-	-	24,510	-	-	243,734	-	-
125 Accounts Receivable - Miscellaneous	-	8,885	-	-	-	-	-	-
126 Accounts Receivable - Tenants	1,346,784	-	-	-	-	-	-	-
126.1 Allowance for Doubtful Accounts - Tenants	(1,103,484)	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	8,003	-	-	-	-	-	-	-
128 Fraud Recovery	-	47,462	-	-	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	<u>251,303</u>	<u>747,753</u>	<u>24,510</u>	<u>-</u>	<u>38,237</u>	<u>243,734</u>	<u>-</u>	<u>-</u>
142 Prepaid Expenses and Other Assets	192,998	4,842	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-	-	591,594	-
150 Total Current Assets	<u>1,010,872</u>	<u>845,366</u>	<u>24,510</u>	<u>-</u>	<u>38,237</u>	<u>243,734</u>	<u>738,900</u>	<u>1,390</u>
161 Land	4,129,686	-	-	-	-	-	-	-
162 Buildings	27,341,838	-	-	-	-	-	-	-
163 Furniture, Equipment & Machinery - Dwellings	788,315	-	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	373,925	338	-	-	-	-	-	-
165 Leasehold Improvements	1,186,949	-	-	-	-	-	-	-
166 Accumulated Depreciation	(22,815,484)	(338)	-	-	-	-	-	-
167 Construction in Progress	2,118,811	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	<u>13,124,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
171 Notes, Loans and Mortgages Receivable - Non-Current	1,200,514	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-	-
180 Total Non-Current Assets	<u>14,324,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>290 Total Assets</b>	<u><b>\$ 15,335,426</b></u>	<u><b>\$ 845,366</b></u>	<u><b>\$ 24,510</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 38,237</b></u>	<u><b>\$ 243,734</b></u>	<u><b>\$ 738,900</b></u>	<u><b>\$ 1,390</b></u>

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**FINANCIAL DATA SCHEDULE**  
**ENTITY-WIDE BALANCE SHEET SUMMARY**  
**June 30, 2025**

		<b>14.EFA FSS</b>					
		<b>Escrow</b>					
		<b>Forfeiture</b>					
		<b>Account</b>					
		<b>COCC</b>		<b>Subtotal</b>		<b>Eliminations</b>	
				<b>Total</b>		<b>Discretely Presented</b>	
						<b>Component Units</b>	
111	Cash - Unrestricted	\$ 6,136	\$ -	\$ 465,423	\$ -	\$ 465,423	\$ 894,564
113	Cash - Other Restricted	-	-	280,987	-	280,987	33,196,571
114	Cash - Tenant Security Deposits	-	-	67,764	-	67,764	94,320
100	<b>Total Cash</b>	<b>6,136</b>	<b>-</b>	<b>814,174</b>	<b>-</b>	<b>814,174</b>	<b>34,185,455</b>
122	Accounts Receivable - HUD Other Projects	-	-	729,643	-	729,643	-
124	Accounts Receivable - Other Government	-	-	268,244	-	268,244	-
125	Accounts Receivable - Miscellaneous	-	-	8,885	-	8,885	74,604
126	Accounts Receivable - Tenants	-	-	1,346,784	-	1,346,784	862,347
126.1	Allowance for Doubtful Accounts -Tenants	-	-	(1,103,484)	-	(1,103,484)	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	8,003	-	8,003	-
128	Fraud Recovery	-	-	47,462	-	47,462	-
129	Accrued Interest Receivable	-	-	-	-	-	421,113
120	<b>Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>-</b>	<b>-</b>	<b>1,305,537</b>	<b>-</b>	<b>1,305,537</b>	<b>1,358,064</b>
142	Prepaid Expenses and Other Assets	-	-	197,840	-	197,840	253,572
144	Inter Program Due From	-	-	591,594	(591,594)	-	-
150	<b>Total Current Assets</b>	<b>6,136</b>	<b>-</b>	<b>2,909,145</b>	<b>(591,594)</b>	<b>2,317,551</b>	<b>35,797,091</b>
161	Land	-	74,917	4,204,603	-	4,204,603	7,487,481
162	Buildings	-	1,054,956	28,396,794	-	28,396,794	85,995,514
163	Furniture, Equipment & Machinery - Dwellings	-	-	788,315	-	788,315	2,692,617
164	Furniture, Equipment & Machinery - Administration	-	842,583	1,216,846	-	1,216,846	-
165	Leasehold Improvements	-	86,486	1,273,435	-	1,273,435	-
166	Accumulated Depreciation	-	(2,058,942)	(24,874,764)	-	(24,874,764)	(21,077,502)
167	Construction in Progress	-	-	2,118,811	-	2,118,811	7,251,463
160	<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>-</b>	<b>-</b>	<b>13,124,040</b>	<b>-</b>	<b>13,124,040</b>	<b>82,349,573</b>
171	Notes, Loans and Mortgages Receivable - Non-Current	-	6,353,885	7,554,399	-	7,554,399	-
174	Other Assets	-	93,195	93,195	-	93,195	17,492,866
180	<b>Total Non-Current Assets</b>	<b>-</b>	<b>6,447,080</b>	<b>20,771,634</b>	<b>-</b>	<b>20,771,634</b>	<b>99,842,439</b>
<b>290</b>	<b>Total Assets</b>	<b>\$ 6,136</b>	<b>\$ 6,447,080</b>	<b>\$ 23,680,779</b>	<b>\$ (591,594)</b>	<b>\$ 23,089,185</b>	<b>\$ 135,639,530</b>

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**FINANCIAL DATA SCHEDULE**  
**ENTITY-WIDE BALANCE SHEET SUMMARY**  
**June 30, 2025**

	<b>14.850 Public Housing Operating Grant</b>	<b>14.871 Housing Choice Vouchers</b>	<b>14.218 Community Development Block Grants/Entitlement Grants</b>	<b>14.892 CNI Planning Grant</b>	<b>14.870 Resident Opportunity and Supportive Services</b>	<b>State and Local</b>	<b>6.2 Component Unit - Blended</b>	<b>14.896 Family Self Sufficiency</b>
312 Accounts Payable <= 90 Days	\$ 471,610	\$ 124,411	\$ -	\$ -	\$ -	\$ 108,797	\$ -	\$ -
321 Accrued Wage/Payroll Taxes Payable	34,448	8,815	-	-	1,934	-	-	1,944
322 Accrued Compensated Absences - Current Portion	15,615	3,131	-	-	1,320	1,307	-	-
325 Accrued Interest Payable	-	-	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-	1,349
341 Tenant Security Deposits	67,764	-	-	-	-	-	-	-
342 Unearned Revenue	10,533	-	-	-	-	-	-	-
343 Current Portion of L-T Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	-	-	-	-	-
346 Accrued Liabilities - Other	13,319	-	-	-	-	-	-	-
347 Inter Program - Due To	47,948	180,738	-	-	32,281	188,118	-	-
310 Total Current Liabilities	<u>661,237</u>	<u>317,095</u>	<u>-</u>	<u>-</u>	<u>35,535</u>	<u>298,222</u>	<u>-</u>	<u>3,293</u>
351 L-T Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	188,216	92,771	-	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	37,852	5,405	-	-	2,702	1,790	-	-
350 Total Non-Current Liabilities	<u>226,068</u>	<u>98,176</u>	<u>-</u>	<u>-</u>	<u>2,702</u>	<u>1,790</u>	<u>-</u>	<u>-</u>
300 Total Liabilities	<u>887,305</u>	<u>415,271</u>	<u>-</u>	<u>-</u>	<u>38,237</u>	<u>300,012</u>	<u>-</u>	<u>3,293</u>
508.4 Net Investment in Capital Assets	13,124,040	-	-	-	-	-	-	-
511.4 Restricted Net Position	-	-	-	-	-	-	-	-
512.4 Unrestricted Net Position	1,324,081	430,095	24,510	-	-	(56,278)	738,900	(1,903)
513 Total Equity - Net Assets / Position	<u>14,448,121</u>	<u>430,095</u>	<u>24,510</u>	<u>-</u>	<u>-</u>	<u>(56,278)</u>	<u>738,900</u>	<u>(1,903)</u>
<b>600 Total Liabilities and Equity - Net</b>	<b><u>\$ 15,335,426</u></b>	<b><u>\$ 845,366</u></b>	<b><u>\$ 24,510</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 38,237</u></b>	<b><u>\$ 243,734</u></b>	<b><u>\$ 738,900</u></b>	<b><u>\$ 1,390</u></b>

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**FINANCIAL DATA SCHEDULE**  
**ENTITY-WIDE BALANCE SHEET SUMMARY**  
**June 30, 2025**

		<b>14.EFA FSS</b>				<b>Discretely Presented</b>	
		<b>Escrow</b>				<b>Component Units</b>	
		<b>Forfeiture</b>					
		<b>Account</b>	<b>COCC</b>	<b>Subtotal</b>	<b>Eliminations</b>	<b>Total</b>	
312	Accounts Payable <= 90 Days	\$ -	\$ 42,054	\$ 746,872	\$ -	\$ 746,872	\$ 4,497,711
321	Accrued Wage/Payroll Taxes Payable	-	20,536	67,677	-	67,677	189,545
322	Accrued Compensated Absences - Current Portion	-	10,818	32,191	-	32,191	-
325	Accrued Interest Payable	-	-	-	-	-	258,851
332	Account Payable - PHA Projects	-	-	1,349	-	1,349	-
341	Tenant Security Deposits	-	-	67,764	-	67,764	86,954
342	Unearned Revenue	-	-	10,533	-	10,533	226,141
343	Current Portion of L-T Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	330,781
345	Other Current Liabilities	-	17,632	17,632	-	17,632	302,766
346	Accrued Liabilities - Other	-	-	13,319	-	13,319	-
347	Inter Program - Due To	-	142,509	591,594	(591,594)	-	-
310	Total Current Liabilities	-	233,549	1,548,931	(591,594)	957,337	5,892,749
351	L-T Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	79,815,234
353	Non-current Liabilities - Other	-	5,957,948	6,238,935	-	6,238,935	11,232,098
354	Accrued Compensated Absences - Non Current	-	24,490	72,239	-	72,239	-
350	Total Non-Current Liabilities	-	5,982,438	6,311,174	-	6,311,174	91,047,332
300	Total Liabilities	-	6,215,987	7,860,105	(591,594)	7,268,511	96,940,081
508.4	Net Investment in Capital Assets	-	-	13,124,040	-	13,124,040	2,203,558
511.4	Restricted Net Position	-	-	-	-	-	33,203,937
512.4	Unrestricted Net Position	6,136	231,093	2,696,634	-	2,696,634	3,291,954
513	Total Equity - Net Assets / Position	6,136	231,093	15,820,674	-	15,820,674	38,699,449
<b>600</b>	<b>Total Liabilities and Equity - Net</b>	<b>\$ 6,136</b>	<b>\$ 6,447,080</b>	<b>\$ 23,680,779</b>	<b>\$ (591,594)</b>	<b>\$ 23,089,185</b>	<b>\$ 135,639,530</b>

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**FINANCIAL DATA SCHEDULE**  
**REVENUE AND EXPENSE SUMMARY**  
**Year ended June 30, 2025**

	14.850 Public		14.218 Community		14.870 Resident		6.2 Component Unit -		14.896 Family		14.EFA FSS			
	Housing	14.871 Housing	Development Block	14.892 CNI	Opportunity and	State and Local	Blended	Self Sufficiency	Forfeiture	COCC	COCC	Subtotal		
	Operating	Choice Vouchers	Grants/Entitlement	Planning	Supportive				Account					
	Grant		Grants	Grant	Services									
70300	Net Tenant Rental Revenue	\$ 1,775,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,775,667
70400	Tenant Revenue - Other	17,321	-	-	-	-	-	-	-	-	-	-	-	17,321
70500	Total Tenant Revenue	1,792,988	-	-	-	-	-	-	-	-	-	-	-	1,792,988
70600	HUD PHA Operating Grants	3,699,051	11,841,218	-	-	102,430	-	-	94,868	-	-	-	-	15,737,567
70610	Capital Grants	759,976	-	-	-	-	-	-	-	-	-	-	-	759,976
70710	Management Fee	-	-	-	-	-	-	-	-	-	818,582	-	-	818,582
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	17,880	-	-	17,880
70730	Book Keeping Fee	-	-	-	-	-	-	-	-	-	105,270	-	-	105,270
70700	Total Fee Revenue	4,459,027	11,841,218	-	-	102,430	-	-	94,868	-	941,732	-	-	17,439,275
70800	Other Government Grants	-	-	106,869	-	-	598,177	-	-	-	-	-	-	705,046
71100	Investment Income - Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-
71200	Mortgage Interest Income	-	-	-	-	-	-	-	-	-	328,960	-	-	328,960
71400	Fraud Recovery	2,064	-	-	-	-	-	-	-	-	-	-	-	2,064
71500	Other Revenue	45,040	33,862	-	-	-	-	20,405	-	-	47,188	-	-	146,495
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	2,330	-	-	2,330
<b>70000</b>	<b>Total Revenue</b>	<b>6,299,119</b>	<b>11,875,080</b>	<b>106,869</b>	<b>-</b>	<b>102,430</b>	<b>598,177</b>	<b>20,405</b>	<b>94,868</b>	<b>-</b>	<b>1,320,210</b>	<b>-</b>	<b>-</b>	<b>20,417,158</b>
91100	Administrative Salaries	423,834	204,756	-	-	-	41,437	-	-	-	654,170	-	-	1,324,197
91200	Auditing Fees	48,799	900	-	-	-	-	-	-	-	1,800	-	-	51,499
91300	Management Fee	627,336	191,246	-	-	-	-	-	-	-	-	-	-	818,582
91310	Book-keeping Fee	40,575	64,695	-	-	-	-	-	-	-	-	-	-	105,270
91400	Advertising and Marketing	23,336	-	-	-	-	-	-	-	-	3,163	-	-	26,499
91500	Employee Benefit contributions - Administrative	295,774	67,031	-	-	-	21,176	-	-	-	207,117	-	-	591,098
91600	Office Expenses	403,013	27,232	-	-	-	-	-	116	-	43,512	-	-	473,873
91700	Legal Expense	103,605	30,184	-	-	-	-	-	-	-	26,639	-	-	160,428
91800	Travel	350	1,271	-	-	-	-	-	-	-	2,301	-	-	3,922
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-	-	-	-	-
91900	Other	228,153	189,717	-	-	-	52,095	-	1,300	-	29,559	-	-	500,824
91000	Total Operating - Administrative	2,194,775	777,032	-	-	-	114,708	-	1,416	-	968,261	-	-	4,056,192
92000	Asset Management Fee	17,880	-	-	-	-	-	-	-	-	-	-	-	17,880
92100	Tenant Services - Salaries	355,267	-	-	-	79,451	-	-	69,325	-	-	-	-	504,043
92200	Relocation Costs	35,601	-	-	-	-	-	-	-	-	-	-	-	35,601
92300	Employee Benefit Contributions - Tenant Services	26,224	-	-	-	22,979	-	-	24,127	-	-	-	-	73,330
92400	Tenant Services - Other	15,953	-	-	-	-	-	-	-	-	-	-	-	15,953
92500	Total Tenant Services	450,925	-	-	-	102,430	-	-	93,452	-	-	-	-	646,807
93100	Water	609,063	-	-	-	-	-	-	-	-	8,102	-	-	617,165
93200	Electricity	160,684	-	-	-	-	-	-	-	-	29,827	-	-	190,511
93300	Gas	156,161	-	-	-	-	-	-	-	-	19,551	-	-	175,712
93600	Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
93000	Total Utilities	925,908	-	-	-	-	-	-	-	-	57,480	-	-	983,388

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**FINANCIAL DATA SCHEDULE**  
**REVENUE AND EXPENSE SUMMARY**  
**Year ended June 30, 2025**

	<b>Eliminations</b>	<b>Total</b>	<b>Discretely Presented Component Units</b>
70300 Net Tenant Rental Revenue	\$ -	1,775,667	\$ 7,445,029
70400 Tenant Revenue - Other	-	17,321	103,918
70500 Total Tenant Revenue	-	1,792,988	7,548,947
70600 HUD PHA Operating Grants	-	15,737,567	-
70610 Capital Grants	-	759,976	-
70710 Management Fee	(818,582)	-	-
70720 Asset Management Fee	(17,880)	-	-
70730 Book Keeping Fee	(105,270)	-	-
70700 Total Fee Revenue	(941,732)	16,497,543	-
70800 Other Government Grants	-	705,046	-
71100 Investment Income - Unrestricted	-	-	1,378,446
71200 Mortgage Interest Income	-	328,960	-
71400 Fraud Recovery	-	2,064	-
71500 Other Revenue	-	146,495	8,188,168
71600 Gain or Loss on Sale of Capital Assets	-	2,330	-
<b>70000 Total Revenue</b>	<b>(941,732)</b>	<b>19,475,426</b>	<b>17,115,561</b>
91100 Administrative Salaries	-	1,324,197	584,325
91200 Auditing Fees	-	51,499	118,510
91300 Management Fee	(818,582)	-	374,912
91310 Book-keeping Fee	(105,270)	-	-
91400 Advertising and Marketing	-	26,499	23,659
91500 Employee Benefit contributions - Administrative	-	591,098	162,315
91600 Office Expenses	-	473,873	173,207
91700 Legal Expense	-	160,428	92,770
91800 Travel	-	3,922	82,488
91810 Allocated Overhead	-	-	71,794
91900 Other	-	500,824	101,107
91000 Total Operating - Administrative	(923,852)	3,132,340	1,785,087
92000 Asset Management Fee	(17,880)	-	-
92100 Tenant Services - Salaries	-	504,043	-
92200 Relocation Costs	-	35,601	-
92300 Employee Benefit Contributions - Tenant Services	-	73,330	-
92400 Tenant Services - Other	-	15,953	-
92500 Total Tenant Services	(17,880)	628,927	-
93100 Water	-	617,165	235,547
93200 Electricity	-	190,511	202,022
93300 Gas	-	175,712	-
93600 Sewer	-	-	83,898
93800 Other Utilities Expense	-	-	46,272
93000 Total Utilities	-	983,388	567,739

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**FINANCIAL DATA SCHEDULE**  
**REVENUE AND EXPENSE SUMMARY**  
**Year ended June 30, 2025**

	<b>14.850 Public Housing Operating Grant</b>	<b>14.871 Housing Choice Vouchers</b>	<b>14.218 Community Development Block Grants/Entitlement Grants</b>	<b>14.892 CNI Planning Grant</b>	<b>14.870 Resident Opportunity and Supportive Services</b>	<b>State and Local</b>	<b>6.2 Component Unit - Blended</b>	<b>14.896 Family Self Sufficiency</b>	<b>14.EFA FSS Escrow Forfeiture Account</b>	<b>COCC</b>	<b>Subtotal</b>
94100 Ordinary Maintenance and Operations - Labor	635,456	-	-	-	-	44,139	-	-	-	-	679,595
94200 Ordinary Maintenance and Operations - Materials and Other	216,236	-	-	-	-	86,481	-	-	5,974	-	308,691
94300 Ordinary Maintenance and Operations Contracts	683,744	-	-	-	-	409,127	-	-	49,986	-	1,142,857
94500 Employee Benefit Contributions - Ordinary Maintenance	39,136	-	-	-	-	-	-	-	-	-	39,136
94000 Total Maintenance	<u>1,574,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>539,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,960</u>	<u>2,170,279</u>
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-	-	-	-
95300 Protective Services - Other	-	-	-	-	-	-	-	-	-	-	-
95000 Total Protective Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
96110 Property Insurance	380,580	4,711	-	-	-	-	-	-	-	-	385,291
96120 Liability Insurance	7,589	-	-	-	-	-	-	-	-	-	7,589
96130 Workmen's Compensation	96,463	-	-	-	-	-	-	-	-	-	96,463
96140 All Other Insurance	143,360	-	-	-	-	-	-	-	-	-	143,360
96100 Total insurance Premiums	<u>627,992</u>	<u>4,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>632,703</u>
96200 Other General Expenses	211,952	436	-	-	-	-	-	-	-	6,766	219,154
96300 Payments in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-
96400 Bad debt - Tenant Rents	450,994	-	-	-	-	-	-	-	-	-	450,994
96000 Total Other General Expenses	<u>662,946</u>	<u>436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,766</u>	<u>670,148</u>
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>96900 Total Operating Expenses</b>	<b><u>6,437,118</u></b>	<b><u>782,179</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>102,430</u></b>	<b><u>654,455</u></b>	<b><u>-</u></b>	<b><u>94,868</u></b>	<b><u>-</u></b>	<b><u>1,088,467</u></b>	<b><u>9,159,517</u></b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b><u>(137,999)</u></b>	<b><u>11,092,901</u></b>	<b><u>106,869</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(56,278)</u></b>	<b><u>20,405</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>231,743</u></b>	<b><u>11,257,641</u></b>
97300 Housing Assistance Payments	65,853	11,059,646	-	-	-	-	-	-	-	-	11,125,499
97350 HAP Portability-In	-	32,160	-	-	-	-	-	-	-	-	32,160
97400 Depreciation Expense	603,804	-	-	-	-	-	-	-	-	-	603,804
<b>90000 Total Expenses</b>	<b><u>7,106,775</u></b>	<b><u>11,873,985</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>102,430</u></b>	<b><u>654,455</u></b>	<b><u>-</u></b>	<b><u>94,868</u></b>	<b><u>-</u></b>	<b><u>1,088,467</u></b>	<b><u>20,920,980</u></b>
10010 Operating Transfer In	896,643	582,000	-	-	-	-	-	-	-	165,819	1,644,462
10020 Operating Transfer Out	(814,284)	(165,819)	(82,359)	-	-	-	(582,000)	-	-	-	(1,644,462)
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	543,393	-	-	-	-	-	-	-	-	-	543,393
10092 Inter Project Excess Cash Transfer Out	(543,393)	-	-	-	-	-	-	-	-	-	(543,393)
10100 Total Other financing Sources (Uses)	<u>82,359</u>	<u>416,181</u>	<u>(82,359)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(582,000)</u>	<u>-</u>	<u>-</u>	<u>165,819</u>	<u>-</u>
<b>10000 Excess of Total Revenue Over Total Expenses</b>	<b><u>(725,297)</u></b>	<b><u>417,276</u></b>	<b><u>24,510</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(56,278)</u></b>	<b><u>(561,595)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>397,562</u></b>	<b><u>(503,822)</u></b>
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-	-	-	-	-
<b>11030 Beginning Net Position</b>	<b><u>15,173,418</u></b>	<b><u>12,819</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,300,495</u></b>	<b><u>(1,903)</u></b>	<b><u>6,136</u></b>	<b><u>(166,469)</u></b>	<b><u>16,324,496</u></b>
<b>Ending Net Position</b>	<b><u>\$ 14,448,121</u></b>	<b><u>\$ 430,095</u></b>	<b><u>\$ 24,510</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (56,278)</u></b>	<b><u>\$ 738,900</u></b>	<b><u>\$ (1,903)</u></b>	<b><u>\$ 6,136</u></b>	<b><u>\$ 231,093</u></b>	<b><u>\$ 15,820,674</u></b>

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**FINANCIAL DATA SCHEDULE**  
**REVENUE AND EXPENSE SUMMARY**  
**Year ended June 30, 2025**

	<b>Eliminations</b>	<b>Total</b>	<b>Discretely Presented Component Units</b>
94100 Ordinary Maintenance and Operations - Labor	-	679,595	499,671
94200 Ordinary Maintenance and Operations - Materials and Other	-	308,691	772,072
94300 Ordinary Maintenance and Operations Contracts	-	1,142,857	767,036
94500 Employee Benefit Contributions - Ordinary Maintenance	-	39,136	-
94000 Total Maintenance	-	2,170,279	2,038,779
95200 Protective Services - Other Contract Costs	-	-	380,677
95300 Protective Services - Other	-	-	37,620
95000 Total Protective Services	-	-	418,297
96110 Property Insurance	-	385,291	454,535
96120 Liability Insurance	-	7,589	-
96130 Workmen's Compensation	-	96,463	25,556
96140 All Other Insurance	-	143,360	47,853
96100 Total insurance Premiums	-	632,703	527,944
96200 Other General Expenses	-	219,154	141,173
96300 Payments in Lieu of Taxes	-	-	224,835
96400 Bad debt - Tenant Rents	-	450,994	204,303
96000 Total Other General Expenses	-	670,148	570,311
96710 Interest of Mortgage (or Bonds) Payable	-	-	1,443,448
96730 Amortization of Bond Issue Costs	-	-	216,753
96700 Total Interest Expense and Amortization Cost	-	-	1,660,201
<b>96900 Total Operating Expenses</b>	<b>(941,732)</b>	<b>8,217,785</b>	<b>7,568,358</b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b>-</b>	<b>11,257,641</b>	<b>9,547,203</b>
97300 Housing Assistance Payments	-	11,125,499	-
97350 HAP Portability-In	-	32,160	-
97400 Depreciation Expense	-	603,804	2,433,945
<b>90000 Total Expenses</b>	<b>(941,732)</b>	<b>19,979,248</b>	<b>10,002,303</b>
10010 Operating Transfer In	-	1,644,462	-
10020 Operating Transfer Out	-	(1,644,462)	-
10080 Special Items (Net Gain/Loss)	-	-	(145,378)
10091 Inter Project Excess Cash Transfer In	-	543,393	-
10092 Inter Project Excess Cash Transfer Out	-	(543,393)	-
10100 Total Other financing Sources (Uses)	-	-	(145,378)
<b>10000 Excess of Total Revenue Over Total Expenses</b>	<b>-</b>	<b>(503,822)</b>	<b>6,967,880</b>
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-
<b>11030 Beginning Net Position</b>	<b>-</b>	<b>16,324,496</b>	<b>31,731,569</b>
<b>Ending Net Position</b>	<b>\$ -</b>	<b>\$ 15,820,674</b>	<b>\$ 38,699,449</b>

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**STATEMENT OF NET POSITION - AMPS**  
**June 30, 2025**

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	<b>Harbor House</b>	<b>Robinwood</b>	<b>Morris H. Blum</b>	<b>Bloomsbury Square</b>	<b>Other Project</b>	<b>Totals (Memorandum Only)</b>
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents - unrestricted	\$ 100,788	\$ 111,356	\$ -	\$ 104,620	\$ (6,173)	\$ 310,591
Cash and cash equivalents - restricted	127,701	51,137	-	9,378	-	188,216
Cash and cash equivalents - tenant security deposits	44,162	16,953	-	6,649	-	67,764
Accounts receivable	123,224	103,557	-	16,519	-	243,300
Notes, loans, & mortgages receivable - current	-	-	-	-	8,003	8,003
Interfund receivable	(52,840)	-	-	-	52,840	-
Prepaid expenses and other current assets	123,476	51,883	-	17,639	-	192,998
<b>Total current assets</b>	466,511	334,886	-	154,805	54,670	1,010,872
<b>Noncurrent assets</b>						
Capital assets, net	2,964,298	1,921,671	-	4,776,724	3,461,347	13,124,040
Note receivable	-	-	-	-	1,200,514	1,200,514
<b>Total noncurrent assets</b>	2,964,298	1,921,671	-	4,776,724	4,661,861	14,324,554
<b>TOTAL ASSETS</b>	\$ 3,430,809	\$ 2,256,557	\$ -	\$ 4,931,529	\$ 4,716,531	\$ 15,335,426

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**STATEMENT OF NET POSITION - AMPS**  
**June 30, 2025**

	<b>Harbor House</b>	<b>Robinwood</b>	<b>Morris H. Blum</b>	<b>Bloomsbury Square</b>	<b>Other Project</b>	<b>Totals (Memorandum Only)</b>
<b>LIABILITIES AND NET POSITION</b>						
<b>Current liabilities</b>						
Accounts payable and accrued wages/payroll taxes	\$ 326,386	\$ 137,210	\$ -	\$ 42,462	\$ -	\$ 506,058
Accrued compensated absences - current portion	9,262	5,458	-	895	-	15,615
Unearned revenue	6,957	2,667	-	909	-	10,533
Tenant security deposits	44,162	16,953	-	6,649	-	67,764
Interfund payable	47,948	-	-	-	-	47,948
Accrued liabilities - other	6,613	5,174	-	1,532	-	13,319
<b>Total current liabilities</b>	<b>441,328</b>	<b>167,462</b>	<b>-</b>	<b>52,447</b>	<b>-</b>	<b>661,237</b>
<b>Noncurrent liabilities</b>						
Accrued compensated absences - long term portion	23,395	12,016	-	2,441	-	37,852
Noncurrent liabilities - other	127,701	51,137	-	9,378	-	188,216
<b>Total noncurrent liabilities</b>	<b>151,096</b>	<b>63,153</b>	<b>-</b>	<b>11,819</b>	<b>-</b>	<b>226,068</b>
<b>Total liabilities</b>	<b>592,424</b>	<b>230,615</b>	<b>-</b>	<b>64,266</b>	<b>-</b>	<b>887,305</b>
<b>Net position</b>						
Net investment in capital assets	2,964,298	1,921,671	-	4,776,724	3,461,347	13,124,040
Restricted net position	-	-	-	-	-	-
Unrestricted net position	(125,913)	104,271	-	90,539	1,255,184	1,324,081
<b>Total net position</b>	<b>2,838,385</b>	<b>2,025,942</b>	<b>-</b>	<b>4,867,263</b>	<b>4,716,531</b>	<b>14,448,121</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 3,430,809</b>	<b>\$ 2,256,557</b>	<b>\$ -</b>	<b>\$ 4,931,529</b>	<b>\$ 4,716,531</b>	<b>\$ 15,335,426</b>

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION - AMPS**  
**Year ended June 30, 2025**

	Harbor House	Robinwood	Morris H. Blum	Bloomsbury Square	Other Project	Totals (Memorandum Only)
<b>Operating Revenues</b>						
Tenant rental revenue	\$ 906,270	\$ 624,276	\$ -	\$ 262,442	\$ -	\$ 1,792,988
Government operating grants	2,202,164	1,083,904	-	412,983	-	3,699,051
Other revenue	38,776	6,439	-	-	1,889	47,104
<b>Total operating revenues</b>	<b>3,147,210</b>	<b>1,714,619</b>	<b>-</b>	<b>675,425</b>	<b>1,889</b>	<b>5,539,143</b>
<b>Operating Expenses</b>						
Administrative	1,530,039	531,221	-	204,551	(71,036)	2,194,775
Asset management fee	-	17,880	-	-	-	17,880
Tenant services	280,977	127,231	-	24,837	-	433,045
Utilities	526,538	284,286	-	115,084	-	925,908
Maintenance	916,964	503,458	-	154,150	-	1,574,572
Insurance premiums	393,312	174,286	-	60,394	-	627,992
General expenses	340,017	274,644	-	48,285	-	662,946
Housing Assistance Payments	65,853	-	-	-	-	65,853
Depreciation expense	249,263	160,481	-	194,060	-	603,804
<b>Total operating expenses</b>	<b>4,302,963</b>	<b>2,073,487</b>	<b>-</b>	<b>801,361</b>	<b>(71,036)</b>	<b>7,106,775</b>
<b>Operating income/(loss)</b>	<b>(1,155,753)</b>	<b>(358,868)</b>	<b>-</b>	<b>(125,936)</b>	<b>72,925</b>	<b>(1,567,632)</b>
<b>Income (loss) before contributions</b>	<b>(1,155,753)</b>	<b>(358,868)</b>	<b>-</b>	<b>(125,936)</b>	<b>72,925</b>	<b>(1,567,632)</b>
<b>Capital contributions</b>	<b>547,665</b>	<b>99,394</b>	<b>-</b>	<b>112,917</b>	<b>-</b>	<b>759,976</b>
<b>Transfers in/out</b>	<b>695,890</b>	<b>(560,151)</b>	<b>(105,878)</b>	<b>16,759</b>	<b>35,739</b>	<b>82,359</b>
<b>Change in net position</b>	<b>87,802</b>	<b>(819,625)</b>	<b>(105,878)</b>	<b>3,740</b>	<b>108,664</b>	<b>(725,297)</b>
<b>Net position, beginning of year</b>	<b>2,750,583</b>	<b>2,845,567</b>	<b>105,878</b>	<b>4,863,523</b>	<b>4,607,867</b>	<b>15,173,418</b>
<b>Net position, end of year</b>	<b>\$ 2,838,385</b>	<b>\$ 2,025,942</b>	<b>\$ -</b>	<b>\$ 4,867,263</b>	<b>\$ 4,716,531</b>	<b>\$ 14,448,121</b>



**RUBINO**  
STRENGTH IN NUMBERS

**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***

Board of Commissioners  
Housing Authority of the City of Annapolis  
Annapolis, Maryland

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 and aggregate discretely presented component units of the Housing Authority of the City of Annapolis (the Authority), as of and for the year ended June 30, 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 March 26, 2026. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

**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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 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.

A handwritten signature in cursive script that reads "Rubins & Company". The signature is written in black ink and is positioned above the printed name and date.

Bethesda, Maryland

March 26, 2026



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

Board of Commissioners  
Housing Authority of the City of Annapolis  
Annapolis, Maryland

### Report on Compliance for Each Major Federal Program

#### *Qualified Opinion*

We have audited the Housing Authority of the City of Annapolis's (the Authority's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2025. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### *Qualified Opinion on Section 8 Housing Choice Vouchers*

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Section 8 Housing Choice Vouchers program for the year ended June 30, 2025.

#### *Basis for Qualified Opinion*

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 Auditor's 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.

### *Matters giving Rise to Qualified Opinion on Section 8 Housing Choice Vouchers*

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with the requirements regarding the Section 8 Housing Choice Vouchers program as described in Finding 2025-001 for Eligibility and Special Tests and Provisions.

### ***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.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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.

### ***Other Matters***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding No. 2025-001 to be a material weakness.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style.

Bethesda, Maryland  
March 26, 2026

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended June 30, 2025

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-through Identification Number</b>	<b>Federal Expenditures</b>
<b>Direct Awards:</b>			
<b>U.S. Department of Housing and Urban Development:</b>			
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 11,259,218
Total Housing Choice Vouchers			11,259,218
Public Housing Operating Fund	14.850	N/A	2,686,100
Public Housing Capital Fund	14.872	N/A	1,772,927
Resident Opportunity and Supportive Services	14.870	N/A	102,430
Family Self Sufficiency	14.896	N/A	94,868
<b>Total Direct Expenditures</b>			15,915,543
<b>Indirect Awards:</b>			
<b>U.S. Department of Housing and Urban Development:</b>			
<i>Pass through from the City of Annapolis:</i>			
Community Development Block Grants/Entitlement Grants	14.218	N/A	106,869
<b>U.S. Department of the Treasury:</b>			
<i>Pass through from the City of Annapolis:</i>			
Federal Fiscal Recovery Funds	21.027	N/A	188,262
<b>Total Indirect Expenditures</b>			295,131
<b>Total Expenditures of Federal Awards</b>			\$ 16,210,674

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2025**

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**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Housing Authority of the City of Annapolis (the Authority) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3. SUBRECIPIENTS**

The Authority did not pass through any federal awards to subrecipients during the year ended June 30, 2025.

**NOTE 4. INDIRECT COST RATE**

The Authority has not elected to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2025**

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

- |  |               |
|--|---------------|
| 1. Type of auditors’ report issued:  | Unmodified    |
| 2. Internal control over financial reporting:  |               |
| a. Material Weakness(es) identified?   | No            |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? | None reported |
| 3. Noncompliance material to financial statements noted?                                       | No            |

**Federal Awards**

- |   |                                       |
|---|---------------------------------------|
| 4. Internal control over major programs:  |                                       |
| a. Material weakness(es) identified?  | Yes                                   |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)?                          | None reported                         |
| 5. Type of auditors’ report issued on compliance for major programs:  |                                       |
| Section8 Housing Choice Vouchers  | Qualified                             |
| 6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance? | No                                    |
| 7. Identification of major federal programs:  |                                       |
| <u>Name of Federal Program or Cluster</u>   | <u>Federal Assistance Listing No.</u> |
| Housing Choice Voucher Program  | 14.871                                |
| 8. Dollar threshold used to distinguish between Type A and Type B programs:   | \$750,000                             |
| 9. Auditee qualified as low-risk auditee under Uniform Guidance, section 530?   | No                                    |

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year ended June 30, 2025**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None noted.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2025-001: Missing Tenant Information (Material Weakness, Material Noncompliance)**

**Federal Agency: U.S. Department of Housing and Urban Development**

**Federal Program Title: Housing Choice Voucher Program**

**Federal Assistance Listing Number: 14.871**

**Compliance Requirement: Eligibility, Reporting, and Special Tests and Provisions**

**Criteria:** Per 2 CFR, PHAs are required to obtain documentation declaring the tenant is eligible to receive federal housing benefits, obtain release forms from tenants to gather necessary information from third parties, and perform annual recertifications of tenant income through HUD Form 50058.

**Condition:** The Authority was unable to provide declarations of eligible status, signed release forms, documented HQS inspections, and utility allowance calculations. Furthermore, the Authority did not provide documented income qualification to determine tenant’s rent amount.

**Context:** Out of the 40 tenant files reviewed, we found the following exceptions:

- 5 files did not have proper declaration of eligible status
- 15 files did not have updated signed release forms or HQS inspections performed
- 7 files were not submitted on time
- 9 files did not have complete documentation of income qualification
- 18 files did not have rent reasonableness determination
- 9 files did not have proper utility allowance calculations

**Effect:** The Authority was not in compliance with the eligibility, reporting, and special tests and provisions requirements for the program.

**Cause:** The Authority did not have the proper controls in place to ensure the files were complete and accurate.

**Repeat Finding:** This is not a repeat finding.

**Recommendation:** The Authority should review and enhance its policies, procedures, and internal controls to ensure the recertifications are performed and the necessary documentation is adequately retained in the Authority’s files.

**Views of Responsible Officials:** The Authority agrees with the finding.

**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year ended June 30, 2025**

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**Finding 2024-001: Missing Tenant Information (14.850 Public Housing Operating Fund)**

**Condition:** The Authority was unable to locate income verification documentation, citizenship and/or legal residency documentation, signed release forms, as well as reported the incorrect income amount on the Family Report.

**Current Year Status:** This finding was cleared.

**Finding 2024-002: Missing Unit Inspections (14.850 Public Housing Operating Fund)**

**Condition:** The Authority did not inspect each unit at least once during a 12-month period.

**Current Year Status:** This finding was cleared.



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**HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS**

**CORRECTIVE ACTION PLAN**

**FOR THE YEAR ENDED JUNE 30, 2025**

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**Finding 2025-001 – Missing Tenant Information (Material Weakness / Material Noncompliance)**

**Federal Program:** Housing Choice Voucher Program (CFDA 14.871)

**Compliance Requirement:** Eligibility and Reporting

**Condition:**

The Authority was unable to provide required tenant documentation, including declarations of eligibility, signed release forms, income verification, HQS inspections, rent reasonableness determinations, and utility allowance calculations. Additionally, some recertifications were not completed or submitted in a timely manner, and certain tenant files lacked sufficient documentation to support income qualification and rent calculations.

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**Corrective Action Plan:**

The Authority acknowledges the finding. Corrective actions to address the deficiencies are underway and include:

Updating internal policies and procedures related to Housing Choice Voucher (HCV) program compliance, including tenant eligibility, income verification, rent reasonableness, utility allowance calculations, and documentation requirements;

Providing targeted staff training on HUD HCV program requirements, including proper file documentation, income calculation, and timely completion of annual and interim recertifications;

Implementing a mandatory file checklist to ensure all required documentation is obtained, reviewed, and verified prior to finalizing tenant certifications and rent determinations;

*The Housing Authority of the City of Annapolis will provide reasonable accommodations upon request.*





Establishing a formal quality control process in which supervisory staff perform periodic file reviews to ensure compliance with HUD requirements and internal policies;

Conducting a comprehensive review and cleanup of all HCV tenant files to identify and correct missing or incomplete documentation, including income verification, inspections, and rent calculations;

Maintaining an audit trail of all verification documentation to ensure proper retention and support for tenant eligibility and rent determinations;

Implementing tracking tools and system reports to monitor recertification due dates, inspection schedules, and file completion status to ensure timely compliance;

Continuing engagement with third-party service provider, Quadel, to assist with tenant file documentation compliance, backlog recertifications, and rent calculation accuracy;

Hiring and/or assigning additional staff, including HCV program leadership and specialists, to strengthen oversight, ensure timely processing of recertifications, and maintain compliance with HUD requirements.

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**Anticipated Completion Date:** June 30, 2026

**Responsible Party:** HCV Program Director and HCV Program Staff