

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
Board of Commissioners Monthly Meeting

Virtual: Zoom

Tuesday September 30, 2026 – 5:00 pm

Agenda

- I. Call to Order/Roll Call**
- II. Approval of Minutes**
 - August 25, 2026 – Open Meeting Minutes
- III. Chairman’s Report** – Craig Coates
- IV. Executive Director Report** – Melissa Maddox-Evans
 - Finance Report – Marisa Stanley
 - Operations Report – Dee Brown
 - HCVP Report – Ron McCoy
 - Development Report – Aseem Nigam
 - Resident Services Report – Bridget McLaughlin
- V. New Business**
 - **Resolution No. FIN 09302026-01**
Resolution for Strategic Program and Advisory Services
 - **Resolution No. FIN 09302026-02**
Resolution Authorizing Updates to HACAs Accounting & Financial Policies and Procedures Manual
 - **Resolution No. FIN 09302026-03**
Plumbing Repair 1165 Madison St Apt B3
 - **Resolution No. ADMIN 09302026-01**
Entry Agreement with the City of Annapolis
 - **Resolution No. ADMIN 09302026-02**
Subscription For AI Chat Widget on HACA Website
- VI. Public Comments**
 - Elected Official’s Comments
 - Resident Advisory Board Comments
 - Resident Council Comments
 - General Public Comments

VII. Next Meeting Date – Tuesday, October 27, 2026 – Virtual Via Zoom

VIII. Adjourn Meeting

**HOUSING AUTHORITY
OF
THE CITY OF ANNAPOLIS**



**BOARD OF COMMISSIONERS
REGULAR MONTHLY MEETING
OFFICIAL MEETING MINUTES**

Date

Tuesday, August 25, 2026

Time

4:30 p.m.

Location

Virtual Meeting (Zoom Webinar)

Board Leadership

Chairman: Bishop Coates

Executive Director/CEO: Melissa Maddox-Evans

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
BOARD OF COMMISSIONERS
REGULAR MONTHLY MEETING MINUTES

I. Call to Order

II. Roll Call

III. Approval of Previous Meeting Minutes

IV. Chairman's Comments

V. Executive Director's Report

VI. Finance Report

VII. Operations / Property Management Report

VIII. Housing Choice Voucher Program Report

IX. Development Report

X. Resident Services Report

XI. Resolutions and Board Actions

XII. Public Comment

XIII. Closing Remarks

XIV. Adjournment

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS



BOARD OF COMMISSIONERS REGULAR MONTHLY MEETING OFFICIAL MEETING MINUTES

Date

Tuesday, August 25, 2026

Time

4:30 p.m.

Location

Virtual Meeting (Zoom Webinar)

Board of Commissioners

Chairman

Bishop Craig Coates

Commissioners

- Patrick Sheridan, Vice-Chairman
 - Jackie Wells, Secretary
 - Arthur “Jib” Edwards, Treasurer
 - Sharon Elliott, Commissioner
 - Kimberlee Cornett, Commissioner
-

Executive Leadership

Melissa Maddox-Evans

Executive Director / Chief Executive Officer

Prepared By

Executive Office

Housing Authority of the City of Annapolis

Official Record of Proceedings

These minutes constitute the official record of the proceedings of the Housing Authority of the City of Annapolis Board of Commissioners Regular Monthly Meeting held on Tuesday, August 25, 2026. The minutes have been prepared in accordance with the Maryland Open Meetings Act and HACA Board policies and summarize the actions taken, reports presented, motions considered, and official business conducted during the meeting.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

BOARD OF COMMISSIONERS

REGULAR MONTHLY MEETING MINUTES

Date: Tuesday, August 25, 2026

Time: 4:30 p.m.

Location: Virtual Meeting (Zoom Webinar)

I. Call to Order

Presenter: Bishop Coates, Chairman

Chairman Bishop Coates called the regular monthly meeting of the Housing Authority of the City of Annapolis (HACA) Board of Commissioners to order. He welcomed Commissioners, HACA staff, and members of the public attending virtually.

II. Roll Call

Presenter: Adrienne Carter, Executive Assistant

Roll call was conducted at the request of the Chairman.

Commissioners Present

- Bishop Coates, Chairman
- Sharon Elliott, Commissioner
- Kimberlee Cornett, Commissioner
- Jacquelyn “Jackie” Wells, Secretary

Following roll call, the Chairman confirmed that four Commissioners were present and that a quorum had been established. The Board proceeded with official business.

III. Approval of Previous Meeting Minutes

Presenter: Bishop Coates, Chairman

The Board reviewed the minutes from the previous meeting. A discussion was held regarding the increased level of detail contained in the minutes. Commissioner Cornett questioned whether artificial intelligence was being used to transcribe the meetings, noting that the minutes were considerably more detailed than in previous months.

Adrienne Carter (HACA, Office Manager) explained that the Zoom-generated transcript is used as a starting point; however, she personally reviews the meeting recording, compares it against the

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transcript, proofreads the information, and makes the necessary edits to ensure the final minutes accurately reflect the meeting. It was further explained that the additional detail was incorporated to comply with applicable meeting-record requirements and recent guidance emphasizing the importance of maintaining sufficiently detailed records.

Chairman Coates emphasized the importance of commissioners carefully reviewing the minutes before approval, particularly because the minutes serve as the official record of Board actions, quorum, motions, and resolutions. He referenced a previous instance in which an incorrect meeting date and quorum information raised questions regarding whether the Board had properly conducted business and approved resolutions. He thanked Ms. Carter for providing the additional detail and encouraged commissioners to continue reviewing the minutes carefully.

Motion

Motion: A motion was made to accept the prior meeting minutes as presented by Commissioner Elliott

Second: The motion was seconded by Commissioner Cornett

Vote: The Commissioners present voted in favor; no opposed votes were recorded.

Result: The motion carried and the previous meeting minutes were approved.

IV. Chairman's Comments

Presenter: Bishop Coates, Chairman

Chairman Coates spoke about HACA's continued movement toward redevelopment and the organizational challenges that accompany major change. He stated that moving an organization from its historical operating model into a new model creates uncertainty, assumptions, and difficult decisions, but emphasized that the redevelopment work is historic and worthwhile.

He reflected on comments previously made by former director Beverly Wilbourn regarding HACA's opportunity to set a higher standard for what housing for low-income families can look like. He emphasized that redevelopment is intended to be a public-private partnership and that the central priority must remain the residents: providing affordable and safe housing while ensuring that residents feel included in the process and treated with dignity.

Chairman Coates encouraged staff and the Board to remain focused, continue educating stakeholders, clearly communicate HACA's vision, and bring the City of Annapolis and other partners to the table so that they understand HACA's mission, responsibilities, and the ways they can assist rather than hinder progress.

V. Executive Director's Report

Presenter: Melissa Maddox-Evans, Executive Director/CEO

Executive Director Melissa Maddox-Evans thanked Chairman Coates for his remarks, agreed with his sentiments, and thanked the Commissioners for attending. She also recognized Commissioner Jackie Wells' birthday and extended birthday wishes on behalf of the Board and staff.

Ms. Maddox-Evans reported that HACA was awarded approximately \$1.463 million in Public Housing Shortfall Funding. She explained that HUD provides shortfall funding when an agency's verified operating expenses exceed the subsidy otherwise available to support its operations.

Regarding the Housing Choice Voucher (HCV) Program, Ms. Maddox-Evans reported that HACA experienced an approximately \$25,000 reduction in administrative fee funding without advance notice. HACA subsequently received an adjustment of approximately \$7,000, which did not fully restore the reduction. As a result, HACA will scale back some Quadel services associated with recertification support and continue making operational adjustments as necessary.

Ms. Maddox-Evans provided additional context regarding the HUD funding process, explaining that Congress appropriates funding and HUD subsequently determines individual housing authority allocations through applicable program formulas and agency evaluations. She emphasized that both the amount and timing of funding can be unpredictable, requiring HACA to continually evaluate its finances and make operational adjustments monthly.

Ms. Maddox-Evans also discussed the upcoming September 9 City briefing. HACA is preparing an educational presentation for City staff and members of the City Council regarding housing authority operations, programs, applicable laws, responsibilities, and limitations. The anticipated meeting time was approximately 2:00–2:30 p.m., subject to the City's final invitation. She advised that the presentation would be shared with the Board in advance and that other elected officials may also be invited to participate.

The discussion then addressed changes to the City's inspection reporting process. Ms. Maddox-Evans explained that HACA is no longer receiving the same consolidated annual or site-wide inspection reports previously provided by the city. Staff must now access individual unit inspection information through the City's online system, which does not appear to provide HACA with the ability to generate the comprehensive development-wide reports previously available. This change has made it more difficult for HACA to track inspection information across its properties.

HACA will continue discussions with City staff and potentially the Department of Planning and Zoning to determine whether an alternative reporting mechanism can be established. Ms. Maddox-Evans noted that HACA can access individual inspection reports through the City's website. When information has not yet been updated and documentation is urgently needed, particularly for court proceedings or other legal purposes, HACA contacts City inspection staff directly. She stated that City staff have been relatively responsive to those requests.

During the ensuing Board discussion, Commissioners emphasized that the September City briefing should serve not only as an opportunity to educate City officials about HACA's operations, responsibilities, regulatory requirements, and limitations, but also as an opportunity to identify specific areas in which the city can provide meaningful assistance to HACA and its residents.

VI. Finance Report

Presenter: Marisa Stanley, Chief Finance Officer

Marisa Stanley reported that the Finance Department has been heavily involved in preparing HACA's unaudited Financial Data Schedule (FDS) and remains on schedule to finalize and submit

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it before the August 31 deadline. Commissioners will be notified once the submission is complete. Ms. Stanley emphasized that the FDS is a significant HUD reporting requirement and that HACA remains focused on maintaining compliance. Following submission of the unaudited FDS, the Finance Department will begin preparing for the annual audit, with the audited FDS due March 31.

The Board discussed HACA's limited budget cushion, reductions in HUD funding, and declining rent collections. Ms. Stanley explained that lower rent collections directly affect the agency's cash flow and require Finance to closely monitor HACA's financial position. The recently awarded \$1.463 million in HUD shortfall funding was also discussed. It was clarified that the award represents operating funding rather than capital funding and that HUD determined HACA's eligibility based on the agency's reserve levels and operating needs.

Ms. Maddox-Evans explained that although HACA establishes an annual budget, the agency reevaluates its financial position monthly and adjusts staffing, procurement, training, and the timing of expenditures based on available funding and rent collections. She emphasized that declining rent collection is not sustainable and that there is no single solution to the financial challenges facing the agency.

The Board also discussed the anticipated transition of Robinwood and Bloomsbury Square to another management entity by approximately the fall of the following year. The transition is expected to reduce some of the expenses currently covered by HACA.

Ms. Maddox-Evans reported that she followed up with the city regarding the previously committed \$100,000 for capital improvement repairs, which the mayor had indicated had been set aside for HACA. The discussion also addressed continued uncertainty surrounding HUD funding. HACA does not anticipate a steady or predictable federal funding stream and continues to prepare for significant unpredictability regarding both the amount and timing of funding.

Due to current financial constraints, employees received a cost-of-living increase rather than the full merit increase that had originally been budgeted. Ms. Maddox-Evans acknowledged the adjustment as a significant sacrifice by HACA staff.

The Board discussed HACA's approximately \$189,000 trash collection expense and whether assistance could be provided by the city. HACA obtained favorable pricing through a statewide piggyback contract, resulting in a cost considerably lower than what the agency had previously paid. Commissioners expanded the discussion to other significant operating expenses, including pest control and water utilities, and considered whether the city could provide assistance with these costs because of their direct impact on HACA residents, surrounding neighborhoods, and public health.

Commissioners recommended that the September City presentation include specific requests for assistance rather than addressing HACA's financial challenges only in general terms. The presentation should clearly identify areas in which City support could assist HACA in continuing to provide services to Annapolis residents.

A Commissioner also questioned the difference between HACA's approximately 92.17% occupancy rate and its 64% rent collection rate. The matter was referred to the Operations Report for further explanation.

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VII. Operations / Property Management Report

Presenter: Melissa Maddox-Evans, Executive Director/CEO

Ms. Maddox-Evans presented the Operations Report in the absence of the Operations Director and was later joined by staff to provide additional information. The discussion focused primarily on the relationship between occupancy and rent collection, the eviction process, outstanding recertifications, and the increased compliance expectations that will accompany redevelopment.

Staff explained that the approximately 64% rent collection rate is not necessarily indicative of the number of residents who owe rent but rather reflects the amount of outstanding rent. Some residents have accumulated balances ranging from approximately \$20,000 to \$30,000, which may continue to increase while HACA proceeds through the required termination and court processes.

HACA reported approximately 45 writs, with 31 evictions scheduled for September. Approximately \$5,200 had already been collected from residents associated with those writs as individuals sought rental assistance or made payments to avoid eviction. Staff explained that residents generally cannot apply for certain rental assistance until a judgment has been entered, which can result in assistance not becoming available until the eviction process has progressed substantially.

City licensing requirements also affect HACA's ability to collect rent. Staff explained that HACA cannot charge or later recover rent for periods during which a unit was not properly licensed, resulting in revenue that cannot subsequently be recouped.

The Board received an overview of the eviction process and its effect on outstanding balances. Rent is due on the first of the month and considered late after the fifth. HACA must then provide the required notices before filing a court action. Legal Aid may request a review of the resident's file, which can result in additional continuances. Following a judgment, HACA must wait for the required period before filing a writ and then coordinate with the Sheriff's Department to schedule an eviction.

Staff further explained that residents have three opportunities within a calendar year to exercise the right of redemption by paying the full amount owed and avoiding ejectment. The entire process may take approximately 18 to 24 months before an actual ejectment occurs. During that period, unpaid rent balances may continue to increase.

The discussion then turned to recertification performance. HACA's recertification rate declined from approximately 95% to 90% because of outstanding resident recertifications. Staff emphasized that completing recertification is a requirement of participation in the program and that HACA is working to return to the 95% threshold.

HACA sends recertification notices approximately 120, 60, and 30 days before the applicable due date. Staff indicated that the currently outstanding cases are primarily related to resident noncompliance rather than delays in HACA's processing. Reasons identified for noncompliance included reluctance to report current income or additional household members and their income.

HACA is exploring whether certain outstanding recertifications can be completed using income information already available through HUD's Enterprise Income Verification (EIV) system. Staff explained that HUD may already have income information available through EIV, which may allow HACA to adjust rent while providing residents with an opportunity to submit information regarding changes in their circumstances. This approach would also assist HACA in protecting its HUD performance scoring while continuing to address resident compliance requirements.

Staff emphasized that redevelopment would bring increased expectations for compliance and accountability. While residents will benefit from new units and property improvements, those improvements will also be accompanied by additional responsibilities. Future management entities will be required to closely enforce recertification deadlines and other program requirements because noncompliance can directly affect funding and tax credits.

Chairman Coates asked what additional steps the Board could take to support staff in closing existing compliance gaps and ensuring that HACA presents itself as a functional and accountable organization as the Authority moves forward with redevelopment.

VIII. Housing Choice Voucher Program Report

Presenter: Ron McCoy

Mr. McCoy provided an update on HCV program performance, including HUD/PIC reporting, recertifications, operational improvements, and the role of the Board in supporting resident education and compliance.

Mr. McCoy explained that HACA had fallen below the 95% HUD/PIC reporting threshold at the end of the fiscal year, resulting in zero scores on four indicators. Since that time, HACA has implemented operational efficiencies and additional controls to improve reporting performance. HUD subsequently confirmed that HACA's current reporting rate had improved to approximately 98%. Mr. McCoy emphasized that the goal is not simply to reach the required threshold, but to maintain that level of performance consistently.

Mr. McCoy reported that HCV recertifications were performing in the high 90% range and that Quadel's assistance had been instrumental in helping the program catch up. HACA expects to continue utilizing Quadel; however, the level of assistance should decrease as the agency implements initiatives such as triennial recertifications and biennial inspections where permitted.

The discussion also addressed how Commissioners can support HACA in maintaining compliance. Mr. McCoy emphasized that resident education is particularly important because HUD identifies certain actions that agencies and participants "may do" and others they "must do." Mandatory requirements include completing recertifications, reporting income, and accurately reporting all household members. When residents approach Commissioners with concern, Mr. McCoy encouraged Commissioners to determine whether these required steps have been completed, as an outstanding requirement may be the reason a matter has not moved forward.

Mr. McCoy further reported that HACA was approximately 86% complete with 2026 recertifications and 99% complete for 2025, with only a few outstanding cases. From an operational

standpoint, HACA is generally current, and when an individual recertification remains late, there is typically a specific reason.

Chairman Coates requested that the Board receive additional compliance statistics, without resident names or personal information, to better understand HACA's performance and operational challenges. He emphasized that while staff perform the day-to-day work, Commissioners should also be equipped to understand the issues and communicate what the agency is doing to address them.

The Board also discussed using the upcoming City Council presentation as an opportunity to educate City officials regarding the complexities of housing authority operations. Commissioners suggested providing concrete examples of what staff must do to maximize rent collection and maintain compliance, as well as identifying specific issues City officials may be able to assist with, including legal process delays and the timing of residents' access to rental assistance.

IX. Development Report

Presenter: Aseem Nigam. Director of Development

Mr. Nigam reported that HACA continues to move forward with its redevelopment initiatives despite the challenges and "growing pains" associated with the development process. He stated that these are exciting times for HACA and that the development team continues to receive strong support for the projects.

For Bloomsbury Square and Robinwood, HACA continues to hold biweekly meetings with the developer to monitor progress. Bloomsbury Square is currently expected to close around March or April of the following year. Phase I of Robinwood, which will include 214 rental units, is anticipated to close around August of the following year. Mr. Nigam noted that completion of these milestones should place HACA in a better operational position.

HACA is also preparing for the transition of interim property management for Bloomsbury Square and Robinwood to CHP. A draft agreement has been developed and is expected to be presented to the Board for approval the following month. Following approval and execution, HACA will work with CHP through the transition period leading up to the closings for both developments.

Regarding Eastport and Harbour House, Mr. Nigam reported that the 9% application was submitted on July 15, and HACA is awaiting a decision from CDA. He noted that CDA received approximately 10 applications and expressed hope that HACA's application will be successful. The developer is also preparing to submit the 4% application for Phase I, anticipated for the beginning of the following month.

HACA and the developer recently met with City Planning and Zoning to review the plans and permitting requirements for Eastport and Harbour House. Mr. Nigam explained that the City has expressed its willingness to assist in moving the process forward; however, all required permitting must still be completed before financial closing can occur. HACA is working toward closing the first phase as early as the following fall, while acknowledging that the schedule could extend into spring 2028.

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Mr. Nigam also announced a September 8 community meeting to provide residents and the broader community with an update on the progress made since the previous community meeting. The developer and appropriate HACA staff will attend to answer questions, provide project updates, and receive community feedback.

In closing, Mr. Nigam reiterated that the redevelopment process will not be without challenges but stated that “challenges provide opportunities as well.” He emphasized that the entire team is moving forward and remains focused on reaching closing and beginning the next stages of redevelopment.

X. Resident Services Report

Presenter: Bridget McLaughlin, Director of Resident Services

Ms. McLaughlin reported that the third cohort of HACA’s computer literacy classes will begin during the second week of September. Approximately 25 residents are registered, with three classes offered each week, including beginner and advanced instruction.

Ms. McLaughlin also reported that HACA renewed its MOU with Kingdom Care for an additional year. She noted that two to three other service providers had expressed interest in utilizing space at Eastport; however, Kingdom Care’s existing programming schedule limits the availability of the space for ongoing programs. Interested providers included a local church seeking to offer a children’s Bible study twice a week and another provider proposing an after-school program.

The Board discussed the availability of programming specifically for children, noting previous resident concerns that violence-prevention programming may not address all of the needs of children seeking traditional after-school activities. Ms. McLaughlin explained that HACA accommodates other providers, when possible, for one-time or limited activities, but recurring programs are difficult to schedule because Kingdom Care utilizes the space daily under its MOU.

The Board also discussed Kingdom Care’s Cure Violence program and its impact on HACA communities. Ms. McLaughlin stated that program reports are provided periodically and are also published through the County. She noted that the program serves fewer than 50 participants, although not all participants are children. Kingdom Care does provide tutoring for high-risk youth as part of its programming.

In discussing other youth services, Ms. McLaughlin confirmed that Head Start continues to operate for its designated age group; however, HACA currently does not have space available for an additional general after-school or tutoring program because of the existing use of the Eastport space. When asked about recent reports of changes affecting Head Start nationally, Ms. McLaughlin stated that HACA had not been notified of any anticipated impact to its Head Start programming, which had recently resumed for the new program period.

XI. Resolutions and Board Actions

A. Trash Collection Services - Republic

Ms. Maddox-Evans presented a resolution for trash collection services using the State of Maryland blanket purchase/piggyback contracting mechanism. Republic had been providing satisfactory service, and the proposed expenditure discussed by the Board was approximately \$189,000. Staff explained that the pricing was significantly lower than prior costs after months of searching for a more favorable statewide contract option.

The Board discussed overflowing dumpsters, illegal dumping by persons from outside HACA communities, service frequency, holiday monitoring, signage, and the potential use of cameras. Staff agreed to explore additional measures, including coordination with the Annapolis Police Department and possible City assistance. Ms. Maddox-Evans noted that the contract could be amended later if circumstances changed, but HACA could not delay needed trash service while awaiting a City response.

Board Action

A motion was made and seconded to approve the trash collection services resolution. Following clarification that motions and seconds must be verbalized for the record, the action was confirmed and voted upon. The Board voted in favor; no opposition was recorded. The resolution was adopted.

B. NAHRO Training Conference - Commissioner Jacquelyn Wells

The Board considered authorization for Commissioner Jacquelyn Wells to attend a NAHRO training conference. Staff stated that funds had been specifically set aside in the budget for commissioner training.

Board Action

A motion was made and seconded. The Board voted in favor; no opposition was recorded. The resolution was approved.

C. Housing Finance Training Conference - Asim

The Board considered a training opportunity for Asim related to housing finance to support HACA's development transactions.

Board Action

A motion was made and seconded. The Board voted in favor. The resolution was approved.

D. Strategic Planning and Business Advisory Services - Coretto and Baker Tilly

Ms. Maddox-Evans presented a proposal arising from an RFQ for strategic planning and business consulting services. HACA had interviewed several firms and determined that two firms offered complementary expertise: Coretto for strategic planning/rebranding and Baker Tilly for the technical transition of housing authorities. HACA had designated a total initial budget of \$100,000 between the two firms for the first year, with services to be used as needed.

The proposed initial phase would involve strategic planning with the Board and stakeholders, followed by implementation work addressing organizational structure, staffing/talent, services,

programming, policies, communications, and HACA's transition from a traditional public housing authority model toward an affordable housing asset-management model.

Commissioner Elliott requested an opportunity to review the RFQ and the firms' responses before voting. Staff stated that the review committee included Ms. Maddox-Evans, Asim, and Patrick Sheridan. Additional discussion addressed whether the timing and cost were appropriate given current financial constraints. Ms. Maddox-Evans stated that the work is time-sensitive because HACA's portfolio and business model will change substantially as redevelopment progresses.

Board Action

By consensus, the Board tabled/postponed the vote to allow additional review of the procurement materials and participation by commissioners who were not present. No approval was granted at this meeting.

E. Artificial Intelligence Policy

Ms. Maddox-Evans presented an initial HACA policy governing the safe and confidential exploration and use of artificial intelligence. She explained that HACA reviewed policies used by other housing authorities and model resources, including work within housing-sector organizations and the Baltimore Metropolitan Council. The policy is intended to establish governance before HACA begins testing or implementing AI tools.

One potential initial use discussed was a website chatbot that could direct visitors to existing information regarding applications, work orders, complaints/grievances, property-management contacts, and other frequently requested information. Chairman Coates noted that such technology can serve as an informational gateway while sensitive or personal matters remain handled by human staff. The Board clarified that the vote was on the policy itself, not approval of a particular software purchase or implementation expenditure.

Board Action

A motion was made and seconded. The Board voted in favor. The Artificial Intelligence Policy was approved.

XII. Public Comment

Presenter: Bishop Coates, Chairman

Chairman Coates reviewed the public-comment process. Participants were instructed to use the Zoom raise-hand function to be recognized and were limited to three minutes. Chat reactions would not be treated as public comment. Personal resident matters were not to be discussed publicly and should first be addressed with the appropriate resident/property manager.

Elected Officials

Chairman Coates acknowledged that Senator Henson had been present in the virtual audience earlier in the meeting. No additional elected official comments were received.

Resident Advisory Board / Resident Council

The Chair acknowledged resident representatives in attendance, including Carolyn Keen and Gloria Hill. Ms. Hill, representing Bloomsbury, asked about funding for the community's Community Day. Ms. Maddox-Evans advised that the matter would be discussed in the meeting scheduled to follow the Board meeting.

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General Public - Jane Lawrence

Jane Lawrence expressed appreciation for the virtual meeting format, which improved her ability to hear and participate. She commended HACA for its persistence through the long redevelopment process and reflected on the complexity of HACA's operations and finances. She encouraged HACA to consider the City's own budget and service structures when seeking assistance, noting that some support may need to be structured as direct financial assistance rather than City service delivery.

Ms. Lawrence asked whether HACA could still achieve mixed-income redevelopment if the projects use 9% and 4% tax credits rather than Choice Neighborhoods Initiative (CNI) funding. Ms. Maddox-Evans confirmed that HACA continues to pursue a CNI-like mixed-use, mixed-income model with the funding sources being assembled. She stated that the September 8 community meeting would discuss what the first phase would look like. Ms. Lawrence encouraged HACA to continue educating surrounding neighborhoods and the wider community so that stakeholders understand the benefits of the redevelopment approach and do not make assumptions based on changes in the funding structure.

XIII. Closing Remarks

Presenter: Bishop Coates, Chairman

Chairman Coates thanked Commissioners, staff, residents, and members of the public for their participation in the meeting.

The next regular Board of Commissioners meeting was announced for Tuesday, September 22, 2026.

XIV. Adjournment

Presenter: Bishop Coates, Chairman

Chairman Coates requested a motion to adjourn.

Motion

Motion: A motion to adjourn was made by Chairman Coates.

Second: The motion was seconded by Commissioner Wells.

Result: The meeting was adjourned.

The Housing Authority of the City of Annapolis



Board of Commissioners Report
September 30, 2026



The Housing Authority of the City of Annapolis Board of Commissioners

Bishop Craig Coates



Chairman

Patrick Sheridan



Vice-Chairman

Arthur Edwards, Jr.



Treasurer

Jackie Wells



Secretary

Kimberlee Cornett



Commissioner

Sharon Elliott



Commissioner

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Executive Director Report

September 2026

Executive Director/CEO

We provided the Mayor and City Council with an educational briefing on the mechanics of housing authority operations, programming and relevant guiding policies and laws on September 9th. It was a great session that I hope will assist in addressing frequently asked questions about our operations and programs. We look forward to the continuing partnership and improved dialogue with the city.

We are not awarded the HUD-CNI Grant for 2026. We will continue the Eastport Terrace/Harbour House redevelopment project with our public and private funding sources. We held a community meeting with our residents and neighbors on September 8th to provide all with an update on Phase One of this project.

Below are examples of additional highlights that occurred this past month.

Development/Capital Projects

- We met with State County and City officials to discuss funding gaps for the Robinwood development project.
- The development team for Eastport/Harbour house met with Comptroller Brooke Leirman to discuss the project.
- We are reviewing the relocation and management plans with CHP for the Robinwood and BBSQ communities.
- We are still waiting for the finalization of the MOUs associated with the city (\$1M), the City's investment of \$500,000 for capital needs for public housing.
- The City Pool Program funds and related agreement to reimburse HACA (\$44K) were finalized this month. We are seeking reimbursement for the pool expenses.

Finance

- The Finance Team is working on the FDS Schedule which was submitted on August 28th. Year-end activities are in progress.

Operations/ Management/HCV

- **HUD BENCHMARKS**
 - Our **PIC score** for the HCV is **92.66%** and PH **93.28%** programs. Reporting compliance minimum score is 95% for both programs. The PH and HCV are working to get above 95%. PIC Scores reflect move-in, move-out, recertification and interim updates.
 - **HACA Occupancy Rate** by Property as of 9/11/2026 – 92%, Average for State of Maryland PHAs – 93.54%. HUD's target occupancy goal is 96%
 - Harbour House – 91.57%
 - Robinwood – 92.61%

- Bloomsbury Square – 96.08%
 - **Rent Collection Rate** – See Operations Report for details
- We no longer receive reports for the Annual City inspections from the City. We must go onto their website and find the status of each individual unit. This is a very tedious and time-consuming task, and it increases difficulty in tracking unlicensed units.
- We began organizing hard copy and electronic documents in preparation of agency transitioning and downsizing.

Legal/Compliance

- We held the 2026 Annual Plan and 2026-2023 CFP Plan public meeting on September 9th at Robinwood. We hope HUD approves our plans so we can obtain our funding.
- We submitted a compliance update report to DHCD for Bloomsbury Square by September 10th.
- HUD did not approve of our requests to place ten units under MOD Off-line status related to our redevelopment projects at Robinwood and Bloomsbury Square. They have changed their supporting documents requirements from previous requests we have submitted. We will resubmit our requests.
- There is a tentative settlement being negotiated among the parties for the Fisher and Johnson cases. The settlement is not yet executed.

Resident Services

- I will attend a Moments with Melissa meeting with residents to obtain their feedback at Eastport/Harbour House on September 24th.
- I provided communications and leadership training to the RAB Members and Tenant Council leaders on August 13th.

City/County/State Partnerships

- Attended weekly meetings with the City's Housing Affordability Specialist and Community Development Staff.

Community Partnerships

- I met with the new CEO of the Boys & Girls Club, Dr. McCants-Pearsall as an introduction and to explore future programming possibilities.
- I attended the Anne Arundel Affordable Housing Coalition board meeting on Sept. 10th.
- I attended bi-weekly meeting with the Eastport Civic Association Public Safety Committee.
- I plan to meet with representatives from the New Village Academy Public Charter School in the Annapolis Mall this month.

Finance Report

Rent Collection

By Property:

Housing Authority of the City of Annapolis Collections Report										
8/31/2026										
Property	Number of Units Occupied	Charges	Payments	Collection Rate	Prior Month Number of Units Occupied	Prior Month Charges	Prior Month Payments	Prior Month Collection Rate	Charge Variance	Payment Variance
Eastport Terrace	83	22,396.48	10,147.00	45%	82	22,003.33	10,244.00	47%	\$ 393.15	\$ (97.00)
Harbour House	245	79,302.16	48,742.73	61%	243	76,398.87	49,717.98	65%	\$ 2,903.29	\$ (975.25)
Robinwood	132	61,115.02	49,684.45	81%	133	60,257.13	36,588.99	61%	\$ 857.89	\$ 13,095.46
Bloomsbury Square	49	23,560.35	24,020.05	102%	49	23,755.88	20,140.00	85%	\$ (195.53)	\$ 3,880.05
Totals	509	\$186,374.01	\$132,594.23	73%	507	\$182,415.21	\$ 116,690.97	64%	\$ 3,958.80	\$ 15,903.26

Operations Report – Public Housing

Emergency Work Orders (Closed within 24 Hours) *

Property	Month			Year to Date		
	Generated	Closed within 24 Hours	%	Generated	Closed within 24 Hours	%
Bloomsbury Square	4	4	✓ 100%	29	288	96%
Eastport/Harbour House	32	32	✓ 100%	261	233	89%
Robinwood	19	19	✓ 100%	143	130	90%
HACA Managed Total	55	55	100%	433	391	90%

Routine Work Orders Generated

Property	Month	Year to Date
	WO Count	WO Count
Bloomsbury Square	5	127
Eastport/Harbour House	92	547
Robinwood	27	296
HACA Managed Total	124	970

Occupancy Rate (now reflective of employing a consolidated waiting list process)

Property	Occupied	Vacant	Grand Total	Occupancy Rate
554	512	42	554	92%

Move-ins/Move-Outs/Transfers

Property	Move-Ins	Move – Outs	Transfers
Bloomsbury Square	0	0	0
Eastport/Harbour House	2	0	1
Robinwood	1	0	1
HACA Managed Total	2	0	2

Occupancy Rate - Agency Wide		
June	July	August
90%	92%	92%

Current Waiting List

Public Housing				Total Number			
Total				2,004			
Housing Choice Voucher Program				Total Number			
Total				570			
				Grand Total	2,574		

Operations Report – Housing Choice Voucher Program

AUGUST 2026 Activity

Section I: Tenant-Based Voucher Program

	AUGUST 2026
Allocated*	770
Under Contract	725
Vouchers Issued	0-Emergency Vouchers
Termination of Assistance	2
Portability Port Out	0
Portability Port In	0

*Reflects the regular vouchers plus VASH Vouchers

Section II: Homeownership Program

	AUGUST 2026
Participants	1

Section IV: PIC SCORES

	AUGUST 2026
PIC	92.66%

Section III: Additional Highlights

- Number of Landlord checks (HAP) processed - 725
- Landlord Checks (HAP) Issued Total - \$824,711.00

Totals HACA & Quadel

(cut off November 2026)

PBV:	Total Files	2025 Complete	2026 Complete
Annapolis Gardens	58	100 %	52 %
Morris Blum	106	80 %	50 %
Obery	57	100 %	85 %

Obery 1 & 3	52	100	%	88	%
Wilbourne	66	100	%	95	%
PBV All Properties	339	96	%	74	%

Development Report

Redevelopment In Process

Community	Developer	Estimated Financial Closing & Construction Start	Estimated Construction Completion & Lease Up Start	Units
Harbour House/Eastport	Monadnock/Genesis/NFP	2028	2033/2034	357 replacement units and 365 additional units
Robinwood	CHP	2027	2029	150 replacement units and 84 additional units
Bloomsbury	CHP	2027	Summer 2028	51

Capital and Redevelopment Projects

- **City of Annapolis**

- CNI (Choice Neighborhood Initiative) Planning process.
The teams have completed Phase 1 - Assessment of the Eastport Terrace-Harbour House: Assessment has included conducting resident surveys; reviewing existing plans; demographic and other data collection; stakeholder interviews; inventorying of open spaces, transportation, service providers, businesses, housing, etc.; real estate market studies; Maryland Historical Trust review; and Phase 1 Environmental Site Assessment.
- We had community meetings on April 17th and 18th to discuss the Concept Plan. The transformation plan was submitted to HUD by the end of November 2023. HUD has accepted the plan.
- City council approved the resolution for the contribution of the Spa Road property to the CNI project by the end of August 2024.

Phase II Redevelopment - Robinwood, Eastport, Harbour House, Bloomsbury Square

- An RFQ for developers was advertised for Robinwood, Bloomsbury Square and Harbour House/Eastport Terrace.

- HUD-CHAPs were approved for Bloomsbury Square and Robinwood, which authorizes us to begin the redevelopment process.
- HACA received five proposals from the developers by the deadline of May 4, 2023.
- HACA staff along with EJP Consulting reviewed the proposals and asked one of the developers to make their presentation, on Harbour House/Eastport Terrace on July 31st. However, the developer withdrew their proposal. A new RFQ for Harbour House/Eastport Terrace was issued in August 2024. The pre-bid conference was held on September 17, 2024, and the tour of the sites was conducted on October 7, 2024. Three proposals were received by the due date of November 14, 2024. The selection committee selected Genesis Companies and Monadnock Development, based in NY, as the developer for the site. A meeting with the developer and the city staff was held on April 29th with a follow-up meeting in the first week of May. The Board approved the MOU during their August 26th meeting. A meeting was held on October 8th to introduce the development team to the community and to provide an update on the redevelopment process.
- HUD issued the NOFO for the CNI Implementation Grant in December 2025 with the application deadline of March 9, 2026. On January 9th, HACA held a meeting with the consultants, EJP Consulting, the developer team, and the city to start to evaluate the possibility of submitting the Implementation Grant application by the due date. A follow-up meeting, as a part of the CNI application process, was held with the community to apprise them of the process. The CNI application was submitted on March 6, 2026. We recently heard from HUD that HACA's CNI Application was denied. HACA is moving forward on the project with or without CNI funds.
- On July 15, 2026, the development team submitted the 9% tax credit application for 50 units within phase I of the project. There will be 5 market rate units within this 50-unit application. The overall phase I will include 150 units – 50 units within 9% tax credit application and 100 units within 4% tax credit application. The developer is expected to submit the 4% tax credit application for phase I to the state by the end of September 2026. A community meeting was held on September 8th to apprise the community of the progress made thus far and for the community to provide input on any aspect of the project.
- HACA had asked two developers to make a presentation on Robinwood and Bloomsbury in September 2023. However, one of the developers withdrew their proposal. The other developer, CHP, made their presentation in September. HACA staff recommended to the Board that CHP be approved as the developer for Robinwood and Bloomsbury. The Board approved the recommendation during their September 2023 meeting. The MOUs, between HACA and CHP, have been executed. HACA arranged an introductory meeting with CHP, and Bloomsbury and Robinwood communities in April 2024. HACA and CHP also met with the Anne Arundel County school system for their participation in terms of allowing access to a new road within the Robinwood project. HACA and CHP scheduled a meeting with the Robinwood community on March 19th 2025, to get their

input on the initial site plan for the property. CHP has been awarded 9% tax credits for Phase I and was invited by the state to submit application for 4% tax credits as this is a twinning deal. The 4% tax credit application for Robinwood was submitted in December 2025. The 4% tax credit application for Bloomsbury was submitted in July 2025. The follow-up meetings with the Robinwood and Bloomsbury communities were held in mid-July 2025, and the communities were apprised of the progress made thus far and to seek additional input from them. The next set of follow-up meetings with the communities for Robinwood and Bloomsbury were held on December 8th and December 10th, 2025, respectively. A resident survey was conducted by CHP staff, with assistance from HACA staff, for the two communities on February 10th and 11th, 2026. Financing closings for Bloomsbury and phase I Robinwood are scheduled for Spring 2027 and Fall 2027, respectively.

- HACA organized a meeting with CHP and the State on identifying potential funding sources for both Robinwood and Bloomsbury Square and will reschedule follow-up meetings with the stakeholders.
- HACA's Board approved the Development Rights Agreement for Bloomsbury Square during their June 2026 meeting.
- HACA's outside counsel is working on the Development Rights Agreement for Robinwood. We expect to present it to the Board during Fall 2026.

Resident Services Board Report

Resident Services Update – August

Summer Camp Success & Fall Programming

The Resident Services Department is pleased to report that our summer programming was a success. HACA youth had the opportunity to participate in summer camp activities that provided meaningful educational, recreational, and social experiences throughout the summer. We appreciate our community partners and staff for helping make these opportunities available to our residents.

As summer programming ends, Resident Services is now in full swing preparing for and launching our Fall 2026 programming. We are excited to introduce several opportunities designed to support the educational, health, and self-sufficiency goals of HACA residents and their families.

New Healthy Start Program

One of our newest initiatives is the Healthy Start Program, sponsored by the Anne Arundel County Department of Health. Beginning this fall, Healthy Start will be offered monthly to new and expectant mothers residing in the Eastport community. Classes will be held on the third Wednesday of the month in the Eastport gymnasium.

The program is designed to provide mothers and families with valuable information, resources, and support to promote healthier pregnancies, stronger families, and positive outcomes for children. Participants will receive education and assistance in areas including:

- Childcare and parenting education.
- Improving health outcomes before, during, and after pregnancy.
- Promoting healthy pregnancies and healthy births.
- Connecting families with healthcare and community resources.
- Addressing and reducing racial and ethnic disparities in maternal and child health outcomes.
- Supporting the overall well-being of the mother, child, and entire family; and
- Providing resources and support for children from birth through approximately 18 months of age.

Healthy Start is an important addition to HACA's Resident Services programming because it provides families with early intervention, education, and access to resources

at a critical stage of a child's development. By bringing these services directly into the Eastport community, HACA can help remove barriers that may prevent residents from accessing the support they need.

- Resident Services will continue to identify and develop partnerships that bring health, education, employment, family support, and self-sufficiency resources directly to our communities. Our goal is to ensure that residents have access to the tools and opportunities they need to strengthen their families and work toward greater stability and independence.

Family Self Sufficiency and Homeownership

FSS and Homeownership	
FSS Contracts	31
FSS Escrow Accounts	30
Contracts in HCVP	21
Contracts in PH	10
Release of Escrow Credits	0
Contracts Terminated/Graduated (pending)	0
New Contracts Completed	1
Resources and Referrals	21
New Homeownership Clients	0
Case management appointments	17

Case Management

Case Management Services	
AAC Veterans Mobile Event- RW	6
Partners in Care Event-BBS	3

Menal Health Wellness- RW	7
Geico Renters Insurance - RW	7
Resident case management contacts for issues such as rent payments, wellness checks, eye exams/glasses, dental, financial concerns, furnishing referrals, transportation, employment, Re-Certification assistance, food insecurity, family reunification, medical health assistance in finding a PCP and assisting in making medical appointments, social services interventions for food stamps, and enrolling in Medicare benefits. Department of Aging.	113
Total: Contacts - Calls/Activities	136

Resident Opportunity and Self Sufficiency

ROSS	
Home Visits	10
UMBC Event	9
Supportive Services Referrals	16
BGE Event	14
Case management and home visits ROSS Referrals Dept of Aging, Hope for All, DSS, Digital Literacy, SNAP applications, SSDI and SSI application assistance	79
Community Referrals	15
TOTAL	143

Annapolis Gardens

Number of Units: 150
Property Type: Family
Project Start: 2009
Project Status: Stabilized
Subsidy Type: Public Housing/Tax Credit (75), Tax Credit only (75)
Tax Credit Compliance End: 2025
Report for Period Ending: August 31, 2026



OCCUPANCY

Unit Type	Total Units	Occupied	Vacant	Total % Occupancy
LIHTC	150	142	8	97%

1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5 bedrooms
10	62	59	9	10

Current Month: **97%**

Year to date Average: **96%**

NARRATIVES

Financial:

The income for the month was in line with budgeted income. The total actual expenses were higher than budgeted due to higher than anticipated administrative expenses.

Management:

The property is managed by Winn Companies, an independent company not affiliated with the Developer. The management staff did not report any staff turnover during the period and has been timely with reporting to HACA.

Physical:

There were no other extraordinary repairs to report.

Resident Services:

There were no Resident Services to report.

Other

There are no other issues to report.

Receivables/ Payables:

The resident accounts receivable is \$324,735. The projects accounts payables are \$2,510 with \$0 aging more than 90 days.

Reserves:

The project has four reserve accounts and two escrows that are funded as required with no inappropriate use of funds

PARTNERS

General Partner/ Managing Member: Annapolis Community Development Partners, LLC

HACA Ownership %: 49%

Developer: Landex

Management Company: Winn

DEBT SUMMARY

Lien Position	Payment Type	Lender	Principal as of: 07/31/2026	Interest Rate	Maturity Date
1	Hard debt	Enterprise Mortgage Investments, Inc.	\$ 1,708,430	7.01%	10/3/2026
2	Cash flow	DHCD	\$ 1,481,817	4%	5/1/2051
3	Cash flow	ACDS	\$ 166,174	2%	5/29/2051
4	Cash flow	HACA	\$ 500,000	4.38%	6/1/2051
5	Cash flow	HACA	\$ 92,118	0%	6/1/2051

Obery Court I

Number of Units: 50
Property Type: Family
Project Start: 2010
Project Status: Stabilized
Subsidy Type: Tax Credit (40)
Tax Credit only (10)



Tax Credit Compliance End: 2025

Report for Period Ending: August 31, 2026

OCCUPANCY

Unit Type	Total Units	Occupied	Vacant	Total % Occupancy
1 bedroom	10	10	0	100%
2 bedrooms	22	20	2	91%
3 bedrooms	16	13	3	81%
4 bedrooms	2	1	1	50%

Current Month: **88%**

Year to date Average: **95%**

NARRATIVES

Financial:

The income for the month was in line with budgeted income. The total controllable expenses were under budget due to lower than expected maintenance expenses.

Management:

The property is managed by Pennrose, an affiliate of the Developer.

Physical:

There were no significant items noted.

Resident Services:

There were no Resident Services to report.

Other

There are no other issues to report.

Receivables/ Payables:

The resident accounts receivable is \$44,190. The project accounts payables are \$82,075 with \$53,767 aged more than 90 days.

Reserves:

The project has four reserve accounts and three escrows that are funded as required with no inappropriate use of funds.

PARTNERS

General Partner/ Managing Member: Obery Court GP, LLC

HACA Ownership %:

51% *

Pennrose entity remains managing member despite ownership percentage

Developer:

Pennrose

Management Company:

Pennrose

DEBT SUMMARY

Lien Position	Payment Type	Lender	Principal as of: 7/31/2025	Interest Rate	Maturity Date
1	Cash flow	DHCD	\$ 1,906,604	4%	6/1/2050
2	Cash flow	DHCD	\$ 2,307,547	4%	6/1/2050
3	Cash flow	ACDS	\$ 1,000,000	2%	3/6/2051

Obery Court 2

Number of Units: 63
Property Type: Family
Project Start: 2011
Project Status: Stabilized
Subsidy Type: PBV/Tax Credit (53), Tax Credit only (10)



Tax Credit Compliance End: 2027

Report for Period Ending: August 31, 2026

OCCUPANCY

Unit Type	Total Units	Occupied	Vacant	Total % Occupancy
1 bedroom	27	26	1	96%
2 bedrooms	17	16	1	94%
3 bedrooms	16	16	0	100%
4 bedrooms	3	3	0	100%

Current Month: **97 %**

Year to date Average: **97%**

NARRATIVES

Financial:

The rental income for the month was in line with budgeted. The total controllable expenses under budget due to lower than anticipated utility and maintenance expenses.

Management:

The property is managed by Pennrose, an affiliate of the Developer. The management staff did not report any staff turnover during the period and has been timely with reporting to HACA.

Physical:

There were no other extraordinary repairs to report.

Resident Services:

There were no Resident Services to report.

Other

There are no other issues to report.

Receivables/ Payables:

The resident accounts receivable amount is \$156,882 and accounts payable is \$59,654 with \$59,067 aged more than 90 days.

Reserves:

The project has four reserve accounts and two escrows that are funded as required with no inappropriate use of funds

PARTNERS

General Partner/ Managing Member: Obery Court Phase II GP, LLC

HACA Ownership %: 49%

Developer: Pennrose

Management Company: Pennrose

DEBT SUMMARY

Lien Position	Payment Type	Lender	Principal as of: 07/31/2026	Interest Rate	Maturity Date
1	Hard debt	Severn Savings Bank FSB	\$ 1,335,407	6.625%	2029
2	Cash flow	DHCD	\$ 2,963,863	4%	4/1/2054

Obery Court 3

Number of Units: 61
Property Type: Family
Project Start: 2016
Project Status: Stabilized
Subsidy Type: PBV/Tax Credit (40)
Tax Credit only (21)



Tax Credit Compliance End: 2031

Report for Period Ending: August 31, 2026

OCCUPANCY

Unit Type	Total Units	Occupied	Vacant	Total % Occupancy
1 bedroom	18	17	1	94%
2 bedrooms	24	21	3	88%
3 bedrooms	14	12	2	86%
4 bedrooms	5	5	0	100%

Current Month: **90%**

Year to date Average: **90%**

NARRATIVES

Financial:

The income for the month was in line with budgeted income. The total controllable expenses was lower than budgeted due to lower than anticipated maintenance expenses.

Management:

The property is managed by Pennrose, an affiliate of the Developer.

Physical:

The property did not report any physical issues.

Resident Services:

There were no Resident Services to report.

Other

There are no other issues to report.

Receivables/ Payables:

The resident accounts receivable is \$150,049 and the projects accounts payables are \$66,890 with \$66,558 aged more than 90 days.

Reserves:

The project has three reserve accounts and two escrows that are funded as required with no inappropriate use of funds.

PARTNERS

General Partner/ Managing Member: Obery Court Phase III GP, LLC

HACA Ownership %: 11%

Developer: Pennrose

Management Company: Pennrose

DEBT SUMMARY

Lien Position	Payment Type	Lender	Principal as of: 7/31/2026	Interest Rate	Maturity Date
1	Hard debt	Capital One, N.A.	\$ 1,209,837	5.75%	1/1/2032
2	Cash flow	DHCD	\$ 1,645, 255	2%	9/1/2056
3	Cash flow	DHCD	\$ 1,225,000	2%	9/1/2056
4	Cash flow	HACA	\$ 605,748	0%	9/17/2057

Wilbourn Estates

Number of Units: 78
Property Type: Family
Project Start: 2022
Subsidy Type: Tax Credit



Report for Period Ending: August 31, 2026

OCCUPANCY

Unit Type	Total Units	Occupied	Vacant	Total % Occupancy
1 bedroom	26	24	2	92%
2 bedrooms	26	23	3	88%
3 bedrooms	26	25	1	96%

Current Month: **92%**

Year to date Average: **94%**

NARRATIVES

Financial:

The rental income for the month was in line with budgeted revenue. The total controllable expenses were under budget due to lower than expected administrative and maintenance expenses.

Management:

The property is managed by Pennrose, an affiliate of the Developer.

Physical:

There are no physical issues to report.

Resident Services:

There were no Resident Services to report.

Other

There are no other issues to report.

Receivables/ Payables:

The resident accounts receivable is \$151,168. The project accounts payables are \$2,703 with \$2,472 aged more than 90 days.

PARTNERS

General Partner/ Managing Member: Newtowne 20, LLC

Developer: Pennrose

Management Company: Pennrose

DEBT SUMMARY

Account	Lender	Amount	Interest Rate	Maturity Date
1	Orix Real Estate Capital Principal – Hard Debt	\$ 9,035,111	3.82%	7/1/2041
2	CDA Rental Housing Works Fund	\$ 2,404,981	0	12/31/2062
3	CDA Housing Trust Fund	\$ 904,981	0	12/31/2062
4	CDA Rental Housing Fund	\$1,262,338	0	12/31/2062
5	ACDS Home Investment Partnership Program	\$692,829	0	12/31/2062
6	HACA	\$929,473	0	12/31/2062
7	HACA	\$1,700,795	1.31%	12/31/2062

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Central Office Cost Center

PROPERTY SUMMARY REPORT

MONTH ENDING	August 31, 2026	Funding Source	Fee Revenue & Development Income
PROJECT	Central Office	State Agency	N/A
PROPERTY CODE	pcentral	Partnership	N/A
LOCATION	Annapolis, Md	Financing	N/A
		Type of Property	Main Office

ACTIVITY YEAR TO DATE

	<u>YTD BUDGET</u>	<u>YTD ACTUAL</u>	<u>YTD VARIANCE</u>
<u>OPERATING INCOME</u>	\$ 264,952	\$ 124,278	\$ (140,674)
<u>OPERATING EXPENSES</u>	\$ 95,461	\$ 175,128	\$ 79,668
<u>NET OPERATING INCOME</u>	\$ 169,492	\$ (50,850)	\$ (220,342)

SUPPLEMENTAL DATA

<u>CASH/RESERVE A/C's</u>	<u>PRIOR BALANCE</u>	<u>DEPOSITS & INTEREST</u>	<u>WITHDRAWALS</u>	<u>ENDING BALANCE</u>
Cash Operating	\$ (1,112,329)	73,073	(192,667)	\$ (1,231,924)
Cash Restricted-Security Deposits	\$ -	\$ -	\$ -	\$ -
Cash Restricted-FSS Escrow	\$ -	\$ -	\$ -	\$ -
Cash Restricted-HAP	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ (1,112,329)	\$ 73,073	\$ (192,667)	\$ (1,231,924)
TOTAL NET OF INTERFUND	\$ 230,029	\$ 133,167	\$ (192,667)	\$ 170,529

<u>MORTGAGE/DEBT SERVICE</u>	<u>YTD INT PAID</u>	<u>YTD PRIN PAID</u>	<u>PRINCIPAL BALANCE</u>
	N/A	N/A	N/A

<u>OTHER SIGNIFICANT ACCOUNTS</u>	<u>PRIOR BALANCE</u>	<u>CHARGES</u>	<u>PAYMENTS</u>	<u>ENDING BALANCE</u>
Interprogram due from other programs	\$ 1,342,358	\$ 60,094	\$ -	\$ 1,402,452
Admin Fee Income	\$ -		\$ -	\$ -

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Family Self Sufficiency Program

PROPERTY SUMMARY REPORT

MONTH ENDING	August 31, 2026	Funding Source	Federal - Operating Subsidy
PROJECT	Public Housing & HCVP Program		
PROPERTY CODE	Participants	State Agency	N/A
LOCATION	pfss	Partnership	N/A
	Annapolis, Md	Financing	N/A
		Type of Property	N/A

ACTIVITY YEAR TO DATE

	<u>YTD BUDGET</u>	<u>YTD ACTUAL</u>	<u>YTD VARIANCE</u>
OPERATING INCOME	\$ 19,182	\$ -	\$ (19,182)
OPERATING EXPENSES	\$ 18,186	\$ 7,644	\$ (10,542)
NET OPERATING INCOME	\$ 997	\$ (7,644)	\$ (8,641)

SUPPLEMENTAL DATA

<u>CASH/RESERVE A/C's</u>	<u>PRIOR BALANCE</u>	<u>DEPOSITS & INTEREST</u>	<u>WITHDRAWALS</u>	<u>ENDING BALANCE</u>
Cash Operating	\$ (159,216)	\$ -	\$ (25,335)	\$ (184,551)
Cash Restricted-Security Deposits	\$ -	\$ -	\$ -	\$ -
Cash Restricted-FSS Escrow	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ (159,216)	\$ -	\$ (25,335)	\$ (184,551)

<u>MORTGAGE/DEBT SERVICE</u>	<u>YTD INT PAID</u>	<u>YTD PRIN PAID</u>	<u>PRINCIPAL BALANCE</u>
	N/A	N/A	N/A

<u>OTHER SIGNIFICANT ACCOUNTS</u>	<u>PRIOR BALANCE</u>	<u>CHARGES</u>	<u>PAYMENTS</u>	<u>ENDING BALANCE</u>		
FSS Escrow Liability	\$ 162,030.41	\$ 265.00	\$ -	\$ 162,295	\$	-
Project Payables	\$ 19,783.00	\$ (20,048.00)	\$ 265.00	\$ -	\$	-
FSS Grant Income	\$ -	\$ -	\$ -	\$ -	\$	-
Operating Subsidy Revenue	\$ -	\$ -	\$ -	\$ -		-

OCCUPANCY SUMMARY

<u>Unit Type</u>	<u>Total Units Available</u>	<u>Vacancies</u>	<u>Total Units Occupied</u>	<u>Percent Occupancy</u>
1-bedroom	-	-	-	0%
2-bedroom	-	-	-	0%
3-bedroom	-	-	-	0%
4-bedroom	-	-	-	0%
Total RESIDENTIAL	-	-	-	0%

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Housing Choice Voucher Program

PROPERTY SUMMARY REPORT

MONTH ENDING August 31, 2026	Funding Source Federal - Section 8 Program
PROJECT HCVP	State Agency N/A
PROPERTY CODE .hcvprop	Partnership N/A
LOCATION Annapolis, Md	Financing N/A
	Type of Property Private LandLord

ACTIVITY YEAR TO DATE

	<u>YTD BUDGET</u>	<u>YTD ACTUAL</u>	<u>YTD VARIANCE</u>
OPERATING INCOME	\$ 1,389,138	\$ 1,956,432	\$ 567,294
OPERATING EXPENSES	\$ 1,818,343	\$ 6,152,257	\$ 4,333,914
NET OPERATING INCOME	\$ (429,206)	\$ (4,195,826)	\$ (3,766,620)

SUPPLEMENTAL DATA

<u>CASH/RESERVE A/C's</u>	<u>PRIOR BALANCE</u>	<u>DEPOSITS & INTEREST</u>	<u>WITHDRAWALS</u>	<u>ENDING BALANCE</u>
Cash Operating	\$ 674,585	\$ 1,145,742	\$ (1,140,599)	\$ 209,318
Cash Restricted-Security Deposits	\$ -	\$ -		\$ -
Cash Restricted-FSS Escrow	\$ -	\$ -	\$ -	\$ -
Cash Restricted-HAP	\$ 283,682	\$ 1,005,833	\$ (819,105)	\$ 470,410
TOTAL	\$ 958,267	\$ 2,151,575	\$ (1,959,704)	\$ 679,728

<u>MORTGAGE/DEBT SERVICE</u>	<u>YTD INT PAID</u>	<u>YTD PRIN PAID</u>	<u>PRINCIPAL BALANCE</u>
	N/A	N/A	N/A

<u>OTHER SIGNIFICANT ACCOUNTS</u>	<u>PRIOR BALANCE</u>	<u>CHARGES</u>	<u>PAYMENTS</u>	<u>ENDING BALANCE</u>
HAP Subsidy Receivable	\$ 109,406	\$ -	\$ -	\$ 109,406
Admin Fee Income	\$ 68,333	\$ -	\$ 50,489	\$ 118,822
HAP Subsidy	\$ (905,698)	\$ -	\$ (878,921)	\$ (1,784,619)
HAP Expenses	\$ 5,086,467	\$ 1,007,743	\$ (211,698)	\$ 5,882,512

OCCUPANCY SUMMARY

<u>Unit Type</u>	<u>UMA</u>	<u>UML</u>	<u>Percent Occupancy</u>
# of Vouchers	882	748	84.8%

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Bloomsbury Square

PROPERTY SUMMARY REPORT

MONTH ENDING	August 31, 2026	Funding Source	Federal - Operating Subsidy
PROJECT	Bloomsbury Square	State Agency	N/A
PROPERTY CODE	pbbsq	Partnership	N/A
LOCATION	Annapolis, Md	Financing	N/A
		Type of Property	Public Housing



ACTIVITY YEAR TO DATE

	<u>YTD BUDGET</u>	<u>YTD ACTUAL</u>	<u>YTD VARIANCE</u>
OPERATING INCOME	\$ 95,607	\$ 104,715	\$ 9,108
OPERATING EXPENSES	\$ 76,508	\$ 48,506	\$ (28,002)
NET OPERATING INCOME	\$ 19,099	\$ 56,209	\$ 37,110

SUPPLEMENTAL DATA

<u>CASH/RESERVE A/C's</u>	<u>PRIOR BALANCE</u>	<u>DEPOSITS & INTEREST</u>	<u>WITHDRAWALS</u>	<u>ENDING BALANCE</u>
Cash Operating	\$ (36,743.95)	\$ 80,639.21	\$ (77,616.15)	\$ (33,720.89)
Cash Restricted-Security Deposits	\$ 7,118.55	\$ 0.06	\$ (35.40)	\$ 7,083.21
Cash Restricted-FSS Escrow	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ (29,625)	\$ 80,639	\$ (77,652)	\$ (26,638)

<u>MORTGAGE/DEBT SERVICE</u>	<u>YTD INT PAID</u>	<u>YTD PRIN PAID</u>	<u>PRINCIPAL BALANCE</u>
	N/A	N/A	N/A

<u>OTHER SIGNIFICANT ACCOUNTS</u>	<u>PRIOR BALANCE</u>	<u>CHARGES</u>	<u>PAYMENTS</u>	<u>ENDING BALANCE</u>
Resident Receivables, Net	\$ 34,685	\$ 26,908	\$ (26,499)	\$ 35,095
Project Payables	\$ 43,381	\$ (59,384)	\$ 17,822	\$ 1,820
Tenant Rental Income	\$ 21,922	\$ (205)	\$ 23,403	\$ 45,120
Operating Subsidy Revenue	\$ 13,141	\$ -	\$ 46,197	\$ 59,338

OCCUPANCY SUMMARY

<u>Unit Type</u>	<u>Total Units Available</u>	<u>Vacancies</u>	<u>Total Units Occupied</u>	<u>Percent Occupancy</u>
1-bedroom	14	0	14	100%
2-bedroom	18	0	18	100%
3-bedroom	19	0	19	100%
4-bedroom	0	0	0	N/A
Total RESIDENTIAL	51	0	51	100%

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Eastport Terrace

PROPERTY SUMMARY REPORT

MONTH ENDING	August 31, 2026	Funding Source	Federal - Operating Subsidy
PROJECT	Eastport Terrace	State Agency	N/A
PROPERTY CODE	pept	Partnership	N/A
LOCATION	Annapolis, Md	Financing	N/A
		Type of Property	Public Housing



ACTIVITY YEAR TO DATE

	<u>YTD BUDGET</u>	<u>YTD ACTUAL</u>	<u>YTD VARIANCE</u>
OPERATING INCOME	\$ 151,228	\$ 194,532	\$ 43,304
OPERATING EXPENSES	\$ 125,665	\$ 110,541	\$ (15,124)
NET OPERATING INCOME	\$ 25,563	\$ 83,991	\$ 58,428

**Note budget for EPT & HH was not separated by AMP. Combined reports provided for budget to actual. 25% budget used for EPT*

SUPPLEMENTAL DATA

<u>CASH/RESERVE A/C's</u>	<u>PRIOR BALANCE</u>	<u>DEPOSITS & INTEREST</u>	<u>WITHDRAWALS</u>	<u>ENDING BALANCE</u>
Cash Operating	\$ (531,536)	\$ 307,889	\$ (114,463)	\$ (338,109)
Cash Restricted-Security Deposits	\$ -	\$ -		\$ -
Cash Restricted-FSS Escrow	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ (531,536)	\$ 307,889	\$ (114,463)	\$ (338,109)

<u>MORTGAGE/DEBT SERVICE</u>	<u>YTD INT PAID</u>	<u>YTD PRIN PAID</u>	<u>PRINCIPAL BALANCE</u>
	N/A	N/A	N/A

<u>OTHER SIGNIFICANT ACCOUNTS</u>	<u>PRIOR BALANCE</u>	<u>CHARGES</u>	<u>PAYMENTS</u>	<u>ENDING BALANCE</u>
Resident Receivables, Net	\$ 105,699	\$ 29,926	\$ (19,661)	\$ 115,965
Project Payables	\$ 45,748	\$ (75,477)	\$ 29,643	\$ (86)
Tenant Rental Income	\$ 22,359	\$ (3,462)	\$ 23,114	\$ 42,011
Operating Subsidy Revenue	\$ 32,995	\$ -	\$ 115,873	\$ 148,868

OCCUPANCY SUMMARY

<u>Unit Type</u>	<u>Total Units Available</u>	<u>Vacancies</u>	<u>Total Units Occupied</u>	<u>Percent Occupancy</u>
1-bedroom	18	1	17	94%
2-bedroom	41	5	36	88%
3-bedroom	14	4	10	71%
4-bedroom	11	3	8	73%
5-bedroom	0	0	0	N/A
Total RESIDENTIAL	84	13	71	82%

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Harbor House

PROPERTY SUMMARY REPORT

MONTH ENDING	August 31, 2026	Funding Source	Federal - Operating Subsidy
PROJECT	Harbor House	State Agency	N/A
PROPERTY CODE	phh	Partnership	N/A
LOCATION	Annapolis, Md	Financing	N/A
		Type of Property	Public Housing



ACTIVITY YEAR TO DATE

	<u>YTD BUDGET</u>	<u>YTD ACTUAL</u>	<u>YTD VARIANCE</u>
OPERATING INCOME	\$ 509,186	\$ 609,439	\$ 100,254
OPERATING EXPENSES	\$ 458,621	\$ 315,312	\$ (143,309)
NET OPERATING INCOME	\$ 50,565	\$ 294,127	\$ 243,562

**Note budget for EPT & HH was not separated by AMP. Combined reports provided for budget to actual. 75% budget used for EPT*

SUPPLEMENTAL DATA

<u>CASH/RESERVE A/C's</u>	<u>PRIOR BALANCE</u>	<u>DEPOSITS & INTEREST</u>	<u>WITHDRAWALS</u>	<u>ENDING BALANCE</u>
Cash Operating	\$ (268,068)	\$ 987,449	\$ (317,979)	\$ 401,402
Cash Restricted-Security Deposits	\$ -	\$ -	\$ -	\$ -
Cash Restricted-FSS Escrow	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ (268,068)	\$ 987,449	\$ (317,979)	\$ 401,402

<u>MORTGAGE/DEBT SERVICE</u>	<u>YTD INT PAID</u>	<u>YTD PRIN PAID</u>	<u>PRINCIPAL BALANCE</u>
	N/A	N/A	N/A

<u>OTHER SIGNIFICANT ACCOUNTS</u>	<u>PRIOR BALANCE</u>	<u>CHARGES</u>	<u>PAYMENTS</u>	<u>ENDING BALANCE</u>
Resident Receivables, Net	\$ 351,724	\$ 91,651	\$ (60,760)	\$ 382,615
Project Payables	\$ 118,311	\$ (228,470)	\$ 109,255	\$ (903)
Tenant Rental Income	\$ 77,719	\$ (3,686)	\$ 84,335	\$ 158,368
Operating Subsidy Revenue	\$ 98,985	\$ -	\$ 347,619	\$ 446,604

OCCUPANCY SUMMARY

<u>Unit Type</u>	<u>Income Producing Units</u>	<u>Vacancies</u>	<u>Total Units Occupied</u>	<u>Percent Occupancy</u>
1-bedroom	69	9	60	87%
2-bedroom	188	38	150	80%
3-bedroom	15	6	9	60%
4-bedroom	0	0	0	N/A
5-bedroom	0	0	0	N/A
Total RESIDENTIAL	272	57	219	76%

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Robinwood

PROPERTY SUMMARY REPORT

MONTH ENDING	August 31, 2026	Funding Source	Federal - Operating Subsidy
PROJECT	Robinwood	State Agency	N/A
PROPERTY CODE	prw	Partnership	N/A
LOCATION	Annapolis, Md	Financing	N/A
		Type of Property	Public Housing



ACTIVITY YEAR TO DATE

	<u>YTD BUDGET</u>	<u>YTD ACTUAL</u>	<u>YTD VARIANCE</u>
OPERATING INCOME	\$ 285,055	\$ 378,124	\$ 93,069
OPERATING EXPENSES	\$ 235,839	\$ 178,366	\$ (57,473)
NET OPERATING INCOME	\$ 49,215	\$ 199,758	\$ 150,543

SUPPLEMENTAL DATA

<u>CASH/RESERVE A/C's</u>	<u>PRIOR BALANCE</u>	<u>DEPOSITS & INTEREST</u>	<u>WITHDRAWALS</u>	<u>ENDING BALANCE</u>
Cash Operating	\$ (227,240)	\$ 291,648	\$ (217,185)	\$ (152,777)
Cash Restricted-Security Deposits	\$ -	\$ -	\$ -	\$ -
Cash Restricted-FSS Escrow	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ (227,240)	\$ 291,648	\$ (217,185)	\$ (152,777)

<u>MORTGAGE/DEBT SERVICE</u>	<u>YTD INT PAID</u>	<u>YTD PRIN PAID</u>	<u>PRINCIPAL BALANCE</u>
	N/A	N/A	N/A

<u>OTHER SIGNIFICANT ACCOUNTS</u>	<u>PRIOR BALANCE</u>	<u>CHARGES</u>	<u>PAYMENTS</u>	<u>ENDING BALANCE</u>
Resident Receivables, Net	\$ 326,380	\$ 103,461	\$ (86,020)	\$ 343,822
Project Payables	\$ (98,279)	\$ 156,361	\$ (69,729)	\$ (11,646)
Tenant Rental Income	\$ 53,186	\$ (14,454)	\$ 78,781	\$ 117,513
Operating Subsidy Revenue	\$ 54,770	\$ -	\$ 206,023	\$ 260,793

OCCUPANCY SUMMARY

<u>Unit Type</u>	<u>Total Units Available</u>	<u>Vacancies</u>	<u>Total Units Occupied</u>	<u>Percent Occupancy</u>
1-bedroom	0	0	0	N/A
2-bedroom	0	0	0	N/A
3-bedroom	124	23	101	81%
4-bedroom	21	0	21	100%
5-bedroom	4	1	3	75%
Total RESIDENTIAL	149	24	125	85%

ROSS Grant

PROPERTY SUMMARY REPORT

MONTH ENDING	August 31, 2026	Funding Source	Federal - Operating Subsidy
PROJECT	Ross	State Agency	N/A
PROPERTY CODE	pross14	Partnership	N/A
LOCATION	Annapolis, Md	Financing	N/A
		Type of Property	N/A

ACTIVITY YEAR TO DATE

	<u>YTD BUDGET</u>	<u>YTD ACTUAL</u>	<u>YTD VARIANCE</u>
<u>OPERATING INCOME</u>	\$ 20,967	\$ 11,797	\$ (9,170)
<u>OPERATING EXPENSES</u>	\$ 16,883	\$ 13,350	\$ (3,534)
<u>NET OPERATING INCOME</u>	\$ 4,084	\$ (1,553)	\$ (5,637)

SUPPLEMENTAL DATA

<u>CASH/RESERVE A/C's</u>	<u>PRIOR BALANCE</u>	<u>DEPOSITS & INTEREST</u>	<u>WITHDRAWALS</u>	<u>ENDING BALANCE</u>
Cash Operating	\$ (12,668)	\$ -	\$ (6,750)	\$ (19,418)
Cash Restricted-Security Deposits	\$ -	\$ -	\$ -	\$ -
Cash Restricted-FSS Escrow	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ (12,668)	\$ -	\$ (6,750)	\$ (19,418)

<u>MORTGAGE/DEBT SERVICE</u>	<u>YTD INT PAID</u>	<u>YTD PRIN PAID</u>	<u>PRINCIPAL BALANCE</u>
	N/A	N/A	N/A

<u>OTHER SIGNIFICANT ACCOUNTS</u>	<u>PRIOR BALANCE</u>	<u>CHARGES</u>	<u>PAYMENTS</u>	<u>ENDING BALANCE</u>
Subsidy Receivables	\$ 38,238			\$ 38,238
Operating Subsidy Revenue	\$ -	\$ -	\$ -	\$ -

Resolutions

- **Resolution No. FIN 09222026-01**
Resolution for Strategic Program and Advisory Services
- **Resolution No. FIN 09222026-02**
Resolution Authorizing Updates to HACAs Accounting & Financial Policies and Procedures Manual
- **Resolution No. FIN 09222026-03**
Plumbing Repair 1165 Madison St Apt B3
- **Resolution No. ADMIN 09222026-01**
Entry Agreement with the city of Annapolis
- **Resolution No. ADMIN 09222026-02**
Subscription for AI-Powered Chatbot on HACA Website

**Resolution
of
The Housing Authority of the City of Annapolis
Board of Commissioners**

A Resolution for Strategic Program, and Advisory Services

Resolution No. FIN 09302026-01

WHEREAS, on March 25, 2026, HACA issued an RFQ # 2026-3 Strategic Program, and Advisory Services; and

WHEREAS, the following firms responded to the RFQ: AMA Consulting Group, LLC; Baker Tilly Advisory Group, LP; Bronner Group, LLC; Coretto Associates, LLC; CSG Advisors; M&L Associates, Inc; and NREUV Advisors LLC; and

WHEREAS, HACA's evaluation panel reviewed the proposals and interviewed AMA Consulting Group, LLC; Baker Tilly Advisory Group, LP; Coretto Associates, LLC; CSG Advisors; and NREUV Advisors LLC; and

WHEREAS, HACA deemed Baker Tilly Advisory Group, LP, and Coretto Associates, LLC; to be within the competitive range in terms of technical expertise, experience and price. The evaluation panel deemed Baker Tilly Advisory Group, LP; and Coretto Associates, LLC; competent and competitive to provide Strategic Program, and Advisory Services to HACA; and

WHEREAS, the Executive Director seeks Board approval of these two firms that meet HACA's requirements and are competitive to ensure current and future Strategic Program, and Advisory Services. HACA will engage these two firms in a one-year contract with the option to renew for one (1) year intervals not exceeding the aggregate of two (2) years.

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners, that the Executive Director is hereby authorized to engage Strategic Program, and Advisory Services from the firms of: Baker Tilly Advisory Group, LP, and Coretto Associates, LLC, on a task-by-task basis, as needed, at the competitive pricing rates provided in the proposals from each firm, or a lower negotiated rate for the assignment.

Be if Further Resolved, that the costs under this resolution for Strategic Program, and Advisory Services for Baker Tilly Advisory Group, LP, and Coretto Associates, LLC shall not exceed \$100,000 yearly, without further Board approval.

RESOLVED this 30th day of September 2026.

The undersigned Commissioners of the Housing Authority of the City of Annapolis sign below to indicate their affirmative or disapproval vote or that they are abstaining from voting.

_____	☐ Approved	☐ Disapproved	☐ Abstain
Craig Coates, Chairman			

_____	☐ Approved	☐ Disapproved	☐ Abstain
Patrick Sheridan, Vice-Chairman			

_____	☐ Approved	☐ Disapproved	☐ Abstain
Jacquelyn Wells, Secretary			

_____	☐ Approved	☐ Disapproved	☐ Abstain
Arthur Edwards Jr., Treasurer			

_____	☐ Approved	☐ Disapproved	☐ Abstain
Kimberlee Cornett, Commissioner			

_____	☐ Approved	☐ Disapproved	☐ Abstain
Sharon Elliott, Commissioner			

**Resolution
of
The Housing Authority of the City of Annapolis
Board of Commissioners**

**A Resolution Authorizing Updates to HACA's Accounting & Financial Policies and
Procedures Manual**

Resolution No. FIN – 09302026-2

WHEREAS, It is the policy of Housing Authority of the City of Annapolis to retain records as required by law and to destroy them when appropriate; and

WHEREAS, HACA needs to update the records retention policy; and

WHEREAS, HACA wants to update the Records Retention section in the Accounting & Financial Policies and Procedures Manual to include-

“Tenant/Resident Files For active participants, Public Housing Agencies (PHAs) must retain a copy of the executed lease, Housing Assistance Payments (HAP) Contract, and application during the term of each assisted lease, Enterprise Income Verification (EIV) printouts, HUD-50058 forms, and supporting documentation, during the term of each assisted lease and for three years minimum thereafter. Unlike other records, however, Social Security Number (SSN) documentation may be destroyed once an individual's identify verification status is classified as “Verified” by EIV”; and

WHEREAS, HACA intends to update its Accounting & Financial Policies and Procedures Manual to reflect this change immediately;

NOW THEREFORE BE IT RESOLVED that the Board of Commissioners does hereby authorize the Executive Director to change HACA's Accounting & Financial Policies and Procedures Manual.

RESOLVED this 30th of September 2026

Resolution No. FIN 09302026-2

The undersigned Commissioners of the Housing Authority of the City of Annapolis sign below to indicate their affirmative or disapproval vote or that they are abstaining from voting.

_____	☐ Approved	☐ Disapproved	☐ Abstain
Craig Coates, Chairman			

_____	☐ Approved	☐ Disapproved	☐ Abstain
Patrick Sheridan, Vice-Chairman			

_____	☐ Approved	☐ Disapproved	☐ Abstain
Jacquelyn Wells, Secretary			

_____	☐ Approved	☐ Disapproved	☐ Abstain
Arthur Edwards Jr., Treasurer			

_____	☐ Approved	☐ Disapproved	☐ Abstain
Kimberlee Cornett, Commissioner			

_____	☐ Approved	☐ Disapproved	☐
Sharon Elliott, Commissioner			

HOUSING AUTHORITY of the CITY OF ANNAPOLIS



**HOUSING AUTHORITY
of the City of Annapolis**

Accounting & Financial Policies and Procedures Manual

Approved by the Board of Commissioners on April 28, 2026

Effective Date(s) of Accounting Policies

All accounting policies described in this manual will be effective upon completion of staff training and completion of review and approval of the Board of Commissioners. If a policy is added or modified subsequent to this date, the effective date of the new/revised policy will be indicated parenthetically immediately following the policy heading.

Requests for updates, changes or additions to the manual should be directed to the Housing Authority of the City of Annapolis Chief Financial Officer.

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INTRODUCTION

The following accounting manual is intended to provide an overview of the accounting policies and procedures applicable to Housing Authority of the City of Annapolis, which shall be referred to as “Housing Authority of the City of Annapolis” or “the Organization” throughout this manual.

This manual shall document the financial operations of the Organization. Its primary purpose is to formalize accounting policies and selected procedures for the accounting staff and to document internal controls. It is intended to aid in the training process of new personnel, and to enhance advancement of personnel as they progress to positions of greater responsibility. This manual creates a formal, written standard with which management can measure the efficiency and productivity of its accounting and financial operations.

The contents of this manual were approved as official policy of the Organization by the Executive Director and Board of Commissioners. All Housing Authority of the City of Annapolis staff are bound by the policies herein, and any deviation from established policy is prohibited.

PROGRAM /PROJECT DESCRIPTIONS

Public Housing

HACA's public housing program was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities at prices they can afford.

Section 8

HACA administers both rental and project-based vouchers, which offer the opportunity to choose affordable rental housing throughout the Anne Arundel County area. This freedom to choose allows the family to obtain affordable housing outside areas of poverty. It also offers participants a chance to improve their quality of life by selecting a location that provides access to greater employment opportunities and better schools.

Senior Support

Congregate Housing program certified and subsidized by the Maryland Department of Aging for people 62 years of age and over who have some difficulty with essential activities of daily living. The program is for low-income seniors and is offered to prevent injury and illness, thereby helping to eliminate or delay the need for admission to a higher level of care.

Youth

HACA provides a variety of youth programs, to include after-school homework clubs, S.T.A.I.R reading, and sports/recreational leagues.

Community Involvement

Outreach in the community that includes Resident Council, as well as the Resident Opportunities and Self-Sufficiency program.

GENERAL POLICIES

ORGANIZATIONAL STRUCTURE

The Role of the Board of Commissioners

Housing Authority of the City of Annapolis is governed by its Board of Commissioners, which is responsible for the oversight of the organization by:

1. Planning for the future
2. Establishing broad policies
3. Identifying and proactively dealing with emerging issues
4. Interpreting the organization's mission to the public
5. Soliciting prospective contributors
6. Contracting for the Executive Director
7. Establishing and maintaining programs and systems designed to assure compliance with terms of contracts and grants

The board is responsible for hiring and periodically evaluating the organization's Executive Director, who shall be responsible for the day-to-day oversight and management of Housing Authority of the City of Annapolis.

Committee Structure

The Board of Commissioners shall form committees in order to assist the board in fulfilling its responsibilities. These committees represent vehicles for parceling out the board's work to smaller groups, thereby removing the responsibility for evaluating all of the details of particular issues from the full board's consideration.

Specific guidelines regarding the composition and election of the Board of Commissioners and committees are described in the organization's by-laws. However, roles of committees with direct responsibilities for the financial affairs of the organization are further described in this manual. These committees shall be referred to in appropriate sections of this manual.

Governance Committee Responsibilities

The Governance Committee is responsible for direction and oversight regarding the overall financial management of Housing Authority of the City of Annapolis. Functions of the Governance Committee include:

1. Review and recommendation of the organization's annual budget (prepared by each program. This is presented by the Executive Director for final approval by the full board)
2. Long-term financial planning
3. Establishment of investment policy and monitoring investment performance
4. Evaluation and approval of facilities decisions (i.e., leasing, purchasing property)
5. Monitoring actual vs. budgeted financial performance
6. Oversight of reserve funds

The review of the organization's financial statements shall not be limited to the Governance Committee, but shall involve the entire Board of Commissioners.

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The Roles of the Executive Director and Staff

The Board of Commissioners hires the Executive Director, who reports directly to the Board of Commissioners. The Executive Director is responsible for the management of the procedure for the hiring and evaluating of program directors. Each program director reports to the Executive Director.

Within each program, directors are responsible for hiring, with approval from the Executive Director, employees to work in that program. All employees within a program shall report directly to that program's director, who shall be responsible for managing and evaluating all employees within the program.

FINANCE DEPARTMENT OVERVIEW

Organization & Responsibilities

The Finance Department presently consists of:

- CFO
- Accountant
- Procurement Manager
- Accounts Payable
- Payroll/Accounts Receivable

Other officers and employees of Housing Authority of the City of Annapolis who have financial responsibilities, and the abbreviations of each position used throughout this manual, are as follows:

- Executive Director (ED)
- Managers
- Human Resources (HR)
- Treasurer – Board-Level (TR)
- Governance Committee (EC)
- Full Board of Commissioners (BOC)

Responsibilities of the Finance Department consist of:

- Asset Management
- Contracts Administration
- Purchasing
- Accounts Receivable and Billing
- Cash Receipts
- Payroll
- Leases
- Insurance

Responsibilities of the CFO consist of:

Financial Statement Processing	Payroll Processing
General Ledger Management	Cash Disbursements
Bank Reconciliation	External Reporting of Financial Information
Cash Management	Accounting systems Design
Compliance with Government Reporting Requirements	Reconciliation of Sub-Ledgers
Budgeting	Coordination of Annual Audit

Standards for Financial Management Systems

In accordance with 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, HACA maintains a financial management system that provides for the following. Specific procedures to carry out these standards are detailed in the appropriate sections of this manual.

1. Identification, in all its accounts, of all Federal awards received and expended and the Federal

programs under which they were received.

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2. Accurate, current, and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements of 2 CFR Parts 200.327, Financial Reporting, and 200.328, Monitoring and Reporting Program Performance, and/or the award.
3. Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest and be fully supported by source documentation.
4. Effective control over and accountability for all funds, property, and other assets. HACA must adequately safeguard all such assets and ensure they are used solely for authorized purposes.
5. Comparison of outlays with budget amounts for each award.
6. Information that relates financial data to performance accomplishments and demonstrates cost effective practices as required by funding sources. (*2 CFR Part 301, Performance Measurement*)
7. Written procedures to minimize the time elapsing between the transfer of funds and disbursement by HACA. Advance payments must be limited to the minimum amount needed and be timed to be in accordance with actual, immediate cash requirements. *2 CFR Part 200.305 Payment*
8. Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the 2 CFR Part 200 Subpart E, Cost Principles, and the terms and conditions of the award.

BUSINESS CONDUCT

Practice of Ethical Behavior

Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The policies and reputation of Housing Authority of the City of Annapolis depend to a very large extent on the following considerations.

Each employee must apply her/his own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. It is each employee's responsibility to apply common sense in business decisions where specific rules do not provide all the answers.

In determining compliance with this standard in specific situations, employees should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with Housing Authority of the City of Annapolis policy?
4. Am I sure my action does not appear inappropriate?
5. Am I sure that I would not be embarrassed or compromised if my action became known with the Organization or publicly?
6. Am I sure that my action meets my personal code of ethics and behavior?
7. Would I feel comfortable defending my actions on the 6 o'clock news?

Each employee should be able to answer "yes" to all of these questions before taking action.

Each Director, Manager and supervisor is responsible for the ethical business behavior of her/his subordinates. Directors, Managers and supervisors must weigh carefully all courses of action suggested in ethical as well as economic terms, and base their final decisions on the guidelines provided by this policy as well as their personal sense of right and wrong.

Compliance With Laws, Regulations and Organization Policies

Housing Authority of the City of Annapolis does not tolerate the willful violation or circumvention of any Federal, state, or local law by an employee during the course of that person's employment; nor does the Organization tolerate the disregard or circumvention of Housing Authority of the City of Annapolis policy or engagement in unscrupulous dealings. Employees should not attempt to accomplish by indirect means, through agents or intermediaries, that which is directly forbidden.

Implementation of the provisions of this policy is one of the standards by which the performance of all levels of employees will be measured.

Disciplinary Action

Failure to comply with the standards contained in this policy will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to the Organization or to the

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government, for any loss or damage resulting from the violation. As with all matters involving disciplinary action, principles of fairness will apply. Any employee charged with a violation of this policy will be afforded an opportunity to explain her/his actions before disciplinary action is taken.

Disciplinary action will be taken:

1. Against any employee who authorizes or participates directly in actions that are a violation of this policy.
2. Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.
3. Against any Director, Manager or supervisor who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

CONFLICTS OF INTEREST

Introduction

In the course of business, situations may arise in which an Organization decision maker has a conflict of interest, or in which the process of making a decision may create an appearance of a conflict of interest.

All directors and employees have an obligation to:

1. Avoid conflicts of interest, or the appearance of conflicts, between their personal interests and those of the Organization in dealing with outside entities or individuals,
2. Disclose real and apparent conflicts of interest to the Board of Commissioners, and
3. Refrain from participation in any decisions on matters that involve a real conflict of interest or the appearance of a conflict.

What Constitutes a Conflict of Interest

All employees and directors of HACA owe a duty of loyalty to the Organization. This duty necessitates that in serving the Organization they act solely in the interests of the Organization, not in their personal interests or in the interests of others.

The persons covered under this policy shall hereinafter be referred to as “interested persons.” Interested persons include all members of the Board of Commissioners and all employees, as well as persons with the following relationships to directors or employees (this list is not comprehensive):

1. Spouses or domestic partners
2. Brothers and sisters
3. Parents, children, grandchildren, and great-grandchildren
4. Spouses of individuals listed in 2 and 3
5. Corporations, partnerships, limited liability companies (LLCs), and other forms of businesses in which an employee or director, either individually or in combination with individuals listed in 1, 2, 3, or 4, collectively possess a [35%] or more ownership or beneficial interest

Conflicts of interest arise when the interests of an interested party may be seen as competing with those of the Organization. Conflicts of interest may be financial (where an interested party benefits financially directly or indirectly) or non-financial (e.g., seeking preferential treatment, using confidential information).

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A conflict of interest arises when a director or employee involved in making a decision is in the position to benefit, directly or indirectly, from his or her dealings with the Organization or person conducting business with the Organization. (A potential conflict of interest exists when the director or employee, or his or her immediate family {spouse, parent, child, brother, sister and spouse of parent, child, brother, or sister} owes/receives more than 1% of the benefiting business/profits.)

Examples of conflicts of interest include, but are not limited to, situations in which a director or employee:

1. Negotiates or approves a contract, purchase, or lease on behalf of the Organization and has a direct or indirect interest in, or receives personal benefit from, the entity or individual providing the goods or services.
2. Negotiates or approves a contract, sale, or lease on behalf of the Organization and has a direct or indirect interest in, or receives personal benefit from, the entity or individual receiving the goods or services.
3. Employs or approves the employment of, or supervises a person who is an immediate family member of the director or employee.
4. Sells products or services in competition with the Organization.
5. Uses the Organization's facilities, other assets, employees, or other resources for personal gain.
6. Receives a substantial gift from a contractor, if the director or employee is responsible for initiating or approving purchases from that contractor.

Honoraria Acceptance

A HACA employee shall not accept an honorarium for an activity conducted where Organization-reimbursed travel, work time, or resources are used or where the activity can be construed as having a relationship to the employee's position with HACA; such activity would be considered official duty on behalf of HACA. A relationship exists between the activity and the employee's position with HACA if the employee would not participate in the activity in the same manner or capacity if they did not hold their position with HACA. The employee should make every attempt to avoid the appearance of impropriety.

An employee may receive an honorarium for activities performed during regular non-working hours or while on annual leave if the following conditions are met:

- All expenses are the total responsibility of the employee or the sponsor of the activity in which the employee is participating.
- The activity has no relationship to the employee's HACA duties.

Nothing in this policy shall be interpreted as preventing the payment to HACA by an outside source for actual expenses incurred by an employee in an activity, or the payment of a fee to HACA (in lieu of an honorarium to the individual) for the services of the employee. Any such payments made to HACA should be deposited to the HACA account and an appropriate entry should be made coded to the same program or department to which the employee's corresponding time was charged.

Disclosure Requirements

A director or employee who believes that he or she may be perceived as having a conflict of interest in a discussion or decision must disclose that conflict to the group making the decision. Most concerns about conflicts of interest may be resolved and appropriately addressed through prompt and complete disclosure.

Therefore, HACA requires the following:

1. At the inception of employment or volunteer service to the Organization, and on an annual basis thereafter, the accounting department shall distribute a list of all contractors with whom the Organization has transacted business at any time during the preceding year, along with a copy of the disclosure statement to all members of the Board of Commissioners, the Executive Director, members of senior management, and employees with purchasing and/or hiring responsibilities or authority. Using the prescribed form, these individuals shall inform, in writing and with a signature, the Executive Director and the chair of the Governance Committee, of all potential reportable conflicts.
2. During the year, these individuals shall submit a signed, updated disclosure form if any new potential conflict arises.
3. The Governance Committee should determine appropriate resolution in accordance with the next section of this policy.
4. Prior to management, board, or committee action on a contract or transaction involving a conflict of interest, a staff, director, or committee member having a conflict of interest and who is in attendance at the meeting shall disclose all facts material to the conflict of interest. Such disclosure shall be reflected in the minutes of the meeting.
5. A staff, director, or committee member who plans not to attend a meeting at which he or she has a reason to believe that the management, board, or committee will act on a matter in which the person has a conflict of interest shall disclose to the chair of the meeting all facts material to the conflict of interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
6. A person who has a conflict of interest shall not participate in or be permitted to hear management's, the board's, or the committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter.

7. A person who has a conflict of interest with respect to a contract or transaction that will be voted on at a meeting shall not be counted in determining a quorum for purposes of the vote. The person having a conflict of interest may not vote on the contract or transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote and abstention from voting shall be reflected in the minutes of the meeting. For purposes of this paragraph, a member of the Board of Commissioners of HACA has a conflict of interest when he or she stands for election as an officer or for re-election as a member of the Board of Commissioners.
8. If required by Federal awarding agencies, HACA will notify those agencies in writing of any *potential* conflict of interest. (2 CFR Part 200.112, *Conflict of interest*)

Resolution of Conflicts of Interest

All real or apparent conflicts of interest shall be disclosed to the Governance Committee of the Organization. Conflicts shall be resolved as follows:

- The Governance Committee shall be responsible for making all decisions concerning resolutions of conflicts.
- The chair of the Board shall be responsible for making all decisions concerning resolutions of the conflict involving the chair of the Governance Committee.
- The Executive Director shall be responsible for making all decisions concerning resolutions of conflicts involving employees below the senior management level, subject to the approval of the Governance Committee.

An employee or director may appeal the decision that a conflict (or appearance of conflict) exists as follows:

- An appeal must be directed to the chair of the board.
- Appeals must be made within 30 days of the initial determination.
- Resolution of the appeal shall be made by vote of the full Board of Commissioners.
- Board members who are the subject of the appeal, or who have a conflict of interest with respect to the subject of the appeal, shall abstain from participating in, discussing, or voting on the resolution, unless their discussion is requested by the remaining members of the board.

Disciplinary Action for Violations of This Policy

Failure to comply with the standards contained in this policy will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to the Organization or to the government, for any loss or damage resulting from the violation. As with all matters involving disciplinary action, principles of fairness will apply. Any employee charged with a violation of this policy will be afforded an opportunity to explain her or his actions before disciplinary action is taken.

Disciplinary action will be taken:

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1. Against any employee who authorizes or participates directly in actions that are a violation of this policy.
2. Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.
3. Against any director, manager, or supervisor who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

A Board member who violates this policy will be removed from the Board.

POLICY ON SUSPECTED MISCONDUCT *(updated November 30, 2021)*

Introduction

This policy communicates the actions to be taken for suspected misconduct committed, encountered, or observed by employees and volunteers.

Like all organizations, HACA faces many risks associated with fraud, abuse, and other forms of misconduct. The impact of these acts, collectively referred to as misconduct throughout this policy, may include, but not be limited to:

- Financial losses and liabilities.
- Loss of current and future revenue and customers.
- Negative publicity and damage to the Organization's good public image.
- Loss of employees and difficulty in attracting new personnel.
- Deterioration of employee morale.
- Harm to relationships with clients, contractors, bankers, and subcontractors.
- Litigation and related costs of investigations, etc.

Our Organization is committed to establishing and maintaining a work environment of the highest ethical standards. Achievement of this goal requires the cooperation and assistance of every employee and volunteer at all levels of the Organization.

Definitions

For purposes of this policy, misconduct includes, but is not limited to:

1. Actions that violate the Organization's Code of Conduct (and any underlying policies) or any of the accounting and financial policies included in this manual.
2. Fraud (see below).
3. Forgery or alteration of checks, bank drafts, documents or other records (including electronic records).
4. Destruction, alteration, mutilation, or concealment of any document or record with the intent to obstruct or influence an investigation, or potential investigation, carried out by a department or Organization of the federal government or by the Organization in connection with this policy.
5. Disclosure to any external party of proprietary information or confidential personal information obtained in connection with employment with or service to the Organization.
6. Unauthorized personal or other inappropriate (non-business) use of Equipment, assets, services, personnel, or other resources.

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7. Acts that violate federal, state, or local laws or regulations.
8. Accepting or seeking anything of material value from contractors, contractors, or persons providing goods or services to HACA. Exception: gifts valued at \$25 or less.
9. Impropriety of the handling or reporting of money in financial transactions.
10. Failure to report known instances of misconduct in accordance with the reporting responsibilities described herein (including tolerance by supervisory employees of misconduct of subordinates).
11. Failure to be in compliance with Program requirements (with all lease terms, current in rent payments and re-certifications).
12. Failure to be compliant with local, state, and federal tax laws/payments.

Fraud is further defined to include, but not be limited to:

- Theft, embezzlement, or other misappropriation of assets (including assets of or intended for the Organization, as well as those of our clients, subcontractors, contractors, contractors, suppliers, and others with whom the Organization has a business relationship).
- Intentional misstatements in the Organization's records, including intentional misstatements of accounting records or financial statements.
- Authorizing or receiving payment for goods not received or services not performed.
- Authorizing or receiving payments for hours not worked.
- Forgery or alteration of documents, including but not limited to checks, timesheets, contracts, purchase orders, receiving reports.

HACA prohibits each of the preceding acts of misconduct on the part of employees, officers, executives, volunteers, and others responsible for carrying out the Organization's activities.

Reporting Responsibilities

All employees, officers, and volunteers are responsible for immediately reporting suspected misconduct to their supervisor, CFO, or the Chair of the Governance Committee. When supervisors have received a report of suspected misconduct, they must immediately report such acts to their manager, the CFO, or the Governance Committee.

Whistleblower Protection

The Organization will consider any reprisal against a reporting individual an act of misconduct subject to disciplinary procedures. A "reporting individual" is one who, in good faith, reported a suspected act of misconduct in accordance with this policy, or provided to a law enforcement officer any truthful information relating to the commission or possible commission of a federal offense or any other possible violation of the Organization's Code of Conduct.

Investigative Responsibilities

Due to the sensitive nature of suspected misconduct, supervisors and managers should not, under any circumstances, perform any investigative procedures.

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The CFO or Governance Committee has the primary responsibility for investigating suspected misconduct involving employees below the Executive Director and executive management level. The CFO or Governance Committee shall provide a summary of all investigative work to the Governance Committee.

The Governance Committee has the primary responsibility for investigating suspected misconduct involving Executive Director and executive level positions, as well as board members and officers.

Investigation into suspected misconduct will be performed without regard to the suspected individual's position, length of service, or relationship with the Organization.

In fulfilling its investigative responsibilities, the Governance Committee shall have the authority to seek the advice and/or contract for the services of outside firms, including but not limited to law firms, CPA firms, forensic accountants and investigators, etc.

Members of the investigative team (as authorized by the Governance Committee) shall have free and unrestricted access to all Organization records and premises, whether owned or rented, at all times. They shall also have the authority to examine, copy, and remove all or any portion of the contents (in paper or electronic form) of filing cabinets, storage facilities, desks, credenzas and computers without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of an investigation into suspected misconduct or related follow-up procedures.

The existence, the status, or results of investigations into suspected misconduct shall not be disclosed or discussed with any individual other than those with a legitimate need to know in order to perform their duties and fulfill their responsibilities effectively.

Protection of Records – Federal Matters

HACA prohibits the knowing destruction, alteration, mutilation, or concealment of any record, document, or tangible object with the intent to obstruct or influence the investigation or proper administration of any matter within the jurisdiction of any department or Organization of the United States government, or in relation to or contemplation of any such matter or case.

Violations of this policy will be considered violations of the Organization's Code of Ethics and subject to the investigative, reporting, and disclosure procedures described earlier in this Policy on Suspected Misconduct.

Disciplinary Action

Based on the results of investigations into allegations of misconduct, disciplinary action may be taken against violators. Disciplinary action shall be coordinated with appropriate representatives from the Human Resources Department. The seriousness of misconduct will be considered in determining appropriate disciplinary action, which may include:

- Reprimand
- Probation
- Suspension
- Demotion
- Termination
- Reimbursement of losses or damages
- Referral for criminal prosecution or civil action

This listing of possible disciplinary actions is for information purposes only and does not bind the Organization to follow any particular policy or procedure.

Confidentiality

The Governance Committee treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Executive Director or a Governance Committee member immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see Reporting Procedures section above).

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect HACA from potential civil liability.

An employee who discovers or suspects fraudulent activity may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the Governance Committee or legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual should be informed of the following:

1. Do not contact the suspected individual in an effort to determine facts or demand restitution.
2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the HACA legal counsel or the Governance Committee.

Disclosure to Outside Parties

Allegations of and information related to allegations of suspected misconduct shall not be disclosed to third parties except under the provisions described in this policy (such as disclosure to outside investigators hired by the Organization to aid in an investigation).

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However, all known frauds involving the Executive Director, senior management, or members of the Board of Commissioners, as well as all material frauds involving employees below the senior management level, shall be disclosed by the Governance Committee to the Organization's external auditors.

The Organization will disclose, in a timely manner, in writing to Federal awarding agencies all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. (200.113 Mandatory disclosures)

SECURITY

Finance Department

A lock will be maintained on the door leading into each of the Housing Authority of the City of Annapolis accounting offices. These doors shall be closed and locked in the evenings and whenever the office is vacant. The key to this lock will be provided to all Finance personnel and the Executive Director. The lock will be changed whenever any of these individuals leaves the employment of Housing Authority of the City of Annapolis.

The Housing Authority of the City of Annapolis blank check stock shall be stored in a file cabinet in the AP Office. This cabinet will be locked with a key that is kept in the AP Office. Access to this file cabinet shall be by keys in the lock box.

Access to Electronically Stored Accounting Data

Presently all electronically stored accounting data is housed on HACA's server.

Storage of Back-Up Files

It is the policy of Housing Authority of the City of Annapolis to maintain back-up copies of electronic data files both on- and off-site in a secure, fire-protected environment. Access to back-up files shall be limited to individuals authorized by management.

Storage of Sensitive Data

In addition to accounting and financial data stored in the Accounting Department, other sensitive data, including protected personally identifiable information (PII) such as social security numbers of employees and/or clients [list examples of sensitive data] may be stored in areas other than the Accounting Department. Locations of sensitive data include, but are not limited to:

1. Other Organization departments such as Human Resources
2. Electronic or on-line storage

The Organization's policy is to minimize the storage of sensitive data outside the Accounting Department by shredding documents with such data or deleting the sensitive data from documents that are stored outside the Accounting Department as soon as possible. Please see the Organization's technology policies for standards for electronic and on-line storage.

Destruction of Consumer Information

As stated earlier, all sensitive data must be securely stored and shredded when no longer needed. HACA will also shred all consumer information obtained by the Organization for any reason. Shredding will be performed on a schedule determined by each department that possesses such data, and the schedule shall be made a part of the Record Retention policy (see the "Fiscal Management" policies section of this manual).

Approved by the Board of Commissioners on April 28, 2026

General Office Security

During normal business hours, all visitors are required to check in with the office staff. After hours, a security key is required for access to the offices of Housing Authority of the City of Annapolis. Keys are issued at the discretion of the Executive Director; any other staff that needs after-hours access must notify the on-call maintenance personnel, and will only be allowed access after he/she shows proof of employment at HACA in the form of their badge issued by Human Resources.

TECHNOLOGY AND ELECTRONIC COMMUNICATIONS

Purpose and Scope

The purpose of this policy is to identify guidelines for the use of Housing Authority of the City of Annapolis technologies and communications systems. This policy establishes a minimum standard that must be upheld and enforced by users of the organization's technologies and communications systems.

The term "user" as used in these policies refers to employees (whether full-time, part-time or limited-term), independent contractors, consultants, and any other user having authorized access to, and using any of, the organization's computers or electronic communications resources.

Computer and electronic communications resources include, but are not limited to, host computers, file servers, stand-alone computers, laptops, printers, fax machines, phones, on-line services, E-mail systems, bulletin board systems, and all software that is owned, licensed or operated by Housing Authority of the City of Annapolis.

Acceptable Use of Organization Property

Use of the organization's computers and electronic communications technologies is for programmatic and business activities of Housing Authority of the City of Annapolis. All use of such resources shall be in an honest, ethical, and legal manner that conforms to applicable license agreements, contracts, and policies regarding their intended use. Although incidental and occasional personal use of the organization's communications systems are permitted, users automatically waive any rights to privacy.

In addition, the information, ideas, concepts and knowledge described, documented or contained in the organization's electronic systems are the intellectual property of Housing Authority of the City of Annapolis. The copying or use of the organization's intellectual property for personal use or benefit during or after employment (or period of contract) with Housing Authority of the City of Annapolis is prohibited unless approved in advance by the Board of Commissioners.

All hardware (laptops, computers, monitors, mice, keyboards, printers, telephones, fax machines, etc) issued by Housing Authority of the City of Annapolis is the property of the organization and should be treated as such. Users may not physically alter or attempt repairs on any hardware at any time.

Password Security

Users are responsible for safeguarding their login passwords. Passwords may not be shared unless the Executive Director requests, nor should they be printed or stored on-line. Users should not leave their computers unattended without logging off.

Confidentiality

All information about individuals, families or organizations served by Housing Authority of the City of Annapolis is confidential. No information may be shared with any person or organization outside

Housing Authority of the City of Annapolis without the prior written approval of the individual, family or organization and the Board of Commissioners.

Copyrighted Information

Use of Housing Authority of the City of Annapolis electronic communication systems to copy, modify, or transmit documents, software, information or other materials protected by copyright, trademark, patent or trade secrecy laws, without obtaining prior written permission from the owner of such rights in such materials, is prohibited.

Installation of Software

The installation of new software on the computers of Housing Authority of the City of Annapolis without the prior approval of IT is prohibited. If an employee desires to install any new programs onto a Housing Authority of the City of Annapolis computer, written permission should first be obtained.

Other Prohibited Uses

Other prohibited uses of the organization's communication systems include, but are not limited to:

1. Engaging in any communication that is discriminatory, defamatory, pornographic, obscene, racist, sexist or that evidences religious bias, or is otherwise of a derogatory nature toward any specific person, or toward any race, nationality, gender, marital status, sexual orientation, religion, disability, physical characteristic, or age group.
2. Browsing or downloading and/or forwarding and/or printing pornographic, profane, discriminatory, threatening or otherwise offensive material from any source including, but not limited to, the Internet.
3. Engaging in any communication that is in violation of Federal, state or local laws.
4. Proselytizing or promoting a religious belief or tenet.
5. Campaigning for or against any candidate for political office or any ballot proposal or issue.
6. Sending, forwarding, redistributing or replying to "chain letters."
7. Unauthorized use of passwords to gain access to another user's information or communications on Housing Authority of the City of Annapolis systems or elsewhere.
8. Advertising, solicitation or other commercial, non-programmatic use.
9. Knowingly introducing a computer virus into the organization's communication system or otherwise knowingly causing damage to the organization's systems.

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10. Using the organization's systems in a manner that interferes with normal business functions in any way, including but not limited to, stock tickers, installing unauthorized software, etc.
11. Excessive personal use of the organization's technologies that preempts any business activity or interferes with organizational productivity.
12. Sending E-mail messages under an assumed name or obscuring the origin of an E-mail message sent or received.

Disciplinary Action for Violations

Housing Authority of the City of Annapolis requires all users to adhere to this policy. Violations of this policy will result in disciplinary action, which could include termination of employment or cancellation of contracts.

Reporting of Suspected Violations

Suspected violations of these policies should be immediately and confidentially reported to your immediate supervisor. If you prefer not to discuss it with your supervisor, you may contact the Executive Director, or CFO.

Housing Authority of the City of Annapolis reserves the right to install programs that monitor employee use of the Internet and electronic communication systems and to act on any violations of these policies found through use of such programs. Housing Authority of the City of Annapolis further reserves the right to examine any and all electronic communications sent or received by employees via the organization's electronic communications systems.

GENERAL LEDGER AND CHART OF ACCOUNTS

The general ledger is defined as a group of accounts that supports the information shown in the major financial statements. The general ledger is used to accumulate all financial transactions of Housing Authority of the City of Annapolis, and is supported by subsidiary ledgers that provide details for certain accounts in the general ledger. The general ledger is the foundation for the accumulation of data and reports.

Chart of Accounts Overview

The chart of accounts is the framework for the general ledger system, and therefore the basis for Housing Authority of the City of Annapolis's accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense and gain and loss account.

Housing Authority of the City of Annapolis's chart of accounts is comprised of six types of accounts:

1. Assets
2. Liabilities
3. Net Assets
4. Revenues
5. Expenses

Each account number shall be preceded by a two-digit department number and a four-digit project/function code.

Distribution of Chart of Accounts

All Housing Authority of the City of Annapolis employees involved with account coding responsibilities (assignment or review of coding) or budgetary responsibilities will be issued a current chart of accounts. As the chart of accounts is revised, an updated copy of the chart of accounts shall be distributed to these individuals promptly.

Control of Chart of Accounts

Housing Authority of the City of Annapolis's chart of accounts is monitored and controlled by the CFO. Responsibilities include the handling of all account maintenance, such as additions and deletions. Any additions or deletions of accounts should be communicated to the Executive Director, to ensure that the chart of accounts is consistent with the organizational structure of Housing Authority of the City of Annapolis and meets the needs of each division and department.

Account Definitions

General Ledger

Account Range

xxxx-xxxx

Category

Assets

Definition

Assets are probable future economic benefits obtained or controlled by the organization as a result of past transactions or events. Assets of Housing Authority of the City of Annapolis are classified as current assets, fixed assets, contra-assets, and other assets.

Current assets are assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash, temporary investments, and receivables that will be collected within one year of the statement of financial position date.

Fixed assets are tangible assets with a useful life of more than one year that are acquired for use in the operation of the organization and are not held for resale.

Contra-assets are accounts that reduce asset accounts, such as accumulated depreciation and reserves for uncollectible accounts receivable

Other assets include long-term assets that are assets acquired without the intention of disposing them in the near future. Some examples are security deposits, property and long-term investments.

xxxx-xxxx

Liabilities

Liabilities are probable future sacrifices of economic benefits arising from present obligations of the organization to transfer assets or provide services to other entities in the future as a result of past transactions or events. Liabilities of Housing Authority of the City of Annapolis are classified as current or long-term.

Current liabilities are probable sacrifices of economic benefits that will likely occur within one year of the date of the financial statements or which have a due date of one year or less. Common examples of current liabilities include accounts payable, accrued liabilities, short-term notes payable, and deferred revenue.

Long-Term Liabilities are probable sacrifices of economic benefits that will likely occur more than one year from the date of the

financial statements. An example is the non-current portion of a mortgage loan.

XXXX

Net Assets

Net Assets is the difference between total assets and total liabilities. See the next section for Housing Authority of the City of Annapolis's policies on classifying net assets.

XXXX-XXXX

Revenues

Revenues are inflows or other enhancements of assets, or settlements of liabilities, from delivering or producing goods, rendering services, or other activities that constitute an organization's ongoing major or central operations. Revenues of Housing Authority of the City of Annapolis include tenant payments, rental income, and discretionary funds received.

Revenues of the Organization also include contributions received from donors and grants received from government agencies, private foundations and corporations.

XXXX-XXXX

Expenses

Expenses are outflows or other using up of assets or incurrences of liabilities from delivering or producing goods, rendering services, or carrying out other activities that constitute Housing Authority of the City of Annapolis's ongoing major or central operations.

XXXX

In Kind Matches

In Kind Matches primarily represent donated materials, Equipment, and services, usable by Housing Authority of the City of Annapolis for general purposes, but specifically used for purposes under a grant or contract.

Classification of Net Assets

Net assets of the Organization shall be classified based upon the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets - Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor imposed stipulations that may or will be satisfied through the actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor imposed stipulations that the Organization permanently maintain certain contributed assets. Generally, donors of such

assets permit the Organization to use all or part of the income earned from permanently restricted net assets for general operations or for specific purposes.

Net assets accumulated by Housing Authority of the City of Annapolis that are not subject to donor imposed restrictions, but which the Board of Commissioners of the Organization has earmarked for specific uses, shall be segregated in the accounting records as "board-designated" funds within the unrestricted category of net assets.

Changes to the Chart of Accounts

Additions to, deletions from, or any other changes to Housing Authority of the City of Annapolis's standard chart of accounts needs to seek approval from the CFO and the Executive Director.

Fiscal Year of Organization

Housing Authority of the City of Annapolis shall operate on a fiscal year that begins on July 1 and ends on June 30. Any changes to the fiscal year of the organization must be ratified by majority vote of Housing Authority of the City of Annapolis's Board of Commissioners.

Journal Entries

All general ledgers entries that do not originate from a subsidiary ledger shall be supported by journal entry or with documentation, which shall include a reasonable explanation of each such entry. Examples of such journal entries include:

1. Recording of noncash transactions
2. Corrections of posting errors
3. Non-recurring accruals of income and expenses

Certain journal entries, called recurring journal entries, occur in every accounting period. These entries may include, but are not limited to:

1. Space allocation based on depreciation and mortgage
2. Bank drafts for loan interest payments
3. Accruals of recurring expenses

Support for recurring journal entries shall be in the form of a schedule associated with the underlying asset or liability account or, in the case of short-term recurring journal entries or immaterial items, in the form of a journal entry with attached documentation.

It is the policy of Housing Authority of the City of Annapolis that all journal entries not originating from subsidiary ledgers shall be initiated by the Fiscal Staff making the entry, and maintained in a "pending" status until the CFO reviews and approves. Upon approval, the CFO will forward the entry to the Accountant to post.

POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS

REVENUE

Revenue Recognition Policies

Housing Authority of the City of Annapolis receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements of Housing Authority of the City of Annapolis in the following manner:

1. **Grant income** - Monthly accrual based on incurrence of allowable costs (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards)
2. **In-Kind Contributions or Non-Federal Share** – Recognized as income when received. (See the following section titled “Cost Sharing and Matching.”)
3. **Rent Income** – Recognized when earned.
4. **Nongovernmental Cash Contributions** – Recognized as income when received, unless accompanied by restrictions or conditions (see the next section on contribution income)
5. **Fee-for-Service Income** – Recognized as income when services are rendered unless collection of amounts due is in question. In this case, revenue is recognized when payments are received.
6. **Interest income** – Recognized when earned.

Immaterial categories of revenue may be recorded on the cash basis of accounting (i.e., recorded as revenue when received) as deemed appropriate by the CFO.

Definitions

The following definitions shall apply with respect to the policies described in this manual:

Contribution – An unconditional transfer of cash or other assets to the Organization, or a settlement or cancellation of the Organization's liabilities, in a voluntary nonreciprocal transfer by another entity or individual.

Condition – A donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promisor a right of return of the assets it has transferred to the Organization or releases the promisor from its obligation to transfer its assets. In practical terms, this means a donor has imposed some type of stipulation other than a purpose or time period stipulation (which is defined as a restriction below) and that condition has some degree of uncertainty as to whether or not it will occur, and if the condition is not met, the Organization is not entitled to the contribution. Conditions may or may not be within the control of the Organization.

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Restriction – A donor-imposed stipulation that specifies a use for the contributed asset that is either limited to a specific future time period or is more specific than the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in the Articles of Incorporation and Bylaws. Restrictions on the use of an asset may be temporary or permanent.

Nonreciprocal Transfer – A transaction in which an individual or entity incurs a liability or transfers assets to HACA without directly receiving value in exchange.

Promise to Give – A written or oral agreement to contribute cash or other assets.

Exchange Transaction – A reciprocal transaction in which HACA and another entity each receive and sacrifice something of approximately equal value.

ADMINISTRATION OF FEDERAL AWARDS

Definitions

HACA may receive financial assistance from a donor/grantor Organization through the following types of agreements:

Grant: A financial assistance award given to the Organization to carry out its programmatic purpose.

Cooperative Agreement: A legal agreement where the Organization implements a program with the direct involvement of the funder.

Throughout this manual, federal assistance received in any of these forms will be referred to as a federal “award.”

Preparation and Review of Proposals

Managers are responsible for preparing proposals/grants for projects that it intends to pursue. However, all proposals shall be reviewed by the CFO prior to submission to government agencies or other funding sources to ensure the proposed budget includes all appropriate costs. Final proposals shall be reviewed and approved in writing by the Board of Commissioners and the Executive Director.

Post-Award Procedures

After an award has been made, the following steps shall be taken:

1. Verify the specifications of the grant or contract. The CFO shall review the terms, time periods, award amounts, and expected expenditures associated with the award. A *Catalog of Federal Domestic Assistance* (CFDA) number shall be determined for each award. All reporting requirements under the contract or award shall be summarized.
2. Create new general ledger account numbers (or segments). New accounts shall be established for the receipt and expenditure categories in line with the grant or contract budget.
3. Gather documentation. See the following section, “Document Administration”, for details.

Compliance with Laws, Regulations, and Provisions of Awards

HACA recognizes that as a recipient of federal funds, it is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. To ensure that the Organization meets this responsibility, the following policies apply with respect to every grant or contract received directly or indirectly from a federal Organization:

1. For each federal award, an employee within the department responsible for administering the award will be designated as “grant manager.”

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2. Each grant manager shall attend a training on grant management prior to beginning his or her role as a grant manager (or as early in their functioning as a grant manager as practical).
3. The grant manager shall take the following steps to identify all applicable laws, regulations, and provisions of each grant and contract:
 - a. Read each award and prepare a summary of key compliance requirements and references to specific laws and regulations.
 - b. Review *2 CFR Part 200 Appendix XI, Compliance Supplement* (updated annually) published by the Office of Management and Budget (OMB) for compliance requirements unique to the award and for compliance requirements common to all federal awards.
 - c. Review the section of the *Catalog of Federal Domestic Assistance* (CFDA) applicable to the award.
 - d. The grant manager will communicate grant requirements to those who will be responsible for carrying them out, or impacted by them.
4. The CFO shall forward copies of applicable laws regulations to the grant manager (such as OMB Circulars, pertinent sections of compliance supplements, and other regulations).
5. The grant manager and/or the CFO shall identify and communicate any special changes in policies and procedures necessitated by federal awards as a result of the review of each award.
6. The grant manager shall take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard shall include, but not be limited to, reviewing subsequent grant and contract renewals, reviewing annual revisions to *2 CFR Part 200 Appendix XI, Compliance Supplement*, and communications with federal awarding Organization personnel.
7. The grant manager and/or the CFO shall inform the independent auditors of applicable laws, regulations, and provisions of contracts and grants. The grant manager shall also communicate known instances of noncompliance with laws, regulations, and provisions of contracts and grants to the auditors.

Document Administration

For each grant/award received by HACA from a federal, state, or local government Organization, the Executive Director assembles a master file of documents applicable to the award. The master file assembled for each government award shall include all of the following documents (including originals of all documents received from the awarding Organization):

1. Copy of the initial application for the award and corresponding budget
2. All correspondence to and from the awarding Organization post-application, leading up to the award
3. The final, approved budget and program plan, after making any modifications
4. The grant agreement and any other documents associated with the initial making of the award

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5. Copies of pertinent laws and regulations, including awarding Organization guidelines, associated with the award
6. Subsequent grant modifications (financial and programmatic)
7. Copies of program and financial reports
8. Subsequent correspondence to/from the awarding Organization
9. Results of any monitoring visits conducted by the awarding Organization, including resolution by HACA of any findings arising from such visits
10. Correspondence and other documents resulting from the closeout process of the award

The original grant document file shall remain in the office of the Executive Director. The Program Director and CFO may have their own copies to aide in administering the award, and the CFO will maintain an electronic copy on HACA's Finance drive. Any other HACA employee making a valid request to the Executive Director for access to grant documents shall be provided.

Closeout of Federal Awards

HACA shall follow the closeout procedures described in 2 CFR 200.343 – 345, Closeout, and in the grant agreements as specified by the granting Organization.

HACA and all subrecipients shall liquidate all obligations incurred under the grant or contract within 90 days of the end of the grant or contract agreement.

COST SHARING AND MATCHING (IN-KIND)

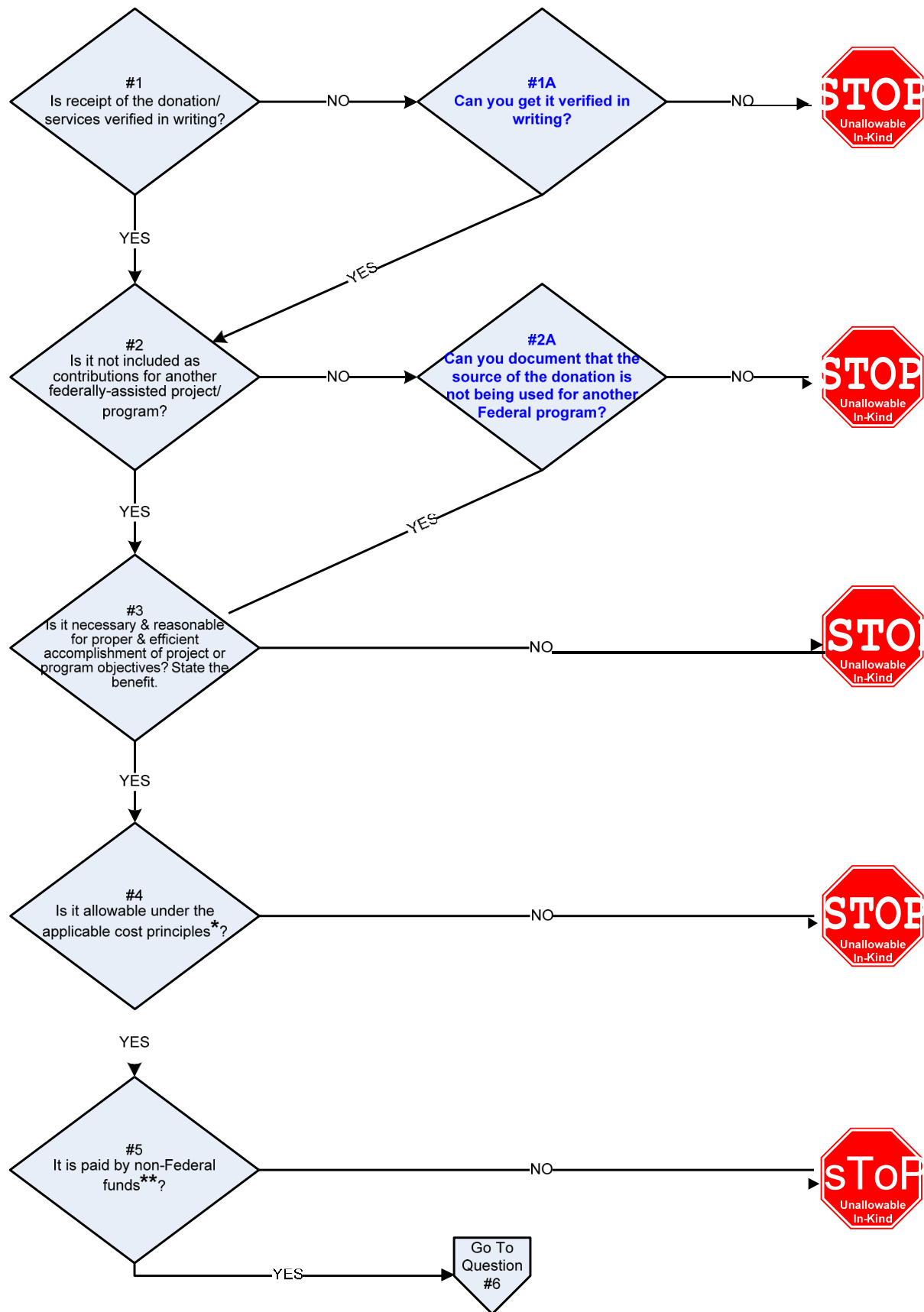
Overview

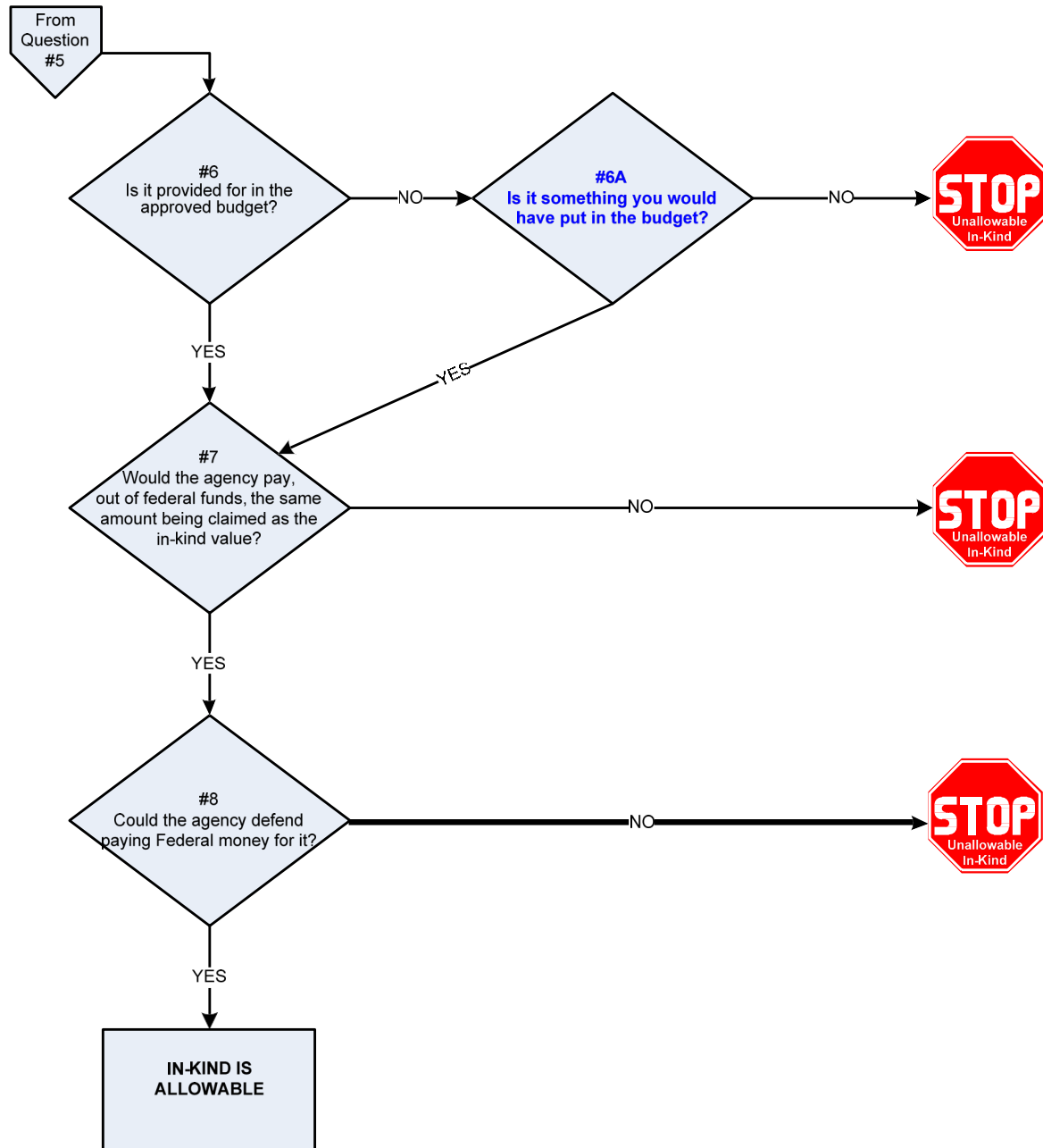
HACA values contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or federal Organization regulations identify specific values to be used.

HACA shall claim contributions as meeting a cost sharing or matching requirement of a federal award only if all of the following criteria are met:

1. They are verifiable from HACA records.
2. They are not included as contributions (or match) for any other federally-assisted project or program.
3. They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. They are allowable under the federal cost principles, 2 CFR Part 200 Subpart E, Cost Principles.
5. They are not paid by the federal government under another award, except where authorized by federal statute to be used for cost sharing or matching.
6. They are provided for in the approved budget when required by the federal awarding Organization.
7. They conform to all provisions of federal administrative regulations, 2 CFR Part 200 Subpart D, Post Federal Awards Requirements.
8. In the case of donated space, (or donated use of space), the space is subject to an independent appraisal performed by a certified appraiser as defined by 2 CFR Part 200.306(i)(1) to establish its value.

The following flowchart should be used to determine the allowability of in-kind.





* **2 CFR Part 200** Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

** Except where authorized by Federal statute to be used for cost sharing or matching:

Determinations have been made on a case-by-case basis on whether Federal funds from other programs are allowable match for an ACF program. These determinations are based on specific requirements of ACF programs and language in applicable statutes. Specifically:

1. USDA funds are of Federal origin and, therefore, cannot be counted as match.
2. Bureau of Indian Affairs - Indian Self-Determination and Education Assistance Act (P.L. 93-638, as amended). The Act authorizes the use of funds for matching purposes as long as the identified use is specifically related to the approved grant activities.
3. Title XX Social Services Block Grant funds are considered to be Federal funds and, therefore, may not be used as match for ACF programs.
4. Expenditure of funds from the Housing and Community Development Act of 1974, P.L. 93-383 may count as allowable match for a Head Start program for renovation of a building. The determination is dependent on whether or not the Head Start grant is included as part of the "Community Development Program," as required by the Housing and Community Development Act. (Grants Administration Manual, Section 3.05.408(b)(1-4))

Valuation and Accounting Treatment

In-kind typically falls into one of the following categories:

- Cash
- Space, buildings, land, and Equipment
- Volunteer time and services
- Supplies

The following sections discuss the valuation and accounting treatment for each category.

Cash

- HACA shall recognize cash contributions as in-kind income in the period in which they are spent on allowable program costs.
- Any discounts received on goods or services are recognized as in-kind only if such discounts are not available to the general public. Discounts taken as in-kind must be supported by a letter from the contractor stating that it is providing this discount in support of the program.

Space, Buildings, Land, and Equipment

Buildings and Land

If the purpose of the contribution is to assist the Organization in the acquisition of Equipment, building, or land, the total value of the donated property may be claimed as matching with prior approval of the awarding Organization.

If the purpose of the donation is to support activities that require the use of Equipment, buildings, or land, depreciation may be claimed as matching, unless the awarding Organization has approved using the full value as match.

Equipment, land, or buildings are valued at their fair market value as determined by an independent appraiser. Information on the date of donation and records from the appraisal will be maintained in a property file.

Space

- Will be valued at the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.
- Information on the date of donation and records from the appraisal will be maintained in a property file.
- If less than an arms-length transaction, will be valued based in actual allowable costs to occupy the facility (e.g. repairs and maintenance, insurance, etc.) not to exceed fair market value.

Volunteer Time and Services

Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor will be included in in-kind if the services are an integral and necessary part of the program.

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Volunteer services will be valued at rates consistent with those paid for similar work in the Organization. For skills not found in the Organization, rates will be consistent with those paid for similar work in our labor market. Rates should include gross hourly wages plus fringe benefits calculated based on fringe benefits received by employees in similar positions, or on Organization average.

Volunteers must possess qualifications and perform work requiring those skills in order to be valued at greater than an unskilled labor rate.

HACA requires volunteers to document and account for their contributed time in a manner similar to the timekeeping system followed by employees. Each program that uses volunteers will provide the volunteers a sign-in sheet which collects the following information:

- Date service was performed
- Volunteer name
- Hours donated (time in and out)
- Service provided
- Signature of volunteer

The sign-in sheets will be delivered to the Accountant monthly so they can be reviewed and valued.

Supplies

Donated supplies must be used in the program and shall be valued at fair market value at the time of donation. Supplies can be counted as match only if the program would have purchased such items with federal funds.

Recording of InKind

After the accountant reviews and values in-kind each month, the documentation is forwarded to the CFO to complete the final review, then record as in-kind in the accounting records.

GIFT ACCEPTANCE

Overview of Gift Acceptance Policies

A gift/contribution is consideration given to the Organization for which the donor receives no direct benefit and requires nothing in exchange (it is nonreciprocal) other than assurance that the intent of the contribution will be honored by HACA. Two broad principles apply to all gifts given to the Organization:

1. A gift shall not be accepted that is not in the charitable interest of the donor, considering the donor's financial situation and philanthropic interests, as well as tax, legal, and other relevant factors.
2. A gift shall not be accepted unless there is a reasonable expectation that acceptance of the gift shall ultimately benefit HACA.

HACA will not accept any donations that imply endorsement of businesses, products or services. Donor businesses may not use HACA's name for promotion of any product or service.

Categories of Gifts

Gifts to the Organization are classified into two categories, based on the level of risk associated with acceptance of the gift.

Gifts of **marginal risk** include the following:

- Cash and cash equivalents (e.g., certificates of deposit)
- Gifts of securities actively traded on a U.S. public market (e.g., publicly-traded stocks, mutual funds, corporate and government bonds, etc.)
- Personal property with a fair value of less than \$5,000 (new or used)

Gifts of the preceding three categories shall be considered to be of marginal risk only if they are either unrestricted or restricted to one specific, existing HACA program.

Gifts of **greater-than-marginal risk** include the following:

- Any gift requiring the acceptance of a restriction that:
 - is not clearly identifiable with an existing program of HACA,
 - would require the addition or modification of an HACA program,
 - would not be consistent with the mission of HACA,
 - would not be consistent with HACA's tax-exempt purpose under IRC section 501(c)(3),
 - would require the reclassification of unrestricted net assets to temporarily restricted
 - would violate any federal, state, or local law or regulation, or
 - would result in excessive control to the donor, or anyone designated by the donor, over the subsequent use of the contributed asset

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- Any gift from a donor involved in businesses or activities that may be deemed to be inconsistent with the mission of HACA
- Personal property with a fair value of \$5,000 or more (new or used)
- Real property (either an outright gift of property or the donated use of such property)
- Non-publicly-traded securities (e.g., ownership interests in privately-held businesses, partnerships, etc.)
- Charitable remainder trusts
- Charitable lead trusts
- Conditional promises to give/pledges
- Unusual items or items of questionable value (including works of art, animals, historic artifacts, memorabilia, etc.)
- Life insurance
- Notification of the intent to give noncash assets through a bequest

Gift Acceptance Procedures

Gifts of marginal risk may be accepted by the Executive Director without any further review and approval. Gifts of greater-than-marginal risk may be accepted only after review and approval of both the CFO and Executive Director. This review and approval shall be documented on a Gift Acceptance form.

It is also the policy of HACA to liquidate all gifts of publicly-traded securities within ten days of receipt unless it is determined by the CFO that holding the securities as an investment of the Organization would be fiscally prudent, appropriate, and consistent with the Organization's investment policies.

CONTRIBUTIONS ACCOUNTING

Distinguishing Contributions from Exchange Transactions

Housing Authority of the City of Annapolis receives income in the form of contributions, revenue from exchange transactions, and income from activities with characteristics of both contributions and exchange transactions. HACA shall consider the following criteria, and any other relevant factors, in determining whether income will be accounted for as contribution income, exchange transaction revenue, or both:

1. Housing Authority of the City of Annapolis's intent in soliciting the asset, as stated in the accompanying materials;
2. The expressed intent of the entity providing resources to Housing Authority of the City of Annapolis. (i.e., does the resource provider state its intent is to support HACA's programs or that it anticipates specified benefits in exchange?);
3. Whether the method of delivery of the asset is specified by the resource provider (exchange transaction) or is at the discretion of Housing Authority of the City of Annapolis (contribution);
4. Whether payment received by Housing Authority of the City of Annapolis is determined by the resource provider (contribution) or is equal to the value of the assets/services provided by HACA, or the cost of those assets plus a markup (exchange transaction);
5. Whether there are provisions for penalties (due to nonperformance) beyond the amount of payment (exchange transaction) or whether penalties are limited to the delivery of assets already produced and return of unspent funds (contribution); and
6. Whether assets are to be delivered by Housing Authority of the City of Annapolis to individuals or Agencies other than the resource provider (contribution) or whether they are delivered directly to the resource provider or to individuals or Agencies closely connected to the resource provider.

Donor Privacy

Housing Authority of the City of Annapolis respects the privacy of its donors and also recognizes that donors wish to be connected to the Organization. HACA uses donor information to notify them of information, plans and activities. Donor information is shared with staff, board members, volunteers and consultants on a "need-to-know" basis.

HACA does not share their donor list with any third party unless donor permission has been granted. Requests to remain anonymous will be honored.

Accounting for Contributions

Housing Authority of the City of Annapolis shall recognize contribution income in the period in which the Organization receives restricted or unrestricted assets in nonreciprocal transfers, or unconditional promises of future nonreciprocal asset transfers, from donors. Contribution income shall be classified as increases in unrestricted, temporarily restricted, or permanently restricted net assets based on the existence or absence of such restrictions.

When the final time or use restriction associated with a contributed asset has been met, a reclassification between temporarily restricted and unrestricted net assets shall be recorded.

When it receives support in the form of volunteer labor, Housing Authority of the City of Annapolis shall record contribution income and assets or expenses if one of the following two criteria is met:

1. The contributed service creates or enhances a nonfinancial asset (such as a building or Equipment), or
2. The contributed service possesses all three of the following characteristics:
 - a. It is the type of service that would typically need to be purchased by the Organization if it had not been contributed,
 - b. It requires specialized skills (i.e., formal training in a trade or profession), and
 - c. It is provided by an individual possessing those specialized skills.

Contributed services that meet one of the two preceding criteria shall be recorded at the fair market value of the service rendered.

Valuation of Noncash Contributions

As stated in the preceding section, all noncash contributions of assets shall be recorded at their fair value as of the date of the gift. Fair values used in accounting for donated assets shall be determined by the Organization, not by the donor, although in some cases a value may have been provided by a donor. (See subsequent policies associated with IRS Form 8283.)

The determination of the fair value of donated assets shall be determined as follows:

1. For contributions of publicly-traded securities, fair value shall be determined by the Accountant based on a Web-based search of the closing price of the security on the date that the security was transferred to the Organization, then approved by the CFO. In addition, a printout of this Web search shall be retained in the accounting department's records for future reference and substantiation of this procedure.
2. For contributions of personal property, fair value shall be determined by the receiving program director, using appropriate public records (price lists for new assets, other guides for used assets) subject to the review and approval of the CFO – such valuation documented using a standard form.
3. For contributions of real property, fair value shall be determined by an appraisal performed by an independent appraiser hired by the Organization (not an appraiser hired by the donor).

4. For contributions of all other assets, fair value shall be determined by the CFO.

For contributed services that meet the previously described criteria for recording, the fair value of the services shall be determined by multiplying the hours worked by each volunteer, as documented on the Organization's Volunteer Time Sheet, by an applicable hourly rate. The applicable hourly rate shall be determined by averaging the program assistant rates and shall generally be equal to that rate plus current employee benefits costs or an hourly rate typically charged by external contractors possessing the skills provided by the volunteer.

All determinations of hourly rates used to value contributed services shall be reviewed and documented by the accountant, then approved by the CFO.

Unconditional Promises to Give

- Unconditional promises to give shall be recorded as assets and increases in temporarily restricted net assets (contribution income) in the period that the Organization receives communication of the promise.
- Unconditional promises to give that are to be collected within one year shall be recorded at their face value, less any reserve for uncollectible promises, as estimated by management.
- Unconditional promises to give that are collectible over time periods in excess of one year shall be recorded at their discounted net present value.
- Accretion of discount on such promises to give shall be recorded as contribution income in each period leading up to the due date of the promise to give. The interest rate that shall be used in calculating net present values of unconditional promises to give is the risk-free rate of return available to HACA at the time the Organization receives a promise from a donor, considering the dollar amount of the promise and the time period of the promise (e.g., for promises of less than \$100,000, the Organization shall generally use the interest rate applicable to certificates of deposit for the same approximate duration available from its bank).
- When the final time or use restriction associated with a contributed asset has been met, a reclassification between temporarily restricted and unrestricted net assets shall be recorded.

Conditional Promises to Give

HACA shall not record an asset or contribution income for any conditional promise to give. However, the Organization shall maintain a record of such conditional promises to give and monitor these gifts for purposes of identifying when the condition associated with each such promise has been satisfied. As noted below, this schedule shall also be used in connection with preparing the Organization's footnote disclosures associated with contributions.

Receipt of Donations

Upon receipt, all monetary donations will be processed according to the Cash Receipts policies contained in this manual. Information on restriction of gifts shall be communicated to the CFO so the gift can be recorded and governed according to the wishes of the donor. After funds are deposited, check copies, cash receipts, source of the gift, intended use and any other information included with the gift is delivered to the Executive Director. The Executive Director will acknowledge gifts within 3 business days of receipt. Please see the following section on Receipts.

Receipts and Disclosures

HACA and its donors are subject to certain disclosure and reporting requirements imposed under the Internal Revenue Code and the underlying Regulations. To comply with those rules, HACA shall adhere to the following guidelines with respect to contributions received by the Organization.

The Finance Department shall provide a receipt to the donor for every separate contribution received. All receipts shall include the following information:

1. The amount of cash received and/or a description (but not an assessment of the value) of any noncash property received;
2. A statement of whether HACA provided any goods or services to the donor in consideration, in whole or in part, for any of the cash or property received by the Organization from the donor, and
3. If any goods or services were provided to the donor by HACA, a description and good faith estimate of the value of those goods or services.

If HACA receives cash in excess of \$75, or noncash property with a value in excess of \$75, as part of a quid pro quo transaction, the Organization shall follow additional disclosure procedures. For purposes of this paragraph, a "quid pro quo" transaction is one in which a payment received by HACA is made both as a contribution and as a payment for goods or services provided by the organization. In such instances, Housing Authority of the City of Annapolis shall provide to the donor a receipt stating that only the amount contributed in excess of the fair market value of the goods or services provided by HACA may be deducted as a charitable contribution. The receipt shall also include a good-faith estimate of the fair market value of the goods or services provided to the donor by Housing Authority of the City of Annapolis.

IRS rules provide for certain exceptions to the preceding disclosure rules applicable to quid pro quo transactions. As such, HACA shall not provide receipts when these exceptions exist.

All estimates of the fair market value of goods or services provided by Housing Authority of the City of Annapolis shall be prepared by the Finance Department.

Housing Authority of the City of Annapolis is not currently involved in any quid pro quo transactions.

It is the policy of HACA to comply with all current Federal and state rules regarding solicitation and collection of charitable contributions, whether specifically addressed in this manual or not, as well as all future revisions to those rules.

IRS Form 8283, Noncash Charitable Contributions

In certain instances, HACA may be requested to sign a Form 8283 (section b, Part IV) by a donor who has made a material contribution (over \$5,000) of noncash assets to the Organization. The signature of an Organization official on Form 8283 signifies an acknowledgment of the description of the donated asset and the date of the gift. It does NOT represent any level of certification of, or agreement to, the valuation of the gift that has been assigned by the donor or the donor's appraiser, but it does serve to inform the Organization of the value intended to be deducted by the donor, which is useful in connection with the subsequent filing of Form 8282. (See the next section for the policies regarding Form 8282.)

Any Form 8283 presented by a donor for signature by the Organization shall be reviewed, along with the donated asset and any relevant documentation pertaining to the asset's description and condition, by the CFO, who shall have final responsibility for agreeing or disagreeing with the donor's description of the asset and for signing the Form 8283.

The CFO shall retain a copy of any Form 8283 that has been signed and shall forward a copy of each Form 8283 to the Procurement Manager for subsequent tracking of the donated asset. (See related policy below.)

IRS Form 8282, Donee Information Return

When HACA subsequently sells assets that have been contributed to it, the filing of a Form 8282 may be required. Among the exceptions from filing Form 8282 are subsequent sales of assets contributed to the Organization more than three years before the sale, and sales of assets that when contributed had a fair value of \$5,000 or less, as evidenced by the Form 8283 presented to the Organization by the donor at the time of the gift.

Form 8282 is not required with respect to donated assets that are consumed or distributed in fulfillment of the Organization's tax-exempt mission.

Responsibility for tracking donated assets and determining whether filing Form 8282 is required is assigned to Procurement Manager. It is the policy of HACA to file such forms in a timely manner (within 125 days of the sale). Upon completion of a Form 8282 by the Procurement Manager, the form shall be reviewed and signed by the CFO. Delivery of the form to IRS shall be done by mail, performed by the CFO.

A Form 8282 shall also be prepared and filed if the Organization transfers a donated asset to another charitable nonprofit Organization (subject to the same exceptions as described above). In such cases, the Form 8282 shall be filed with IRS within 125 days of the transfer and a copy of the Form 8282 shall be provided to the successor nonprofit Organization within 15 days of filing the Form 8282 with the IRS, along with a copy of the original Form 8283 received from the donor.

Disclosures of Promises to Give

As stated earlier, HACA shall record an asset and an increase in net assets for unconditional promises to give. In addition, in connection with its annual financial statements, the Organization shall prepare a schedule of unconditional promises to give that discloses the annual amounts to be collected in each of the next five fiscal years, and a total amount due thereafter, less the amount representing interest as a result of discounting long-term promises to give to net present value.

In connection with conditional promises to give, which shall not be recorded on the financial statements, the Organization shall nonetheless prepare a similar schedule of future payments for disclosure in the Organization's annual financial statements.

Endowment Funds

It is the policy of HACA to establish and accept endowments that are permanently restricted for the benefit of one or more programs or purposes within the scope of the Organization's mission, subject to the gift acceptance policies described earlier.

It is also the policy of the Organization to account for all endowments in accordance with any and all explicitly communicated donor-imposed stipulations that have been accepted by the Organization, including stipulations associated with the classification of subsequent interest income, dividend income, realized gains and losses, unrealized gains and losses, and other investment income as unrestricted, temporarily restricted, or permanently restricted, as well as future appropriations and expenditure of endowment funds. To the extent the Organization has accepted an endowment that does not include explicit donor stipulations regarding subsequent accounting for and classification of the endowment or investment income or for the appropriation and expenditure of endowment funds, HACA shall follow the guidelines described by the State of Maryland.

The interpretation of how state guidelines apply to a particular endowment of the Organization shall be made by the CFO and subject to the review and approval of the Governance Committee.

In connection with all endowment funds of the Organization, HACA shall disclose in a footnote to its annual financial statements all of the following information:

1. A description of the board's interpretation of relevant state law regarding the net asset classification of donor-restricted endowment funds.
2. A description of the Organization's policies for the appropriation of endowment assets for expenditure.
3. A description of the Organization's endowment investment policies, including, at a minimum:
 - a. The Organization's return objectives and risk parameters.
 - b. How those objectives relate to the Organization's endowment spending policies.
 - c. The strategies employed for achieving those objectives.

4. Endowment fund net asset composition by classification (unrestricted, temporarily restricted, permanently restricted), in total and by type of endowment fund, and cumulative investment return, if any, contained in the permanently restricted net asset class resulting from the Organization's interpretation of relevant state law, beyond the amount required by explicit donor stipulations.
5. A reconciliation of the beginning and ending balance of the Organization's endowments, in total and by net asset class, showing all of the following:
 - a. Investment return, separated into investment income (interest, dividends, rents, etc.) and net appreciation or depreciation of investments
 - b. Contribution income
 - c. Amounts appropriated for expenditure
 - d. Reclassifications
 - e. Other changes in net assets

Fund-Raising Events

In the event that HACA or its programs conducts fundraising efforts, 2 CFR Part 200.442, *Fundraising and Investment Management Costs*, will be adhered to. As such, it is the Organization's policy to obtain written approval from any respective Federal awarding Organization prior to engaging in such efforts.

The Organization shall maintain a subsidiary record that tracks each special fund-raising event. The CFO shall be responsible for maintaining this subsidiary record, with assistance from the Deputy Director. The following information shall be tracked on an event-by-event basis for purposes of possible disclosure in the Organization's annual Form 990 information return with the IRS:

1. Description and location of the event (including an indication of whether any type of gaming activities took place in connection with the event).
2. Total gross proceeds received in connection with the event.
3. Portion of the proceeds considered to be a contribution (equal to the amount received less the fair value of any benefits provided to donors).
4. Total costs of the event.
5. Portion of the costs attributable to direct donor benefits (i.e., the cost of any benefits provided to donors, such as the cost of green fees or a meal provided to attendees at a fund-raiser).
6. Portion of the total costs associated with:
 - a. Rent or facility costs
 - b. Cash prizes, if any
 - c. Noncash prizes, if any
 - d. Food and beverages
 - e. Entertainment
 - f. Fees paid to (or retained by) an outside fund-raiser

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7. The percentage of the overall labor effort involved in the event that was contributed by volunteers (this schedule should show total hours associated with paid employees/contractors and total hours associated with volunteer efforts).
8. The names and addresses of any outside fund-raiser used in connection with the event.
9. An indication of whether any outside fund-raiser ever took custody, even temporarily, of funds raised for the Organization in connection with any fund-raising event.

In addition, for any fund-raising or gaming activity operated by a third party, where the third party collects or maintains custody of funds paid by attendees, the Organization shall first gain an understanding of the internal controls of the third party, including the third party's processes for receiving and securing funds and whether individuals employed by the third party are bonded. The CFO shall conduct or arrange for this internal control evaluation.

State Registrations

It is the policy of HACA to register in each state in which the Organization's fund-raising activities would result in a requirement to register. Determination of state-by-state registration requirements shall be with the CFO.

Once registered, the CFO shall ensure that subsequent periodic filing requirements are met. The CFO may delegate the preparation of such periodic state filings to other finance staff.

BILLING/INVOICING POLICIES

Overview

The Organization's primary sources of revenue are:

- Reimbursement grants – billed monthly, or as funders require, based on allowed, incurred expenses.
- Tenant income – billed according to lease.
- Private grants – funds are usually received once funding is approved. Financial expenditure reports, if needed, are submitted as required by funding sources.
- Donations/Contributions – may be solicited or unsolicited.

Responsibilities for Billing and Collection

Various staff are responsible for billing and collection, based on the type of revenue. (Note: Cash receipts, credit memo, and collection policies will be discussed in subsequent sections).

Billing and Financial Reporting

HACA strives to provide management, staff, and funding sources with timely and accurate financial reports applicable to federal awards. These reports include monthly and cumulative expenditures, a project budget, and a balance remaining column.

HACA shall prepare and submit financial reports as specified by the financial reporting clause of each grant or contract award document. Preparation of these reports shall be the responsibility of the Accountant, subject to review and approval by CFO.

The following policies shall apply to the preparation and submission of billings to federal agencies under awards made to HACA:

1. The Organization will request reimbursement after expenditures have been incurred, unless an award specifies another method.
2. HACA will strive to minimize the time between receipt and disbursement of grant funds by issuing payments upon receipt of such funds.
3. Each award normally specifies a particular billing cycle. Therefore, a schedule is established for each grant and contract to ensure that reimbursement is made on a timely basis along with any other reporting that is required in addition to the financial reports.
4. Requests for reimbursement of award expenditures will use the actual amounts as posted to the general ledger as the source for all invoice amounts.

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5. All financial reports required by each federal award will be prepared and filed on a timely basis. To the extent HACA's year-end audit results in adjustments to amounts previously reported to federal agencies, revised reports shall be prepared and filed in accordance with the terms of each federal award.

HACA shall maintain separate billing records in addition to the official general ledger accounting records. Billing records shall be reconciled to the general ledger on a monthly basis.

At the time invoices (requests for reimbursement) are prepared, revenue and accounts receivable shall be recorded in the accounting records of HACA by the Accountant.

If a federal award authorizes the payment of cash advances to HACA, the CFO may require that a request for such an advance be made. Upon receipt of a cash advance from a federal Organization, HACA shall reflect a liability equal to the advance. As part of the monthly closeout and invoicing process, the liability shall be reduced, and revenue recognized, in an amount equal to the allowable costs incurred for that period.

Cash Drawdowns

Cash drawdowns from federal agencies shall be made monthly in conjunction with the accounts payable and payroll schedule, based on need. Operating funds are drawdown in advance and Capital funds are reimbursement, the calculation of which is completed by Procurement, reviewed by the Accountant, and completed by Accounts Payable.

All federal funds shall be deposited into an interest-bearing cash account under the cash receipts policies and procedures described in this manual. HACA requires that federal funds will be disbursed within 48 hours of receipt using the following process:

1. AP will print out a listing of checks to be disbursed.
2. The Accountant approves the listing.
3. AP draws down the cash required.
4. The checks are printed, signed, and disbursed in accordance with cash disbursement policies.

Accounts Receivable Entry Policies

Individuals independent of the cash receipts function shall post customer invoices, credit adjustments, and other adjustments to the accounts receivable subsidiary ledger.

Classification of Income and Net Assets

All income received by Housing Authority of the City of Annapolis is classified as "unrestricted", with the exception of the following:

From time to time, the Housing Authority of the City of Annapolis Board of Commissioners may determine that it is appropriate to set funds aside for specific projects. To the extent these set-asides result from a Board action, rather than a donor-imposed requirement, the resulting set-aside shall be

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classified as “unrestricted”. However, to identify these funds as being set aside for special projects, such set-asides shall be labeled “Board-Designated” funds within the unrestricted net assets of the

Housing Authority of the City of Annapolis, and shall be reported as a separate component of unrestricted net assets on the Organization’s financial statements.

CASH RECEIPTS

Overview

Cash (including checks payable to the organization) is the most liquid asset an organization has. Therefore, it is the objective of Housing Authority of the City of Annapolis to establish and follow the strongest possible internal controls in this area.

Access to Housing Authority of the City of Annapolis assets and related documentation is restricted to authorized personnel. The processing of all transactions, including disbursements, payroll and purchases, are segregated among different fiscal staff within the Organization.

Processing of Checks

All organization receipts come directly to the Main office or the box at MHB, and are centralized to ensure that cash received is appropriately directed, recorded and deposited on a timely basis. Receipts are checked daily at the Main office, and three times per week at MHB.

Mail is opened and a listing of cash/checks received shall be prepared in an open area by Procurement. The individual preparing the daily list of receipts shall be someone that is not involved in the accounts receivable or accounts payable process. A deposit slip is prepared from the cash/checks received and compared to the daily receipts listing for discrepancies. Prepared deposits are immediately taken to the bank by Accounts Receivable. The daily cash receipts listing goes straight from Procurement to the Accountant, who uses this document to reconcile with the bank deposit.

Accounts Receivable enters all deposits into the accounting system, and forwards all depositor documentation to the Accountant for proper reconciliation to the bank statements.

Endorsement of Checks

It is the policy of Housing Authority of the City of Annapolis that all checks received that are payable to the Organization shall immediately be restrictively endorsed by the individual who prepares the daily receipts listing. The restrictive endorsement shall be a rubber stamp that includes the following information:

1. For Deposit Only
2. Housing Authority of the City of Annapolis
3. The bank name
4. The bank account number of Housing Authority of the City of Annapolis

Timeliness of Bank Deposits

It is the policy of Housing Authority of the City of Annapolis that bank deposits will be made on a daily basis, unless the total amount received for deposit is less than \$1,000. In no event shall deposits be made less frequently than weekly.

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Reconciliation of Deposits

On a periodic basis, the CFO, who does not prepare the initial cash receipts listing or bank deposit, shall reconcile the listings of receipts to bank deposits reflected on the monthly bank statement. Any discrepancies shall be immediately investigated.

ACH/Western Union/Bill Pay

If financially feasible, HACA may utilize a more automated means of receiving payments as long as the internal controls established earlier in this policy are not compromised.

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GRANTS RECEIVABLE MANAGEMENT

Monitoring and Recognition

HACA records grants receivable and income as it is earned and billed during the grant year. The CFO is responsible for monitoring budget-to-actual expenditures throughout the grant year, and will meet monthly with the Executive Director to discuss grant fiscal results.

ACCOUNTS RECEIVABLE MANAGEMENT

Monitoring and Reconciliations

On a monthly basis, AR will reconcile a detailed accounts receivable report (showing aged, outstanding invoices by customer) to the general ledger. The CFO will review the reconciliation and ensure that all differences are immediately investigated and resolved.

Tenant Receivables

In the case of retro rent, it is the policy of the Housing Authority of the City of Annapolis to utilize rent court for all proceedings.

Tenant Collections

AR and the CFO will review receivable balances on a quarterly basis. Upon determination by AR and the CFO that a tenant receivable is uncollectible, the account will be turned over to a Collection Agency by AR. Notification will be provided to the Accountant, who will complete a journal entry in the accounting records to reduce AR and charge the amount to Bad Debt Expense.

POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS

PURCHASING POLICIES AND PROCEDURES

Overview

EXCEPT WHERE OTHERWISE SPECIFIED IN THIS SECTION, THE POLICIES DESCRIBED IN THIS SECTION APPLY TO ALL PURCHASES MADE BY HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (HACA).

ADDITIONAL POLICIES APPLICABLE ONLY TO THOSE PURCHASES MADE UNDER FEDERAL AWARDS INVOLVING PUBLIC HOUSING FUNDS OR WHICH ARE REQUIRED TO FOLLOW FEDERAL PROCUREMENT REQUIREMENTS ARE SPECIFICALLY IDENTIFIED HEREIN.

It is the policy of Housing Authority of the City of Annapolis to follow a practice of ethical, responsible and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The policies in this section describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities. HACA will comply with applicable State and Local laws for all procurements.

For procurements involving public housing funds or other federal awards, which are referred to in this policy as “Federal Awards,” HACA will comply with Federal Regulations at 2 CFR Part 200, *Procurement Standards*. For procurements involving public housing funds, HACA will comply with the requirements of the Procurement Handbook for Public Housing Agencies (PHAs), HUD Handbook 7460.8 REV-2, as may be amended. Procurements involving the following programs or funds are not considered Federal Awards: Rental Assistance Demonstration (RAD) or proceeds or income from RAD transactions or properties, Section 8 Housing Choice Voucher, program income, or disposition proceeds. Procurements under the programs or using the funds identified in the preceding sentence are subject only to applicable State and Local requirements and the applicable provisions of this policy.

This policy applies to both HACA as well as procurement activities by any entities HACA wholly controls (often referred to as “instrumentalities”). HACA is not required to procure a controlled entity when using Federal Awards for contracts between HACA and the controlled entity. In such event, however, HACA will require the controlled entity to follow the procurement policies applicable to the Federal Award.

Responsibility for Purchasing

All managers shall have the authority to initiate purchases on behalf of their department within the guidelines described in this policies manual. In addition, managers may delegate purchasing

authority to responsible individuals within their program. Managers shall inform the CFO of all individuals that may initiate purchases or prepare purchase orders. The CFO shall maintain a current list of all authorized purchasers of Housing Authority of the City of Annapolis.

Accounts Payable shall be responsible for processing purchase orders. The CFO has approval authority over all purchases and contractual commitments as defined in this policy. The CFO shall make the determination on any proposed purchases where budgetary or other conditions may result in denial.

Code of Conduct in Purchasing (2 CFR Part 200.318 (c)(1))

Ethical conduct in managing the Organization's purchasing activities is absolutely essential. Staff must always be mindful that they represent the Board of Commissioners and share a professional trust with other staff and the general membership.

- Staff shall discourage the offer of, and decline, individual gifts or gratuities of value in any way that might influence the purchase of supplies, Equipment, and/or services.
- Staff shall notify their immediate supervisor if they are offered such gifts.
- No officer, board member, employee, or agent shall participate in the selection or administration of a contractor if a real or apparent conflict of interest would be involved. Such a conflict would arise if an officer, board member, employee or agent, or any member of his or her immediate family, his or her spouse or partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the vendor selected.
- Officers, board members, employees, and agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors or parties to sub-agreements.
- Unsolicited gifts with a value of \$25 or less may be accepted with the approval of the Executive Director.

Procurement Procedures

The following are HACA's procurement procedures:

1. HACA shall avoid purchasing items that are not necessary or duplicative for the performance of the activities required by a federal award. *(2 CFR Part 200.318(d))*
2. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the federal government. *(2 CFR Part 200.318(d))*. This analysis should only be made when both lease and purchase alternatives are available to the program.
3. Purchasers are encouraged to enter into state and local inter-governmental or inter-entity agreements where appropriate for procurement of use of common or shared goods and services. *(2 CFR Part 200.318(e))*
4. Purchasers are encouraged to use Federal excess and surplus property in lieu of purchasing new Equipment and property whenever such use is feasible and reduces

project costs. (2 CFR Part 200.318(f))

5. For Federal Awards, documentation of the cost and price analysis associated with each procurement decision in excess of the simplified acquisition threshold (defined in Appendix A) shall be retained in the procurement files pertaining to each federal award. (2 CFR Part 200.323)
6. For Federal Awards, all pre-qualified lists of persons, firms or products which are used in acquiring goods and services must be current and include enough qualified sources to ensure maximum open and full competition. (2 CFR Part 200.319(d))
7. For Federal Awards, HACA will maintain records sufficient to detail the history of procurement, including: (2 CFR Part 200.318(i))
 - a. Rationale for the method of procurement;
 - b. Selection of contract type;
 - c. Contractor selection or rejection; and
 - d. The basis for the contract price.
8. For Federal Awards, HACA shall make all procurement files available for inspection upon request by a federal awarding Organization.
9. For Federal Awards, HACA shall not utilize the cost-plus-a-percentage-of-costs method of contracting. (2 CFR Part 200.323(d))

All staff members with the authority to approve purchases will receive a copy of and be familiar with 2 CFR Part 200.400 – 475, Cost Principles.

Procurement Documentation

The Purchase Order:

The purchasing process for goods or services to be bought by Housing Authority of the City of Annapolis will originate with a purchase request through requisition or a check request form. The requesting manager should complete the requisition or request. The PO should list the quantity, description, price or estimated price, contractor, and the program that will be utilizing the goods or services, as well as the place of delivery, if applicable. The CFO must approve the PO. A separate PO must be used for each contractor when such contractors are known. When the item is not covered in the budget, the supervisor will provide written justification of the item and obtain the written approval of the Executive Director. Certain purchases must be approved by the BOC in accordance with the HACA bylaws.

After a director/supervisor has approved a PO, the CFO will approve the requisition before a purchase order number is released by the system. Every purchase order must be accounted for in order to maintain adequate security and internal control. Additional staff involved in the PO process include: Procurement for Contracts, and the Accountant for non-Contract items.

Use of Purchase Orders:

A properly completed purchase order shall be required for each purchase decision (i.e., total amount of goods and services purchased, not unit cost) in excess of \$100, with the exception of

travel advances and expense reimbursements. It shall contain the following information at a minimum:

- a. Purchase Order number
- b. Contractor name
- c. Contractor address
- d. Invoice number
- e. Description of goods/services purchased
- f. Program
- g. General Ledger expense code
- h. Amount
- i. Approving signatures

The *billing* address given to the contractor should be 1217 Madison Street - Annapolis, MD 21403.

At the time the items are received or service is completed, the corresponding Purchase Order number must be written on the receipt/packing slip, which must be signed and dated by the person verifying receipt or completion. Once signed, the original documentation and purchase requisition is to be forwarded to Accounts Payable to be matched up with the contractor invoice paid. Immediately upon receipt of all completed documentation, Accounts Payable is to enter the invoice into the accounting system and process the request for payment.

The Check Request:

A check request form is used in circumstances that do not fit the requisition or purchase order procedure. This would include reimbursements to employees for expenses, payments needed quickly for events such as a restaurant for parents' meetings, items where an invoice is not forthcoming from the contractor, etc. A properly completed check request should contain the same information as listed under "Use of Purchase Orders".

Checks are printed weekly.

Availability of Procurement Records (2 CFR Part 200.324(b)) for Federal Awards

HACA shall, on request, make available for the federal awarding Organization, pre-award review and procurement documents, such as requests for proposals, when any of the following conditions apply:

- The process does not comply with HACA's procurement standards in 2 CFR Part 200. (2 CFR Part 200.324(b)(1))
- The procurement is expected to exceed the federally-defined simplified acquisition threshold and is to be awarded without competition or only one bid is received. (2 CFR Part 200.324(b)(2))
- The procurement exceeds the simplified acquisition threshold and specifies a "name brand" product. (2 CFR Part 200.324(b)(3))
- The proposed award exceeds the federally-defined simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed-bid procurement. (2 CFR Part 200.324(b)(4))

- A proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the federally-defined simplified acquisition threshold. (2 CFR Part 200.324(b)(5))

Purchase Approval Levels

Less than \$5,000	Program Director and Fiscal
Above \$5,000	Board, Executive Director, Manager and Fiscal

Types of Procurement / Bid Criteria

Less than \$50	Use Petty Cash Fund (see separate policy contained in this manual)
\$50 up to the Micro Purchase Threshold	Selection of the contractor is based upon the best judgment of the Manager; no bids are necessary as long as the quote is reasonable.
For Federal Awards, Above Micro Purchase Threshold and Below Simplified Acquisition Threshold	Bids from an adequate number of qualified sources are necessary. Typically this number is a minimum of 3 bids, but the [head of Procurement] may determine that fewer bids are adequate. Such a determination will be made in writing with the justification for the determination kept in the Procurement file. A bid form must be filled out by Procurement detailing the bids received, which may be in the form of oral, fax, online, email or some other form available. The award shall be made to the responsive and responsible vendor that submits the lowest cost to the Organization. If an award is to be made for reasons other than lowest price, documentation shall be provided in the contract file.
For all other procurements that are not Federal Awards	
For Federal Awards, at or above Simplified Acquisition Threshold	Formal bids include either Sealed Bids (IFB) or Competitive Proposals (RFP). Bids are initiated and written by the requesting manager, then sent to Procurement with a listing of vendors to send the proposal to.

Sealed Bids – Procurement will publicly post an Invitation for Bids (IFB), requesting a firm fixed-price contract. At least three, sealed bids must be submitted to the Executive Director. If only one responsive bid is received, award shall not be made unless the price can be determined to be reasonable, based on a cost or price analysis. All documentation is to be forwarded to Procurement to be maintained in the selected contractor's file. Procurement also publicly posts the RFP results.

Conditions: Statement of Work is available; three or more responsible bidders are willing and able to compete; the contract can be awarded based on fixed price; selection can be made principally on the lowest price.

Bids: IFB with statement that award will be made to the lowest responsible and responsive bidder; time and place for receiving the bids and public opening; bids received are date/time stamped; allowance for withdrawal prior to opening.

Award: Public opening, with recording of results made available for public inspection; equal, low bids are selected by drawing lots or other similar random method

Competitive Proposals – Procurement will distribute a Request for Proposal (RFP), where consideration of factors other than price is necessary. At least three, bids must be submitted to the Executive Director. If only one responsive bid is received, award shall not be made unless the price can be determined to be reasonable, based on a cost or price analysis. All documentation is to be forwarded to Procurement to be maintained in the selected contractor's file. Procurement also publicly posts the RFP results.

Conditions: Where conditions are not appropriate for the use of sealed bidding.

Bids: RFP clearly identifies the importance and relative value of each of the evaluation factors as well as any subfactors and price. A mechanism for fairly and thoroughly evaluating the technical and price proposals shall be established prior to solicitation.

Evaluation: Proposals are evaluated only on the factors stated in the RFP. An evaluation report, summarizing the results of the evaluation, shall be prepared prior to award of a contract and maintained in the awarding contractor file.

Award: The contract shall be awarded to the responsible firm whose technical approach to the project, qualifications, price and/or any other factors considered, are most advantageous to the Organization provided that the price is within the maximum total project budgeted amount established for the specific property or activity.

Note that the Procurement Department, at its discretion, may elect to use the procedures (sealed bids or competitive proposals) specified in this section for non-Federal Awards

Extensions of Due Dates and Receipt of Late Proposals

Solicitations should provide for sufficient time to permit the preparation and submission of offers before the specified due date. However, in the event that a prospective offeror requests an extension to a due date specified in a solicitation, and such an extension is both justified and compatible with the requirements of Housing Authority of the City of Annapolis, an extension may be granted by the purchasing representative.

Contractor proposals are considered late if received after the due date and time specified in the solicitation. All such late proposals shall be marked "Late Proposal" on the outside of the envelope and retained, unopened, in the procurement folder. Contractors that submit late proposals shall be sent a letter notifying them that their proposal was late and could not be considered for procurement.

Competition (2 CFR Part 200.319)

In order to promote open and full competition, HACA purchasers will:

- Be alert to any internal potential conflicts of interest.
- Be alert to any noncompetitive practices among contractors that may restrict, eliminate, or restrain trade.
- Not permit contractors who develop specifications, requirements, or proposals for Federal Awards to bid on such procurements.
- Award contracts to bidders whose product or service is most advantageous in terms of price, quality, and other factors.
- When applicable, issue solicitations that clearly set forth all requirements to be evaluated.
- Reserve the right to reject any and all bids when it is in the Organization's best interest.
- Reserve the right to negotiate with contractors and/or to request best and final offers from responsive and responsible contractor bidders.
- For Federal Awards, not give preference to state or local geographical areas (other than for architect contracts) unless such preference is mandated by Federal statute. (200.319(b))
- "Name brand or equivalent" description may be used as a means to define the performance or requirements (200.319(c)(1))

Evaluation of Proposed Contractors

When HACA solicits for contractors, contractors shall be evaluated on a weighted scale that considers some or all of the following criteria:

1. Adequacy of the proposed methodology of the contractor
2. Skill and experience of key personnel and company
3. Other technical specifications (designated by program requesting proposals)
4. Compliance with administrative requirements of the request for proposal (format, due date, etc.)
5. Contractor's financial stability
6. Contractor's demonstrated commitment to the nonprofit sector
7. Results of communications with references supplied by contractor
8. Ability/commitment to meeting time deadlines
9. Cost
10. Minority- or women-owned business status of contractor
11. Other criteria (to be specified by program requesting proposal)

Not all of the preceding criteria may apply in each purchasing scenario. However, in each situation requiring consideration of alternative contractors, the department responsible for the purchase shall establish the relative importance of each criterion prior to requesting proposals and shall evaluate each proposal on the basis of the criteria and weighting that have been determined.

After a contractor has been selected and approved by the Manager, the final selection shall be approved by the CFO and/or ED prior to entering into a contract.

Affirmative Consideration of Minority, Small Business Women-Owned Businesses, and Labor Surplus Area Firms (2 CFR Part 200.321)

Positive efforts shall be made by Housing Authority of the City of Annapolis to utilize small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms whenever possible. The following steps shall be taken in furtherance of this goal:

1. Ensure that small business, minority-owned firms, women's business enterprises, and labor surplus area firms are used to the fullest extent practicable. (2 CFR 200.321)
2. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small business, minority-owned firms women's business enterprises, and labor surplus area firms (2 CFR 200.321(b)(4))
3. Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms and women's business enterprises. (2 CFR Part 200.321(b)(6))

4. Encourage contracting with consortiums of small businesses, minority owned firms and women's business enterprises, and labor surplus area firms when a contract is too large for one of these firms to handle individually. (2 CFR Part 200.321(b)(3))
5. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Organization in the minority-owned firms and women's business enterprises. (2 CFR Part 200.321(b)(5))

Provisions Included in All Contracts Using Federal Awards (2 CFR Part 200 Appendix II)

HACA includes all of the following provisions, as applicable, in all contracts charged to Federal Awards (including small purchases) with vendors:

1. Contracts for more than the simplified acquisition threshold, which is periodically adjusted (the current rate for which is included at Appendix A), which is the inflation adjusted amount determined by the Civilian Organization Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by [41 U.S.C. 1908](#), must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
2. All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.
3. Contracts must specify that the vendor is authorized to sub-contract any/all of the work agreed upon within the scope of their contract with HACA only after receiving the explicit prior written approval of HACA.
4. **Equal Employment Opportunity:** All contracts shall contain a provision requiring compliance with E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR Part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
5. **Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7):** When required by Federal program legislation, all construction contracts of more than \$2,000 awarded by HACA and its subrecipients shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction").
6. **Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333):** Where applicable All contracts awarded by HACA in excess of \$2,000 for construction contracts and in excess of \$2,500 for other contracts that involve the employment of mechanics or laborers shall include a

provision for compliance with Sections 102 and 107 of the Contract Works Hours and Safety Standards Act (40 U.S.C. 327-333), as supplemented by Department of Labor regulations (29 CFR part 5).

7. **Rights to Inventions Made Under a Contract or Agreement:** Contracts or agreements for the performance of experimental, developmental or research work shall provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organization and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the award Organization.

8. **Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended:** Contracts and subgrants of amounts in excess of \$100,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to the federal awarding Organization and the Regional Office of the Environmental Protection Organization (EPA).

9. **Mandatory** standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act ([42 U.S.C. 6201](#)).

10. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352):** For all contracts or subgrants of \$100,000 or more, HACA shall obtain from the contractor or subgrantee a certification that it will not and has not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any Organization, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant, or any other award covered by 31 U.S.C. 1352.

11. **Debarment and Suspension (E.O.s 12549 and 12689):** No contract shall be made to the parties listed on the General Services List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with E.O.'s 12549 and 12689, "Debarment and Suspension."

Non-Discrimination Policy

All contractors who are the recipients of Organization funds, or who propose to perform any work or furnish any goods under agreements with Housing Authority of the City of Annapolis shall agree to these important principles:

1. Contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation or national origin, except where religion, sex,

or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the contractors.

2. Contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause. Notices, advertisement and solicitations placed in accordance with Federal law, rule or regulation shall be deemed sufficient for meeting the intent of this section.

Contractor Files

Procurement and Accounts Payable shall create a contractor folder for each new contractor from whom Housing Authority of the City of Annapolis purchases goods or services.

With each RFP, Procurement shall include a blank Form W-9, along with a request for the contractor to complete and sign the W-9 or provide equivalent, substitute information and return it with their proposal. Completed, signed Forms W-9 or substitute documentation shall be filed in the contractor folder, and a copy shall be forwarded onto the CFO's office. Contractors who do not return a completed, signed Form W-9 or provide equivalent documentation shall have Federal taxes withheld at the rate specified in the instructions for Form W-9 (presently 28%), unless exempt according to IRS guidelines provided in the same instructions. They will also be issued a Form 1099 at the end of each calendar year in accordance with the policies described in the section of this manual on "Government Returns."

See the section on "Payroll and Related Policies" for guidance on determining whether a contractor should be treated as an employee.

Contract Administration

HACA is required to have policies and procedures on contract administration. (2 CFR Part 200.318(b)) Therefore, all managers will adhere to the following procedures:

1. Contract administration files shall be maintained:
 - a. For each contract greater than \$2,000 a separate file shall be maintained.
 - b. For contracts less than \$2,000, contract records may be combined in a single file by grant or other funding source.
2. Contract administration files shall contain:
 - a. The required documentation specified in the authorizations and purchasing limits table for the original scope of work and for all amendments.
 - b. Where the contract work is identified in the grant award or budget, the identification and scope of the work contained in the award or budget, and all approved changes.
3. Authorization of work:

- a. Accounts Payable will check the contractor's status with Maryland Department of Assessments and Taxation, Worker's Comp Certification, Contractor's License, and ensure that the contractor has not been debarred. Only upon successful completion of this step by AP will the contract be forwarded to the Executive Director for final approval.
 - b. No work shall be authorized until the contract for the work has been approved and fully executed. A "Notice to Proceed" will be sent by Procurement to the requesting manager.
 - c. No change in the work shall be authorized until an amendment to the contract for the work has been approved and fully executed, except as permitted for Special Purchasing Conditions.
 - d. No amendment of a contract for work shall be executed until it has been approved and authorized in writing as required in the Authorizations and Purchasing Limits table and, where required by the terms of the grant award or budget, approval by the funding source.
4. Conformance of work:
- a. For each grant award, based on the applicable laws, regulations and grant provisions, the Program Director shall establish and maintain a system to reasonably assure contractor:
 - i. Conformance with the terms, conditions, and specifications of the contract, and
 - ii. Timely follow-up of all purchases to assure such conformance and adequate documentation.
5. The purchasing Manager will authorize payment of invoices to contracts after final approval of work products.

Special Purchasing Conditions

Emergencies:

Where equipment, materials, parts, and/or services are needed, quotations will not be necessary if the health, welfare, safety, etc., of staff and protection of Organization property is involved. The reasons for such purchases will be documented in the procurement file.

Single Distributor/Source:

Sole source purchase contracts may be made for a Federal Award when one or more of the following conditions applies:

- The item or service is only available from one source;
- The situation is an emergency and will not permit a delay resulting from competitive solicitation;
- The awarding Organization expressly authorizes noncompetitive proposals in response to a written request; or
- After solicitation, competition is deemed inadequate (insufficient bidders).

Approval from the awarding Organization may be required.

Notwithstanding other provisions of this policy regarding solicitation of bids or proposals, sole source purchase contracts may be made for non-Federal Awards if the Executive Director or her designee determines one of the above four factors are present or that other good cause exists for such a contract.

Right to Audit Clause

HACA requires a “Right to Audit” clause in all contracts between the Organizations and vendors that either:

1. Take any form of temporary possession of assets directed for the Organization, or
2. Process data that will be used in any financial function of the Organization

This Right to Audit clause shall permit access to and review of all documentation and processes relating to the contractor’s operations that apply to HACA, as well as all documents maintained or processed on behalf of HACA, for a period of three years. The clause shall state that such audit procedures may be performed by HACA employees or any outside auditor or contractor designated by the Organization.

Receipt and Acceptance of Goods

The ordering program shall inspect all goods received. Upon receipt of any item from a contractor, the following actions shall immediately be taken:

1. Review bill of lading for correct delivery point.
2. Verify the quantity of boxes/containers with the bill of lading.
3. Examine boxes/containers for exterior damage and note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.).
4. Sign and date the bill of lading.
5. Remove the packing slip from each box/container.
6. Compare the description and quantity of goods per the purchase order to the packing slip.
7. Examine goods for physical damage.
8. Count or weigh items, if appropriate, and record the counts on the purchase order.

This inspection must be performed in a timely manner to facilitate prompt return of goods and/or communication with contractors.

Procurement Grievance Procedures

Any bidder may file a grievance with HACA following a competitive bidding process. Once a selection is made, bidders must be notified in writing of the results. The written communication mailed to bidders must also inform them that they may have a right to appeal the decision. Information on the organization’s appeal procedures must be made available to all prospective

contractors or subgrantees upon request, including the name and address of a contact person, and a deadline for filing the grievance. Grievances are limited to violations of federal laws or regulations, or failure of the Organization to follow its own procurement policies.

SUBRECIPIENTS

Making of Subawards

From time to time, HACA may find it practical to make subawards of a Federal Award to other organizations. All subawards in excess of the simplified acquisition threshold shall be subject to the conflict of interest policies described in the preceding section. In addition, all subrecipients must be approved in writing by the federal awarding Organization and agree to the subrecipient monitoring provisions described in the next section.

HACA is required to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward to determine the appropriate monitoring. Evaluations may include such factors as: (2 CFR Part 200.331(b))

- The subrecipient's prior experience with the same or similar subawards;
- The results of previous audits including whether or not the subrecipient receives a Single Audit, and the extent to which the same or similar subaward has been audited as a major program;
- Whether the subrecipient has new personnel or new or substantially changed systems; and
- The extent and results of Federal awarding Organization monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding Organization).

In addition, HACA shall obtain the following documents from all new subrecipients:

1. Articles of Incorporation
2. Bylaws or other governing documents
3. Determination letter from the IRS (recognizing the subrecipient as exempt from income taxes under IRC section 501(c)(3))
4. Last three years' Forms 990 or 990-EZ, including all supporting schedules and attachments (also Form 990-T, if applicable)
5. Copies of the last three years' audit reports and management letters received from subrecipient's independent auditor (including all reports associated with audits performed in accordance with 2 CFR Part 200.500 – 521, if applicable)
6. Copy of the most recent internally-prepared financial statements and current budget
7. Copies of reports of government agencies (Inspector General, state or local government auditors, etc.) resulting from audits, examinations, or monitoring procedures performed in the last three years

Monitoring of Subrecipients

When HACA makes a subaward of a Federal Award to subrecipients, HACA is subject to a requirement to monitor each subrecipient in order to provide reasonable assurance that subrecipients are complying, in all material respects, with laws, regulations, and award provisions applicable to the program. The following required information will be provided to all subrecipients:

1. Federal Award Identification.
 - a. Subrecipient name (which must match registered name in DUNS);
 - b. Subrecipient's DUNS number ;
 - c. Federal Award Identification Number (FAIN);
 - d. Federal Award Date;
 - e. Subaward Period of Performance Start and End Date;
 - f. Amount of Federal Funds Obligated by this action;
 - g. Total Amount of Federal Funds Obligated to the subrecipient;
 - h. Total Amount of the Federal Award;
 - i. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
 - j. Name of Federal awarding Organization, pass-through entity, and contact information for awarding official,
 - k. Catalogue of Federal Domestic Assistance (CFDA) Number and Name. HACA must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
 - l. Indirect cost rate for the Federal award (including if the de minimis rate is charged per § 200.414 Indirect (F&A) costs).
2. All requirements imposed by HACA on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.
3. Any additional requirements that HACA imposes on the subrecipient in order for HACA to meet its own responsibility to the Federal awarding Organization including identification of any required financial and performance reports;
4. An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal government or, if no such rate exists, either a rate negotiated between HACA and the subrecipient, or a de minimis indirect cost rate as defined in § 200.414 Indirect costs.
5. A requirement that the subrecipient permit HACA and auditors to have access to the

subrecipient's records and financial statements as necessary for HACA to meet the monitoring requirements of 2 CFR Part 200; and

6. Appropriate terms and conditions concerning closeout of the subaward.
7. Subawards shall require that subrecipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.
8. Subawards shall require that subrecipients submit financial and program reports to HACA on a basis no less frequently than monthly.
9. HACA will follow up with all subrecipients to determine whether all required audits have been completed. HACA will cease all funding of subrecipients failing to meet the requirement to undergo an audit in accordance with 2 CFR Part 220.501. For subrecipients that properly obtain an audit in accordance with 2 CFR Part 200.501, HACA shall obtain and review the resulting audit reports for possible effects on HACA's accounting records or audit.
10. HACA shall assign one of its employees the responsibility of monitoring each subrecipient on an ongoing basis during the period of performance by the subrecipient. This employee will establish and document, based on her or his understanding of the requirements that have been delegated to the subrecipient, a system for the ongoing monitoring of the subrecipient.
11. Ongoing monitoring of subrecipients will vary from subrecipient to subrecipient based on the nature of work assigned to each. However, ongoing monitoring activities may involve any or all of the following:
 - a. Regular contacts with subrecipients and appropriate inquiries regarding the program.
 - b. Reviewing programmatic and financial reports prepared and submitted by the subrecipient and following up on areas of concern.
 - c. Monitoring subrecipient budgets.
 - d. Performing site visits to the subrecipient to review financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the subaward.
 - e. Offering subrecipients technical assistance where needed.
 - f. Maintaining a system to track and follow up on deficiencies noted at the subrecipient in order to ensure that appropriate corrective action is taken.
 - g. Establishing and maintaining a tracking system to ensure timely submission of all reports required of the subrecipient.
12. Documentation shall be maintained in support of all efforts associated with monitoring of subrecipients.

13. In connection with any subrecipient that has been found to be out of compliance with provisions of its subaward with HACA, responsive actions by the Organization shall be determined by CFO. Such actions may consist of any of the following actions:

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- a. Increasing the level of supporting documentation that the subrecipient is required to submit to HACA on a monthly or periodic basis.
- b. Requiring that subrecipient prepare a formal corrective action plan for submission to HACA.
- c. Requiring that certain employees of the subrecipient undergo training in areas identified as needing improvement.
- d. Requiring documentation of changes made to policies or forms used in administering the subaward.
- e. Arranging for on-site (at the subrecipient's office) oversight on a periodic basis by a member of the HACA accounting or grant administration staff.
- f. Providing copies of pertinent laws, regulations, federal Organization guidelines, or other documents that may help the subrecipient.
- g. Arranging with an outside party (such as HACA's own independent auditors) for periodic on-site monitoring visits.
- h. Reimbursing after-the-fact, and not provide advances.
- i. Requiring review and approval for each disbursement and all out-of-area travel.
- j. As a last resort, terminating the subaward relationship and seeking an alternative.

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Appendix A

This policy refers to micro purchase and simplified acquisition thresholds, which are established Federally and are periodically modified.

Effective April 28, 2026, micro purchase threshold was increased from \$10,000 to \$15,000 and the simplified acquisition threshold was increased from \$250,000 to \$350,000. This policy adopts those increased thresholds and will automatically apply any future modifications to the micro-purchase and simplified acquisition thresholds.

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Appendix B

Only certain categories of staff may authorize procurements and contracts, consistent with this policy. That authority is as follows:

Executive Director: Procurement/Contracts up to \$5000

Directors: Procurement/Contracts up to \$3000

Managers/Supervisors: Procurement/Contracts up to \$500

Contracts in excess of certain thresholds may not be executed without Board approval. Please refer to the HACA bylaws for the current thresholds and any exemptions from the same related to emergency procurements.

POLITICAL INTERVENTION

Prohibited Expenditures

Consistent with its tax-exempt status under the Internal Revenue Code, it is the policy of Housing Authority of the City of Annapolis that the Organization shall not incur any expenditure for political intervention. For purposes of this policy, political intervention shall be defined as any activity associated with the direct or indirect support or opposition of a candidate for elective public office at the Federal, state or local level. Political intervention does not include lobbying activities, defined as the direct or indirect support or opposition for legislation, which is not prohibited under the Internal Revenue Code for Housing Authority of the City of Annapolis. Examples of prohibited political expenditures include, but are not limited to, the following:

1. Contributions to political action committees
2. Contributions to the campaigns of individual candidates for public office
3. Contributions to political parties
4. Expenditures to produce printed materials (including materials included in periodicals) that support or oppose candidates for public office
5. Expenditures for the placement of political advertisements in periodicals

Endorsements of Candidates

It is the policy of Housing Authority of the City of Annapolis not to endorse any candidates for public office in any manner, either verbally or in writing. This policy extends to the actions of management and other representatives of Housing Authority of the City of Annapolis, when these individuals are acting on behalf of, or are otherwise representing, the Organization.

Prohibited Use of Organization Assets and Resources

It is the policy of Housing Authority of the City of Annapolis that no assets or human resources of the organization shall be utilized for political activities, as defined above. This prohibition extends to the use of Organization assets or human resources in support of political activities that are engaged in personally by board members, members of management, employees, or any other representatives of Housing Authority of the City of Annapolis. While there is no prohibition against these individuals engaging in political activities personally (on their own time, and without representing that they are acting on behalf of the Organization), these individuals must at all times be aware that Organization resources cannot at any time be utilized in support of political activities.

ACCOUNTS PAYABLE MANAGEMENT

Overview

Housing Authority of the City of Annapolis strives to maintain efficient business practices and good cost control. A well-managed accounts payable function can assist in accomplishing this goal from the purchasing decision through payment and check reconciliation.

It is the policy of Housing Authority of the City of Annapolis that the recording of assets or expenses and the related liability is performed by an employee independent of ordering and receiving. The amounts recorded are based on the contractor invoice for the related goods or services. The contractor invoice should be supported by an approved purchase order and/or contract where necessary. Invoices and related general ledger account distribution codes are reviewed prior to posting to the subsidiary system.

The primary objective for accounts payable and cash disbursements is to ensure that:

1. Disbursements are properly authorized
2. Invoices are processed in a timely manner
3. Contractor credit terms and operating cash are managed for maximum benefits

Recording of Accounts Payable

All valid accounts payable transactions, properly supported with the required documentation, shall be recorded as accounts payable in a timely manner. Processing of accounts payable is ongoing, and information is entered into the system from approved invoices or check requests with appropriate documentation attached.

It is the policy of Housing Authority of the City of Annapolis that only original invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching the contractor records. No contractor statements shall be processed for payment, unless proper documentation from the respective program is obtained.

Accounts Payable Cut-Off

For purposes of the preparation of the Organization's monthly financial reports, all contractor invoices that are received, approved and supported with proper documentation by the tenth day of the following month shall be recorded as accounts payable as of the end of the immediately preceding month if the invoice pertains to goods or services delivered by month-end. Posting to prior months may be done only if appropriate and approved by the CFO.

Establishment of Control Devices

Control of invoices is established by Accounts Payable as soon as invoices are received. Contractors will be instructed to mail all invoices to 1217 Madison Street, Annapolis, MD 21403. Upon receipt of invoices, each invoice shall be "date received" stamped.

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Under no circumstances is Accounts Payable to change payment amounts to a contractor; any changes must be approved by the Manager or CFO.

Preparation of Invoice for Payment

Prior to any account payable being entered in the A/P system, the following documents should be attached:

1. Contractor invoice (or employee expense report)
2. Packing slip (where appropriate)
3. Receiving report (or other indication of receipt of merchandise and authorization of acceptance)
4. Purchase requisition
5. Any other supporting documentation deemed appropriate

Processing of Invoices and Check Requests

The following procedures shall be applied to each invoice and check request by Accounts Payable:

1. Check the mathematical accuracy of the contractor invoice
2. Compare the nature, quantity and prices of all items ordered per the contractor invoice to the purchase order, packing slip and receiving report
3. Confirm document the general ledger distribution, using the Organization's current chart of accounts
4. Confirm contractual "not-to-exceed" limits versus amounts paid for services to date
5. Confirm contract was properly executed

If there is a variation of more than \$25 between the requisition price and the invoice, Accounts Payable is to bring the discrepancy to the attention of the CFO to determine the proper amount to be paid. In making such determination, the CFO may request an explanation of the variation from the purchasing manager.

On a weekly basis, Accounts Payable is to submit an aging report to the CFO for approval of payment. All supporting documentation to the outstanding invoices listed on the contractor aging report is to also be submitted to ensure the accuracy of Accounts Payable. Upon approval of payment by the CFO, cash disbursement can be made (as discussed later in this Policy Manual).

Construction / Renovation

It is required that invoices for construction or renovation services be accompanied by a monthly progress report from the engineering firm or contractor certifying that the work for which payment is requested is properly completed in accordance with approved plans and applications. The Housing Authority of the City of Annapolis engineering project personnel responsible for overseeing the project will then review billings and the engineering firm/contractor's certification and authorize payment based on his/her knowledge of progress being made on the project.

Payment Discounts

To the extent practical, it is the policy of Housing Authority of the City of Annapolis to take advantage of all prompt payment discounts offered by contractors. When availability of such discounts is noted, and all required documentation in support of payment is available, payments will be scheduled so as to take full advantage of the discounts.

Employee Expense Reports

Reimbursements for travel expenses, business meals, or other approved costs will be made only upon the receipt of a properly approved and completed check request (see further policies under “Travel and Business Entertainment”). All receipts must be attached, and a brief description of the business purpose of trip or meeting must be noted on the form. Expense reports will be processed for payment no later than the first contractor payment cycle after received.

Reconciliation of A/P Subsidiary Ledger to General Ledger

At the end of each fiscal year, the total amount due to contractors per the accounts payable subsidiary ledger shall be reconciled to the total per the accounts payable general ledger account (control account). All differences are investigated and adjustments are made as necessary. The reconciliation and the results of the investigation of differences are reviewed and approved by the CFO.

Also on a monthly basis, the Accountant shall perform the following procedures:

1. Check all statements received for unprocessed invoices.
2. Check the Purchase Requisition file for open items that are more than 60 days old to follow up.

TRAVEL

The intent of this policy is to establish and communicate equitable standards and effective procedures for minimizing travel expenses. Since it is impossible to anticipate every situation that may be encountered while traveling on business, each employee is accountable for exercising good judgment while traveling. Employees are expected to review their travel arrangements with their supervisors, as they are responsible for compliance with this policy.

Travel Advances

Per diem checks will be determined by the departure and return times on the "Overnight Travel Report." The organization has elected to utilize IRS/GSA per diem rates in effect for the destination to advance travelers for meals and incidentals. An employee who incurs meal and incidental expenses greater than the authorized Per Diem rates on a business trip may not submit these costs to the organization for reimbursement – these excess costs are considered personal, non-reimbursable costs. Gratuities are considered part of the per diem. Employees who are not away from home overnight are not entitled to per diems.

Employee and Director Business Travel

At the conclusion of a Housing Authority of the City of Annapolis business trip, an employee or member of the Board of Commissioners that has incurred business-related expenses should complete the Overnight Travel Report in accordance with the following policies:

1. Identify actual business expense incurred.
2. Attach all applicable receipts.
3. Project/function codes must be identified for all expenditures.
4. Only one expense report form should be prepared for each trip.

An employee will not be reimbursed for expense reports not meeting the preceding criteria. If the Expense Report results in a balance due to Housing Authority of the City of Annapolis (as a result of receiving a travel advance greater than actual business expenditures), the employee must attach a check or sign a statement indicating authorization to settle the balance due through a payroll deduction.

Documentation must justify that participation of the traveler is necessary for the Federal award and costs are reasonable and consistent with HACA's travel policy. (2 CFR Part 200.474(b)(1) and (2))

Reasonableness of Travel Costs

HACA shall reimburse travelers only for those business-related costs that are reasonably incurred. Accordingly, the following guidelines shall apply:

1. Payment for suites and other upgraded rooms at hotels shall not be allowed unless required by a medical condition. Travelers should stay in standard rooms.

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2. Ask hotels for any available discounts – nonprofit, government, or corporate rates.
3. When utilizing rental cars, travelers should rent midsize or smaller vehicles unless safety considerations require a larger vehicle. Rental of a vehicle larger than midsize must be approved by a supervisor. Share rental cars whenever possible.
4. Business-related long-distance telephone calls while away on business travel are permitted, but should be kept to a minimum. Expense reports should explain long-distance charges.
5. Whenever possible, travelers should utilize long-distance calling cards when placing calls while away on travel. Avoid using the hotel's long-distance service whenever possible. (Note: see the next section of cell phone policies.)
6. Reasonable tips for baggage handling shall be reimbursed. No receipts are required.
7. If required by the funding source, foreign travel charged to federal grants must be approved in writing by the funding source prior to travel.

Temporary Dependent Care Costs (2 CFR Part 200.474(c))

Temporary dependent care costs above and beyond regular dependent care that directly result from travel to conferences are allowable and reimbursable providing that:

1. The costs are a direct result of the individual's travel for the Federal award;
2. The costs are consistent with the non-Federal entity's documented travel policy for all entity travel; and
3. Are only temporary during the travel period.

Air Travel

Airfare is charged to the corporate credit card, after all proper documentation for travel is obtained. Employees are expected to accept the least expensive flight within the travel window, and assume the responsibility of checking the accuracy of all information for booked flights.

The following additional rules apply to air travel:

1. Air travel should be at coach class; First class air travel shall not be reimbursed unless there is a documented medical reason
2. Memberships in airline flight clubs is not reimbursable
3. Employees are permitted to keep any benefits of a non-cash nature received from Frequent Flyer and other promotional programs offered by the travel industry (employees are required to return to the Organization all cash, checks and/or all other monetary benefits). All tax liability associated with receipt and use of frequent flyer awards is the responsibility of the

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employee.

4. Cost of flight insurance is not reimbursable
5. When airfare is \$1,000 or more, two quotes from a travel Organization and/or an airline should be obtained and attached to the expense report
6. When returning on a Sunday or departing on a Saturday in order to obtain a cost savings in airfare due to the Saturday-night stayover, travelers should provide a total cost comparison (showing that the lower airfare plus an extra night lodging, meals & incidentals is less costly than airfare without the Saturday night stayover)
7. Cost of upgrade certificates is not reimbursable
8. Cost of canceling and rebooking flights is not reimbursable, unless it can be shown that it was necessary or required for legitimate business reasons (such as changed meeting dates, medical reasons, etc.)
9. Travelers must identify and pay for all personal flights, even if such flights are incorporated into a flight schedule that serves business purposes (i.e., Housing Authority of the City of Annapolis will not reimburse for the personal legs of a trip)
10. Under no circumstances may an employee exchange an airline ticket for cash, or for a greater number of tickets at a lower fare (i.e. exchange 1 business class for 2 coach class tickets, etc.)

Rail Travel

Conventional, unreserved seating is the standard for all rail travel. Unused rail tickets resulting from cancellation or change must be returned to the Finance office; these are negotiable documents and must be returned properly in order to obtain credit.

Lodging

All lodging will be based on the most convenient and economical choices available. Employees may request a hotel that meets their requirements, if they offer comparable rates. Effort will be made to arrange lodging in the hotel most convenient to the conference.

Housing Authority of the City of Annapolis will guarantee hotel reservations with the corporate credit card. If, for any reason, it is necessary to cancel or change hotel reservations, it is the responsibility of the employee to advise the hotel directly in order to prevent a one-night no-show penalty charge.

Itemized receipts for lodging must be submitted to the Organization's finance office upon return, in order to facilitate credit card reconciliation. It is the employee's responsibility to ensure that the rate quoted at the time of booking agrees with the rate charged at check-out.

An employee who incurs lodging expenses greater than the GSA rate in effect for the destination may not submit these costs to the organization for reimbursement. These excess costs are considered personal, non-reimbursable costs. If an emergency situation arises, the employee may seek approval from the ED to be reimbursed for any expenses incurred which are greater than the GSA rate in effect.

Ground Transportation

The following options should be used, with least cost as priority when traveling to/from airports, home, work location, within city:

1. Airport bus
2. Public transportation, such as mass transit
3. Taxi
4. Shuttle service
5. Personal vehicle
6. Rental vehicle

The sharing of ground transportation is encouraged whenever possible (the name of each employee using the service should be reflected on the expense voucher). One employee is to pay for the ride, then request reimbursement.

Personal Vehicle Use

An employee who travels for business purposes in a personally-owned vehicle will be reimbursed for either the mileage incurred or the mileage to and from the normal work location, whichever is less. An original, signed "Local Travel Voucher" must be submitted to the Finance office. Mileage is reimbursed per mile at a rate set by the Organization and adjusted periodically.

Travel to and from the employee's regularly-scheduled office is not reimbursed; this also excludes an office that you are required to report to on a regularly-scheduled basis for a full day's work that is not the normal place of business. Mileage is only paid for travel outside of the Annapolis area.

Toll and parking expenses, including overnight parking, shall be reimbursed when incurred while on Housing Authority of the City of Annapolis business. Toll amounts paid for normal commuting are not reimbursable.

It is required that an employee using his/her vehicle must carry all the legally required insurance on the vehicle. All laws are to be obeyed, for example cell phone usage, seat belts, etc.

Housing Authority of the City of Annapolis will not pay fines for traffic violations. It is the employee's responsibility to settle these matters personally.

Corporate Vehicle Use

Employees may utilize corporate-owned vehicles upon approval of the Executive Director and Board of Commissioners. Corporate vehicles are not to be taken home, nor used for personal travel.

Spouse/Partner Travel

It is the policy of Housing Authority of the City of Annapolis not to reimburse any employee or board

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member for separate travel costs (air fare, etc.) associated with his/her spouse or partner. The cost of

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a shared hotel room need not be allocated between employee/director and spouse/partner for purposes of this policy.

CELL PHONES

Issuance of Corporate Cell Phones

HACA will provide cell phones to the Executive Director, Property Managers, IT, and maintenance staff only, in accordance with Federal regulations.

Corporate cell phone holders will be required to sign a statement acknowledging that the cell phone shall be used for legitimate organization-related business purposes, shall not be used while driving. The cell phone holder also agrees to take reasonable precautions to protect the cell phone from loss or theft by storing it in a secure location. Upon approval, a cell phone will be issued bearing the names of both the individual and HACA.

Cell Phone Use

Employees of HACA are prohibited from using a cell phone or similar device, hands-on or hands-free, while driving, whether the business conducted is personal or organization-related. This prohibition includes receiving or placing calls, text messaging, accessing the Internet, receiving or responding to email, checking for or listening to voice messages, or any other uses.

Cell Phone Plans

All corporate-owned cell phones are to be acquired through the preapproved contractor. Exceptions to this policy may be made due to cell phone area coverage. Any exceptions must be approved by the Executive Director.

The employee's supervisor will monitor usage and recommend adjustments to terms as needed to ensure that the employee is on the most efficient plan based on his or her needs. Initial cell phone plan terms and any subsequent changes in terms will be approved in advance by the Executive Director.

Upon receiving the cell phone, the employee is required to sign a statement of receipt and acceptance of responsibility for corporate cell phones.

HACA requires the following review and approval procedures:

- Supervisors shall review and sign the monthly statement for cell phone holders they supervise and forward it to the Fiscal Department.
- The board chair or treasurer will approve cell phone statements for the Executive Director.
- Supervisor signatures indicate that the usage is approved and that the calls were made in accordance with HACA policies.
- The Executive Director will review and approve all corporate cell phone statements monthly.
- Any fraudulent or other unauthorized usage shall be immediately pointed out to the CFO for further investigation with the cell phone provider.

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Cell phone holders shall report the loss or theft of a corporate cell phone immediately by notifying the cell phone provider as well as the CFO.

Revocation of Corporate Cell Phones

Failure to comply with any of these policies associated with the use of HACA's corporate cell phones shall be subject to possible revocation of corporate cell phone privileges. The CFO, with the approval of the Executive Director, shall determine whether cell phones are to be revoked.

Employee Cell Phones

HACA recognizes that certain job functions require that an employee be accessible when away from the office or during times outside of scheduled work hours. For this reason, HACA will provide a stipend to select employees as a working condition fringe benefit. Approval of stipend recipients will be at the discretion of the Executive Director, and the stipend amount will be based on the pricing of a basic cell phone plan from the organization's cell phone provider.

Personal Cell Phones or Similar Devices at Work

Employees of HACA are asked to minimize the use of personal cell phones in the workplace. In an emergency situation, employees may carry their personal cell phones in vibrate mode.

CASH DISBURSEMENTS (CHECK-WRITING) POLICIES

Check Preparation

It is the policy of Housing Authority of the City of Annapolis to print contractor checks and expense reimbursement checks once a week. Checks shall be prepared by persons independent of those who initiate or approve expenditures, as well as those who are authorized check signers.

All contractor and expense reimbursement checks shall be produced in accordance with the following guidelines:

1. Expenditures must be supported in conformity with the purchasing, accounts payable, and travel and business entertainment policies described in this manual
2. Timing of disbursements should generally be made to take advantage of all early-payment discounts offered by suppliers/contractors
3. Generally, all contractors shall be paid within 30 days of submitting a proper invoice upon delivery of the requested goods or services
4. Total cash requirements associated with each check run is monitored in conjunction with available cash balance in bank prior to the release of any checks
5. All supporting documentation is attached to the corresponding check prior to forwarding the entire package to an authorized check signer
6. The accounting system automatically prints out checks in numerical order (blank check stock is stored in a locked safe in the finance department)
7. Checks shall never be made payable to "bearer" or "cash"
8. Checks shall never be signed prior to being prepared

Check Signing

It is the policy of Housing Authority of the City of Annapolis that each check shall be signed by individuals other than the requesting employee. All checks require two signatures. No checks shall be signed prior to the check being completed in its entirety (no signing of blank checks).

Because the Organization uses electronic signatures (securely maintained within the on line accounting system) a check signer is to examine all original supporting documentation to ensure that each item has been properly processed.

Mailing of Checks

After proper approval of Positive Pay and the Check Register by the CFO, AP mails the checks immediately. Checks shall not be mailed by individuals who authorize expenditures.

Voided Checks and Stop Payments

Checks may be voided due to processing errors by making proper notations in the check register and defacing the check by clearly marking it as "VOID". All voided checks shall be retained to aid in

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preparation of bank reconciliations.

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Stop payment orders may be made for checks lost in the mail or other valid reasons. Stop payments are processed by written authorization and/or online request to the bank by finance personnel with this authority. A journal entry is made to record the stop payment and any related bank fees.

Record-Keeping Associated with Independent Contractors

Housing Authority of the City of Annapolis shall obtain a completed Form W-9 or equivalent substitute documentation from all contractors to whom payments are made. A record shall be maintained of all contractors to whom a Form 1099 is required to be issued at year-end. Payments to such contractors shall be accumulated over the course of a calendar year.

PAYROLL AND RELATED POLICIES

Classification of Workers as Independent Contractors or Employees

It is the policy of Housing Authority of the City of Annapolis to consider all relevant facts and circumstances regarding the relationship between Housing Authority of the City of Annapolis and the individual in making determinations about the classification of workers as independent contractors or employees. This determination is based on the degree of control and independence associated with the relationship between Housing Authority of the City of Annapolis and the individual. Facts that provide evidence of the degree of control and independence fall into three categories:

1. Behavioral control
2. Financial control
3. The type of relationship of the parties

Facts associated with each of these categories that will be considered by Housing Authority of the City of Annapolis in making employee/contractor determinations shall include:

1. Behavioral control:
 - a. Instructions given by Housing Authority of the City of Annapolis to the worker that indicate control over the worker (suggesting an employee relationship), such as:
 - (1) When and where to work
 - (2) What tools or Equipment to use
 - (3) What workers to hire or to assist with the work
 - (4) Where to purchase supplies and services
 - (5) What work must be performed by a specified individual
 - (6) What order or sequence to follow
 - b. Training provided by Housing Authority of the City of Annapolis to the worker (i.e., employees typically are trained by their employer, whereas contractors typically provide their own training)
2. Financial control:
 - a. The extent to which the worker has unreimbursed business expenses (i.e., employees are more likely to be fully reimbursed for their expenses than is a contractor)
 - b. The extent of the worker's investment in the facilities/assets used in performing services for Housing Authority of the City of Annapolis (greater investment associated with contractors)
 - c. The extent to which the worker makes services available to the relevant market

- d. How Housing Authority of the City of Annapolis pays the worker (i.e., guaranteed regular wage for employees vs. flat fee paid to some contractors)
 - e. The extent to which the worker can realize a profit or loss.
3. Type of relationship:
- a. Written contracts describing the relationship that Housing Authority of the City of Annapolis and the individual intend to create
 - b. Whether Housing Authority of the City of Annapolis provides the worker with employee-type benefits, such as insurance, paid leave, etc.
 - c. The permanency of the relationship
 - d. The extent to which services performed by the worker are a key aspect of the regular business of Housing Authority of the City of Annapolis

If an individual qualifies for independent contractor status, the individual will be sent a Form 1099 if total compensation paid to that individual for any calendar year, on the cash basis, is \$600 or more. The amount reported on a Form 1099 is equal to the compensation paid to that person during a calendar year (on the cash basis). Excluded from “compensation” are reimbursements of business expenses that have been accounted for by the contractor by supplying receipts and business explanations.

If an individual qualifies as an employee, a personnel file will be created for that individual and all documentation required by the Housing Authority of the City of Annapolis personnel policies shall be obtained. The policies described in the remainder of this section shall apply to all workers classified as employees.

Review and Approval of Senior Management Compensation

In connection with the salaries and benefits of senior management (to include the Executive Director), a triennial study shall involve a salary and benefits survey conducted by an independent organization. The analysis of senior management salaries and benefits shall be conducted under the direction of the Governance Committee of the Board of Commissioners. If an appropriate survey cannot be located, the Governance Committee shall consider utilizing a salary and benefits consulting specialist firm or conducting its own customized comparison with similar organizations.

Although the formal comparison with external data shall be performed once every three years, the Governance Committee shall document its consideration and authorization of the salaries and benefits of senior management on an annual basis, prior to the beginning of each fiscal year.

Payroll Administration

Housing Authority of the City of Annapolis operates on a bi-weekly payroll. For all Housing Authority of the City of Annapolis employees, a personnel file is established and maintained with current documentation, as described in the Organization's Employee Handbook.

Changes in Payroll Data

It is the policy of Housing Authority of the City of Annapolis that all of the following changes in payroll data are to be authorized in writing:

1. New hires
2. Terminations
3. Changes in salaries and pay rates
4. Voluntary payroll deductions
5. Changes in income tax withholding status
6. Court-ordered payroll deductions

New hires, terminations, and changes in salaries or pay rates shall be authorized in writing by HR, approved by the Executive Director and CFO, then submitted to Payroll for implementation.

Voluntary payroll deductions and changes in income tax withholding status shall be authorized in writing by the individual employee.

Documentation of all changes in payroll data shall be maintained in each employee's personnel file.

Payroll Taxes

All payroll tax deposits are deducted from the Bank Account with each pay period. Quarterly and Annual Payroll Tax Returns are prepared by the outsourced Payroll provider.

Payroll Deductions

Employees may elect to have amounts withheld from pay to cover the cost of additional health or life insurance premiums, credit union savings, loan payments, or any other deductions authorized by the Organization. Such documentation is maintained by Human Resources and Payroll, and reported to the Payroll Department as necessary.

Garnishments

Garnishments can take a variety of forms and methods of calculation. When an employee has a court order to have his/her wages garnished, Payroll calculates the amount of the bi-weekly deduction, and files all documentation in the employee's payroll record. When a second court order is received, Payroll is to hold the second order until the first order is fully paid. In this case, Payroll must notify the legal representative that there is already a court order in progress.

Payroll will notify Human Resources of all garnishments to be processed.

Personnel Activity Reports

HACA follows the requirements in 2 *CFR Part 200.430(i)*, *Standards for Documentation of Personnel Expenses*, as well as requirements in specific grants.

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

1. Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
2. Be incorporated into the official records of the Organization;
3. Reasonably reflect the total activity for which the employee is compensated;
4. Encompass both federally assisted and all other activities compensated by the Organization on an integrated basis;
5. Comply with the established accounting policies and practices of Organization; and
6. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect cost activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

All of HACA's employees will use the "Notes" section of their timesheet to properly identify activities completed.

Preparation of Timesheets

Each Housing Authority of the City of Annapolis employee must complete daily, via electronic timesheet, an approved reflection of hours no later than Noon on the Monday following the end of the payroll period. Timesheets shall be prepared in accordance with the following guidelines:

1. Each timesheet shall reflect all hours worked during the pay period (time actually spent on the job performing assigned duties), whether compensated or not
2. Employees shall identify and record hours worked based on the program for which the work was performed;
3. Compensated absences (vacation, holiday, sick leave, etc.) should be clearly identified as such;
4. Timesheets shall be submitted for manager approval

After preparation, timesheets shall be approved by Managers prior to submission to Payroll.

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An Organization employee who is on leave, on travel, or is ill on the day that timesheets are due may telephone or e-mail timesheet information to his or her supervisor (or designated alternate). Time so submitted must reflect the actual time worked and the appropriate classifications. The employee must initial a timesheet submitted in this manner immediately upon his/her return to the office. Timesheets submitted in this manner shall bear the notation, "Time reported by telephone or e-mail by (employee) to (supervisor or designated alternate)." The timesheet shall be signed by the supervisor or the designated alternate.

Managers are responsible for verifying the legitimacy of non-productive (vacation, sick and personal) and overtime hours made by the employee, as stated in the Personnel Manual. Payroll leave records are to be maintained by Paylocity; however, these records are periodically checked by the Payroll and HR to verify accuracy and reliability.

Distribution of Payroll

Payroll payments are either directly deposited into the employee's bank account(s), or distributed by Accounting Personnel (this individual does not approve timesheets, is not responsible for hiring and firing, and does not control the preparation of payroll).

CREDIT CARD (COMPANY ISSUED)

The intent of this policy is to establish standards and procedures for the use of company credit cards. Cardholders are accountable for exercising good judgment for every purchase made.

Policy

Credit cards are issued at the discretion of the Executive Director and the Housing Authority of the City of Annapolis Board of Commissioners to current employees who are granted purchasing authority. The cardholder agrees to comply with all applicable policies and procedures within this manual. Under no circumstances will a credit card be issued to Finance personnel.

Compliance

Employee violations to this agreement or to any policy regarding purchasing will be investigated, and may result in either one or more of the following actions: written warning, revocation of credit card privileges, cancellation of delegation of purchasing authority, disciplinary action, and termination and/or criminal prosecution. Human error and extraordinary circumstances may be taken into consideration when investigating any violation to this agreement.

It is the responsibility of the CFO, Executive Director, and the Housing Authority of the City of Annapolis Governance Committee to investigate and determine whether a violation of policy has occurred. The investigating individual(s) will consider the facts and circumstances of each incident, and will take action as deemed appropriate and as permitted by applicable law.

Credit card violations include, but are not limited to:

1. Purchase of items for personal use
2. Purchase of items in violation of other policies within this manual
3. Use of the credit card for cash advances
4. Exceeding the credit card limit
5. Failure to return the credit card when the cardholder resigns, is terminated, or upon request
6. Failure to turn in receipts or other backup documentation to the Finance office within 30 days of the purchase

Ownership and Cancellation

Each Housing Authority of the City of Annapolis credit card remains property of the issuing Financial Institution. The card may not be transferred to, assigned to, or used by anyone other than the designated Cardholder. The Financial Institution or the Organization may suspend or cancel Cardholder privileges at any time for any reason. The Cardholder will surrender the credit card upon request of Housing Authority of the City of Annapolis or any authorized agent of the Financial Institution.

Validation and Safekeeping

The credit card is valuable property, which requires proper treatment by the Cardholder to protect it from misuse by unauthorized parties. The Cardholder must:

1. Sign the HR disclosure notice, to be maintained in their employee file
2. Sign the credit card immediately upon receipt
3. Treat the company card with the same care as personal cards, cash and checks
4. Keep the card in a secure location
5. When using the company card for internet purchases, ensure that the site utilizes industry recognition encryption transmission tools
6. Properly dispose of old, expired company cards by shredding them
7. Contact the Financial Institution's 24-hour phone number immediately if the credit card is lost or stolen. Contact the CFO at the earliest time possible for further protection

Use

Credit cards may only be used for authorized purchases directly associated with the business of HACA. Under no circumstances will personal charges be submitted or approved for reimbursement.

Reconciling Transactions

Each Housing Authority of the City of Annapolis credit card bears the Cardholder's name, but is actually issued to the Organization. Housing Authority of the City of Annapolis is responsible for making prompt payment to the Financial Institution. Cardholders are responsible for ensuring proper use of the credit card.

Each cardholder must provide Accounts Payable with all supporting documentation for credit card use within 30 days of the purchase. AP will reconcile the activity listed on the monthly credit card statement with the transactions and receipts submitted by the Cardholder. If any discrepancies arise from the reconciliation, AP must inform the CFO who will then take the necessary steps to settle the discrepancy (i.e. contact the employee for missing receipts, etc). The current credit card closing date is the 25th of each month.

Management Oversight

Upon reconciliation by Accounts Payable, all credit card statements and supporting documentation are to be forwarded to the CFO for final approval before payment. Payment will only be made after the CFO has signed off on the reconciled statement.

A detailed listing of credit card activity will be provided to the Board of Commissioners as part of the Finance Report presented at scheduled meetings. This process is established in order to ensure that all Cardholders are complying with the policies established within this manual.

Accounts Payable must keep statement data, proof of reconciliation, and receipts on file for a period consistent with the record retention as defined within this policy manual.

POLICIES PERTAINING TO SPECIFIC ASSET AND LIABILITY ACCOUNTS

CASH AND CASH MANAGEMENT

The objectives of our Cash Management system are:

1. To assure proper and accurate recording of all cash receipts and disbursements on a timely basis.
2. To assure that sufficient funds are available to meet operational and capital expenditures.
3. To provide reliable data for corporate management use.
4. To safeguard corporate assets and records, ensuring that transactions are recorded to permit preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP).
5. To establish accountability for assets, with respect to timely verification and appropriate follow-up.
6. To enhance operational efficiency by avoiding duplication of efforts, and promote the efficient use of Housing Authority of the City of Annapolis resources.
7. To provide accurate and current data of the balances in the bank, and control over cash received.
8. To allow interest to be accrued on a daily basis.
9. To provide accurate information needed to perform reconciliations.

It is the policy of Housing Authority of the City of Annapolis to keep the Accountant completely independent of the cash management system. Therefore, the Accountant will not be a check signer nor an executor of any of the organization's cash accounts.

Cash Accounts

General Checking Account (operating account):

The primary operating account provides for routine business check disbursements. Deposits of all monies received by the Organization are deposited in this account unless the program requires a separate account or the Organization has determined a separate account to be prudent.

Bank Reconciliations

Bank account statements are received each month and forwarded to the Accountant who is not involved in the accounts payable process. This individual shall open the statement and review its contents for unusual or unexplained items, such as unusual endorsements on checks, indications of alterations to checks, etc. Unusual or unexplained items shall be reported immediately to the Governance Committee.

After this review is complete, a reconciliation between the bank balance and general ledger balance is prepared by someone who is not an authorized check signer. It is the policy of Housing Authority of the City of Annapolis to complete the bank reconciliation process within ten days of receipt of each bank statement.

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All bank reconciliations, including any adjusting journal entries resulting from preparing bank reconciliations, are reviewed by the CFO on a monthly basis.

Bank reconciliations and copies of resulting journal entries are filed in the current year's accounting files. All canceled checks returned with bank statements shall be filed in numerical order by bank account and month.

Cash Flow Management

The CFO monitors cash flow needs on an ongoing basis to eliminate idle funds and to ensure that payment obligations can be met. Cash transfers between accounts are performed on an as-needed basis.

Stale Checks

It is the policy of Housing Authority of the City of Annapolis to write off checks that are more than 3 months old that have not cleared the Organization's bank. Contact will be made with the payee to resolve the issue, if possible.

All stale checks that are written off within the same fiscal year as they were written shall be credited to the same expense or asset account that was debited when the check was written, or the expenditure incurred. For stale checks written off in fiscal years subsequent to the year in which the check was written, the credit shall be to miscellaneous income.

HACA will also comply with Maryland laws regarding unclaimed property. Accordingly, if uncashed checks are subject to a state reporting and transfer requirement, the Organization shall file all appropriate forms and remit unclaimed property to the appropriate jurisdiction.

Petty Cash

It is the policy of Housing Authority of the City of Annapolis to provide imprest funds only for valid transactions. An imprest system is a means for handling minor disbursements whereby a fixed amount of money, designated as petty cash, is set aside for this purpose.

Housing Authority of the City of Annapolis presently has imprest funds as follows:

1. Annapolis office - \$250.00 on account

Each petty cash custodian is to complete a "Petty Cash Fund Authorization" form. This form is to be forwarded to the Accountant in order to maintain proper records and reconciliations.

Disbursements are made from time to time as needed, with an original receipt, and a petty cash voucher is required in each case. At certain intervals, or with the petty cash is expended, a report with substantiating petty cash vouchers is prepared by the petty cash custodian. The petty cash fund is replenished for the same amount of disbursements by a check drawn on the unrestricted bank account. The receipts of petty cash vouchers at any one time must equal the total amount of petty cash authorized and expended.

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Petty cash accounts are audited by the Accountant, who may also perform periodic surprise cash counts and reconciliations.

Cash Transfers

Cash transfers are done on an as-needed basis to cover disbursements. Excess funds in the Operating account are transferred into higher interest-bearing accounts when possible.

The CFO is authorized to transact cash transfers from one bank account to another. Passcodes are assigned by the bank and are changed periodically.

Wire Transfers

Transfers of cash from Housing Authority of the City of Annapolis bank accounts to other Organizations are currently allowed for subsidy payments, ACH to vendors (after completion of all proper documentation), Section 8 payments, and utilities.

Bank Drafts

Presently, bank drafts have been authorized for payment of the Organization's vehicle loan.

PREPAID EXPENSES

Accounting Treatment

It is the policy of Housing Authority of the City of Annapolis to treat payments of expenses that have a time-sensitive future benefit as prepaid expenses and to amortize these items over the corresponding time period. For purposes of this policy, payments of less than \$500 shall be expensed as paid and not treated as prepaid expenses, regardless of the existence of a future benefit.

Prepaid expenses with future benefits that expire within one year from the date of the financial statements shall be classified as current assets. Prepaid expenses that benefit future periods beyond one year from the financial statement date shall be classified as non-current assets.

Procedures

As part of the account coding process performed during the processing of accounts payable, all incoming contractor invoices shall be reviewed for the existence of time-sensitive future benefits. If future benefits are identified, the payment shall be coded to a prepaid expense account code.

The Accountant shall maintain a schedule of all prepaid expenses. The schedule shall indicate the amount and date paid, the period covered by the prepayment, the purpose of the prepayment, and the monthly amortization. This schedule shall be reconciled to the general ledger balance as part of the annual audit process.

INVESTMENT POLICIES

Introduction

It is the policy of Housing Authority of the City of Annapolis to treat all assets of the organization, including those funds that are legally unrestricted, as though they are held by Housing Authority of the City of Annapolis in a fiduciary capacity for the purpose of accomplishing the organization's tax-exempt mission. As such, the policies described in this section are to be interpreted in light of that overall sense of stewardship, and the investment standards of Housing Authority of the City of Annapolis shall be those of a prudent investor.

Funds to be invested do not include those from federal awards. Such funds will be spent on program requirements as budgeted, or returned to the awarding Organization. Any advances of federal funds will be maintained in an interest-bearing account. Interest earned on such funds, up to \$500 per year, will be allocated to federal grants based on a percentage of funds received during the month, and any additional interest will be returned to the Federal Payment Management System.

Delegation of Authority

The Board of Commissioners of Housing Authority of the City of Annapolis has delegated supervisory authority over its investing activities to the Governance Committee of the board. The Governance Committee is responsible for regularly reporting on the organization's investments to the full Board of Commissioners.

The Governance Committee is authorized to retain one or more Investment Counselors to assume the investment management function. In that regard, the Governance Committee may enter into agreements with, delegate investment authority to, pay compensation to, and receive reports from one or more Investment Counselors.

Investment Objectives

Housing Authority of the City of Annapolis's investment objectives are the preservation and protection of the organization's assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities, by earning an appropriate return on investments.

Allowable Investments

Investments of Housing Authority of the City of Annapolis shall be made exclusively with the following securities:

1. Federally-insured Certificates of Deposit at commercial banks or savings and loan institutions;
2. U.S. Treasury securities and securities of Federal agencies and instrumentalities;
3. Repurchase agreements with financial institutions, collateralized by U.S. Treasury or Federal Organization securities;
4. Corporate bonds and notes rated A or better by Moody's and Standard & Poors;
5. Commercial paper rated P-1/A-1 by Moody's and Standard & Poors;

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6. Money market funds that invest in securities approved under these guidelines.

Housing Authority of the City of Annapolis shall not engage in margin transactions, short selling, commodity transactions or use of derivatives.

Diversification

No more than twenty percent (20%) of the investments of Housing Authority of the City of Annapolis shall be in the securities of any one issuer, with the exception of obligations of the U.S. government, its agencies and instrumentalities, and Federally-insured certificates of deposit.

Accounting Treatment

All purchased investments shall initially be recorded at cost. All investments acquired by donation to Housing Authority of the City of Annapolis shall initially be recorded at their fair market value as of the date of donation. Donated investments shall be recorded as unrestricted, temporarily restricted, or permanently restricted income and net assets based on the existence or absence of such restrictions, as defined earlier.

Subsequent to acquisition, it shall be the policy of Housing Authority of the City of Annapolis to carry all equity securities with readily determinable fair market values and all debt securities at their market values. Adjustments to market value shall be made in the accounting records and financial statements of Housing Authority of the City of Annapolis on a quarterly basis.

Adjustments to market value result in unrealized gains and losses on investments. Such gains and losses resulting from contributed investments shall be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of explicit restrictions on such appreciation and depreciation from the donor, as defined earlier.

Procedures and Reporting

The following procedures will be followed to ensure that investments are properly managed and that these investment policies are consistent with the mission of Housing Authority of the City of Annapolis and accurately reflect the current financial condition of the Organization:

1. The Accountant shall maintain a schedule of investments and reconcile this schedule with the general ledger and with investment account statements on a monthly basis. The schedule of investments shall include the following information with respect to each investment:
 - a. Date acquired
 - b. Method of acquisition (purchase or donation)
 - c. Cost or basis at acquisition
 - d. Description of investment
 - e. Interest rate (if applicable)
 - f. Date of maturity (if applicable)
 - g. Holder/issuer of security
 - h. Current market value
 - i. Unrealized gain or loss
 - j. Accrued interest receivable (if applicable)

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k. Income received, year-to-date (i.e., interest, dividends, etc.)

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2. The CFO shall prepare a schedule of investments for presentation on a quarterly basis for the Governance Committee and on an annual basis for the Board of Commissioners.
3. The quarterly investment reports shall detail the portfolio's composition and performance for the quarter and year-to-date, along with a comparison to budget and to the prior year.
4. The annual investment report shall be presented to the Board of Commissioners at the time the Housing Authority of the City of Annapolis audit is presented, outlining in detail the investment portfolio's composition and performance for the fiscal year, along with a comparison to appropriate market indices. The report will show results for the most recently-completed fiscal year and for last three years.
5. Investment policies shall be reviewed annually by the CFO, working with the Governance Committee, to determine any appropriate modifications.
6. Recommendations for any revisions or modifications to the investment policy will be made by the Governance Committee to the Board of Commissioners for their approval.

PROPERTY AND EQUIPMENT

Housing Authority of the City of Annapolis's objective is to provide accountability for the security and inventory requirements of Equipment under the control of the Organization.

Capitalization Policy

Physical assets acquired with unit costs in excess of \$5,000 are capitalized as fixed assets on the financial statements. Items with unit costs below this threshold shall be expensed in the year purchased. If an awarding Organization requires a lower amount for equipment, HACA will adhere to that dollar amount only for that program or contract.

Capitalized fixed assets are accounted for at their historical cost and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Capitalized assets will be reported as expensed for grants if they were so budgeted in the grant application. However, for the Organization's financial statements, these assets will be capitalized and depreciated according to these policies.

Contributed Assets

Assets with fair market values in excess of \$5,000 (per unit) that are contributed to Housing Authority of the City of Annapolis shall be capitalized as fixed assets on the financial statements. Contributed items with market values below this threshold shall be expensed in the year contributed.

Capitalized contributed assets are accounted for at their market value at the time of donation and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Equipment and Furniture Purchased with Federal Funds (2 CFR Part 200.313)

HACA may occasionally purchase equipment and furniture that will be used exclusively on a program funded by a federal Organization. In addition to those policies on Asset Management described earlier, Equipment and furniture charged to federal awards will be subject to certain additional policies as described below.

For purposes of federal award accounting and administration, *equipment* shall include all assets with a unit cost equal to the lesser of \$5,000 or the capitalization threshold utilized by HACA, described under Asset Management.

All purchases of *equipment* with federal funds shall be approved, in advance and in writing, by the federal awarding Organization. In addition, the following policies shall apply regarding equipment purchased and charged to federal awards:

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1. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to federal awards.
2. For equipment (or residual inventories of supplies) with a remaining per unit fair market value of \$5,000 or less at the conclusion of the award, HACA shall retain the equipment without any requirement for notifying the federal Organization.
3. If the remaining per unit fair market value is \$5,000 or more, HACA shall gain a written understanding with the federal Organization regarding disposition of the equipment. This understanding may involve returning the equipment to the federal Organization, keeping the equipment and compensating the federal Organization, or selling the equipment and remitting the proceeds, less allowable selling costs not to exceed \$500, to the federal Organization. (2 *CFR Part 200.313(e)*)
4. The Executive Director shall determine whether a specific award with a federal Organization includes additional equipment requirements or thresholds and requirements that differ from those described above.
5. A physical inventory of all equipment purchased with federal funds shall be performed annually by an employee who is not responsible for ordering or approving the purchase of these assets. The results of the physical inventory shall be reconciled to the accounting records of and federal reports filed by HACA.

Establishment and Maintenance of a Fixed Asset Listing

All capitalized fixed assets shall be recorded on a "\$5,000 or Greater Equipment Record", which is to be completed by the purchasing program and forwarded to the Finance office. This form shall include, among other items, the following information with respect to each asset in accordance with 2 CFR part 200.313(d)(1)):

1. Date of acquisition
2. Cost
3. Description (including color, model, and serial number)
4. Location of asset, use and condition
5. Source of the funds used to purchase the Equipment, including the federal award number, if applicable.
6. Whether the title vests in the Organization or the federal government
7. Information to calculate the federal share of the cost of the Equipment, if applicable
8. Depreciation method
9. Estimated useful life
10. Ultimate disposition data including the date of disposal and sale price

A physical inventory of all assets capitalized under the preceding policies will be taken on an annual basis by Housing Authority of the City of Annapolis. This physical inventory shall be reconciled to the property log and adjustments made as necessary. All adjustments resulting from this reconciliation will be

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approved by the CFO.

Receipt of Newly-Purchased Equipment and Furniture

At the time of arrival, all newly-purchased equipment and furniture shall be “eyeballed” for obvious physical damage. If an asset appears damaged or is not in working order, it shall be returned to the contractor immediately.

In addition, descriptions and quantities of assets per the packing slip or bill of lading shall be compared to the assets delivered. Discrepancies should be resolved with the contractor immediately.

Depreciation and Useful Lives

All capitalized assets are maintained in the special fixed assets account group and are not to be included as an operating expense. Fixed assets are depreciated over their estimated useful lives using the straight-line method.

In the year of acquisition, depreciation is recorded based on the number of months the asset is in service, counting the month of acquisition as a full month (Example: an asset purchased on the 15th day of the fifth month shall have 8 full months of depreciation (eight-twelfths of one year) recorded for that year.

Estimated useful lives of capitalized assets shall be determined by the CFO in conjunction with the department or employee that shall utilize the asset. The following is a list of the estimated useful lives of each category of fixed asset for depreciation purposes:

Furniture, and Fixtures	Up to 10 yrs
General Office Equipment	5 yrs
Vehicles	4 yrs
Computer Hardware and Peripherals	3-5 yrs
Computer Software	2-3 yrs
Leased Assets	Life of Lease
Leasehold Improvements	Remaining Lease Term

Alternatively, at the direction of the CFO, capitalized assets may be depreciated over useful lives expressed in terms of units of production or hours of service in place of the preceding useful lives expressed in terms of time.

For accounting and interim financial reporting purposes, depreciation expense will be recorded on a monthly basis.

Changes in Estimated Useful Lives

If it becomes apparent that the useful life of a particular capitalized asset will be less than the life originally established, an adjustment to the estimated useful life shall be made. All such changes in estimated useful lives of capitalized assets must be approved by the CFO.

When a change in estimated useful life is made, the new life is used for purposes of calculating annual depreciation expense. In the year in which the change in estimate is made, the cumulative effect of the change shall be reflected as depreciation expense in the Organization's statement of activities.

For example, if in the fourth year of an asset's life, it is determined that the asset will last five years instead of the original estimate of seven years, depreciation expense for that year shall be equal to the difference between 4/5 of the asset's basis (accumulated depreciation at the end of year four) and 3/7 of the asset's basis (accumulated depreciation at the beginning of the year).

Inventory of Fixed Assets

Annual inventory is completed by Procurement, within one month of the Organization's fiscal year end.

Repairs of Fixed Assets

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property. Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful life.

Dispositions of Fixed Assets

In the event a non-expendable asset is sold, scrapped, donated or stolen, adjustments need to be made to the fixed asset listing and property log. If money is received for the asset, then the difference between the money received and the "book value" (purchase price less depreciation) of the asset will be recorded as a loss if the money received is less than the book value and a gain if the money received is more than the book value.

Write-Offs of Fixed Assets

The Executive Director and CFO approves the disposal of all capitalized fixed assets that may be worn-out or obsolete. Property that is discovered to be missing or stolen will be reported immediately to the CFO. If not located, this property will be written off the books with the proper notation specifying the reason.

LEASES

Classification of Leases

It is the policy of Housing Authority of the City of Annapolis to classify all leases in which the Organization is a lessee as either capital or operating leases. Housing Authority of the City of Annapolis shall utilize the criteria described in Statement of Financial Accounting Standards No. 13 in determining whether a lease is capital or operating in nature. Under those criteria, a lease shall be treated as a capital lease if, at the time of entering into the lease, any of the following factors are present:

1. the lease transfers ownership to Housing Authority of the City of Annapolis at the end of the lease term,
2. the lease contains a bargain purchase option,
3. The lease term is equal to 75% or more of the estimated economic life of the leased property, or
4. the present value of the minimum lease payments is 90% or more of the fair value of the leased property (using, as the interest rate, the lesser of Housing Authority of the City of Annapolis's incremental borrowing rate or, if known, the lessor's implicit rate).

All leases that do not possess any of the four preceding characteristics shall be treated as operating leases. In addition, all leases that are immaterial in nature shall be accounted for as operating leases.

Reasonableness of Leases

HACA assesses the value of leases according to the requirements of 2 CFR Part 200.465, Rental Costs of Real Property and Equipment, considering the following factors;

- The rate is reasonable when compared to similar property in the same area;
- The rate of any alternatives; and
- The type, life expectancy, condition, and value of the property leased.

Rental arrangements will be reviewed every 3 years to determine if circumstances have changed and other options are available.

Accounting for Leases

All leases that are classified as operating leases and immaterial capital leases shall be accounted for as expenses in the period in which the obligation to make a lease payment is incurred. For leases with firm commitments for lease payments that vary over the term of the lease (i.e., a lease with fixed annual increases that are determinable upon signing the lease), the amount that Housing Authority of the City of Annapolis shall recognize as monthly lease expense shall equal the average monthly lease payment over the entire term of the lease. Differences between the average monthly payment and the actual monthly payment shall be accounted for as an asset or liability of Housing Authority of the City of Annapolis.

All leases that are classified as capital leases shall be treated as fixed asset additions of Housing Authority of the City of Annapolis. As such, upon the inception of a capital lease, Housing Authority of the City of Annapolis shall record a fixed asset and a liability under the lease, based on the net present value of the minimum lease payments (or the fair value of the leased asset, if it is less than the present value of the lease payments). Periodic lease payments shall be allocated between a reduction in the lease obligation and interest expense. The fixed asset recorded under a capital lease shall be depreciated over the term of the lease, using the straight-line method of depreciation.

Housing Authority of the City of Annapolis shall also maintain a control list of all operating and capital leases. This list shall include all relevant lease terms.

Lease vs. Buy Considerations

Analysis of Economic Soundness:

Before entering into any lease agreement, the economic soundness of buying vs. leasing will be analyzed. Points to consider in deciding to lease or buy are:

1. Funds may be insufficient for outright purchase (a program may have operating funds but no capital funds for the purchase of Equipment).
2. The useful life of a piece of Equipment should be determined by:
 - a. application life -- How long will the Equipment be used? If the period of use is relatively short, leasing may be preferred over purchase.
 - b. technological life -- When will the Equipment become obsolete? Rapidly evolving technology tends to hasten obsolescence. Leasing may be advisable when obsolescence is a factor.
 - c. physical life -- When will the Equipment be worn out?

Leasing may be advantageous if the total cost of a lease for the period of the application life or the technological life is less than the purchase price.

3. The total cost of the lease must be compared with the total cost of purchase taking into consideration such factors as Equipment costs, maintenance costs, interest, taxes, and insurance.
4. An Excel spreadsheet has been developed for the determination of net cost and will be utilized in all Lease vs. Buy decisions.

ACCRUED LIABILITIES

Identification of Liabilities

The CFO shall establish a list of commonly incurred expenses that may have to be accrued at the end of an accounting period. Some of the expenses that shall be accrued by Housing Authority of the City of Annapolis at the end of an accounting period are:

- Salaries and wages
- Payroll taxes

In addition, Housing Authority of the City of Annapolis shall record a liability for deferred revenue (revenue received but not yet earned) in accordance with the revenue recognition policies described elsewhere in this manual. Adjustments to deferred revenue accounts shall be made monthly.

INCOME TAXES PAYABLE

Accrual of Income Taxes

HACA is exempt from federal income taxes. However, if HACA generates taxable income from unrelated trade or business activities, a liability for income taxes payable shall be accrued at the applicable corporate income tax rates.

All income taxes payable shall be paid by the due date of the returns on which such income taxes are to be reported. If HACA becomes subject to a requirement to remit estimated income taxes on a quarterly basis, such amounts shall be accrued and paid quarterly.

Income Tax Positions

HACA takes several “income tax positions” that are reflected in the Organization’s financial statements. The primary income tax positions of HACA are:

1. That HACA qualifies for its exemption from income taxes under IRC section 501(c)(3) meaning it has not engaged in any activity that could result in revocation of this exemption, including but not limited to:
 - a. Not providing net distributions of profits, or paying compensation that was not earned or is excessive.
 - b. Not making political contributions or engaging in political activities.
 - c. Not exceeding the appropriate lobbying limitations.
2. That none of HACA’s forms of revenue is subject to the unrelated business income tax (UBIT).
3. That HACA has properly determined which forms of revenue are subject to the unrelated business income tax and which forms of revenue are exempt from UBIT.
4. That the calculations of income, deductions, tax credits, and other amounts reported on Form 990-T are in compliance with the Internal Revenue Code and IRS regulations.
5. That HACA’s calculations of income, deductions, etc. reported on its state income tax return are in compliance with state laws and regulations.
6. That HACA’s allocation of gross taxable income by state is in compliance with all applicable state laws and regulations (i.e., the Organization is filing state returns in each state that would require a return).

It is the policy of HACA that all income tax positions taken by the Organization shall meet the “more likely than not” criterion of FIN 48 meaning the Organization’s management believes that it is more likely than not that the applicable taxing authorities would concur with the position taken by the Organization. In reaching this determination, the CFO shall perform whatever tax research is considered necessary and shall have the authority to engage the Organization’s independent CPA firm or other outside experts for advice on such matters.

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If the Organization receives advice and/or research from an outside party in connection with this policy, the Organization shall make its own final determination of whether or not to take a particular income tax position. In doing so, it shall not blindly rely on outside advice. Rather, the Organization shall gain a complete understanding of the conclusions reached by any outside parties in providing counsel to the Organization in connection with this policy. Gaining this understanding and forming the income tax positions of HACA shall be the responsibility of the CFO.

The CFO shall provide a briefing to the Governance Committee and obtain the committee's concurrence each time an income tax position is established or changed.

NOTES PAYABLE

Record-Keeping

It is the policy of Housing Authority of the City of Annapolis to maintain a schedule of all notes payable, mortgage obligations, lines of credit, and other financing arrangements. This schedule shall be based on the underlying loan documents and shall include all of the following information:

1. Name and address of lender
2. Date of agreement or renewal/extension
3. Total amount of debt or available credit
4. Amounts and dates borrowed
5. Description of collateral, if any
6. Interest rate
7. Repayment terms
8. Maturity date
9. Address to which payments should be sent
10. Contact person at lender

Accounting and Classification

An amortization schedule shall be maintained for each note payable. Based upon the amortization schedule, the principal portion of payments due with the next year shall be classified as a current liability in the statement of financial position of Housing Authority of the City of Annapolis. The principal portion of payments due beyond one year shall be classified as long-term/non-current liabilities in the statement of financial position.

Demand notes and any other notes without established repayment dates shall always be classified as current liabilities.

Unpaid interest expense shall be accrued as a liability at the end of each accounting period.

A detailed record of all principal and interest payments made over the entire term shall be maintained with respect to each note payable. Annually, the amounts reflected as current and long-term notes payable per the general ledger shall be reconciled to these payment schedules and the amortization schedules, if any, provided by the lender. All differences shall be investigated.

Non-Interest-Bearing Notes Payable

As a charitable organization, Housing Authority of the City of Annapolis may from time to time receive notes payable that do not require the payment of interest, or that require the payment of a below-market rate of interest for the type of obligation involved. In such cases, it shall be the policy of Housing Authority of the City of Annapolis to record contribution income for any unpaid interest.

For demand loans, recording of interest expense and contribution income shall be performed at the end

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of each accounting period, based on the outstanding principal balance of the loan during that

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period, multiplied by the difference between a normal interest rate for that type of loan and the rate, if any, that is required to be paid by Housing Authority of the City of Annapolis.

For loans with fixed maturities or payment dates, the note payable shall be recorded at the present value of the future principal payments, using as a discount rate the difference between a normal interest rate for that type of loan and the rate, if any, that is required to be paid by Housing Authority of the City of Annapolis. The difference between the cash proceeds of the note and the present value shall be recorded as contribution income in the period the loan is made. Thereafter, interest expense shall be recorded in each accounting period using the effective interest method, with the corresponding credit entry increasing the note payable account to reflect the amount(s) that shall be repaid.

NET ASSETS

Classification of Net Assets

Net assets of the Organization shall be classified based upon the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be satisfied through the actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that the Organization permanently maintain certain contributed assets. Generally, donors of such assets permit the Organization to use all or part of the income earned from permanently restricted net assets for general operations or for specific purposes. Permanent restrictions do not pass with the expiration of time, nor can they be removed through the Organization's actions.

Net assets accumulated that are not subject to donor-imposed restrictions, but which the Board of Commissioners of the Organization has earmarked for specific uses, shall be segregated in the accounting records as "board-designated" funds within the unrestricted category of net assets.

Restrictions may be associated with either a time period (e.g., a particular future time period) or a purpose (e.g., specific programs). A purpose stipulation will be considered a restriction only if it is more specific than the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in HACA's Articles of Incorporation and Bylaws.

Reclassifications from Restricted to Unrestricted Net Assets

The Organization shall report in its statement of activities a reclassification from restricted to unrestricted net assets if any of the following events occur:

1. Fulfillment of the purpose for which the net assets were restricted (e.g., spending restricted funds for the stipulated purpose)
2. Expiration of time restrictions imposed by donors
3. Death of an annuity beneficiary
4. Withdrawal by the donor (or by a court) of a time or purpose restriction

If a donor stipulates multiple restrictions (such as a purpose and a time restriction), reclassifications from temporarily restricted to unrestricted net assets shall be reported only upon the satisfaction of the final remaining restriction.

Reclassifications from Unrestricted to Restricted Net Assets

If the Organization accepts and receives a restricted contribution from a donor who further stipulates that the Organization set aside a portion of its unrestricted net assets for that same purpose, the Organization shall report in its statement of activities a reclassification of net assets from unrestricted to temporarily or permanently restricted, based on the specific nature of the restriction. (See the preceding Gift Acceptance policy for procedures for determining whether to accept a gift that requires reclassification of net assets from unrestricted to temporarily restricted.)

Disclosures

The Organization discloses in a footnote to the financial statements the different types of temporary and permanent restrictions associated with the Organization's net assets as of the end of each fiscal year.

POLICIES ASSOCIATED WITH FINANCIAL AND TAX REPORTING

FINANCIAL STATEMENTS

Standard Financial Statements of the Organization

Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the organization. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

The basic financial statements of Housing Authority of the City of Annapolis that are maintained on an organization-wide basis shall include:

1. **Statement of Financial Position** - reflects assets, liabilities and net assets of the organization and classifies assets and liabilities as current or non-current/long-term
2. **Statement of Activities** - presents support, revenues, expenses, and other changes in net assets of the organization, by category of net asset (unrestricted, temporarily restricted and permanently restricted)
3. **Statement of Cash Flows** - reports the cash inflows and outflows of the organization in three categories: operating activities, investing activities, and financing activities

Frequency of Preparation

The objective of the CFO is to prepare accurate financial statements in accordance with generally accepted accounting principles and distribute them in a timely and cost-effective manner. In meeting this responsibility, the following policies shall apply:

The following statement shall be produced on a monthly basis, by the 15th of each month:

1. Individual income statements on a grant basis
2. Comparisons of actual year-to-date revenues and expenses with year-to-date budgeted amounts

The monthly set of financial statements shall be prepared on the accrual method of accounting, including all receivables and accounts payable received by the 10th of the month.

Review and Distribution

All financial statements and supporting schedules shall be issued by the CFO.

After approval by the Executive Director, the Executive Director and CFO will sign the corresponding Affidavit and forward to the Board Treasurer for his/her review, approval and signature of the same. Once fully approved, a complete set of monthly statements shall be distributed by the ED to the Program

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Directors.

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Annual Financial Statements

A formal presentation of the Organization's annual financial statements shall be provided by the Independent Auditor to the full Board of Commissioners at the Organization's Annual Meeting. This presentation will be preceded by a meeting with Housing Authority of the City of Annapolis's Governance Committee, at which the Governance Committee will vote to accept or reject the annual financial statements. See separate policies regarding the annual audit under "Financial Management Policies."

GOVERNMENT RETURNS

Overview

To legitimately conduct business, Housing Authority of the City of Annapolis must be aware of its tax and information return filing obligations and comply with all such requirements of Federal, state and local jurisdictions. Filing requirements of Housing Authority of the City of Annapolis include, but are not limited to, filing annual information returns with IRS, property tax returns, payroll tax withholding tax returns, state charitable solicitation reports, and information returns for retirement plans.

Filing of Returns

It is the policy of Housing Authority of the City of Annapolis to become familiar with the obligations in each jurisdiction and to comply with all known filing requirements. The CFO shall be responsible for identifying all filing requirements and assuring that Housing Authority of the City of Annapolis is in compliance with all such requirements.

It is also the policy of Housing Authority of the City of Annapolis to file complete and accurate returns with all authorities. Housing Authority of the City of Annapolis shall make all efforts to avoid filing misleading, inaccurate or incomplete returns.

1. **Data Collection Form** – The data collection form is required to be filed along with a copy of the audited financial statements within nine months of year end (March 31st). The form is filed with the Federal Audit Clearinghouse. The financial statements for Housing Authority of the City of Annapolis are required to be audited in accordance with government auditing standards and 2 CFR Part 200, Appendix XI Compliance Supplement. There is no extension of time for filing the data collection form and accompanying audited financial statements.
2. **Form SF425** – Financial status report due to the Department of Housing and Urban Development sent three times a year.
3. **Other Grant Reports** – Various grant reports are filed by the Organization according to the individual Grantor's specifications. Most are monthly reports due between the 10th and 15th of the month. The CFO maintains a checklist schedule to track the completion of these reports. A separate file is maintained for each grant. The procedure for determination of the administrative costs for the Head Start grant is contained in the Head Start program folder maintained by the CFO.
4. **W-2's and 1099's** - Annual report of employee and non-employee compensation, based on calendar-year compensation, on the cash basis. These information returns are due to employees and independent contractors by January 31 and to Federal government by February 28.
5. **Form 941** - Quarterly payroll tax return filed with IRS to report wages paid to employees and Federal payroll taxes. Form 941 is due by the end of the month following the end of each

quarter, or 10 days later if all payroll tax deposits have been made in a timely manner during the quarter.

Housing Authority of the City of Annapolis's fiscal and tax year-end is June 30. All annual tax and information returns of Housing Authority of the City of Annapolis (Form 990) are filed on the accrual basis of reporting.

Federal and all applicable state payroll tax returns are prepared by the Organization's Payroll Department.

It is the policy of Housing Authority of the City of Annapolis to comply with all state payroll tax requirements by withholding and remitting payroll taxes to the state of residency of each Housing Authority of the City of Annapolis employee.

Public Access to Information Returns

Under regulations that became effective in 1999, Housing Authority of the City of Annapolis is subject to Federal requirements to make the following forms "widely available" to all members of the general public:

1. The three most recent annual information returns, and
2. Housing Authority of the City of Annapolis's original application for recognition of its tax-exempt status (Form 1023), filed with IRS, and all accompanying schedules and attachments.

It is the policy of Housing Authority of the City of Annapolis to adhere to the following guidelines in order to comply with the preceding public disclosure requirements:

1. Anyone appearing in person at the offices of Housing Authority of the City of Annapolis during normal working hours making a request to inspect the forms will be granted access to a file copy of the forms. The CFO shall be responsible for maintaining this copy of each form and for making it available to all requesters.
2. For all written requests for copies of forms received by Housing Authority of the City of Annapolis, the Organization shall require pre-payment of all copying and shipping charges. For requests for copies that are received without pre-payment, Housing Authority of the City of Annapolis will notify the requester of this policy via phone call or by letter within 7 days of receipt of the original request.
3. The copying cost charged by Housing Authority of the City of Annapolis for providing copies of requested forms shall be \$1.00 for the first page copies and \$0.15 for each subsequent page. All copies shall be shipped to requesters via Priority Mail, thus, shipping charges will be a standard \$3.00 per shipment.

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4. After payment is received by Housing Authority of the City of Annapolis, all requested copies shall be shipped to requesters within 30 days. Making of all copies and shipping within the 30-day time period shall be the responsibility of the finance department.
5. For requests for copies made in person during normal business hours, copies shall be provided while the requester waits.
6. Housing Authority of the City of Annapolis shall accept certified checks and money orders for requests for copies made in person. Housing Authority of the City of Annapolis shall accept certified checks, money orders and personal checks as payment for copies of forms requested in writing.

OTHER TAX CONSIDERATIONS

State and Local Property, Sales, Use & Income Taxes

HACA will monitor state and local tax laws in locations where the Organization conducts business to ensure that it is complying with all applicable tax laws. Organizations that qualify as tax-exempt charitable entities under Section 501(c)(3) of the Internal Revenue Code for income tax purposes may need to apply separately for exemptions from state and local property and/or sales tax in the various locations where they conduct business. State and local tax rules vary widely from state to state

State Charity Registrations

Various states may require HACA to register with them for two primary reasons: if the Organization has an office, programs or owns real estate in that state and/or if they raise funds in the state.

HACA could be required to register and file annual reports with other states if it conducts charitable solicitations within those states. States regulate fundraising through charitable solicitation laws. State reporting can involve two components – registration and an annual financial report. The registration may be a single initial filing or an annual filing which provides information about an organization's finances and budgets. The annual financial report generally covers operating results with an emphasis on fundraising.

HACA's internet fundraising efforts, when applicable, could be considered charitable solicitations in various other states. HACA will examine the reach of its internet fundraising efforts and register to solicit funds in all applicable states. Some factors HACA will consider in determining whether internet fundraising efforts require registration in specific states are whether the campaigns specifically target individuals in a certain state and whether HACA repeatedly receives contributions from a state on an ongoing or substantial basis.

UNRELATED BUSINESS ACTIVITIES

Identification and Classification

It is the policy of Housing Authority of the City of Annapolis to properly identify and classify income-producing activities that are unrelated to the Organization's tax-exempt purpose using the guidelines described in the Internal Revenue Code and underlying regulations. Such income accounts shall be segregated in separate accounts in the general ledger of Housing Authority of the City of Annapolis in order to facilitate tracking and accumulation of unrelated trade or business activities.

Allocation of Expenses to Unrelated Activities

In addition to segregating income associated with activities that are unrelated to HACA's exempt purpose, the Organization's general ledger shall also provide accounts for expenses associated with each such unrelated activity. These expenses shall be offset against unrelated business revenue in arriving at unrelated business taxable income. Expenses that shall be offset against gross unrelated business income shall be limited to those expenses directly associated with the production of such income, including reasonable allocation of indirect costs that benefit each activity, in accordance with expense allocation policies described elsewhere in this manual.

Reporting

It is the Policy of Housing Authority of the City of Annapolis to report taxable income from unrelated trade or business activities; this report is subject to public access and disclosure requirements. Please see Public Access to Information Returns above.

FINANCIAL MANAGEMENT POLICIES

BUDGETING

Overview

Budgeting is an integral part of managing any organization in that it is concerned with the translation of organizational goals and objectives into financial and human resource terms. A budget should be designed and prepared to direct the most efficient and prudent use of the organization's financial and human resources. A budget is a management commitment of a plan for present and future organizational activities that will ensure survival. It provides an opportunity to examine the composition and viability of the organization's programs and activities simultaneously in light of the available resources.

Preparation and Adoption

It is the policy of Housing Authority of the City of Annapolis to prepare an annual budget for each program at least 30 days prior to the start of the program year, unless required earlier by a grant agreement. To prepare the department's budget, each manager is to establish a budget calendar and provide it to the necessary staff, CFO, and Executive Director to ensure the timely development of the program's budget.

The budget is to be submitted to the Governance Committee of the Board of Commissioners and finally to the entire Board of Commissioners for adoption. The budget, upon approval, will be entered into the Organization's accounting system on a month-to-month basis.

Monitoring Performance

It is the policy of Housing Authority of the City of Annapolis to monitor its financial performance by comparing and analyzing actual results with budgeted results. This function shall be accomplished in conjunction with the monthly financial reporting process described earlier.

On a monthly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts shall be produced by the CFO and distributed by the Executive Director to each employee with budgetary responsibilities.

Budget and Program Revisions

HACA will request prior approval from federal awarding agencies for any of the following program or budget revisions: (2 CFR Part 200.308)

1. Change in the scope or objective of the project or program, even if there is no associated budget revision requiring prior written approval.
2. Change in a key person (Project Director, etc.) specified in the application or award document.

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3. Disengagement for more than three months, or a 25% reduction in time devoted to the project, by the approved Project Director or principal investigator.
4. The need for additional federal funding.
5. The inclusion, unless waived by the federal awarding Organization, of costs that require prior approval in accordance with 2 CFR Part 200.407, Prior written approval.
6. The transfer of funds allotted for participant support costs to other categories of expense.
7. Unless described in the application and funded in the approved awards, the subaward, transfer, or contracting out of any work under an award. (However, this provision does not apply to purchases of supplies, materials, Equipment, or general support services.)
8. Changes in the amount of the approved cost-sharing or matching provided by the Organization.

ANNUAL AUDIT

Role of the Independent Auditor

It is the policy of Housing Authority of the City of Annapolis to arrange for an annual audit of the Organization's financial statements to be conducted by an independent accounting firm. The independent accounting firm selected by Housing Authority of the City of Annapolis will be required to communicate directly with the Organization's Governance Committee upon the completion of their audit. In addition, members of the Governance Committee are authorized to initiate communication directly with the independent accounting firm.

Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the Board of Commissioners by the independent accounting firm at the Organization's Annual Meeting, after the financial statements have been reviewed and approved by the Governance Committee.

Auditor Independence

HACA may from time to time request the independent auditor to provide services outside the scope of the annual audit and Form 990 preparation. In connection with these non-audit services, it is imperative that the independent auditor remain independent in fact and in appearance in order to continue serving the Organization as its auditor.

Generally, in order to remain independent with respect to the audit, the Organization's auditors should not provide non-audit services that involve performing management functions or making management decisions nor should they provide non-audit services in situations where the non-audit services are significant/material to the subject matter of the audits (or where they would be auditing their own work in connection with the annual audit).

Therefore, it is the Organization's policy to evaluate any non-audit service requested from the independent auditor for possible impairments to the firm's independence, and to not permit the performance of any services that would impair independence. This evaluation shall be performed by the CFO, who may consult the independent auditor or other external sources in making this determination.

In addition, for each non-audit service that is to be provided by the Organization's independent auditor, the Organization shall:

1. Designate a management level individual to be responsible and accountable for overseeing the non-audit service (to be determined by the Executive Director).
2. Establish and monitor performance of the non-audit service to ensure that it meets management's objectives (to be performed by the person designated in step 1).
3. Make any decisions that involve management functions related to the non-audit service and accept full responsibility for such decisions.

4. Evaluate the adequacy of the services performed and findings that result.

How Often to Review the Selection of the Auditor

Housing Authority of the City of Annapolis shall review the selection of its independent auditor in the following circumstances:

1. Anytime there is dissatisfaction with the service of the current firm
2. When a fresh perspective and new ideas are desired
3. Every 5 years to ensure competitive pricing and a high quality of service (this is not a requirement to change auditors every five years; simply to re-evaluate the selection)

Selecting an Auditor

The selection of an accounting firm to conduct the annual audit is a task that should be taken very seriously. The following factors shall be considered by Housing Authority of the City of Annapolis in selecting an accounting firm:

1. The firm's reputation in the nonprofit community
2. The depth of the firm's understanding of and experience with not-for-profit organizations and Federal reporting requirements under 2 CFR Part 200, Appendix XI Compliance Supplement
3. The firm's demonstrated ability to provide the services requested in a timely manner
4. The ability of firm personnel to communicate with Organization personnel in a professional and congenial manner

If Housing Authority of the City of Annapolis decides to prepare and issue a written Request for Proposal (RFP) to be sent to prospective audit firms, the following information shall be included:

1. Period of services required
2. Type of contract to be awarded (fixed fee, cost basis, etc.)
3. Complete description of the services requested (audit, management letter, etc.)
4. Identification of meetings requiring their attendance, such as staff or Board of Director meetings
5. Financial information about the organization
6. Copy of prior year reports (financial statements, management letters, etc.)
7. Identification of need to perform audit in accordance with 2 CFR Part 200, Appendix XI Compliance Supplement
8. Other information considered appropriate
9. Description of proposal and format requirements
10. Due date of proposals
11. Overview of selection process (i.e., whether finalists will be interviewed, when a decision shall be made, etc.)
12. Identification of criteria for selection

Minimum Proposal Requirements from prospective CPA firms shall be:

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1. Firm background
2. Biographical information of key firm member who will serve Housing Authority of the City of Annapolis
3. Client references
4. Information about the firm's capabilities
5. Firm's approach to performing an audit
6. Copy of the firm's most recent quality/peer review report, including any accompanying letter of findings
7. Other resources available with the firm
8. Expected timing and completion of the audit
9. Expected delivery of reports
10. Cost estimate including estimated number of hours per staff member
11. Rate per hour for each auditor
12. Other information as appropriate

Preparation for the Annual Audit

Housing Authority of the City of Annapolis shall be actively involved in planning for and assisting with the Organization's independent accounting firm in order to ensure a smooth and timely audit of its financial statements. The CFO is responsible for corresponding with the auditors in regards to the planning and scheduling of the audit including, but not limited to, the Audit Engagement Letters. In that regard, any documentation received by the organization pertaining to the audit is to be forwarded to the CFO upon receipt. The finance department shall provide assistance to the independent auditors in the following areas:

Planning - The CFO is responsible for delegating the assignments and responsibilities to accounting staff in preparation for the audit. Assignments shall be based on the list of requested schedules and information provided by the independent accounting firm.

Involvement - Organization staff will do as much work as possible in order to assist the auditors and, therefore, reduce the cost of the audit.

Throughout the audit process, it shall be the policy of Housing Authority of the City of Annapolis to make every effort to provide schedules, documents and information requested by the auditors in a timely manner.

Concluding the Audit

Upon receipt of a draft of the audited financial statements of Housing Authority of the City of Annapolis from its independent auditor, the CFO shall perform a detailed review of the draft, consisting of the following procedures:

1. Carefully read the entire report for typographical errors
2. Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of HACA

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3. Review each footnote for accuracy and completeness

Any questions or errors noted as part of this review shall be communicated to the independent auditor in a timely manner and resolved to the satisfaction of the CFO.

It shall also be the responsibility of the CFO to review and respond in writing to all management letter or other internal control and compliance report findings and recommendations made by the independent auditor.

Governance Committee Responsibilities

In accordance with the Housing Authority of the City of Annapolis by-laws, there shall be a Governance Committee. The Governance Committee's responsibilities include, but shall not be limited to, the following:

1. Appointment of, and communication with, the Organization's independent auditors
2. Review and approval of the annual, audited financial statements
3. Discussion of internal control matters with the independent auditor
4. Responding to any reported instances of fraud involving Housing Authority of the City of Annapolis or its employees
5. Monthly reviewing the Organization's financial statements, as prepared by the CFO
6. Making policy and other recommendations to the Housing Authority of the City of Annapolis Board of Commissioners regarding matters arising out of the audit

In fulfilling these duties and responsibilities, the Governance Committee is entitled to examine any and all documents within the control of Housing Authority of the City of Annapolis and its employees. In addition, the Governance Committee shall have the authority to contract with independent contractors in the fulfillment of the committee's responsibilities.

INSURANCE

Overview

It is fiscally prudent to have an active risk management program that includes a comprehensive insurance package. This will ensure the viability and continued operations of Housing Authority of the City of Annapolis.

Procurement is responsible for maintaining adequate insurance against general liability, as well as coverage for buildings, contents, computers, fine arts, equipment, machinery and other items of value.

Coverage Guidelines

As a guideline, Housing Authority of the City of Annapolis will arrange for the following types and levels of insurance as a minimum:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Comprehensive Liability	\$1,000,000 per incident; \$3,000,000 total Organization
Automobiles for Employees, Volunteers, or Escorts	\$1,000,000
Employee Dishonesty/Bonding	\$100,000 for all finance department employees and the Executive Director
Fire and Water Damage	Coverage for all items with acquisition cost greater than \$1,000
Directors and Officers	\$1,000,000 (with an appropriate deductible level)
Theft	Coverage for all items with acquisition cost greater than \$1,000
401(k)	\$1,000,000
Workers' Compensation	To the extent required by law
Student Accident Insurance	As required by grant

Housing Authority of the City of Annapolis shall maintain a detailed listing of all insurance policies in effect. This listing shall include the following information, at a minimum:

1. Description (type of insurance)
2. Agent and insurance company, including all contact information

3. Coverage and deductibles
4. Premium amounts and frequency of payment
5. Policy effective dates

Insurance Definitions

Workers' Compensation and Employer's Liability

Contractors are required to comply with applicable Federal and State workers' compensation and occupational disease statutes. If occupation diseases are not compensated under those statutes, they shall be covered under the employer's liability insurance policy except when contract operations are so commingled that it would not be practical to require this coverage.

Fidelity Bond

For all personnel handling cash, preparing or signing checks, Housing Authority of the City of Annapolis shall obtain insurance that provides coverage in a blanket fidelity bond. The specific needs of the organization will determine the dollar limit of this coverage.

Comprehensive Liability

This type of coverage may include directors, officers and employee general liability insurance, buildings, contents, computers, fine arts, boilers and machinery.

RECORD RETENTION

Policy

It is the policy of Housing Authority of the City of Annapolis to retain records as required by law and to destroy them when appropriate. The destruction of records must be approved by the CFO. The formal records retention policy of Housing Authority of the City of Annapolis is as follows:

Accident reports/claims (settled Cases)	7 Years
Accounts payable ledgers and schedules	7 Years
Accounts receivable ledgers and schedules	7 Years
Audit reports	Permanently
Bank reconciliations	3 Years
Bank Statements	3 Years
Chart of Accounts	Permanently
Cancelled Checks	7 Years
Contracts, mortgages, notes and leases:	
Expired	7 Years
Still in effect	Permanently
Correspondence:	
General	2 Years
Legal and important matters only	Permanently
Routine with customers and/or contractors	2 Years
Deeds, mortgages and bills of sales	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	3 Years
Employment applications	3 Years
Expense analyses/expense distribution schedule	7 Years
Financial statements:	
Year end	Permanently
Other	Optional
Garnishments	7 Years
General ledgers/year end trial balance	Permanently
Insurance policies (expired)	3 Years
Insurance records (policies, claims, etc.)	Permanently
Internal audit reports	3 Years +
Internal reports	3 Years
Inventories of products, materials and supplies	7 Years
Invoices (to customers, from contractors)	7 Years
Journals	Permanently
Minute books of directors, bylaws and charters	Permanently
Notes receivable ledgers and schedules	7 Years
Payroll records and summaries	7 Years
Personnel records (terminated)	7 Years
Petty cash vouchers	3 Years
Physical inventory tags	3 Years
Property records (incl. depreciation schedules)	Permanently

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Purchase orders:

Purchasing department copy	7 Years
Other copies	1 Year
Receiving sheets	1 Year
Retirement and pension records	Permanently
Requisitions	1 Year
Sales records	7 Years
Subsidiary ledgers	7 Years
Tax returns and worksheets, examination reports and other documents relating to determination of income tax liability	Permanently
Timesheets/cards	7 Years
Trademark registrations and copyrights	Permanently
Training manuals	Permanently
Voucher register and schedules	7 Years
Withholding tax statements	7 Years

Tenant/Resident Files For active participants, Public Housing Agencies (PHAs) must retain a copy of the executed lease, Housing Assistance Payments (HAP) Contract, and application during the term of each assisted lease, Enterprise Income Verification (EIV) printouts, HUD-50058 forms, and supporting documentation, during the term of each assisted lease and for three years minimum thereafter. Unlike other records, however, Social Security Number (SSN) documentation may be destroyed once an individual's identity verification status is classified as "Verified" by EIV.

FUNCTIONAL EXPENSE ALLOCATIONS

Overview

As one of its financial management objectives, Housing Authority of the City of Annapolis strives to determine the actual costs of carrying out each of its program service and supporting services activities. In this regard, it is the policy of Housing Authority of the City of Annapolis to charge expenses to the appropriate category of program service or supporting activity. Expenses that serve multiple functions or are not readily identifiable with one function shall be allocated between functions whenever possible.

Program and supporting service functions of Housing Authority of the City of Annapolis are:

Programs:

- Public Housing
- Section 8
- Senior Services
- Youth Services
- Community Involvement

Supporting Services:

1. Administration
2. Fundraising

Direct Charging of Costs

The Housing Authority of the City of Annapolis does not utilize an indirect cost rate. Accordingly, these costs known as shared costs will be charged to the organization's program (cost pool) and allocated monthly to the appropriate functions. The following are examples of costs that may be directly charged to the appropriate function or charged to the Housing Authority of the City of Annapolis cost pool based on the factor listed next to each:

<u>Cost</u>	<u>Basis for Charge</u>
Occupancy Costs	Occupancy costs associated with the Annapolis office will be charged to the organization cost pool and subsequently allocated to the benefiting functions housed at the Annapolis office. All other occupancy costs will be charged directly to the function based on the underlying direct use of the space.
Telephone Costs	Telephone costs will be charged to the organization cost pool based upon telephone bills for phones in place at the Annapolis office. All other telephone charges will be charged directly to the appropriate

function based upon the phone location.

Photocopying

The Annapolis office copy machine is used by staff from various programs, and the cost of these machines will be charged to the organization cost pool. All other copying charges will be charged directly based upon the underlying documentation.

Postage

The Annapolis office postage machine is used by staff from various programs, and the cost of this machine will be charged to the organization cost pool. All other postage charges will be charged directly based upon the underlying documentation.

Allocation of Joint Costs

On a monthly basis, an allocation of joint costs to each function and supporting activity area shall be recorded as a journal entry. Non-allowable, as well as fundraising costs, shall not be allocated to program service or other supporting functions of the organization.

POLICIES PERTAINING TO FEDERAL AWARDS

CHARGING OF COSTS TO FEDERAL AWARDS

Overview

It is the policy of Housing Authority of the City of Annapolis that only costs that are reasonable, allowable and allocable to a Federal award shall be charged to that award directly or indirectly. Any costs incurred which appear to be unallowable shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to Federal awards.

Segregating Unallowable From Allowable Costs

The following steps shall be taken to identify and segregate costs that are allowable and unallowable with respect to each Federal award:

1. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.
2. Accounting personnel shall be familiar with the allowability of costs provisions of 2 CFR Part 200.400-475, Cost Principles, particularly:
 - a. The list of specifically unallowable costs found in 200.421-475, such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.
 - b. Those costs requiring advance approval from Federal agencies in order to be allowable in accordance with 2 CFR Part 200.407, Prior Written Approval, such as participant support costs, foreign travel, Equipment purchases, etc.
3. No costs shall be charged directly to any Federal award until the cost has been determined to be allowable under the terms of the award and/or 2 CFR Part 200.40-475, Cost Principles.
4. For each Federal award, an appropriate set of general ledger accounts shall be established in the chart of accounts of Housing Authority of the City of Annapolis to reflect the categories of allowable costs identified in the award or the award budget.
5. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to a Federal award or to activity associated with a Federal award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e., if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit.)

Criteria for Allowability

It is the policy of Housing Authority of the City of Annapolis that all costs must meet the following criteria from 2 CFR Part 200.402-406, Basic Considerations in order to be treated as allowable direct or indirect costs under a Federal award:

1. The cost must be “reasonable” for the performance of the award, considering the following factors:
 - a. Whether the cost is of a type that is generally considered as being necessary for the operation of the organization or the performance of the award;
 - b. Restraints imposed by such factors as generally accepted sound business practices, arm’s length bargaining, Federal and state laws and regulations, and the terms and conditions of the award;
 - c. Whether the individuals concerned acted with prudence in the circumstances;
 - d. Consistency with established policies and procedures of the Organization, deviations from which could unjustifiably increase the costs of the award.
2. The cost must be “allocable” to an award by meeting one of the following criteria:
 - a. The cost is incurred specifically for a Federal award;
 - b. The cost benefits both the Federal award and other work, and can be distributed in reasonable proportion to the benefits received; or
 - c. The cost is necessary to the overall operation of the Organization, but, where a direct relationship to any particular program or group of programs cannot be demonstrated.
3. The cost must conform to any limitations or exclusions of 2 CFR Part 200 Subpart E, Cost Principles, or the Federal award itself.
4. Treatment of costs must be consistent with policies and procedures that apply to both federally financed activities and other activities of the Organization.
5. Costs must be consistently treated over time.
6. The cost must be determined in accordance with generally accepted accounting principles, as applicable.
7. Costs may not be included as a cost of any other federally financed program in the current or prior periods.
8. The cost must be adequately documented.

Direct Costs

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal Award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy (2 CFR Part 413(a)). Housing Authority of the City of Annapolis identifies and charges these costs exclusively to each award or program.

Each invoice is matched to a purchase order which has been coded and approved by Accounts Payable. The purchase order shall be coded with the appropriate account number reflecting which program received direct benefit from the expenditure.

Timesheets or personnel activity reports, described earlier, are also submitted on a regular basis reflecting employees' work and which programs directly benefited from their effort. Timesheets or personnel activity reports shall serve as the basis for charging salaries directly to Federal awards and non-Federal functions.

Equipment purchased for exclusive use on a Federal award and reimbursed by a Federal Organization shall be accounted for as a direct cost of that award (i.e., such Equipment shall not be capitalized and depreciated).

Shared Costs

Shared costs are those costs that either benefit more than one award (joint costs) or non-Federal function or that are necessary for the overall operation of Housing Authority of the City of Annapolis (management and general costs).

Examples of the types of expenditures normally included in the organization's cost pool are:

1. Administrative
2. Salaries and benefits of the executive officers, finance, accounting and administrative personnel
3. Depreciation of Equipment and buildings
4. Office rent and maintenance
5. General office repairs and maintenance

Indirect Cost Rate

The Organization does not utilize an indirect cost rate. Instead, HACA pools costs directly to benefiting programs based on a measure of activity.

Accounting for Specific Elements of Cost

Housing Authority of the City of Annapolis shall utilize the following methods of directly charging or allocating specific elements of cost to Federal awards.

All costs shall be directly charged to the appropriate Housing Authority of the City of Annapolis funding source based on underlying documentation where the costs are specifically identifiable to specific grants or other (non-Federal) programs or functions of the organization.

It is, however, recognized that some costs cannot be charged to the appropriate funding source based on the underlying documentation alone, and therefore, will have to be allocated to the various funding sources. Certain items have been identified by the Organization as costs that can benefit more than one funding source or other program or function (for example, bank charges from a financial institution for an account that maintains balances for more than one funding source.)

It is recognized that some funding sources provide funding only for specific program costs (i.e., rent may not be allowed by the funding service as an expense of the program). In these instances, the non-allowed allocated costs will be charged as an administrative expense of the Organization.

Cost Sharing and Matching

It is the policy of Housing Authority of the City of Annapolis to value contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or Federal Organization regulations identify specific values to be used.

Housing Authority of the City of Annapolis shall claim contributions as meeting a cost sharing or matching requirement of a Federal award only if all of the following criteria are met:

1. They are verifiable from Housing Authority of the City of Annapolis records
2. They are not included as contributions for any other Federally-assisted project or program.
3. They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. They are allowable under 2 CFR part 200.
5. They are not paid by the Federal government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
6. They are provided for in the approved budget when required by the Federal awarding Organization.
7. They conform to all provisions of OMB Circular A-110 and 45 CFR Part 74.
8. In the case of donated space, the space is subject to an independent appraisal to establish its value.

Contributed services used for cost sharing or matching purposes shall be valued at rates consistent with those rates paid for similar work in the Organization (match up experience and skill level), including an estimate of reasonable fringe benefits. In cases in which the required skills are not found in the Organization, rates used shall be consistent with those paid for similar work in the labor market in which Housing Authority of the City of Annapolis competes. It is the policy of Housing Authority of the City of Annapolis to require volunteers to document and account for their contributed time in a manner similar to the time-keeping system followed by Housing Authority of the City of Annapolis employees.

**Resolution
of
The Housing Authority of the City of Annapolis
Board of Commissioners**

Plumbing Repair

Resolution No.- FIN 09302026-03

WHEREAS, the Housing Authority of the City of Annapolis (HACA) has urgent need for a Sewer line Plumbing Repair at 1165 Madison Street Apt B3

WHEREAS, HACA requested quote from Vigil Contracting, Inc sewage line replacement; and

WHEREAS, Vigil Contracting, Inc, provided a quote for a sum not exceeding \$8360.30; and

WHEREAS, the Executive Director seeks Board approval to award this service to Vigil Contracting, Inc.

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners, that the Executive Director is hereby authorized to engage the services of Vigil Contracting, Inc for the sum of \$8360.30, without further Board approval.

RESOLVED this 30th day of September 2026.

Resolution No. FIN 09302026-03

The undersigned Commissioners of the Housing Authority of the City of Annapolis sign below to indicate their affirmative or disapproval vote or that they are abstaining from voting.

_____	☐ Approved	☐ Disapproved	☐ Abstain
Craig Coates, Chairman			

_____	☐ Approved	☐ Disapproved	☐ Abstain
Patrick Sheridan, Vice-Chairman			

_____	☐ Approved	☐ Disapproved	☐ Abstain
Jacquelyn Wells, Secretary			

_____	☐ Approved	☐ Disapproved	☐ Abstain
Arthur Edwards Jr., Treasurer			

_____	☐ Approved	☐ Disapproved	☐ Abstain
Kimberlee Cornett, Commissioner			

_____	☐ Approved	☐ Disapproved	☐ Abstain
Sharon Elliott, Commissioner			

**Resolution
of
The Housing Authority of the City of Annapolis
Board of Commissioners**

Entry Agreement with the city of Annapolis

Resolution No.- ADMIN 09302026-01

Housing Authority of the City of Annapolis, a public body corporate and politic as GRANTOR

PERMISSION IS HEREBY GRANTED this 30th day of September 2026 to the City of Annapolis and its contractors to immediately enter in upon that portion of our land as is shown hatched in **Black and White** on the copy of the City of Annapolis's attached plan and to proceed with the construction, landscaping and/or improvements of **West – East Express Trail Western Extension** Said construction, landscaping and/or improvements shall be done at no cost to the Grantor, and upon completion of the project, the City of Annapolis, their heirs and/or assigns shall be responsible for maintaining those improvements.

The purpose of the attached plan(s) is to show the area of entry only. Said plan(s) is/are signed by city officials for purposes of identification and is made a part of this Entry Agreement.

IT IS HEREBY UNDERSTOOD AND AGREED:

That this Entry Agreement shall be in force only during the period of construction as described above and that at the termination of said construction, all rights hereby granted to the City of Annapolis shall then terminate and revert to the Grantors.

In accordance with the Uniform Real Property Acquisition Policies Act of 1970 (Uniform Act), as amended, a Grantor must be informed of their right to receive just compensation for the acquisition of property or any necessary easement(s). The fair market value of any property rights would be determined by valuation in compliance with the Uniform Act of the Grantor's property.

In signing this agreement, the Grantor understands that they are waiving compensation in order to expedite the construction of this project pending the donation of the easement and improvements of land that will be procured by the City of Annapolis.

The fair market value of the property rights being waived is estimated to be \$78,543 (based on 2024 SDAT assessment)

That the City of Annapolis and/or its contractors shall maintain access for purposes of ingress and egress to the Grantors' property at all times during periods of construction.

Grantee's contractor will take all reasonable measures and exercise reasonable effort to prevent damage to Grantor's property. In the event Grantee's contractor damages Grantor's property, Grantee will instruct its contractor to restore said property to the same or as similar a condition as possible and reasonable.

Resolution No. ADMIN 09302026-01

Grantee requires that its contractors carry and maintain liability coverage for damage to Grantor's property, if any, due to or as a consequence of contractor's work pursuant to the contract.

Furthermore, it is stipulated that the Right of Entry Agreement shall last no more than two years after the signing of this agreement between the City of Annapolis and the Housing Authority of the City of Annapolis, a public body corporate and politic.

The undersigned Commissioners of the Housing Authority of the City of Annapolis sign below to indicate their affirmative or disapproval vote or that they are abstaining from voting.

	☐ Approved	☐ Disapproved	☐ Abstain
Craig Coates, Chairman			

	☐ Approved	☐ Disapproved	☐ Abstain
Patrick Sheridan, Vice-Chairman			

	☐ Approved	☐ Disapproved	☐ Abstain
Jacquelyn Wells, Secretary			

	☐ Approved	☐ Disapproved	☐ Abstain
Arthur Edwards Jr., Treasurer			

	☐ Approved	☐ Disapproved	☐ Abstain
Kimberlee Cornett, Commissioner			

	☐ Approved	☐ Disapproved	☐ Abstain
Sharon Elliott, Commissioner			

City of Annapolis	ENTRY AGREEMENT WITH THE CITY OF ANNAPOLIS	<u>R/W PROJECT:</u> <u>ITEM NO.:</u>
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Housing Authority of the City of Annapolis, a public body corporate and politic as GRANTOR

By: **Mailing Address: 1217 Madison Street Annapolis, MD 21403 Attn: Executive Director/CEO**

Property Name: 150 Obery Court, Annapolis Md 21401

Property Location: 150 Obery Court, Annapolis Md 21401

PERMISSION IS HEREBY GRANTED this ____ day of _____ 20_____ to the City of Annapolis and its contractors to immediately enter in upon that portion of our land as is shown hatched in **Black and White** on the copy of the City of Annapolis's attached plan and to proceed with the construction, landscaping and/or improvements of **West – East Express Trail Western Extension** Said construction, landscaping and/or improvements shall be done at no cost to the Grantor, and upon completion of the project, the City of Annapolis, their heirs and/or assigns shall be responsible for maintaining those improvements.

The purpose of the attached plan(s) is to show the area of entry only. Said plan(s) is/are signed by city officials for purposes of identification and is made a part of this Entry Agreement.

IT IS HEREBY UNDERSTOOD AND AGREED:

That this Entry Agreement shall be in force only during the period of construction as described above and that at the termination of said construction, all rights hereby granted to the City of Annapolis shall then terminate and revert to the Grantors.

In accordance with the Uniform Real Property Acquisition Policies Act of 1970 (Uniform Act), as amended, a Grantor must be informed of their right to receive just compensation for the acquisition of property or any necessary easement(s). The fair market value of any property rights would be determined by valuation in compliance with the Uniform Act of the Grantor's property.

In signing this agreement, the Grantor understands that they are waiving compensation in order to expedite the construction of this project pending the donation of the easement and improvements of land that will be procured by the City of Annapolis.

The fair market value of the property rights being waived is estimated to be \$78,543 (based on 2024 SDAT assessment)

That the City of Annapolis and/or its contractors shall maintain access for purposes of ingress and egress to the Grantors' property at all times during periods of construction.

Grantee's contractor will take all reasonable measures and exercise reasonable effort to prevent damage to Grantor's property. In the event Grantee's contractor damages Grantor's property, Grantee will instruct its contractor to restore said property to the same or as similar a condition as possible and reasonable.

Grantee requires that its contractors carry and maintain liability coverage for damage to Grantor's property, if any, due to or as a consequence of contractor's work pursuant to the contract.

Furthermore, it is stipulated that the Right of Entry Agreement shall last no more than two years after the signing of this agreement between the City of Annapolis and the Housing Authority of the City of Annapolis, a public body corporate and politic.

Witness: _____	(Seal) _____ By: Melissa Maddox-Evans, Executive Director/CEO For: Housing Authority of the City of Annapolis
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Witness: _____	(Seal) _____ By: For:
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APPROVED FOR THE CITY OF ANNAPOLIS on this ____ day of _____ in the year 20____

By: _____

Title: _____

**Resolution
Of
The Housing Authority of the City of Annapolis
Board of Commissioners
Subscription for AI-Powered Chatbot on HACA Website**

Resolution No. ADMIN 09222026-02

WHEREAS, HACA seeks to leverage modern technological advancements to improve communication between HACA and all of our clients; and

WHEREAS, timely access to applicable information required by our clients is critical in assisting our clients in a supportive relationship with HACA; and

WHEREAS, HACA's website is a wealth of information that can be overwhelming due to the volume of information; and

WHEREAS, HousingAI, LLC has established and demonstrated a proven off-the-shelf AI-powered chatbot that provides website visitors near-instant access to all of the data on HACA's website in the chosen language (from a list of 10+ languages) of the visitor; and

WHEREAS, the HousingAI, LLC chatbot provides a secure environment that keeps HACA's web-site data isolated from anyone else's data, uses only HACA's public data on our website in determining responses; and

WHEREAS, this capability will give our clients access to requested information 24 hours per day, 7 days per week and reduce calls for information to our staff; and

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of HACA that:the annual subscription to the HousingAI, LLC AI-powered chatbot is hereby formally accepted and adopted.

BE IT FURTHER RESOLVED that annual subscription rate for this service is \$3,240 currently and authorization is given to continue this service as long as it continues to add value to the mission of HACA and does not exceed an annual subscription rate of \$4,000.

BE IT FURTHER RESOLVED that the Executive Director is authorized to sign up for this service.

RESOLVED this 30th day of August 2026

Resolution No. ADMIN 09222026-02

RESOLVED,

The undersigned Commissioners of the Housing Authority of the City of Annapolis sign below to indicate their affirmative or disapproval vote or that they are abstaining from voting.

Bishop Craig Coates, Chairperson

☐ Approved ☐ Disapproved ☐ Abstain

Patrick Sheridan, Vice-Chairperson

☐ Approved ☐ Disapproved ☐ Abstain

Arthur W. Edwards, Jr., Treasurer

☐ Approved ☐ Disapproved ☐ Abstain

Jacquelyn V. Wells, Secretary

☐ Approved ☐ Disapproved ☐ Abstain

Kimberlee Cornett, Commissioner

☐ Approved ☐ Disapproved ☐ Abstain

Sharon Elliott, Commissioner

☐ Approved ☐ Disapproved ☐ Abstain