HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

AUDITED
FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2025

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Dooley & Vicars
Certified Public Accountants, L.L.P.

Daniel J. Dooley, C.P.A.
Michael H. Vicars, C.P.A.

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Harrisonburg Redevelopment
and Housing Authority
Harrisonburg, Virginia

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Harrisonburg Redevelopment and 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.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Harrisonburg Redevelopment and 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Harrisonburg Redevelopment and 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 Harrisonburg Redevelopment and Housing Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 be presented to supplement the basic financial statements.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, Financial Data Schedule, and other supplementary information 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* and the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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 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 29, 2026, on our consideration of the Harrisonburg Redevelopment and Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 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 Harrisonburg Redevelopment and Housing Authority's internal control over financial reporting and compliance.

Dooley & Vicars
Certified Public Accountants, L.L.P.

Richmond, Virginia
September 29, 2026

Management Discussion and Analysis (MD&A)

Harrisonburg Redevelopment and Housing Authority December 31, 2025

As management of the Harrisonburg Redevelopment and Housing Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for fiscal year ended December 31, 2025. We encourage readers to consider the information presented here and in conjunction with the Authority's financial statements.

The Authority's Mission

To promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination; and to foster redevelopment of blighted areas to ensure the economic, social and housing vitality of our community. This is accomplished through the following programs:

- Housing Choice Voucher Move To Work Demonstration Program (MTW)
- Family Unification Program (FUP)
- Rental Assistance for Non-Elderly Persons with Disabilities (NED)
- HUD-Veterans Affairs Supportive Housing (HUD-VASH)
- Mainstream 5 Voucher Program (MS5)
- Project Based Housing, Franklin Heights LLC (FHO)
- Project Based Housing, Commerce Village LLC (CVO)
- Project Based Housing, Lineweaver Annex Apartments (LAO)
- Project Based Housing, Commerce Village II (CV2O)
- JR "Polly" Lineweaver Apartments (JRPL-S8 New Construction Project)
- Multi-Family Service Coordinator Grant Funds (SC)
- Family Self-Sufficiency Grant Funds (FSS)
- Homeless Management Information System (HMIS) Grant Funds
- Continuum of Care (COC) Planning Grant
- Virginia Homeless Solutions Program (VHSP) Grant Funds
- Local Community Development/Business Activities (LCD)
- Shenandoah Housing Corporation (SHC)
- Lineweaver Annex Corporation (LAC)
- Commerce Village Management, LLC (CVM)
- Equity Plus Harrisonburg Owner LLC (EPHO)
- BTC Housing LLC (BTC)

Program services are provided under the following philosophy: to treat all individuals with respect and dignity, to base all decisions on rational and provable data, and to operate with efficiency in the delivery of all services.

Financial Highlights

- The assets of the Authority exceeded its liabilities by $5.8M.
- The Authority's net position increased by less than 1%.
- The revenue income increased by 8.5%.
- The expenses of the Authority increased by 9.4%.

Our analysis begins by determining if the Authority is financially better or worse off because of this year's activities. We believe that improvements made in keeping our assets updated, participation in local activities to pursue more affordable housing, completion of 16 housing units, and the overall operations of the Authority in general do show that we are better off than we were a year ago. However, with the uncertainty of federal support from HUD for the Housing Choice Voucher Program, it continues to be a challenge to manage the program with the necessary staff and the appropriate financial support.

The data in this report is a combination of various programs under certain property types. The Housing Choice Voucher Program is made up of Move-To-Work, Mainstream 5, FUP, NED, TP, VASH, Port-ins, and Port-outs. The JR "Polly" Lineweaver Apartments and the Service Coordinator Grant is included under Section 8 New Construction. The Business Activity program consists of Local Community Development, Bridgeport Building, Lineweaver Annex Apartments, and Commerce Village II. The Component Units Blended include Franklin Heights LLC and Equity Plus Harrisonburg Owner, LLC. The Component Units Discretely Presented include Commerce Village LLC, Commerce Village Management, LLC, Lineweaver Annex Corporation, and Shenandoah Housing Corporation.

Condensed Comparative Financial Statement

	2025	2024	2023
Total Assets	**$27,296,317**	**$23,595,817**	**$24,455,322**
Total Liabilities	$21,413,953	$18,323,039	$17,821,833
Total Net Position	$5,882,364	$5,272,778	$6,633,489
Total Liabilities & Net Position	**$27,296,317**	**$23,595,817**	**$24,455,322**
Total Revenue	$14,526,885	$12,330,010	$10,976,499
Total Expenses	$14,237,877	$13,381,353	$11,623,480
Net Income (Loss)	**$289,008**	**($1,051,343)**	**($646,981)**

This discussion and analysis is intended to serve as an introduction to the Authority's annual financial report. The financial report consists of the management's discussion and analysis, the basic financial statements, notes to financial statement, and other supplemental information. The financial statements in this annual report are presented on a full accrual basis of accounting and based on an Enterprise Method presentation. There are three types of financial statements used to help analyze the financial status of the Authority as one entity-wide organization

- Statement of Net Position - **reports the assets and liabilities, with the difference between the two reported as net position**
- Statement of Revenue, Expenses and Changes in Fund Net Position - **reports the operating and non-operating revenue by major source along with operating and non-operating expenses, with the difference between the two reported as a profit/loss**
- Comparison of Budget versus Actual - **reports the actual operating revenues and expenses versus the budgeted amounts**

Statement of Net Position

The following table shows the breakdown of assets, liabilities, and net position in all the program areas and how they changed from the prior year.

Assets	**2025**	**2024**	**2023**
Housing Choice Voucher-MTW/MS5	$276,513	$144,821	$604,497
JR "Polly" Lineweaver Apts./S8NC	$671,612	$769,327	$862,670
Local Comm Dev/Bus Activities (LCD,Bport,LAO,CV2O)	$6,631,572	$3,607,015	$3,954,188
Component Units Blended-FHO/EPHO	$16,124,350	$15,620,947	$15,496,408
Component Units Discretely Presented (CVM,CVO,LAC,SHC)	$3,592,270	$3,453,707	$3,537,559
***Total* Assets**	**$27,296,317**	**$23,595,817**	**$24,455,322**
Liabilities			
Housing Choice Voucher-MTW/MS5	$51,096	$47,195	$54,840
JR "Polly" Lineweaver Apts./S8NC	$1,162,969	$1,274,060	$1,324,090
Local Comm Dev/Bus Activities (LCD,Bport,LAO,CV2O)	$4,180,795	$1,685,008	$1,415,381
Component Units Blended- FHO/EPHO	$14,433,204	$13,656,868	$13,332,796
Component Units Discretely Presented (CVM,CVO,LAC,SHC)	$1,924,372	$1,659,908	$1,694,726
Total Liabilities	**$21,413,953**	**$18,323,039**	**$17,821,833**
Net Position			
Housing Choice Voucher	$225,417	$97,626	$549,656
JR "Polly" Lineweaver Apts.	($491,357)	($504,733)	($461,420)
Local Comm Dev/Bus Activities	$2,789,260	$1,922,007	$2,538,809
Component Units Blended	$1,691,146	$1,964,079	$2,163,611
Component Units Discretely Presented	$1,667,898	$1,793,799	$1,842,833
Total Net Position	**$5,882,364**	**$5,272,778**	**$6,633,489**
Total Liabilities & Net Position	**$27,296,317**	**$23,595,817**	**$24,455,322**

The assets increased in the Housing Choice Voucher Program due to more administrative funds being received than was spent.

The assets decreased in the JR "Polly" Lineweaver Apartments due to the annual accumulated depreciation. The liabilities decreased in JR "Polly" Lineweaver Apartments due to paying down debt and an adjustment that was done to correct a software issue concerning the Due To/Due From Account.

The assets increased in the Local Community Development Program due to the completion of the Commerce Village II project, which has added 16 units to HRHA's housing stock. The liabilities increased due to the financing of the Commerce Village II project.

The assets and liabilities in the Component Units-Blended increased due to the construction in progress costs and the financing of these costs for the Bluestone Town Center.

The assets increased in the Component Units-Discretely Presented due to the receipt of some local grants, and a deposit error that was recorded in cash. The liabilities increased due to a deposit error that set up a payable that will be returned in 2026.

Statement of Revenue, Expenses and Changes in Fund Net Position

The following table shows you an overview of all the programs' revenue and expenses as compared to the previous year.

Revenue	**2025**	**2024**	**2023**
Housing Choice Voucher-MTW/MS5	$9,313,773	$8,296,180	$7,174,506
JR "Polly" Lineweaver/S8NC	$520,123	$483,218	$428,804
Service Coordinator Grant	$77,842	$80,256	$67,823
Local Community Dev/Bus Activities	$1,728,250	$893,267	$988,317
Supportive Housing for Persons with Disabilities-HMIS Grant	$164,470	$135,442	$144,673
Component Unit-Blended Franklin Heights/EPHO	$2,441,158	$2,093,765	$1,791,113
Component Units-Discretely Presented	$281,269	$277,882	$233,263
Community Development Block Grant	$0	$70,000	$148,000
Total Revenue	**$14,526,885**	**$12,330,010**	**$10,976,499**
Expenses			
Housing Choice Voucher-MTW/MS5	$9,185,981	$8,756,330	$6,985,398
JR "Polly" Lineweaver/S8NC	$505,947	$526,530	$517,663
Service Coordinator Grant	$78,643	$80,256	$67,823
Local Community Dev/Bus Activities	$1,217,821	$1,153,244	$1,381,690
Supportive Housing for Persons with Disabilities-HMIS Grant	$164,470	$135,442	$109,835
Component Unit-Blended Franklin Heights/EPHO	$2,714,091	$2,293,298	$2,082,973

Component Units-Discretely Presented	$370,924	$366,253	$330,098
Community Development Block Grant	$0	$70,000	$148,000
Total Expenses	**$14,237,877**	**$13,381,353**	**$11,623,480**
Excess of Revenue Over Expenses	**$289,008**	**($1,051,343)**	**($646,981)**

The revenue increased in the Housing Choice Voucher Program due to the receipt of additional administration and HAP funds received from HUD to cover the increased rents of tenants already housed. The expenses increased due to landlord rental increases as well.

The revenue in the JR "Polly" Lineweaver Apartments increased due to an increase in rents and less vacancies this year. The utility expenses for JR "Polly" Lineweaver Apartments increased due to an increase in rates and usage.

The local community dev/business activity was over budget due to the receipt of a one-time grant for CVII construction. The tenant services category was over budget due to purchases made for the CVII project. The general expense category was higher than budgeted due to the write-off of bad debt accounts. The interest category was over budget due to recording construction loan interest payments.

The Component Units-Blended revenue increased due to an increase in rents and less vacancies this year. The interest expense was more due to payments made by EPHO for the Bluestone Town Center project.

The Component Units-Discretely Presented income and expenses were within the normal cost of living adjustments.

Overview of Program Budgets

	Housing Choice Voucher		JR Polly Lineweaver		Local Community Development		Component Units-Blended (FH/EPHO)		Component Units-Discretely Presented	
	Actuals	Budget	Actuals	Budget	Actuals	Budget	Actuals	Budget	Actuals	Budget
Income										
Rent	0	0	504,933	485,086	921,312	925,643	2,395,349	2,254,680	254,357	262,074
HAP	9,064,638	7,733,938	0	0	0	0	0	0	0	0
Grants	137,592	137,592	77,842	78,321	723,861	224,443	0	0	0	0
Investment Inc	0	0	0	0	3,468	0	1,097	2,000	4,410	5,000
Other/Misc.	111,543	54,200	15,190	12,600	244,079	269,000	44,712	33,600	22,502	6,000
Total	9,313,773	7,925,730	597,965	576,007	1,892,720	1,419,086	2,441,158	2,290,280	281,269	273,074
Expenses										
Administration	684,084	767,065	76,604	83,132	685,450	655,141	586,052	637,411	96,950	93,516
Tenant Services	2,164	3,000	101,116	104,848	28,381	22,000	1,977	3,000	29,614	19,750
Utilities	3,446	0	116,395	105,000	109,166	109,000	81,043	84,000	40,659	37,700
Maintenance	0	0	142,830	158,734	208,828	223,948	632,521	590,858	49,705	50,849
General	7,416	9,050	20,229	13,000	46,724	28,800	140,931	90,500	17,002	13,950
Interest	0	0	22,725	24,139	72,337	58,146	502,471	172,156	in	16,380
Depreciation	0	0	101,612	101,612	218,529	218,529	769,096	769,096	108,834	108,834
HAP Expenses	8,488,098	7,146,615	0	0	0	0	0	0	0	0
Total	9,185,208	7,925,730	581,511	590,465	1,369,415	1,315,564	2,714,091	2,347,021	342,764	340,979

Overview of Program Budgets

The income for the Housing Choice Voucher Program was more than budgeted due to additional HAP funds that HUD distributed to cover the increased rents. The administration expenses were under budget due to not hiring for an open position and the receipt of additional FSS grant funds to cover the salary and benefits of a filled full-time position. The HAP expenses were over budget due to the increase in rents.

The income for JR "Polly" Lineweaver Apartments was more than budgeted because of fewer vacancies and an increase in rents. The utility expenses were slightly over budget due to an increase in rates and usage. The general expense category was higher than budgeted due to the write-off of bad debt accounts.

The income for Local Community Development was over budget due to the receipt of a grant for Commerce Village II (CVII) construction project. It was also under budget in Other Misc due to a decrease in bond fees and the loss of CHERP-HMIS grant funds. The expenses were over budget in the general category due to writing off bad debt accounts. The tenant services were more than budgeted due to purchases made for beds for the tenants moving into CVII. The interest was higher than budgeted due to payments made on interest for the construction loan funds for CVII.

The income for Component Units-Blended was over budget due to the increase in project-based housing rents. The maintenance category was over budget due to tree trimming and paying the video surveillance cameras twice this year because it was not paid in 2024. Unit Turnover was over budget due to replacing windows and doors in some of the units. The expenses for general and interest were over budget due to the Bluestone Town Center. These items were not budgeted in HRHA's FH budget.

The rental income for Component Units-Discreetly Presented was less than budgeted due to more vacant units this year and more tenants left owing than in previous years. The budget for tenant services was over budget due to purchasing beds for new tenants and paying for educational classes for tenants. The general expense category was higher than budgeted due to the write-off of bad debt accounts. The interest category was over budget due to a year-end GAAP entry to adjust interest payable.

Capital Asset and Long-Term Debt Activity

Planned initiatives which will impact the Authority's financial status include:

- Continuation of an affordable homeownership program
- Replace roofs on Franklin Heights housing units (10-15 units per year) and upgrade pavement and sidewalks at Lincoln Circle
- Development of Bluestone Town Center to include single family homes and town homes for first time homebuyers and affordable/workforce rental housing.
- Development of an exterior renovation and new roof plan to replace exterior Fascia siding and address the need for roof replacement for the Lineweaver Annex Apartments. Renovation of 5 units to ADA standards
- Pavement of parking lots behind the Lineweaver Annex Apartments and upgrades to the elevator

- Use of a Landlord Incentive Program to expand participating private owners in the HCV program
- Contracts with community service providers for housing stability and stabilization services
- Purchase of the Glens Fair Price building to expand office space and develop 12 single room occupancy units.
- Court Square Theater's management changed in 2026 resulting in increased expenses to the Authority. A new theater management group was selected for 2027 which will require additional expenses to the Authority until the transition is completed.
- The Authority will initiate a plan to replace aging out heat pumps at Franklin Heights. Anticipate replacing 3-5 per year with energy efficient heat pumps.
- The Authority will replace one maintenance work truck in 2027
- Purchase of the Glens Fair Price building to expand office space and develop 16 single room occupancy units.

The Authority will continue to seek grant funds in partnership with other community agencies to address gaps and needs in our local community and to identify additional resources that will assist Authority's residents in becoming more financially self-sufficient.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is to provide users with a general overview of the Authority's finances, and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact the Executive Director at PO Box 1071, Harrisonburg, VA 22803, by telephone 540-434-7386, or by fax at 540-432-1113.

Harrisonburg Redevelopment and Housing Authority

Statement of Net Position
December 31, 2025

ASSETS	Enterprise Fund	Component Units
Current Assets		
Cash and Cash Equivalents	$ 520,748	$ 489,941
Restricted Cash, Cash Equivalents	217,120	24,029
Investments	601,091	-
Receivables, Net	200,510	437
Inventories - Net of Allowance	62,150	-
Prepaid Charges and Other Assets	65,345	5,841
Interprogram Due From	32,708	-
Total Current Assets	1,699,672	520,248
Non-current Assets		
Investments- Restricted	143	222,165
Capital Assets		
Land	1,632,886	300,000
Buildings	17,477,630	3,159,823
Furniture Equipment & Machinery- Dwellings	264,875	52,896
Furniture Equipment & Machinery- Admin	496,222	42,130
Leasehold Improvements	11,587,463	440,807
Less: Accumulated Depreciation	(20,099,806)	(1,145,891)
Construction in Progress	9,500,374	-
Capital Assets - Net	20,859,644	2,849,765
Notes, Loans, & Mortgages Receivable	866,696	-
Other Assets	310,600	92
Total Non-current Assets	22,037,083	3,072,022
Deferred Outflow of Resources		
Deferred Outflow of Resources	-	-
Total Assets and Deferred Outflow of Resources	$ 23,736,755	$ 3,592,270

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

Harrisonburg Redevelopment and Housing Authority

Statement of Net Position
December 31, 2025

LIABILITIES	Enterprise Fund	Component Units
Current Liabilities		
Accounts Payable	$ 198,018	$ 214,010
Accrued Liabilities	114,334	116,116
Tenant Security Deposits	225,575	19,606
Other Current Liabilities	41,764	504
Current Portion Long-term Debt	2,172,133	-
Unearned Revenue and Other Liabilities	3,412	6,633
Interprogram Due To	-	32,708
Total Current Liabilities	2,755,236	389,577
Noncurrent Liabilities		
Long-term Debt	16,517,128	1,450,000
Accrued Absences - Long-term	81,927	4,262
Non-current Other	167,998	80,533
Total Non-current Liabilities	16,767,053	1,534,795
Total Liabilities	19,522,289	1,924,372
Deferred Inflow of Resources		
Deferred Inflow of Resources	-	-
Net Position		
Invested in Capital Assets, Net of Related Debt	1,570,383	1,399,765
Restricted Net Position	10,606	-
Unrestricted Net Position	2,633,477	268,133
Total Net Position	4,214,466	1,667,898
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 23,736,755	$ 3,592,270

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

Harrisonburg Redevelopment and Housing Authority

Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Year Ended December 31, 2025

	Enterprise Fund	Component Units
Revenues		
Tenant Revenue	$ 3,626,227	$ 266,592
Program Grants/Subsidies	9,725,272	-
Other Governmental Grants	559,391	-
Other Income	330,161	10,267
Total Revenues	14,241,051	276,859
Expenses		
Administrative	2,045,733	96,951
Tenant Services	133,637	29,614
Utilities	310,050	40,660
Maintenance	984,178	49,705
General	217,714	17,000
Housing Assistance Payments	8,488,872	-
Depreciation	1,089,236	108,834
Total Expenses	13,269,420	342,764
Net Income (Loss)	971,631	(65,905)
Non-Operating Revenues (Expenses)		
Interest Expense	(597,533)	(28,160)
Interest and Investment Revenue	4,565	4,410
Total Nonoperating Revenues (Expenses)	(592,968)	(23,750)
Income (Loss) before Contributions and Transfers	378,663	(89,655)
Change in Net Position	378,663	(89,655)
Beginning of Year Net Position	3,835,803	1,757,553
Total Ending Net Position	$ 4,214,466	$ 1,667,898

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

Harrisonburg Redevelopment and Housing Authority

Statement of Cash Flows
For The Year Ended December 31, 2025

	Enterprise Fund	Component Units
Cash Flows from Operating Activities:		
Cash Received from Tenants	$ 3,599,378	$ 350,018
Cash Received from Operating Grants	9,725,272	-
Cash Received from Other Sources	984,604	10,267
Cash Paid for Goods and Services	(1,574,257)	(7,889)
Cash Paid for Employees and Administrative	(2,179,370)	(22,096)
Housing Assistance Payments	(8,488,872)	-
Cash Paid for Other	(189,307)	(14,896)
Net Cash Provided (Used) By Operating Activities	1,877,448	315,404
Cash Flows from Capital and Related Financing Activities:		
Proceeds from the Sale of Assets	(2,812,160)	(6,848)
Purchases, Sales, and Construction of Capital Assets	(1,310,686)	830
Proceeds from Capital Debt	3,375,074	-
Interest Paid on Capital Debt	(597,533)	(28,160)
Net Cash Provided (Used) for Capital and Related Financing Activities	(1,345,305)	(34,178)
Cash Flows from Investing Activities:		
Interest and Dividends	4,565	4,410
Purchase/Sale of investments	(601,234)	(6,563)
Net Cash Provided (Used) By Investing Activities	(596,669)	(2,153)
Net Increase (Decrease) in Cash and Cash Equivalents	(64,526)	279,073
Cash and Cash Equivalents at Beginning of Year	802,394	234,897
Cash and Cash Equivalents at End of Year	$ 737,868	$ 513,970
Cash and Cash Equivalents:		
Unrestricted	$ 520,748	$ 489,941
Restricted	217,120	24,029
Total Cash and Cash Equivalents	$ 737,868	$ 513,970
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:		
Operating Income (Loss)	$ 971,631	$ (65,905)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:		
Depreciation Expense	1,089,236	108,834
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(26,849)	(149)
(Increase) Decrease in Inventories	(51,987)	45,236
(Increase) Decrease in Prepaid Expenses	(13,059)	-
(Increase) Decrease in Interprogram Due From	3,538	-
(Increase) Decrease in Notes Receivable	104,573	-
Increase (Decrease) in Accounts Payable	(210,960)	208,938
Increase (Decrease) in Accrued Expenses	(9,015)	13,332
Increase (Decrease) in Tenant Security Deposits	24,309	2,104
Increase (Decrease) in Other Liabilities	(5,599)	504
Increase (Decrease) in Unearned Revenue	(2,468)	5,994
Increase (Decrease) in Interprogram Due To	-	(3,538)
Increase (Decrease) in Non-current Liabilities	4,098	54
Net Cash Provided (Used) By Operating Activities	$ 1,877,448	$ 315,404

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

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity - The Harrisonburg Redevelopment and Housing Authority (HRHA) was established by the Council of the City of Harrisonburg (City) as a political subdivision of the Commonwealth of Virginia. HRHA is responsible for operating a low rent housing program which provides housing for eligible families, for operating redevelopment and conservation programs, and for the delivery of services to citizens of low rent housing and urban renewal areas through the encouragement and development of social and economic opportunities. The Commissioners of HRHA are appointed by City Council. As required by GAAP, these statements present the programs, activities and functions of HRHA (the primary government) and its component units. The component units discussed below are included in HRHA's reporting entity because of the significance of its operational and financial relationship with HRHA.

b. Component Units - The Component Units purpose is to provide housing, social, and economic opportunities for the benefit of low to moderate income people. They are component units of HRHA because of the significance of their operational and financial relationships with HRHA. The disclosure requirements of GASB 61 are met by the combined financial statement presentation of the sole Component Unit. Footnotes regarding the policies of HRHA apply to the Component Unit unless otherwise noted. The Component Units consist of:

1. Lineweaver Annex Corporation is a nonstock nonprofit Virginia corporation organized in 1991. The corporation is controlled by one member, the Shenandoah Housing Corporation. The Directors of the Lineweaver Annex Corporation and the Shenandoah Housing Corporation are the same as the Harrisonburg Redevelopment and Housing Authority's Board of Commissioners. Complete financial statements of the Lineweaver Annex Corporation are included in this report.

2. Shenandoah Housing Corporation is a non-stock, non-membership Virginia corporation organized in 1991. The principal activity of the corporation is being the controlling member of the Lineweaver Annex Corporation. The Directors of the Shenandoah Housing Corporation are the same as the Harrisonburg Redevelopment and Housing Authority's Board of Commissioners. Complete financial statements of the Shenandoah Housing Corporation are included in this report.

3. Franklin Heights, L.L.C. is a limited liability company organized on October 17, 2008. The company is controlled by the Harrisonburg Redevelopment and Housing Authority. The principal activity of the company is to provide housing to low- and moderate-income individuals. Complete financial statements of Franklin Heights, L.L.C. are included in this report.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

b. Component Units - continued

4. Commerce Village, L.L.C. is a limited liability company organized on March 5, 2013. The company is controlled by the Harrisonburg Redevelopment and Housing Authority. The principal activity of the company is to provide housing to low- and moderate-income individuals. Complete financial statements of Commerce Village, L.L.C. are included in this report.

5. Commerce Village Management, L.L.C. is a limited liability company organized on October 24, 2014. The company is controlled by the Harrisonburg Redevelopment and Housing Authority. The principal activity of the company is owning a managing interest in Commerce Village, L.L.C. Complete financial statements of Commerce Village Management, L.L.C. are included in this report.

6. Harrisonburg Managing Member, L.L.C. is a limited liability company organized to facilitate the development of a planned mixed use community. The company is majority controlled by the Authority. The company's sole asset is a 100% Ownership in EP Harrisonburg Owner, L.L.C.

All the component units are discretely presented, except for Franklin Heights, L.L.C. and Harrisonburg Managing Member, L.L.C., which are blended due to HRHA management having operational responsibility.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a Special Purpose Government entity engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund, in accordance with GASB 34.

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the "enterprise fund" in the basic financial statements as follows:

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Enterprise Fund – In accordance with the Enterprise Fund Method, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This required the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income necessary for management accountability.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all the Authority's enterprise funds are governmental grants used for maintaining and operating low income housing assistance programs. Operating expenses for these enterprise funds include administrative expenses, utilities and maintenance of housing units and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all the Authority's enterprise funds are governmental grants used for maintaining and operating low income housing assistance programs. Operating expenses for these enterprise funds include administrative expenses, utilities and maintenance of housing units and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

d. Other Federal Program – This program is administered by the Department of Housing and Urban Development (HUD). Harrisonburg Redevelopment and Housing Authority received a grant award for the project, Commerce Village Annex Permanent Supportive Housing, totaling $500,000 in 2023 as part of the "grants for the Economic Development Initiative (EDI) for the purposes specified for Community Project Funding/Congressionally Directed Spending". During 2025, the funds were received for Commerce Village Phase 2.

e. Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

f. Cash and Cash Equivalents - Highly liquid investments with initial maturities of three months or less from date of purchase are considered cash equivalents.

g. Investments - Investments are carried at fair value, with changes in fair value recognized as a component of investment income. Fair value is determined by reference to quoted market prices.

h. Notes Receivable - Deed of Trust and rental rehabilitation loans are carried at their unpaid principal balance. No allowance for loan losses is considered necessary.

i. Due from/Due to Other Programs - During the course of its operations, HRHA has numerous transactions between funds to finance operations and provide services, and the Component Unit may or may not have such transactions. To the extent that certain transactions between funds had not been paid or received as of December 31, 2025, balances of inter-programs amounts receivable and payable have been recorded.

j. Land, Structures, and Equipment - Land, structures, and equipment are capitalized at cost with depreciation calculated on the straight-line basis over the following estimated useful lives:

Real Property	40 years
Site Improvement	15 years
Office Furniture and Equipment	5 years
Data Processing Equipment	5 years
Automobiles	5 years
Maintenance Equipment	3 years

When assets are retired, demolished, or sold, their costs are removed from the accounts and the proceeds, if any, are reflected in revenues currently.

k. Other Assets - Buildings held for resale are listed as "Other Assets" and are stated at the lower of cost or fair market value as of the acquisition or renovation completion date. Total land and redevelopment costs, where applicable, are allocated to total salable acreage under redevelopment, and are charged to the expense of sale on a prorated basis when the property is sold.

l. Annual Contributions and Operating Subsidies - In accordance with the annual contributions contracts, HRHA receives operating subsidies from HUD. Such amounts are included as grant revenues from the federal government in the financial statements.

m. Compensated Absences - Employees earn annual vacation leave at a rate ranging from 12 days per year, up to a maximum of 18 days per year after 20 years of service. Vacation leave shall be approved in advance by the Executive Director and shall be taken within one year after its accrual. The maximum carryover per year shall be 30 days. At termination, employees are paid for any accumulated annual vacation leave. The amount is included in the accrued liabilities of the Authority.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

n. Pension Plans - HRHA participates in a defined contribution plan administered by Mission Square Retirement. All Employees are vested at 20% after the first year of service and an additional 20% each year up to five years. The Authority contributes 7.5% of each eligible employee's salary. The Authority's contribution and pension expense for the year ending December 31, 2025; December 31, 2024; and December 31, 2023 were $116,763; $104,976; $81,112, respectively. As of December 31, 2025, the Authority had no liability related to the defined contribution plan.

   The Authority also maintains a 457-deferred compensation plan administered by the Mission Square Retirement. The Authority does not contribute to this plan. Contributions are voluntary.

o. Income Taxes - As a political subdivision of the State of Virginia, HRHA is exempt from Federal and State income taxes. The Component Units are exempt from Federal and State income tax under Internal Revenue Code Section 501(c)(3).

p. Indirect Costs - Certain indirect costs are allocated to expenses in the various programs in accordance with cost allocation plans. These plans were approved by the appropriate grantors as of HRHA's overall operations budget for the fiscal year.

q. Inventories - The inventories consist principally of maintenance supplies and are valued at cost (first-in, first-out). Inventories are recognized as expenditures when consumed or sold. Franklin Heights, a Blended Component Unit, maintains an inventory balance.

r. Net Position - Net Position balances are designated by the Moving to Work program and Non-Major programs for future expenses, or must be returned to the grantor, and generally may not be used in any manner by HRHA except as specified under their respective contracts. The Net Position balance of the Business Activities program, and of the Component Unit are designated to provide for financial resource utilization in future periods. Deficit balances in net assets are primarily attributable to accumulated depreciation charges on fixed assets.

s. Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has no items that meet the criterion for this category. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has no items that meet the criterion for this category.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

At December 31, 2025, the carrying amount of the Authority's deposits was $2,075,237 and the bank balance was $1,853,072. Of the bank balance, $1,853,072 was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act) and HUD requirements. Under the Act, banks holding public deposits in excess of the amounts insured by federal depository insurance must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of federal depository insurance limits under the Act, while HUD requires collateralization of 100% of deposits in excess of federal depository insurance from all banks, savings and loan, and investment institutions for all cash deposits and for investment vehicles not directly held. The State Treasury Board requires HRHA to obtain additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of noncompliance by banks and savings and loan institutions. HRHA follows HUD's guidelines for investment policy.

Investments - As of December 31, 2025, Commerce Village, L.L.C., part of the discretely presented component unit, had investments in restricted reserve accounts totaling $222,165.

Interest Rate Risk - The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk - The Authority places no limit on the amount the Authority may invest in any one issuer. The Authority had no investments at December 31, 2025.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2025, all of the Authority's investments were in U.S. Government Securities held in the Authority's name.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 3: RESTRICTED CASH

The following is a summary of the portion of the cash referred to in Note 2 which is classified as restricted:

Enterprise Fund	
Security Deposits	$ 206,514
HCV - Mainstream Vouchers	10,606
	$ 217,120
Component Units	
Security Deposits	$ 24,029
Total	$ 241,149

NOTE 4: RECEIVABLES

Receivables as of year-end for the Authority and Component Units, including the applicable allowances for uncollectible accounts, are as follows:

	Enterprise Fund	Component Units
Receivables		
Tenants	$ 318,521	$ 506
Gross Receivables	318,521	506
Other Receivables		
HUD - Other Projects	1,293	-
Miscellaneous	6,466	-
Current Notes & Mortgages Receivable	5,759	-
Less: Allowance for Uncollectibles	(131,529)	(69)
Total Receivables	$ 200,510	$ 437
L/T Notes and Mortgage Receivables	$ 866,696	$ -

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 5: CAPITAL ASSETS

The following is a summary of changes in the Capital Assets during the fiscal year ended December 31, 2025:

Enterprise Fund	12/31/2024	Increases	Transfers	Decreases	12/31/2025
Land	$ 1,632,886	$ -	$ -	$ -	$ 1,632,886
Buildings	17,157,864	319,766	-	-	17,477,630
Equipment - Dwelling	261,829	3,046	-	-	264,875
Equipment - Administration	482,328	17,503	-	(3,609)	496,222
Leasehold Improvements	8,775,303	2,812,160	-	-	11,587,463
Construction in Progress	8,526,394	973,980	-	-	9,500,374
Accumulated Depreciation	(19,020,867)	(1,078,939)	-	-	(20,099,806)
	$ 17,815,737	$ 3,047,516	$ -	$ (3,609)	$ 20,859,644

Comp Unit - Discretely Presented	12/31/2024	Increases	Transfers	Decreases	12/31/2025
Land	$ 300,000	$ -	$ -	$ -	$ 300,000
Building	3,159,823	-	-	-	3,159,823
Equipment - Dwelling	53,339	-	-	(443)	52,896
Equipment - Administration	42,130	-	-	-	42,130
Leasehold Improvements	433,959	6,848	-	-	440,807
Accumulated Depreciation	(1,037,500)	(108,834)	-	443	(1,145,891)
	$ 2,951,751	$ (101,986)	$ -	$ -	$ 2,849,765

NOTE 6: PREPAID CHARGES

Prepaid charges at December 31, 2025, consisted of the following:

	Enterprise Fund	Component Units
Prepaid Insurance	$ 65,345	$ 5,841
Total Prepaid Charges	$ 65,345	$ 5,841

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 7: OTHER ASSETS

On November 5, 2010, the Authority leased the building at 715 North Main to Our Community Place. Total lease payments of $200,000, are payable in monthly amounts of $500. At December 31, 2025, the lease receivable was $110,600.

Commerce Village Management, L.L.C. owns a .009% managing member interest in Commerce Village, L.L.C. At December 31, 2025, this interest had a carrying value of $92.

During 2022, the Authority invested $200,000 in Harrisonburg Managing Member, L.L.C. This investment is in conjunction with additional investors to create a planned multi use planned community.

NOTE 8: CURRENT LIABILITIES

Current liabilities at December 31, 2025, consisted of the following:

Totals Primary Government		Discretely Presented Component Unit	
Accounts Payable	$ 198,017	Accounts Payable	$ 214,010
Other Current Liabilities	41,305	Other Current Liabilities	504
Current Portion - Long Term Debt	300,849	Current Portion - Long Term Debt	-
Due to Affiliates	-	Due to Affiliates	32,708
Accrued Liabilities	114,334	Accrued Liabilities	116,116
Unearned Revenue	3,412	Unearned Revenue	6,633
Tenant Security Deposits	225,575	Tenant Security Deposits	19,606
Total Current Liabilities	$ 883,492	Total Current Liabilities	$ 389,577

NOTE 9: CONTINGENCIES AND OTHER MATTERS

a. Litigation and Other Matters

Certain claims, suits and complaints may arise in the ordinary course of business. In the opinion of the Authority's management, any such matters are adequately covered by insurance.

b. Grants

The Authority has received various other grants for specific purposes. These grants are subject to financial and compliance audits. Such audits could result in requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The Authority's management is of the opinion that disallowances, if any, will not be material.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 10: INSURANCE AND RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has purchased commercial insurance for all claims.

NOTE 11: ECONOMIC DEPENDENCY

The Moving to Work program is economically dependent on annual contributions and grants from HUD. The program operates at a loss prior to receiving the contributions and grants.

NOTE 12: IMPAIRMENT OF CAPITAL ASSETS

In accordance with new financial reporting standards issued by the Government Accounting Standards Board's, "Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" requires certain note disclosures. There were no permanent impairments experienced by the Authority that required material adjustments to the Statement of Net Assets.

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund activity was incurred during normal operating activities:

	Due To	Due From
Business Activities	$ -	$ 338,483
N/C S/R Section 8 Programs	305,775	-
Component Units	32,708	-
Interfund Eliminations	(338,483)	(338,483)
	$ -	$ -

NOTE 14: DEFINED CONTRIBUTION PENSION PLAN

The Authority offers a defined contribution pension plan for eligible employees administered by the American Funds. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individuals' account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depends solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and the forfeitures of other participants' benefits that may be allocated to such participant's account. All Employees shall participate in the Plan on the first day of the month after attaining age 21 and completing one year of continuous and uninterrupted employment. Participating employees shall vest in the employer's contributions at the rate of twenty percent for each full year of continuous employment.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 14: DEFINED CONTRIBUTION PENSION PLAN – Continued

Forfeitures of the accounts of partially vested terminated participants in excess of plan expenses shall be reallocated among the accounts of remaining participants. There were no forfeitures during fiscal year ended December 31, 2025, and no outstanding liability due to the plan. The Authority contributes an amount equal to 7.5% of each participating employee's annual compensation to the plan. Pension costs are expensed as incurred and the Authority recognized total pension expense of $116,763 for the year ended December 31, 2025. The total covered payroll for the year ended December 31, 2025, was $1,846,626.

NOTE 15: NONCURRENT LIABILITIES

Noncurrent liabilities at December 31, 2025, consisted of the following:

	Balance 12/31/2024	Increases	Decreases	Long-Term Balance 12/31/2025	Current Portion
Long-Term Debt, Net of Current	$ 16,469,338	$ 1,701,667	$ (203,877)	$ 17,967,128	$ 2,172,133
Long-Term Compensated Absences	81,806	4,383	-	86,189	9,222
Non-Current Liabilities - Other	248,761	-	(230)	248,531	-
Total Non-Current Liabilities	$ 16,799,905	$ 1,706,050	$ (204,107)	$ 18,301,848	$ 2,181,355

Notes Payable: Section 8 New Construction/Substantial Rehabilitation

The Authority originally issued a Renovation and Refinancing Project Revenue bond in 2011, in the amount of $1,730,000 to finance the complete renovations and refinance debt on the 61-unit JR Polly Lineweaver building. The bonds are payable through United Bank. The bond was refinanced in 2017 in the amount of $1,347,171. Principal and interest payment (3.10% per annum) is due monthly beginning August 21, 2017, and ends October 21, 2031. The interest rate reset to 3.20% as of January 1, 2022. As of December 31, 2025, the balance on the bond was $646,480.

	Principal	Interest
2026	$ 98,255	$ 19,345
2027	101,446	16,154
2028	104,740	12,859
2029	108,142	9,458
2030	111,653	5,946
Thereafter	122,244	-
	$ 646,480	$ 63,762

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 15: NONCURRENT LIABILITIES – Continued

Notes Payable: Blended Component Unit

The $3,500,000 General Obligation Public Improvement Bonds, Series 2006, will be used to renovate certain housing units that it owns and to refinance loans in the Local Community Development Fund. The Bond was issued by the City of Harrisonburg. The bond is payable through Davenport & Company, L.L.C., and principal payments start February 2010 and end July 2032 with an average interest cost of 4.3%. As of December 31, 2025, the Authority owes $1,315,000 to the City of Harrisonburg on the bonds.

	Principal	Interest
2026	$ 170,000	$ 50,900
2027	170,000	45,800
2028	180,000	39,000
2029	185,000	31,800
2030	195,000	24,400
Thereafter	415,000	25,000
	$ 1,315,000	$ 216,900

The $6,436,515 General Obligation Public Improvement Bonds, Series 2009A-2, will be used to renovate certain housing units that it owns and to refinance the Authority's outstanding Revenue Note issued to Newbridge Bank in the original principal amount of $2,000,000. The Bond was issued by the City Of Harrisonburg. The bond is payable through Davenport & Company, L.L.C., and principal payments start February 2010 and end August 2029 with an average interest cost of 4.5%. On September 21, 2021, the Authority refunded the outstanding bonds with a new principal balance of $2,610,000, bear interest of 5.00%. The bonds remain due August 2029 and were issued with a premium of $519,693, resulting in an average interest cost of 3.25%. As of December 31, 2025, the Authority owes $1,435,000 to the City of Harrisonburg on the bonds.

	Principal	Interest	Premium	Total
2026	$ 330,000	$ 9,351	$ 62,399	$ 401,750
2027	350,000	7,201	48,049	405,250
2028	370,000	4,920	32,830	407,750
2029	385,000	2,508	16,742	404,250
Thereafter	-	-	-	-
	$ 1,435,000	$ 23,980	$ 160,020	$ 1,619,000

NOTE 15: NONCURRENT LIABILITIES – Continued

Notes Payable: Blended Component Unit - Continued

On July 1, 2021, the Authority received a promissory note payable to Bank of the James (BOJ) in the amount of $1,559,000. Principal and interest (2.40% per annum) in the form of payments of $10,347.98 is due monthly beginning July 1, 2021 and ending June 1, 2036, when the note is due in full. As of December 31, 2025, the Authority owes BOJ $1,155,182.

	Principal	Interest	Total
2026	$ 97,519	$ 26,657	$ 124,176
2027	99,887	24,290	124,177
2028	102,309	21,866	124,175
2029	104,792	19,384	124,176
2030	107,335	16,841	124,176
Thereafter	643,340	44,346	687,686
	$ 1,155,182	$ 153,384	$ 1,308,566

EP Harrisonburg Owner (EPHO), in which the Authority has a 51% managing member interest by its investment in Harrisonburg Managing Member, L.L.C. has the following debt outstanding:

On April 27, 2023, EPHO entered into a acquisition bridge loan with the National Housing Trust Community Development Fund (NHT-CDF) for $6,480,000. This loan bears accruing interest of 6.85% and was due on April 27, 2025. As of March 1, 2025, all accrued interest has been deferred and the maturity date was extended to December 31, 2026, with no principal paydowns made to date. Interest accrues monthly and will be due in full on the maturity date. As of December 31, 2025, this loan had $369,900 of unamortized loan costs for a net presentation balance of $6,249,900.

On September 2, 2025, EPHO opened a new line of credit from Locus Bank for $2,000,000 secured by a deed of trust. This loan bears accruing interest at WSJ Prime (6.75% at December 31, 2025) + 1.00%, with a floor of 6.5%, with interest-only monthly payments. All interest and principal will be due at maturity on September 2, 2027. As of December 31, 2025, this loan has $486,666 undrawn funds with an outstanding balance of $1,544,160.

During 2025, EPHO received funds from the development partners EquityPlus Manager L.L.C. and PaxCopia L.L.C., for $909,350 and $200,000, respectively. As of December 31, 2025, there were no principal and interest payments made and the loan had an outstanding balance of $1,109,350.

NOTE 15: NONCURRENT LIABILITIES – Continued

Notes Payable: Blended Component Unit - Continued

During 2025, EPHO Received funds from Harrisonburg Redevelopment Housing Authority for $409,332 to fund the project. As of December 31, 2025, there were no principal and interest payments made and the loan had an outstanding balance of $409,332.

During 2025, EPHO entered into a predevelopment loan commitment with Virginia Housing for the original amount of $550,000. The loan is to provide predevelopment funds to complete the design of BTC Senior 1 and BTS Family I and other items necessary to secure construction or permanent financing for the two projects. The loan was split into two loans for $275,000 and $275,000, respectively. The loans bear no interest with principal and interest payments to be deferred until the maturity date both on April 7, 2028. As of December 31, 2025, the outstanding balances of the loans were $275,000 and $275,000, respectively.

During 2023, EPHO entered into a predevelopment loan commitment with Virginia Housing for the original amount of $200,000 for the purpose of financing predevelopment costs and fees associated with the development and operation of a multi-family housing development. The loan bears no interest with principal and interest payments to be deferred until the maturity date on February 1, 2027. As of December 31, 2025, the outstanding balance on the loan was $200,000.

Notes Payable: Business Activities

On September 21, 2017, The Authority issued a Bank Qualified Series 2017 Revenue bond in the amount of $650,000 at 3.02% to finance the renovation of the basement of the Bridgeport Building in order to lease such space to the Harrisonburg Rockingham Social Services District. The bonds are payable through Bank of the James, with principal and interest being payable in 240 monthly installments commencing on October 21, 2017. As of December 31, 2025, the balance on the bond was $445,144.

BA

	Principal	Interest
2026	$ 27,318	$ 25,818
2027	28,993	24,143
2028	30,771	22,365
2029	32,657	20,479
2030	34,660	18,476
2031 to 2034	161,250	51,308
2035 to 2037	129,495	10,792
	$ 445,144	$ 173,381

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 15: NONCURRENT LIABILITIES – Continued

Notes Payable: Business Activities – Continued

On March 23, 2022, the Authority entered into a mortgage with the Bank of the James in the amount of $1,270,000. The loan term is for 15 years and is due in full March 2037. The loan bears interest of 2.88% and principal and interest payments of $8,724 are due monthly. As of December 31, 2025, the balance of the loan was $1,002,272.

BA

	Principal	Interest
2026	$ 76,826	$ 27,857
2027	79,068	25,615
2028	81,375	23,307
2029	83,750	20,932
2030	86,194	18,488
2031 to 2034	370,689	48,592
2035 to 2037	224,370	7,505
	$ 1,002,272	$ 172,296

On November 21, 2024, The Authority entered into a ARPA Affordable Housing Funds Agreement with the City of Harrisonburg, Virginia for the original amount of $1,300,000. The loan term is for 30 years. The loan bears interest of 3.00% and interest only payments are to be made monthly. As of December 31, 2025, no payments have been made, and the outstanding balance of the loan was $1,300,000.

On December 18, 2024, the Authority entered into a promissory note agreement with the Bank of the James in the original amount of $2,000,000. The loan bears interest of 3.00% and principal and interest payments are each month starting on January 18, 2025. All outstanding principal and unpaid interest will be due on December 18, 2025. As of December 31, 2025, the outstanding balance of the loan was $1,172,215. The full outstanding balance was paid in 2026.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 15: NONCURRENT LIABILITIES – Continued

Commerce Village, L.L.C. (Cont.)

HRHA is owed a note payable by CV in the amount of $58,000 for the permanent financing of the project. The note is secured by a deed of trust in the project and accrues interest at 1.50% per annum. At December 31, 2025, the balance of accrued interest is $8,237. The note is administered by the Virginia Department of Housing and Community Development (DHCD) through the Permanent Supportive Housing grant program.

CV also has a DHCD HOME loan in the amount of $342,000 and is secured by a deed of trust. The loan has a stated interest rate of 1.50% and Interest only payments of $428 are due monthly and the mortgage is due and payable in full on March 1, 2036.

CV has another DHCD Housing Trust Fund loan in the amount of $750,000 and is secured by a deed of trust and has a stated interest rate of 1.50%. Interest only payments of $938 are due monthly and the mortgage is due and payable in full on March 1, 2036.

Conduit Debt:

HRHA serves as a financing conduit for the issuance of Tax-Exempt Revenue Bonds used for the development of various Housing Projects. HRHA receives an origination fee as well as yearly administration fees for performing this service. The respective properties are used as collateral for payment of these bonds and HRHA is not liable for payment in the event of default. All principal is guaranteed through Governmental insurance (ex. FHA) or private insurance. All projects are for 103b(4)A Housing projects. The Bonds issued to date, which are not part of these financial statements, are as follows:

Type of Bond	Date Issued	Amount of Issue	Balance Outstanding
Revenue Bonds-Oakemeade Apts	2/9/2012	$ 4,700,000	$ 3,705,000
Revenue Bonds-NewBridge Village Apts	2/27/2020	15,000,000	13,834,005

NOTE 16: SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 29, 2026, the date on which the financial statement were available to be issued.

NOTE 16: COMPONENT UNITS

A condensed presentation of the component units financial statements can be found on the following page.

NOTE 16: COMPONENT UNITS – Continued

	Shenandoah Housing Corp	Lineweaver Annex Corp	Commerce Village Mgt, LLC	Commerce Village, LLC	Discretely Presented Component Units TOTAL
Statement of Net Assets- Balance Sheet					
Cash	$ -	$ -	$ -	$ 513,970	$ 513,970
Other Current Assets	855	855	-	4,568	6,278
Noncurrent Assets	-	-	92	3,071,930	3,072,022
Total Assets	855	855	92	3,590,468	3,592,270
Liabilities					
Current Liabilities	(19,085)	47,698	4,095	356,869	389,577
Long Term Liabilities	-	-	-	1,534,795	1,534,795
Total Liabilities	(19,085)	47,698	4,095	1,891,664	1,924,372
Net Assets - Equity					
Net Assets	$ 19,940	$ (46,843)	$ (4,003)	$ 1,698,804	$ 1,667,898
Statement of Activities - Income Statement					
Revenues	$ -	$ -	$ -	$ 266,592	$ 266,592
Other	10,267	-	-	-	10,267
Total Revenue	10,267	-	-	266,592	276,859
Expenses					
Administrative	4,123	425	250	121,767	126,565
Maintenance and Operations	-	-	-	90,365	90,365
General	788	788	-	15,424	17,000
Depreciation	-	-	-	108,834	108,834
Total Expenses	4,911	1,213	250	336,390	342,764
Operating Income <Loss>	5,356	(1,213)	(250)	(69,798)	(65,905)
Investment Revenue	-	-	-	4,410	4,410
Less: Interest Expense	-	-	-	(28,160)	(28,160)
Income <Loss>	5,356	(1,213)	(250)	(93,548)	(89,655)
Beginning Net Assets (Equity)	14,584	(45,630)	(3,753)	1,792,352	1,757,553
Ending Net Assets (Equity)	$ 19,940	$ (46,843)	$ (4,003)	$ 1,698,804	$ 1,667,898

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 16: COMPONENT UNITS – Continued

	Shenandoah Housing Corp	Lineweaver Annex Corp	Commerce Village Mgt, LLC	Commerce Village, L.L.C.	Discretely Presented Component Units
Cash flows from operating activities:					
Cash received from tenants	$ -	$ -	$ -	$ 266,443	$ 266,443
Cash received from other sources	-	-	-	10,267	10,267
Cash paid for goods and services	-	-	-	180,154	180,154
Cash paid for employees and administrative	-	-	-	(126,565)	(126,565)
Cash paid for other	-	-	-	(14,896)	(14,896)
Net cash provided (used) by operating activities	-	-	-	315,403	315,403
Cash flows from capital and related financing activities:					
Proceeds from capital debt	-	-		-	-
Proceeds from the sale of assets	-	-	-	(6,848)	(6,848)
Purchases, sales and construction of capital assets	-	-	-	831	831
Interest Paid on Capital Debt	-	-	-	(28,160)	(28,160)
Net cash (used) for capital and related financing activities	-	-	-	(34,177)	(34,177)
Cash flows from investing activities:					
Interest and dividends	-	-	-	4,410	4,410
Purchase/Sale of investments	-	-	-	(6,563)	(6,563)
Net cash provided by investing activities	-	-	-	(2,153)	(2,153)
Net increase (decrease) in cash and cash equivalents	-	-	-	279,073	279,073
Cash and cash equivalents at beginning of year	-	-	-	234,897	234,897
Cash and cash equivalents at end of year	$ -	$ -	$ -	$ 513,970	$ 513,970
Cash and Cash Equivalents:					
Unrestricted	$ -	$ -	$ -	$ 489,941	$ 489,941
Restricted	-	-	-	24,029	24,029
Total Cash and Cash Equivalents	$ -	$ -	$ -	$ 513,970	$ 513,970
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ 5,356	$ (1,213)	$ (250)	$ (69,798)	$ (65,905)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	-	-	-	108,834	108,834
Changes in assets and liabilities:					
(Increase) Decrease in Receivables	-	-	-	(149)	(149)
(Increase) Decrease in Inventories	-	-	-	45,236	45,236
Increase (Decrease) in Accounts payable	-	-	-	208,937	208,937
Increase (Decrease) in Accrued expenses	-	-	-	13,332	13,332
Increase (Decrease) in Tenant Security Deposits	-	-	-	2,104	2,104
Increase (Decrease) in Other liabilities	-	-	-	504	504
Increase (Decrease) in Unearned Revenue	-	-	-	5,994	5,994
Increase (Decrease) in Interprogram due to	(5,356)	1,213	250	355	(3,538)
Increase (Decrease) in Noncurrent liabilities	-	-	-	54	54
Net cash provided (used) by operating activities	$ -	$ -	$ -	$ 315,403	$ 315,403

SUPPLEMENTAL INFORMATION

Harrisonburg Redevelopment & Housing Authorit (VA014)
Harrisonburg, VA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2025

	14.HCV MTW Demonstration Program for HCV program	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.881 Moving to Work Demonstration Program	14.267 Continuum of Care Program	14.191 Multifamily Housing Service Coordinators	8 Other Federal Program 1	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
111 Cash - Unrestricted		$489,941	$40,503		$218,420		$23,521	$236,914				$1,390	$1,010,689		$1,010,689
112 Cash - Restricted - Modernization and Development															
113 Cash - Other Restricted							$10,606						$10,606		$10,606
114 Cash - Tenant Security Deposits		$24,029	$138,134		$50,620							$17,760	$230,543		$230,543
115 Cash - Restricted for Payment of Current Liabilities															
100 Total Cash	$0	$513,970	$178,637	$0	$269,040	$0	$34,127	$236,914	$0	$0	$0	$19,150	$1,251,838	$0	$1,251,838
121 Accounts Receivable - PHA Projects															
122 Accounts Receivable - HUD Other Projects								$1,293					$1,293		$1,293
124 Accounts Receivable - Other Government															
125 Accounts Receivable - Miscellaneous					$6,466								$6,466		$6,466
126 Accounts Receivable - Tenants		$506	$171,387		$84,713							$62,421	$319,027		$319,027
126.1 Allowance for Doubtful Accounts -Tenants		-$69	-$72,876		-$30,156							-$28,497	-$131,598		-$131,598
126.2 Allowance for Doubtful Accounts - Other					$0			$0					$0		$0
127 Notes, Loans, & Mortgages Receivable - Current					$5,759								$5,759		$5,759
128 Fraud Recovery								$33,171					$33,171		$33,171
128.1 Allowance for Doubtful Accounts - Fraud								-$33,171					-$33,171		-$33,171
129 Accrued Interest Receivable															
120 Total Receivables, Net of Allowances for Doubtful Accounts	$0	$437	$98,511	$0	$66,782	$0	$0	$1,293	$0	$0	$0	$33,924	$200,947	$0	$200,947
131 Investments - Unrestricted			$601,091										$601,091		$601,091
132 Investments - Restricted		$222,165			$143								$222,308		$222,308
135 Investments - Restricted for Payment of Current Liability															
142 Prepaid Expenses and Other Assets		$5,841	$46,552		$9,866			$4,179				$4,748	$71,186		$71,186
143 Inventories			$69,055										$69,055		$69,055
143.1 Allowance for Obsolete Inventories			-$6,905										-$6,905		-$6,905
144 Inter Program Due From					$338,483								$338,483	-$338,483	$0
145 Assets Held for Sale															
150 Total Current Assets	$0	$742,413	$986,941	$0	$684,314	$0	$34,127	$242,386	$0	$0	$0	$57,822	$2,748,003	-$338,483	$2,409,520
161 Land		$300,000	$900,064		$507,242							$225,580	$1,932,886		$1,932,886
162 Buildings		$3,159,823	$10,338,046		$5,285,703							$1,853,881	$20,637,453		$20,637,453
163 Furniture, Equipment & Machinery - Dwellings		$52,896	$107,894									$156,981	$317,771		$317,771
164 Furniture, Equipment & Machinery - Administration		$42,130	$86,046		$372,986			$31,953				$5,237	$538,352		$538,352
165 Leasehold Improvements		$440,807	$6,850,872		$3,480,374							$1,256,217	$12,028,270		$12,028,270
166 Accumulated Depreciation		-$1,145,891	-$12,645,887		-$4,537,860			-$31,953				-$2,884,106	-$21,245,697		-$21,245,697
167 Construction in Progress			$9,500,374										$9,500,374		$9,500,374
168 Infrastructure															
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$2,849,765	$15,137,409	$0	$5,108,445	$0	$0	$0	$0	$0	$0	$613,790	$23,709,409	$0	$23,709,409
171 Notes, Loans and Mortgages Receivable - Non-Current					$866,696								$866,696		$866,696
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due															
173 Grants Receivable - Non Current															
174 Other Assets		$92			$110,600								$110,692		$110,692
176 Investments in Joint Ventures					$200,000								$200,000		$200,000
180 Total Non-Current Assets	$0	$2,849,857	$15,137,409	$0	$6,285,741	$0	$0	$0	$0	$0	$0	$613,790	$24,886,797	$0	$24,886,797
200 Deferred Outflow of Resources															
290 Total Assets and Deferred Outflow of Resources	$0	$3,592,270	$16,124,350	$0	$6,970,055	$0	$34,127	$242,386	$0	$0	$0	$671,612	$27,634,800	-$338,483	$27,296,317
311 Bank Overdraft															
312 Accounts Payable <= 90 Days		$214,010	$23,870		$26,007			$2,720				$19,593	$286,200		$286,200
313 Accounts Payable >90 Days Past Due			$18,225		$107,603								$125,828		$125,828
321 Accrued Wage/Payroll Taxes Payable		$1,521	$17,084		$13,582			$12,746				$2,445	$47,378		$47,378
322 Accrued Compensated Absences - Current Portion		$474	$3,737		$1,447			$3,281				$283	$9,222		$9,222

Harrisonburg Redevelopment & Housing Authorit (VA014)
Harrisonburg, VA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2025

	14.HCV MTW Demonstration Program for HCV program	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.881 Moving to Work Demonstration Program	14.267 Continuum of Care Program	14.191 Multifamily Housing Service Coordinators	8 Other Federal Program 1	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
324 Accrued Contingency Liability															
325 Accrued Interest Payable		$114,121	$59,729										$173,850		$173,850
331 Accounts Payable - HUD PHA Programs															
332 Account Payable - PHA Projects															
333 Accounts Payable - Other Government															
341 Tenant Security Deposits		$19,606	$152,073		$56,724							$16,778	$245,181		$245,181
342 Unearned Revenue		$6,633	$3,042		$125							$245	$10,045		$10,045
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			$1,968,803		$104,143							$99,187	$2,172,133		$2,172,133
344 Current Portion of Long-term Debt - Operating Borrowings															
345 Other Current Liabilities		$504			$41,304							$460	$42,268		$42,268
346 Accrued Liabilities - Other															
347 Inter Program - Due To		$32,708										$305,775	$338,483	-$338,483	$0
348 Loan Liability - Current															
310 Total Current Liabilities	$0	$389,577	$2,246,563	$0	$350,935	$0	$0	$18,747	$0	$0	$0	$444,766	$3,450,588	-$338,483	$3,112,105
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		$1,450,000	$12,153,005		$3,816,830							$547,293	$17,967,128		$17,967,128
352 Long-term Debt, Net of Current - Operating Borrowings															
353 Non-current Liabilities - Other		$80,533										$167,998	$248,531		$248,531
354 Accrued Compensated Absences - Non Current		$4,262	$33,636		$13,030			$32,349				$2,912	$86,189		$86,189
355 Loan Liability - Non Current															
356 FASB 5 Liabilities															
357 Accrued Pension and OPEB Liabilities															
350 Total Non-Current Liabilities	$0	$1,534,795	$12,186,641	$0	$3,829,860	$0	$0	$32,349	$0	$0	$0	$718,203	$18,301,848	$0	$18,301,848
300 Total Liabilities	$0	$1,924,372	$14,433,204	$0	$4,180,795	$0	$0	$51,096	$0	$0	$0	$1,162,969	$21,752,436	-$338,483	$21,413,953
400 Deferred Inflow of Resources															
508.4 Net Investment in Capital Assets		$1,399,765	$415,601		$1,187,472		$0	$0				-$32,690	$2,970,148		$2,970,148
511.4 Restricted Net Position		$0	$0		$0	$0	$10,606	$0	$0				$10,606		$10,606
512.4 Unrestricted Net Position	$0	$268,133	$1,275,545	$0	$1,601,788	$0	$23,521	$191,290	$0	$0	$0	-$458,667	$2,901,610		$2,901,610
513 Total Equity - Net Assets / Position	$0	$1,667,898	$1,691,146	$0	$2,789,260	$0	$34,127	$191,290	$0	$0	$0	-$491,357	$5,882,364	$0	$5,882,364
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$0	$3,592,270	$16,124,350	$0	$6,970,055	$0	$34,127	$242,386	$0	$0	$0	$671,612	$27,634,800	-$338,483	$27,296,317

Harrisonburg Redevelopment & Housing Authorit (VA014)

Harrisonburg, VA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2025

	14.HCV MTW Demonstration Program for HCV program	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.881 Moving to Work Demonstration Program	14.267 Continuum of Care Program	14.191 Multifamily Housing Service Coordinators	8 Other Federal Program 1	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		$254,357	$2,395,349		$921,312							$224,203	$3,795,221		$3,795,221
70400 Tenant Revenue - Other		$12,235	$44,712		$25,461							$15,190	$97,598		$97,598
70500 Total Tenant Revenue	$0	$266,592	$2,440,061	$0	$946,773	$0	$0	$0	$0	$0	$0	$239,393	$3,892,819	$0	$3,892,819
70600 HUD PHA Operating Grants	$8,575,799			$137,592			$488,839		$164,470	$77,842		$280,730	$9,725,272		$9,725,272
70610 Capital Grants															
70710 Management Fee															
70720 Asset Management Fee															
70730 Book Keeping Fee															
70740 Front Line Service Fee															
70750 Other Fees															
70700 Total Fee Revenue													$0	$0	$0
70800 Other Government Grants						$59,391					$500,000		$559,391		$559,391
71100 Investment Income - Unrestricted			$1,097										$1,097		$1,097
71200 Mortgage Interest Income															
71300 Proceeds from Disposition of Assets Held for Sale															
71310 Cost of Sale of Assets															
71400 Fraud Recovery								$19,164					$19,164		$19,164
71500 Other Revenue		$10,267			$218,618			$92,379					$321,264		$321,264
71600 Gain or Loss on Sale of Capital Assets															
72000 Investment Income - Restricted		$4,410			$3,468								$7,878		$7,878
70000 Total Revenue	$8,575,799	$281,269	$2,441,158	$137,592	$1,168,859	$59,391	$488,839	$111,543	$164,470	$77,842	$500,000	$520,123	$14,526,885	$0	$14,526,885
91100 Administrative Salaries		$42,095	$368,907	$104,302	$234,667	$35,222	$32,676	$338,101	$101,954			$42,251	$1,300,175		$1,300,175
91200 Auditing Fees			$2,500		$8,660			$10,000				$2,000	$23,160		$23,160
91300 Management Fee															
91310 Book-keeping Fee															
91400 Advertising and Marketing					$518			$415				$218	$1,151		$1,151
91500 Employee Benefit contributions - Administrative		$13,605	$103,523	$29,290	$63,844	$11,355	$11,582	$100,644	$28,065			$16,599	$378,507		$378,507
91600 Office Expenses		$6,413	$53,369		$41,815			$25,709				$4,950	$132,256		$132,256
91700 Legal Expense		$1,450	$18,017		$14,461		$500	$5,417				$11,754	$51,599		$51,599
91800 Travel		$1,222	$18,600		$23,018		$1,000	$9,721					$53,561		$53,561
91810 Allocated Overhead															
91900 Other		$32,166	$21,136	$4,000	$99,069	$1,229	$1,576	$6,736	$34,451			$1,912	$202,275		$202,275
91000 Total Operating - Administrative	$0	$96,951	$586,052	$137,592	$486,052	$47,806	$47,334	$496,743	$164,470	$0	$0	$79,684	$2,142,684	$0	$2,142,684
92000 Asset Management Fee															
92100 Tenant Services - Salaries		$20,000								$57,365			$77,365		$77,365
92200 Relocation Costs															
92300 Employee Benefit Contributions - Tenant Services										$14,261			$14,261		$14,261
92400 Tenant Services - Other		$9,614	$1,977		$28,380		$1,570	$594		$7,017		$22,474	$71,626		$71,626
92500 Total Tenant Services	$0	$29,614	$1,977	$0	$28,380	$0	$1,570	$594	$0	$78,643	$0	$22,474	$163,252	$0	$163,252
93100 Water		$5,393	$37,769		$12,729							$10,709	$66,600		$66,600
93200 Electricity		$21,945	$10,918		$71,642			$2,008				$82,818	$189,331		$189,331
93300 Gas		$2,323	$1,781		$211			$1,438					$5,753		$5,753
93400 Fuel															
93500 Labor															
93600 Sewer		$10,999	$30,575		$24,584							$22,868	$89,026		$89,026
93700 Employee Benefit Contributions - Utilities															
93800 Other Utilities Expense															
93000 Total Utilities	$0	$40,660	$81,043	$0	$109,166	$0	$0	$3,446	$0	$0	$0	$116,395	$350,710	$0	$350,710
94100 Ordinary Maintenance and Operations - Labor		$18,872	$225,387		$87,876							$61,979	$394,114		$394,114
94200 Ordinary Maintenance and Operations - Materials and Other		$4,993	$20,528		$23,289							$13,866	$62,676		$62,676

Harrisonburg Redevelopment & Housing Authorit (VA014)

Harrisonburg, VA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2025

	14.HCV MTW Demonstration Program for HCV program	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.881 Moving to Work Demonstration Program	14.267 Continuum of Care Program	14.191 Multifamily Housing Service Coordinators	8 Other Federal Program 1	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
94300 Ordinary Maintenance and Operations Contracts		$20,163	$326,446		$73,449							$49,425	$469,483		$469,483
94500 Employee Benefit Contributions - Ordinary Maintenance		$5,677	$60,159		$24,214							$17,560	$107,610		$107,610
94000 Total Maintenance	$0	$49,705	$632,520	$0	$208,828	$0	$0	$0	$0	$0	$0	$142,830	$1,033,883	$0	$1,033,883
95100 Protective Services - Labor															
95200 Protective Services - Other Contract Costs															
95300 Protective Services - Other															
95500 Employee Benefit Contributions - Protective Services															
95000 Total Protective Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
96110 Property Insurance		$5,216	$15,819		$7,827			$504				$4,917	$34,283		$34,283
96120 Liability Insurance		$1,252	$7,779		$3,385			$142				$2,598	$15,156		$15,156
96130 Workmen's Compensation		$750	$8,583		$5,796			$7,402				$1,314	$23,845		$23,845
96140 All Other Insurance		$1,787	$2,182		$3,232			$1,763				$3,603	$12,567		$12,567
96100 Total insurance Premiums	$0	$9,005	$34,363	$0	$20,240	$0	$0	$9,811	$0	$0	$0	$12,432	$85,851	$0	$85,851
96200 Other General Expenses		$510	$39,047		$4,283		$303	$2,112					$46,255		$46,255
96210 Compensated Absences															
96300 Payments in Lieu of Taxes			$34,539										$34,539		$34,539
96400 Bad debt - Tenant Rents		-$287	$32,983		$22,200							$7,796	$62,692		$62,692
96500 Bad debt - Mortgages															
96600 Bad debt - Other		$7,772						-$2,395					$5,377		$5,377
96800 Severance Expense															
96000 Total Other General Expenses	$0	$7,995	$106,569	$0	$26,483	$0	$303	-$283	$0	$0	$0	$7,796	$148,863	$0	$148,863
96710 Interest of Mortgage (or Bonds) Payable		$28,160	$502,471		$72,337							$22,725	$625,693		$625,693
96720 Interest on Notes Payable (Short and Long Term)															
96730 Amortization of Bond Issue Costs															
96700 Total Interest Expense and Amortization Cost	$0	$28,160	$502,471	$0	$72,337	$0	$0	$0	$0	$0	$0	$22,725	$625,693	$0	$625,693
96900 Total Operating Expenses	$0	$262,090	$1,944,995	$137,592	$951,486	$47,806	$49,207	$510,311	$164,470	$78,643	$0	$404,336	$4,550,936	$0	$4,550,936
97000 Excess of Operating Revenue over Operating Expenses	$8,575,799	$19,179	$496,163	$0	$217,373	$11,585	$439,632	-$398,768	$0	-$801	$500,000	$115,787	$9,975,949	$0	$9,975,949
97100 Extraordinary Maintenance															
97200 Casualty Losses - Non-capitalized															
97300 Housing Assistance Payments							$428,863	$7,971,232					$8,400,095		$8,400,095
97350 HAP Portability-In								$88,776					$88,776		$88,776
97400 Depreciation Expense		$108,834	$769,096		$218,529							$101,611	$1,198,070		$1,198,070
97500 Fraud Losses															
97600 Capital Outlays - Governmental Funds															
97700 Debt Principal Payment - Governmental Funds															
97800 Dwelling Units Rent Expense															
90000 Total Expenses	$0	$370,924	$2,714,091	$137,592	$1,170,015	$47,806	$478,070	$8,570,319	$164,470	$78,643	$0	$505,947	$14,237,877	$0	$14,237,877
10010 Operating Transfer In					$511,585			$8,575,799		$801			$9,088,185		$9,088,185
10020 Operating transfer Out	-$8,575,799					-$11,585					-$500,000	-$801	-$9,088,185		-$9,088,185
10030 Operating Transfers from/to Primary Government															
10040 Operating Transfers from/to Component Unit															
10050 Proceeds from Notes, Loans and Bonds															
10060 Proceeds from Property Sales															
10070 Extraordinary Items, Net Gain/Loss															
10080 Special Items (Net Gain/Loss)															
10091 Inter Project Excess Cash Transfer In															
10092 Inter Project Excess Cash Transfer Out															
10093 Transfers between Program and Project - In															

Harrisonburg Redevelopment & Housing Authorit (VA014)
Harrisonburg, VA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2025

	14.HCV MTW Demonstration Program for HCV program	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.881 Moving to Work Demonstration Program	14.267 Continuum of Care Program	14.191 Multifamily Housing Service Coordinators	8 Other Federal Program 1	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
10094 Transfers between Project and Program - Out															
10100 Total Other financing Sources (Uses)	-$8,575,799	$0	$0	$0	$511,585	-$11,585	$0	$8,575,799	$0	$801	-$500,000	-$801	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$0	-$89,655	-$272,933	$0	$510,429	$0	$10,769	$117,023	$0	$0	$0	$13,375	$289,008	$0	$289,008
11020 Required Annual Debt Principal Payments	$0	$0	$635,213	$0	$103,329	$0	$0	$0	$0	$0	$0	$100,548	$839,090		$839,090
11030 Beginning Equity	$0	$1,757,553	$1,964,079	$0	$2,278,831	$0	$23,358	$74,267	$0	$0	$0	$0	$6,098,088		$6,098,088
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		$0	$0		$0							-$504,732	-$504,732		-$504,732
11050 Changes in Compensated Absence Balance															
11060 Changes in Contingent Liability Balance															
11070 Changes in Unrecognized Pension Transition Liability															
11080 Changes in Special Term/Severance Benefits Liability															
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents															
11100 Changes in Allowance for Doubtful Accounts - Other															
11170 Administrative Fee Equity															
11180 Housing Assistance Payments Equity															
11190 Unit Months Available		360	1548		752		1176	10572				732	15140		15140
11210 Number of Unit Months Leased		350	1513		707		591	8413				718	12292		12292
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															

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

DIRECT FEDERAL ASSISTANCE FEDERAL GRANTOR/PROGRAM Grant Passthrough Identification	Assistance Listing Number	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HUD		
Mainstream Vouchers	14.879	$ 488,839
Housing Voucher Cluster		488,839
Section 8 Housing Assistance Payments	14.195	280,146
Moving to Work – Housing Choice Voucher	14.881*	8,575,799
Multifamily Housing Coordinator	14.191	77,842
PIH Family Self-Sufficiency Program	14.896	137,592
Other Federal Program - Economic Development Initiative, Community Project Funding, & Misc. Grants	14.251	500,000
Continuum of Care Program	14.267	164,470
TOTAL DIRECT U.S. DEPARTMENT OF HUD		10,225,272
TOTAL HUD		10,225,272
TOTAL FEDERAL ASSISTANCE		$ 10,225,272

*Major program

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 1: Basis of Accounting

The accompanying Schedule of Financial Assistance is prepared on the accrual basis of accounting. The information on this Schedule is presented in accordance with the requirements of T*itle 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance).* Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2: Major Programs

The (*) to the right of a assistance listing number (ALN) identifies the grant as a major federal program as defined by the Uniform Guidance.

Note 3: Award Balance

On the Mainstream Vouchers and Moving to Work programs, the Authority receives annual funds based on an annual estimate of need. Unexpended grant funds are available to meet subsequent year HAP shortfalls.

Note 4: Program Costs

The amounts shown as current year expenditures represent only the federal portion of the actual program costs. Actual program costs, including the housing Authority's portion, may be more than shown.

Note 5: Indirect Cost Allocation

The Authority has not elected to use the 15-percent de minimus indirect cost rate as allowed under Uniform Guidance.

FINANCIAL COMPLIANCE REPORTS
FOR
FEDERAL FUNDS

Dooley & Vicars
Certified Public Accountants, L.L.P.

Daniel J. Dooley, C.P.A.
Michael H. Vicars, C.P.A.

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

Board of Commissioners
Harrisonburg Redevelopment
and Housing Authority
Harrisonburg, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Harrisonburg Redevelopment and Housing Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Harrisonburg Redevelopment and Housing Authority's major federal programs for the year ended December 31, 2025. Harrisonburg Redevelopment and Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Harrisonburg Redevelopment and 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

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 Harrisonburg Redevelopment and 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Harrisonburg Redevelopment and Housing Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Harrisonburg Redevelopment and Housing Authority' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Harrisonburg Redevelopment and 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 Harrisonburg Redevelopment and Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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. 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. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

Dooley & Vicars
Certified Public Accountants, L.L.P.

Richmond, Virginia
September 29, 2026

Dooley & Vicars
Certified Public Accountants, L.L.P.

Daniel J. Dooley, C.P.A.
Michael H. Vicars, C.P.A.

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

Board of Commissioners
Harrisonburg Redevelopment
and Housing Authority
Harrisonburg, Virginia

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 Harrisonburg Redevelopment and Housing Authority, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Harrisonburg Redevelopment and Housing Authority's basic financial statements, and have issued our report thereon dated September 29, 2026.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harrisonburg Redevelopment and Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such 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 Harrisonburg Redevelopment and Housing Authority' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dooley & Vicars
Certified Public Accountants, L.L.P.

Richmond, Virginia
September 29, 2026

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

No prior audit findings.

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified:	___ yes	_x_ no
• Reportable condition(s) identified that are not considered to be material weakness(es)?	___ yes	_x_ none reported
pg 46 Noncompliance material to financial statements noted?	___ yes	_x_ no

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified:	___ yes	_x_ no
• Reportable condition(s) identified that are not considered to be material weakness(es)?	___ yes	_x_ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section Title 2, Part 200 (Uniform Guidance):	___ yes	_x_ no

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)

Identification of major programs:

Assistance Listing Number(s)	*Name of Federal Program or Cluster*
14.881	Moving to Work

Dollar threshold used to distinguish between type A and B programs: $ 1,000,000

Auditee qualified as low-risk auditee? _x_ yes ___ no

HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)

Section II -- Financial Statement Findings

No financial statement findings.

Section III -- Federal Awards Findings and Questioned Costs

No federal awards findings or questioned costs.