



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Spokane Housing Authority

For the period January 1, 2025 through December 31, 2025

Published September 24, 2026

Report No. 1040513



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**Office of the Washington State Auditor
Pat McCarthy**

September 24, 2026

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Spokane Housing Authority's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the Housing Authority's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Spokane Housing Authority January 1, 2025 through December 31, 2025

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Spokane Housing Authority are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements of the business-type activities and the aggregate discretely presented component units in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Housing Authority.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Housing Authority’s compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
14.871	Housing Voucher Cluster - Section 8 Housing Choice Vouchers
14.871	Housing Voucher Cluster - COVID 19 - Section 8 Housing Choice Vouchers
14.879	Housing Voucher Cluster - Mainstream Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,924,074.

The Housing Authority qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Spokane Housing Authority January 1, 2025 through December 31, 2025

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Spokane Housing Authority, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated September 18, 2026.

Our report includes a reference to other auditors who audited the financial statements of Martindale Apartments Limited Partnership, Parsons Limited Liability Limited Partnership, Cedar Haven Limited Liability Limited Partnership, Wilbur and Cook Affordable Portfolio Limited Liability Limited Partnership, and Hifumi En Limited Liability Limited Partnership (the Partnerships) as described in our report on the Housing Authority's financial statements. The financial statements of the Partnerships were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with these Partnerships that are reported on separately by those auditors.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for

any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

September 18, 2026

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Spokane Housing Authority January 1, 2025 through December 31, 2025

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the Spokane Housing Authority, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2025. The Housing Authority's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Housing Authority's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

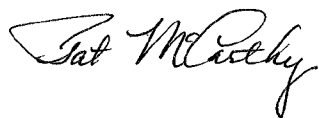
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

September 18, 2026

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Spokane Housing Authority January 1, 2025 through December 31, 2025

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Spokane Housing Authority, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Spokane Housing Authority, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Martindale Apartments Limited Partnership, Parsons Limited Liability Limited Partnership, Cedar Haven Limited Liability Limited Partnership, Wilbur and Cook Affordable Portfolio Limited Liability Limited Partnership, and Hifumi En Limited Liability Limited Partnership (the Partnerships), which in aggregate represent 77%, 83% and 99% of the assets, net position and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Partnerships, is based solely on the reports of the other auditors. The financial statements of the Partnerships were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The accompanying Financial Data Schedule form is supplementary information required by HUD. The combining statements are presented for purposes of additional analysis. This supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2026 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

September 18, 2026

FINANCIAL SECTION

Spokane Housing Authority January 1, 2025 through December 31, 2025

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2025

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2025

Statement of Revenues, Expenses and Changes in Net Position – 2025

Statement of Cash Flows – 2025

Notes to Basic Financial Statements – 2025

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2025

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2025

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2025

Notes to the Schedule of Expenditures of Federal Awards – 2025

Supplemental Financial Data Schedule – 2025

Combining Statement of Net Position – 2025

Combining Statement of Revenues, Expenses, and Changes in Net Position – 2025

Combining Statement of Cash Flows – 2025

Combining Statement of Net Position – Component Units – 2025

Combining Statement of Revenues, Expenses and Changes in Net Position – Component
Units – 2025

Combining Statement of Cash Flows – Component Units - 2025

Spokane Housing Authority, Washington

Management's Discussion and Analysis

For the Year Ended December 31, 2025

The Spokane Housing Authority ("SHA" or the "Authority") is pleased to present its basic financial statements for the year ended December 31, 2025, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the inclusion of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The basic financial statements provide both long-term and short-term information about the Authority's overall financial condition. The basic financial statements also include notes that provide additional information and more detailed data.

As required under GAAP, the Authority uses the full accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation, are recognized in the period in which they are incurred. All assets and liabilities associated with the operations of SHA are included in the statement of net position.

This narrative overview and analysis of the Authority's financial performance during the year ended December 31, 2025 with comparative data for the period ended December 31, 2024 (Restated to reflect the inclusion of the Cornerstone II – the Helena Apartments, LP as a blended component unit) is provided as a supplement to SHA's basic financial statements. It is presented in conformance with the Government Accounting Standards Board (GASB) financial reporting model as set forth in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*.

Please read it in conjunction with the basic financial statements following this section, and the notes to the basic financial statements. All tables in the Management's Discussion and Analysis feature the Authority only and do not include the discretely presented component units.

FINANCIAL HIGHLIGHTS

- Total net position increased by \$2.6 million from December 31, 2024(Restated) to December 31, 2025. The Authority experienced an increase of \$6.3 million in operating revenues in 2025, an increase in operating expenses by \$9 million, and non-operating revenues (expenses) decreased by \$1.6 million. In 2025, the Authority recognized \$479 thousand in gains from the continued sale of the Scattered Sites single family units.
- Assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources at December 31, 2025 by \$81.7 million (net position), representing an increase of \$2.6 million over December 31, 2024(Restated). Of this amount approximately \$67.2 million (unrestricted net position) may be used to meet ongoing obligations, \$9.8 million is invested in capital assets net of related debt and \$4.7 million is restricted as to its allowable usage.
- The Authority's current ratio that measures liquidity decreased during the period to 10.1% from 13.2%. Current assets decreased by \$5.2 million from the sale of approximately 8 acres of land to the SHA Appleway LLLP. Current liabilities increased by 3.96% or \$68 thousand during the period.
- Noncurrent assets increased from December 31, 2024(Restated) to December 31, 2025 by \$11.5 million from the addition of sponsor loans related to the new construction of the Hifumi En LLLP, as well as the SHA Appleway LLLP complex apartments and accrued interest receivable from seller and sponsor financing notes.
- Capital assets decreased by \$8.4 million or 39.6% primarily reflecting the sale of land for the SHA Appleway LLLP development project.
- The Authority's noncurrent liabilities decreased by \$3.4 million or 42% over the reporting period. The Authority paid off the Land Acquisition Program (LAP) loan of \$3 million which supported the purchase of land for future housing development.

Spokane Housing Authority, Washington

Management's Discussion and Analysis

For the Year Ended December 31, 2025

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Authority's basic financial statements are comprised of two components: 1) the basic financial statements and 2) notes to the basic financial statements that provide additional information and detailed data.

- **Statement of Net Position** - present the assets, liabilities, deferred outflows of resources, deferred inflows of resources and net position of the Authority at the end of the fiscal year. The difference between the total assets and deferred outflow of resources and the total liabilities and deferred inflow of resources equals the Authority's net position. Assets and liabilities are presented in the order of liquidity and are classified as "current" (convertible to cash within one year) and "noncurrent". Over time, increases or decreases in net position may serve as useful indicators of the Authority's financial health.
- **Statement of Revenues, Expenses, and Changes in Net Position** - present information showing how the Authority's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will only result in cash flows in future years.
- **Statement of Cash Flows** report how the Authority's cash and cash equivalents were used in and provided by its operating, noncapital financing, capital and related financing, and investing activities during the period reported. The net of these activities is added to the beginning year cash balance to reconcile to the cash and cash equivalents balances as of December 31, 2025. The Authority uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income. These statements provide answers to such questions as where did cash come from, how was cash used, and what was the change in the cash balance during the year.
- **Notes to the Basic Financial Statements** provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to a comprehensive understanding of the information provided in the basic financial statements.

Spokane Housing Authority, Washington

Management's Discussion and Analysis

For the Year Ended December 31, 2025

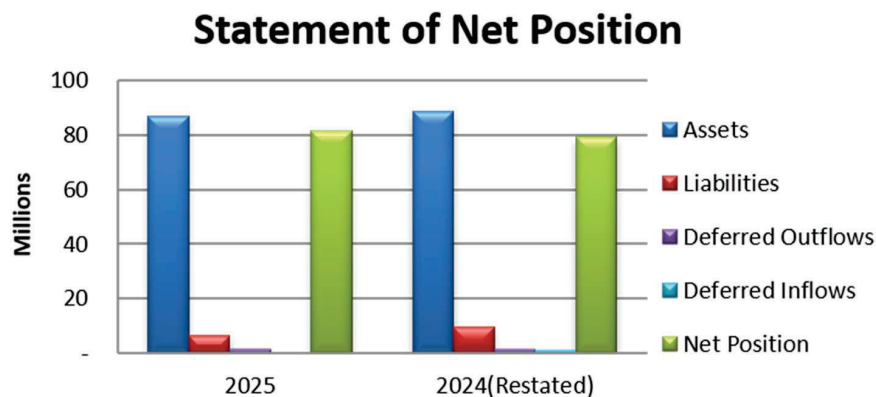
FINANCIAL ANALYSIS

Statement of Net Position

The following table summarizes the Statement of Net Position as of December 31, 2025 and December 31, 2024(Restated):

	December 31, 2025	December 31, 2024(Restated)
Assets		
Current Assets, Unrestricted	\$ 15,887,632	\$ 20,959,005
Other Current Assets, Restricted	2,284,163	1,893,153
Other Noncurrent Assets	55,985,229	44,515,301
Capital Assets, Net	12,856,596	21,272,940
Total Assets	87,013,620	88,640,399
Deferred Outflows of Resources	\$ 1,546,007	1,435,663
Liabilities		
Current Liabilities	\$ 1,798,637	1,730,049
Long-term Liabilities	4,704,033	8,110,328
Total Liabilities	6,502,670	9,840,377
Deferred Inflows of Resources	\$ 348,835	\$ 1,136,764
Net Position		
Net Investment in Capital Assets	9,805,704	14,891,797
Restricted	4,682,516	3,479,786
Unrestricted	67,219,902	60,727,338
Total Net Position	<u>\$ 81,708,122</u>	<u>\$ 79,098,921</u>

The following presents the Statement of Net Position in graphical form:



The statement of net position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the Authority at the end of the fiscal year. The purpose of the statement of net position is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time.

Spokane Housing Authority, Washington

Management's Discussion and Analysis

For the Year Ended December 31, 2025

Total assets of the Authority on December 31, 2025 and December 31, 2024(Restated)amounted to \$87 million and \$88.6 million, respectively, a decrease of approximately 1.8%. The significant components of current assets are unrestricted cash, receivables, inventories, prepaid items, current receivables from component units, and restricted cash. Capital assets include land, buildings, equipment, leasehold improvements, construction in progress, right to use assets and intangible assets. All capital assets except for land and construction in progress are shown net of accumulated depreciation. The primary change in assets from December 31, 2024(Restated)to December 31, 2025 were related to the sale of land for the development of the SHA Appleyway LLLP complex and the issuance of new sponsor notes receivable for the construction of the Hifumi En LLLP apartment complex as well as the SHA Appleyway LLLP complex.

Total liabilities of the Authority were \$6.5 million and \$9.8 million on December 31, 2025 and December 31, 2024(Restated) respectively, representing an decrease of \$3.3 million or 33.9%. Current liabilities include accounts payable, tenant security deposits payable, accrued liabilities, unearned revenue, and current portions of long-term debt and lease liability. A liability is considered to be current if it is due within one year. Current liabilities have increased during the period by \$68 thousand. Noncurrent liabilities are primarily made up of the long-term portion of notes and bonds payable along with their accrued interest, net pension liability, and other accrued long-term liabilities. Noncurrent liabilities decreased by \$3.4 million or 42% from December 31, 2024(Restated)to December 31, 2025. The decrease was from the payoff of a LAP loan which supported the purchase of land for future affordable housing project.

Deferred outflows of resources and deferred inflows of resources are primarily related to pensions. The deferred outflows of resources relate to contributions made by the Authority subsequent to the measurement date of the collective net pension asset/liability, and deferred inflows of resources primarily relate to the difference between projected and actual earnings on the plan investments. During the period, the Authority's proportionate share of pension related deferred outflows increased by \$110 thousand and pension related deferred inflows decreased by \$78 thousand and deferred inflows for grants received in advance decreased \$710 thousand.

Net position represents the Authority's equity, a portion of which is restricted for certain uses. Net position is divided into three major categories. The first category, net investment in capital assets, represents the Authority's equity in land, buildings, construction in progress, right to use assets and equipment, net of related capital debt outstanding. The second category, restricted net position, has external limitations on the way in which these assets can be used. The last category, unrestricted net position, is available to be used for any lawful and prudent housing authority purpose.

Spokane Housing Authority, Washington
Management's Discussion and Analysis
For the Year Ended December 31, 2025

Unrestricted net position increased by \$6.4 million during the period from \$60.7 million to \$67.1 million as a result of the closing of the SHA Appleway LLLP and the additional sponsor notes issued for the SHA Appleway LLLP project:

Unrestricted Net Position -December 31, 2024(Restated)	\$ 60,727,338
Change in Net Position	2,609,201
Adjustments:	
Depreciation and amortization (1)	1,429,715
Adjustment to Implement GASB 68	
Adjusted Change in Net Position	<u>4,038,916</u>
Payments on Capital Asset Long-Term Debt Borrowings	(3,476,997)
Additions to Capital Asset Long-Term Debt Borrowings	146,746
Modification of Debt Security to Pledge of General Revenues	-
Capital Asset Additions	(276,107)
Capital Asset Disposals	7,262,736
Increase in Restricted Net Position	<u>(1,202,730)</u>
Unrestricted Net Position - December 31, 2025	<u>\$ 67,219,902</u>

(1) Depreciation and amortization are treated as an expense and reduces the net investment in capital assets but do not have an impact on unrestricted net position.

Spokane Housing Authority, Washington

Management's Discussion and Analysis

For the Year Ended December 31, 2025

Revenues, Expenses and Changes in Net Position

The following table compares the revenues and expenses for the current and previous fiscal years:

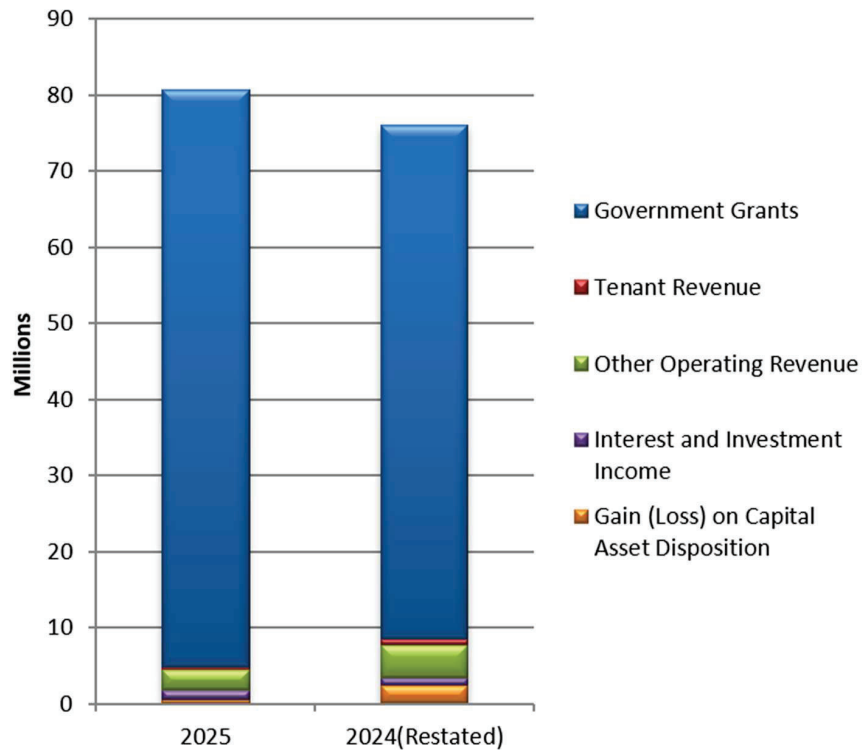
	December 31, 2025	December 31, 2024(Restated)
Operating Revenues:		
Government Grants	\$ 75,945,083	\$ 67,583,606
Tenant Revenue	378,417	763,654
Other Operating Revenue	2,677,644	4,312,909
Total Operating Revenues	79,001,144	72,660,169
Operating Expenses:		
Administrative	7,714,112	6,600,828
Utilities	164,192	219,040
Ordinary Maintenance and Operations	1,928,446	1,732,935
Housing Assistance payments	65,840,751	58,617,062
General Expenses	965,671	383,670
Depreciation and Amortization	1,429,715	1,433,125
Total Operating Expenses	78,042,887	68,986,660
Operating Income	958,257	3,673,509
Nonoperating Revenues (Expenses):		
Gain (Loss) on Capital Asset Disposition	479,824	2,400,775
Interest Expense and Related Charges	(126,464)	(150,279)
Interest and Investment Income	1,297,584	1,023,501
Total Nonoperating Revenue (Expenses)	1,650,944	3,273,997
Income (Loss) Before Contributions and Special Items	2,609,201	6,947,506
Change in Net Position	2,609,201	6,947,506
Net Position, Beginning of Year	75,703,408	65,187,643
Change In Reporting Entity	3,395,513	6,963,772
Net Position, End of Year	\$ 81,708,122	\$ 79,098,921

Spokane Housing Authority, Washington

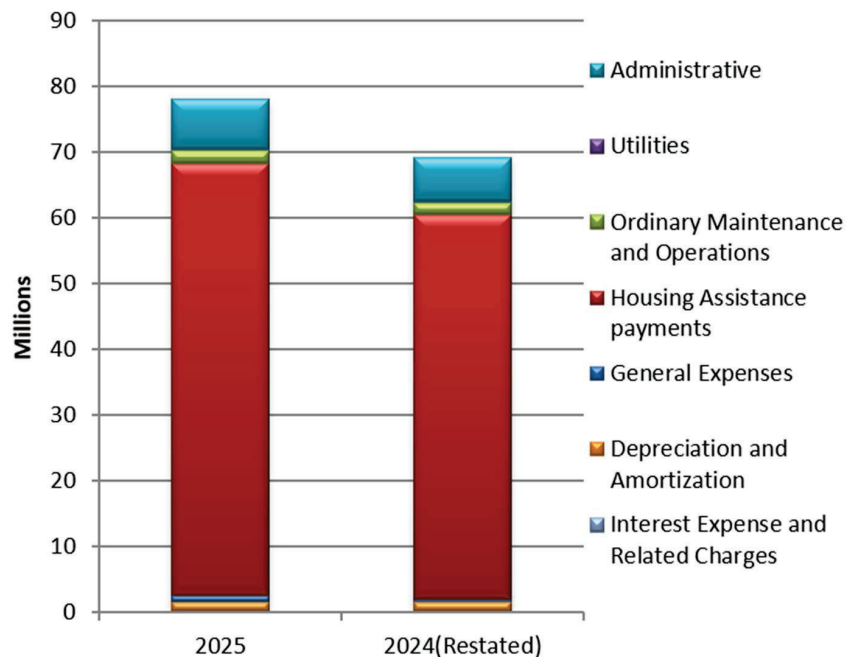
Management's Discussion and Analysis

For the Year Ended December 31, 2025

The following compares the revenues for the current and previous fiscal years in graphical format:



The following compares the expenses for the current and previous fiscal years in graphical format:



Spokane Housing Authority, Washington

Management's Discussion and Analysis

For the Year Ended December 31, 2025

The purpose of the statement of revenues, expenses, and changes in net position is to present the revenues earned by the Authority, both operating and nonoperating revenues, and the expenses incurred through operating and nonoperating expenditures, plus any other revenues expenses, gains, and losses of the Authority. Generally, operating revenues are amounts received for providing housing to the Authority's tenants as well as subsidies and grants received from the U.S. Department of Housing and Urban Development (HUD) and state and local government grants that provide significant funding for the operations of the Authority's housing programs. Operating expenses are those incurred to operate, maintain, and repair the housing units and make housing assistance payments. Nonoperating revenues (expenses) are revenues or expenses for which goods and services are not provided, for example, interest income or gain/loss on the disposition of a capital asset.

The statement of revenues, expenses, and changes in net position reflect the period ending December 31, 2025 compared to the period ended December 31, 2024(Restated). Operating revenues increased by approximately 8.7% or \$6.3 million; operating expenses increased by 13.1% or approximately \$9 million and net nonoperating revenues (expenses) decreased by \$1.6 million. Net position increased by \$2.6 million from December 31, 2024(Restated) to December 31, 2025.

The increase in operating revenues is attributed to an increase in funding for Housing Assistance Payments by \$7.8 million and for the DSHS Bridges grant program by \$2 million. The most significant increase in operating expenses was the increase in housing assistance payments of approximately \$7.2 million. Housing assistance payments increased compared to 2024 which contributed to an increase in per voucher cost. Administrative expenses increased by \$1.1 million related to a full year of the salary survey implementation that occurred July 1, 2024, and the increase related to the expanding voucher program. General Expenses increased \$582 thousand from an increase in expenses in the Section 8 program. All other expense categories experienced minor inflationary increases or remained consistent from December 31, 2025 compared to December 31, 2024(Restated).

Capital Assets SHA's capital assets are summarized in the table below:

	December 31, 2025	December 31, 2024 (Restated)
Land	\$ 1,004,275	\$ 8,252,790
Buildings	20,941,701	21,052,015
Buildings Improvements	1,271,302	1,263,114
Equipment - Dwellings	504,358	531,682
Equipment - Administration	1,076,978	1,060,287
Right of Use Assets	2,174,840	2,013,093
Construction In Progress	-	-
Intangible Assets	434,384	434,384
Total Capital Assets	27,407,838	34,607,365
Less Accumulated Depreciation	(14,551,242)	(13,334,425)
Total Capital Assets	<u>\$ 12,856,596</u>	<u>\$ 21,272,940</u>

Spokane Housing Authority, Washington

Management's Discussion and Analysis

For the Year Ended December 31, 2025

On December 31, 2025, the Authority had \$12,856,596 in capital assets, which represents an decrease of \$8.4 million or 39.5% during the period. The decrease was primarily the result of the sale of land for the development of the SHA Appleway LLLP complex. The following reconciliation summarizes the change in capital assets from December 31, 2024(Restated) to December 31, 2025.

Balance at December 31, 2024 (Restated)	\$ 21,272,940
Additions	276,107
Transfers/Retirements - Net	(7,262,736)
Depreciation Expense	<u>(1,429,715)</u>
Total Capital Assets	<u><u>\$ 12,856,596</u></u>

Notes 8 and 9 to the Authority's basic financial statements provide additional detail regarding the changes in capital assets during the period.

Outstanding Debt

As of December 31, 2025, the Authority had outstanding debt of \$3,304,453, a decrease of approximately \$3.0 million. The decrease was the result of the payoff of the Land Acquisition Program (LAP) loan of \$3 million which supported the purchase of land for future housing development. SHA's outstanding debt is summarized in the table below:

	<u>December 31, 2025</u>	<u>December 31, 2024 (Restated)</u>
Direct Borrowings:		
City of Spokane - Hifumi En Apartments	\$ 330,000	\$ 330,000
Spokane County - Valley 206 Apartments	417,727	417,727
WA State Dept. of Commerce - Cedar West Apartment	442,812	452,521
WA State HFC - SHA LAP Loan	-	3,000,000
WA State HFC - Cornerstone	770,000	805,000
WA State HFC - Pearl	870,000	885,000
City of Spokane - Cornerstone	185,437	192,144
City of Spokane - Cornerstone	88,477	88,477
Federal Home Loan Bank - Cornerstone	<u>200,000</u>	<u>200,000</u>
	<u><u>\$ 3,304,453</u></u>	<u><u>\$ 6,370,869</u></u>

All debt service payments were made during the period ended December 31, 2025 as scheduled and on time. Additional information on SHA's outstanding debt can be found in Note 11 of the notes to the financial statements.

Spokane Housing Authority, Washington

Management's Discussion and Analysis

For the Year Ended December 31, 2025

ECONOMIC FACTORS AFFECTING THE HOUSING AUTHORITY

The majority of SHA's funding is from HUD in the form of Housing Choice Vouchers housing assistance and administrative revenues and other various state and local grant funds. The Authority earned \$64.3 million in federal dollars for its operating programs. HUD funding is dependent on congressional appropriations and related budget priorities. Therefore, federal appropriation levels for HUD programs continue to have a major impact on the Authority's budget.

The federal government has been a principal source of funds for low-income housing operations, maintenance and capital since the enactment of the National Housing Act of 1937 (Act). While the level of federal support of low-income housing has ebbed and flowed with different administrations and Congresses over the decades, there is a history of federal financial support for low-income housing that dates from the Act and continues to the present, a commitment of over 80 years.

While the near-term future is positive for federal funding of low-income housing and community development, the Authority has built a reserve for flexibility through repositioning our existing housing portfolio, investing in technology, implementing cost saving measures and changes to our business practices. The Authority expects to maintain current service and program levels through 2026 and is well-positioned to respond to future changes.

The following funding impacts were experienced in 2025:

- The administrative portion of the HCV Program funding was at 88.192% of eligibility during calendar year 2025. As of the date of these financial statements the calendar year 2026 funding is at 88% of eligibility.
- The Housing Choice Voucher Housing Assistance Payment funding was at 100.708% of eligibility in 2025. It is currently funding at 99.6087% of eligibility for 2026.

On October 30, 2019, the Authority converted the Public Housing operating subsidy on its' remaining 74 public housing units to project-based funding under HUD's Rental Assistance Demonstration (RAD) program, and transferred the funding to the Cedar West Apartments, a project in the Authority's portfolio, and Claire View Apartments, a nonaffiliated, nonprofit affordable housing project. Sales of single-family residential homes began in early 2020 with 33 units sold by December 31, 2020, generating net proceeds of \$6.2 million. By December 31, 2021, an additional 17 units were sold generating net proceeds of \$3.7 million. By December 31, 2022, an additional 17 were sold generating net proceeds of \$3.8 million. By December 31, 2023, an additional 4 were sold generating net proceeds of \$1.3 million. By December 31, 2024, an additional unit was sold generating net proceeds of \$261 thousand. By December 31, 2025, two additional units were sold generating net proceeds of \$477 thousand. We anticipate the final two units to be sold by December 31, 2026, generating an estimated additional net proceeds of \$458 thousand. Proceeds from the sales are to be used for affordable housing purposes as defined in Housing Notice 2019-01 and Public Housing Notice 2019-23 (RAD Notice REV4). The Authority has used some of these for current development of 240 units of affordable housing and anticipates continuing utilizing these funds to increase available affordable units in the community.

The condition of the local housing market and economy affect the Authority in three different roles: as a developer of low-income housing; as a landlord that operates and maintains our low-income housing communities; and, as a participant in the private rental housing market as the provider of rental assistance to tenants who qualify for housing vouchers used to secure affordable housing in the private sector. Local inflationary, recessionary and employment trends can affect the cost of materials, rents, and resident incomes and therefore the amount of rental revenue to the Authority, as well as the amount of housing assistance paid by the Authority.

The multi-family rent increased in the Spokane area continued to stabilize in 2025 with overall average apartment vacancy rate increasing slightly to 5.8%. Average rental rates increasing approximately 2.4% over the year. Many low-income households who qualify for housing vouchers are still finding the private rental stock unaffordable, and the Authority made minimal changes in the voucher payment standards last year stemming from the changes to the fair market rents. The Authority is continuing efforts to support voucher holders with housing search assistance and incentive funds for landlords.

REQUESTS FOR INFORMATION

Spokane Housing Authority, Washington
Management's Discussion and Analysis
For the Year Ended December 31, 2025

This financial report is designed to provide the reader with a general overview of the Authority's finances and to demonstrate the Authority's financial accountability over its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director of the Spokane Housing Authority. The Authority's offices are located at 25 W. Nora Avenue, Spokane, WA 99205.

Spokane Housing Authority, Washington
Statement of Net Position
December 31, 2025

	Primary Government	Component Units
ASSETS		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 13,060,537	\$ 2,265,185
Receivables (Net)	1,178,505	293,921
Inventories	4,244	-
Prepays and Other Assets	285,652	172,864
Receivable from Component Units	1,358,694	-
<i>Restricted Assets:</i>		
Cash and Cash Equivalents	2,240,221	6,447,254
Tenant Security Deposits	43,942	348,446
Total Current Assets	18,171,795	9,527,670
<i>Noncurrent Assets:</i>		
Capital Assets:		
Land	1,004,275	9,351,860
Buildings	20,941,701	91,316,113
Building Improvements	1,271,302	4,580,342
Equipment - Dwellings	504,358	4,758,376
Equipment - Administration	1,076,978	299,095
Construction In Progress	-	25,234,203
Right to use Asset	2,174,840	16,022,908
Intangible Assets	434,384	-
Accumulated Depreciation	(14,551,242)	(26,772,499)
Total Capital Assets (Net)	12,856,596	124,790,398
Notes Receivable from Component Units	46,622,888	-
Interest Receivable from Component Units	7,643,378	-
Net Pension Asset	1,209,995	-
Other Noncurrent Assets	508,968	214,633
Total Noncurrent Assets	68,841,825	125,005,031
TOTAL ASSETS	\$ 87,013,620	\$ 134,532,701
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	\$ 1,546,007	\$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 1,546,007	\$ -

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority, Washington
Statement of Net Position (Continued)
December 31, 2025

	Primary Government	Component Units
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 365,908	\$ 1,054,459
Accounts Payable - Intergovernment	36,589	-
Tenant Security Deposits	43,942	348,446
Accrued Wages and Payroll Taxes	277,501	-
Accrued Compensated Absences, Current Portion	95,584	-
Accrued Interest Payable	2,544	72,470
Unearned Revenue	253,250	74,218
Other Current Liabilities	198,651	1,670,018
Current Portion of Long-Term Debt	66,829	2,025,102
Current Portion of Lease Liability	457,839	8,963
Payable to Housing Authority	-	1,358,694
Total Current Liabilities	1,798,637	6,612,370
<i>Noncurrent Liabilities:</i>		
Accrued Compensated Absences, Net of Current	489,485	-
Long-Term Debt, Net of Current	3,237,624	87,577,889
Lease Liability, Net of Current	479,139	8,745,868
Accrued Interest Payable, Net of Current	156,883	7,890,912
Net Pension Liability	290,587	-
Other Noncurrent Liabilities	50,315	399,274
Total Noncurrent liabilities	4,704,033	104,613,943
TOTAL LIABILITIES	\$ 6,502,670	\$ 111,226,313
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	\$ 348,835	\$ -
Deferred Inflows Related to Leases	-	-
Grants Received in Advance	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 348,835	\$ -
NET POSITION		
Net Investment in Capital Assets	\$ 9,805,704	\$ 26,432,576
Restricted For:		
Housing Assistance Payments	229,014	-
Capital Replacement Reserves	146,843	794,823
Operating and Other Reserves	1,879,925	5,652,431
Pension	2,426,734	-
Unrestricted	67,219,902	(9,573,442)
TOTAL NET POSITION	\$ 81,708,122	\$ 23,306,388

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority, Washington
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2025

	Primary Government	Component Units
OPERATING REVENUES:		
Tenant Rental Revenue	\$ 347,804	\$ 7,705,885
HUD Operating Subsidies	64,453,077	-
Other Government Grants	11,492,006	556,927
Other Tenant Revenue	30,613	362,995
Fee Revenue	549,288	-
Other Revenue	2,128,356	15,485
TOTAL OPERATING REVENUES	79,001,144	8,641,292
OPERATING EXPENSES:		
<i>Administrative:</i>		
Administrative Wages	5,225,317	627,839
Auditing Fees	88,769	32,950
Employee Benefit Contributions	1,311,982	257,305
Management and Bookkeeping Fees	-	512,088
Other Operating Expenses	909,713	331,176
Tenant Services	178,331	9,338
	7,714,112	1,770,696
<i>Utilities:</i>		
Electricity	50,044	274,353
Natural Gas	17,347	43,042
Water	13,588	139,341
Sewer	79,534	445,313
Other Utilities Expenses	3,679	3,851
	164,192	905,900
<i>Ordinary Maintenance and Operations:</i>		
Contract Costs	712,119	968,225
Maintenance and Operations Wages	830,133	607,438
Employee Benefit Contributions	283,347	231,847
Materials and Other	102,847	474,552
	1,928,446	2,282,062
<i>General Expenses:</i>		
Housing Assistance Payments	65,840,751	-
Insurance Premiums	81,949	383,939
Other General Expenses	883,722	389,345
Depreciation and Amortization	1,429,715	3,306,437
	68,236,137	4,079,721
TOTAL OPERATING EXPENSES	78,042,887	9,038,379
OPERATING INCOME (LOSS)	\$ 958,257	\$ (397,087)

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority, Washington
Statement of Revenues, Expenses and Changes in Net Position (Continued)
For the Year Ended December 31, 2025

	Primary Government	Component Units
NONOPERATING REVENUES (EXPENSES):		
Gain (Losses) on Capital Asset Disposition	479,824	(182,494)
Interest Expense and Related Charges	(126,464)	(1,955,993)
Interest and Investment Income	1,297,584	58,427
TOTAL NONOPERATING REVENUES (EXPENSES)	1,650,944	(2,080,060)
<i>Income (Loss)</i>	2,609,201	(2,477,147)
CAPITAL CONTRIBUTIONS - PARTNERSHIPS	-	7,673,552
SPECIAL ITEMS GAIN (LOSS)	-	160,332
CHANGE IN NET POSITION	2,609,201	5,356,737
NET POSITION, BEGINNING OF YEAR	75,703,408	21,345,164
CHANGE IN REPORTING ENTITY	3,395,513	(3,395,513)
NET POSITION, END OF YEAR	\$ 81,708,122	\$ 23,306,388

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority, Washington
Statement of Cash Flows
For the Year Ended December 31, 2025

	<u>Primary Government</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Tenants and Others	\$ 1,142,896
Receipts from Government Operating Grants	74,553,891
Payments for Housing Assistance	(66,384,291)
Payments to Employees and on behalf of Employees	(7,939,360)
Payments to Suppliers for Goods and Services	(2,687,294)
Other Receipts	<u>1,474,671</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>160,513</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Advances - Partnerships	<u>355,137</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>355,137</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases and Construction of Capital Assets	(119,022)
Proceeds from Sale of Capital Assets	7,724,564
Principal Paid on Capital Debt	(3,066,416)
Principal Proceeds (Paid) on Financing Leases	(10,444)
Principal Proceeds (Paid) on SBITA	(457,885)
Interest Paid on Capital Debt	<u>(91,619)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>3,979,178</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Issuance of Notes - Partnerships	(10,736,621)
Payments Received on Notes - Partnerships	757,001
Interest Received	<u>193,591</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITY	<u>(9,786,029)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,291,201)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Restated)	<u>20,635,901</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 15,344,700</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS	
TO THE STATEMENT OF NET POSITION:	
Cash and Cash Equivalents - Unrestricted	\$ 13,060,537
Cash and Cash Equivalents - Restricted	2,240,221
Tenant Security Deposits	<u>43,942</u>
	<u>\$ 15,344,700</u>

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority, Washington
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2025

	<u>Primary Government</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ 958,257
<i>Adjustments to Reconcile Operating Income (Loss) to Net Cash</i>	
<i>Provided by Operating Activities:</i>	
Depreciation and Amortization Expense	1,429,715
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Assets:	
Receivables (Net)	(1,985,890)
Inventories	(1,430)
Prepays and Other Assets	350,898
Other Noncurrent Assets	(217,839)
Increase (Decrease) in Liabilities:	
Accounts Payable - Operations	696,985
Accounts Payable - Intergovernment	(98,934)
Tenant Security Deposits	4,980
Accrued Wages and Taxes Payable	47,444
Accrued Compensated Absences	113,958
Unearned Revenue	(3,672)
Other Liabilities	80,656
Net Pension Liability	(316,342)
Changes in Deferred Outflows and Inflows:	
(Increase) in Deferred Outflows of Resources	(110,344)
Increase in Deferred Inflows of Resources	(787,929)
Total Reconciling Adjustments	<u>(797,744)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 160,513</u></u>

The notes to the financial statements are an integral part of these statements.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2025

NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Spokane Housing Authority (“SHA” or the “Authority”) was established in 1972 as a public body corporate and politic pursuant to the provisions of the State Housing Authorities Law (RCW 35.82) and the Housing Cooperation Law (RCW 35.83) in order to provide affordable, safe, and sanitary housing for persons of low income. The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the Public Housing Program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make loans to assist the authorities in financing the acquisition, construction and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for maintaining the low-rent character of the local housing programs.

In 2003, the Authority became a joint city-county housing authority pursuant to RCW 35.82.300, by authorization of the Cities of Spokane and Spokane Valley, and Spokane County. The Authority serves the geographical area of the cities of Spokane and Spokane Valley and all unincorporated areas of Spokane County. It also serves the cities of Millwood, Deer Park, Medical Lake (effective 1988), Airway Heights (effective 1989), Spangle (effective 1989), and Cheney (effective 1990) within Spokane County and Lincoln, Pend Orielle, Stevens, Whitman, and Ferry counties through cooperative agreements. The Authority can be dissolved if both the Spokane and Spokane Valley city councils and the Spokane County Board of Commissioners all adopt identical resolutions pursuant to RCW 35.82.310.

The basic financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the most significant accounting policies.

A. Reporting Entity:

The Authority is governed by a seven-member Board of Commissioners. The Mayors of the Cities of Spokane and Spokane Valley, and the Chairperson of the Spokane County Commissioners appoint two individuals each. One Commissioner who is directly assisted by the Authority is appointed by majority vote of the Authority’s standing Board of Commissioners. Each member serves a five-year term of office, with terms rotating in such a manner that one appointment is made each year. The Board of Commissioners sets policy of the Authority and hires the Executive Director who directs the daily operation of the Authority.

The Authority is a legally separate entity and is not considered a component unit, nor does the Authority provide a financial benefit to or impose a financial burden on any other entity. However, the Authority cooperates closely with the Cities of Spokane and Spokane Valley, and Spokane County.

As defined by GAAP, the reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the Board of the primary government are financially accountable. In determining how to define the reporting entity, management has considered all potential component units. The determination to include a component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting and Financial Reporting Standards and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*, and GASB Statement No. 80, *Blending Requirement for Certain Component Units*. These criteria include financial benefit to or burden on a primary organization; financial accountability as a result of fiscal dependency; potential for dual inclusion; and organizations included in the reporting entity although the primary government is not financially accountable.

The financial statements present the Spokane Housing Authority (the primary government) and its component units. Component units are reported as part of the reporting entity under either blended or discrete method of presentation. The discrete method presents the financial statements of the component units outside of the basic financial statement totals of the primary government. The Authority has identified six legally separate tax credit limited partnerships that are reported as discretely presented component units in the basic financial statements. The Authority has identified two blended component units that are reported within the Authorities financial statements. The seven-member board appointed to the Authority governs all eight of the tax credit limited partnerships. The sole purpose of the limited partnerships is to provide affordable housing to low-income families.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2025

NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Discretely Presented Component Units:

The following six component units were formed for the purpose of developing, operating, managing and leasing housing units in a manner that qualifies them for the Low-Income Housing Tax Credit program authorized under Section 42 of the Internal Revenue Code of 1986, as amended. The tax credits allocated under this program provide for a major source of funding for the modernization or new construction of these properties.

The Authority is responsible for the management of these partnerships and may impose its will on the limited partnerships through direct influence over their policies, budgets, and operations. In addition, the Authority is contractually obligated to fund operating deficits up to specified limits. These component units do not provide services exclusively or almost exclusively to the benefit of the Authority. While there is fiscal dependency, the Authority is not responsible or expected to repay the debt of these component units. Therefore, the component units' financial statements are discretely presented in a single column in the accompanying financial statements.

All of the component units described below have a December 31st year end. The financial statements of the component units are audited separately and are presented as of December 31, 2025. Copies of these audited statements can be obtained by contacting the Housing Authority. Although these component units do not follow government accounting standards, for presentation purposes certain transactions and balances may be reflected differently in the Authority's financial statement than in the separately issued statement in order to conform to the presentation and classifications of the Authority's statements.

The Martindale Apartments, Limited Partnership – A Washington state limited partnership formed on December 30, 2008, to develop and manage the Agnes Kehoe Place Apartments. The 51 affordable units were placed in service in January 2012. Pursuant to the Amended and Restated Agreement of Limited Partnership, dated November 12, 2010, as amended December 6, 2013, the Martindale Manager, LLC with the Authority as the sole member serves as the General Partner with .01% ownership and LIHTC Fund 2013-5, LLC is the Limited Partner with 99.99% ownership.

Cedar Haven, Limited Liability Limited Partnership – A Washington state limited liability limited partnership formed on April 3, 2015, to rehabilitate and manage the Cedar West Apartments and Woodhaven Apartments. The 146 affordable units were placed in service in February 2016. Pursuant to the Amended and Restated Agreement of Limited Liability Limited Partnership, dated September 30, 2015, as amended December 31, 2019, the Authority serves as the General Partner with .01% ownership; CREA Corporate Tax Credit EF 43 LLC is the Limited Partner with 99.989% ownership and CREA SLP, LLC is the Special Limited Partner with .001% ownership.

Parsons, Limited Liability Limited Partnership – A Washington state limited liability limited partnership formed on April 3, 2015, to rehabilitate and manage the Parsons Apartments. The sale of the 50 affordable public housing units to Parsons LLLP along with the coinciding conversion to tax credit units and project-based voucher units under the HUD Rental Assistance Demonstration Program closed on January 29, 2016 and was placed in service in December 2016. Pursuant to the Amended and Restated Agreement of Limited Liability Limited Partnership, dated January 29, 2016, the Authority serves as the General Partner with .01% ownership; CREA Parsons Apartments, LLC is the Limited Partner with 99.989% ownership; and CREA SLP, LLC is the Special Limited Partner with .001% ownership.

Wilbur and Cook Affordable Portfolio, Limited Liability Limited Partnership – A Washington state limited liability limited partnership formed on November 29, 2016, to rehabilitate and manage the Heritage Heights Apartments, Westfall Village Apartments and Valley 206 Apartments. The sale of the 379 affordable units to Wilbur and Cook Affordable Portfolio LLLP and coinciding conversion to tax credit units closed on September 14, 2017, and was placed in service on December 31, 2018. Pursuant to the Agreement of Limited Liability Limited Partnership, dated November 29, 2016, the Authority serves as the General Partner with .01% ownership, BCP/Wilbur Cook, LLC is the Limited Partner with 99.99% ownership; and BCCC, Inc. is the Special Limited Partner with 0% ownership. Effective December 15, 2020, Boston Financial Investment Management (Boston Financial), acquired Boston Capital's low-income housing tax credit (LIHTC) portfolio.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2025

NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Hifumi En, Limited Liability Limited Partnership – A Washington state limited liability limited partnership formed on November 2, 2022, to construct and manage the Hifumi En Apartments. Pursuant to the Amended and Restated Agreement of Limited Liability Limited Partnership dated July 12, 2024, the Authority serves as the General Partner with .01% ownership; CREA Hifumi En, LLC is the Partner with 99.989% ownership; and CREA SLP, LLC is the Special Limited Partner with .001% ownership. The first building consisting of 47 units received its temporary Certificate of Occupancy on May 30, 2025. The original 41-unit structure was demolished and the 2nd building is under construction and is anticipated to be completed in FY 2026.

SHA Appleway, Limited Liability Limited Partnership – A Washington state limited liability limited partnership formed on September 26, 2024 to construct and manage the Orchard Vista Apartments. On December 4, 2024 the Authority entered into a Master Development Agreement with Inland SHA Appleway Manager, LLC for construction and initial lease up of a 240-unit complex in Spokane Valley, Washington. Pursuant to the Agreement of Limited Liability Limited Partnership, dated June 18, 2025, the Authority serves as the PHA General Partner with .001% ownership, Inland SHA Appleway Manager, LLC is the Inland General Partner with .009% ownership, CREA Orchard Vista, LLC is the Limited Partner with 98% ownership; and CREA SLP, LLC is the Special Limited Partner with .01% ownership. The Authority sold approximately 8 acres of land to Inland SHA Appleway Manager, LLC for the construction and lease up of this property and will exercise a purchase option upon completion. In FY 2025 construction began on the complex and all 240 units are anticipated to be completed in FY 2027.

See Note 14 for additional information on the tax credit limited partnerships.

Blended Component Units:

The Authority has two blended component unit that shares the same governing board as the primary government. This component unit has a December 31 year-end and is included in the Authorities financial statements.

Cornerstone II – The Borning Building Limited Partnership – A Washington state limited partnership formed on December 20, 2004, to develop and manage the Cornerstone Courtyard Apartments. The 50 affordable units were placed in service February 2008. Pursuant to the Amended and Restated Agreement of Limited Partnership, dated May 22, 2007, the Authority serves as the General Partner with .01% ownership and U.S. Bancorp Community Development Corporation is the Limited Partner with 99.99% ownership. On October 31, 2024, this entity had a change in ownership when the limited partner exited the partnership and Northwest Housing Group LLC becoming the limited partner, causing the formerly discretely presented partnership to become a blended component unit.

Cornerstone II – The Helena Apartments, Limited Partnership – A Washington state limited partnership formed on December 13, 2007, to develop and manage the Pearl on Adams Apartments. The 35 affordable units were placed in service in October 2009. Pursuant to the Amended and Restated Agreement of Limited Partnership, dated December 9, 2008, as amended September 25, 2015, the Northwest Housing Group LLC with the Authority as the sole member serves as the General Partner with .01% ownership and USB LIHTC Fund 2015-4, LLC is the Limited Partner with 99.99% ownership. On January 15, 2025, this entity had a change in ownership when the limited partner exited the partnership and Northwest Housing Group LLC becoming the limited partner, causing the formerly discretely presented partnership to become a blended component unit. Beginning balances in the financial statements have been restated to reflect this change in financial reporting.

See Note 14 for additional information on the tax credit limited partnerships.

Programs Administered by the Spokane Housing Authority:

Moving To Work (MTW) Demonstration

The Authority received a 20-year designation as a Moving To Work (MTW) agency on February 1, 2023, under Section 239 of the 2016 Consolidated Appropriations Act. SHA was selected as a MTW expansion agency under the Landlord Incentives Cohort, analyzing the impact of Landlord incentives on the program for five years, with its first MTW Supplement Plan approved in May 2023. Moving to Work designation allows the Authority flexibility in the use of funding and the ability to waive certain provisions of the 1937 Housing Act as outlined in the MTW Expansion Operating Notice issued by HUD. In its inaugural year, the Authority implemented a total of five MTW activities, which reduced administrative barriers and expanded landlord participation. In the first year of implementation,

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2025

NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

the Authority did not elect to utilize its funding flexibility between programs and therefore did not report as MTW agency for financial statement purposes for this initial year. The accompanying basic financial statements include the activities of several housing programs subsidized by HUD as well as various other agencies. A summary of each significant program is provided below. Each program has a fiscal year ending December 31st and are reporting twelve months of operations.

Housing Choice Voucher Program (Section 8)

The Authority administers the Housing Choice Voucher Program, Mainstream Voucher Program, Moderate Rehabilitation Single Room Occupancy Program, the Emergency Housing Voucher Program, Family Unification Program, Non-Elderly Disabled and the Veterans' Affairs Supportive Housing Program, which utilizes existing privately owned family rental housing units to provide decent and affordable housing to low-income families. Funding of the programs is provided by federal housing assistance contributions from HUD, pursuant to Section 8 of the U.S. Housing Act. Generally, tenants pay up to 30% of their income towards rent and the Authority pays for the difference between the approved landlord contract rent and the rent paid by the tenants. The Authority received an allocation of 6,298 vouchers from HUD, which equates to 75,576 voucher units months per calendar year. The management of the programs is actively monitored, and activities are planned to comply with HUD's leasing provisions on a calendar year basis. The Authority has administrative responsibility for the Housing Choice Voucher programs in Spokane, Stevens, Pend Oreille, Whitman, Lincoln, and Ferry Counties, and administers the Mainstream Voucher Program across the State of Washington for several jurisdictions.

Family Self Sufficiency Program

In 2025, the Authority was awarded a two-year grant to continue to support the Family Self Sufficiency (FSS) Program. The FSS Program promotes the development of local strategies to coordinate public and private resources that help housing choice voucher program participants, public housing tenants, and tenants in the Section 8 Project-Based Rental Assistance (PBRA) program obtain employment that will enable participating families to achieve economic independence. This grant covers the cost of a full-time FSS Coordinator position to manage the caseload of 25-35 participants in this program.

Public Housing Program

The Authority's Public Housing Program consisted of a single asset management project ("AMP"), which collected both operating and capital fund subsidy. This AMP was an accumulation of 74 housing units comprising of single-family homes and duplexes referred to as scattered sites and is located within the City of Spokane, City of Spokane Valley, and Spokane County. On October 30, 2019, the units of this remaining AMP converted from the public housing program to long-term, project-based Section 8 rental assistance utilizing the HUD Rental Assistance Demonstration Program. As of December 31, 2025, 72 of the 74 housing units had been sold for net proceeds of \$15,702,101. The remaining 2 units are scheduled to be sold by December 31, 2026. Proceeds from the sales are to be used for affordable housing purposes as defined in Housing Notice 2019-01 and Public Housing Notice 2019-23 (RAD Notice REV4).

The purpose of the Public and Indian Housing Program was to provide decent and affordable housing to low-income families at reduced rents. The housing units are owned, maintained and managed by the Authority. The units were acquired, developed and modernized under HUD's Development and Capital Fund programs. Funding of the program operations and development was provided by federal annual contributions, operating subsidies, and tenant rentals (determined as a percentage of family income, adjusted for family composition and other allowances).

Other Grant Programs:

The Authority administers the following grant programs:

DSHS ALTA Program - The Authority administers a statewide aging and long-term support tenant based rental assistance program for the Washington State Department of Social and Health Services (DSHS), which provides subsidized payments to landlords who rent to DSHS clients.

DCYF Program – The Authority entered into a contract with the Washington State Department of Children, Youth & Families. This grant provides case management for eligible families to increase the family's capacity for ongoing housing sustainability, including providing connections to other "non-housing" related services.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

DSHS HRSN 1115 Medicaid Program - The Authority administers a statewide Health-Related Social Needs programs under its 1115 Medicaid Transformation Project using both Medicaid and other state funding to manage short-term rental assistance, emergency rental assistance and motel interim stays for clients receiving long-term services and support (MIST) payments.

B. Measurement Focus, Basis of Accounting

The financial statements (i.e., the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows) report information on all the activities of the primary government and its component units.

The accounting records of the Authority are maintained and reported in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW and the Federal Department of Housing and Urban Development. The Authority must report using GAAP; however, it has the option to use either the single enterprise proprietary fund or special purpose governmental fund model.

The accounts of the Authority are reported as a single enterprise proprietary fund. Proprietary funds distinguish operating revenues and expenses from non-operating items. An operating activity generally arises from providing services in connection with the fund's principal activity. The operating revenues of the Authority consist primarily of rental charges to tenants, operating subsidies from the U.S. Department of Housing and Urban Development ("HUD"), fee revenue consisting of external property management fees, partnership administrative fees, and developer fees. Operating expenses for the Authority include the cost of administrative, maintenance, utilities, tenant services, general operations, depreciation and amortization, and housing assistance payments. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, except for capital contributions, which are presented separately.

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The proprietary fund utilizes a flow of economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and deferred outflows and liabilities and deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position. The basis of accounting used is similar to businesses in the private sector; thus, these funds are maintained on the full accrual basis of accounting.

Revenues are recognized when earned and expenses are recorded in the period incurred regardless of the timing of cash flows. For financial reporting purposes, the Authority considers its HUD grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than non-operating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after non-operating activity on the accompanying statement of revenues, expenses and changes in net position.

- C. Cash and Cash Equivalents** — It is the Authority's policy to invest all temporary cash surpluses in low-risk short-term investments of a liquid nature. This amount is classified on the Statement of Net Position as cash and cash equivalents. For purposes of the Statement of Cash Flows, the Authority considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.
- D. Receivables** — Accounts receivable consist primarily of amounts due from tenants for rent and other charges and cost reimbursements due from grantors. Annually, tenant receivable balances are analyzed and the allowance for doubtful accounts is estimated and adjusted in accordance with historical experience. Other receivable allowances are established for uncertain collectibles. No allowances existed on December 31, 2025, other than the allowance for tenant accounts receivable.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2025

NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

- E. Inventories**— Inventories belonging to the Authority as of December 31, 2025, consisted of office supplies of \$4,244. Inventories are valued by the first in, first-out method (FIFO), which approximates the market value.
- F. Prepaid and Other Assets** — Prepaid and other assets represent amounts paid in advance of the period which the expenses benefit. Prepaid items consist primarily of the current portion of insurance premiums, ongoing maintenance and service contracts, annual software licenses and postage.
- G. Restricted Assets** — Restricted assets contain cash or cash equivalents that are restricted by federal or state regulation or statute to the use of particular programs or grants. The total of the Authority restricted cash as of December 31, 2025, was \$2,284,163. Component Units as of December 31, 2025, had restricted cash of \$6,795,700. The balances consist of the following:

	Primary Government	Component Units
Housing Assistance Payment reserves	\$ 213,453	\$ -
Tenant security deposits	43,942	348,446
Capital Replacement Reserves	146,843	794,823
Operating and Other Reserves	1,879,925	5,652,431
Total	<u>\$ 2,284,163</u>	<u>\$ 6,795,700</u>

- H. Capital Assets** — Capital assets include property, plant, and equipment and are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. All such assets are recorded at historical cost when purchased or constructed. Donated capital assets are recorded at acquisition value. Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. In FY 2025, the Authority increased its capitalization threshold from \$1,000 to \$5,000 and began accounting for appliances under Small and Attractive assets.

Major outlays of capital assets and improvements are capitalized as projects are constructed. Management reviews property, plant, and equipment for possible impairment to determine if a decline in service utility is significant and unexpected. If a capital asset is considered impaired the amount of impairment loss is determined in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, using either the Restoration Cost Approach, the Service Units Approach, or the Deflated Depreciated Replacement Cost Approach. Upon retirement or other disposition of property and equipment the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in non-operating revenues and expenses.

Capital Assets of the primary government, as well as the component units, are generally depreciated using the straight-line method over the following estimated useful lives as follows:

Land	Not Depreciated
Buildings (New Construction & Acquisition)	27-40 years
Furniture, equipment & machinery	3-10 years
Modernization of buildings and improvements	5-25 years
Intangibles	15 years
Construction in progress	Not Depreciated

- I. Leases** — The Authority is the lessee for noncancelable financing leases and for Subscription-Based Information Technology Arrangements (SBITA) leases for fiscal year ended December 31, 2025. For more information on the Authority and Component unit leases, see Note 12, Leases.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

- J. *Deferred Outflows/Inflows of Resources*** — A deferred outflow of resources is not an asset and is defined as a consumption of net position that is applicable to a future reporting period. The Authority has recorded \$1,546,007 in deferred outflows of resources as of December 31, 2025, related to pensions. A deferred inflow of resources is not a liability and is defined as an acquisition of net position that is applicable to a future reporting period. The Authority has recorded \$348,835 in deferred inflows of resources as of December 31, 2025, all of which is related to pensions.
- K. *Compensated Absences*** — Compensated absences are absences for which employees will be paid such as vacation and sick leave. The Authority records unpaid leave for compensated absences as an expense and liability when incurred and adjusts the liability and expense at year-end which meets the requirement of GASB Statement No. 101 *Compensated Absences*. All regular full-time and part-time employees accrue paid time off leave based on position and the number of years of service. Unused paid time off may accumulate up to a maximum of 1000 hours. Employees are paid for up to 400 hours at the employee's current pay rate upon resignation, retirement, or death. Liabilities for other compensated absences, such as holidays, do not vest and are not considered material. The Authority's liability for future payment of compensated absences as of December 31, 2025, was \$585,069.
- L. *Unearned Revenues*** — Unearned revenues are primarily tenant rent payments and operating grant funds that have been received or advanced and have not yet been earned or expended. Under reimbursement agreements, receipts from grantors are not earned until the related expenditures occur. At the time the funds are earned, or expended revenue will be recognized. These receipts are recorded as unearned revenue, except for amounts recorded as deferred inflows when the only eligibility requirement not met is the time requirement.
- M. *Pensions*** — For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the PERS1, 2&3 plan/Washington State Department of Retirement Systems. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For the purpose of calculating the restricted net position related to the net pension asset, the Authority includes the net pension asset and the related deferred outflows and deferred inflows.
- N. *Long-Term Debt*** — See Note 11, Long-Term Debt.
- O. *Revenue Recognition*** — Operating subsidies received from HUD and other grantors are generally recognized during the periods to which they relate, and all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted. Receipts from the Family Self Sufficiency Grant Program and other reimbursement-based grants are recognized when the related expenses are incurred. Tenant revenues are recognized during the period of occupancy.
- P. *Revenue and Expenses*** — All revenues and expenses related to the operations of the Authority and its component units are classified as operating revenues and expenses. Non-operating revenues include capital grants and contributions, interest and investment income, gain (losses) on capital asset disposition, and special items gain (loss). Non-operating expenses include interest expense and related charges.
- Q. *Tax Status*** — The Authority is qualified as a tax-exempt organization under the provisions of Section 115(1) of the Internal Revenue Code. Under state law (RCW 35.82.210) the Authority is exempt from all taxes imposed by cities, counties, the state, or any political subdivision thereof. Accordingly, no provision for income taxes is reflected in the accompanying statements.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

The component units, as partnerships, are required to file IRS form 1065, U.S. Return of Partnership Income and Schedule K-1, which reports the taxable income or loss to be reported by the respective partners allocated in accordance with their percentage of ownership. Management of the partnerships have evaluated the Partnerships' tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of FASB ASC 740-10, regarding the reporting of uncertainty in income taxes. With few exceptions, the Partnerships are no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2013.

- R. Use of Estimates** — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions the Authority may undertake in the future. Actual results may ultimately differ from those estimates.
- S. Budgetary Accounting and Control**— The Authority prepares an annual budget which is presented to the Board of Commissioners and adopted through the passage of a budget resolution prior to the beginning of the fiscal year. Budgets are not, however, legally adopted nor required for financial statement presentation. The Authority maintains budgetary control by not permitting total operating expenses and expenditures for individual programs to exceed their respective budget amounts without the appropriate approvals. All budget amounts lapse at year-end. Encumbrance accounting is not used as an extension of formal budget control.

NOTE 2 — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

State laws and certain bond and loan covenants require that the Authority maintain occupancy in housing projects at specified numbers of low-income families. During the fiscal year, the Authority satisfied all compliance requirements specified in its bond and loan covenants. There have been no material violations of finance-related legal or contractual provisions.

NOTE 3 — CHANGE IN REPORTING ENTITY:

Effective January 1, 2025, the Authority implemented a change in its financial reporting entity in accordance with the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections*. This impact reflects the change of ownership for the Cornerstone II – The Helena Apartments LP upon the exit of the limited partner from the partnership, resulting in the reclassification of the partnership from a discretely presented component unit to a blended component unit in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*, and GASB Statement No. 80, *Blending Requirement for Certain Component Units*.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 3 — CHANGE IN REPORTING ENTITY (continued):

During the fiscal year 2025, changes to the financial reporting entity resulted in adjustments to beginning net position as identified in Column (A) of the table below.

	12/31/2024 As Previously Reported	Change to or within the Financial Reporting Entity (A)	12/31/2024 Net Position/Fund Balance As restated/adjusted
Government Wide			
Business-Type Activities	\$ 75,703,408	\$ 3,395,513	\$ 79,098,921
Total Primary Government	<u>\$ 75,703,408</u>	<u>\$ 3,395,513</u>	<u>\$ 79,098,921</u>
Proprietary Funds			
Central Office Cost Center	7,747,439		7,747,439
Section 8 Programs	3,937,657		3,937,657
Grants	1,230,717		1,230,717
Development and Other Business-Type Activities	62,787,595	3,395,513	66,183,108
Total Proprietary Funds	<u>\$ 75,703,408</u>	<u>\$ 3,395,513</u>	<u>\$ 79,098,921</u>
Discretely Presented Component Units			
Martindale Apartments LP	3,318,456	-	3,318,456
Cornerstone II - Helena Apartments LP	3,395,513	(3,395,513)	-
Hifumi En LLLP	1,926,266	-	1,926,266
Parsons LLLP	271,491	-	271,491
Cedar Haven LLLP	2,214,921	-	2,214,921
Wilbur and Cook Affordable Portfolio LLLP	10,218,517	-	10,218,517
Total Discretely Presented Component Units	<u>\$ 21,345,164</u>	<u>\$ (3,395,513)</u>	<u>\$ 17,949,651</u>

NOTE 4 — ADOPTION OF NEW ACCOUNTING STANDARDS:

The Governmental Accounting Standards Board (GASB) issued one statement that the Authority adopted during the twelve months ended December 31, 2025.

Statement No. 102, *Certain Risk Disclosures*, the objective of this Statement defines *concentration* and *constraints* related to inflows and outflows of resources which may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess and disclose whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. This Statement is effective for fiscal years beginning after June 15, 2024.

The Authority's adoption of this GASB Standard does not have a material impact on the Authority's financial statements and the Authority did not have any Risk Disclosures to report.

The Government Accounting Standards Board issued three new statements in addition to the previous statement, which will be effective for the Authority in future years:

Statement No. 103, *Financial Reporting Model Improvements*, the objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for fiscal years beginning after June 15, 2025.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 4 — ADOPTION OF NEW ACCOUNTING STANDARDS (continued):

Statement No. 104, *Disclosure of Certain Capital Assets*, the objective of this Statement is to provide definition and guidance on the disclosures of certain types of Capital Assets in the Notes to the Financial Statements. This Statement is effective for fiscal years beginning after June 15, 2025.

Statement No. 105, *Subsequent Events*, the objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement is effective for fiscal years beginning after June 15, 2026.

NOTE 5 — Deposits and Investments:

A. Deposits

Cash and cash equivalents consist of the following as of December 31, 2025 for the Authority and component units:

	2025	
	Primary Government	Component Units
Cash in demand deposits	\$ 11,685,556	\$ 9,060,885
Local government investment pool	3,659,144	-
Total deposits	<u>\$ 15,344,700</u>	<u>\$ 9,060,885</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Authority deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

The Authority does not place deposits in accounts that are not insured and/or not collateralized and consequently is not exposed to custodial credit risk.

B. Investments

The Authority's cash management and investment policy requires that all available cash funds are to be managed to preserve the value of cash resources and to earn the maximum return on funds until they are disbursed. Safety and preservation of capital through prudent stewardship of the Authority's cash funds is a primary objective of the policy. The policy does not permit the Authority to invest in any securities that would be considered as speculative or leveraged investments.

Washington State Law (RCW 35.82.070(6)) limits investments by housing authorities to those investments that are legal for savings banks. In general, permitted investments include bonds or other obligations issued or guaranteed by the United States; bonds or other obligations issued by any state, county, city, town, special district, or other municipal corporation; time, money market, or savings deposits in qualified public depositories; or loans secured by real property.

The Authority is a voluntary participant in the Washington State Local Government Investment Pool (LGIP) authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee, in accordance with RCW 43.250, is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at an amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by the GASB Statement 29 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized costs. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2025

NOTE 5 — Deposits and Investments (continued):

Investments with the LGIP meet the criteria of cash and cash equivalents because these can be liquidated upon demand. The income, gains, and losses – net of administration fees – of the LGIP investment pool is approximately equal to the value of the pool shares. The Office of the State Treasurer prepares a stand-alone LGIP financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

Interest Rate Risk

Interest rate risk is the risk that Authority may face should interest rate variances affect the fair value of investments. The Authority's policy is to select investments of varied maturities to mitigate this risk. None of the investments of the Authority exceeds one year.

Credit Risk

Credit risk is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality rating of investments in debt securities, as described by a national statistical rating organization such as Standard and Poor's (S&P). To limit credit risk, the Authority's investment policy does not allow for the investment in corporate bonds or other fixed income securities that are not guaranteed or insured by the U.S. Government or have not been issued by a state or local government.

Custodial Credit Risk

Custodial Credit risk is the risk that, in the event of failure of the counterparty to a transaction, the Authority will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2025, all deposits and investments were insured or registered, and held by the Authority or its agent in the Authority's name, or uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name, or investment pools that are not classified since the investments are not evidenced by securities that exist in physical or book entry form deposits may not be returned to it. Therefore, the investments are not exposed to custodial risk. The Authority's policy allows for safekeeping of securities either by the agent or a third-party custodian as is the case for the Local Government Investment Pool.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in a mutual fund, or external investment pools). At December 31, 2025, the Authority's investments were limited to investments that were guaranteed by the U.S. Government or to investments in external investment pools.

NOTE 6 — RECEIVABLES

Receivables consisted of the following amounts due to the Authority and component units as of December 31, 2025:

	<u>Primary Government</u>	<u>Component Units</u>
HUD - Housing Choice Voucher Program	\$ 419,040	\$ -
HUD - Other programs	134,924	-
Other Governments	413,082	-
Tenants accounts receivable - net	6,597	167,128
Other accounts receivable	204,862	126,793
Total receivables, net of allowance	<u>\$ 1,178,505</u>	<u>\$ 293,921</u>

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 7 — NOTES AND INTEREST RECEIVABLE FROM COMPONENT UNITS:

The Authority has entered into various loan agreements with its discretely presented component units for acquisition and construction purposes. Changes in notes and interest receivable from component units to the primary government during the twelve months ended December 31, 2025 are summarized in the following table:

	Balance at January 1, 2025	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Cedar Haven LLLP					
Developer Fee Note	\$ 793,405	\$ -	\$ (73,038)	\$ 720,367	\$ -
Seller Financed Note	5,000,000	-	-	5,000,000	-
Sponsor Note A	443,643	-	-	443,643	-
Accrued Interest on Notes	1,374,887	175,499	(15,578)	1,534,808	-
	<u>7,611,935</u>	<u>175,499</u>	<u>(88,616)</u>	<u>7,698,818</u>	<u>-</u>
Parsons LLLP					
Seller Financed Note	2,225,000	-	-	2,225,000	-
Sponsor Note A	700,000	-	-	700,000	-
Sponsor Note B	340,000	-	-	340,000	-
Accrued Interest on Notes	883,803	128,757	(34,825)	977,735	-
	<u>4,148,803</u>	<u>128,757</u>	<u>(34,825)</u>	<u>4,242,735</u>	<u>-</u>
Wilbur and Cook Affordable Portfolio LLLP					
Developer Fee Note	2,603,743	-	(683,962)	1,919,781	-
Sponsor Note A	15,300,000	-	-	15,300,000	-
Sponsor Note B	3,475,000	-	-	3,475,000	-
Accrued Interest on Notes	4,270,277	668,313	-	4,938,590	-
	<u>25,649,020</u>	<u>668,313</u>	<u>(683,962)</u>	<u>25,633,371</u>	<u>-</u>
Hifumi En LLLP					
Developer Fee Note	1,548,366	-	-	1,548,366	-
Sponsor Note A	1,500,000	-	-	1,500,000	-
Sponsor Note B	922,026	122,322	-	1,044,348	-
Sponsor Note C	1,792,085	-	-	1,792,085	-
Accrued Interest on Notes	10,418	27,753	-	38,171	-
	<u>5,772,895</u>	<u>150,075</u>	<u>-</u>	<u>5,922,970</u>	<u>-</u>
SHA Appleway LLLP					
Sponsor Note A	-	5,228,207	-	5,228,207	-
Sponsor Note B	-	4,637,148	-	4,637,148	-
CHIP Loan	-	748,943	-	748,943	-
Accrued Interest on Notes	-	154,074	-	154,074	-
	<u>-</u>	<u>10,768,372</u>	<u>-</u>	<u>10,768,372</u>	<u>-</u>
Notes Receivable from Component Units	36,643,268	10,736,620	(757,000)	46,622,888	-
Interest Receivable from Component Units	6,539,385	1,154,396	(50,403)	7,643,378	-
	<u>\$ 43,182,653</u>	<u>\$ 11,891,016</u>	<u>\$ (807,403)</u>	<u>\$ 54,266,266</u>	<u>\$ -</u>

Cedar Haven LLLP Notes Receivable

- A. Developer Fee Note** – Issued on October 1, 2017, for \$1,372,618 in connection with the acquisition and development of Cedar Haven LLLP. Any installment of the developer fee not paid when otherwise due shall be deferred with interest at the annual rate of 1% and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be unconditionally due and payable on the earlier of December 31, 2029, or the date of liquidation of the Partnership.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 7 — NOTES AND INTEREST RECEIVABLE FROM COMPONENT UNITS (continued):

The note is considered to be non-current since repayment is subject to available cash flow of the partnership. For the year ended December 31, 2025 accrued interest on the note was \$3,602.

- B. Seller Financed Note** – A promissory note in the amount of \$5,000,000 dated September 30, 2015, was issued in connection with the acquisition of the leasehold in two apartment complexes with 146 units by Cedar Haven LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 2.64% per annum. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restate Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2055. For the year ended December 31, 2025 accrued interest on the note was \$1,531,206.
- C. Sponsor Note A** – A promissory note in the amount up to \$250,000 dated October 30, 2019, was issued in connection with the conversion of four units to ADA units. The notes bears no interest and no annual payments are required on the principle. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restate Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2055.

Parsons LLLP Notes Receivable

- A. Seller Financed Note** – A promissory note in the amount of \$2,225,000 dated January 29, 2016, was issued in connection with the acquisition of the leasehold in the 50-unit Parsons Apartment complex by Parsons LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 5% annually during the construction period and thereafter at 3.1% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056. For the year ended December 31, 2025, accrued interest on the note was \$673,908.
- B. Sponsor Note A** – A promissory note in the amount of \$700,000 dated January 29, 2016, was issued in connection with the acquisition and development of Parsons LLLP. No annual payments are required on the principle or the interest that accrues at 3.1% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056. For the year ended December 31, 2025 accrued interest on the note was \$204,962.
- C. Sponsor Note B** – A promissory note in the amount of \$340,000 dated January 29, 2016, was issued in connection with the acquisition and development of Parsons LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 3.1% annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056. For the year ended December 31, 2025, accrued interest on the note was \$98,865.

Wilbur and Cook Affordable Portfolio LLLP Notes Receivable

- A. Developer Fee Note** – Issued on September 1, 2017, in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. As of December 31, 2025, the balance of the note was \$1,919,780. Any installment of the developer fee not paid when otherwise due shall be deferred with no interest and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be unconditionally due and payable on or before December 31, 2032, in accordance with the Development Agreement dated September 1, 2017 between the Partnership and the Authority or the date of liquidation of the Partnership. The note is considered to be non-current since repayment is subject to available cash flow of the partnership.
- B. Sponsor Note A** – A promissory note in the amount of \$15,300,000 dated September 14, 2017, was issued in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. No annual payments are required on the principle or the interest that accrues at 2.9% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 7 — NOTES AND INTEREST RECEIVABLE FROM COMPONENT UNITS (continued):

Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2057. For the year ended December 31, 2025, accrued interest on the note was \$4,097,321.

- C. Sponsor Note B** – A promissory note in the amount of \$3,475,000 dated September 14, 2017, was issued in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 2.9% annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2057. For the year ended December 31, 2025, accrued interest on the note was \$841,269.

Hifumi En LLLP Notes Receivable

- A. Developer Fee Note** – Pursuant to the Development Agreement, the General Partner is entitled to a development fee in the amount up to \$2,211,952. The developer fee earned as of December 31, 2025 is \$1,548,366. In accordance with the Development Agreement, the development fee shall be paid from capital contributions from the Limited Partner, and any development fee not paid by the sixth installment of the Limited Partner's capital contribution shall be considered a Deferred Development Fee. The Deferred Development Fee shall bear interest at 1.0% per annum and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be unconditionally due and payable by the end of the Compliance Period, in accordance with the Development. The note is non-current since repayment is subject to available cash flow of the partnership. As of December 31, 2025, the developer fee payable totaled \$1,548,366. During the year, no interest was charged as the sixth capital installment has not taken place and the fee is not yet considered deferred.
- B. Sponsor Note A** - On July 12, 2024 the Partnership entered into a Promissory Note (Sponsor Note A) with the General Partner, with principal amount up to \$1,500,000. The note bears no interest. The note is nonrecourse and secured by a Deed of Trust. Principal and interest are payable from available Cash Flow, as defined in the Amended and Restate Agreement of Limited Liability Limited Partnership. Any unpaid principal balance is due at maturity on December 31, 2065. As of December 31, 2025, the note payable totaled \$1,500,000.
- C. Sponsor Note B** – On July 12, 2024 the Partnership entered into a Promissory Note (Sponsor Note B) with the General Partner, with principal amount up to \$1,196,500. The note bears interest at 1.0% simple interest annually. The note is nonrecourse and secured by a Deed of Trust. Principal and interest are payable from available Cash Flow, as defined in the Amended and Restate Agreement of Limited Liability Limited Partnership. Any unpaid principal balance is due at maturity on December 31, 2065. As of December 31, 2025, the note payable totaled \$1,044,349 and accrued interest payable totaled \$11,887. During 2025, interest charged totaled \$9,832, of which \$7,374 was capitalized.
- D. Sponsor Note C** – On July 12, 2024 the Partnership entered into a Promissory Note (Sponsor Note C) with the General Partner, with principal amount up to \$1,792,085. The note bears interest at 1.0% simple interest annually. The note is nonrecourse and secured by a Deed of Trust. Principal and interest are payable from available Cash Flow, as defined in the Amended and Restate Agreement of Limited Liability Limited Partnership. Any unpaid principal balance is due at maturity on December 31, 2065. As of December 31, 2025, the note payable totaled \$1,792,085 and accrued interest payable totaled \$26,284. During 2025, interest charged totaled \$17,921, of which \$13,441 was capitalized.

SHA Appleway LLLP Notes Receivable

- A. Sponsor Note A** - On June 18, 2025 the Partnership entered into a Promissory Note (Sponsor Note A) with the General Partner, with principal amount up to \$5,228,207. The note bears interest at 4.61% simple interest annually. The note is nonrecourse and secured by a Deed of Trust. Principal and interest are payable from available Cash Flow, as defined in the Amended and Restate Agreement of Limited Liability Limited Partnership. Any unpaid principal balance is due at maturity on June 18, 2065. As of December 31, 2025, the note payable totaled \$5,228,207 and accrued interest payable totaled \$129,214 all of which was capitalized.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 7 — NOTES AND INTEREST RECEIVABLE FROM COMPONENT UNITS (continued):

- B. Sponsor Note B** – On June 18, 2025 the Partnership entered into a Promissory Note (Sponsor Note B) with the General Partner, with principal amount up to \$4,637,148. The note bears interest at 1.0% simple interest annually. The note is nonrecourse and secured by a Deed of Trust. Principal and interest are payable from available Cash Flow, as defined in the Amended and Restate Agreement of Limited Liability Limited Partnership. Any unpaid principal balance is due at maturity on June 18, 2065. As of December 31, 2025, the note payable totaled \$4,637,148 and accrued interest payable totaled \$24,860 all of which was capitalized.
- C. Connecting Housing to Infrastructure Program (CHIP) Loan** - On June 18, 2025 the Partnership entered into a Promissory Note (CHIP Loan) with the General Partner, with principal amount up to \$1,093,310.60. The note bears no interest and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid principal balance is due at maturity on June 18, 2065. As of December 31, 2025, the note payable totaled \$748,943.

NOTE 8 — CAPITAL ASSETS:

Capital assets are stated at cost less accumulated depreciation. Depreciation is computed for financial reporting purposes by use of the straight-line method. Land and construction in progress are not depreciated.

Primary Government:

Beginning balances for the Authority's capital asset categories has been restated to reflect the change in ownership for the Cornerstone II – Helena, LP converting it from a discretely presented to a blended component unit.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 8 — CAPITAL ASSETS (continued):

Changes in capital assets of the primary government during the period ended December 31, 2025 are shown below:

	January 1, 2025 (Restated)	Additions	Dispositions/ transfers	December 31, 2025
Capital Assets Not Depreciated:				
Land	\$ 8,252,790	\$ -	\$ (7,248,515)	\$ 1,004,275
Construction In Progress	-	-	-	-
Total Capital Assets Not Depreciated	8,252,790	-	(7,248,515)	1,004,275
Capital Assets Being Depreciated:				
Buildings	21,052,015	-	(110,314)	20,941,701
Building Improvements	1,263,114	62,623	(54,435)	1,271,302
Equipment	1,591,969	51,737	(62,370)	1,581,336
Right-to-use Asset	2,013,093	161,747	-	2,174,840
Intangible Assets	434,384	-	-	434,384
Total Capital Assets Being Depreciated	26,354,575	276,107	(227,119)	26,403,563
Accumulated Depreciation:				
Buildings	10,794,010	717,572	(110,316)	11,401,266
Building Improvements	321,334	76,371	(46,052)	351,653
Equipment	1,061,059	155,448	(56,530)	1,159,977
Right-to-use Asset	799,643	457,581	-	1,257,224
Intangible Assets	358,379	22,743	-	381,122
Total Accumulated Depreciation	13,334,425	1,429,715	(212,898)	14,551,242
Total Capital Assets	\$ 21,272,940	\$ (1,153,608)	\$ (7,262,736)	\$ 12,856,596

Capital asset additions of \$276,107 include the ADA door upgrades to the Administration building; a new Information Technology Server; the Right of use assets of additional software modules and the remaining additions are dwelling flooring and equipment purchases for the RAD Scattered site; Pearl on Adams and Cornerstone Courtyard properties. Net capital asset dispositions and transfers of \$7,475,634 represent primarily the ongoing sale of the former RAD scattered sites homes and the sale and the sale of land to the SHA Appleway LLLP partnership.

Preliminary costs incurred for proposed projects are postponed pending construction of the project. Costs relating to projects ultimately constructed are transferred to the project. Charges that relate to abandoned projects are expensed.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 8 — CAPITAL ASSETS (continued):

Component Units:

Beginning balances for the Component units capital asset categories has been restated to reflect the change in ownership for the Cornerstone II – Helena, LP converting it from a discretely presented to a blended component unit. Changes in capital assets of the component units during the period ended December 31, 2025 are shown below:

	January 1, 2025 (Restated)	Additions	Dispositions/ transfers	December 31, 2025
Capital Assets Not Depreciated:				
Land	\$ 5,295,574	\$ 7,228,207	\$ (3,171,921)	\$ 9,351,860
Construction In Progress	10,219,403	29,124,828	(14,110,028)	25,234,203
Total Capital Assets Not Depreciated	15,514,977	36,353,035	(17,281,949)	34,586,063
Capital Assets Being Depreciated:				
Buildings	80,393,920	186,793	10,735,400	91,316,113
Building Improvements	3,202,510	123,759	1,254,073	4,580,342
Leased Buildings	11,950,000	-	-	11,950,000
Equipment	3,153,516	108,872	1,795,083	5,057,471
Right-to-use Asset	837,104	5,804	3,230,000	4,072,908
Total Capital Assets Being Depreciated	99,537,050	425,228	17,014,556	116,976,834
Accumulated Depreciation:				
Buildings	17,906,301	2,267,465	(31,288)	20,142,478
Building Improvements	1,004,992	220,648	(6,033)	1,219,607
Leased Buildings	2,376,855	322,486	-	2,699,341
Equipment	2,183,088	453,167	(37,462)	2,598,793
Right-to-use Asset	104,235	8,045	-	112,280
Total Accumulated Depreciation	23,575,471	3,271,811	(74,783)	26,772,499
Total Capital Assets	\$ 91,476,556	\$ 33,506,452	\$ (192,610)	\$ 124,790,398

Capital Assets additions for component units of \$36,778,263 include the continuing construction of building one and two for Hifumi En LLLP; the construction of the 240-unit project SHA Appleway LLLP – Orchard Vista; major remodel of damages at Agnes Kehoe and Valley 206 apartments; with additional minor improvements made throughout the property portfolio. During the twelve-month period ended December 31, 2025 the Hifumi En LLLP construction incurred interest costs of \$69,028 related to the acquisition and construction of capital assets. During the twelve-month period ended December 31, 2025, the SHA Appleway LLLP construction incurred interest costs of \$164,796 related to the acquisition and construction of capital assets.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 9 —CONSTRUCTION COMMITMENTS:

The following schedule shows the significant components of construction in progress for the component units as of December 31, 2025:

	Project Authorization	Expended through 12/31/2025	Committed
Hifumi En LLLP Construction	\$ 33,251,667	\$ 20,223,904	\$ 13,027,763
Wilbur & Cook - Heritage Heights Pump House/Sprinkler	179,416	149,931	29,485
SHA Appleway LLLP Construction	42,183,023	18,525,104	23,657,919
	<u>\$ 75,614,106</u>	<u>\$ 38,898,939</u>	<u>\$ 36,715,167</u>

NOTE 10 — OTHER NONCURRENT ASSETS:

Noncurrent assets consist of the following on December 31, 2025:

	Primary Government	Component Units
Financing Costs, Net of Accumulated Amortization	\$ -	\$ 214,633
Partnership Management Fee Receivable	47,500	-
Other Noncurrent Assets	461,468	
Total Noncurrent Assets	<u>\$ 508,968</u>	<u>\$ 214,633</u>

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 11 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES:

A. Long-Term Debt and changes in Long Term Liabilities

Beginning balances of long-term debt have been restated to include the Cornerstone II – The Helena Apartments, LP reflected as a blended component unit of the Authority.

A summary of changes in long-term debt and long-term liabilities for the period ended December 31, 2025 is as follows:

	Balance at January 1 2025 (Restated)	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Direct Borrowings:					
City of Spokane:					
SHA-Hifumi En Apartments	\$ 330,000	\$ -	\$ -	\$ 330,000	\$ -
Cornerstone II - The Borning Building LP	192,144	-	(6,707)	185,437	7,071
Cornerstone II - The Borning Building LP	88,477	-	-	88,477	
Spokane County					
SHA- Valley 206	417,727	-		417,727	-
State of Washington					
Housing Finance Commission					
SHA-Land Acquisition Program	3,000,000	-	(3,000,000)	-	
Department of Commerce					
SHA-Cedar West Apartments	452,521	-	(9,709)	442,812	9,758
Cornerstone II - The Borning Building LP	805,000	-	(35,000)	770,000	35,000
Cornerstone II - Helena Apartments LP	885,000	-	(15,000)	870,000	15,000
Federal Home Loan Bank					
Cornerstone II - The Borning Building LP	200,000	-	-	200,000	-
Total Direct Borrowings	6,370,869	-	(3,066,416)	3,304,453	66,829
Debt Issuance Cost	(48,039)	-	48,039	-	-
Total Long-Term Debt	6,322,830	-	(3,018,377)	3,304,453	66,829
Accrued Compensated Absences	471,112	113,957	-	585,069	95,584
Net Pension Liability	438,453	-	(147,866)	290,587	-
Accrued Interest Payable	155,592	30,449	(26,614)	159,427	2,544
Noncurrent Liabilities - Other	11,803	50,315	(11,803)	50,315	-
Total Noncurrent Liabilities	\$ 7,399,790	\$ 194,721	\$ (3,204,660)	\$ 4,389,851	\$ 164,957

City of Spokane – SHA-Hifumi En – The initial direct borrowing was issued for the renovation of eleven units at Hifumi En Apartments; in the amount of \$330,000. The note bears interest of 3% compounding monthly. Payment of principal and interest shall be deferred during the HOME Affordability Period which is ten (10) years beginning after Project Completion (February 5, 2019). Principal and interest shall then be payable in equal amortized installments on the first day of each month commencing immediately after the HOME Affordability Period ends in the amount required to fully amortize the outstanding principal and accrued interest on this note during the remaining City Affordability Period. The City Affordability Period is twenty (20) years beginning after Project Completion. The annual debt service on the loan may be forgiven annually in exchange for complying with the affordability requirements during the City Affordability Period. There is no prepayment penalty and upon default, the City may declare the debt incurred here under and immediately due and payable. This loan was amended on June 17, 2024, in the Omnibus Agreement of Consent and Amendment,

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 11 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

releasing the Deed of Trust on the property and securing the debt with a General Revenue pledge from SHA. For the year ended December 31, 2025, accrued interest on the note was \$89,770.

City of Spokane – Cornerstone II – The Borning Building LP – Direct borrowing issued in 2006 in the amount of \$250,000 for rehabilitation of the Cornerstone Courtyard, interest rate at 5.32%. Payments of principal and interest were deferred until December 1, 2007, after which time monthly payments of \$1,397 began for the 30-year term of the note. The loan is secured by a deed of trust on the partnership's leasehold interest in the Cornerstone Courtyard Apartments. In the event of default in the payment of any amount due, the entire unpaid principal amount of this note, together with accrued interest, shall immediately become due and payable. For the year ended December 31, 2025, accrued interest on the note was \$811.

City of Spokane – Cornerstone II – The Borning Building LP - Direct borrowing issued in 2007 in the amount of \$88,477 for the purpose of lead abatement during the development of the Cornerstone Courtyard Apartments, at 0% interest, deferred for 41 years, due and payable in full on December 31, 2048. The loan is secured by a deed of trust on the partnership's leasehold interest in the Cornerstone Courtyard Apartments.

Spokane County – SHA -Valley 206 Apartments – The initial direct borrowing was issued April 22, 2016, for the renovation of eleven units at Valley 206 Apartments: in the amount of \$441,967. The note bears interest of 0% and is a recoverable grant after ten years if all terms and conditions of the HOME Program Agreement are met. This loan was modified effective February 21, 2017, with an amended principal balance of \$417,726.73 with the Spokane Housing Authority as the Borrower replacing the Valley 206 Apartments. All other terms and conditions in the original loan documents remained the same. If an event of default under the terms of the loan agreement occurs, the entire principal balance and all accrued interest shall be due and payable within 30-days.

State of Washington Housing Finance Commission - SHA – Direct borrowing issued July 31, 2024, to finance the purchase of property commonly known as Orchard Vista, for future development into an affordable housing facility serving residents at or below 80% of area median income that substantially furthers the goals and objectives of the Land Acquisition Program, in the amount of \$3,000,000. The note bears interest at 1% and is deferred until July 31, 2032, at which time all principal and accrued interest shall become due and payable, and there is no prepayment penalty. On June 18, 2025, this loan was paid in full upon the closing of the SHA Appleway LLLP partnership.

State of Washington Department of Commerce – SHA-Cedar West – In the initial amount of \$498,342 to remediate mold at the Cedar West Apartments. The note was amended on April 1, 2016, whereas the second deed of trust held by the State of Washington Department of Commerce was released and terminated in exchange for a pledge of the Authority's general revenues. The new loan balance was restated at \$528,477 (\$498,342, original loan amount plus \$30,135 accrued interest through March 31, 2016) and shall accrue interest at .5% per annum. Payment of \$11,972 shall be made annually on March 31st through the maturity date of March 31, 2066. If the property is sold or its use changes to something other than that stated in Section 2.05 of the contract prior to the commitment period, the balance plus an amount representing the Department's shared appreciation shall be due and payable within 30 days of sale or change of use. For the year ended December 31, 2025, accrued interest on the note was \$1,733. No change in the use of the property had taken place as of fiscal year ended December 31, 2025.

State of Washington Department of Commerce – Cornerstone II – The Borning Building LP – Direct borrowing issued in 2006 in the amount of \$1,400,000 for rehabilitation of the Cornerstone Courtyard Apartments, at 0% interest. The loan is secured by a deed of trust on the partnership's leasehold interest in the Cornerstone Courtyard Apartments. Quarterly payments in the amount of \$8,750 began on June 30, 2008, for a total of 40 years. The final payment will be due on December 31, 2047. In the event the property is sold, or the property is not used as required by the contract prior to the end of the 40 years length of commitment required in the contract, lender shall be entitled to the unpaid principal balance of this note and any accrued interest and an amount representing the prorated, appreciated value of the property as defined in the contract.

State of Washington Department of Commerce Housing Trust Fund – Cornerstone II – Helena Apartments LP – Direct borrowing issued in 2008 in the amount of \$1,395,000 for rehabilitation of the Pearl on Adams, at 0% interest. The first portion of the loan, \$600,000, shall require quarterly payments in the amount of \$3,750 which began on June 30, 2011, for a total of 40 years. The second portion of the loan, \$795,000, is deferred for 40 years, at which point the full principal amount will be due on December 31, 2049. The loan is secured by a deed of trust on the partnership's leasehold interest in the Pearl on Adams. In the event the property

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 11 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

is sold, or the property is not used as required by the contract, prior to the end of the 40-year length of commitment required in the contract, lender shall be entitled to the unpaid principal balance of this note and any accrued interest and an amount representing the prorated, appreciated value of the Property as defined in the contract.

Federal Home Loan Bank – Cornerstone II – The Borning Building LP – Direct borrowing issued July 31, 2006, in the amount of \$200,000 for rehabilitation of the Cornerstone Courtyard, with the interest rate of 1.5%. Principal and interest payments are deferred for 40 years, until July 31, 2046, at which time the entire unpaid principal balance and accrued interest is due. The loan is secured by a deed of trust on the partnership's leasehold interest in the Cornerstone Courtyard Apartments. In the event a default is made the payment of any amount payable, then, at the option of holder, subject to the applicable cure periods set forth in the loan agreement, the entire indebtedness evidenced hereby shall become immediately due and payable. For the year ended December 31, 2025, accrued interest on the note was \$67,113.

The annual requirements to amortize outstanding debt, including interest, are as follows:

Year ended December 31,	Principal	Interest	Total
2026	\$ 66,829	\$ 11,907	\$ 78,736
2027	67,262	11,474	78,736
2028	67,715	11,021	78,736
2029	485,924	55,107	541,031
2030	68,697	63,520	132,217
2031-2035	523,069	140,528	663,597
2036-2040	527,682	32,843	560,525
2041-2045	330,700	8,100	338,800
2046-2050	982,927	168,380	1,151,307
2051-2055	55,824	4,036	59,860
2056-2060	57,233	2,626	59,859
2061-2065	58,679	1,181	59,860
2066-2070	11,912	60	11,972
	<u>\$ 3,304,453</u>	<u>\$ 510,783</u>	<u>\$ 3,815,236</u>

B. Conduit Debt

RCW 35.82 provides that Housing Authorities are authorized to facilitate the issuance of tax-exempt non-recourse revenue bonds to finance housing projects. Conduit revenue bonds issued by the Authority are payable from revenues derived as a result of the project activities funded by the revenue bonds and are secured by deeds of trust on the underlying projects. The bonds are neither a liability nor contingent liability of the Authority nor a lien on any of its properties or revenues other than for the project for which they are issued. The outstanding revenue bonds are not recorded in the Authority's financial statements, as they represent conduit debt obligation under GASB Interpretation No. 2. The Authority as of December 31, 2025 is not participating in conduit debt transactions.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 11 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

C. General Revenue Pledge

The Authority issues certain bonds and notes that are secured by the general revenues of the Authority. For some borrowings, revenues from the properties are intended to be the primary source of repayment and the general revenues of the Authority would be used only if those revenues are not sufficient to cover the required payments. For the period ended December 31, 2025 general revenue was \$7,007,414 and the total pledged revenues are as follows:

	Principal balance at December 31, 2025	Total Future Revenues Pledged	Proportion of Annual Debt Service Pledged to 2025 General Revenues	Term of Commitment	Average Annual Debt Service
General revenues are primary repayment source:					
City of Spokane: Hifumi En	\$ 330,000	\$ 407,380	0.00%	2039	\$ -
State of Washington Department of Commerce: Cedar West	442,812	538,138	0.17%	2066	11,972
	<u>\$ 772,812</u>	<u>\$ 945,518</u>			<u>\$ 11,972</u>

General Revenues Calculation: \$ 7,007,414

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 11 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

D. Long Term Debt – Component Units

Beginning balances of long-term debt have been restated to exclude the Cornerstone II – The Helena Apartments, LP which is now presented as a blended component unit of the Authority.

A summary of changes in long-term debt and long-term liabilities for component units for the period ended December 31, 2025 is as follows:

	Balance at January 1, 2025 (Restated)	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Revenue Bonds:					
Cedar Haven LLLP	\$ 5,796,800	\$ -	\$ (110,176)	\$ 5,686,624	\$ 114,950
Hifumi En LLLP	-	1,569,059	-	1,569,059	1,569,059
Parsons LLLP	900,119	-	(17,021)	883,098	17,759
Wilbur and Cook LLLP	16,599,403	-	(311,841)	16,287,562	323,334
SHA Appleyway LLLP	-	13,144,185	-	13,144,185	-
Total Bonds Payable	23,296,322	14,713,244	(439,038)	37,570,528	2,025,102
Direct Borrowings:					
City of Spokane:					
Martindale Apartments LP	500,000	-	-	500,000	-
Hifumi En LLLP	2,144,413	435,907	-	2,580,320	-
Washington State Department of Commerce					
Martindale Apartments LP	2,235,830	-	-	2,235,830	-
Hifumi En LLLP	545,000	-	-	545,000	-
Hifumi En LLLP	1,940,335	3,204,993	-	5,145,328	-
Spokane Housing Authority					
Cedar Haven LLLP - Developer Fee Note	793,405	-	(73,038)	720,367	-
Wilbur and Cook LLLP - Developer Fee Note	2,603,743	-	(683,962)	1,919,781	-
Hifumi En LLLP - Developer Fee Note	1,548,366	-	-	1,548,366	-
Cedar Haven LLLP - Sponser Note A	443,643	-	-	443,643	-
Parsons LLLP - Sponser Note B	340,000	-	-	340,000	-
Wilbur and Cook LLLP - Sponser Note A	15,300,000	-	-	15,300,000	-
Wilbur and Cook LLLP - Sponser Note B	3,475,000	-	-	3,475,000	-
Hifumi En LLLP-Sponsor Note A	1,500,000	-	-	1,500,000	-
Hifumi En LLLP-Sponsor Note B	922,026	122,323	-	1,044,349	-
Hifumi En LLLP-Sponsor Note C	1,792,085	-	-	1,792,085	-
SHA Appleyway LLLP - Sponsor Note A	-	5,228,207	-	5,228,207	-
SHA Appleyway LLLP - Sponsor Note B	-	4,637,148	-	4,637,148	-
SHA Appleyway LLLP - CHIP Loan	-	748,943	-	748,943	-
Washington State HFC					
Martindale Apartments LP	663,532	-	-	663,532	-
SHA Appleyway LLLP	-	2,000,000	-	2,000,000	-
Total Direct Borrowings	36,747,378	16,377,521	(757,000)	52,367,899	-
Debt Issuance Cost	(371,056)	-	35,620	(335,436)	-
Total long-term debt	59,672,644	31,090,765	(1,160,418)	89,602,991	2,025,102
Accrued Interest Payable	6,839,056	1,254,897	(130,571)	7,963,382	72,470
Non-current liabilities - Other	183,935	215,339	-	399,274	-
Total noncurrent liabilities	\$ 66,695,635	\$ 32,561,001	\$ (1,290,989)	\$ 97,965,647	\$ 2,097,572

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 11 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

Cedar Haven LLLP – Revenue Bond – Per the original Promissory Note dated September 30, 2015, the original Interim Renovation Loan (\$11,500,000) which was issued for acquisition and development of the Cedar Haven LLLP, was converted upon completion of the renovation, into a Term Loan in the amount of \$6,450,000 on October 31, 2017. An interest-only payment was due on the first day of the first full calendar month following date of conversion followed by monthly payments of principal and interest commencing the first day of the second full month following the conversion date with an interest rate of 4.25% with a final payment of principal and interest due October 1, 2034. The final payment will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under the note. A prepayment fee will be charged if the loan is paid in advance before the two-year period prior to the Term Loan maturity date. Upon an event of default, lender may declare the entire unpaid principal balance on this note and all accrued unpaid interest immediately due. The note is secured by a deed of trust on the partnership's leasehold interest in Cedar West Apartments and Woodhaven Apartments. For the year ended December 31, 2025, accrued interest on the bond was \$20,140.

Hifumi En LLLP – Construction Bond – Issued July 12, 2024 by the Authority on behalf of the component unit to fund the demolition and construction of the Hifumi En LLLP property. The note amount will equal the total outstanding incremental loan draws and is not to exceed \$11,500,000. The note bears interest at a fixed rate of 7.52% per annum until the maturity date of January 1, 2027. The note is subject to one(1) six (6) month extension option. The note will convert to perm note not to exceed \$11,500,000. The note is secured by a deed of trust on the partnership's leasehold interest in Hifumi En Apartment and has full guaranty by the Authority until permanent loan conversion. For the year ended December 31, 2025, there was no accrued interest on the bond.

Parsons LLLP – Revenue Bond – Per the original Promissory Note dated January 26, 2016, the original Interim Renovation Loan (\$3,100,000) which was issued for acquisition and development of the Parsons LLLP, was converted upon completion of the renovation, into a Term Loan in the amount of \$1,000,000 on December 15, 2017. An interest-only payment was due on the first day of the first full calendar month following date of conversion followed by monthly payments of principal and interest commencing the first day of the second full month following the conversion date with an interest rate of 4.25% with a final payment of principal and interest due February 1, 2035. The final payment will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under the note. A prepayment fee will be charged if the loan is paid in advance before the two-year period prior to the Term Loan maturity date. Upon an event of default, lender may declare the entire unpaid principal balance on this note and all accrued unpaid interest immediately due. The note is secured by a deed of trust on the partnership's leasehold interest in Parsons Apartments. For the year ended December 31, 2025, accrued interest on the bond was \$3,128.

Wilbur and Cook Affordable Portfolio LLLP – Revenue Bond – Per the original Promissory Note dated September 14, 2017, the original Interim Renovation Loan (\$33,350,000) which was issued for the acquisition and development of the Wilbur and Cook Affordable Portfolio, was converted upon completion of the renovation, into a Term Loan in the amount of \$18,000,000 on November 13, 2019. An interest only payment was due on the first day of the first full calendar month following date of conversion followed by monthly payments of principal and interest commencing the first day of the second full month following the conversion date with an interest rate of 3.625% with a final payment of principal and interest due June 1, 2036. The final payment will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under the note. A prepayment fee will be charged if the loan is paid in advance before the two-year period prior to the Term Loan maturity date. Upon an event of default, lender may declare the entire unpaid principal balance on this note and all accrued unpaid interest immediately due. The note is secured by a deed of trust on the partnership's leasehold interest in Heritage Heights Apartments, Westfall Village Apartments and Valley 206 Apartments. For the year ended December 31, 2025, accrued interest on the bond was \$49,202.

SHA Appleway LLLP – Construction Revenue Note – On June 1, 2025 by the Authority on behalf of the component unit to fund the construction of the SHA Appleway LLLP property. The note amount will equal the total outstanding incremental loan draws and is not to exceed \$32,520,000. The note bears interest equal to the greater of 5.00% per annum or the rate equal to the Average Yield on United States Treasury Securities, adjusted to One Month Constant Maturity, as published in the Federal Reserve Statistical Release H.15. The index was 4.28% at time of signing resulting in an initial rate of 6.78% interest. The note will convert to perm note on or after the satisfaction of the Conditions to Conversion, but on or before December 18, 2027. The note is subject to a six (6) month extension of the Maturity Date. The note is secured by a deed of trust on the partnership's leasehold interest in the Orchard Vista Apartment and has full guaranty by the Authority until permanent loan conversion. For the year ended December 31, 2025, there was no accrued interest on the note.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 11 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

City of Spokane – Martindale Apartments LP – Direct borrowing issued in 2010 in the amount of \$500,000 for remediation of lead-based paint at the Agnes Kehoe Apartments, with simple interest rate of 0.75%. Payments of principal and interest are deferred until forty-one years from January 31, 2012. One payment of \$500,000 will be due and payable on January 31, 2053. The loan is secured by a deed of trust on the partnership's leasehold interest in Agnes Kehoe Place. For the year ended December 31, 2025, accrued interest on the note was \$55,660.

City of Spokane – Hifumi En LLLP – On July 12, 2024, the Partnership entered into a loan agreement and promissory note with the City of Spokane for a maximum principal amount of \$2,581,320 to be used to fund construction of the Project. The note bears interest at 1% per annum, simple non-compounding. The loan matures on December 31, 2065. As long as the borrow has not defaulted under this Note or any other loan documents related to the loan, all payments of principal and interest shall be deferred until maturity date. As of December 31, 2025, the note payable totaled \$2,580,320. As of December 31, 2025, accrued interest totaled \$27,201. During 2025, interest expense totaled \$24,350, of which \$18,263 was capitalized.

State of Washington Department of Commerce – Martindale Apartments LP – Direct borrowing issued in 2010 in the amount of \$2,500,000 for rehabilitation of the Agnes Kehoe Place. The loan shall be deferred for forty years at 0.75% simple interest. The full amount shall be due and payable on or before December 31, 2052. The loan is secured by a deed of trust on the partnership's leasehold interest in Agnes Kehoe Place. A payment of \$314,170 was made on December 14, 2012, utilizing capital contributions received from the Limited Partner. In the event the property is sold, or the property is not used as required by the Contract prior to the end of the 40-year length of commitment required in the contract, lender shall be entitled to the unpaid principal balance of this note and any accrued interest and an amount representing the prorated, appreciated value of the property as defined in the contract. For the year ended December 31, 2025, accrued interest on the note was \$33,981.

State of Washington Department of Commerce Housing Trust Fund – Hifumi En LLLP (1) - On May 5, 2024, the General Partner entered into a First Amended and Restated Promissory Note with the Washington State Department of Community, Trade and Economic Development (Department of Commerce) establishing the current balance due as \$1,082,828.28 which consists of the original principal sum of \$545,000, a recoverable grant and a \$450,000 loan, plus accrued interest of \$87,828. On June 12, 2024, the General Partner entered into a Second Amended and Restated Promissory Note with the Department of Commerce amending the principal amount to \$545,000. This amendment also converts the \$545,000 recoverable grant into a loan and transfers the revised loan obligation of \$537,828.28 (\$450,000 plus accrued interest of \$82,828.28) to Contract 22-94121-003 (New Loan). On July 12, 2024, an Assignment, Assumption and Consent Agreement was executed assigning the note payable to the Partnership. The promissory note has a principal amount of \$545,000 and bears no interest. Any unpaid principal balance is due at maturity on December 31, 2065. As of December 31, 2025, the note payable totaled \$545,000.

State of Washington Department of Commerce Housing Trust Fund – Hifumi En LLLP (2) - On June 10, 2024, the General Partner entered into a Promissory Note with the Washington State Department of Community, Trade and Economic Development (Department of Commerce). On July 12, 2024, an Assignment, Assumption and Consent Agreement was executed assigning the note payable to the Partnership. The note payable is to be used to fund construction of the Hifumi En project. The promissory note has a principal amount of up to \$5,387,828 which includes an assumed loan in the amount of \$537,828. The note bears simple interest at 1% per annum. Any unpaid principal balance is due at maturity on December 31, 2065. As of December 31, 2024, the note payable totaled \$1,940,335. As of December 31, 2025, accrued interest totaled \$43,401. During 2025, interest expense totaled \$39,935, of which \$29,951 was capitalized.

Spokane Housing Authority – Cedar Haven LLLP – Developer Fee Note - Issued on October 1, 2017, for \$1,372,619 in connection with the acquisition and development of Cedar Haven LLLP. Any installment of the developer fee not paid when otherwise due shall be deferred with interest at the annual rate of 1% and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be unconditionally due and payable on the earlier of December 31, 2029, or the date of liquidation of the Partnership. The note is secured by a deed of trust on the partnership's leasehold interest in Cedar West Apartments and Woodhaven Apartments. The note is considered to be non-current since repayment is subject to available cash flow of the partnership. For the year ended December 31, 2025, accrued interest on the note was \$3,602.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 11 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

Spokane Housing Authority Wilbur and Cook Affordable Portfolio LLLP – Developer Fee Note - Issued on September 1, 2017, for \$7,450,000 in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. Any installment of the developer fee not paid when otherwise due shall be deferred with no interest and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be unconditionally due and payable on or before December 31, 2032, in accordance with the Development Agreement dated September 1, 2017, between the Partnership and the Authority or the date of liquidation of the Partnership. The note is considered to be non-current since repayment is subject to available cash flow of the partnership.

Spokane Housing Authority – Hifumi En LLLP – Developer Fee Note – Issued on July 12, 2024, for \$2,211,952 in connection with the acquisition and development of the Hifumi En LLLP. Any installment of the developer fee not paid when otherwise due shall be deferred with interest at the annual rate of 1% and shall be paid from available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. Any unpaid balance shall be unconditionally due and payable no later than the end of the Compliance Period, in accordance with the Development Agreement dated July 21, 2024, between the Partnership and the Authority or the date of liquidation of the Partnership. The note is non-current since repayment is subject to available cash flow of the partnership. For the year ended December 31, 2025, the developer fee earned is \$1,548,366. During the year, no interest was charged as the sixth installment has not taken place and the fee is not yet considered deferred.

Spokane Housing Authority Cedar Havens LLLP – Sponsor Note A – promissory note in the amount of up to \$250,000 dated October 30, 2019, was issued to convert four units to ADA units. The note bears no interest and is secured by a Deed of Trust. No annual payments are required on the principle. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restate Agreement of Limited Liability Limited Partnership. The note was amended to increase the principal amount up to \$500,000. The note shall be due and payable in all events on or before December 31, 2055. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. As of December 31, 2025, \$443,643 has been drawn against the note.

Spokane Housing Authority Parsons LLLP – Sponsor Note B – Direct borrowing in the amount of \$340,000 dated January 29, 2016, was issued in connection with the acquisition and development of Parsons LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 3.1% annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056, and is secured by a deed of trust on the partnership's interest in the Parsons Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2025 accrued interest on the note was \$98,865.

Spokane Housing Authority Wilbur and Cook Affordable Portfolio LLLP – Sponsor Note A – A promissory note in the amount of \$15,300,000 dated September 14, 2017, was issued in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. No annual payments are required on the principle or the interest that accrues at 2.9% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restate Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2057, and is secured by a deed of trust in the partnership's interest in Heritage Heights Apartments, Westfall Village Apartments, and Valley 206 Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2025 accrued interest on the note was 4,097,322.

Spokane Housing Authority Wilbur and Cook Affordable Portfolio LLLP – Sponsor Note B – A promissory note in the amount of \$3,475,000 dated September 14, 2017, was issued in connection with the acquisition and development of Wilbur and Cook Affordable Portfolio LLLP. No annual payments are required on the principle or the interest that accrues at the compounding rate of 2.9% annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restate Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2057, and is secured by a deed of trust in the partnership's interest in Heritage Heights Apartments,

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2025

NOTE 11 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

Westfall Village Apartments, and Valley 206 Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2025 accrued interest on the note was \$841,270.

Spokane Housing Authority -Hifumi En LLLP – Sponsor Note A - On July 12, 2024, the Partnership entered into a Promissory Note with the General Partner, with principal amount up to \$1,500,000. The note bears no interest. The note is nonrecourse and secured by a Deed of Trust. Principal and interest are payable from available Cash Flow, as defined in the Partnership Agreement. Any unpaid principal balance is due at maturity on December 31, 2065. As of December 31, 2025, the note payable totaled \$1,500,000.

Spokane Housing Authority -Hifumi En LLLP – Sponsor Note B - On July 12, 2024, the Partnership entered into a Promissory Note with the General Partner, with principal amount up to \$1,196,500. The note bears interest at 1 percent simple interest annually. The note is nonrecourse and secured by a Deed of Trust. Principal and interest are payable from available Cash Flow, as defined in the Partnership Agreement. Any unpaid principal balance is due at maturity on December 31, 2065. As of December 31, 2025, the note payable totaled \$1,044,349 and accrued interest payable totaled \$11,887. During 2025, interest charged totaled \$9,832, of which \$7,374 was capitalized.

Spokane Housing Authority -Hifumi En LLLP – Sponsor Note C - On July 12, 2024, the Partnership entered into a Promissory Note (Sponsor Loan C) with the General Partner, with principal amount up to \$1,792,085. The note bears interest at 1 percent simple interest annually. The note is nonrecourse and secured by a Deed of Trust. Principal and interest are payable from available Cash Flow, as defined in the Partnership Agreement. Any unpaid principal balance is due at maturity on December 31, 2065. As of December 31, 2025, the note payable totaled \$1,792,085 and accrued interest payable totaled \$26,284. During 2025, interest charged totaled \$17,921, of which \$13,440 was capitalized.

Spokane Housing Authority -SHA Appleway LLLP – Sponsor Note A - On June 18, 2025, the Partnership entered into a Promissory Note with the General Partner, with principal amount up to \$5,228,207. The note bears interest at 4.61 percent simple interest annually. The note is nonrecourse and secured by a Deed of Trust. Principal and interest are payable from available Cash Flow, as defined in the Partnership Agreement. Any unpaid principal balance is due at maturity on June 18, 2065. As of December 31, 2025, the note payable totaled \$5,228,207 and accrued interest payable totaled \$129,214. During 2025, interest charged totaled \$129,214, all of which was capitalized.

Spokane Housing Authority -SHA Appleway LLLP – Sponsor Note B - On June 18, 2025, the Partnership entered into a Promissory Note with the General Partner, with principal amount up to \$4,637,148. The note bears interest at 1 percent simple interest annually. The note is nonrecourse and secured by a Deed of Trust. Principal and interest are payable from available Cash Flow, as defined in the Partnership Agreement. Any unpaid principal balance is due at maturity on June 18, 2065. As of December 31, 2025, the note payable totaled \$4,637,148 and accrued interest payable totaled \$24,860. During 2025, interest charged totaled \$24,860, all of which was capitalized.

Spokane Housing Authority -SHA Appleway LLLP –CHIP Loan - On June 18, 2025, the Partnership entered into a Promissory Note with the General Partner, with principal amount up to \$1,093,310.60. The note bears no interest. The note is nonrecourse and secured by a Deed of Trust. Principal and interest are payable from available Cash Flow, as defined in the Partnership Agreement. Any unpaid principal balance is due at maturity on June 18, 2065. As of December 31, 2025, the note payable totaled \$748,943.

Washington State Housing Finance Commission – Martindale Apartments LP – Issued in 2008 in the amount of \$663,532 refinancing the Washington Trust Loan used to acquire the property. The loan is issued at 0% interest with payments deferred for 40 years. Accordingly, payment will be due on December 31, 2048. The loan is secured by a deed of trust on the partnership's leasehold interest in Agnes Kehoe Place. In the event the property is sold, or the property is not used as required by the loan agreement, lender shall be entitled to the unpaid principal balance of this note and any accrued interest. For the year ended December 31, 2025 accrued interest on the note was \$76,570.

Washington State Housing Finance Commission – SHA Appleway LLLP – Issued June 18, 2025, in the amount of \$2,000,000 refinancing the LAP Loan used to acquire the land for the project. The loan is issued at 1 percent simple interest annually, with an

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 11 — LONG-TERM DEBT AND CHANGES IN LONG TERM LIABILITIES (continued):

interest-only period occurring between closing period and two years after the closing period. Maturity date for principal and interest outstanding is January 1, 2044. The loan is secured by a deed of trust on the partnership's leasehold interest in Orchard Vista. In the event the property is sold, or the property is not used as required by the loan agreement, lender shall be entitled to the unpaid principal balance of this note and any accrued interest. For the year ended December 31, 2025, accrued interest on the note was \$10,722. As of December 31, 2025, the note payable totaled \$10,722, all of which was capitalized.

The annual requirements to amortize outstanding debt, including interest, are as follows:

Year ended December 31,	Principal	Interest	Total
2026	\$ 1,989,773	\$ 897,064	\$ 2,886,837
2027	13,582,569	879,396	14,461,965
2028	456,741	861,038	1,317,779
2029	1,196,179	884,556	2,080,735
2030	495,630	822,149	1,317,779
2031-2035	9,705,491	3,497,050	13,202,541
2036-2040	14,006,045	228,116	14,234,161
2041-2045	1,996,020	3,980	2,000,000
2046-2050	659,552	195,091	854,643
2051-2055	3,178,606	727,111	3,905,717
2056-2060	19,115,001	41,211,291	60,326,292
2061-2065	23,221,384	273,669	23,495,053
	<u>\$ 89,602,991</u>	<u>\$ 50,480,511</u>	<u>\$ 140,083,502</u>

E. Arbitrage Compliance

The Authority periodically monitors for the existence of any rebate of arbitrage interest associated with its tax-exempt debt. The rebate is based on the differential between the interest earnings from the investment of bond proceeds as compared to the interest expense associated with the respective bonds. As of December 31, 2025, the Authority estimates that no arbitrage rebate exists in conjunction with its debt reserve funds, and therefore no liability exists.

F. Unamortized Debt Issue Costs

Unamortized debt issue costs are recorded as an asset and bonds are displayed net of premium or discount; annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issue costs and discount.

NOTE 12 — LEASES and Subscription-Based Information Technology Arrangements (SBITA):

A. Lessee – Financing Leases and (SBITA) Leases

The Authority's long-term lease liability has been established to incorporate GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. Beginning balances have been restated to include the Cornerstone II – The Helena Apartments, LP which is now represented as a blended component unit of the Authority. A summary of changes in long-term lease liability for the period ended December 31, 2025 is as follows:

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 12 — LEASES and Subscription-Based Information Technology Arrangements (SBITA)(continued):

	Balance at January 1, 2025 (Restated)	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Financing Leases					
Spokane Housing Authority					
Financing Lease - Toshiba	\$ 31,142	\$ -	\$ (9,299)	\$ 21,843	\$ 9,548
Cornerstone Courtyard Financing Lease	2,299	-	(687)	1,612	705
Cornerstone Helena Financing Lease	1,533	-	(458)	1,075	469
Total Financing Lease Liability	34,974	-	(10,444)	24,530	10,722
Subscription Based Information Technology Agreements (SBITA)					
Spokane Housing Authority					
Affordable Housing Network	10,928	-	(10,928)	-	-
Financial Services LLLC	14,320	-	(14,320)	-	-
Yardi SAAS	1,052,492	-	(336,918)	715,574	350,644
Yardi RFTA	145,847	-	(46,689)	99,158	48,590
Yardi Core Relief	-	146,746	(49,030)	97,716	47,883
Total SBITA Lease Liability	1,223,587	146,746	(457,885)	912,448	447,117
Total Lease Liability	\$ 1,258,561	\$ 146,746	\$ (468,329)	\$ 936,978	\$ 457,839

Spokane Housing Authority – Toshiba (Kelly Connect) The Authority entered into a non-cancelable financing lease contract with Kelly Connect on December 5, 2022, for its copiers. This is a five-year lease with fixed monthly payments and will convert to a month-to-month lease upon completion of the original term.

Cornerstone Courtyard II – The Borning Building, LP – Toshiba (Kelly Connect) The Cornerstone entered into non-cancelable financing leases contract with Kelly Connect on December 5, 2022, for its copier. This is a five-year lease with fixed monthly payments and will convert to a month-to-month lease upon completion of the original term.

Cornerstone II- The Helena Apartments , LP – Toshiba (Kelly Connect) The Cornerstone entered into non-cancelable financing leases contract with Kelly Connect on December 5, 2022, for its copier. This is a five-year lease with fixed monthly payments and will convert to a month-to-month lease upon completion of the original term.

Spokane Housing Authority – Affordable Housing Network LLC The Authority entered into a long-term SBITA contract with Affordable Housing Network LLC dba GoSection8 on November 11, 2020 for access and use of its Rent Reasonable software. This has a five-year term with fixed quarterly payments and has an option for an additional yearly renewal upon completion of the original term. This lease completed its original term in FY 2025.

Spokane Housing Authority – Financial Services LLLC (Spectrum VOIP) The Authority entered into a SBITA contract with Financial Services LLLC (Spectrum VOIP) on December 9, 2020, for Yearlink Phone System. This has a five-year term with fixed monthly payments and will convert to a month-to-month lease upon completion of the original term. This lease completed its original term in FY 2025.

Spokane Housing Authority – YARDI The Authority entered into a SBITA contract with Yardi Systems, Inc on October 28, 2022, for its Software as a service (SAAS) subscription. The effective date of this contract is January 1, 2023, and has a five-year term with annual

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 12 — LEASES and Subscription-Based Information Technology Arrangements (SBITA)(continued):

payments and will convert to one-year renewals upon completion of the original term. The payments are reviewed and modified annually subject to unit counts utilized in the software.

Spokane Housing Authority – YARDI – RFTA Module The Authority added the RentCafe PHA Online Request for Tenant Assistance (RFTA) module to the original contract with Yardi Systems, Inc on June 17, 2024. The effective date of this contract is July 1, 2024, and is incorporated into the original contract agreement with three and a half years remaining. Payments are made annually and will convert to one-year renewals upon completion of the original term. The payments are reviewed and modified annually subject to unit counts utilized in the software.

Spokane Housing Authority – YARDI – Core Relief The Authority added the Core Relief portal of Yardi, for submission and management of Short-Term and Emergency rental assistance applications, to the original contract with Yardi Systems, Inc on August 20, 2025. The effective date of this contract is August 20, 2025, and is incorporated into the original contract agreement with three and years remaining. Payments are made annually and will convert to one-year renewals upon completion of the original term. The payment includes a minimum annual fee of \$50,000 or 1.5% of annual disbursements.

Annual minimum payments on the leases are as follows:

Year ended December 31,	Principal	Interest	Total
2026	\$ 457,840	\$ 16,919	\$ 474,759
2027	476,341	521	476,862
2028	2,797	5	2,802
	<u>\$ 936,978</u>	<u>\$ 17,445</u>	<u>\$ 954,423</u>

B. Lessee - Component Units

Beginning balances have been restated to exclude the Cornerstone II – The Helena Apartments, LP which is now presented as a blended component unit of the Authority.

A summary of changes in long-term lease liability for component units for the period ended December 31, 2025 is as follows:

	Balance at January 1, 2025 (Restated)	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Intergovernmental Leases					
Spokane Housing Authority					
Cedar Haven LLLP - Seller Financing Note	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000	\$ -
Parsons LLLP - Seller Financing Note	2,225,000	-	-	2,225,000	-
Parsons LLLP - Sponser Note A	700,000	-	-	700,000	-
Cedar Haven LLLP - Financing Lease(Base lease)	404,780	686	-	405,466	-
Parsons LLLP - Financing Lease(Base rent)	402,848	675	-	403,523	-
Component Units-Financing Lease (Toshiba)	22,992	5,805	(7,955)	20,842	8,963
Total Non-Current Lease liability	<u>\$ 8,755,620</u>	<u>\$ 7,166</u>	<u>\$ (7,955)</u>	<u>\$ 8,754,831</u>	<u>\$ 8,963</u>

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 12 — LEASES and Subscription-Based Information Technology Arrangements (SBITA)(continued):

Spokane Housing Authority – Cedar Haven LLLP – Seller Financing Note (Lease) –Direct borrowing in the amount of \$5,000,000 dated September 30, 2015, was issued to Cedar Haven LLLP in connection with the acquisition of the leasehold in two apartment complexes with 146 units. No annual payments are required on the principle or the interest that accrues at the compounding rate of 2.64% per annum. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2055, and is secured by a deed of trust on the partnership's leasehold interest in Cedar West Apartments and Woodhaven Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2025, accrued interest on the note was \$1,531,206.

Spokane Housing Authority – Parsons LLLP – Seller Financing Note (Lease) – Direct borrowing in the amount of \$2,225,000 dated January 29, 2016, was issued to Parsons LLLP in connection with the acquisition of the leasehold in the 50-unit Parsons Apartment complex. No annual payments are required on the principle or the interest that accrues at the compounding rate of 5% annually during the construction period and thereafter at 3.1% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restated Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056, and is secured by a deed of trust on the partnership's leasehold interest in the Parsons Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2025, accrued interest on the note was \$673,908.

Spokane Housing Authority Parsons LLLP – Sponsor Note A – Promissory note in the amount of \$700,000 dated January 29, 2016, was issued in connection with the acquisition and development of Parsons LLLP. No annual payments are required on the principle or the interest that accrues at 3.1% compounded annually. The note is considered to be non-current as repayment is subject to available cash flows of the Partnership in the priority set forth in the Amended and Restate Agreement of Limited Liability Limited Partnership. The note shall be due and payable in all events on or before December 31, 2056, and is secured by a deed of trust on the partnership's leasehold interest in the Parsons Apartments. In the event of default, the entire principal debt, or so much thereof as may remain unpaid at the time, and all interest, fees and charges accrued thereon, shall become due and payable immediately. For the year ended December 31, 2025 accrued interest on the note was \$204,962.

Financing Lease to General Partner -Cedar Haven LLLP – On September 30, 2015, the Partnership entered into a financing lease with the General Partner to lease the real property and other improvements, comprising the Project. The Lease Agreement provides for the termination of the lease in 2114, unless earlier terminated as provided by the Lease Agreement or provided by law. Pursuant to the Lease Agreement, the Partnership is required to pay \$10,000 per year beginning in 2015. Commencing on January 1, 2026, and every tenth January 1, thereafter, the rent shall increase by 5 percent. The rent is payable to the extent of available Cash Flow as defined in the Partnership Agreement. If Cash Flow is insufficient to make an annual payment, any unpaid amount shall accrue with interest at the long-term applicable federal rate in effect on the date of the Lease Agreement (which was 2.64 percent). The Partnership was also required to pay an initial capitalized rent in the amount of \$9,025,000. Of this amount, \$4,025,000 was paid in cash and the remaining balance was paid by a Note Payable to the General Partner. As of December 31, 2024 and 2025, base lease charged and paid totaled \$10,000 for each year.

Financing Lease to General Partner -Parsons LLLP– On January 29, 2016, the Partnership entered into a financing lease with the General Partner to lease the real property and other improvements, comprising the Project. The Lease Agreement provides for the termination of the lease in 2115, unless earlier terminated as provided by the Lease Agreement or provided by law. Pursuant to the Lease Agreement, the Partnership is required to pay \$10,000 per year beginning in 2016. Commencing on January 1, 2027, and every tenth January 1, thereafter, the rent shall increase by 5 percent. The rent is payable to the extent of available Cash Flow as defined in the Partnership Agreement. If Cash Flow is insufficient to make an annual payment, any unpaid amount shall accrue with interest at the long-term applicable federal rate in effect on the date of the Lease Agreement (which was 2.65 percent). For the years ending December 31, 2024 and 2025, interest charged totaled \$10,658 and \$10,675, respectively. The Partnership was also required to pay an initial capitalized rent in the amount of \$2,925,000. Of this amount, \$2,225,000 was paid by a Note Payable to the General Partner and \$700,000 was paid by bond proceeds. As of December 31, 2024 and 2025, base lease charged and paid totaled \$10,000 for each year.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 12 — LEASES and Subscription-Based Information Technology Arrangements (SBITA)(continued):

Component Units – Toshiba (Kelly Connect) The individual component units have entered into non-cancelable financing leases contract with Kelly Connect on December 5, 2022, for its copiers. This is a five-year lease with fixed monthly payments and will convert to a month-to-month lease upon completion of the original term. This is a single lease document outlining the individual component units and is therefore combined in this summarization for presentation purposes.

Annual minimum payments on the leases are as follows:

Year ended December 31,	Principal	Interest	Total
2026	\$ 8,963	\$ 21,818	\$ 30,781
2027	9,207	21,491	30,698
2028	2,674	21,435	24,109
2029	-	21,444	21,444
2030	-	21,456	21,456
2031-2035	-	107,466	107,466
2036-2040	2,122	107,583	109,705
2041-2045	2,983	107,227	110,210
2046-2050	7,986	106,566	114,552
2051-2055	10,325	105,300	115,625
2056-2060	7,941,580	16,251,259	24,192,839
2061-2065	20,178	101,105	121,283
2066-2070	28,050	97,991	126,041
2071-2075	33,312	93,876	127,188
2076-2080	43,267	88,893	132,160
2081-2085	50,717	82,621	133,338
2086-2090	63,365	75,167	138,532
2091-2095	73,688	66,048	139,736
2096-2100	89,817	55,334	145,151
2101-2105	103,904	42,470	146,374
2106-2110	124,539	27,471	152,010
2011-2115	138,154	9,701	147,855
	<u>\$ 8,754,831</u>	<u>\$ 17,633,722</u>	<u>\$ 26,388,553</u>

NOTE 13 — PENSION PLANS:

The following table represents the aggregate pension amounts for all plans for the year 2025:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ (290,587)
Pension assets	\$ 1,209,995
Deferred outflows of resources	\$ 1,546,007
Deferred inflows of resources	\$ (348,835)
Pension expense/expenditures	\$ (90,838)

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2025

NOTE 13 — PENSION PLANS (continued):

State Sponsored Pension Plans

Substantially all Spokane Housing Authority full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of and reported as three separate pension plans for accounting purposes. Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2% percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions –

The **PERS Plan 1** member contribution rate is established by State statute at 6%. The PERS 1 employer and PERS 2/3 employer and employee contribution rates are developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. For part of the year, the PERS Plan 2/3 employer rate included a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2025

NOTE 13 — PENSION PLANS (continued):

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plans defined benefit required contribution rates (expressed as a percentage of covered payroll) for the fiscal year 2025 were as follows:

Employer Contribution Rates				
Timeframe	Contribution Rate	PERS 1 UAAL	Admin Fee	Total Employer
January - June 2025:	6.36%	2.55%	0.20%	9.11%
July -December 2025	5.38%	0.00%	0.20%	5.58%

Plan	Employee Contribution Rates
PERS 1	6.00%
PERS 2	6.36% January - June and 5.38% July - December
PERS 2	Varies: 5% - 15%

The Spokane Housing Authority's actual PERS plan contributions were \$71,266 to PERS Plan 1 and \$341,809 to PERS Plan 2/3 for the period ended December 31, 2025.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed as of June 30, 2024 with the results rolled forward to June 30, 2025. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2013-2018 Demographic Experience Study and the 2023 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2024 actuarial valuation report.

- **Inflation:** 2.75% total economic inflation, 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increases.
- **Investment rate of return:** 7.00%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 13 — PENSION PLANS (continued):

of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

Change in Assumptions and Methods: OSA improved their modeling of benefits paid to retirees and beneficiaries in their month of death to better match current administrations.

Long-Term Expected Rate of Return

OSA selected a 7% long-term expected rate of return on pension plan investments. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025. The inflation component used to create the table is 2.5% and represents WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-term Expected Real Rate of Return	
		Arithmetic	
Fixed Income	19.00%	2.10%	
Tangible Assets	8.00%	4.50%	
Real Estate	18.00%	4.80%	
Global Equity	30.00%	5.60%	
Private Equity	25.00%	8.60%	
	100.00%		

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7%. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7% was used to determine the total liability.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 13 — PENSION PLANS (continued):

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the Spokane Housing Authority's proportionate share* of the net pension liability calculated using the discount rate of 7%, as well as what the Spokane Housing Authority's proportionate share of the net pension liability would be if were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	\$ 490,337	\$ 290,587	\$ 115,401
PERS 2/3	1,963,524	(1,209,995)	(3,816,340)
	<u>\$ 2,453,861</u>	<u>\$ (919,408)</u>	<u>\$ (3,700,939)</u>

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

The Spokane Housing Authority proportionate share of the net pension liabilities and assets are as follows:

	Liability (or Asset)
PERS 1	\$ 290,587
PERS 2/3	(1,209,995)
TOTAL	<u>\$ (919,408)</u>

At June 30, the Spokane Housing Authority's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/24	Proportionate Share 6/30/25	Change in Proportion
PERS 1	0.024676%	0.024647%	-0.000029%
PERS 2/3	0.031594%	0.031707%	0.000113%

Employer contribution transmittals received and processed by DRS for the fiscal year ended June 30, 2025, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 13 — PENSION PLANS (continued):

Pension Expense

For the year ended December 31, 2025, the Spokane Housing Authority recognized pension expense as follows:

	Pension Expense
PERS 1	\$ (26,864)
PERS 2/3	(63,974)
TOTAL	<u>\$ (90,838)</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2025, the Spokane Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual	\$ -	\$ (19,977)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 405	\$ -
TOTAL	<u>\$ 405</u>	<u>\$ (19,977)</u>

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 884,676	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (272,481)
Changes of assumptions	\$ 467,618	\$ (33,413)
Changes in proportion and differences between	\$ 28,197	\$ (22,964)
Contributions subsequent to the measurement date	\$ 165,111	\$ -
TOTAL	<u>\$ 1,545,602</u>	<u>\$ (328,858)</u>

Total All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 884,676	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (292,458)
Changes of assumptions	\$ 467,618	\$ (33,413)
Changes in proportion and differences between	\$ 28,197	\$ (22,964)
Contributions subsequent to the measurement date	\$ 165,516	\$ -
TOTAL	<u>\$ 1,546,007</u>	<u>\$ (348,835)</u>

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2025

NOTE 13 — PENSION PLANS (continued):

Deferred outflows of resources related to pensions resulting from the Spokane Housing Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	PERS 1	PERS 2/3
2026	\$ 19,062	\$ 428,858
2027	(13,886)	169,266
2028	(14,421)	160,486
2029	(10,732)	63,107
2030	-	157,021
Thereafter	-	72,894
TOTAL	\$ (19,977)	\$ 1,051,632

NOTE 14— COMPONENT UNITS:

Pursuant to the criteria set forth in Governmental Accounting and Financial Reporting Standards and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*; GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*; and GASB Statement No. 80, *Blending Requirement for Certain Component Units*, the limited partnerships are defined as component units and are discretely presented in the financial statements of the Authority. The fiscal year end of all the tax credit limited partnerships is December 31st. Accordingly, the financial results included in the accompanying financial statements are for the year ended December 31, 2025.

The discretely presented component units of the Authority were formed to take advantage of the Low-Income Housing Tax Credit (LIHTC) program authorized under Section 42 of the Internal Revenue Code. This program allows investors certain tax incentives for investing in low-income housing and to deduct any losses passed through to them from the partnerships. The tax code required that the buildings continue to serve the targeted low-income population for 15 years. The Authority has the option to purchase these projects at the expiration of this compliance period at which time, the partnership will become a blended component unit of the Authority. For the year ended December 31, 2025, the Authority had two blended component units and six discretely presented component units

Blended Component Unit

Cornerstone II – The Borning Building Limited Partnership – was formed on December 20, 2004, for the purpose of acquiring, developing, leasing, operating and managing the Cornerstone Courtyard Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. Spokane Housing Authority is the general partner, with a .01% share of the ownership, and the initial limited partner was Washington Housing Equity Alliance, with ownership of 99.99%. On May 22, 2007, U.S. Bancorp Community Development Corporation was admitted as the new limited partner.

The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low-income housing tax credits, cash income, long-term appreciation, and tax deductions from depreciation.

The Cornerstone Courtyard Apartments (formerly the Borning Building) comprising of 50 units was completed in February 2008. Funding was provided by Low-Income Housing Tax Credits, Federal Historic Rehabilitation Tax Credits, the Washington State Housing Trust Fund, the City of Spokane, and the Federal Home Loan Bank.

The Spokane Housing Authority holds legal title to the property, and on June 7, 2006, a financing lease agreement was entered into between the Authority and Cornerstone II – The Borning Building Limited Partnership. The lease allows the limited partnership to remain the owner for federal income tax purposes and gives it an equity interest in all improvements to the property plus debt service payments. On October 31, 2024, this entity had a change in ownership when the limited partner exited the partnership and Northwest

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2025

NOTE 14— COMPONENT UNITS (continued):

Housing Group LLC becoming the limited partner, causing the formerly discretely presented partnership to become a blended component unit.

The partnership agreement for the Cornerstone II – Borning Building LP stipulates that partnership management fees be paid to the Authority in the amount of \$15,000 annually for services rendered in managing the business of the partnership. The fee is to be paid to the extent cash flow is available and if net cash flow is not available, the fee shall not accrue. For the period ended December 31, 2025 the partnership management fee expense was \$15,000.

Pursuant to the Property Management and Operating Agreement for the Cornerstone Courtyard, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective June 2008, the fee equals 8% of the project's monthly gross rental income excluding vacancies and concessions. For the period ended December 31, 2025 the property management fee incurred and paid was \$40,575.

Cornerstone II – Helena Apartments Limited Partnership – was formed on December 7, 2007, for the purpose of acquiring, developing, leasing, operating and managing the Pearl on Adams Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. The initial general partner was the Spokane Housing Authority with .01% share of ownership in the project, and the initial limited partner was the Washington Housing Equity Alliance, with ownership of 99.99%. On December 31, 2007, the Northwest Housing Group LLC, of which Spokane Housing Authority is the sole member, was admitted as the general partner, with a .01% share of ownership in the project. On December 9, 2008, U.S. Bancorp Community Investment Corporation was admitted as the new limited partner. On September 25, 2015, U.S. Bancorp Community Development Corporation withdrew from the partnership and USB LIHTC Fund 2015-4, LLC was admitted as the replacement limited partner.

The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low-income housing tax credits, cash income, and tax deductions from depreciation.

The Pearl on Adams Apartments was completed in November 2009 and has 35 one-bedroom units for low income, homeless and disabled tenants. Funding was provided by Low-Income Housing Tax Credits, Federal Historic Rehabilitation Tax Credits, the Washington State Housing Trust Fund, the City of Spokane, U.S. Bank National Association, and Bank of America.

The Spokane Housing Authority holds legal title to the property, and on September 9, 2008, a financing lease agreement was entered into between the Authority and Cornerstone II – Helena Apartments, LP. On January 15, 2025, this entity had a change in ownership when the limited partner exited the partnership and Northwest Housing Group LLC becoming the limited partner, causing the formerly discretely presented partnership to become a blended component unit. Beginning balances in the financial statements have been restated to reflect this change in financial reporting.

The partnership agreement for the Cornerstone II – Helena Apartments LP stipulates that partnership management fees be paid to the Authority in the amount of \$7,500 annually for services rendered in managing the business of the partnership. The fee is to be paid to the extent cash flow is available and if net cash flow is not available, the fee shall not accrue. For the period ended December 31, 2025, the partnership management fee expense was \$7,500.

Pursuant to the Property Management and Operating Agreement for the Pearl on Adams, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective in 2025, the fee equals 8% of the project's monthly gross rental income excluding vacancies and concessions. For the period ended December 31, 2025, the property management fee incurred and paid was \$33,952.

Discretely Presented Component Units

Martindale Apartments Limited Partnership – was formed on December 23, 2008, for the purpose of acquiring, developing, leasing, operating and managing the Agnes Kehoe Place Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. Martindale Manager LLC, of which Spokane Housing

Authority is the sole member, is the general partner, with a .01% share of the ownership, and the initial limited partner was Washington Housing Equity Alliance, with ownership of 99.99%. On November 12, 2010, U.S. Bancorp Community Development

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2025

NOTE 14— COMPONENT UNITS (continued):

Corporation was admitted as the new limited partner. On December 6, 2013, U.S. Bancorp Community Development Corporation withdrew from the partnership and LIHTC Fund 2013-5, LLC was admitted as the replacement limited partner.

The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low-income housing tax credits, cash income, and tax deductions from depreciation.

The Agnes Kehoe Place Apartments comprising of 51 units was completed in January 2012. Funding was provided by Low-Income Housing Tax Credits, Federal Historic Rehabilitation Tax Credits, the Washington State Housing Trust Fund, the City of Spokane, and U.S. Bank National Association.

The Spokane Housing Authority holds legal title to the property, and on June 22, 2010, a financing lease agreement was entered into between the Authority and Martindale Apartments Limited Partnership. The lease allows the limited partnership to remain the owner for federal income tax purposes and gives it an equity interest in all improvements to the property plus debt service payments.

The partnership agreement for the Martindale Apartments, LP dated November 12, 2010, stipulates that an annual noncumulative partnership management fee be paid to the Authority in an amount up to \$25,000 annually for services rendered in managing the business of the partnership. The fee is to be paid to the extent cash flow is available and if net cash flow is not available, the fee shall not accrue. For the period ended December 31, 2025 the partnership management fee expense was \$25,000. Total partnership management fees owed as of December 31, 2025 was \$25,000.

Pursuant to the Property Management and Operating Agreement for the Agnes Kehoe Place, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective in 2012, the fee equals 7.5% of the project's monthly gross rental income excluding vacancies and concessions. For the period ended December 31, 2025 the property management fee incurred and paid was \$46,922.

Cedar Haven, LLLP – was formed on April 3, 2015, for the purpose of acquiring, developing, leasing, operating and managing the Cedar West Apartments and Woodhaven Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. The initial general partner was the Spokane Housing Authority with .01% share of ownership in the project, and the initial limited partner was SHA Initial Limited Party LLC, of which Spokane Housing Authority is the sole member, with ownership of 99.99%. On September 30, 2015, CREA Cedar Haven, LLC was admitted as the new limited partner with 99.989% ownership, and CREA SLP, LLC was admitted as the special limited partner with .001% ownership. On December 31, 2019, CREA Cedar Haven, LLC withdrew from the partnership and CREA Corporate Tax Credit Fund 43 LLC was admitted as the replacement limited partner.

The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low-income housing tax credits, cash income, and tax deductions from depreciation.

The rehabilitation of the Cedar West Apartments and Woodhaven Apartments was completed December 31, 2016. Combined the properties have 146 units for low-income households. Funding was provided by Low-Income Housing Tax Credits bonds issued by the Authority on behalf of the partnership purchased by Banner Bank, and an Authority issued seller financed note.

The Spokane Housing Authority holds legal title to the property, and on September 30, 2015, a financing lease agreement was entered into between the Authority and Cedar Haven, LLLP which required an initial capitalized rent of \$9,025,000. Of this amount, \$4,025,000 was paid in cash and the remainder was paid through the issuance of an Authority issued seller financed note. Annual lease rent of \$10,000 per year is payable each January 1 through December 31, 2114, unless terminated earlier. The annual lease rent will increase 5% commencing on January 1, 2026, and every tenth January 1 thereafter. The annual lease rent is to be paid to the extent cash flow is available and shall accrue annually. Any unpaid amounts shall bear interest at 2.64%. For the period ended December 31, 2025, the annual lease rent paid was \$10,000. Total lease liability to the Authority along with accrued interest as of December 31, 2025 was \$410,844. The lease allows the limited partnership to remain the owner for federal income tax purposes and gives it an equity interest in all improvements to the property plus debt service payments.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2025

NOTE 14— COMPONENT UNITS (continued):

Pursuant to the Property Management and Operating Agreement for Cedar West Apartments and Woodhaven Apartments, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective in 2015, the fee equals 5% of the project's monthly effective gross income excluding vacancies, concessions and allowances. For the period ended December 31, 2025 the property management fee incurred and paid was \$96,926.

Pursuant to the Development Agreement for Cedar Haven, LLLP, the Authority is entitled to a development fee in the amount of \$2,350,000. As of December 31, 2025, the developer fee note payable to the Authority was \$720,366 and bears interest at 1% per annum. Payments are to be paid from available cash flow as defined in the Partnership Agreement for Cedar Haven LLLP. The unpaid balance of development fee must be paid in full by December 31, 2029. As of December 31, 2025, interest payable on the developer fee was \$3,602.

On December 23, 2025, the Board of Commissioners signed an Operating Subsidy Contract to provide project-based subsidy assistance for Rental Assistance Demonstration (RAD) units restricted by Operating Cost Adjustment Factor (OCAF) rent increases, funded with the Authority's MTW funding flexibility as an eligible non-HAP expense from Section 8 Housing Choice Voucher funding. This subsidy is reviewed and funded annually, contingent upon available funding.

Parsons, Limited Liability Limited Partnership – was formed on April 3, 2015, for the purpose of acquiring, developing, leasing, operating and managing the Parsons Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. The initial general partner was the Spokane Housing Authority with .01% share of ownership in the project, and the initial limited partner was SHA Initial Limited Party LLC, of which Spokane Housing Authority is the sole member, with ownership of 99.99%. On January 29, 2016, CREA Parsons Apartments, LLC was admitted as the new limited partner with 99.989% ownership, and CREA SLP, LLC was admitted as the special limited partner with .001% ownership.

The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low-income housing tax credits, cash income, and tax deductions from depreciation.

The rehabilitation of the 50-unit Parsons Apartments was completed December 31, 2016. Funding was provided by Low-Income Housing Tax Credits, a bond issued by the Authority on behalf of the partnership purchased by Banner Bank, an Authority issued seller financed note and sponsor note.

The Spokane Housing Authority holds legal title to the property, and on January 29, 2016, a financing lease agreement was entered into between the Authority and Parsons, LLLP which required an initial capitalized rent of \$2,925,000. Of this amount, \$700,000 was paid in cash and the remainder was paid through the issuance of an Authority issued seller financed note. Annual lease rent of \$10,000 per year is payable each January 1 through December 31, 2115, unless terminated earlier. The annual lease rent will increase 5% commencing on January 1, 2027, and every tenth January 1 thereafter. The annual lease rent is to be paid to the extent cash flow is available and shall be accrued annually. Any unpaid amounts shall bear interest at 2.65%. For the period ended December 31, 2025, the annual lease rent paid was \$10,000. Total lease liability to the Authority along with accrued interest as of December 31, 2025, was \$406,211. The lease allows the limited partnership to remain the owner for federal income tax purposes and gives it an equity interest in all improvements to the property plus debt service payments.

Pursuant to the Property Management and Operating Agreement for the Parsons Apartments, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective in 2016, the fee equals 5% of the project's monthly effective gross income excluding vacancies, concessions and allowances. For the period ended December 31, 2025, the property management fee incurred and paid was \$39,014.

On December 23, 2025, the Board of Commissioners signed an Operating Subsidy Contract to provide project-based subsidy assistance for Rental Assistance Demonstration (RAD) units restricted by Operating Cost Adjustment Factor (OCAF) rent increases, funded with the Authority's MTW funding flexibility as an eligible non-HAP expense from Section 8 Housing Choice Voucher funding. This subsidy is reviewed and funded annually, contingent upon available funding.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2025

NOTE 14— COMPONENT UNITS (continued):

Wilbur and Cook Affordable Portfolio, Limited Liability Limited Partnership – was formed on November 29, 2016, for the purpose of acquiring, developing, leasing, operating and managing the Heritage Heights Apartments, Westfall Village Apartments and Valley 206 Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. The initial general partner was the Spokane Housing Authority with .01% share of ownership in the project, and the initial limited partner was SHA Initial Limited Party LLC, of which Spokane Housing Authority is the sole member, with ownership of 99.99%. On September 1, 2017, BCP/Wilbur Cook, LLC was admitted as the new limited partner with 99.99% ownership, and BCCC, Inc. was admitted as the special limited partner with 0% ownership.

The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low-income housing tax credits, cash income, and tax deductions from depreciation. The rehabilitation of the 379 affordable units was complete as of December 31, 2018. Funding was provided by Low-Income Housing Tax Credits, a bond issued by the Authority on behalf of the partnership purchased by Banner Bank, an Authority issued seller financed note and two sponsor notes.

The Spokane Housing Authority holds legal title to the property, and on September 14, 2017, a financing lease agreement was entered into between the Authority and Wilbur and Cook Affordable Portfolio, LLLP which required an initial capitalized rent of \$31,400,000. Of this amount, \$16,100,000 was paid in cash and the remainder was paid through the issuance of an Authority issued seller financed note. Annual lease rent of \$1 per year is payable each January 1 through December 31, 2116, unless terminated earlier. The annual lease rent will increase 5% commencing on January 1, 2028, and every tenth January 1 thereafter. The annual lease rent is to be paid to the extent cash flow is available and shall accrue annually. Any unpaid amounts shall bear interest at 2.60%. For the period ended December 31, 2025, the annual lease rent paid was \$1. Total base lease payable to the Authority along with accrued interest as of December 31, 2025, was \$0. The lease allows the limited partnership to remain the owner for federal income tax purposes and gives it an equity interest in all improvements to the property plus debt service payments.

Pursuant to the Property Management and Operating Agreement for Heritage Heights Apartments, Westfall Village Apartments and Valley 206 Apartments, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective in 2017, the fee equals 6% of the project's monthly effective gross income excluding vacancies, concessions and allowances. For the period ended December 31, 2025 the property management fee incurred and paid was \$275,253.

Pursuant to the Development Agreement for Wilbur and Cook Affordable Portfolio, LLLP, the Authority is entitled to a development fee in the amount of \$7,700,000. As of December 31, 2025, the developer fee payable to the Authority was \$1,919,780. Any development fee not paid by the fourth installment of the Limited Partner's capital contribution will be paid from available cash flow as defined in the Partnership Agreement for Wilbur and Cook Affordable Portfolio, LLLP and will bear no interest. The unpaid balance of development fee must be paid in full on or before December 31, 2032, in accordance with the Development Agreement dated September 1, 2017, between the Partnership and the Authority or the date of liquidation of the Partnership.

Hifumi En, Limited Liability Limited Partnership – A Washington state limited liability limited partnership formed on November 2, 2022, to construct, own, maintain and operate an 88-unit multifamily housing project for rental to seniors (ages 55 and older) of low-income, to be known as Hifumi En and to be located in Spokane, Washington. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. The initial general partner was the Spokane Housing Authority with .01% share of ownership in the project, and the initial limited partner was SHA Initial Limited Party LLC, of which Spokane Housing Authority is the sole member, with ownership of 99.99%. On July 12, 2024, CREA Hifumi En, LLC was admitted as the new limited partner with 99.98% ownership, and CREA SLP, LLC. was admitted as the special limited partner with .01% ownership.

The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low-income housing tax credits, cash income, and tax deductions from depreciation. The construction of 88 affordable units began in 2024 and is anticipated to be completed in 2026. Funding was provided by Low-Income Housing Tax Credits, a bond issued by the Authority on behalf of the partnership purchased by Banner Bank, two Washington State Department of Commerce (WA DOC) loans, a City of Spokane Loan and three Authority issued sponsor notes.

The Spokane Housing Authority holds legal title to the property, and on July 12, 2024, a financing lease agreement was entered into between the Authority and Hifumi En, LLLP which required an initial capitalized rent of \$3,230,000. Of this amount, \$355,087 was paid in cash, \$1,082,828 was assumed and converted WA DOC grants converted to loans and the remainder was paid through an

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2025

NOTE 14— COMPONENT UNITS (continued):

Authority issued sponsor note. Annual lease rent of \$1 per year is payable each January 1 through December 31, 2123, unless terminated earlier. The annual lease rent will increase 5% commencing on January 1, 2040, and every tenth January 1 thereafter. For the period ended December 31, 2025, there was no base rent paid. The total base lease payable to the Authority along with accrued interest as of December 31, 2025 was \$0. The lease allows the limited partnership to remain the owner for federal income tax purposes and gives it an equity interest in all improvements to the property plus debt service payments.

Pursuant to the Property Management and Operating Agreement for Hifumi En LLLP, the partnership is required to pay the Authority a monthly management fee for its daily operation of the project. Effective in 2024, the fee equals 8% of the project's monthly effective gross income excluding vacancies, concessions and allowances. For the period ended December 31, 2025, the property management fee incurred and paid was \$43,673.

Pursuant to the Development Agreement for Hifumi En, LLLP, the Authority is entitled to a development fee in the amount of \$2,211,952. As of December 31, 2025, the developer fee payable to the Authority was \$1,548,366. Any development fee not paid by the sixth installment of the Limited Partner's capital contribution will be paid from available cash flow as defined in the Partnership Agreement for Hifumi En, LLLP and will bear 1% interest. The unpaid balance of development fee must be paid in full on or before December 31, 2039, in accordance with the Development Agreement dated July 12, 2024, between the Partnership and the Authority or the date of liquidation of the Partnership.

SHA Appleway, Limited Liability Limited Partnership – A Washington state limited liability limited partnership formed on September 26, 2024 to construct and manage the Orchard Vista Apartments. On December 4, 2024 the Authority entered into a Master Development Agreement with Inland SHA Appleway Manager, LLC for construction and initial lease up of a 240-unit complex in Spokane Valley, Washington. On June 18, 2025 the Amended and Restated Agreement of Limited Liability Limited Partnership was finalized pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. The initial general partner is shared with the SHA Orchard Vista Manager LLC, of which Spokane Housing Authority is the sole member, with .001% share of ownership and Inland SHA Appleway Manager, LLC with .009% in the project, and the initial limited partner of CREA Orchard Vista LLC, with ownership of 99.98% and Special Limited Partner, CREA SLP, LLC with .01% share of ownership. The Authority sold approximately 8 acres of land to Inland SHA Appleway Manager, LLC for the construction and lease up of this property and will exercise a purchase option upon completion.

The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low-income housing tax credits, cash income, and tax deductions from depreciation. The construction of 240 affordable units began in 2025 and is anticipated to be completed in 2026. Funding was provided by Low-Income Housing Tax Credits, a bond issued by the Authority on behalf of the partnership purchased by a Washington Trust Bank Tax-Exempt Loan and a Taxable Loan, a Washington Housing Finance Commission Critical Preservation Program Loan, an Evergreen Impact Housing Fund III, LLC Loan, and two Authority issued sponsor notes and a SHA CHIP Loan.

Pursuant the Master Development Agreement, the LLLP will grant each of Inland and SHA a purchase option to acquire the Project at the end of the Compliance Period for the greater of the Project's farm market value or the amount necessary to repay all of the LLLP's debt plus amounts payable to the Investor under the Partnership Agreement. The Authority's purchase option will be exercisable before Inland's purchase option, and Inland's purchase option will expire if the Authority exercises the Authority's purchase option. The LLLP will grant the Authority an irrevocable right of first refusal to acquire the Project at the end of the Compliance Period.

Pursuant to the Master Development Agreement for SHA Appleway LLLP, the Authority is entitled to a maximum allowable developer fee for the Project estimated to be approximately 15% of the total development costs, subject to applicable tax rules and the WSHFC's rules applicable at the time of Financial Closing). This Developer fee will be reduced to the extent necessary to reduce the basis for the Project for purposes of satisfying the "50% test" under Code Section 42(h)(4)(B).

Pursuant to the Master Development Agreement for SHA Appleway LLLP, unless otherwise agreed by the Parties, following initial lease-up when Inland's property management agent, either Axis Residential or Allied, is responsible for property operations, the second property management agent for the Project will be the Authority.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2025

NOTE 15 — RISK MANAGEMENT:

The Authority is exposed to all of the common perils associated with the ownership and rental of real estate property. A risk management program is currently in place to minimize loss occurrence and to transfer risk through various levels of insurance. All common risks relating to property, casualty, employee and public official's liability are covered by insurance, subject to appropriate deductibles. Claims that the Authority have settled have not exceeded insurance coverage during the past three years.

The Authority is a member of the Housing Authorities Risk Retention Pool (HARRP), formally Synchronous Risk Management. Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Inter-local Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. HARRP has a total of eighty-two members in the states of Washington, Oregon, California and Nevada. Thirty-six of the eighty-two members are Washington public housing entities.

New members originally contract for a three-year term and thereafter automatically renew on an annual basis. Members may quit (after completion of the three-year commitment) upon giving notice to HARRP prior to their renewal date. HARRP can terminate members after giving a sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

General and Automobile Liability coverages are written on an occurrence basis, without member deductibles. Errors & Omissions coverage (which includes Employment Practices Liability) is written on a claim made basis, and the members are responsible for 10% of the incurred cost of the claims. (Due to special underwriting circumstances, some members may be subject to a greater E&O co-payment.) The Property coverage offered by HARRP is on a replacement cost basis with a deductible of \$5,000. Fidelity coverage, with limits of \$800,000 (with options up to \$1,000,000) for employee dishonesty and forgery or alteration and \$80,000 for theft are also provided with a \$1,000 deductible.

Coverage limits for General Liability, Errors & Omissions and Property are \$2,000,000 per occurrence and \$2,000,000 annual aggregate. (some members have chosen greater Property limits for higher valued properties.) Limits for Automobile Liability are \$2,000,000/\$2,000,000.

HARRP self-insures the full layer of coverage for liability lines (\$2,000,000 per occurrence and \$2,000,000 annual aggregate). There is no purchased reinsurance above this limit. For property, HARRP retains \$2,000,000 and \$63,000,000 of reinsurance from St. Paul/Travelers Insurance Company for a combined total of \$65,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

HARRP provides loss control services, claim investigation and adjusting, litigation management and defense with in-house staff and retained third party contractors.

HARRP is fully funded by member assessments that are adjusted by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, reinsurance and other administrative expenses.

HARRP does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

NOTE 16 — CONTINGENCIES AND LITIGATION:

The Authority has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that the Authority will have to make payment. In the opinion of management, the Authority's insurance policies are adequate to pay all known or pending claims.

As discussed in Note 11 – Long-Term Debt and Changes in Long-Term Liabilities, the Authority is contingently liable for repayment of refunded debt.

The Authority participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. The Authority's management believes that such disallowance, if any, would be immaterial.

Spokane Housing Authority, Washington

Notes to Basic Financial Statements

For the Year Ended December 31, 2025

NOTE 17 — SPECIAL ITEM:

Significant transactions or events that are either unusual in nature or infrequent in occurrence and are within the control of management are classified as special items. During the period ending December 31, 2025 there were no special items to report.

NOTE 18 — EXTRAORDINARY ITEMS:

Significant transactions or events that are either unusual in nature or infrequent in occurrence and are also not within the control of management are classified as extraordinary items. During the period ending December 31, 2025 there were no extraordinary items to report.

NOTE 19 — SUBSEQUENT EVENTS:

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management has evaluated events and transactions occurring after December 31, 2025 through the date the financial statements were available for issuance, for recognition or disclosure in the financial statements and concluded that the following require disclosure:

Department of Social and Health Services and Health Care Authority Grants

The Authority entered into a grant in Fiscal Year 2026 with the Health Care Authority (HCA), Division of Behavioral Health & Recovery, to administer short-term rental assistance payments. The contract is for two and a half years from January 1, 2026 through June 30, 2028, for \$52,632,525 with a 10% admin fee. The contract provides for a front load of grant funds on an annual basis every July 1 with remaining annual grant dollars eligible to be rolled into the following grant year. On April 3, 2026, the Authority received the first allotment of funds totaling \$15,234,175 to support this program.

Rental Assistance Demonstration (RAD) Scattered Sites sales

On January 16, 2026, the Rental Assistance Demonstration Scattered Site property located at 40452 E 4th Avenue sold for \$239,900. There is one remaining unit in this portfolio to sell that is anticipated to be completed by December 2026.

Chalice Place LLLP

On January 8, 2026, the Chalice Place LLLP was formed with the Spokane Housing Authority as the General Partner with .01% share of ownership and SHA Initial Limited Party LLC as the Limited Partner with 99.99%. The purpose of the executed Agreement of Limited Liability Limited Partnership is to acquire, develop, construct, operate, manage and maintain 85 units of affordable senior housing at 40% and 50% AMI, as a 9% LIHTC project, currently referred to as Chalice Place. SHA has selected Inland Group to design and construct Chalice Place and it is anticipated to close in Fall of 2026.

Emergency Housing Voucher(EHV) Program's Service Fee Reconciliation and Closeout

On February 23, 2026, the Authority received a final reconciliation and closeout of the EHV Program Service Fees from Housing and Urban Development (HUD) recouping a total of \$234,836 of unspent funds. These funds were due back to HUD by March 20, 2026 and the Authority issued this payment on March 9, 2026.

Spokane Housing Authority, Washington
Notes to Basic Financial Statements
For the Year Ended December 31, 2025

NOTE 19 — SUBSEQUENT EVENTS (continued):

Spokane Complex Fires

On August 1, 2026, Spokane experienced several major wildfires that led to the evacuation of more than 60,000 residences for over a week, including homes of some Authority staff. Although the fires destroyed more than 800 structures, none were owned by the Authority, and the event did not result in any significant financial impact to the organization. On August 3, 2026, the President issued an Emergency Declaration, and on August 5, 2026, the Authority applied to HUD for the Presidentially Declared Disaster waivers under EM-3560. As of this audit's publication, the Authority is still awaiting HUD's decision. The requested waivers are as follows:

Tier 1 Waivers

- a. 24 CFR 982.201(e) – Verification of Date of Birth and Disability Status
- b. 24 CFR 984.303(d) – FSS Contract of Participation, Contract Extension
- c. 24 CFR 982.201(e) – Eligibility Determination, Income Verification
- d. 24 CFR 982.206 (a)(2) – Waiting List Opening and Closing, Public Notice
- f. 24 CFR 982.516(a)(2) and (3) – Family Income and Composition, Annual, and Interim Examinations for HCV and PBV
- g. 24 CFR 5.703(d)(5) – Physical Inspection Standards, Occupancy Requirements
- k. 24 CFR 982.633(a) – Homeownership: Occupancy Requirement
- n. 24 CFR 982.312 – Absence from Unit Limits
- o. 24 CFR 982.455, 983.258, and 983.211(a) – HAP Contract Terminations or PBV Unit Removal

Tier 2 Waivers

- a. 24 CFR 5.801(c) and (d)(1) - Uniform Financial Reporting Standards, Filing of Financial Reports, Reporting Compliance Dates

Section III – Request for additional exceptions or waivers not listed in Tier 1 or 2 of the FR Notice

- 24 CFR 982.405(b) – PHA Unit Inspections, Periodic Inspections
- 24 CFR 981-551(b) – Conducting Annual Reexaminations

Spokane Housing Authority, Washington
Schedule of Proportional Share of the Net Pension Liability
PERS Plan 1 and PERS Plan 2/3
As of June 30, 2025 (measurement date)
Last 10 Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PERS # 1										
Employer's proportion of the net pension liability	0.022955%	\$1,044,154	\$ 955,106	\$ 812,627	\$ 739,013	\$ 284,853	\$ 676,462	\$ 565,524	\$ 438,453	\$ 290,587
Employer's proportionate share of the net pension liability										
Covered payroll*	\$2,765,005	\$2,774,922	\$2,854,061	\$2,968,308	\$3,167,798	\$3,587,623	\$3,917,025	\$4,424,648	\$4,889,490	\$5,290,935
Employer's proportionate share of the net pension liability as a percentage of covered payroll	44.59%	37.63%	33.46%	27.38%	23.33%	7.94%	17.27%	12.78%	8.97%	5.49%
Plan fiduciary net position as a percentage of the total pension liability	57.03%	61.24%	63.22%	67.12%	68.64%	88.74%	76.56%	80.16%	84.05%	89.07%
PERS # 2/3										
Employer's proportion of the net pension liability (asset)	0.029377%	0.028304%	0.027319%	0.273030%	0.027127%	0.029996%	0.031608%	0.032007%	0.031594%	0.031707%
Employer's proportionate share of the net pension liability/(asset)	\$1,479,109	\$ 983,429	\$ 466,448	\$ 265,205	\$ 346,939	\$ (2,988,084)	\$ (1,172,271)	\$ (1,311,865)	\$ (1,041,519)	\$ (1,209,995)
Covered Payroll*	\$2,765,005	\$2,774,922	\$2,854,061	\$2,968,308	\$3,167,798	\$3,587,623	\$3,917,025	\$4,424,648	\$4,889,490	\$5,290,935
Employer's proportionate share of the net pension liability as a percentage of covered payroll	53.49%	35.44%	16.34%	8.93%	10.95%	-83.29%	-29.93%	-29.65%	-21.30%	-22.87%
Plan fiduciary net position as a percentage of the total pension liability	85.82%	90.97%	95.77%	96.36%	97.22%	120.29%	106.73%	107.02%	105.17%	105.53%

*Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)

Notes to the Schedule of Proportional Share of the Net Pension Liability:

NOTE 1 - CHANGES OF BENEFIT TERMS:

There were no changes in the benefit terms for the Pension Plans.

NOTE 2 - CHANGES OF ASSUMPTIONS:

The changes in methods since last evaluation include: OSA improved their modeling of benefits paid to retirees and beneficiaries in their month of death to better match current administration. The changes in assumptions since the last valuation include: Based on the 2025-27 Collective Bargaining Agreements (CBA) with the Washington State Patrol Trooper Association for the 2025-27 Biennium, the assumed general salary growth was increased to 1.7% in Fiscal Year (FY) 2026 for WSPRS.

Spokane Housing Authority, Washington
Schedule of Employer Contributions
PERS Plan 1 and PERS Plan 2/3
For the Year Ended December 31, 2025
Last 10 Fiscal Years

PERS # 1	2016***	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contributions	\$ 195,173	\$ 137,343	\$ 146,653	\$ 152,773	\$ 164,482	\$ 158,606	\$ 159,704	\$ 158,456	\$ 139,589	\$ 71,266
Contributions in relation to the contractually required contributions	\$ (195,173)	\$ (137,343)	\$ (146,653)	\$ (152,773)	\$ (164,482)	\$ (158,606)	\$ (159,704)	\$ (158,456)	\$ (139,589)	\$ (71,266)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll*	\$ 4,127,567	\$ 2,815,675	\$ 2,901,448	\$ 3,061,719	\$ 3,384,620	\$ 3,677,014	\$ 4,216,606	\$ 4,673,530	\$ 5,088,782	\$ 5,844,347
Contributions as a percentage of covered payroll	4.73%	4.88%	5.05%	4.99%	4.86%	4.31%	3.79%	3.39%	2.74%	1.22%
PERS # 2/3	2016****	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contributions	\$ 254,480	\$ 190,127	\$ 217,532	\$ 238,656	\$ 271,509	\$ 264,065	\$ 270,362	\$ 298,041	\$ 323,647	\$ 341,809
Contributions in relation to the contractually required contributions **	\$ (254,480)	\$ (190,127)	\$ (217,532)	\$ (238,656)	\$ (271,509)	\$ (264,065)	\$ (270,362)	\$ (298,041)	\$ (323,647)	\$ (341,809)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll*	\$ 4,127,567	\$ 2,815,675	\$ 2,901,448	\$ 3,061,719	\$ 3,384,620	\$ 3,677,014	\$ 4,216,606	\$ 4,673,530	\$ 5,088,782	\$ 5,844,347
Contributions as a percentage of covered payroll	6.17%	6.75%	7.50%	7.79%	8.02%	7.18%	6.41%	6.38%	6.36%	5.85%

*Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)

** Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 contributions that fund the PERS 1 UAAL. Contributions do not include employer-apd member contributions (GASB 82, Par.8)

*** 2016 is an 18-month reporting period. The Authority's fiscal year end was changed from June 30 to December 31

Notes to the Schedule of Employer Contributions:

NOTE 1 - CHANGES OF BENEFIT TERMS:

There were no changes in the benefit terms for the Pension Plans.

NOTE 2 - CHANGES OF ASSUMPTIONS:

The changes in methods since last evaluation include: OSA improved their modeling of benefits paid to retirees and beneficiaries in their month of death to better match current administration. The change in assumptions since the last valuation include: Based on the 2025-27 Collective Bargaining Agreements (CBA) with the Washington State Patrol Trooper Association for the 2025-27 Biennium, the assumed general salary growth was increased to 17% in Fiscal Year (FY) 2026 for WSPRS.

NOTE 3 - CHANGES OF FISCAL YEAR END:

An eighteen-month reporting period (July 1, 2015 - December 31, 2016) is reported for 2016. The fiscal year end of the Authority was changed from June 30 to December 31.

Spokane Housing Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

	Expenditures						Passed through to Subrecipients	Note	
	Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	From Pass-Through Awards	From Direct Awards			Total
Section 8 Project-Based Cluster									
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	WA055SRO003	-	-	97,151	-	97,151	1,2,3
	Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	WA055SRO006	-	-	374,112	-	374,112	1,2,3
	Total Section 8 Project-Based Cluster:				-	471,263	471,263	-	
Housing Voucher Cluster									
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Section 8 Housing Choice Vouchers	14.871	WA055VO/WA055AF	-	-	11,231,087	-	11,231,087	1,2,3
	COVID 19 - Section 8 Housing Choice Vouchers	14.871	Covid-19WA055VO/WA055AF	-	-	2,078,259	-	2,078,259	1,2,3
	Total ALN 14.871:				-	13,309,346	13,309,346	-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Mainstream Vouchers	14.879	WA055VO/WA055AF	-	-	2,238,032	-	2,238,032	1,2,3
	Total Housing Voucher Cluster:				-	15,547,378	15,547,378	-	

The accompanying notes are an integral part of this schedule.

Spokane Housing Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Moving to Work Demonstration Program	14.881	WA055VO/WA0 55AF	-	48,039,850	48,039,850	-	1,2,3
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Family Self-Sufficiency Program	14.896	FSS25WA6271	-	77,304	77,304	-	1,2,3
Total Federal Awards Expended:				-	64,135,795	64,135,795	-	

The accompanying notes are an integral part of this schedule.

Spokane Housing Authority, Washington
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

NOTE 1 — BASIS OF ACCOUNTING:

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") presents the activity of all federal financial assistance programs of the Spokane Housing Authority ("Authority"). The Authority's reporting entity is defined in Note 1 of the Authority's financial statements. All federal financial assistance received directly from the federal government as well as federal financial assistance that is passed through from other governmental agencies is required to be included on the Schedule.

The Schedule is prepared on the same basis of accounting as the Authority's financial statements. The Authority uses GAAP basis to report on the Schedule. For the purposes of the Schedule, depreciation expense is not recorded, and the cost of fixed asset additions are included as an expenditure.

NOTE 2 — FEDERAL DE MINIMIS INDIRECT COST RATE:

The Authority has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance for awards issued prior to October 1, 2024 nor the 15-percent de minimis indirect cost rate for awards issued after this date.

NOTE 3 — PROGRAM COSTS:

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Authority's portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule
December 31, 2025

Line Item #	Account description	14.871 Housing	14.881	14.HCV MTW		6.1 Component	6.2 Component
		Choice Vouchers	Moving To Work Demonstraton	Demonstration Program for HCV program	14.896 FSS	Units - Discretely Presented	Units - Blended
111	Cash-unrestricted	\$ 310,798	\$ 1,556,394	\$ -	\$ -	\$ 2,265,185	\$ 609,197
112	Cash-restricted-modernization and development	-	-	-	-	8,560	-
113-030	Cash-other restricted	988	392	-	-	6,438,694	642,584
114	Cash-tenant security deposits	-	-	-	-	348,446	43,642
115	Cash - Restricted for payment of current liability	10,636	38,014	-	-	-	-
100	Total Cash	322,422	1,594,800	-	-	9,060,885	1,295,423
122-030	Accounts receivable - HUD other projects - Other	63,390	268,430	-	7,722	-	-
124	Account receivable - other government	-	35,307	-	-	-	-
125-040	Account receivable - miscellaneous - Tax Credit	-	-	-	-	-	-
125-050	Account receivable - miscellaneous - Other	25,305	127,375	-	-	126,793	-
126.0	Accounts receivable - tenants	-	-	-	-	293,936	8,975
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	(126,808)	(3,228)
129	Accrued interest receivable	-	-	-	-	-	-
120	Total receivables, net of allowance for doubtful accounts	88,695	431,112	-	7,722	293,921	5,747
142	Prepaid expenses and other assets	-	30,433	-	-	172,864	14,805
143	Inventories	-	-	-	-	-	-
144-010	Inter program - due from	-	-	-	-	-	9,470
150	Total Current Assets	411,117	2,056,345	-	7,722	9,527,670	1,325,445
161	Land	-	-	-	-	9,351,860	511,367
162	Buildings	112,089	-	-	-	95,896,455	17,605,527
163	Furniture, equipment and machinery - dwellings	-	-	-	-	4,758,376	490,989
164	Furniture, equipment and machinery - administration	542,261	-	-	-	299,095	210,775
165	Right to Use Asset	-	1,344,191	-	-	16,022,908	5,763
166	Accumulated depreciation	(415,736)	(797,268)	-	-	(26,772,499)	(11,588,326)
167	Construction in progress	-	-	-	-	25,234,203	-
160	Total capital assets, net of accumulated depreciation	238,614	546,923	-	-	124,790,398	7,236,095
171	Notes, Loans, & mortgages receivable – Non-current	-	-	-	-	-	-
174	Other assets	145,199	314,599	-	-	214,633	-
180	Total Non-current Assets	383,813	861,522	-	-	125,005,031	7,236,095
190	Total Assets	794,930	2,917,867	-	7,722	134,532,701	8,561,540
200	Deferred outflow of Resources	185,521	401,962	-	-	-	-
290	Total Assets and Deferred Outflow of Resources	\$ 980,451	\$ 3,319,829	\$ -	\$ 7,722	\$ 134,532,701	\$ 8,561,540

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2025

14.249 Section 8								
Moderate								
Rehabilitation								
2 State/ Local	1 Business Activities	14.879 Mainstream Vouchers	14.EHV Emergency Housing Vouchers	Single Room Occupancy	COCC	Subtotal	ELIM	Total
\$ 1,590,058	\$ 3,423,656	\$ 323,228	\$ 340,287	\$ 573,001	\$ 4,333,918	\$ 15,325,722	\$ -	\$ 15,325,722
-	1,335,534	-	-	-	-	1,344,094	-	1,344,094
-	-	-	180,463	-	-	7,263,121	-	7,263,121
-	300	-	-	-	-	392,388	-	392,388
-	-	-	23,877	7,733	-	80,260	-	80,260
1,590,058	4,759,490	323,228	544,627	580,734	4,333,918	24,405,585	-	24,405,585
-	-	103,759	87,220	23,443	-	553,964	-	553,964
377,775	-	-	-	-	-	413,082	-	413,082
-	-	-	-	-	1,358,694	1,358,694	-	1,358,694
-	12,079	9,106	12,266	-	18,731	331,655	-	331,655
-	23,531	-	-	-	-	326,442	-	326,442
-	(22,681)	-	-	-	-	(152,717)	-	(152,717)
-	7,643,378	-	-	-	-	7,643,378	-	7,643,378
377,775	7,656,307	112,865	99,486	23,443	1,377,425	10,474,498	-	10,474,498
-	1,279	-	-	-	239,135	458,516	-	458,516
-	-	-	-	-	4,244	4,244	-	4,244
-	887,558	-	-	648	-	897,676	897,676	-
1,967,833	13,304,634	436,093	644,113	604,825	5,954,722	36,240,519	897,676	35,342,843
-	322,908	-	-	-	170,000	10,356,135	-	10,356,135
-	195,368	-	-	-	4,734,403	118,543,842	-	118,543,842
-	13,369	-	-	-	-	5,262,734	-	5,262,734
-	1,445	-	-	-	322,497	1,376,073	-	1,376,073
-	-	-	-	-	824,886	18,197,748	-	18,197,748
-	(188,965)	-	-	-	(1,560,947)	(41,323,741)	-	(41,323,741)
-	-	-	-	-	-	25,234,203	-	25,234,203
-	344,125	-	-	-	4,490,839	137,646,994	-	137,646,994
-	46,622,888	-	-	-	-	46,622,888	-	46,622,888
-	48,400	-	-	-	1210,765	1,933,596	-	1,933,596
-	47,015,413	-	-	-	5,701,604	186,203,478	-	186,203,478
1,967,833	60,320,047	436,093	644,113	604,825	11,656,326	222,443,997	897,676	221,546,321
-	61,840	-	-	-	896,684	1,546,007	-	1,546,007
\$ 1,967,833	\$ 60,381,887	\$ 436,093	\$ 644,113	\$ 604,825	\$ 12,553,010	\$ 223,990,004	\$ 897,676	\$ 223,092,328

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2025

Line Item #	Account description	14.871 Housing	14.881	14.HCV MTW		6.1 Component	6.2 Component
		Choice Vouchers	Moving To Work Demonstration	Demonstration Program for HCV program	14.896 FSS	Units - Discretely Presented	Units - Blended
312	Accounts payable <= 90 days	\$ 477	\$ 4,057	\$ -	\$ -	\$ 2,413,153	\$ 39,839
321	Accrued wage/payroll taxes payable	-	-	-	-	-	-
322	Accrued compensated absences - current portion	11,409	36,368	-	-	-	-
325	Accrued interest payable	-	-	-	-	7,963,382	67,923
331	Accounts payable - HUD PHA Programs	956	4,023	-	-	-	-
341	Tenant security deposits	-	-	-	-	348,446	43,642
342	Unearned Revenue	-	-	-	-	74,218	8,849
	Current portion of long-term debt - capital projects/mortgage						
343	revenue bonds	-	289,408	-	-	2,034,065	58,246
344	Current portion of long-term debt - operating borrowings	-	-	-	-	-	-
345	Other current liabilities	7,395	973	-	-	1,670,018	18,762
346	Accrued liabilities - other	-	-	-	-	-	-
347	Inter program - due to	54,230	82,504	-	7,722	-	218,484
310	Total Current Liabilities	74,467	417,333	-	7,722	14,503,282	455,745
351	Capital Projects/ Mortgage Revenue Bonds	-	302,947	-	-	96,323,757	2,058,356
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-
353	Non-current liabilities - other	2,284	33,019	-	-	399,274	15,000
354	Accrued compensated absences- Non-current	33,384	106,417	-	-	-	-
357-010	Accrued Pension and OPEB Liability	34,870	75,553	-	-	-	-
350	Total Non-Current Liabilities	70,538	517,936	-	-	96,723,031	2,073,356
300	Total Liabilities	145,005	935,269	-	7,722	111,226,313	2,529,101
400	Deferred Inflow of Resources	41,860	90,697	-	-	-	-
508.4	Net Investment in Capital Assets	238,614	(45,432)	-	-	26,432,576	5,119,493
511.4	Restricted Net Position	341,928	857,896	-	-	6,447,254	642,584
512.4	Unrestricted Net Position	213,044	1,481,399	-	-	(9,573,442)	270,362
513	Total Equity - Net Assets/Position	793,586	2,293,863	-	-	23,306,388	6,032,439
	Total Liabilities, Deferred Inflow of Resources, and Equity - Net						
600	Assets/Position	\$ 980,451	\$ 3,319,829	\$ -	\$ 7,722	\$ 134,532,701	\$ 8,561,540

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2025

14.249 Section 8									
Moderate									
Rehabilitation									
2 State/ Local	1 Business Activities	14.879 Mainstream Vouchers	14.EHV Emergency Housing Vouchers	Single Room Occupancy	COCC	Subtotal	ELIM	Total	
\$ -	\$ 10,050	\$ 24	\$ 22	\$ 62	\$ 311,377	\$ 2,779,061	\$ -	\$ 2,779,061	
-	-	-	-	-	277,501	277,501	-	277,501	
-	8,208	-	-	-	39,599	95,584	-	95,584	
-	91,504	-	-	-	-	8,122,809	-	8,122,809	
-	-	-	23,877	7,733	-	36,589	-	36,589	
-	300	-	-	-	-	392,388	-	392,388	
-	-	-	244,401	-	-	327,468	-	327,468	
-	-	-	-	-	167,256	2,548,975	-	2,548,975	
-	9,758	-	-	-	-	9,758	-	9,758	
-	627	-	-	-	928	1,698,703	-	1,698,703	
-	-	-	-	-	169,966	169,966	-	169,966	
209,542	-	712	3,276	-	321,206	897,676	897,676	-	
209,542	120,447	736	271,576	7,795	1,287,833	17,356,478	897,676	16,458,802	
-	-	-	-	-	174,679	98,859,739	-	98,859,739	
-	1,180,781	-	-	-	-	1,180,781	-	1,180,781	
-	-	-	12	-	-	449,589	-	449,589	
-	22,506	-	-	-	327,178	489,485	-	489,485	
-	11,623	-	-	-	168,541	290,587	-	290,587	
-	1,214,910	-	12	-	670,398	101,270,181	-	101,270,181	
209,542	1,335,357	736	271,588	7,795	1,958,231	118,626,659	897,676	117,728,983	
-	13,953	-	-	-	202,325	348,835	-	348,835	
-	344,125	-	-	-	4,148,904	36,238,280	-	36,238,280	
-	1,432,604	-	-	-	1,407,504	11,129,770	-	11,129,770	
1,758,291	57,255,848	435,357	372,525	597,030	4,836,046	57,646,460	-	57,646,460	
1,758,291	59,032,577	435,357	372,525	597,030	10,392,454	105,014,510	-	105,014,510	
\$ 1,967,833	\$ 60,381,887	\$ 436,093	\$ 644,113	\$ 604,825	\$ 12,553,010	\$ 223,990,004	\$ 897,676	\$ 223,092,328	

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2025

Line Item #	Account description	14.871Housing	14.881	14.HCV MTW	14.896	6.1Component	6.2 Component
		Choice Vouchers	Moving To Work Demonstration	Demonstration Program for HCV program	FSS	Units - Discretely Presented	Units - Blended
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ 7,705,885	\$ 955,255
70400	Tenant revenue - other	-	-	-	-	362,995	29,963
70500	Total Tenant Revenue	-	-	-	-	8,068,880	985,218
70600-000	HUD PHA operating grants	11,426,046	-	48,013,052	77,304	-	-
70610	Capital grants	-	-	-	-	7,673,552	-
70710	Management Fee	-	-	-	-	-	-
70730	Book-Keeping Fee	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	556,927	-
7100-000	Investment income - unrestricted	1,145	3,394	-	-	58,427	2,482
71200	Mortgage interest income	-	-	-	-	-	-
71400	Fraud recovery	-	14,430	-	-	-	-
71500	Other revenue	250	299,973	-	-	15,485	611
71600	Gain or loss on sale of capital assets	-	-	-	-	(182,494)	(5,173)
70000	Total Revenue	\$ 11,427,441	\$ 317,797	\$ 48,013,052	\$ 77,304	\$ 16,190,777	\$ 983,138

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2025

14.249 Section 8									
Moderate									
Rehabilitation									
2 State/ Local	1 Business Activities	14.879 Mainstream Vouchers	14.EHV Emergency Housing Vouchers	Single Room Occupancy	COCC	Subtotal	ELIM	Total	
\$ -	\$ 20,121	\$ -	\$ -	\$ -	\$ 181,260	\$ 8,862,521	\$ 808,832	\$ 8,053,689	
-	650	-	-	-	-	393,608	-	393,608	
-	20,771	-	-	-	181,260	9,256,129	808,832	8,447,297	
-	-	2,285,776	2,141,623	509,276	-	64,453,077	-	64,453,077	
-	-	-	-	-	-	7,673,552	-	7,673,552	
-	-	-	-	-	1,653,282	1,653,282	1,653,282	-	
-	-	-	-	-	601,554	601,554	601,554	-	
-	-	-	-	-	549,288	549,288	-	549,288	
-	-	-	-	-	2,804,124	2,804,124	2,254,836	549,288	
10,590,356	871,266	-	-	-	30,384	12,048,933	-	12,048,933	
-	365	1,147	-	2,039	58,989	127,988	-	127,988	
-	1,228,023	-	-	-	-	1,228,023	-	1,228,023	
-	-	-	-	-	-	14,430	-	14,430	
360	75,635	-	500	-	1,736,597	2,129,411	-	2,129,411	
-	466,998	-	-	-	17,999	297,330	-	297,330	
\$ 10,590,716	\$ 2,663,058	\$ 2,286,923	\$ 2,142,123	\$ 511,315	\$ 4,829,353	\$ 100,032,997	\$ 3,063,668	\$ 96,969,329	

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2025

Line Item #	Account description	14.871Housing	14.881	14.HCV MTW		6.1Component	6.2 Component
		Choice Vouchers	Moving To Work Demonstrator	Demonstration Program for HCV program	14.896 FSS	Units - Discretely Presented	Units - Blended
9100	Administrative salaries	\$ 455,244	\$ 1406,675	\$ -	\$ -	\$ 544,498	\$ 57,859
91200	Auditing fees	14,179	43,912	-	-	32,950	3,500
91300	Management Fee	298,421	989,465	-	-	501,788	74,527
91310	Book-Keeping Fee	15,805	389,230	-	-	-	-
91400	Advertising and Marketing	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	83,273	544,270	-	-	221,995	24,377
91600	Office Expenses	137,708	85,367	-	-	163,013	34,326
91700	Legal Expense	-	890	-	-	140,095	17,907
91800	Travel	-	51561	-	-	6,434	768
91900	Other	-	-	-	-	21634	2,796
91000	Total Operating-Administrative	1104,630	3,511,370	-	-	1632,407	216,060
92000	Asset Management Fee	-	-	-	-	10,300	-
92100	Tenant services - salaries	-	-	-	75,146	-	-
92400	Tenant services - other	10,942	-	-	2,158	9,338	566
92500	Total Tenant Services	10,942	-	-	77,304	9,338	566
93100	Water	-	-	-	-	139,341	9,271
93200	Electricity	-	-	-	-	274,353	27,573
93300	Gas	-	-	-	-	43,042	15,490
93600	Sewer	-	-	-	-	445,313	74,355
93800	Other utilities expense	-	-	-	-	3,851	3,679
93000	Total Utilities	-	-	-	-	905,900	130,368
94100	Ordinary maintenance and operations - labor	-	-	-	-	592,962	73,671
94200	Ordinary maintenance and operations - materials and other	-	-	-	-	474,552	101,437
94300-000	Ordinary Maintenance and Operations Contracts	478	442,530	-	-	839,359	112,381
94500	Employee benefit contribution - ordinary maintenance	-	-	-	-	216,153	27,323
94000	Total Maintenance	478	442,530	-	-	2,123,026	314,812
95200	Protective services - other contract costs	-	-	-	-	46,131	1573
95000	Total Protective Services	-	-	-	-	46,131	1573
96110	Property Insurance	-	-	-	-	306,198	16,305
96120	Liability Insurance	-	-	-	-	59,147	6,970
96130	Workmen's Compensation	6,388	20,611	-	-	51,004	6,497
96140	All other Insurance	-	26,294	-	-	18,594	2,266
96100	Total Insurance Premiums	6,388	46,905	-	-	434,943	32,038

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2025

14.249 Section 8 Moderate Rehabilitation									
2 State/ Local	1 Business Activities	14.879 Mainstream Vouchers	14.EHV Emergency Housing Vouchers	Single Room Occupancy	COCC	Subtotal	ELIM	Total	
\$ 228,932	\$ 243,621	\$ 67,229	\$ 51,824	\$ 19,779	\$ 2,226,487	\$ 5,302,148	\$ -	\$ 5,302,148	
-	-	2,113	2,419	336	22,310	12,179	-	12,179	
221,276	1,961	31,452	25,092	11,088	-	2,155,070	1,653,282	501,788	
54,248	-	19,658	15,683	6,930	-	601,554	601,554	-	
-	182	-	-	-	226	408	-	408	
88,293	23,936	28,226	21,781	8,294	437,744	1,482,189	-	1,482,189	
139,375	106,428	32,058	28,854	10,601	238,069	975,799	181,260	794,539	
-	588	-	-	-	30,283	189,763	-	189,763	
-	4,545	-	-	-	166,636	229,944	-	229,944	
-	1,610	-	-	-	195	26,235	-	26,235	
732,124	382,871	180,736	145,653	57,028	3,121,950	11,084,829	2,436,096	8,648,733	
-	-	-	-	-	-	10,300	-	10,300	
-	-	-	-	-	-	75,146	-	75,146	
160,562	-	1,253	2,850	-	-	187,669	-	187,669	
160,562	-	1,253	2,850	-	-	262,815	-	262,815	
-	2,726	-	-	-	1,591	152,929	-	152,929	
-	1,051	-	-	-	214,200	324,397	-	324,397	
-	309	-	-	-	1,548	60,389	-	60,389	
-	2,666	-	-	-	2,513	524,847	-	524,847	
-	-	-	-	-	-	7,530	-	7,530	
-	6,752	-	-	-	27,072	1,070,092	-	1,070,092	
-	1,772	-	-	-	694,659	1,363,064	-	1,363,064	
-	810	-	-	-	600	577,399	-	577,399	
10,368	11,916	1,491	571	483	115,266	1,534,843	-	1,534,843	
-	18,248	-	-	-	178,384	440,108	-	440,108	
10,368	32,746	1,491	571	483	988,909	3,915,414	-	3,915,414	
-	-	-	-	-	-	47,704	-	47,704	
-	-	-	-	-	-	47,704	-	47,704	
-	2,066	-	-	-	13,730	338,299	-	338,299	
-	74	-	-	-	162	66,353	-	66,353	
1,464	1,330	1,035	805	303	72,747	162,184	-	162,184	
-	958	-	-	-	13,124	61,236	-	61,236	
1,464	4,428	1,035	805	303	99,763	628,072	-	628,072	

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2025

Line Item #	Account description	14.871Housing	14.881	14.HCV MTW	14.896	6.1Component	6.2 Component
		Choice Vouchers	Moving To Work Demonstrator	Demonstration Program for HCV program	FSS	Units - Discretely Presented	Units - Blended
96200	Other general expenses	\$ 10,644	\$ 649,204	\$ -	\$ -	\$ 88,994	\$ 25,440
96210	Compensated absences	49,522	163,823	-	-	97,817	8,658
96300	Payments in lieu of taxes	-	-	-	-	7,794	-
96400	Bad debt - tenant rents	-	-	-	-	292,557	56,726
96000	Total Other General Expenses	60,166	813,027	-	-	487,162	90,824
96710	Interest of Mortgage (or Bonds) Payable	-	24,293	-	-	1646,746	14,029
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	309,247	48,073
96730	Amortization of Bond Issue Costs	11,226	282,823	-	-	659,357	1153
96700	Total Interest Expense and Amortization Cost	11,226	307,116	-	-	2,615,350	63,255
96900	Total Operating Expenses	1193,830	5,120,948	-	77,304	8,264,557	849,496
97000	Excess Revenue Over Operating Expenses	10,233,611	(4,803,151)	48,013,052	-	7,926,220	133,642
97100	Extraordinary maintenance	-	-	-	-	82,735	15,062
97300-000	Housing assistance payments	10,037,257	42,647,670	-	-	-	-
97350	HAP Portability-in	-	271,232	-	-	-	-
97400	Depreciation expense	85,456	-	-	-	2,647,080	673,062
90000	Total Expenses	11,316,543	48,039,850	-	77,304	10,994,372	1,537,620
10010	Operating transfer in	-	48,013,052	-	-	-	-
10020	Operating transfer out	-	-	(48,013,052)	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	160,332	-
10093	Transfers between Programs and Projects - in	-	-	-	-	-	-
10094	Transfers between Programs and Projects - out	-	-	-	-	-	-
10100	Total other financing sources (uses)	-	48,013,052	(48,013,052)	-	160,332	-
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ 110,898	\$ 290,999	\$ -	\$ -	\$ 5,356,737	\$ (554,482)

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2025

14.249 Section 8 Moderate Rehabilitation								
2 State/ Local	1 Business Activities	14.879 Mainstream Vouchers	14.EHV Emergency Housing Vouchers	Single Room Occupancy	COCC	Subtotal	ELIM	Total
\$ 4,151	\$ 105,060	\$ 3,394	\$ 5,721	\$ 377	\$ -	\$ 892,985	\$ -	\$ 892,985
11,254	2,292	8,174	6,317	2,418	200,094	550,369	-	550,369
-	-	-	-	-	-	7,794	-	7,794
-	23,005	-	-	-	-	372,288	-	372,288
15,405	130,357	11,568	12,038	2,795	200,094	1,823,436	-	1,823,436
-	28,764	-	-	-	11,305	1,725,137	-	1,725,137
-	-	-	-	-	-	357,320	-	357,320
-	-	-	-	-	185,123	1,139,682	-	1,139,682
-	28,764	-	-	-	196,428	3,222,139	-	3,222,139
919,923	585,918	196,083	161,917	60,609	4,634,216	22,064,801	2,436,096	19,628,705
9,670,793	2,077,140	2,090,840	1,980,206	450,706	195,137	77,968,196	627,572	77,340,624
-	-	-	-	-	-	97,797	-	97,797
9,143,219	-	2,041,949	1,916,342	410,654	-	66,197,091	627,572	65,569,519
-	-	-	-	-	-	271,232	-	271,232
-	3,602	-	-	-	187,270	3,596,470	-	3,596,470
10,063,142	589,520	2,238,032	2,078,259	471,263	4,821,486	92,227,391	3,063,668	89,163,723
-	-	-	-	-	-	48,013,052	48,013,052	-
-	-	-	-	-	-	(48,013,052)	(48,013,052)	-
-	-	-	-	-	-	160,332	-	160,332
-	-	-	-	-	2,637,148	2,637,148	2,637,148	-
-	(2,637,148)	-	-	-	-	(2,637,148)	(2,637,148)	-
-	(2,637,148)	-	-	-	2,637,148	160,332	-	160,332
\$ 527,574	\$ (563,610)	\$ 48,891	\$ 63,864	\$ 40,052	\$ 2,645,015	\$ 7,965,938	\$ -	\$ 7,965,938

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2025

Line Item #	Account description	14.871Housing Choice Vouchers	14.881 Moving To Work Demonstration	14.HCV MTW Demonstration Program for HCV program	14.896 FSS	6.1Component Units - Discretely Presented	6.2 Component Units - Blended
11020	Required Annual Debt Principal Payments	\$ -	\$ 289,284	\$ -	\$ -	\$ 463,094	\$ 58,246
11030	Beginning equity	682,688	2,002,864	-	-	21,345,164	3,914,08
11040	Prior period adjustments, equity transfers, and correction of errors	-	-	-	-	(3,395,513)	3,395,513
11170	Administrative Fee Equity	451,658	-	-	-	-	-
11180	Housing Assistance Payments Equity	341,928	-	-	-	-	-
11190	Number of Unit Months Available	17,491	52,092	-	-	7,747	1020
11210	Unit Months Leased	15,441	51,897	-	-	7,558	955
11270	Excess Cash	-	-	-	-	-	-
11610	Land Purchases	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-
11630	Furniture & Equipment-Dwelling Purchases	-	-	-	-	-	-
11640	Furniture & Equipment-Administrative Purchases	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-

Spokane Housing Authority, Washington
Supplemental Financial Data Schedule (Continued)
December 31, 2025

		14.249 Section 8								
		Moderate								
		Rehabilitation								
		Single Room								
		Occupancy								
2 State/ Local	1 Business Activities	14.879 Mainstream Vouchers	14.EHV Emergency Housing Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	COCC	Subtotal	ELIM	Total		
\$ -	\$ 9,758	\$ -	\$ -	\$ -	\$ 129,118	\$ 949,500	\$ -	\$ 949,500		
1230,717	59,596,187	386,466	308,661	556,978	7,747,439	97,048,572	-	97,048,572		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	451,658	-	451,658		
-	-	-	-	-	-	341,928	-	341,928		
7,252	888	2,732	2,340	924	12	92,498	-	92,498		
7,252	28	2,621	2,091	747	12	88,602	-	88,602		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	34,360	34,360	-	34,360		
-	-	-	-	-	18,020	18,020	-	18,020		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-		

Spokane Housing Authority, Washington
Combining Statement of Net Position
December 31, 2025

	Section 8	Family Self Sufficiency	RAD Scattered Sites	Pearl
ASSETS				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 3,103,708	\$ -	\$ 322,542	\$ 560,990
Receivables (Net)	755,601	7,722	850	327
Inventories	-	-	-	-
Prepays and Other Assets	30,433	-	820	8,732
Receivable from Component Units	-	-	-	-
Interprogram Due From	648	-	-	9,470
<i>Restricted Assets:</i>				
Cash and Cash Equivalents	262,103	-	-	461,204
Tenant Security Deposits	-	-	300	16,967
Total Current Assets	4,152,493	7,722	324,512	1,057,690
<i>Noncurrent Assets:</i>				
Restricted Cash and Cash Equivalents	-	-	-	-
<i>Capital Assets:</i>				
Land	-	-	20,307	225,835
Buildings	-	-	132,162	6,702,274
Building Improvements	-	-	63,206	144,027
Equipment - Dwellings	-	-	13,369	143,412
Equipment - Administration	542,261	-	1,445	59,457
Right to use Asset	1,344,191	-	-	2,305
Intangible Assets	112,089	-	-	58,793
Accumulated Depreciation	(1,213,004)	-	(188,965)	(4,237,472)
Total Capital Assets (Net)	785,537	-	41,524	3,098,631
Notes Receivable from Component Units	-	-	-	-
Interest Receivable from Component Units	-	-	-	-
Net Pension Asset	459,798	-	-	-
Other Noncurrent Assets	-	-	-	-
Total Noncurrent Assets	1,245,335	-	41,524	3,098,631
TOTAL ASSETS	\$ 5,397,828	\$ 7,722	\$ 366,036	\$ 4,156,321
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	\$ 587,483	\$ -	\$ -	\$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 587,483	\$ -	\$ -	\$ -

Spokane Housing Authority, Washington
Combining Statement of Net Position (Continued)
December 31, 2025

Cornerstone Courtyard	Grants	Development	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ 48,207	\$1,590,058	\$ 3,101,114	\$ 4,333,918	\$ 13,060,537	\$ -	\$ 13,060,537
5,420	377,775	12,079	18,731	1,178,505	-	1,178,505
-	-	-	4,244	4,244	-	4,244
6,073	-	459	239,135	285,652	-	285,652
-	-	-	1,358,694	1,358,694	-	1,358,694
-	-	887,558	-	897,676	(897,676)	-
181,380	-	1,335,534	-	2,240,221	-	2,240,221
26,675	-	-	-	43,942	-	43,942
267,755	1,967,833	5,336,744	5,954,722	19,069,471	(897,676)	18,171,795
-	-	-	-	-	-	-
285,532	-	302,601	170,000	1,004,275	-	1,004,275
10,442,344	-	-	3,664,921	20,941,701	-	20,941,701
115,367	-	-	948,702	1,271,302	-	1,271,302
347,577	-	-	-	504,358	-	504,358
151,318	-	-	322,497	1,076,978	-	1,076,978
3,458	-	-	824,886	2,174,840	-	2,174,840
142,722	-	-	120,780	434,384	-	434,384
(7,350,854)	-	-	(1,560,947)	(14,551,242)	-	(14,551,242)
4,137,464	-	302,601	4,490,839	12,856,596	-	12,856,596
-	-	46,622,888	-	46,622,888	-	46,622,888
-	-	7,643,378	-	7,643,378	-	7,643,378
-	-	48,400	701,797	1,209,995	-	1,209,995
-	-	-	508,968	508,968	-	508,968
4,137,464	-	54,617,267	5,701,604	68,841,825	-	68,841,825
\$ 4,405,219	\$1,967,833	\$ 59,954,011	\$ 11,656,326	\$ 87,911,296	\$ (897,676)	\$ 87,013,620
Cornerstone Courtyard	Grants	Development	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ 61,840	\$ 896,684	\$ 1,546,007	\$ -	\$ 1,546,007
\$ -	\$ -	\$ 61,840	\$ 896,684	\$ 1,546,007	\$ -	\$ 1,546,007

Spokane Housing Authority, Washington
Combining Statement of Net Position (Continued)
December 31, 2025

	Section 8	Family Self Sufficiency	RAD Scattered Sites	Pearl
LIABILITIES				
<i>Current Liabilities:</i>				
Accounts Payable	\$ 4,642	\$ -	\$ 9,518	\$ 25,666
Accounts Payable - Intergovernment	36,589	-	-	-
Tenant Security Deposits	-	-	300	16,967
Accrued Wages and Payroll Taxes	-	-	-	-
Accrued Compensated Absences, Current Portion	47,777	-	-	-
Accrued Interest Payable	-	-	-	-
Unearned Revenue	244,401	-	-	5,825
Other Current Liabilities	8,368	-	627	15,130
Current Portion of Long-Term Debt	-	-	-	15,000
Lease Liability - Financing Lease Curr portion	7,079	-	-	470
Lease Liability -SBITA Lease Curr portion	282,329	-	-	-
Interprogram Due To	140,722	7,722	-	-
Total Current Liabilities	771,907	7,722	10,445	79,058
<i>Noncurrent Liabilities:</i>				
Accrued Compensated Absences, Net of Current	139,801	-	-	-
Long-Term Debt, Net of Current	-	-	-	855,000
Lease Liability - Financing Lease	9,116	-	-	605
Lease Liability - SBITA	293,831	-	-	-
Accrued Interest Payable, Net of Current	-	-	-	-
Net Pension Liability	110,423	-	-	-
Other Noncurrent Liabilities	35,315	-	-	-
Total Noncurrent Liabilities	588,486	-	-	855,605
TOTAL LIABILITIES	\$ 1,360,393	\$ 7,722	\$ 10,445	\$ 934,663
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	\$ 132,557	\$ -	\$ -	\$ -
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 132,557	\$ -	\$ -	\$ -
NET POSITION				
Net Investment in Capital Assets	\$ 193,182	\$ -	\$ 41,524	\$ 2,227,556
Restricted For:				
Housing Assistance Payments	229,014	-	-	-
Capital Replacement Reserves	-	-	-	99,774
Operating and Other Reserves	48,650	-	-	361,430
Pension	922,160	-	-	-
Unrestricted	3,099,355	-	314,067	532,898
TOTAL NET POSITION	\$ 4,492,361	\$ -	\$ 355,591	\$ 3,221,658

Spokane Housing Authority, Washington
Combining Statement of Net Position (Continued)
December 31, 2025

Cornerstone Courtyard	Grants	Development	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ 14,173	\$ -	\$ 532	\$ 311,377	\$ 365,908	\$ -	\$ 365,908
-	-	-	-	36,589	-	36,589
26,675	-	-	-	43,942	-	43,942
-	-	-	277,501	277,501	-	277,501
-	-	8,208	39,599	95,584	-	95,584
-	-	2,544	-	2,544	-	2,544
3,024	-	-	-	253,250	-	253,250
3,632	-	-	170,894	198,651	-	198,651
42,071	-	9,758	-	66,829	-	66,829
705	-	-	2,468	10,722	-	10,722
-	-	-	164,788	447,117	-	447,117
218,484	209,542	-	321,206	897,676	(897,676)	-
308,764	209,542	21,042	1,287,833	2,696,313	(897,676)	1,798,637
-	-	22,506	327,178	489,485	-	489,485
1,201,843	-	1,180,781	-	3,237,624	-	3,237,624
908	-	-	3,179	13,808	-	13,808
-	-	-	171,500	465,331	-	465,331
67,923	-	88,960	-	156,883	-	156,883
-	-	11,623	168,541	290,587	-	290,587
15,000	-	-	-	50,315	-	50,315
1,285,674	-	1,303,870	670,398	4,704,033	-	4,704,033
\$ 1,594,438	\$ 209,542	\$ 1,324,912	\$ 1,958,231	\$ 7,400,346	\$ (897,676)	\$ 6,502,670
\$ -	\$ -	\$ 13,953	\$ 202,325	\$ 348,835	\$ -	\$ 348,835
\$ -	\$ -	\$ 13,953	\$ 202,325	\$ 348,835	\$ -	\$ 348,835
\$ 2,891,937	\$ -	\$ 302,601	\$ 4,148,904	\$ 9,805,704	\$ -	\$ 9,805,704
-	-	-	-	229,014	-	229,014
47,069	-	-	-	146,843	-	146,843
134,311	-	1,335,534	-	1,879,925	-	1,879,925
-	-	97,070	1,407,504	2,426,734	-	2,426,734
(262,536)	1,758,291	56,941,781	4,836,046	67,219,902	-	67,219,902
\$ 2,810,781	\$ 1,758,291	\$ 58,676,986	\$ 10,392,454	\$ 81,708,122	\$ -	\$ 81,708,122

Spokane Housing Authority, Washington
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2025

	Section 8	Family Self Sufficiency	RAD Scattered Sites	Pearl	Cornerstone Courtyard
OPERATING REVENUES:					
Tenant Rental Revenue	\$ -	\$ -	\$ 20,121	\$ 417,953	\$ 537,302
HUD Operating Subsidies	64,375,773	77,304	-	-	-
Other Government Grants	-	-	-	-	-
Other Tenant Revenue	-	-	650	12,758	17,205
Fee Revenue	-	-	-	-	-
Other Revenue	315,153	-	-	-	611
TOTAL OPERATING REVENUES	64,690,926	77,304	20,771	430,711	555,118
OPERATING EXPENSES:					
<i>Administrative:</i>					
Administrative Wages	2,231,005	75,146	10,548	26,921	35,326
Auditing Fees	62,959	-	-	2,500	1,000
Employee Benefit Contributions	714,986	-	3,331	10,607	14,173
Management & Bookkeeping Fees	1,902,824	-	1,961	33,952	40,575
Other Operating Expenses	347,039	-	2,092	21,870	33,927
Tenant Services	15,045	2,158	-	372	194
	5,273,858	77,304	17,932	96,222	125,195
<i>Utilities:</i>					
Electricity	-	-	1,051	8,117	19,456
Natural Gas	-	-	309	4,524	10,966
Water	-	-	2,726	5,125	4,146
Sewer	-	-	2,666	30,269	44,086
Other Utilities Expenses	-	-	-	1,325	2,354
	-	-	6,752	49,360	81,008
<i>Ordinary Maintenance and Operations:</i>					
Contract Costs	445,553	-	3,802	56,342	72,674
Maintenance and Operations Wages	-	-	1,850	27,910	50,031
Employee Benefit Contributions	-	-	469	12,316	21,101
Materials and Other	-	-	405	30,990	70,447
	445,553	-	6,526	127,558	214,253
<i>General Expenses:</i>					
Housing Assistance Payments	57,325,104	-	-	-	-
Insurance Premiums	26,294	-	2,197	8,861	16,680
Other General Expenses	669,340	-	23,005	16,532	65,634
Depreciation and Amortization	379,505	-	3,602	259,313	414,902
	58,400,243	-	28,804	284,706	497,216
TOTAL OPERATING EXPENSES	64,119,654	77,304	60,014	557,846	917,672
OPERATING INCOME (LOSS)	\$ 571,272	\$ -	\$ (39,243)	\$ (127,135)	\$ (362,554)

Spokane Housing Authority, Washington
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended December 31, 2025

Grants	Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ -	\$ 181,260	\$ 1,156,636	\$ (808,832)	\$ 347,804
-	-	-	-	64,453,077	-	64,453,077
10,590,356	871,266	-	30,384	11,492,006	-	11,492,006
-	-	-	-	30,613	-	30,613
-	-	-	2,804,124	2,804,124	(2,254,836)	549,288
360	75,635	-	1,736,597	2,128,356	-	2,128,356
10,590,716	946,901	-	4,752,365	82,064,812	(3,063,668)	79,001,144
240,186	234,564	-	2,371,621	5,225,317	-	5,225,317
-	-	-	22,310	88,769	-	88,769
89,757	21,490	-	457,638	1,311,982	-	1,311,982
275,524	-	-	-	2,254,836	(2,254,836)	-
139,375	111,261	-	435,409	1,090,973	(181,260)	909,713
160,562	-	-	-	178,331	-	178,331
905,404	367,315	-	3,286,978	10,150,208	(2,436,096)	7,714,112
-	-	-	21,420	50,044	-	50,044
-	-	-	1,548	17,347	-	17,347
-	-	-	1,591	13,588	-	13,588
-	-	-	2,513	79,534	-	79,534
-	-	-	-	3,679	-	3,679
-	-	-	27,072	164,192	-	164,192
10,368	8,114	-	115,266	712,119	-	712,119
-	723	-	749,619	830,133	-	830,133
-	18,224	-	231,237	283,347	-	283,347
-	405	-	600	102,847	-	102,847
10,368	27,466	-	1,096,722	1,928,446	-	1,928,446
9,143,219	-	-	-	66,468,323	(627,572)	65,840,751
-	901	-	27,016	81,949	-	81,949
4,151	105,060	-	-	883,722	-	883,722
-	-	-	372,393	1,429,715	-	1,429,715
9,147,370	105,961	-	399,409	68,863,709	(627,572)	68,236,137
10,063,142	500,742	-	4,810,181	81,106,555	(3,063,668)	78,042,887
\$ 527,574	\$ 446,159	\$ -	\$ (57,816)	\$ 958,257	\$ -	\$ 958,257

Spokane Housing Authority, Washington
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended December 31, 2025

	Section 8	Family Self Sufficiency	RAD Scattered Sites	Pearl	Cornerstone Courtyard
NONOPERATING REVENUES (EXPENSES):					
Gain (Losses) on Capital Asset Disposition	-	-	449,833	(145)	(5,028)
Interest Expense and Related Charges	(24,293)	-	-	(48,073)	(14,029)
Interest and Investment Income	7,725	-	365	1,498	984
TOTAL NONOPERATING REVENUES (EXPENSES)	(16,568)	-	450,198	(46,720)	(18,073)
<i>Income (Loss)</i>	<u>554,704</u>	<u>-</u>	<u>410,955</u>	<u>(173,855)</u>	<u>(380,627)</u>
TRANSFERS	<u>-</u>	<u>-</u>	<u>(6,896,977)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	554,704	-	(6,486,022)	(173,855)	(380,627)
NET POSITION, BEGINNING OF YEAR(Restated)	3,937,657	-	6,841,613	-	3,191,408
CHANGE IN REPORTING ENTITY	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,395,513</u>	<u>-</u>
NET POSITION, END OF YEAR	<u>\$ 4,492,361</u>	<u>\$ -</u>	<u>\$ 355,591</u>	<u>\$ 3,221,658</u>	<u>\$ 2,810,781</u>

Spokane Housing Authority, Washington
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended December 31, 2025

Grants	Development	Other Business Activities	Central Office Cost Center	Subtotal	Eliminating Entries	Total
-	17,165	-	17,999	479,824	-	479,824
-	(28,764)	-	(11,305)	(126,464)	-	(126,464)
-	<u>1,228,023</u>	-	<u>58,989</u>	<u>1,297,584</u>	-	<u>1,297,584</u>
-	1,216,424	-	65,683	1,650,944	-	1,650,944
<u>527,574</u>	<u>1,662,583</u>	-	<u>7,867</u>	<u>2,609,201</u>	-	<u>2,609,201</u>
-	<u>4,259,829</u>	-	<u>2,637,148</u>	-	-	-
527,574	5,922,412	-	2,645,015	2,609,201	-	2,609,201
1,230,717	52,754,574	-	7,747,439	75,703,408	-	75,703,408
-	-	-	-	<u>3,395,513</u>	-	<u>3,395,513</u>
<u>\$ 1,758,291</u>	<u>\$ 58,676,986</u>	<u>\$ -</u>	<u>\$ 10,392,454</u>	<u>\$ 81,708,122</u>	<u>\$ -</u>	<u>\$ 81,708,122</u>

Spokane Housing Authority, Washington
Combining Statement of Cash Flows
For the Year Ended December 31, 2025

	Section 8	FSS	Cornerstone Courtyard	RAD Scattered sites	Pearl on Adams
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Tenants and Others	\$ (2,850)	\$ -	\$ 540,451	\$ 16,678	\$ 429,311
Receipts from Government Operating Grants	63,930,253	76,547	-	-	-
Payments for Housing Assistance	(57,263,026)	-	-	-	-
Payments to Employees and on behalf of Employees	(3,051,294)	(75,146)	(120,631)	(16,198)	(77,754)
Payments to Suppliers for Goods and Services	(3,133,211)	(1,401)	(366,872)	(7,013)	(164,565)
Other Receipts	314,505	-	11,410	-	(34,592)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	794,377	-	64,358	(6,533)	152,400
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers	-	-	-	(6,896,977)	-
Advances - Partnerships	-	-	-	-	-
Payments Received on Advances - Partnerships	-	-	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	-	-	(6,896,977)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase and Construction of Capital Assets	-	-	(15,934)	(14,604)	(36,377)
Proceeds from Sale of Capital Assets	-	-	463	478,729	-
Principal Paid on Capital Debt	-	-	(41,707)	-	(15,000)
Principal Proceeds (Paid) on Financing Leases	(6,895)	-	(686)	-	(458)
Principal Proceeds (Paid) on SBITA	(282,205)	-	-	-	-
Interest Paid on Capital Debt	(781)	-	(10,110)	-	(40,573)
Other Receipts (Payments)	-	-	-	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(289,881)	-	(67,974)	464,125	(92,408)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Issuance of Notes - Partnerships	-	-	-	-	-
Payments Received on Notes - Partnerships	-	-	-	-	-
Interest Received	7,725	-	984	365	1,498
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	7,725	-	984	365	1,498
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	512,221	-	(2,632)	(6,439,020)	61,490
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Restated)	2,853,590	-	258,894	6,761,862	977,671
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,365,811	\$ -	\$ 256,262	\$ 322,842	\$ 1,039,161

Spokane Housing Authority, Washington
Combining Statement of Cash Flows (Continued)
For the Year Ended December 31, 2025

Grants	Development	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ 181,260	\$ 1,164,850	\$ (21,954)	\$ 1,142,896
9,645,441	871,266	30,384	74,553,891	-	74,553,891
(9,143,219)	-	-	(66,406,245)	21,954	(66,384,291)
(329,943)	(285,309)	(3,983,085)	(7,939,360)	-	(7,939,360)
(347,492)	(237,578)	(301,668)	(4,559,800)	1,872,506	(2,687,294)
360	(811,923)	3,867,417	3,347,177	(1,872,506)	1,474,671
(174,853)	(463,544)	(205,692)	160,513	-	160,513
-	4,259,829	2,637,148	-	-	-
-	-	355,137	355,137	-	355,137
-	-	-	-	-	-
-	4,259,829	2,992,285	355,137	-	355,137
-	(7,660)	(44,447)	(119,022)	-	(119,022)
-	7,245,372	-	7,724,564	-	7,724,564
-	(3,009,709)	-	(3,066,416)	-	(3,066,416)
-	-	(2,405)	(10,444)	-	(10,444)
-	-	(175,680)	(457,885)	-	(457,885)
-	(28,850)	(11,305)	(91,619)	-	(91,619)
-	-	-	-	-	-
-	4,199,153	(233,837)	3,979,178	-	3,979,178
-	(10,736,621)	-	(10,736,621)	-	(10,736,621)
-	757,001	-	757,001	-	757,001
-	124,030	58,989	193,591	-	193,591
-	(9,855,590)	58,989	(9,786,029)	-	(9,786,029)
(174,853)	(1,860,152)	2,611,745	(5,291,201)	-	(5,291,201)
1,764,911	6,296,800	1,722,173	20,635,901	-	20,635,901
\$ 1,590,058	\$ 4,436,648	\$ 4,333,918	\$ 15,344,700	\$ -	\$ 15,344,700

Spokane Housing Authority, Washington
Combining Statement of Cash Flows (Continued)
For the Year Ended December 31, 2025

	Section 8	FSS	Cornerstone Courtyard	RAD Scattered sites	Pearl on Adams
RECONCILIATION OF CASH AND CASH EQUIVALENTS					
<i>TO THE STATEMENT OF NET POSITION:</i>					
Cash and Cash Equivalents - Unrestricted	\$ 3,103,708	\$ -	\$ 48,207	\$ 322,542	\$ 560,990
Cash and Cash Equivalents - Restricted	262,103	-	181,380	-	461,204
Tenant Security Deposits	-	-	26,675	300	16,967
Cash debt service reserve	-	-	-	-	-
	<u>\$ 3,365,811</u>	<u>\$ -</u>	<u>\$ 256,262</u>	<u>\$ 322,842</u>	<u>\$ 1,039,161</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 571,272	\$ -	\$ (362,554)	\$ (39,243)	\$ (127,135)
Adjustments to Reconcile Operating Income (Loss) to Net Cash					
Provided (Used) by Operating Activities:					
Depreciation and Amortization Expense	379,505	-	414,902	3,602	259,313
Changes in Operating Assets and Liabilities:					
(Increase) Decrease in Assets:					
Receivables (Net)	(409,312)	(757)	32,148	20,382	(20,299)
Inventories	-	-	-	-	-
Prepays and Other Assets	326,049	-	(1,110)	557	1,610
Other Noncurrent Assets	-	-	-	-	-
Increase (Decrease) in Liabilities:					
Accounts Payable - Operations	128,123	757	(25,144)	9,371	17,720
Accounts Payable - Intergovernment	(98,934)	-	-	-	-
Tenant Security Deposits	-	-	4,941	(1,198)	1,237
Accrued Wages and Taxes Payable	-	-	-	-	-
Accrued Compensated Absences	53,933	-	-	-	-
Unearned Revenue	(2,850)	-	(1,420)	(272)	870
Other Liabilities	5,827	-	2,595	268	19,084
Net Pension Liability	(108,148)	-	-	-	-
Changes in Deferred Outflows and Inflows:					
(Increase) in Deferred Outflows of Resources	(13,218)	-	-	-	-
Increase in Deferred Inflows of Resources	(37,870)	-	-	-	-
Total Reconciling Adjustments	<u>223,105</u>	<u>-</u>	<u>426,912</u>	<u>32,710</u>	<u>279,535</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
	<u>\$ 794,377</u>	<u>\$ -</u>	<u>\$ 64,358</u>	<u>\$ (6,533)</u>	<u>\$ 152,400</u>

Spokane Housing Authority, Washington
Combining Statement of Cash Flows (Continued)
For the Year Ended December 31, 2025

Grants	Development	Central Office Cost Center	Subtotal	Eliminating Entries	Total
\$ 1,590,058	\$ 3,101,114	\$ 4,333,918	\$ 12,970,770	\$	\$ 13,060,537
-	1,335,534	-	2,329,988		2,240,222
-	-	-	43,942		43,942
-	-	-	-		-
<u>\$ 1,590,058</u>	<u>\$ 4,436,648</u>	<u>\$ 4,333,918</u>	<u>\$ 15,344,700</u>	<u>\$ -</u>	<u>\$ 15,344,700</u>
\$ 527,574	\$ 446,159	\$ (57,816)	\$ 958,257	\$ -	\$ 958,257
-	-	372,393	1,429,715	-	1,429,715
(234,219)	(899,637)	(474,196)	(1,985,890)	-	(1,985,890)
-	-	(1,430)	(1,430)	-	(1,430)
32,946	242	(9,396)	350,898	-	350,898
-	-	(217,839)	(217,839)	-	(217,839)
209,542	-	356,616	696,985	-	696,985
-	-	-	(98,934)	-	(98,934)
-	-	-	4,980	-	4,980
-	-	47,444	47,444	-	47,444
-	9,850	50,175	113,958	-	113,958
-	-	-	(3,672)	-	(3,672)
-	-	52,882	80,656	-	80,656
-	(12,655)	(195,539)	(316,342)	-	(316,342)
-	(4,413)	(92,713)	(110,344)	-	(110,344)
<u>(710,696)</u>	<u>(3,090)</u>	<u>(36,273)</u>	<u>(787,929)</u>	<u>-</u>	<u>(787,929)</u>
<u>(702,427)</u>	<u>(909,703)</u>	<u>(147,876)</u>	<u>(797,744)</u>	<u>-</u>	<u>(797,744)</u>
<u>\$ (174,853)</u>	<u>\$ (463,544)</u>	<u>\$ (205,692)</u>	<u>\$ 160,513</u>	<u>\$ -</u>	<u>\$ 160,513</u>

Spokane Housing Authority, Washington
Combining Statement of Net Position – Component Units
December 31, 2025

	Hifumi En LLLP (Hifumi En)	SHA Appleway LLLP (Orchard Vista)	Martindale Apartments LP (Agnes Kehoe Place)	Parsons LLLP (Parsons Apts)	Cedar Haven LLLP (Cedar West Apt & Woodhaven Apts)	Wilbur and Cook Affordable Portfolio LLLP (Heritage Heights, Valley 206 & Westfall Village)	Total
ASSETS							
<i>Current Assets:</i>							
Cash and Cash Equivalents	\$ 62,099	\$ -	\$ 142,134	\$ 290,865	\$ 424,670	\$ 1,345,417	\$ 2,265,185
Receivables (Net)	20,860	-	7,291	3,146	54,977	207,647	293,921
Prepays and Other Assets	3,931	-	20,101	2,501	36,985	109,346	172,864
<i>Restricted Assets:</i>							
Cash and Cash Equivalents	4,233	4,697,782	334,265	23,496	131,955	1,255,523	6,447,254
Tenant Security Deposits	14,649	-	23,371	19,267	90,231	200,928	348,446
Total Current Assets	105,772	4,697,782	527,162	339,275	738,818	3,118,861	9,527,670
<i>Noncurrent Assets:</i>							
<i>Capital Assets:</i>							
Land	58,079	7,228,207	115,574	-	-	1,950,000	9,351,860
Buildings	10,877,620	-	11,076,458	3,281,194	8,881,304	57,199,537	91,316,113
Building Improvements	902,168	-	153,320	491,811	1,398,603	1,634,440	4,580,342
Equipment - Dwellings	1,872,889	-	174,005	347,440	942,577	1,421,465	4,758,376
Equipment - Administration	-	-	118,466	66,796	33,194	80,639	299,095
Construction In progress	6,559,167	18,525,104	-	-	-	149,932	25,234,203
Right to use Asset	3,235,805	-	5,763	3,331,079	9,438,735	11,526	16,022,908
Accumulated Depreciation	(295,326)	-	(5,594,062)	(1,849,111)	(5,242,336)	(13,791,664)	(26,772,499)
Total Capital Assets (Net)	23,210,402	25,753,311	6,049,524	5,669,209	15,452,077	48,655,875	124,790,398
Other Noncurrent Assets	-	-	6,499	14,212	34,840	159,082	214,633
Total Noncurrent Assets	23,210,402	25,753,311	6,056,023	5,683,421	15,486,917	48,814,957	125,005,031
TOTAL ASSETS	\$ 23,316,174	\$ 30,451,093	\$ 6,583,185	\$ 6,022,696	\$ 16,225,735	\$ 51,933,818	\$ 134,532,701

Spokane Housing Authority, Washington
Combining Statement of Net Position – Component Units (Continued)
December 31, 2025

	Hifumi En LLLP (Hifumi En)	SHA Appleway LLLP (Orchard Vista)	Martindale Apartments LP (Agnes Kehoe Place)	Parsons LLLP (Parsons Apts)	Cedar Haven LLLP (Cedar West Apt & Woodhaven Apts)	Wilbur and Cook Affordable Portfolio LLLP (Heritage Heights, Valley 206 & Westfall Village)	Total
LIABILITIES							
<i>Current Liabilities:</i>							
Accounts Payable	\$ 910,642	\$ -	\$ 14,845	\$ 36,392	\$ 16,232	\$ 76,348	\$ 1,054,459
Tenant Security Deposits	14,649	-	23,371	19,267	90,231	200,928	348,446
Accrued Interest Payable	-	-	-	3,128	20,140	49,202	72,470
Unearned Revenue	1,444	-	2,002	1,482	24,398	44,892	74,218
Other Current Liabilities	767,177	643,249	37,724	28,065	32,555	161,248	1,670,018
Current Portion of Long-Term Debt	1,569,059	-	-	17,759	114,950	323,334	2,025,102
Current Portion of Lease Liability	1,913	-	1,175	1,175	2,350	2,350	8,963
Payable to Housing Authority	199,847	-	22,488	65,204	494,651	576,504	1,358,694
Total Current Liabilities	3,464,731	643,249	101,605	172,472	795,507	1,434,806	6,612,370
<i>Noncurrent Liabilities:</i>							
Long-Term Debt, Net of Current	14,155,448	25,758,483	3,378,595	1,079,979	6,633,460	36,571,924	87,577,889
Lease Liability, Net of Current	2,799	-	1,513	3,330,036	5,408,494	3,026	8,745,868
Accrued Interest Payable, Net of Current	108,773	164,796	166,211	977,735	1,534,806	4,938,591	7,890,912
Other Noncurrent Liabilities	-	-	-	399,274	-	-	399,274
Total Noncurrent Liabilities	14,267,020	25,923,279	3,546,319	5,787,024	13,576,760	41,513,541	104,613,943
TOTAL LIABILITIES	\$ 17,731,751	\$ 26,566,528	\$ 3,647,924	\$ 5,959,496	\$ 14,372,267	\$ 42,948,347	\$ 111,226,313
NET POSITION							
Net Investment in Capital Assets	\$ 7,481,183	\$ (5,172)	\$ 2,668,241	\$ 1,240,260	\$ 3,292,823	\$ 11,755,241	\$ 26,432,576
Restricted For:							
Capital Replacement Reserves	-	-	23,849	23,496	131,955	615,523	794,823
Operating and Other Reserves	4,233	4,697,782	310,416	-	-	640,000	5,652,431
Unrestricted	(1,900,993)	(808,045)	(67,245)	(1,200,556)	(1,571,310)	(4,025,293)	(9,573,442)
TOTAL NET POSITION	\$ 5,584,423	\$ 3,884,565	\$ 2,935,261	\$ 63,200	\$ 1,853,468	\$ 8,985,471	\$ 23,306,388

Spokane Housing Authority, Washington

Combining Statement of Revenues, Expenses and Changes in Net Position—Component Units

For the Year Ended December 31, 2025

	Hifumi En LLLP (Hifumi En)	Cornerstone II - Helena Apartments LP (Pearl on Adams)	SHA Appleway LLLP (Orchard Vista)	Martindale Apartments LP (Agnes Kehoe Place)	Parsons LLLP (Parsons Apts)	Cedar Haven LLLP (Cedar West Apt & Woodhaven Apts)	Wilbur and Cook Affordable Portfolio LLLP (Heritage Heights, Valley 206 & Westfall Village)	Total
OPERATING REVENUES:								
Tenant Rental Revenue	\$ 546,210	\$ -	\$ -	\$ 621,314	\$ 385,356	\$ 1,611,496	\$ 4,541,509	\$ 7,705,885
Other Government Grants	-	-	-	-	251,224	305,703	-	556,927
Other Tenant Revenue	20,289	-	-	14,979	21,958	101,365	204,404	362,995
Other Revenue	-	-	3,000	-	10,350	85	2,050	15,485
TOTAL OPERATING REVENUES	566,499	-	3,000	636,293	668,888	2,018,649	4,747,963	8,641,292
OPERATING EXPENSES:								
<i>Administrative:</i>								
Administrative Wages	57,354	-	-	76,624	42,902	130,203	320,756	627,839
Auditing Fees	(9,300)	-	-	10,950	10,700	10,700	9,900	32,950
Employee Benefit Contributions	26,484	-	-	31,208	16,734	48,867	134,012	257,305
Management & Bookkeeping Fees	53,973	-	-	46,922	39,014	96,926	275,253	512,088
Other Operating Expenses	37,334	-	-	25,643	34,468	102,206	131,525	331,176
Tenant Services	1,362	-	-	843	1,513	2,667	2,953	9,338
	167,207	-	-	192,190	145,331	391,569	874,399	1,770,696
<i>Utilities:</i>								
Electricity	55,391	-	-	39,381	26,147	64,930	88,504	274,353
Natural Gas	-	-	-	14,103	8,777	5,000	15,162	43,042
Water	6,535	-	-	5,482	2,947	39,286	85,091	139,341
Sewer	36,319	-	-	44,095	43,222	92,479	229,198	445,313
Other Utilities Expenses	518	-	-	1,290	203	1,025	815	3,851
	98,763	-	-	104,351	81,296	202,720	418,770	905,900
<i>Ordinary Maintenance and Operations:</i>								
Contract Costs	32,321	-	-	78,186	77,278	229,415	551,025	968,225
Maintenance and Operations Wages	54,222	-	-	60,100	28,153	123,227	341,736	607,438
Employee Benefit Contributions	21,001	-	-	21,435	11,332	48,881	129,198	231,847
Materials and Other	6,712	-	-	31,977	44,746	151,204	239,913	474,552
	114,256	-	-	191,698	161,509	552,727	1,261,872	2,282,062
<i>General Expenses:</i>								
Insurance Premiums	30,194	-	-	17,017	9,792	61,897	265,039	383,939
Other General Expenses	27,801	-	-	42,987	25,453	96,891	196,213	389,345
Depreciation and Amortization	295,326	-	-	430,386	221,120	613,731	1,745,874	3,306,437
	353,321	-	-	490,390	256,365	772,519	2,207,126	4,079,721
TOTAL OPERATING EXPENSES	733,547	-	-	978,629	644,501	1,919,535	4,762,167	9,038,379
OPERATING INCOME (LOSS)	\$ (167,048)	\$ -	\$ 3,000	\$ (342,336)	\$ 24,387	\$ 99,114	\$ (14,204)	\$ (397,087)

Spokane Housing Authority, Washington
Combining Statement of Revenues, Expenses and Changes in Net Position—Component Units
(Continued)
For the Year Ended December 31, 2025

	Hifumi En LLLP (Hifumi En)	Cornerstone II - Helena Apartments LP (Pearl on Adams)	SHA Appleway LLLP (Orchard Vista)	Martindale Apartments LP (Agnes Kehoe Place)	Parsons LLLP (Parsons Apts)	Cedar Haven LLLP (Cedar West Apt & Woodhaven Apts)	Wilbur and Cook Affordable Portfolio LLLP (Heritage Heights, Valley 206 & Westfall Village)	Total
NONOPERATING REVENUES (EXPENSES):								
Gain (Loss) on Capital Asset Disposition	-	-	-	-	(41,700)	(18,910)	(121,884)	(182,494)
Interest Expense and Related Charges	(23,089)	-	-	(26,379)	(190,978)	(441,657)	(1,273,890)	(1,955,993)
Interest and Investment Income	-	-	56,307	1,981	-	-	139	58,427
TOTAL NONOPERATING REVENUES (EXPENSES)	(23,089)	-	56,307	(24,398)	(232,678)	(460,567)	(1,395,635)	(2,080,060)
<i>Income (Loss)</i>	<u>(190,137)</u>	<u>-</u>	<u>59,307</u>	<u>(366,734)</u>	<u>(208,291)</u>	<u>(361,453)</u>	<u>(1,409,839)</u>	<u>(2,477,147)</u>
CAPITAL CONTRIBUTIONS - PARTNERSHIP	3,848,294	-	3,825,258	-	-	-	-	7,673,552
SPECIAL ITEMS GAIN (LOSS)	-	-	-	(16,461)	-	-	176,793	160,332
CHANGE IN NET POSITION	3,658,157	-	3,884,565	(383,195)	(208,291)	(361,453)	(1,233,046)	5,356,737
NET POSITION, BEGINNING OF YEAR	1,926,266	3,395,513	-	3,318,456	271,491	2,214,921	10,218,517	21,345,164
CHANGE IN REPORTING ENTITY	-	(3,395,513)	-	-	-	-	-	(3,395,513)
NET POSITION, END OF YEAR	<u>\$ 5,584,423</u>	<u>\$ -</u>	<u>\$ 3,884,565</u>	<u>\$ 2,935,261</u>	<u>\$ 63,200</u>	<u>\$ 1,853,468</u>	<u>\$ 8,985,471</u>	<u>\$ 23,306,388</u>

Spokane Housing Authority, Washington

Combining Statement of Cash Flows – Component Units

For the Year Ended December 31, 2025

	Hifumi En LLLP (Hifumi En)	SHA Appleway LLLP (Orchard Vista)	Martindale Apartments LP (Agnes Kehoe Place)	Parsons LLLP (Parsons Apts)	Cedar Haven LLLP (Cedar West Apt & Woodhaven Apts)	Wilbur and Cook Affordable Portfolio LLLP (Heritage Heights, Valley 206 & Westfall Village)	Total
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from Tenants and Others	\$ 536,309	\$ -	\$ 628,622	\$ 394,419	\$ 1,635,074	\$ 4,618,012	\$ 7,812,436
Receipts from Government Operating Grants	-	-	-	251,224	305,703	-	556,927
Payments to Employees and on behalf of Employees	(159,061)	-	(189,367)	(99,121)	(351,178)	(925,702)	(1,724,429)
Payments to Suppliers for Goods and Services	(739,198)	-	(392,291)	(286,641)	(868,401)	(1,837,054)	(4,123,585)
Other Receipts	-	3,000	-	10,350	85	2,050	15,485
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(361,950)	3,000	46,964	270,231	721,283	1,857,306	2,536,834
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Capital Contribution (Distribution)	-	3,825,258	-	-	-	-	3,825,258
Capital Contributions	3,848,294	-	-	-	-	-	3,848,294
Purchase and Construction of Capital Assets	(8,895,208)	(25,110,062)	(63,850)	(203,563)	(67,943)	(118,677)	(34,459,303)
Proceeds from Issuance of Capital Debt	5,332,282	25,758,483	-	-	-	-	31,090,765
Principal Paid on Capital Debt	-	-	-	(17,022)	(183,213)	(995,804)	(1,196,039)
Principal Proceeds (Paid) on Financing Leases	(1,093)	-	(1,144)	(1,143)	(2,287)	(2,288)	(7,955)
Interest Paid on Capital Debt	79,249	164,796	(78,860)	132,502	(269,982)	(596,752)	(569,047)
Other Receipts (Payments)	-	-	-	-	-	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	363,524	4,638,475	(143,854)	(89,226)	(523,425)	(1,713,521)	2,531,973
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest Received	-	56,307	1,981	-	-	133	58,421
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	56,307	1,981	-	-	133	58,421
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,574	4,697,782	(94,909)	181,005	197,858	143,918	5,127,228
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	79,407	-	594,679	152,623	448,998	2,657,950	3,933,657
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 80,981	\$ 4,697,782	\$ 499,770	\$ 333,628	\$ 646,856	\$ 2,801,868	\$ 9,060,885
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:							
Cash and Cash Equivalents - Unrestricted	\$ 62,099	\$ -	\$ 142,134	\$ 290,865	\$ 424,670	\$ 1,345,417	\$ 2,265,185
Cash and Cash Equivalents - Restricted	4,233	4,697,782	334,265	23,496	131,955	1,255,523	6,447,254
Tenant Security Deposits	14,649	-	23,371	19,267	90,231	200,928	348,446
Cash debt service reserve	-	-	-	-	-	-	-
	\$ 80,981	\$ 4,697,782	\$ 499,770	\$ 333,628	\$ 646,856	\$ 2,801,868	\$ 9,060,885
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Operating Income (Loss)	\$ (167,048)	\$ 3,000	\$ (342,336)	\$ 24,387	\$ 99,114	\$ (14,204)	\$ (397,087)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:							
Depreciation and Amoritzation Expense	295,326	-	430,386	221,120	613,731	1,745,874	3,306,437
Change in Operating Assets and Liabilities:							
(Increase) Decrease in Assets:							
Receivables (Net)	(14,527)	-	3,044	2,852	(17,497)	(104,661)	(130,789)
Prepaid and Other Assets	24,935	-	989	12,147	20,712	25,250	84,033
(Increase) Decrease in Liabilities:							
Accounts Payable - Operations	(500,075)	-	(40,636)	8,433	(29,666)	70,939	(491,005)
Tenant Security Deposits	3,526	-	1,809	2,925	14,568	19,630	42,458
Unearned Revenue	1,402	-	127	(25)	5,263	(9,116)	(2,349)
Other Liabilities	(5,489)	-	(6,419)	(1,608)	15,058	123,594	125,136
Total Reconciling Adjustments	(194,902)	-	389,300	245,844	622,169	1,871,510	2,933,921
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (361,950)	\$ 3,000	\$ 46,964	\$ 270,231	\$ 721,283	\$ 1,857,306	\$ 2,536,834

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

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