

Housing Authority of the City of San Antonio

Financial and Compliance Report
Year Ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of
Opportunity Home San Antonio
San Antonio, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Opportunity Home San Antonio (Opportunity Home), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Opportunity Home'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 remaining fund information of Opportunity Home, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan and Trust (the "Plan"), which comprises the Opportunity Home's aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Plan, is based solely on the report of the other auditors. The financial statements of the Plan were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Opportunity Home 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, Opportunity Home adopted an allowance for doubtful accounts of \$58,789,485 for notes receivable and related accrued interest receivable as of June 30, 2025. Opportunity Home has determined that these receivables may be uncollectible based on an evaluation of the underlying financial condition of the debtors and other relevant factors. Our opinion is not modified with respect to this matter.

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 Opportunity Home's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2026, on our consideration of Opportunity Home's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Opportunity Home's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Opportunity Home's internal control over financial reporting and compliance.

Garza Gonzalez & Associates

March 4, 2026

Housing Authority of the City of San Antonio

Management's Discussion and Analysis—Unaudited Year Ended June 30, 2025

This section of the Housing Authority of the City of San Antonio's (the Authority) annual financial report presents management's discussion and analysis (MD&A) of the Authority's financial performance during the fiscal year (FY) ended June 30, 2025, related to its business-type activities, as compared to the FY ended June 30, 2024. The business-type activities of the Authority include the following: Public Housing Program, Section 8 Housing Choice Voucher Program, Capital Fund Program, Community Development Initiatives, Affordable Housing Communities, and the San Antonio Housing Facility Corporation. The MD&A is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position, and identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current-year activities, resulting changes and currently known facts, we encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which follow this section.

Overview of the Housing Authority of the City of San Antonio, Texas

The Authority is a municipal housing authority organized under the laws of the state of Texas (now Chapter 392 of the Texas Local Government Code) and by a resolution of the City Council of the City of San Antonio, Texas, adopted on June 17, 1937. The Authority's purpose is to provide and promote safe and sanitary housing for low-income persons residing in San Antonio, Texas. A seven-member Board of Commissioners (the Board), appointed by the Mayor of the City of San Antonio, governs the Authority. The Authority's trade name is Opportunity Home San Antonio ("Opportunity Home").

The Authority is one of 138 public housing authorities nationwide with a Moving to Work (MTW) designation from the United States Department of Housing and Urban Development (HUD). The Authority received its MTW designation from HUD in 1999 and approved a restated MTW agreement in June 2009, which extended the program for 10 additional years. During FY 2016, HUD issued a letter to all participating MTW agencies modifying and extending their existing contracts through 2028. The MTW agreement grants the Authority flexibility to develop policies outside the limitations of certain HUD regulations and provisions. As an MTW agency, the Authority's three primary goals are to promote and increase self-sufficiency among public housing and Section 8 residents, to increase housing choices for low-income families, and to achieve programmatic efficiencies and reduce costs. Every year, an MTW plan is developed, describing how flexibilities will be applied to best meet community needs with input from stakeholders, residents, and landlords. The MTW agreement also allows for funding fungibility by pooling the Public Housing operating subsidy, Section 8 Housing Choice Voucher subsidy, and Capital Funds.

Highlights

- The Authority's net position decreased by \$12.8 million (3.5%), primarily due to the recognition of an allowance for doubtful accounts on notes receivable from tax-credit partnerships.
- The Authority's tenant revenue increased by \$7.1 million (16.0%) from the prior year.
- The Authority's administrative expenses decreased by \$5.6 million (10.8%), and ordinary maintenance and operations expenses decreased by \$13.2 million (23.1%).
- The Authority's net capital assets increased by \$26.5 million (7.0%), primarily due to a land addition from a new ground lease and the acquisitions of The Alhambra, San Juan Square, and Elan Gardens, which added 511 units to the Affordable Housing Communities portfolio.

Housing Authority of the City of San Antonio

Management's Discussion and Analysis—Unaudited Year Ended June 30, 2025

- The Authority's current ratio was 3.25 at June 30, 2025, reflecting a strong liquidity position. This indicates that the Authority has more than three times the current assets needed to cover its short-term obligations.
- The Authority's debt-to-net position ratio was 0.47 at June 30, 2025. This relatively low level of leverage indicates that long-term obligations are moderate in relation to the Authority's net resources.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which are comprised of two components: (1) basic financial statements and (2) notes to financial statements. The basic financial statements include the operations of the Authority and its blended component units.

The statement of net position presents financial information on the Authority's total of assets and deferred outflows of resources, and total of liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the Authority's net position changed during the most recent FY. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash inflows and cash outflows in future fiscal periods.

Housing Authority of the City of San Antonio

Management's Discussion and Analysis—Unaudited Year Ended June 30, 2025

Basic Financial Statements

As provided for under accounting principles generally accepted in the United States of America, the Authority uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation and amortization, are recognized in the period in which they are incurred. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operations of the Authority are included in the statement of net position. The Authority presents its activities as a single enterprise proprietary fund. The basic financial statements begin on page 16 of this report.

Opportunity Home San Antonio

The Authority operates the following programs:

- **Housing Choice Voucher (HCV) Program**—a HUD-funded program that provides rent subsidies to families residing in privately owned rental properties.
- **Capital Improvement Programs**—HUD-funded programs that include the Capital Fund Program and the Capital Fund Financing Program, which provide funds for new construction and the rehabilitation of existing housing units.
- **Public Housing Program**—a HUD-funded program under which the Authority manages and maintains 6,070 public housing rental units for eligible low-income families, seniors and individuals with disabilities.

Pension Plan Trust Fund—Fiduciary Fund

The Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan and Trust, a component unit of the Authority, is accounted for as fiduciary activity in the fiduciary fund financial statements. The basic fiduciary fund financial statements begin on page 22 of this report.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to the full understanding of the data provided in the fund financial statements. The notes to financial statements begin on page 25 of this report.

Financial Analysis

General

Over time, net position may serve as a useful indicator of a government's financial position. At June 30, 2025, the Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$350,164,892. By far, the largest portion of net position is the Authority's investment in capital assets (e.g., land, buildings, furniture and equipment and construction in progress) less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services and housing to its clients. Consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Housing Authority of the City of San Antonio

Management's Discussion and Analysis—Unaudited Year Ended June 30, 2025

Condensed Statements of Net Position Information

Presented below is the Authority's condensed statements of net position for FY 2025 compared to FY 2024. This information reflects the economic resources of the Authority, as well as its economic obligations at the end of the FYs shown. See notes to financial statements.

Condensed Statements of Net Position

	FY 2025	FY 2024 Restated	Increase (Decrease)	Percentage Change
Assets:				
Unrestricted current assets	\$ 83,786,450	\$ 65,377,570	\$ 18,408,880	28.2%
Restricted current assets	48,637,131	45,434,253	3,202,878	7.0%
Net capital assets	403,406,615	376,862,942	26,543,673	7.0%
Other assets	45,230,578	100,408,614	(55,178,036)	(55.0%)
Total assets	581,060,774	588,083,379	(7,022,605)	(1.2%)
Deferred outflows of resources:				
Deferred charges on refunding	875,989	139,656	736,333	527.2%
Deferred swap outflows	339,328	78,722	260,606	331.0%
Total deferred outflows of resources	1,215,317	218,378	996,939	456.5%
Liabilities:				
Current liabilities	28,683,261	23,144,732	5,538,529	23.9%
Current liabilities payable from restricted assets	12,055,129	4,670,876	7,384,253	158.1%
Noncurrent liabilities	123,835,979	132,775,447	(8,939,468)	(6.7%)
Total liabilities	164,574,369	160,591,055	3,983,314	2.5%
Deferred inflows of resources:				
Leased assets	67,410,349	64,161,427	3,248,922	5.1%
Deferred swap inflows	126,481	576,776	(450,295)	(78.1%)
Total deferred inflows of resources	67,536,830	64,738,203	2,798,627	4.3%
Net position:				
Net investment in capital assets	260,425,368	238,896,650	21,528,718	9.0%
Restricted net position	44,224,742	50,424,695	(6,199,953)	(12.3%)
Unrestricted net position	45,514,782	73,651,154	(28,136,372)	(38.2%)
Total net position	\$ 350,164,892	\$ 362,972,499	\$ (12,807,607)	(3.5%)

Assets

The Authority's total assets at June 30, 2025 and 2024, amounted to \$581.1 million and \$588.1 million, respectively, reflecting a decrease of 1.2%. Unrestricted current assets increased by \$18.4 million, or 28.2%, primarily due to higher HAP-restricted cash following the discontinuation of Section 8 HAP prefunding and increased Cottage Creek II residual receipts. These increases were partly offset by declines in replacement reserves and operating reserves, the latter related to escrow releases at 100 Labor after conversion to permanent financing. Net capital assets increased by \$26.5 million, or 7.0%, primarily reflecting acquisitions within the Affordable Housing Communities portfolio, including The Alhambra, San Juan Square, and Elan Gardens Apartments. Land also increased due to a property transfer associated with the Augusta Flats transaction. These increases were partially offset by asset reclassifications of Rosemont at Highland Park and Costa Valencia to assets held for sale and by higher accumulated depreciation of \$13.8 million. Other assets decreased \$55.2 million, or 55.0%, primarily due to establishment of a \$58.8 million allowance for doubtful accounts on notes receivable from various tax-

Housing Authority of the City of San Antonio

Management's Discussion and Analysis—Unaudited Year Ended June 30, 2025

credit partnerships, based on management's assessment that projected cash flows are insufficient to support full repayment.

Liabilities

Total liabilities of the Authority were \$164.6 million at June 30, 2025, compared with \$160.6 million at June 30, 2024, an increase of 2.5%. Current liabilities totaled \$28.7 million, an increase of \$5.5 million, or 23.9%. Debt of \$3.2 million for San Juan II was reclassified from noncurrent to current as it matures within 12 months. Increases in accounts payable and accrued compensated absences of \$1.8 million and \$1.8 million, respectively, also contributed to the growth in current liabilities. Current liabilities payable from restricted assets increased \$7.4 million, or 158.1%, primarily due to the reclassification of long-term debt for Rosemont at Highland Park (\$11.1 million), partially offset by the \$4.0 million repayment of current debt for Converse Ranch II. Noncurrent liabilities decreased by \$8.9 million, or 6.7%, primarily due to debt reclassifications to current liabilities and routine debt payments, partially offset by \$10.4 million in new debt for Elan Gardens.

Net Position

The Authority's net position totaled \$350.1 million at June 30, 2025, and is composed of net investment in capital assets of \$260.4 million; restricted net position of \$44.2 million; and unrestricted net position of \$45.5 million. Total net position decreased by \$11.2 million, or 3.1%, as a result of operations for the FY. The balance in unrestricted net position represents resources available to meet the Authority's ongoing obligations to tenants, citizens, and creditors.

Statements of Revenues, Expenses and Changes in Net Position Information

Presented on the following page is the statements of revenues, expenses and changes in net position information for FY 2025 compared to FY 2024. The information reflects the results of operations for the Authority and displays the sources of revenue, the nature of expenses for the year and the resulting change in net position. All revenues and expenses are accounted for on an accrual basis. See notes to financial statements.

Housing Authority of the City of San Antonio

Management's Discussion and Analysis—Unaudited Year Ended June 30, 2025

Statements of Revenues, Expenses and Changes in Net Position

	FY 2025	FY 2024 Restated	Increase (Decrease)	Percentage Change
Operating revenues:				
Tenant	\$ 51,626,624	\$ 44,518,740	\$ 7,107,884	16.0%
HUD operating subsidy and grant revenue	214,514,097	205,251,989	9,262,108	4.5%
Other government grants	11,575,390	35,768	11,539,622	32262.4%
Other revenue	12,725,941	17,100,963	(4,375,022)	(25.6%)
Total operating revenues	290,442,052	266,907,460	23,534,592	8.8%
Operating expenses:				
Administrative	46,501,660	52,122,201	(5,620,541)	(10.8%)
Tenant services	4,890,166	6,329,594	(1,439,428)	(22.7%)
Utilities	11,297,231	10,764,689	532,542	4.9%
Ordinary maintenance and operations	43,855,771	57,041,453	(13,185,682)	(23.1%)
Protective services	2,933,360	4,196,173	(1,262,813)	(30.1%)
Insurance	5,951,543	4,857,083	1,094,460	22.5%
Bad debts	59,283,892	3,310,932	55,972,960	1690.5%
Other	2,582,360	5,902,499	(3,320,139)	(56.2%)
Housing assistance payments	124,675,305	112,762,343	11,912,962	10.6%
Depreciation	18,074,226	16,537,267	1,536,959	9.3%
Amortization expense	784,277	437,827	346,450	79.1%
Total operating expenses	320,829,791	274,262,061	46,567,730	17.0%
Operating income (loss)	(30,387,739)	(7,354,601)	(23,033,138)	313.2%
Nonoperating revenues (expenses):				
Investment income	2,849,212	4,069,211	(1,219,999)	(30.0%)
Interest income—leases	167,217	150,376	16,841	11.2%
Mortgage interest income	1,945,287	1,296,502	648,785	50.0%
Recovery of Section 8 funds	5,717	3,651	2,066	56.6%
Interest expense	(5,612,047)	(6,165,638)	553,591	(9.0%)
Gain on disposition/retirement of capital assets	142,601	2,582,068	(2,439,467)	(94.5%)
Purchase of limited partnership interests	(3,104,481)	(350,000)	(2,754,481)	787.0%
Other acquisition costs	(115,353)	-	(115,353)	N/A
Contributed land	9,507,449	-	9,507,449	N/A
Insurance recoveries, net	1,679,036	620,407	1,058,629	170.6%
Refinancing and closing costs	(1,051,162)	-	(1,051,162)	N/A
Trustee and swap advisor fees	(8,710)	(8,710)	-	0.0%
Total nonoperating revenues (expenses)	6,404,766	2,197,867	4,206,899	191.4%
Increase (decrease) in net position before capital contributions	(23,982,973)	(5,156,734)	(18,826,239)	365.1%
Capital contributions	14,164,295	10,085,839	4,078,456	40.4%
Equity transfers	(308,000)	(7,051,615)	6,743,615	(95.6%)
Change in net position	(10,126,678)	(2,122,510)	(8,004,168)	377.1%
Net position at beginning of year	362,972,499	362,364,496	608,003	0.2%
Change in reporting entity	(2,680,929)	2,730,513	(5,411,442)	(198.2%)
Net position at end of year	\$ 350,164,892	\$ 362,972,499	\$ (12,807,607)	(3.5%)

Housing Authority of the City of San Antonio

Management’s Discussion and Analysis—Unaudited Year Ended June 30, 2025

Operating Revenues and Expenses

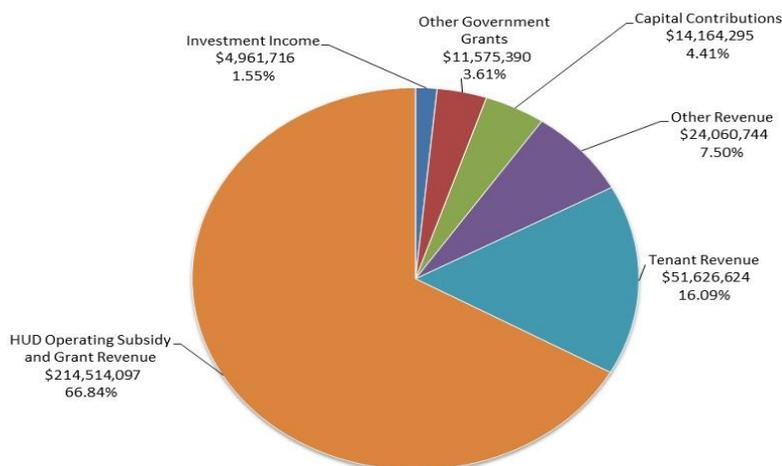
Operating revenues increased by \$23.5 million, or 8.8%, over the previous year and operating expenses increased by \$46.6 million, or 17.0%. HUD operating subsidy and grant revenue increased by \$9.3 million, or 4.5%, compared to FY 2024, primarily due to higher Section 8 Housing Assistance Payments (“HAP”). Section 8 HAP revenue totaled \$149.6 million in FY 2025, compared to \$145.2 million in FY 2024, reflecting increased leasing activity and higher payment standards. In addition, during FY 2025 the Authority received \$5.6 million from HUD’s 2024 Shortfall Funding. Other government grants increased by \$11.5 million, primarily attributable to \$11.6 million received from the City of San Antonio’s Affordable Housing Bond, which was used for rental rehabilitation at various properties. The primary source of revenue, other than HUD funding, is tenant revenue, which increased by \$7.1 million, or 16.0%, over the prior year. The \$4.4 million, or 25.6%, decrease in other revenue in FY 2025 is due to FY 2024 including \$7.0 million in revenue from the sale of Culebra Commons, partially offset by a \$3.0 million increase in development fee revenue. The \$46.6 million increase in total operating expenses was primarily driven by a \$56.0 million increase in bad debt expense, reflecting the establishment of a \$58.8 million allowance for doubtful accounts associated with notes receivable from various tax-credit partnerships. Based on an evaluation of the partnerships’ historical audited financial statements, projected cash flows were determined to be insufficient to support full repayment of the outstanding notes. Administrative expenses and ordinary maintenance and operations expenses declined by \$5.6 million (10.8%) and \$13.2 million (23.1%), respectively, due to cost-containment measures, reduced spending on contracted services, and lower maintenance activity compared with the prior year. Depreciation expense, which does not involve cash outflows but impacts total operating expenses, totaled \$18.1 million.

Nonoperating Revenues, Expenses and Changes in Net Position

The change in net position from FY 2024 to FY 2025 reflects a decrease of \$10.1 million, compared with a \$2.1 million decrease from FY 2023 to FY 2024. The \$9.5 million reported as contributed land relates to the conveyance of land for the Augusta Flats project, which will be leased back to the partnership under a 99-year ground lease. The \$3.1 million purchase of limited partnership interests relates to the acquisitions of The Alhambra, San Juan Square, and Elan Gardens. Capital contributions increased by \$4.1 million over the prior year and consisted of \$14.2 million in HUD capital grants.

Revenue by Source—Business-Type Activities

Total Revenue—\$320,902,866

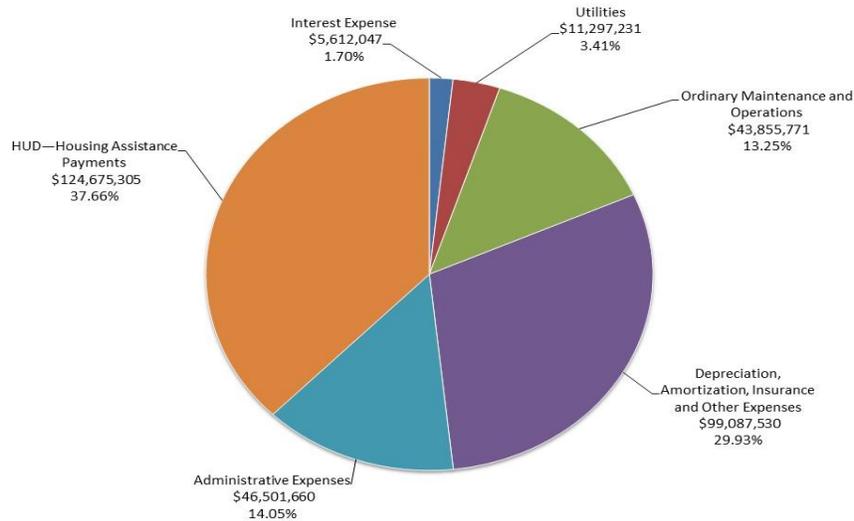


Housing Authority of the City of San Antonio

**Management’s Discussion and Analysis—Unaudited
Year Ended June 30, 2025**

Expenses by Use—Business-Type Activities

Total Expenses—\$331,029,544



Capital Assets and Debt Administration

Net Capital Assets

At the end of FY 2025, the Authority had invested \$403,406,615 in a broad range of capital assets, including land, buildings, furniture, equipment, vehicles and construction in progress. The schedule below reflects the changes in capital assets, net of depreciation, during FY 2025:

Schedule of Changes in Capital Assets—FY 2025

Beginning net capital assets	\$ 376,862,942
Additions and transfers in/out	89,031,072
Deletions, net	(44,413,173)
Depreciation	(18,074,226)
Ending net capital assets	<u>\$ 403,406,615</u>

Net capital assets increased by \$26.5 million in FY 2025 when compared to FY 2024. Additions and transfers totaled \$89.0 million, while deletions totaled \$44.4 million. Total depreciation expense for FY 2025 was \$18.1 million. The majority of the additions were attributable to buildings, land, and construction in progress. Additional information on the Authority’s capital assets can be found in Note 8 of the notes to financial statements.

Housing Authority of the City of San Antonio

Management's Discussion and Analysis—Unaudited Year Ended June 30, 2025

Long-Term Debt

At the end of FY 2025, the Authority had total long-term debt of \$139.0 million. Of this amount, \$38.0 million represents the remaining principal balance of bonds that were issued to purchase or rehabilitate properties owned by component units of the Authority. The Authority's debt increased by \$3.1 million when compared to FY 2024.

Additional information on the Authority's long-term debt can be found in Note 10 of the notes to financial statements.

Economic Factors and Next Year's Budget

Significant economic factors affecting the Authority's budget in the next year are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and, therefore, the amount of rental income
- Inflationary pressure on utility rates, housing costs, supplies and other costs
- Current trends in the housing market
- Local and national property rental markets that determine Housing Assistance Payments

The Authority is primarily dependent upon HUD for the funding of its Low Rent Public Housing, Housing Choice Voucher, and Capital Fund programs; therefore, the Authority is affected more by the federal budget than by local economic conditions.

The operating budgets for the Authority's 2025-2026 FY were approved by the Board of Commissioners on June 18, 2025, and became effective July 1, 2025. The Authority's budget is balanced, with estimated revenues of \$300.6 million, with these funds being used primarily for Section 8 payments to landlords, public housing operations, salaries and benefits, upgrades, repairs and maintenance of the Authority's housing communities, as well as other operating costs.

The Authority's goal remains to continue to provide housing to over 57,000 children, adults, and senior citizens served through its three core housing programs: Section 8, Public Housing, and Affordable Housing Communities. In FY 2026, the Authority looks forward to developing additional high-quality affordable housing units; significantly enhancing property management and housing operations; expanding educational, job training and health services to residents, and implementing additional efficiencies across the Authority.

Housing Authority of the City of San Antonio

**Management's Discussion and Analysis—Unaudited
Year Ended June 30, 2025**

Requests for Information

This financial report is designed to provide our citizens, taxpayers, tenants, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives. Questions concerning any of the information provided in this report, or the Authority's component units, or requests for additional information should be addressed to:

Opportunity Home San Antonio
Attn: Diana Kollodziej Fiedler, CPA
Executive Vice President, Chief Financial Officer
P.O. Box 1300
San Antonio, Texas 78295-1300

Basic Financial Statements

Housing Authority of the City of San Antonio

Statement of Net Position

June 30, 2025

Assets and Deferred Outflows of Resources

Assets:

Current assets:

Unrestricted assets:

Cash and cash equivalents:

Unrestricted

	\$	44,722,635
Tenant security deposits		381,382
Accounts receivable—HUD		7,906,510
Accounts receivable—miscellaneous		10,556,957
Accounts receivable—tenants		4,023,896
Allowance for doubtful accounts—tenants		(1,975,759)
Notes and mortgages receivable		6,161
Accrued interest receivable—notes		554,740
Accrued interest receivable—leases		71,329
Leases receivable		183,384
Assets held for sale		16,977,201
Prepaid expenses and other assets		378,014
Total unrestricted assets		83,786,450

Restricted assets:

Cash and cash equivalents—modernization and development		13,124,732
Cash and cash equivalents—payment of current liabilities		2,546,600
Cash and cash equivalents—held by lender and trustee		6,491,560
Cash and cash equivalents—other		26,474,239
Total restricted assets		48,637,131

Total current assets

132,423,581

Noncurrent assets:

Capital assets:

Land		133,199,973
Buildings and improvements		712,465,519
Furniture and equipment—dwellings		4,927,121
Furniture and equipment—administration		9,597,920
Leasehold improvements		2,817,236
Construction in progress		29,172,294
		892,180,063
Less accumulated depreciation		(488,773,448)
Net capital assets		403,406,615

Other noncurrent assets:

Notes and mortgages receivable		67,335,864
Allowance for doubtful accounts—notes and mortgages receivable		(58,789,485)
Accrued interest receivable		11,902,764
Leases receivable		3,116,059
Subscription assets, net of accumulated amortization		1,630,313
Other assets and developer fees receivable		22,184,399
Allowance for doubtful accounts—developer fees		(3,775,463)
Interest rate swap assets		126,481
Equity in partnership investments		1,499,646
Total noncurrent assets		45,230,578

Total assets

581,060,774

Deferred outflows of resources:

Deferred charges on refunding		875,989
Deferred swap outflows		339,328
Total deferred outflows of resources		1,215,317

Housing Authority of the City of San Antonio

Statement of Net Position

June 30, 2025

Liabilities, Deferred Inflows of Resources, and Net Position

Liabilities:

Current liabilities:

Unrestricted current liabilities:

Accounts payable	\$ 8,719,298
Construction payable	3,546,843
Accrued wages and payroll taxes	997,892
Accrued compensated absences	1,998,558
Accrued contingencies	388,209
Accounts payable—HUD PHA projects	414,237
Tenant security deposits	2,225,574
Unearned revenue—tenants	645,495
Unearned revenue—other	622,424
Current portion of long-term debt	7,351,606
Subscription liability	567,856
Other current liabilities	880,504
Accrued interest payable	199,819
Accrued liabilities	124,946
Total unrestricted current liabilities	28,683,261

Current liabilities payable from restricted assets:

Long-term debt—current portion	11,267,797
Accrued interest payable	63,087
Family Self-Sufficiency (FSS) escrow	724,245
Total current liabilities payable from restricted assets	12,055,129

Total current liabilities

40,738,390

Noncurrent liabilities:

Long-term debt	120,427,663
FSS escrow payable	1,710,817
Subscription liability	1,090,580
Accrued compensated absences	267,591
Interest rate swap liabilities	339,328
Total noncurrent liabilities	123,835,979

Total liabilities

164,574,369

Deferred inflows of resources:

Leased assets	67,410,349
Deferred swap inflow	126,481
Total deferred inflows of resources	67,536,830

Net position:

Net investment in capital assets	260,425,368
Restricted net position	44,224,742
Unrestricted net position	45,514,782
Total net position	\$ 350,164,892

See notes to financial statements.

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Housing Authority of the City of San Antonio

Statement of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2025

Operating revenues:	
Net tenant rental revenue	\$ 49,674,914
Tenant revenue—other	1,951,710
HUD operating subsidy and grant revenue	214,514,097
Other government grants	11,575,390
Other revenue	12,725,941
Total operating revenues	<u>290,442,052</u>
Operating expenses:	
Administrative	46,501,660
Tenant services	4,890,166
Utilities	11,297,231
Ordinary maintenance and operations	43,855,771
Protective services	2,933,360
Insurance	5,951,543
Bad debts	59,283,892
Other	2,582,360
Housing assistance payments	124,675,305
Depreciation	18,074,226
Amortization expense	784,277
Total operating expenses	<u>320,829,791</u>
Operating loss	<u>(30,387,739)</u>
Nonoperating revenues (expenses):	
Investment income—unrestricted	2,061,301
Investment income—restricted	787,911
Interest income—leases	167,217
Mortgage interest income	1,945,287
Recovery of Section 8 funds	5,717
Interest expense	(5,612,047)
Gain on disposition/retirement of capital assets	142,601
Purchase of limited partnership interests	(3,104,481)
Other acquisition costs	(115,353)
Contributed land	9,507,449
Insurance recoveries, net	1,679,036
Refinancing and closing costs	(1,051,162)
Trustee fees	(8,710)
Total nonoperating revenues (expenses)	<u>6,404,766</u>
Decrease in net position before capital contributions	(23,982,973)
Capital contributions	14,164,295
Equity transfers	(308,000)
Change in net position	<u>(10,126,678)</u>
Net position at beginning of year – restated	362,972,499
Change in reporting entity	(2,680,929)
Net position at end of year	<u>\$ 350,164,892</u>

See notes to financial statements.

Housing Authority of the City of San Antonio

Statement of Cash Flows Year Ended June 30, 2025

Cash flows from operating activities:	
Dwelling rent receipts	\$ 52,031,698
Operating subsidy and grant receipts	221,468,565
Other income receipts	1,558,746
Cash received from developers	<u>1,262,348</u>
Total receipts	<u>276,321,357</u>
Payments to suppliers for goods and services	(61,711,441)
Payments to employees	(48,383,564)
Housing assistance payments	<u>(124,675,305)</u>
Total disbursements	<u>(234,770,310)</u>
Net cash provided by operating activities	<u>41,551,047</u>
Cash flows from noncapital financing activities:	
Recovery of Section 8 funds	<u>5,717</u>
Net cash provided by noncapital financing activities	<u>5,717</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(35,107,967)
Refinancing and closing costs	(375,709)
Trustee and swap advisor fees	(8,710)
Proceeds from insurance on capital assets	1,703,015
Proceeds from capital grants	14,164,295
Proceeds from collection of leases receivable	368,546
Subscription payments	(334,953)
Receipt of prepaid ground leases	2,949,271
Proceeds from long-term borrowings	12,826,670
Principal payments on mortgage and notes payable	(15,007,266)
Interest paid on long-term debt	(5,448,751)
Cash paid to escrow agent for bond defeasance	(10,404,844)
Homeownership and FSS escrow	(95,337)
Equity transfers	(1,156,834)
Proceeds from sale of capital assets	<u>1,841,947</u>
Net cash used in capital and related financing activities	<u>(34,086,627)</u>
Cash flows from investing activities:	
Collections on notes receivable	1,061,848
Issuance of notes receivable	(4,333,056)
Investment income received	2,849,316
Purchase of limited partnership interests	(3,104,481)
Interest on notes and mortgages receivable	4,293
Other investing activities	<u>695,377</u>
Net cash used in investing activities	<u>(2,826,703)</u>
Net increase in cash and cash equivalents	<u>4,643,434</u>
Cash and cash equivalents at beginning of year	<u>89,097,714</u>
Cash and cash equivalents at end of year	<u>\$ 93,741,148</u>
Supplementary schedule of non-cash investing, capital and financing transactions:	
Capital assets acquired in exchange for assumption of debt	<u>\$ 18,677,324</u>
Assumed debt in exchange for acquisition of capital assets	<u>\$ 15,687,226</u>

(Continued)

Housing Authority of the City of San Antonio

Statement of Cash Flows Year Ended June 30, 2025

Reconciliation to statement of net position:

Unrestricted cash and cash equivalents	\$ 44,722,635
Tenant security deposits	381,382
Restricted cash and cash equivalents—modernization and development	13,124,732
Restricted cash and cash equivalents—payment of current liabilities	2,546,600
Restricted cash and cash equivalents—held by lender and trustee	6,491,560
Restricted cash and cash equivalents—other	26,474,239
	<hr/>
	\$ 93,741,148
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Reconciliation of operating income to net cash provided by operating activities:

Operating loss	\$ (30,387,739)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	18,074,226
Amortization expense	784,277
Lease revenue/amortization of deferred inflows of resources—leased assets	94,054
Expensed debt issuance costs	(473,278)
Bad debt expense	58,751,295
Noncash gain on acquisition	52,578
Net changes in assets and liabilities:	
Tenants receivable, net	228,275
HUD receivable	(4,332,182)
Miscellaneous receivables	4,957,829
Other assets and developer fees receivable	(5,891,697)
Allowance for doubtful accounts—other	529,694
Prepaid expenses and other assets	9,268,801
Accounts payable	344,983
Accrued wages and payroll taxes	(520,361)
Accrued compensated absences	(110,256)
Accrued contingencies	(592,216)
Tenant security deposits	137,579
Unearned revenue—tenants	(13,683)
Unearned revenue—other	(274,000)
Other current liabilities	(8,999,153)
Accrued liabilities	(77,979)
	<hr/>
Net cash provided by operating activities	\$ 41,551,047
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See notes to financial statements.

Housing Authority of the City of San Antonio

**Statement of Plan Net Position—Fiduciary Fund
December 31, 2024**

Assets:

Cash and cash equivalents \$ 644,099

Investments:

Mutual funds—equity 44,537,645

Mutual funds—fixed income 20,303,013

Total investments 64,840,658

Receivables:

Employee contributions 41,950

Employer contributions 92,238

Total receivables 134,188

Total assets 65,618,945

Liabilities:

Accrued investment manager expenses 41,918

Total liabilities 41,918

Net position restricted for pension \$ 65,577,027

See notes to financial statements.

Housing Authority of the City of San Antonio

Statement of Changes in Plan Net Position—Fiduciary Fund
Year Ended December 31, 2024

Additions:

Contributions:

Employee	\$ 1,777,422
Employer	3,817,717
Total contributions	<u>5,595,139</u>

Investment income (expenses):

Interest and dividends	126,821
Net appreciation in fair value of investments	7,619,187
Less investment expense	<u>(88,437)</u>
Net investment income	<u>7,657,571</u>

Total additions

13,252,710

Deductions:

Benefits paid to participants	(4,216,703)
Administrative expenses	<u>(141,148)</u>
Total deductions	<u>(4,357,851)</u>

Net increase in fiduciary net position

8,894,859

Net position restricted for pension at beginning of year 56,682,168

Net position restricted for pension at end of year \$ 65,577,027

See notes to financial statements.

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Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies

The financial statements of the Housing Authority of the City of San Antonio (Authority) have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for government entities. The Governmental Accounting Standards Board (GASB) is the governing body for establishing governmental accounting and financial reporting standards. The more significant of the Authority's accounting policies are described below.

A. Reporting Entity

The Authority was created by the City of San Antonio in 1937, under the provisions of the United States Housing Act of 1937, as a public benefit corporation. The Board of Commissioners (the Board), a seven-member group appointed by the Mayor, has governance responsibility over all activities related to the Authority. These financial statements present the Authority and its component units: entities for which the Authority is considered to be financially accountable and which serve as the Authority's instruments to enhance its purpose to build and maintain affordable housing for low- and moderate-income families.

Blended component units, although legally separate entities are, in substance, part of the Authority's operations. Thus, blended component units are appropriately presented as funds of the primary government. Each blended component unit has a June 30 year-end. The governing boards of the following component units are the same as the primary government's governing board. Additionally, the management of the primary government has operational responsibility for the component units, thereby making them blended component units.

Because members of the Board have the authority to make decisions, appoint administrators and managers, and significantly influence operations and have primary accountability for fiscal matters, the Authority is not included in any other governmental "reporting entity" as defined by GASB Codification Section 2100, *Defining the Financial Reporting Entity*.

Blended Component Units—Enterprise Funds

The following component units are combined with the Authority's activities.

San Antonio Housing Facility Corporation (SAHFAC)

SAHFAC is organized under section 501(c)(3) of the IRC. SAHFAC owns 14 multi-family rental developments with 1,466 units. SAHFAC serves as the general partner for Homestead Redevelopment Partnership, Ltd. (Homestead) and is the sole member of various limited liability companies that are general partners of tax credit limited partnerships. Additionally, SAHFAC leases the Central Office Building to the Authority with a lease term of 40 years, expiring in 2035.

San Antonio Housing Development Corporation (SAHDC)

SAHDC, organized in 1977 under section 501(c)(3) of the Internal Revenue Code (IRC), owns four multi-family rental developments with 506 apartments and manages one senior citizen development that is a component unit of the Authority. SAHDC also serves as the developer and general partner of three limited partnerships created with private investors to expand housing opportunities for low-income families and senior citizens. SAHDC serves as the general partner for Vera Cruz Redevelopment Partnership, Ltd. (Vera Cruz).

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

San Antonio Housing Finance Corporation (SAHFC)

SAHFC was created under the Texas Housing Finance Corporations Act as a vehicle through which tax-exempt housing revenue bonds are issued to finance the construction, acquisition and renovation for occupancy by low- and moderate-income families. The users of the bond proceeds are liable for repayment of the bonds. SAHFC retains no liability relating to the bond issues.

SP II Limited Partnership (SP II)

SP II (a Texas limited partnership) is an investment of SAHDC (as general partner). SP II was formed in October 2001 to acquire, construct, develop, and operate a 120-unit apartment project known as Legacy at Science Park in San Antonio, Texas. In December 2019, SAHFAC acquired a 99.99% interest in the partnership. The partnership is now a wholly owned entity of an Authority affiliate.

O'Connor Road Limited Partnership (O'Connor)

O'Connor (a Texas limited partnership) is an investment of SAHDC (as general partner). O'Connor was formed in October 2001 to acquire, construct, develop, and operate a 150-unit apartment project known as Legacy at O'Connor Road in San Antonio, Texas. In December 2019, SAHFAC acquired a 99.99% interest in the partnership. The partnership is now a wholly owned entity of an Authority affiliate.

Refugio Street Limited Partnership (Refugio)

Refugio (a Texas limited partnership) is an investment of RSPFC (as general partner). Refugio was formed in November 2002 to acquire, construct, develop, and operate a 210-unit apartment project known as Refugio Place Apartment Homes in San Antonio, Texas. In December 2019, SAHFAC acquired a 99.99% interest in the partnership. The partnership is now a wholly owned entity of an Authority affiliate.

San Antonio Homeownership Opportunities Corporation

In July 1994, the Authority created San Antonio Homeownership Opportunities Corporation under section 501(c)(3) of the IRC to redevelop single-family properties to provide opportunities for lower income families to buy their first home through lease-purchase and other programs.

Las Varas PFC (LVPFC)

Las Varas PFC, created in September 2005, is a Texas nonprofit public corporation and public instrumentality under section 103 of the IRC and was organized to act on behalf of the Authority, as provided by the Texas PFC Act. It serves as the sole member of various limited liability companies that are general partners of tax credit limited partnerships.

Springhill/Courtland Heights (Springhill/Courtland Heights) Public Facility Corporation (PFC)

Springhill/Courtland Heights PFC, created in 1998, is a Texas nonprofit public corporation and public instrumentality under section 103 of the IRC. It was organized to act on behalf of the Authority, as provided by the Texas PFC Act, as amended, for financing the acquisition, rehabilitation, renovation, repair, equipping and furnishing of three multi-family apartment complexes with 505 units.

Springhill/Courtland Heights PFC receives rental subsidies pursuant to a Housing Assistance Payment (HAP) contract with HUD for persons of low-to-moderate income.

Woodhill PFC

Woodhill PFC, created in 1999, is a Texas nonprofit public corporation and public instrumentality under section 103 of the IRC. It was organized to act on behalf of the Authority, as provided by the Texas PFC Act, as amended, for financing the acquisition, rehabilitation, renovation, repair, equipping and furnishing of one multi-family apartment complex with 532 units.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

Refugio Street PFC (RSPFC)

Refugio Street PFC, created in December 2001, is a Texas nonprofit public corporation and public instrumentality under section 103 of the IRC and organized to act on behalf of the Authority, as provided by the Texas PFC Act, as amended. Refugio Street PFC serves as general partner for Refugio Street Limited Partnership. The partnership was formed for the purpose of financing the acquisition and development of one multi-family apartment complex with 210 units.

Sendero I PFC

Sendero I PFC, created in 2002, is a Texas nonprofit public corporation and public instrumentality under section 103 of the IRC. It was organized to act on behalf of the Authority, as provided by the Texas PFC Act, as amended, for the purpose of financing the acquisition and development of a 192-unit affordable housing project. Affordable rents shall not exceed certain thresholds based on percentages of area median income.

Vera Cruz Redevelopment Partnership, Ltd. (Vera Cruz)

Vera Cruz (a Texas limited partnership) is an investment of SAHDC (as general partner). Vera Cruz was formed on October 31, 1991, to acquire, own, develop, improve and lease the 29-unit Villa de San Alfonso Senior Citizens Apartments to low-income tenants and is operated in a manner to qualify for federal low-income housing tax credits. In October 2009, SAHFAC acquired a 99% interest in the partnership. The partnership is now a wholly owned entity of an Authority affiliate.

Homestead Redevelopment Partnership, Ltd. (Homestead)

Homestead (a Texas limited partnership) is an investment of SAHFAC (as general partner). Homestead was formed on October 31, 1991, to acquire, own, develop, improve and lease the 158-unit Homestead Apartments to low-income tenants and is operated in a manner to qualify for federal low-income housing tax credits. In September 2009, SAHDC acquired a 75% interest in the partnership. SAHDC acquired an additional 24% interest in June 2011. The partnership is now a wholly owned entity of an Authority affiliate.

Converse Ranch, LLC

Converse Ranch, LLC was organized as a Texas limited liability company on April 5, 2007, to acquire the 124-unit apartment complex known as Converse Ranch Apartments. Currently, the Authority serves as the sole owner of Converse Ranch, LLC.

Converse Ranch II, LLC

Converse Ranch II, LLC was organized as a Texas limited liability company on May 27, 2009, to acquire the 104-unit apartment complex known as Converse Ranch Apartments (Phase II). Currently, SAHFAC serves as the sole owner of Converse Ranch II, LLC.

Sunshine Plaza Apartments, Inc.

Sunshine Plaza Apartments, Inc. was formed in 1988 under section 501(c)(3) of the IRC to serve as owner of the Sunshine Plaza Apartments, a 100-unit senior citizens housing development, built under HUD Section 8—New Construction Program.

Pecan Hill Apartments, Inc.

Pecan Hill Apartments, Inc. was formed in 1988 under section 501(c)(3) of the IRC to serve as owner of the Pecan Hill Apartments, a 100-unit senior citizens housing development, built under HUD Section 8—New Construction Program.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

Education Investment Foundation, Inc.

Education Investment Foundation, Inc., created in 1991 pursuant to section 501(c)(3) of the IRC, supports the residents of public housing and Section 8-assisted units through educational scholarships, recreational activities and family self-sufficiency (FSS) training programs.

Presented on the following pages are condensed financial statements for the blended component units. Included are condensed statements of net position and condensed statements of revenues, expenses and changes in net position.

Condensed Statements of Net Position (Deficit) June 30, 2025

	San Antonio Housing Facility Corporation	San Antonio Housing Development Corporation	San Antonio Housing Finance Corporation	SP II Limited Partnership	O'Connor Road Limited Partnership	Refugio Street Limited Partnership
Assets:						
Current assets	\$ 26,787,966	\$ 25,972,055	\$ 574,337	\$ 387,590	\$ 432,086	\$ 1,324,434
Restricted current assets	6,113,064	2,256,601	-	928,459	1,092,992	1,348,377
Net capital assets	168,917,010	46,958,409	154,983	2,933,952	3,786,998	7,977,402
Other assets	40,174,230	9,165,483	-	-	-	-
Total assets	241,992,270	84,352,548	729,320	4,250,001	5,312,076	10,650,213
Deferred outflows of resources:						
Deferred charges on refunding	-	-	-	-	-	-
Deferred swap outflow	742,730	339,328	-	-	-	-
Total deferred outflows of resources	742,730	339,328	-	-	-	-
Liabilities:						
Unrestricted current liabilities	8,550,006	20,306,125	59	123,584	308,386	346,921
Liabilities payable from restricted assets	-	11,267,797	-	-	-	-
Long-term debt	92,853,992	32,462,242	-	4,383,024	5,461,884	13,885,039
Other long-term liabilities	249,182	6,151,407	-	-	-	-
Total liabilities	101,653,180	70,187,571	59	4,506,608	5,770,270	14,231,960
Deferred inflows of resources:						
Leased assets	67,171,203	249,663	-	-	-	-
Deferred swap inflow	62,958	-	-	-	-	-
Total deferred inflows of resources	67,234,161	249,663	-	-	-	-
Net position (deficit):						
Net investment (deficit) in capital assets	87,078,066	3,576,802	154,983	(1,520,324)	(1,763,676)	(5,644,675)
Restricted	5,766,859	2,256,602	-	928,459	1,092,992	935,362
Unrestricted (deficit)	(18,997,266)	8,421,238	574,278	335,258	212,490	1,127,566
Total net position (deficit)	\$ 73,847,659	\$ 14,254,642	\$ 729,261	\$ (256,607)	\$ (458,194)	\$ (3,581,747)

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Net Position (Deficit) June 30, 2025

	San Antonio Homeownership Opportunities Corporation	Las Varas PFC	Springhill/ Courtland Heights PFC	Woodhill PFC	Refugio Street PFC	Sendero I PFC
Assets:						
Current assets	\$ 116,805	\$ 10,191,393	\$ 1,049,372	\$ 1,287,797	\$ 1,107,732	\$ 3,674,581
Restricted current assets	27,855	478,956	2,181,853	-	8,170,568	-
Net capital assets	-	14,308,975	6,241,306	11,534,889	-	5,482,220
Other assets	88,800	4,729,136	142,708	94,120	3,083,476	34,562
Total assets	233,460	29,708,460	9,615,239	12,916,806	12,361,776	9,191,363
Deferred outflows of resources:						
Deferred charges on refunding	-	-	-	-	-	-
Deferred swap outflow	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Liabilities:						
Unrestricted current liabilities	13,368	818,669	1,376,966	997,045	-	202,873
Liabilities payable from restricted assets	-	-	-	-	-	-
Long-term debt	-	1,466,667	4,257,168	-	-	-
Other long-term liabilities	-	-	33,490	44,013	-	16,179
Total liabilities	13,368	2,285,336	5,667,624	1,041,058	-	219,052
Deferred inflows of resources:						
Leased assets	-	-	-	-	-	-
Deferred swap inflow	-	-	63,523	-	-	-
Total deferred inflows of resources	-	-	63,523	-	-	-
Net position (deficit):						
Net investment (deficit) in capital assets	-	16,925,685	1,775,097	11,534,889	-	5,482,220
Restricted	27,855	-	2,181,853	-	8,170,568	-
Unrestricted (deficit)	192,237	10,497,439	(72,858)	340,859	4,191,208	3,490,091
Total net position (deficit)	\$ 220,092	\$ 27,423,124	\$ 3,884,092	\$ 11,875,748	\$ 12,361,776	\$ 8,972,311

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Net Position (Deficit) June 30, 2025

	Vera Cruz Redevelopment Partnership, Ltd.	Homestead Redevelopment Partnership, Ltd.	Converse Ranch, LLC	Converse Ranch II, LLC	Sunshine Plaza Apartments, Inc.	Pecan Hill Apartments, Inc.
Assets:						
Current assets	\$ 3,965	\$ 23,471	\$ 423,759	\$ 414,575	\$ 2,666,712	\$ 2,103,734
Restricted current assets	-	-	402,936	33,190	33,931	-
Net capital assets	448,320	32,010	5,186,567	4,872,495	2,969,871	1,711,517
Other assets	6,250	29,850	24,873	16,277	18,891	19,879
Total assets	458,535	85,331	6,038,135	5,336,537	5,689,405	3,835,130
Deferred outflows of resources:						
Deferred charges on refunding	-	-	133,259	-	-	-
Deferred swap outflow	-	-	-	-	-	-
Total deferred outflows of resources	-	-	133,259	-	-	-
Liabilities:						
Unrestricted current liabilities	110,427	775,788	302,183	944,612	231,465	332,439
Liabilities payable from restricted assets	-	-	-	-	-	-
Long-term debt	-	4,215,576	5,895,330	-	2,177,873	-
Other long-term liabilities	2,582	13,535	13,039	6,969	9,143	9,961
Total liabilities	113,009	5,004,899	6,210,552	951,581	2,418,481	342,400
Deferred inflows of resources:						
Leased assets	-	-	-	-	-	-
Deferred swap inflow	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Net position (deficit):						
Net investment (deficit) in capital assets	448,320	(30,181)	(716,279)	4,872,495	710,132	1,711,517
Restricted	-	-	402,936	33,190	33,931	-
Unrestricted (deficit)	(102,794)	(4,889,387)	274,185	(520,729)	2,526,861	1,781,213
Total net position (deficit)	\$ 345,526	\$ (4,919,568)	\$ (39,158)	\$ 4,384,956	\$ 3,270,924	\$ 3,492,730

Housing Authority of the City of San Antonio

Notes to Financial Statements
Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position (Deficit)
Year Ended June 30, 2025

	San Antonio Housing Facility Corporation	San Antonio Housing Development Corporation	San Antonio Housing Finance Corporation	SP II Limited Partnership	O'Connor Road Limited Partnership	Refugio Street Limited Partnership
Operating revenues (expenses):						
Net tenant rental revenue	\$ 14,712,437	\$ 12,107,472	\$ -	\$ 1,217,932	\$ 1,533,935	\$ 1,848,538
Tenant revenue—other	596,047	353,479	-	3,328	6,710	22,755
HUD operating grants and housing assistance payments	578,694	46,149	-	-	-	-
Other government grants	263,418	569,835	-	-	-	232,864
Other revenue	6,902,203	174,367	45,000	3,070	11,637	98,277
Operating expenses	(39,784,421)	(15,704,489)	(17,108)	(794,590)	(973,281)	(1,876,363)
Depreciation and amortization	(2,951,358)	(2,838,500)	-	(151,319)	(215,030)	(366,612)
Total operating revenues (expenses)	(19,682,980)	(5,291,687)	27,892	278,421	363,971	(40,541)
Nonoperating revenues (expenses):						
Investment income	400,653	209,186	16,514	9,457	8,007	45,105
Interest income—leases	90,217	-	-	-	-	-
Mortgage interest income	995,058	-	-	-	-	-
Interest expense	(2,717,265)	(2,588,801)	-	(172,479)	(214,934)	(665,299)
Financing and trustee fees	(995,838)	(79,034)	-	-	-	-
Other	2,104,562	9,081,730	-	-	(48,356)	-
Total nonoperating revenues (expenses)	(122,613)	6,623,081	16,514	(163,022)	(255,283)	(620,194)
Transfers in (out)	4,688,871	8,826,943	-	-	-	-
Change in net position	(15,116,722)	10,158,337	44,406	115,399	108,688	(660,735)
Net position (deficit) at beginning of year	92,048,396	(1,682,085)	684,855	(372,006)	(566,882)	(2,921,012)
Change in reporting entity	(3,084,015)	5,778,390	-	-	-	-
Net position (deficit) at end of year	\$ 73,847,659	\$ 14,254,642	\$ 729,261	\$ (256,607)	\$ (458,194)	\$ (3,581,747)

Housing Authority of the City of San Antonio

Notes to Financial Statements
Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position (Deficit)
Year Ended June 30, 2025

	San Antonio Homeownership Opportunities Corporation	Las Varas PFC	Springhill/ Courtland Heights PFC	Woodhill PFC	Refugio Street PFC	Sendero I PFC
Operating revenues (expenses):						
Net tenant rental revenue	\$ -	\$ -	\$ 1,966,465	\$ 4,523,163	\$ -	\$ 2,117,103
Tenant revenue—other	-	-	67,611	291,111	-	173,651
HUD operating grants and housing assistance payments	-	-	1,904,442	-	-	-
Other government grants	-	-	-	-	-	-
Other revenue	129,997	4,638,386	46,683	26,495	-	45,485
Operating expenses	(230,438)	(1,552,514)	(3,146,089)	(4,612,419)	-	(1,543,988)
Depreciation and amortization	-	-	(424,981)	(1,011,519)	-	(310,261)
Total operating revenues (expenses)	(100,441)	3,085,872	414,131	(783,169)	-	481,990
Nonoperating revenues (expenses):						
Investment income	8,734	211,341	110,228	12,017	380,172	11,583
Interest income—leases	-	-	-	-	-	-
Mortgage interest income	4,293	-	-	-	152,415	-
Interest expense	-	-	(178,691)	(5,711)	-	(2,031)
Financing and trustee fees	-	-	-	-	-	-
Other	-	(4,245,759)	(20,870)	-	-	-
Total nonoperating revenues (expenses)	13,027	(4,034,418)	(89,333)	6,306	532,587	9,552
Transfers in (out)	-	1,386,018	-	-	-	-
Change in net position	(87,414)	437,472	324,798	(776,863)	532,587	491,542
Net position (deficit) at beginning of year	307,506	26,985,652	3,559,294	12,652,611	11,829,189	8,480,769
Change in reporting entity	-	-	-	-	-	-
Net position (deficit) at end of year	\$ 220,092	\$ 27,423,124	\$ 3,884,092	\$ 11,875,748	\$ 12,361,776	\$ 8,972,311

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position (Deficit) Year Ended June 30, 2025

	Vera Cruz Redevelopment Partnership, Ltd.	Homestead Redevelopment Partnership, Ltd.	Converse Ranch, LLC	Converse Ranch II, LLC	Sunshine Plaza Apartments, Inc.	Pecan Hill Apartments, Inc.
Operating revenues (expenses):						
Net tenant rental revenue	\$ 175,353	\$ 543,818	\$ 990,948	\$ 941,609	\$ 341,705	\$ 336,040
Tenant revenue—other	1,945	98,271	22,774	9,831	2,696	72,900
HUD operating grants and housing assistance payments	-	-	-	-	735,219	772,968
Other government grants	-	-	93,742	30,554	-	-
Other revenue	605	40,463	35,604	2,228	555	-
Operating expenses	(210,439)	(845,306)	(1,004,805)	(769,589)	(741,013)	(774,158)
Depreciation and amortization	(45,664)	(21,562)	(223,550)	(209,413)	(151,173)	(142,406)
Total operating revenues (expenses)	(78,200)	(184,316)	(85,287)	5,220	187,989	265,344
Nonoperating revenues (expenses):						
Investment income	251	898	16,111	13,128	106,900	63,327
Interest income—leases	-	-	-	-	-	-
Mortgage interest income	-	-	-	-	-	-
Interest expense	(282)	(1,607)	(182,092)	(35,336)	(68,208)	-
Financing and trustee fees	-	-	-	(16,029)	-	-
Other	-	(71,719)	(1,559)	-	-	(1,149)
Total nonoperating revenues (expenses)	(31)	(72,428)	(167,540)	(38,237)	38,692	62,178
Transfers in (out)	-	-	-	3,952,666	-	-
Change in net position	(78,231)	(256,744)	(252,827)	3,919,649	226,681	327,522
Net position (deficit) at beginning of year	423,757	(4,662,824)	213,669	465,307	3,044,243	3,165,208
Change in reporting entity	-	-	-	-	-	-
Net position (deficit) at end of year	\$ 345,526	\$ (4,919,568)	\$ (39,158)	\$ 4,384,956	\$ 3,270,924	\$ 3,492,730

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

Fiduciary Component Units

Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan and Trust (the Plan)

The Plan, established in 1948, is a public retirement system authorized by section 810.001 of the Texas Government Code, and a governmental plan within the meaning of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan was established as a defined contribution plan covering all regular full-time employees of the Authority who have completed one year (at least 1,000 hours) of service.

The Plan is included as a component unit since the primary government has fiduciary responsibility for the Plan and the Plan serves only the Authority's employees or retirees. The Plan's fiscal year-end is December 31, 2024.

Separately Issued Financial Statements

Separate financial statements have been issued for the following component units:

- Converse Ranch, LLC
- Springhill/Courtland Heights PFC
- Pecan Hill Apartments, Inc.
- San Antonio Housing Facility Corporation
- SP II Limited Partnership
- O'Connor Road Limited Partnership
- Refugio Street Limited Partnership
- Housing Authority of the City of San Antonio Employees' Money Purchase Pension Plan and Trust

The reports may be obtained at the Authority's administrative offices located at 818 South Flores Street, San Antonio, Texas 78204.

Limited Partnerships—Joint Ventures

Various limited partnership entities, as described below, are considered joint ventures of the component units. A joint venture is an organization that results from a contractual arrangement and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or responsibility. A component unit of the Authority has contributed capital to the following partnerships:

San Juan Square, Ltd.

SAHFAC and SAHDC are partners of a 143-unit multi-family project at the San Juan Square Apartments.

Enclave Gardens, Ltd.

LVPFC and Hogan Properties Company, Inc. are co-developers of a 228-unit multi-family project at the Elan Gardens Apartments.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

The Alhambra Apartments, Ltd.

SAHFAC and NRP Alhambra, LLC are co-developers of a 140-unit multi-family project at the Alhambra Senior Apartments.

Midcrowne Senior Pavilion, LP

SAHFAC and SAHDC are partners of a 196-unit senior apartment project at the Midcrowne Pavilion Apartments.

ARDC Sutton, Ltd.

SAHFAC and Franklin Development Properties, Ltd. are co-developers of a 208-unit multi-family project at the Park at Sutton Oaks.

Component units of the Authority serve as general partner for various other limited partnerships that are listed in the schedule to Note 5. For those partnerships, the general partner was not required to make a capital contribution at inception.

Authority Programs

In addition to the operation of the above component units, the Authority operated the following programs during the current year.

Public Housing

The Authority manages and maintains 6,070 public housing rental units for eligible low-income families, seniors and people with disabilities. The rental units are located in 38 developments for families, 37 developments for seniors and disabled persons and a number of scattered site single-family homes throughout the City of San Antonio.

Section 8—Housing Assistance Payment Programs

The Housing Assistance Payment Programs provide rent subsidies for approximately 11,000 families residing in privately owned rental properties.

Not-For-Profit Programs

Section 8—Project Based Management

Section 8 Project Based Management properties provide housing to low- and moderate-income elderly and nonelderly families. These properties include: Villa de Valencia Apartments, Reagan West Apartments, Sunshine Plaza Apartments, Pecan Hill Apartments and Cottage Creek Apartments.

Other Not-For-Profit Activities

Other not-for-profit activities include the activities of various programs and corporations. These include SAHFC; San Antonio Homeownership Opportunities Corporation; Sendero I PFC; Las Varas PFC; Education Investment Foundation, Inc.; Refugio Street PFC; Central Office Building; SAHDC; SAHFAC; Woodhill PFC; Converse Ranch, LLC and the Central Office Cost Center, which is the Authority's "management company arm."

Capital Improvement Programs

HUD-Funded Capital Fund and Capital Fund Financing Programs

HUD-Funded Capital Fund and Capital Fund Financing Programs provide funds for new construction and the rehabilitation of existing housing units.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

Energy Performance Contracting

Energy Performance Contracting is a capital improvement program for designing, installing, and financing energy improvement projects where the savings achieved by the project are expected to reduce energy costs of the project over the term of the agreement.

Community Development Initiatives

Resident and Opportunity Supportive Services Program

The Resident and Opportunity Supportive Services Program addresses the needs of public housing residents by providing supportive services, resident empowerment activities, and/or assisting residents in becoming economically self-sufficient. The primary focus of the program is on “welfare to work” and on independent living for the elderly and persons with disabilities.

Jobs Plus Grant

The Jobs Plus Grant is a welfare to work demonstration aimed at significantly increasing employment and income of public housing residents through intensive employment focused programs targeting every able-bodied, working-welfare recipient at a public housing development in selected cities. The initiative is also a response to new national policies, such as time-limited welfare and cuts in public housing subsidies, which endanger the ability of public housing residents to pay rent.

B. Basic Financial Statements—Fund Financial Statements

All activities of the Authority are reported as business-type activities (enterprise fund), with the exception of the Plan, which is reported as a fiduciary-type activity, since it accumulates resources for pension benefit payments to qualified Authority employees, and the resources reported in that fund are not available to support the Authority’s programs. The effect of interprogram activity has been removed from the proprietary statements. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through fees and user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the grantor have been met and qualifying expenditures have occurred. 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 needed.

Capital grant funds used to acquire or construct capital assets are recognized as a receivable and a capital contribution (revenues) in the period when all applicability requirements have been met.

The Plan’s financial statements are prepared using the accrual basis of accounting. Employer and Plan member contributions are recognized in the period that the contributions are due.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 the Authority's enterprise funds are tenant rental revenue, HUD operating grants and Housing Assistance Payments, since they are used to subsidize rents at Authority-owned properties. Operating expenses for enterprise funds include the cost of the ordinary maintenance and operation expenses, utilities, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Deposits and Investments

Authority's Deposits and Investments

For purposes of the statement of cash flows, the Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, money market funds and short-term investments with original maturities of three months or less from the date of acquisition.

Portions of the Authority's cash, cash equivalents and investments are restricted by "use" limitations externally imposed by creditors, funding source agreements, or legislation. Restricted cash includes HUD Family Self-Sufficiency (FSS) escrow amounts for residents in the FSS program. Restricted cash and cash equivalents also include amounts set aside for debt service in accordance with debt covenants and funds that are only allowed to be expended for certain specified modernization and development activities.

Investments are accounted for at either amortized cost or at fair value, which is the price that would be received to sell the investment in an orderly transaction between market participants at the measurement date. Fair value of actively traded securities is determined by the reported market value of securities and mutual funds trading on national exchanges. Values of securities not actively traded are based on observable inputs of similar financial instruments or on the fair value of the underlying assets. Realized gains and losses are determined on the specific-identification method. Accrued income on investments is recorded as earned, since it is both measurable and available. Investment transactions are recorded on the settlement date.

Plan Investments

Investments in the Plan are administered by the Advisory Committee of the Plan and are held by the Frost Bank Trust Department (Trustee). Plan investments in marketable debt and equity securities are reported at fair value. Shares of registered investment companies (mutual funds) are reported at fair value based on the quoted market price of the fund, which represents the net position value of the shares held by the fund at year-end. The fair value of each fund is based on the fair value of each fund's underlying investments at the end of the reporting period. Plan interest is recorded on the accrual basis as earned, and dividends are accrued as of the ex-dividend date.

Purchases and sales of investments in the Plan are recorded on a trade-date basis and, accordingly, the related receivable and payable for any unsettled trades are recorded. At December 31, 2024, there were no unsettled trades.

Net appreciation in fair value of the Plan's assets includes the related gains and losses on sales of investments and the unrealized gains and losses (representing the change in market value).

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

E. Interprogram Receivables and Payables

The Authority pays all bills and salaries for its programs and component units through its centralized check-writing system. As a result, interprogram receivables and payables arise from interprogram and intercompany transactions and are recorded in all affected corporations in the period in which transactions are executed in the normal course of operations. Interprogram receivables, payables, and transfers between programs and component units have been eliminated in the basic financial statements.

F. Accounts Receivable

Tenant receivables, other receivables, and the allowance for doubtful accounts are shown separately on the financial statements. The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectibility is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically-identified questionable receivables. The evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

G. Notes and Mortgages Receivable

The majority of notes and mortgages receivable are due from tax credit partnerships in which the Authority serves as the general partner. The Authority evaluates the collectibility of the notes and mortgages receivable by reviewing the financial statements of the various tax credit partnerships and preparing projections of future cash flows. It has been the Authority's experience that once the tax credits expire, the limited partners will withdraw from the partnership and the Authority will become the sole owner. If a note payable remains outstanding when a partnership becomes wholly owned by the Authority, payments may continue to be made from the partnership to the Authority, and the Authority also has the ability to modify the terms of the notes once it becomes the sole owner of the partnership. During the fiscal year, the Authority recorded a significant allowance for doubtful accounts against notes receivable from certain tax credit partnerships. This allowance reflects current expectations regarding the timing and likelihood of repayment based on updated cash flow projections and partnership-specific circumstances. Notes and mortgages receivable are presented gross on the statement of net position, with the related allowance for doubtful accounts reported as a separate reduction line item. A schedule of notes and mortgages receivable is provided in Note 3 to the financial statements.

H. Other Assets and Developer Fees Receivable

The Authority has several developer fees receivable from various tax credit partnerships. The developer fees generally include repayment terms based on excess cash flows from the developed property, which makes estimates of any potential allowance for uncollectible amounts difficult. The Authority evaluates the collectibility of these receivables on an annual basis using several methods, which include reading the developments' financial statements and projecting estimated cash flows to future periods, among others. As part of this process, the Authority compares the previous-year projections to the current-year collections in order to assure the allowance for uncollectible amounts is reasonable and reflects the latest cash flow trends. For additional information, see Note 5 to the financial statements.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

I. Restricted Assets

Certain proceeds of the Authority's enterprise fund debts, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because the repayment funds are maintained in separate bank accounts and/or maintained by trustees, as established by indenture agreements. The use of these funds is limited by third parties. The restricted investments include restricted assets to be used for the replacement of property and for other project expenditures or are held in escrow for families who successfully fulfill the FSS program requirements.

J. Capital Assets

On January 28, 2019, the Authority amended its capitalization policy and adopted new thresholds to determine an asset's eligibility for capitalization and applied it prospectively. Based on the amendment, furniture, equipment and machinery that exceed \$5,000 and buildings and improvements, which are purchased or constructed, that exceed \$50,000, and have useful lives of more than one year are capitalized at cost or estimated cost if historical cost is not available. Donated capital assets are recorded at the acquisition value at the time of donation. The cost of site and building improvements that add value to the asset or materially extend the asset's life are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Depreciation on all exhaustible capital assets of the Authority is charged as an expense with accumulated depreciation being reported on the statement of net position. Depreciation is generally recorded on the straight-line basis over the estimated life of the assets. The estimated useful lives are as follows:

Buildings and leasehold improvements	10-40 years
Furniture, equipment and machinery	3-10 years

K. Compensated Absences

Paid Time Off (PTO)

The PTO policy is included in the Authority's Personnel Procedures Handbook. Under the current policy, PTO accrues for regular full-time employees upon employment, at a rate of 15 to 25 days annually, depending upon years of service, but cannot be used prior to six months of service. Employees must complete one year of service in order to be paid PTO upon termination. Effective December 20, 2014, the maximum PTO hours an employee can carry increased from 360 hours to 440 hours.

As of June 30, 2025, accrued compensated absences included a current portion of PTO totaling \$1,998,558 and a long-term portion of PTO totaling \$267,591.

L. Capital Contributions

Capital contributions consist of funds received through various grants to assist in the acquisition or construction of capital assets. A major portion of these contributions comes from the Public Housing Capital Fund Program.

M. Net Position

Net position is classified into three components:

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

- **Net investment in capital assets**—This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position**—This component of net position consists of external constraints placed on net position used by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position**—This component of net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted net position.” These funds are available to use for any lawful and prudent purpose of the Authority.

N. Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

O. Restricted and Unrestricted Resources

Under the terms of grant agreements, the Authority funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is the Authority's policy to first apply cost-reimbursement grant resources to such programs and then operating revenues.

P. Equity in Partnership Investments

Investments by certain component units in limited partnerships are accounted for as equity investments. The component units of the Authority recognize their share of the operating results of the limited partnerships based on their ownership share of the limited partnerships and the partnership agreements. Under this method, the investment is initially recorded at cost and then increased or decreased by the proportionate share of the partnerships' net earnings or losses. The Authority is not obligated to fund capital deficits; therefore, any total capital deficits related to the Authority are only recognized to the extent of the Authority's contributed capital. A schedule of equity in partnership investments is provided in Note 7.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has two items that qualify for reporting in this category, which are deferred charges on refunding and deferred swap outflows. A deferred charge on refunding results from the difference in the carrying value of refunded debt and the re-acquisition price. Each deferred charge is amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. The deferred swap outflows are described in a subsequent paragraph.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Authority has two items that qualify for reporting in this category, which are leased assets and deferred swap inflows. The leased assets are composed of various ground and rooftop leases described in Note 4 and prepaid ground leases described in Note 9.

The deferred swap outflows and inflows mentioned previously are recognized in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The Authority recognizes the fair value of the swap agreements as either an asset or liability on its statement of net position with the offsetting gain or loss as either a deferred inflow or outflow of resources, if deemed an effective hedge. The Authority has applied the synthetic instrument method to determine its swap agreements constitute effective cash flow hedges.

As of June 30, 2025, the Authority's deferred outflows and inflows were as follows:

Deferred charges on refunding:	
Converse Ranch I, LLC	\$ 133,259
SAHFC Elan Gardens LLC	742,730
Total deferred charges on refunding	<u>875,989</u>
Deferred swap outflows:	
Midcrown Senior Pavilion	197,085
The Ravello Apartments	142,243
Total deferred swap outflows	<u>339,328</u>
Total deferred outflows of resources	<u>\$ 1,215,317</u>
Leased assets	\$ 67,410,349
Deferred swap inflows:	
San Antonio Housing Facility Corporation (Burning Tree and Encanta Villa)	62,958
Springhill/Courtland Heights PFC	63,523
Total deferred swap inflows	<u>126,481</u>
Total deferred inflows of resources	<u>\$ 67,536,830</u>

R. Unearned Revenue

Current unearned revenue consists of prepaid tenant rent of \$645,495, HUD Housing Choice Vouchers grant revenue of \$592,556 and other unearned revenue of \$29,868.

S. Leases Receivable

Leases receivable are measured at the present value of the lease payments expected to be received during the lease term. Management concluded the discount rates implicit in the lease contracts could not be readily determined. Therefore, management elected to utilize the Authority's incremental borrowing rate at the commencement date of each lease in order to determine the present value of each lease receivable.

T. Regulated Leases

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated by HUD as to rent, unit size, household composition, and tenant income. For the year ended June 30, 2025, rental revenue earned under the aforementioned leases totaled \$49,674,914.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 2. Cash, Cash Equivalents, and Investments

A. Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments as of June 30, 2025, are classified in the accompanying financial statements as follows:

Unrestricted:	
Cash and cash equivalents	\$ 44,722,635
Tenant security deposits	381,382
Restricted:	
Cash and cash equivalents—modernization and development	13,124,732
Cash and cash equivalents—payment of current liabilities	2,546,600
Cash and cash equivalents—held by lender, trustee, and escrow agent	6,491,560
Cash and cash equivalents—other	26,474,239
Total cash, cash equivalents, and investments	<u>\$ 93,741,148</u>

Cash, cash equivalents, and investments as of June 30, 2025, consist of the following:

Petty cash	\$ 650
Deposits with financial institutions	86,769,982
Funds held by lender, trustee, and escrow agent	6,970,516
Total cash, cash equivalents, and investments	<u>\$ 93,741,148</u>

Investments Authorized by the Authority

Investment types that are authorized by the Authority include direct obligations of the federal government backed by the full faith and credit of the United States, including United States Treasury bills, notes and bonds; obligations of federal government agencies; securities of government-sponsored agencies; various types of deposits, demand and sweep accounts and certificates of deposit (CDs); municipal depository funds; certain types of repurchase agreements; certain separate trading of registered interest and principal securities and certain types of mutual fund investments. Each authorized investment has a maximum maturity of three years, a maximum portfolio percentage of 50% and is limited to a maximum investment of 50% in any one issuer. None of the specified limits have been exceeded. In addition, the Authority does not hold any unauthorized investments.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by the provisions of debt agreements of the Authority. The investment types authorized by the Authority's debt agreements include direct obligations of the federal government, including United States Treasury bills, notes and bonds; bonds, debentures, participation certificates or notes of the Government National Mortgage Association (GNMA); bonds, debentures, participation certificates or notes of certain government-sponsored agencies; direct and general obligation of any state of the United States of America or any municipality or political subdivision of such state; corporate obligations; negotiable or nonnegotiable CDs, time deposits or other similar banking arrangements with national or state chartered banks; certain types of mutual funds or money market funds; certain types of repurchase agreements; certain types of commercial paper of finance companies; certain types of investment agreements and certain types of tax-exempt obligations.

The maximum maturity, maximum portfolio percentage and maximum investment in any one issuer are not limited, except for authorized types of commercial paper of finance companies and certain investment contracts, which are limited to a maximum maturity of 270 days. None of the specified limits have been exceeded, and the Authority held no unauthorized investments.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 2. Cash, Cash Equivalents, and Investments (Continued)

Investments Held by Lenders

Investment of funds held by lenders are governed by provisions of the debt agreements and HUD provisions for project accounts, rather than the investment requirements of the Public Funds Investment Act (PFIA). The Authority has replacement and residual reserve accounts that are held by the lender. Investing is performed in accordance with investment policies set forth by HUD. The mortgage company may invest funds in excess of \$250,000 in institutions under the control of, and whose deposits are insured by, the Federal Deposit Insurance Corporation, National Credit Union Association or other United States government insurance corporations under the following conditions:

- Mortgage companies must determine the institution has a rating consistent at all times with current minimally acceptable ratings as established and published by GNMA.
- Mortgage companies must monitor the institution's ratings no less than on a quarterly basis and change institutions when necessary. The mortgage companies must document the ratings of the institutions where the funds are deposited and maintain the documentation in the administrative record for three years, including the current year.

If the mortgage company does not perform the required quarterly review of the institutions where there are deposits in excess of \$250,000, and does not maintain the funds in an institution with a rating consistent with minimally acceptable ratings, as established and published by GNMA, and the institution fails, the mortgage company is held responsible for replacing any lost funds. HUD will seek all available remedies to recover whatever funds are lost as a result of the failed institution.

Required accounts that are held by the lender include project, residual receipts reserve and replacement reserve accounts that are not limited as to maximum maturity, maximum percentage of portfolio or maximum investment in any one issuer.

Fair Value Classification

The Authority categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

The Authority has investments in money market funds held with its bond trustee of \$957,318 that are recorded at amortized cost and has the following investments and other items requiring recurring fair value measurements as of June 30, 2025:

- **Investment derivative instruments**—Interest rate swaps resulted in an aggregate negative fair value of \$212,847 and were valued using a market approach that considers benchmark interest rates (Level 2 inputs).

Investment Risks

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the following information addresses the interest rate risk, credit risk, concentration of credit risk and custodial credit risk. The Authority does not hold any foreign securities; therefore, there is no foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity the investment's fair value is to changes in market interest rates. The Authority manages its exposure to

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 2. Cash, Cash Equivalents, and Investments (Continued)

interest rate risk by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time, as necessary to provide the cash flow and liquidity needed for operations. The Authority does not place a limit on interest rate risk. Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations, including investments held by bond trustees, is provided in the following table, which shows the distribution of the Authority's investment by maturity:

Investment	Maturity Dates	Amount
Held by bond trustee:		
JPMorgan U.S. Government Money Market Fund	N/A	736,166
Allspring 100% Treasury Money Market Fund	N/A	221,152
Total investments		<u>\$ 957,318</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Obligations of the United States Treasury are considered risk-free. The following schedule presents the minimum ratings required by (where applicable) HUD, the Authority's investment policy, or debt agreements, and the actual ratings by Moody's as of year-end:

Investment	Amount	Investment Minimum Rating	Moody's Rating
Held by bond trustee:			
JPMorgan U.S. Government Money Market Fund	736,166	Aaa-mf	Aaa-mf
Allspring 100% Treasury Money Market Fund	221,152	Aaa-mf	Aaa-mf
Total investments	<u>\$ 957,318</u>		

Concentration of Credit Risk

The investment policy of the Authority or HUD contains no limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer (other than United States Treasury securities and money market funds) that represent 5% or more of the total Authority's investments. The Authority does not place a limit on concentration of credit risk.

Depository Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's investment policy requires all HUD-sourced funds on deposit to be fully collateralized. All non-HUD funds such as reserves and partnership funds are required to be invested in accordance with the PFIA. All collateral should conform to those investment instruments listed in PFIA. The Authority does not place a limit on custodial credit risk.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 2. Cash, Cash Equivalents, and Investments (Continued)

	Balance Reported on the Authority's Financial Statements	Balance Deposited with Financial Institutions	FDIC Insurance	Uninsured Deposits (Collateralized)	Uninsured and Uncollateralized Deposits
Demand deposits	\$ 92,775,414	\$ 93,327,961	\$ 7,147,882	\$ 82,555,046	\$ 3,625,033
Money Market Funds	957,318	878,897	-	-	878,897
United States Treasury Bills	8,416	8,416	-	8,416	-
Total bank deposits	<u>\$ 93,741,148</u>	<u>\$ 94,215,274</u>	<u>\$ 7,147,882</u>	<u>\$ 82,563,462</u>	<u>\$ 4,503,930</u>

As of June 30, 2025, \$82,563,462 of the Authority's deposits with financial institutions were fully collateralized by securities held by the pledging financial institution. Of the \$11,651,812 remaining deposits, \$7,147,882 were covered by the Federal Deposit Insurance Corporation, and \$4,503,930 were uninsured and uncollateralized and were therefore exposed to custodial credit risk.

B. The Plan's Cash, Cash Equivalents, and Investments

As of December 31, 2024, \$39,265 of the Plan's deposits with financial institutions were covered by the Federal Deposit Insurance Corporation. The \$604,834 of remaining deposits were uninsured and uncollateralized and were therefore exposed to custodial credit risk.

	Balance Reported on the Plan's Financial Statements	Balance Deposited with Financial Institutions	FDIC Insurance	Uninsured Deposits (Collateralized)	Uninsured and Uncollateralized Deposits
Money Market Funds	\$ 604,834	\$ 604,834	\$ -	\$ -	\$ 604,834
Cash and cash equivalents	39,265	39,265	39,265	-	-
Total bank deposits	<u>\$ 644,099</u>	<u>\$ 644,099</u>	<u>\$ 39,265</u>	<u>\$ -</u>	<u>\$ 604,834</u>

As of December 31, 2024, the Plan's portfolio was comprised of the following:

Description	Fair Value
Mutual funds—equity	\$ 44,537,645
Mutual funds—fixed income	20,303,013
Total investments	<u>\$ 64,840,658</u>

Investment Risks

In accordance with GASB Statement No. 40, the following disclosures address credit risk, concentration of credit risk and interest rate risk at December 31, 2024. The Plan does not hold any foreign securities; therefore, there is no foreign currency risk.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. However, investments issued or explicitly guaranteed by the United States government are excluded from this requirement. The Plan's Pension Advisory Committee defines risk in the Plan's investment policy as the possibility of losing money over the rolling 10-year time horizon. Generally, Plan assets may be invested only in investment grade bonds rated BBB (or equivalent) or better. Within the context of a managed portfolio or pooled account, an individual manager may position less than investment-grade bonds on an opportunistic basis.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 2. Cash, Cash Equivalents, and Investments (Continued)

The following is the actual rating for each investment type as of December 31, 2024.

Investment Type	Fair Value	Not Rated
American Beacon AHL Target Risk R5	\$ 1,627,718	\$ 1,627,718
BlackRock Strategic Income Opportunities Portfolio Class K	5,592,623	5,592,623
Metropolitan West Total Return Bond Fund	13,082,544	13,082,544
Fidelity US Bond Index Instl Prem	128	128
Total fixed income investments	<u>\$ 20,303,013</u>	<u>\$ 20,303,013</u>

Concentration of Credit Risk

The Plan is required to disclose investments in any one issuer that represent 5% or more of the total investments. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. The Plan's investment policy limits the investment in securities of any one company to 15% of the total fund, and no more than 30% of the total fund should be invested in any one industry. At December 31, 2024, there were no investments in any one issuer that represent 5% or more of total Plan investments. Additionally, the Plan did not invest more than 15% of the investment portfolio in one company or more than 30% in one industry.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Plan does not place a limit on the maturity of its fixed income investments.

Presented below are the investments affected by interest rate risk and their applicable weighted-average maturities as of December 31, 2024:

Investment Type	Fair Value	Percentage of Total	Weighted-Average Maturity (Years)
American Beacon AHL Target Risk R5	\$ 1,627,718	8%	4.7
BlackRock Strategic Income Opportunities Portfolio Class K	5,592,623	28%	3.7
Metropolitan West Total Return Bond Fund	13,082,544	64%	6.8
Fidelity US Bond Index Instl Prem	128	0%	5.9
Total fixed income investments	<u>\$ 20,303,013</u>	<u>100%</u>	<u>5.8</u>

Fair Value Measurement

Plan investments at fair value as of December 31, 2024, using fair value measurements are as follows:

	Total Fair Value	Level 1	Level 2	Level 3
Mutual funds—equity	\$ 44,537,645	\$ 44,537,645	\$ -	\$ -
Mutual funds—fixed income	20,303,013	20,303,013	-	-
	<u>\$ 64,840,658</u>	<u>\$ 64,840,658</u>	<u>\$ -</u>	<u>\$ -</u>

Investments classified as Level 1 of the fair value hierarchy are valued using prices quoted in active exchange markets for those securities.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 3. Notes and Mortgages Receivable

The following summarizes the notes and mortgages receivable and the related accrued interest receivable as of June 30, 2025:

	Due Within One Year	Due After One Year	Total	Allowance	Net Total
The Authority					
ARDC Sutton, Ltd.	\$ -	\$ 7,098,029	\$ 7,098,029	\$ (7,098,029)	\$ -
Durango Midrise, LP	-	19,981,662	19,981,662	(19,981,662)	-
ARDC Sutton II, Ltd.	-	1,679,769	1,679,769	(1,679,769)	-
San Juan III, Ltd.	-	4,812,557	4,812,557	(4,812,557)	-
Wheatley Family I, LP	-	1,178,900	1,178,900	(1,178,900)	-
Wheatley Senior, LP	-	145,725	145,725	(145,725)	-
Tampico Apartments, LP	-	751,775	751,775	-	751,775
Alazan Lofts Ltd.	-	1,107,450	1,107,450	-	1,107,450
Snowden Apartments, LP	-	9,844,733	9,844,733	-	9,844,733
SAHFAC					
Wheatley Family I, LP	-	11,402,807	11,402,807	(11,402,807)	-
Wheatley Family II, LP	-	4,818,987	4,818,987	(4,818,987)	-
Wheatley Senior, LP	-	6,559,659	6,559,659	(6,559,659)	-
Tampico Apartments, LP	-	736,227	736,227	-	736,227
Kitty Hawk Flats Ltd.	-	282,894	282,894	-	282,894
Snowden Apartments, LP	-	1,300,404	1,300,404	-	1,300,404
SAHFC Potranco Lender LLC	7,379	447,224	454,603	-	454,603
SAHFC Josephine Lender LLC	547,361	4,500,000	5,047,361	-	5,047,361
ARDC Sutton II, Ltd.	-	401,390	401,390	(401,390)	-
San Juan III, Ltd.	-	710,000	710,000	(710,000)	-
San Antonio Homeownership Opportunities Corporation					
Real estate sales notes	6,161	88,800	94,961	-	94,961
Las Varas PFC					
Second lien notes	-	65,106	65,106	-	65,106
Snowden Apartments, LP	-	1,324,530	1,324,530	-	1,324,530
Total	\$ 560,901	\$ 79,238,628	\$ 79,799,529	\$ (58,789,485)	\$ 21,010,044

Note 4. Leases Receivable

On March 2, 2020, the San Antonio Housing Facility Corporation, a blended component unit of the Authority, entered into a lease agreement (the "ground lease") as a lessor of land to Culebra Commons 2019, LLC. The term of the ground lease is for 75 years, commencing on March 2, 2020 and terminating on February 28, 2095. An initial lease receivable was recorded in the amount of \$596,473. At commencement of the ground lease, an advanced rent payment of \$3,800,000 was received and administrative rent in the amount of \$25,000 is due annually. The discount rate for the ground lease is 3.98%.

On February 1, 2021, the San Antonio Housing Facility Corporation, a blended component unit of the Authority, entered into a lease agreement (the "ground lease") as a lessor of land to 120 Josephine 2020 LLC. The term of the ground lease is for 75 years, commencing on February 1, 2021 and terminating on February 1, 2096. An initial lease receivable was recorded in the amount of \$597,680. At commencement of the ground lease, an advanced rent payment of \$11,737,024 was received and administrative rent in the amount of \$25,000 is due annually. The discount rate for the ground lease is 3.98%.

On March 31, 2022, the San Antonio Housing Facility Corporation, a blended component unit of the Authority, entered into a lease agreement (the "ground lease") as a lessor of land to Potranco 2021 LLC. The term of the ground lease is for 75 years, commencing on March 31, 2022 and terminating on March 30, 2097. An initial lease receivable was recorded in the amount of \$534,270. At commencement of the

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 4. Leases Receivable (Continued)

ground lease, an advanced rent payment of \$1,875,000 was received and administrative rent in the amount of \$25,000 is due annually. The discount rate for the ground lease is 4.54%.

On November 21, 2017, the Authority entered into an amended and restated lease agreement (the “rooftop lease”) as a lessor of rooftop space at the Parkview Apartments to New Cingular Wireless PCS, LLC (now AT&T). The rooftop lease commenced November 21, 2017 and has an initial five-year term. The rooftop lease may be extended for three successive five-year terms. Annual rent for 2025 was \$21,480 and rent is increased annually by two percent. An initial lease receivable was recorded in the amount of \$274,565. The discount rate for the rooftop lease is 3.98%. The term includes the extensions as reasonably certain to be exercised.

On August 2, 2017, the Authority entered into an amended and restated lease agreement (the “rooftop lease”) as a lessor of rooftop space at the Fair Avenue Apartments to New Cingular Wireless PCS, LLC (now AT&T). The rooftop lease commenced January 1, 2017 and has an initial five-year term. The rooftop lease may be extended for three successive five-year terms. Annual rent for 2025 was \$21,257 and rent is increased annually by two percent. An initial lease receivable was recorded in the amount of \$249,030. The discount rate for the rooftop lease is 3.98%. The term includes the extensions as reasonably certain to be exercised.

On November 21, 2017, the Authority entered into a lease agreement (the “rooftop lease”) as a lessor of rooftop space at the San Pedro Arms Apartments to Sprint Spectrum Realty Company, LLC (now T-Mobile). The rooftop lease commenced January 1, 2017 and has an initial five-year term. The rooftop lease may be extended for three successive five-year terms. Annual rent for 2025 was \$25,777 and rent is increased annually by two percent. An initial lease receivable was recorded in the amount of \$311,819. The discount rate for the rooftop lease is 3.98%. The term includes the extensions as reasonably certain to be exercised.

On March 25, 2022, the Authority entered into a lease agreement (the “rooftop lease”) as a lessor of rooftop space at the Victoria Plaza Apartments to Cellco Partnership (d/b/a Verizon Wireless). The rooftop lease commenced March 25, 2022 and has an initial five-year term. The rooftop lease may be extended for three successive five-year terms. Annual rent for 2025 was \$28,844 and rent is increased annually by two percent. An initial lease receivable was recorded in the amount of \$431,233. The discount rate for the rooftop lease is 4.54%. The term includes the extensions as reasonably certain to be exercised.

On November 20, 2023, the Authority entered into a lease agreement (the “rooftop lease”) as a lessor of rooftop space at the Villa Tranchese Apartments to T-Mobile West LLC. The rooftop lease commenced November 20, 2023 and has an initial five-year term. The rooftop lease may be extended for three successive five-year terms. Annual rent for 2025 was \$27,540 and rent is increased annually by two percent. An initial lease receivable was recorded in the amount of \$399,705. The discount rate for the rooftop lease is 5.30%. The term includes the extensions as reasonably certain to be exercised.

On September 1, 2022, the Authority entered into a lease agreement (the “Mirasol lease”) as a lessor of the Mirasol Child Development Center to AVANCE – San Antonio, Inc. The Mirasol lease commenced September 1, 2022 and has a five-year term. Annual rent for 2025 was \$63,648. An initial lease receivable was recorded in the amount of \$281,075. The discount rate for the Mirasol lease is 4.38%.

On January 1, 2023, the Authority entered into a lease agreement (the “Brooklyn lease”) as a lessor of vacant land at 550 Brooklyn Street to the San Antonio River Authority. The Brooklyn lease commenced January 1, 2023 and has an initial one-year term. The Brooklyn lease may be extended for four successive one-year terms. Annual rent for 2025 was \$15,000. An initial lease receivable was recorded

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 4. Leases Receivable (Continued)

in the amount of \$54,674. The discount rate for the Brooklyn lease is 5.01%. The term includes the extensions as reasonably certain to be exercised.

A summary of lease-related revenue for the leases previously described is presented below:

	Year Ended June 30, 2025
Lease-related Revenue	
Lease Revenue	
Land	\$ 36,800
Rooftop	94,305
Building	57,276
Total Lease Revenue	\$ 188,381
Interest Revenue	167,217
Total	<u>\$ 355,598</u>

A schedule of future receipts that are included in the lease receivable, showing principal and interest receipts to maturity, is presented on the following page.

	Principal	Interest	Total Receipts
Years ending June 30:			
2026	\$ 183,384	\$ 148,664	\$ 332,048
2027	147,362	135,531	282,893
2028	87,619	129,819	217,438
2029	83,061	126,406	209,467
2030	89,372	122,785	212,157
2031-2035	553,807	549,235	1,103,042
2036-2040	423,499	427,932	851,431
2041-2045	183,746	346,553	530,299
2046-2050	51,347	323,653	375,000
2051-2055	63,102	311,898	375,000
2056-2060	77,559	297,441	375,000
2061-2065	95,343	279,657	375,000
2066-2070	117,224	257,776	375,000
2071-2075	144,149	230,851	375,000
2076-2080	177,287	197,713	375,000
2081-2085	218,079	156,921	375,000
2086-2090	268,300	106,700	375,000
2091-2095	309,308	44,858	354,166
2096-2100	25,895	1,188	27,083
Total Future Receipts	<u>\$ 3,299,443</u>	<u>\$ 4,195,581</u>	<u>\$ 7,495,024</u>

Note 5. Subscription-Based Information Technology Arrangements

The Authority obtains the right to use vendors' information technology software through various long-term contracts. Payments are fixed annually. The subscriptions have been recorded at the present value of the future minimum payments as of the inception dates using internal borrowing rates ranging from 4.27% to 5.93%. As of June 30, 2025, the subscription assets had a cost of \$2,425,817 and accumulated amortization of \$795,504. The total subscription liability amounted to \$1,658,436, with \$567,856 classified as current. A summary of changes in subscription assets and liabilities is presented on the following page.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 5. Subscription-Based Information Technology Arrangements (Continued)

Subscription Assets	Beginning of Year	Additions	Subtractions	End of Year	Amounts Due Within One Year
Electronic signature software	\$ 223,860	\$ -	\$ (223,860)	\$ -	
Enterprise application software	483,947	-	(2,040)	481,907	
Cloud-based communications software	905,647	-	(80,309)	825,338	
Property management software	915,657	46,420	-	962,077	
Rent reasonableness software	-	156,495	-	156,495	
	<u>\$ 2,529,111</u>	<u>\$ 202,915</u>	<u>\$ (306,209)</u>	<u>\$ 2,425,817</u>	
Less: Accumulated Amortization					
Electronic signature software	\$ (186,771)	\$ (37,089)	\$ 223,860	\$ -	
Enterprise application software	(13,443)	(160,579)	-	(174,022)	
Cloud-based communications software	(14,847)	(161,045)	-	(175,892)	
Property management software	(209,559)	(207,341)	-	(416,900)	
Rent reasonableness software	-	(28,690)	-	(28,690)	
	<u>\$ (424,620)</u>	<u>\$ (594,744)</u>	<u>\$ 223,860</u>	<u>\$ (795,504)</u>	
Total Subscription Assets, net	<u>\$ 2,104,491</u>	<u>\$ (391,829)</u>	<u>\$ (82,349)</u>	<u>\$ 1,630,313</u>	
Subscription Liabilities	<u>\$ 1,794,635</u>	<u>\$ 156,495</u>	<u>\$ (292,694)</u>	<u>\$ 1,658,436</u>	<u>\$ 567,856</u>

A summary of principal and interest payments for the subscription liabilities is presented below:

Years ending June 30:	Principal	Interest	Total Payments
2026	\$ 567,856	\$ 87,408	\$ 655,264
2027	607,137	56,654	663,791
2028	235,047	23,728	258,775
2029	248,396	12,187	260,583
Total Future Payments	<u>\$ 1,658,436</u>	<u>\$ 179,977</u>	<u>\$ 1,838,413</u>

Note 6. Other Assets and Developer Fees Receivable

At June 30, 2025, other assets and developer fees receivable totaled \$22,184,399. This amount is made up of developer fees receivable totaling \$21,601,565 and other noncurrent receivables of \$582,834. Additionally, an allowance for doubtful accounts totaling \$3,775,463 is recorded for developer fees receivable.

Note 7. Equity in Partnership Investments

Various component units of the Authority serve as the general partner of various tax credit limited partnerships in which they have contributed capital. The investments in partnerships are accounted for under the equity method. Under this method, the investment is initially recorded at cost and is then increased or decreased by the proportionate share of the partnerships' net earnings or losses. The Authority is not required to fund capital deficits; therefore, any total capital deficits related to the Authority are only recognized to the extent of the Authority's contributed capital. The general partners include SAHFAC, SAHDC, LVPFC and RSPFC. The general partners have ownership interests ranging from 0.0045% to 0.0100%.

A reconciliation of changes in the equity in partnership investments is presented on the following page.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 7. Equity in Partnership Investments (Continued)

Partnership	General Partner (GP)	GP % of Ownership	Balance at July 1, 2024	Cash Contributions From GP	Cash Distributions to GP	GP's Share of Profit (Loss)	Eliminations	Balance at June 30, 2025
1604 Lofts Ltd.	SAHFAC	0.0051%	\$ 51	\$ -	\$ -	\$ -	\$ -	\$ 51
ARDC Sutton, Ltd.	SAHFAC	0.0050%	1,499,396	-	-	(26)	-	1,499,370
Copernicus Apartments Ltd.	SAHFAC	0.0051%	51	-	-	-	-	51
Majestic SA Apartments, LP	SAHFAC	0.0100%	100	-	-	-	-	100
Midcrown Senior Pavilion, LP	SAHFAC	0.0100%	3,618,360	-	-	-	(3,618,360)	-
San Juan Square, Ltd.	SAHFAC	0.0100%	1,462,483	-	-	-	(1,462,483)	-
The Alhambra Apartments, Ltd.	SAHFAC	0.0100%	294,461	-	-	-	(294,461)	-
Trader Flats Ltd.	SAHFAC	0.0051%	51	-	-	-	-	51
Snowden Apartments GP, LLC	SAHFAC	0.0100%	100	-	-	(77)	-	23
Enclave Gardens, Ltd.	LVPFC	0.0100%	132,668	-	-	-	(132,668)	-
Alazan Lofts, Ltd.*	SAHFAC	0.0051%	-	-	-	-	-	-
ARDC Ruiz, Ltd.*	SAHFAC	0.0050%	-	-	-	-	-	-
ARDC Sutton II, Ltd.*	SAHFAC	0.0050%	-	-	-	-	-	-
Costa Valencia, Ltd.*	SAHFAC	0.0100%	-	-	-	-	-	-
Fiesta Trails, Ltd.*	SAHFAC	0.0051%	-	-	-	-	-	-
Horizon Pointe Apartments, LP*	SAHFAC	0.0100%	-	-	-	-	-	-
Kitty Hawk Flats, Ltd*	SAHFAC	0.0051%	-	-	-	-	-	-
Mira Vista SA Apartments, LP*	SAHFAC	0.0100%	-	-	-	-	-	-
New Braunfels 2 Housing, LP*	SAHFAC	0.0050%	-	-	-	-	-	-
SAHFC Arroyo Seco, LLC*	SAHFAC	0.0100%	-	-	-	-	-	-
SAHFC Marshall Meadows, LLC*	SAHFAC	0.0100%	-	-	-	-	-	-
SAHFC Mission Del Rio, LLC*	SAHFAC	0.0100%	-	-	-	-	-	-
SAHFC Port Royal, LLC*	SAHFAC	0.0100%	-	-	-	-	-	-
San Juan III, Ltd.*	SAHFAC	0.0100%	-	-	-	-	-	-
San Juan Square II, Ltd.*	SAHFAC	0.0045%	-	-	-	-	-	-
Somerset SA Apartments, LP*	SAHFAC	0.0090%	-	-	-	-	-	-
SOSA at Palo Alto, LP*	SAHFAC	0.0100%	-	-	-	-	-	-
Tampico Apartments, Ltd*	SAHFAC	0.0050%	-	-	-	-	-	-
Vista at Everest, LP*	SAHFAC	0.0051%	-	-	-	-	-	-
Vista at Interpark, LP*	SAHFAC	0.0051%	-	-	-	-	-	-
Watson Road Apartments Ltd.*	SAHFAC	0.0051%	-	-	-	-	-	-
Wheatley Family I, LP*	SAHFAC	0.0100%	-	-	-	-	-	-
Wheatley Family II, LP*	SAHFAC	0.0100%	-	-	-	-	-	-
Wheatley Senior, LP*	SAHFAC	0.0100%	-	-	-	-	-	-
ARDC Military, Ltd.*	LVPFC	0.0100%	-	-	-	-	-	-
ARDC Salado, Ltd.*	LVPFC	0.0100%	-	-	-	-	-	-
ARDC San Marcos, Ltd.*	LVPFC	0.0050%	-	-	-	-	-	-
Costa Almadena, Ltd.*	LVPFC	0.0100%	-	-	-	-	-	-
Costa Mirada, Ltd.*	LVPFC	0.0100%	-	-	-	-	-	-
Durango Midrise, LP*	LVPFC	0.0100%	-	-	-	-	-	-
Fairfield Bethel Place LP*	LVPFC	0.0100%	-	-	-	-	-	-
Fairfield Sorento LP*	LVPFC	0.0100%	-	-	-	-	-	-
The Mirabella, Ltd.*	LVPFC	0.0100%	-	-	-	-	-	-
TX Pleasanton Housing, LP*	LVPFC	0.0100%	-	-	-	-	-	-
			<u>\$ 7,007,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (103)</u>	<u>\$ (5,507,972)</u>	<u>\$ 1,499,646</u>

For all partnerships marked with an asterisk, the general partner was not required to make a capital contribution at inception. Additionally, as the general partners are not required to fund capital deficits and these entities have cumulative loss positions as of June 30, 2025, the general partners have not recorded the related deficit capital positions of these partnerships, as they exceed the general partners' contributed capital.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 8. Capital Assets

The Authority's Capital Assets

Capital asset activity for the year ended June 30, 2025, for the business-type activities was as follows:

	Balance at July 1, 2024	Additions	Deletions	Transfers/ Reclass	Balance at June 30, 2025
Capital assets not being depreciated:					
Land	\$ 123,711,699	\$ 12,206,721	\$ (2,718,447)	\$ -	\$ 133,199,973
Construction in progress	52,549,521	33,643,454	(2,491,261)	(54,529,420)	29,172,294
Total capital assets not being depreciated	176,261,220	45,850,175	(5,209,708)	(54,529,420)	162,372,267
Capital assets being depreciated:					
Buildings and improvements	662,482,610	44,168,424	(45,100,669)	50,915,154	712,465,519
Furniture and equipment:					
Dwellings	2,750,997	1,000,898	(2,124)	1,177,350	4,927,121
Administration	8,116,163	49,076	(416,448)	1,849,129	9,597,920
Leasehold improvements	2,229,448	-	-	587,788	2,817,236
Total capital assets being depreciated	675,579,218	45,218,398	(45,519,241)	54,529,421	729,807,796
Less accumulated depreciation:					
Buildings and improvements	(464,849,407)	(40,472,998)	5,928,119	22,575,607	(476,818,679)
Furniture and equipment:					
Dwellings	(2,657,600)	(1,184,809)	2,125	-	(3,840,284)
Administration	(6,255,354)	(924,976)	385,532	21,504	(6,773,294)
Leasehold improvements	(1,215,135)	(126,056)	-	-	(1,341,191)
Total accumulated depreciation	(474,977,496)	(42,708,839)	6,315,776	22,597,111	(488,773,448)
Total capital assets being depreciated, net	200,601,722	2,509,559	(39,203,465)	77,126,532	241,034,348
Business-type activities capital assets, net	\$ 376,862,942	\$ 48,359,734	\$ (44,413,173)	\$ 22,597,112	\$ 403,406,615

Depreciation expense for the current year totaled \$18,074,226. During the year, the Authority acquired interests in various partnerships, resulting in capital assets of \$43,311,937 and accumulated depreciation of \$24,634,613 being brought forward. Accordingly, depreciation expense reflects only current-period depreciation, while additions to accumulated depreciation include both current-year depreciation and the accumulated depreciation associated with the acquired partnership interests.

Note 9. Prepaid Ground Leases

Comprising a significant portion of the deferred inflows of resources are various ground leases in which funds were provided for the purchase of land parcels which, in turn, were leased to project developments for periods ranging from 10 to 99 years. The Authority recognized the funds received for the prepaid leases as deferred inflows of resources and will amortize the prepayments over the initial periods on a straight-line basis. As of June 30, 2025, prepaid ground leases totaled \$65,536,826. The book value of the land related to the prepaid ground leases totaled \$59,966,392 as of June 30, 2025.

SAHFAC entered into 26 ground lease agreements with various limited partnerships for a period of 75 to 99 years for the lease of land to construct and operate rental projects. The limited partnerships provided a total of \$67,991,100 for the purchase of land, which is considered prepayment of annual rents for the initial periods of 75 to 99 years of the lease terms. After the end of the initial period, the limited partnerships will provide annual lease payments of \$100.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 10. Bonds and Notes Payable

The long-term indebtedness of the Authority's business-type activities is presented as follows:

Program	Issue	Original Amount	Due Within One Year	Due After One Year	Balance Outstanding at June 30, 2025
SAHFAC					
Mortgage loan for Elan Gardens payable to Frost Bank. Term is 10 years, with final maturity June 4, 2035. The interest rate is fixed at 5.97%, with monthly principal and interest payments averaging \$63,340. The loan is secured by a deed of trust on the property.	Loan	\$ 10,500,000	\$ 127,995	\$ 10,372,005	10,500,000
Mortgage loan for Burning Tree and Encanta Villa payable to Frost Bank. Term is 10 years, with final maturity December 10, 2028. The interest rate is fixed by a swap contract at 3.935%, with monthly principal and interest payments averaging \$35,864. The loan is secured by deeds of trust on the properties.	Mortgage note	6,800,000	209,829	5,413,143	5,622,972
Mortgage loan for SP II Limited Partnership payable to ORIX Real Estate Capital, LLC DBA Lument Capital. Term is 35 years, with final maturity September 1, 2057. The interest rate is 3.84%, with monthly principal and interest payments of \$20,088. The loan is collateralized by the project.	Mortgage note	4,636,700	71,252	4,383,024	4,454,276
Mortgage loan for O'Connor Road Limited Partnership payable to ORIX Real Estate Capital, LLC DBA Lument Capital. Term is 35 years, with final maturity September 1, 2057. The interest rate is 3.84%, with monthly principal and interest payments of \$25,032. The loan is collateralized by the project.	Mortgage note	5,778,000	88,790	5,461,884	5,550,674
Mortgage loan for Refugio Street Limited Partnership payable to KeyBank National Association. Term is 35 years, with final maturity September 1, 2057. The interest rate is 4.65%, with monthly principal and interest payments of \$54,678. The loan is collateralized by the project.	Mortgage note	11,330,100	150,054	10,801,564	10,951,618
Construction loan for 100 Labor Street, LLC. The loan requires interest only payments until conversion to permanent financing. The interest rate is 2.90%. Draws are made periodically as the project is constructed. The permanent loan amount is \$40,525,900 and principal and interest payments of \$142,751 are payable beginning April 1, 2023 through maturity on March 1, 2063.	Construction loan	5,658,955	581,660	38,571,938	39,153,598
Neighborhood Stabilization Program loan for Sutton Oaks payable to the City of San Antonio. Term is 30 years, with final maturity September 30, 2039. The loan is non-interest bearing. Principal payments will be deferred for 30 years until the maturity date and thereafter are forgiven if SAHFAC remains in compliance with all terms and conditions set forth in the loan documents. The note is secured by a subordinate deed of trust on the property.	Sutton NSP note	900,000	-	900,000	900,000
		<u>45,603,755</u>	<u>1,229,580</u>	<u>75,903,558</u>	<u>77,133,138</u>
SAHDC					
Multifamily Housing Revenue Bonds, Series 2005, issued for Costa Valencia, Ltd. Term is 40 years, with final maturity June 1, 2048. The interest rate is 5.75%, with monthly principal and interest payments of \$62,774. The bonds are collateralized by the project.	Revenue Bonds— Series 2005	11,780,000	206,755	9,391,978	9,598,733
Multifamily Housing Revenue Bonds, Series 2005, issued for Clark 05 Housing, LP, operating as Rosemont at Highland Park, originally had a final maturity of October 1, 2038 and are subject to a mandatory redemption. The redemption date has been extended multiple times, most recently expired on February 20, 2026. Accordingly, the outstanding bond balance has been reclassified as current debt.	Revenue Bonds— Series 2005	13,870,000	11,267,797	-	11,267,797
Mortgage loan for San Juan Square II payable to Capital One Bank. Term is 15 years, with final maturity February 1, 2026. The interest rate is 7.4%, with monthly principal and interest payments of \$29,911. The loan is secured by a deed of trust, assignment of rents, security agreement and fixture filing.	Mortgage note	4,320,000	3,304,572	-	3,304,572
Multifamily Housing Revenue Note, Series 2023, issued for New Braunfels 2 Housing, LP ("The Ravello"). Term is 10 years, with final maturity February 14, 2033. The interest rate is fixed by a swap contract at 4.84%, with monthly principal and interest payments averaging \$63,379. The loan is secured by a deed of trust on the property.	Revenue Note— Series 2023	11,750,000	200,863	11,295,101	11,495,964
Multifamily Housing Revenue Note, Series 2023, issued for Midcrowne Senior Apartments. Term is 10 years, with final maturity November 30, 2033. The interest rate is fixed by a swap contract at 4.93%, with monthly principal and interest payments averaging \$31,143. The loan is secured by a deed of trust on the property.	Revenue Note— Series 2023	5,800,000	92,762	5,569,561	5,662,323
		<u>47,520,000</u>	<u>15,072,749</u>	<u>26,256,640</u>	<u>41,329,389</u>

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 10. Bonds and Notes Payable (Continued)

Program	Issue	Original Amount	Due Within One Year	Due After One Year	Balance Outstanding at June 30, 2025
Section 8 Project Based					
Mortgage loan issued by Springhill/Courtland Heights Public Facility Corporation payable to Frost Bank. Term is 10 years, with final maturity December 6, 2026. The interest rate is fixed by a swap contract at 3.865%, with monthly principal and interest payments averaging \$31,515. The loan is secured by deeds of trust on Cottage Creek I, II, and Courtland Heights.	Mortgage note	6,000,000	209,041	4,257,168	4,466,209
Converse Ranch, LLC					
Mortgage loan for Converse Ranch I payable to Walker & Dunlop. Term is 40 years, with final maturity June 1, 2053. The interest rate is 2.98%, with monthly principal and interest payments of \$26,562. The loan is secured by a deed of trust on the property.	Mortgage note	7,443,700	140,775	5,895,330	6,036,105
Capital Fund Financing Program (CFFP)					
CFFP loan agreement dated November 9, 2006, with Fannie Mae for the accelerated renovation and rehabilitation of eight public housing developments. Term is 20 years, with final maturity February 1, 2026. The interest rate is 4.85%, with monthly principal and interest payments of \$182,721. The loan is secured with pledged Capital Grant Funds. On June 14, 2012, Fannie Mae assigned its interest in the loan and the loan agreement to Deutsche Bank National Trust Company.	CFFP loan	27,828,627	1,164,713	-	1,164,713
Sunshine Plaza Apartments, Inc.					
Mortgage loan for Sunshine Plaza payable to Frost Bank. Term is 10 years, with final maturity December 30, 2030. The interest rate is fixed at 2.87%, with monthly principal and interest payments averaging \$12,212. The loan is secured by a deed of trust on the property.	Loan	2,600,000	81,866	2,177,874	2,259,740
Energy Performance Contract Loan					
Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp. to finance the Authority's Phase II HUD Energy Performance Contract. The interest rate is 2.77%, with monthly principal and interest payments averaging \$73,959. The EPC term ends December 31, 2032.	Loan	9,171,558	720,679	5,937,093	6,657,772
		<u>\$ 141,267,640</u>	<u>\$ 18,619,403</u>	<u>\$ 120,427,663</u>	<u>\$ 139,047,066</u>

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 10. Bonds and Notes Payable (Continued)

The following table provides the annual principal and interest requirements of the Authority and its component units as of June 30, 2025, for long-term debt outstanding:

	Principal	Interest	Total
Years ending June 30:			
2026	\$ 18,619,403	\$ 5,285,944	\$ 23,905,347
2027	7,058,561	4,659,720	11,718,281
2028	2,930,575	4,473,200	7,403,775
2029	7,806,535	4,251,140	12,057,675
2030	2,974,923	4,057,120	7,032,043
2031-2035	37,768,585	16,904,358	54,672,943
2036-2040	10,673,706	10,139,310	20,813,016
2041-2045	11,874,160	8,038,856	19,913,016
2046-2050	12,882,010	5,524,428	18,406,438
2051-2055	12,140,842	3,341,685	15,482,527
2056-2060	9,918,750	1,340,813	11,259,563
2061-2065	4,522,577	188,194	4,710,771
Subtotal	139,170,627	68,204,768	207,375,395
Amounts to be drawn in future periods or upon refinance	(123,561)	-	(123,561)
Total	<u>\$ 139,047,066</u>	<u>\$ 68,204,768</u>	<u>\$ 207,251,834</u>

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Balance at July 1, 2024	Additions	Reductions	Balance at June 30, 2025	Due Within One Year
Mortgages, bonds and notes	\$ 135,945,282	\$ 28,513,897	\$ 25,412,113	\$ 139,047,066	\$ 18,619,403
Compensated absences	2,376,405	2,509,912	2,620,168	2,266,149	1,998,558
	<u>\$ 138,321,687</u>	<u>\$ 31,023,809</u>	<u>\$ 28,032,281</u>	<u>\$ 141,313,215</u>	<u>\$ 20,617,961</u>

Note 11. Derivative Financial Instrument

Interest Rate Swaps

The Authority has four interest rate swap agreements (swaps) with one counterparty as of June 30, 2025. The objective of the agreements was to attain a synthetic fixed interest rate at a cost that was expected to be less than rates associated with fixed-rate debt. The swap agreement terms state the Authority is to make monthly fixed interest rate payments at a specified rate on a notional principal amount and in exchange receive monthly payments based upon the Secured Overnight Financing Rate (SOFR) plus a spread.

The swaps have an aggregate negative fair value of \$212,847 at June 30, 2025. The fair value was estimated using a proprietary valuation model developed by a counterparty. The swaps have been determined to constitute an effective hedge at June 30, 2025, by using the synthetic instrument method. The fair value of each swap is classified as an asset and deferred inflow of resources or as a liability and deferred outflow of resources.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 11. Derivative Financial Instrument (Continued)

The following contains the terms, fair values, and credit ratings issued by S&P Global Ratings of the swaps as of June 30, 2025:

Related Debt Issuance	Current Notional Amount	Effective Date of Swap	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
				87.4% of 1-month CME Term SOFR plus 1.580%			
New Braunfels 2 Housing, LP ("The Ravello")	\$ 11,495,964	2/14/2023	4.840%		\$ (142,243)	02/14/2033	A-
Springhill/Courtland Heights PFC	4,466,209	3/1/2023	3.865%	82.4% of SOFR* plus 1.840%	63,523	12/06/2026	A-
Midcrown Senior Pavilion	5,662,323	11/30/2023	4.930%	80.4% of SOFR* plus 1.580%	(197,085)	11/30/2033	A-
SAHFAC (Burning Tree and Encanta Villa)	5,622,972	3/1/2023	3.935%	80.7% of SOFR* plus 1.560%	62,958	12/10/2028	A-
Totals	<u>\$ 27,247,468</u>				<u>\$ (212,847)</u>		

*The Secured Overnight Financing Rate (SOFR) is determined by using a weighted average of rates for the five U.S. Government Securities business days preceding each monthly reset date

Credit Risk

The Authority was exposed to credit risk on two swaps that had a positive fair value. At June 30, 2025, two swaps had an aggregate positive fair value of \$126,481 and two swaps had an aggregate negative fair value of \$339,328. The amount of \$126,481 represents the Authority's credit exposure to the related counterparty and the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. Fair value is only a factor upon termination. The swaps' counterparty has guaranteed all payments and is rated A- by S&P Global Ratings. The swap agreements provide no collateral by the counterparty.

Interest Rate Risk

The swaps decrease the Authority's exposure to interest rate risk.

Basis Risk

The swaps do not expose the Authority to basis risk because the interest rates on the loans and the swaps are the same, equal to the variable rates specified in the table above.

Termination Risk

The swaps were issued pursuant to the International Swap Dealers Association Master Agreements, which include standard termination events, such as failure to pay and bankruptcy. The Authority or the counterparty may terminate an interest rate swap if the other party fails to perform under the terms of the contract. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value. As of June 30, 2025, the swaps had an aggregate negative fair value of \$212,847.

Note 12. Line of Credit

SAHFAC has a revolving line of credit with Frost Bank for short-term borrowing needs. The line bears interest at the applicable prime rate, as listed in The Wall Street Journal, plus 0.25%. As of June 30, 2025, the all-in rate was 7.75%. The line of credit was renewed effective October 14, 2023, with a three-year term. During FY 2025, the Authority executed a modification increasing the maximum principal from \$3,000,000 to \$4,000,000. There were no borrowings against the line of credit at June 30, 2025.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 13. Conduit Debt

From time to time, SAHFC and LVPFC issue tax-exempt revenue bonds for the financing of residential developments for persons of low- and moderate-income families. The bonds are secured by the property financed and are payable solely from, and secured by, a pledge of rental receipts. The bonds do not constitute a debt or pledge of the faith and credit of SAHFC or LVPFC and, accordingly, have not been reported in the accompanying financial statements.

As of December 31, 2024, there were 26 series of tax-exempt revenue bonds outstanding with an aggregate principal amount payable of \$656,677,131, maturing from 2025 to 2063.

Note 14. Defined Contribution Plan

A. Plan Description

Effective June 7, 1948, the Authority established the Plan. The Plan is a defined contribution pension plan established as a public retirement system under the Texas Government Code by the Authority, the Plan Sponsor. Under the terms and provisions of the Plan, the Authority has the ability to amend the Plan. Additionally, the Plan covers all full-time employees of the Authority. The Plan was amended effective April 1, 2022. Prior to amendment, the Plan covered full-time employees who had completed one year of service. Eligible employees entered the Plan on the first day of January, April, July or October which coincides with or follows the date the eligibility requirements are met. The amendment removed the one-year service requirement and quarterly enrollments, thus eligible employees enter the Plan on the first day of the month that follows their date of hire. The Plan was amended again on October 9, 2024. In this amendment, effective for employees hired on or after November 1, 2024, any eligible employee who has completed one year of service shall be eligible to participate in the Plan. Further, an eligible employee shall become a participant effective as of the first day of the month which coincides with or next follows the date on which eligibility requirements were met. Employees who are participants in the Plan on or before November 1, 2024, shall continue to participate in the Plan. At December 31, 2024, there were 793 participants.

B. Contributions

Each year, participants must contribute 5.0% and may elect to contribute up to 100.0% of eligible compensation, using after tax dollars up to the maximum dollar limitation, as defined in the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. The administrator directs the investment of contributions into various investment options for the Legacy Balanced Fund, in which the majority of employees continue to participate. Employees can self-direct their investments and have a choice of several other funds. The Plan may invest in common stock, preferred stock, convertible equities, corporate bonds, debentures, fixed income funds and mutual funds, among others. The employer's required contribution of \$3,817,717 and the employees' required contributions of \$1,777,422 were made to the Plan during the Plan year ended December 31, 2024. Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the remainder of their accounts is based on years of continuous service. A participant is fully vested after five years of credited service. Plan provisions and contributing requirements are established and may be amended by the Authority's Board.

C. Forfeitures

Participant forfeitures of nonvested balances will be used to reduce future employer contributions. During the Plan year ended December 31, 2024, employer contributions were reduced by \$46,293 from forfeited nonvested accounts. There were no unallocated forfeitures at December 31, 2024.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 14. Defined Contribution Plan (Continued)

D. Plan Termination

Although it has not expressed any intent to do so, the Authority has the right under the Plan to discontinue its contribution at any time and to terminate the Plan. In the event of Plan termination, participants would become 100% vested in their employer contributions.

E. Tax Status

The Plan obtained its latest determination letter dated December 12, 2013, as applicable for the restated plan executed on January 1, 2013, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC) section 401(b) and that, therefore, the Plan is tax-exempt. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

F. Risks and Uncertainties

The Plan may invest in various types of investment securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of plan net position.

Note 15. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority carries commercial insurance for all risks of loss (with the exception of workers' compensation and employee health and accident insurance.). Settled claims resulting from other risks of loss have not exceeded commercial insurance coverage in any of the past two years.

Health and Dental Insurance Plan

On August 2, 2007, the Board approved a self-funded health insurance plan and contract with Humana as the third-party administrator for health and dental insurance. The plan went into effect January 1, 2008. The contract with Humana was terminated on December 31, 2017. The Board approved a contract with Blue Cross Blue Shield of Texas (BCBS) as the third-party administrator for health and dental insurance on September 7, 2017. BCBS began serving as the third-party administrator on January 1, 2018.

In a self-funded plan, the employee payroll deductions for health and dental insurance are collected and held by the Authority in a separate bank account specifically to pay health and dental claims. The Authority makes an initial deposit with the third-party administrator to start the plan. Thereafter, the third-party administrator processes claims and makes payments directly to health care providers. The Authority transfers funds weekly to the third-party administrator to cover the prior week's claims paid. The plan provides protection for the Authority against catastrophic claims with a \$150,000 individual stop-loss and a formula driven aggregate stop-loss limit.

The actuarially determined claims liability of \$388,209 is based on the requirements of GASB Statement No. 10, as amended by GASB Statement No. 30. The liability includes provisions for medical, dental and prescription drug claim reserves for incurred, but not paid, and incurred, but not reported, claims. No allowance was made for the expense of processing run-out claims, since it is assumed any expense related to run-out claims processing would be included as current administration expenses.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 15. Risk Management (Continued)

A reconciliation of changes in the liability for health and dental plan expenses for FY 2024 and FY 2025 is presented below:

Years ended June 30:	Liability at Beginning of Fiscal Year	Claims and Changes in Estimates in Current Year	Claim Payments	Balance at Fiscal Year-End
2024	\$ 833,987	\$ 9,850,818	\$ 9,704,380	\$ 980,425
2025	980,425	8,994,075	9,586,291	388,209

Note 16. Commitments and Contingencies

The Authority is exposed to the risk of contingent liabilities in the ordinary course of its operations. Specifically, such risks arise as a result of the Authority's participation in various state and federal grant programs and as a result of threatened and pending litigation. Disallowed costs could result if the Authority's expenditures made under its grants programs are found to be improper in that they violate state or federal regulations. Such disallowed costs would have to be paid back to the granting agency from the general funds of the Authority. The Authority is not aware of any costs that have been disallowed in the current year and does not anticipate any costs will be disallowed.

A. Grants

The Authority receives significant financial assistance from federal, state and local agencies in the form of grants and operating subsidies. HUD provided approximately 71% of the Authority's revenue in the current year. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies; therefore, to the extent the Authority has not complied with rules and regulations governing the grants, if any, refunds of any money received may be required. Management believes there are no significant contingent liabilities relating to compliance with grant rules and regulations.

B. Construction Contracts

The Authority entered into construction contracts for the rehabilitation of various low-income and multi-family housing projects that were in progress as of year-end. The unexpended balance of construction contracts is \$12,907,239 at June 30, 2025.

C. Environmental Remediation

The Authority's revitalization activities for its developments are subject to extensive and evolving environmental laws and regulations. For the year ended June 30, 2025, the Authority has expended \$547,611 related to environmental remediation efforts. The annual level of future remediation expenditures is difficult to estimate due to the many uncertainties relating to conditions of individual sites, as well as uncertainties about the status of environmental laws and regulations and developments in remedial technology. Future information and developments will require the Authority to continually reassess the expected impact of these environmental matters.

D. Pending Litigation

The Authority is the subject of various claims and litigation that have arisen in the ordinary course of its operations. Management, in consultation with legal counsel, is of the opinion that the Authority's liabilities in these cases, if decided adversely to the Authority, will not be material.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 16. Commitments and Contingencies (Continued)

E. Guarantees

SAHFAC and SAHDC are governed by Chapter 22 of the Texas Business Organizations Code, which requires each corporation to adopt bylaws, which are rules adopted to regulate or manage their actions. The initial bylaws were adopted by the Authority's Board. Per Article VII of both corporations' bylaws, the corporations shall issue obligations only upon approval of the Authority given not more than 60 days prior to the date of a proposed issue.

On December 6, 2016, SAHFAC guaranteed the payment of the 10-year, \$6,000,000 promissory note issued by Springhill/Courtland Heights PFC, an affiliated entity of SAHFAC. The note matures on December 1, 2026. In the event Springhill/Courtland Heights PFC is unable to make a payment, SAHFAC will be required to make that payment.

On December 30, 2020, SAHFAC guaranteed the payment of the 10-year, \$2,600,000 promissory note issuance of Sunshine Plaza Apartments, Inc. The note matures on December 30, 2030. In the event that Sunshine Plaza Apartments, Inc. is unable to make a payment, SAHFAC will be required to make that payment.

On November 30, 2023, SAHFAC guaranteed the payment of the 10-year, \$5,800,000 promissory note issuance of Midcrowne Senior Pavilion, LP. The note matures on November 30, 2033. In the event that Midcrowne Senior Pavilion, LP is unable to make a payment, SAHFAC will be required to make that payment.

On June 4, 2025, SAHFAC guaranteed the payment of the 10-year, \$10,500,000 promissory note issuance of SAHFC Elan Gardens, LLC. The note matures on June 4, 2035. In the event that SAHFC Elan Gardens, LLC is unable to make a payment, SAHFAC will be required to make that payment.

Note 17. Restricted Net Position

The restricted net position of the Authority consists of the following eight components:

Blended component units - lender-held escrows and reserves	\$ 8,447,071
Blended component units - other restricted cash	104,953
Blended component units - program income restricted for affordable housing purposes	10,365,678
HCV restricted cash	9,895,767
Public Housing - proceeds and settlement funds	12,768,442
Public Housing - restricted for payment of CFFP loan	1,408,118
Public Housing - other restricted cash	945,448
Section 8 substantial rehabilitation - residual receipts and reserves	289,265
	<hr/>
Total restricted net position	<u>\$ 44,224,742</u>

Note 18. Related-Party Transactions

As stated in Note 1, the Authority is considered to be financially accountable to the component units, and the component units serve as the Authority's instruments to enhance its purpose to build and maintain affordable housing for low- and moderate-income families. Consequently, related transactions in the following areas occurred in the current year.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 18. Related-Party Transactions (Continued)

- Of the total notes receivable, net of allowance for doubtful accounts, \$20,849,977 is due from various partnerships that are related parties of the Authority. During the fiscal year, the Authority received payments totaling \$1,056,871 on these notes.

Note 19. Recently Issued Accounting Pronouncements

The following pronouncements will become effective in future reporting periods. The Authority's management has not determined their impact:

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the Authority beginning with its fiscal year ending June 30, 2026. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

Note 20. Acquisitions

On August 29, 2024, the Investor Limited Partner and Special Limited Partner of The Alhambra Apartments, Ltd. transferred their partnership interests to SAHDC The Alhambra, LLC for consideration of \$280,000. SAHDC The Alhambra, LLC is wholly owned by San Antonio Housing Development Corporation, a blended component unit of the Authority. At the time of the transfer, the General Partner, SAHA The Alhambra, LLC, retained a 0.01% ownership interest, and San Antonio Housing Facility Corporation, a blended component unit of the Authority, served as its sole member. The Class B Limited Partner, San Antonio Housing Development Corporation, retained a 0.99% ownership interest. The Investor Limited Partner, MMA The Alhambra, LLC, held a 98.999% ownership interest, and the Special Limited Partner, MuniMae SLP II, LLC, held a 0.001% ownership interest. As a result of the transaction, the Authority obtained control of the entity and added 140 apartment units to its Affordable Housing Communities portfolio. The transaction resulted in an adjustment to beginning net position of \$3,119,451, as the acquired assets exceeded the assumed liabilities.

On August 29, 2024, the Investor Limited Partner and Special Limited Partner of San Juan Square, Ltd. transferred their partnership interests to SAHDC San Juan, LLC for consideration of \$74,000. SAHDC San Juan, LLC is wholly owned by San Antonio Housing Development Corporation, a blended component unit of the Authority. At the time of the transfer, the General Partner, SAHA San Juan Square, LLC, retained a 0.01% ownership interest, and San Antonio Housing Facility Corporation, a blended component unit of the Authority, served as its sole member. The Class B Limited Partner, San Antonio Housing Development Corporation, retained a 0.99% ownership interest. The Investor Limited Partner, MMA San Juan, LLC, held a 98.999% ownership interest, and the Special Limited Partner, MuniMae SLP II, LLC, held a 0.001% ownership interest. As a result of the transaction, the Authority obtained control of the entity and added 143 apartment units to its Affordable Housing Communities portfolio. The transaction resulted in an adjustment to beginning net position of \$2,658,939, as the acquired assets exceeded the assumed liabilities.

On June 4, 2025, the Investor Limited Partner and Special Limited Partner of Enclave Gardens, Ltd. transferred their partnership interests to SAHFC EG, LLC for consideration of \$2,750,481. SAHFC EG, LLC is wholly owned by San Antonio Housing Facility Corporation, a blended component unit of the Authority. At the time of the transfer, the General Partner, Enclave Living GP, LLC, retained a 0.01% ownership interest, and Las Varas Public Facility Corporation, a blended component unit of the Authority, served as its sole member. The Investor Limited Partner, ORC Tax Credit Fund 28, LLC, held a 99.99% ownership interest, and the Special Limited Partner, SCDC, LLC, held a 0.00% ownership interest. As a result of the transaction, the Authority obtained control of the entity and added 228 apartment units to its Affordable Housing Communities portfolio. Concurrent with the acquisition, Enclave Gardens, Ltd. was

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 20. Acquisitions (Continued)

converted from a limited partnership to a limited liability company named SAHFC Elan Gardens, LLC, of which San Antonio Housing Facility Corporation is the sole member. The transaction resulted in an adjustment to beginning net position of negative \$3,084,015, as the assumed liabilities exceeded the acquired assets.

Note 21. Restatement – Prior Period Adjustment

The Authority is reporting a prior period adjustment of \$315,569 to correct the Accounts receivable—tenants account balance reported in the fiscal year ended June 30, 2024. The adjustment corrects an overstatement in the prior period balance which resulted from an issue in the interface between the property management system and the general ledger which caused subsequent period charges to be recognized and recorded in the prior year.

A summary of the restated balances as of July 1, 2024 is as follows:

Net position - as previously reported	\$ 363,288,068
Restated Accounts receivable—tenants balance	<u>\$ (315,569)</u>
Net position - restated	<u>\$ 362,972,499</u>

Note 22. Subsequent Events

On September 16, 2025, Las Varas Public Facility Corporation, a blended component unit of the Authority, issued \$29,490,000 of Essential Function Housing Development Bonds, Series 2025, to finance the acquisition of Amara Apartments, a 308-unit multifamily residential property purchased the same day for approximately \$53,000,000 plus closing costs. The acquisition was funded with \$29,490,000 in bond proceeds and \$27,354,369 of MTW funds. The bonds bear interest at 4.25%, mature on October 1, 2035, and require semiannual interest payments on April 1 and October 1, beginning April 1, 2026, with debt service payable from and secured by project revenues as defined in the trust indenture.

On November 19, 2025, the General Partner, Class B Limited Partner, Investor Limited Partner, and Special Limited Partner of ARDC San Marcos, Ltd. transferred their partnership interests to SAHFC AC, LLC, which is wholly owned by San Antonio Housing Facility Corporation, a blended component unit of the Authority. The Investor Limited Partner was the only party to receive consideration, totaling \$1,531,941. Prior to the transfer, ownership interests in ARDC San Marcos, Ltd. were: the General Partner, ARDC San Marcos GP, LLC (wholly owned by San Antonio Housing Facility Corporation), 0.005%; the Class B Limited Partner, Franklin Family Investments, Ltd., 0.005%; the Investor Limited Partner, Bank of America, N.A., 99.98%; and the Special Limited Partner, Banc of America CDC Special Holding Company, Inc., 0.01%. As a result of the transfer, the Authority gained control of the entity, adding 252 apartment units to its Affordable Housing Communities portfolio. The limited partnership was subsequently converted into a limited liability company, SAHFC Artisan at Creekside, LLC. On January 7, 2026, SAHFC Artisan at Creekside, LLC obtained a 10-year, \$13,600,000 loan from Frost Bank, with a fixed interest rate of 4.94% under a swap agreement, maturing on January 7, 2036. The loan is secured by a deed of trust on the Artisan at Creekside Apartments.

Housing Authority of the City of San Antonio

Notes to Financial Statements Year Ended June 30, 2025

Note 22. Subsequent Events (Continued)

On January 21, 2026, Las Varas Public Facility Corporation, a blended component unit of the Authority, issued \$50,000,000 in Series 2026A Credit Enhanced Multifamily Housing Revenue Bonds and \$14,000,000 in Taxable Series 2026B Credit Enhanced Multifamily Housing Revenue Bonds. The proceeds of the Bonds will be loaned by Las Varas Public Facility Corporation to Central at Commerce, LP to provide construction financing for a 279-unit multifamily residential rental development to be known as Central at Commerce. Upon conversion of the Bonds from the construction phase to the permanent phase, Cedar Rapids Bank and Trust Company is expected to purchase the Series 2026A Bonds to provide a permanent loan to the partnership, and the Series 2026B Bonds are expected to be retired. The Series 2026A Bonds bear interest at 3.35%, and the Series 2026B Bonds bear interest at 4.35%. The corresponding loans to Central at Commerce, LP carry interest rates of 4.35% for the Series 2026A loan and 5.35% for the Series 2026B loan.

On February 5, 2026, the Sixth Amendment to the Purchase and Sale Agreement for Rosemont at Highland Park was executed, requiring the Authority (the seller) and LXMI Capital (the buyer) to deposit a total of \$1,000,000 with Computershare, the bond trustee, for the bond payoff scheduled for February 20, 2026. The \$250,000 from LXMI is nonrefundable and will be applied as a credit to the purchase price. On February 6, 2026, Computershare confirmed that the bond payoff date had been rescheduled to February 20, 2026. On February 19, 2026, the Authority completed a wire transfer of \$10,165,143.41 in Real Estate Services funds to pay off the bonds, meeting the February 20, 2026 deadline.

On February 19, 2026, a mandatory redemption notice was issued for the Costa Valencia Multifamily Housing Revenue Bonds, Series 2005, in accordance with the terms of the bond indenture. The bonds are subject to mandatory redemption on September 1, 2026. The bonds were originally scheduled to mature on June 1, 2048. The outstanding principal amount subject to redemption is \$9,479,569. The redemption will be effected in accordance with the provisions of the bond indenture.

The Authority has evaluated subsequent events through March 4, 2026, the date on which the financial statements were issued. Other than as discussed above, during this period no material subsequent events occurred which would require recognition or disclosure.

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Supplementary Information

Housing Authority of the City of San Antonio

Schedule of Modernization Costs
Year Ended June 30, 2025

HUD Project Number	Approved Funds	Expended Funds	Disbursed Funds	Approved Funds Available to Expend	Expended Funds Available to be Disbursed
TX 59P006501-20	\$ 13,141,540	\$ 13,141,540	\$ 13,141,540	\$ -	\$ -
TX 59P006501-21	13,244,337	13,244,337	13,244,337	-	-
TX 59P006501-22	16,212,142	15,546,087	14,499,425	666,055	1,046,662
TX 59P006501-23	16,536,059	14,506,941	12,385,789	2,029,118	2,121,152
TX 59P006501-24	17,011,316	6,653,416	5,813,397	10,357,900	840,019
TX 59P006501-25	17,359,796	-	-	17,359,796	-
TX 59E006501-21	10,865	-	-	10,865	-
TX 59E006501-22	250,000	250,000	250,000	-	-
TX 59E006501-24	117,256	20,546	-	96,710	20,546
TX 59E006501-25	245,490	-	-	245,490	-
TX 59L006501-20	2,457,071	1,902,966	927,318	554,105	975,648
TX 59L006501-22	4,764,665	47,370	-	4,717,295	47,370
TX 59L006501-24	6,277,810	-	-	6,277,810	-
TX 59H006501-22	4,516,200	444,000	-	4,072,200	444,000
TX 59H006501-24	4,800,000	-	-	4,800,000	-
	\$ 116,944,546	\$ 65,757,203	\$ 60,261,805	\$ 51,187,343	\$ 5,495,397

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Compliance Section

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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

To the Board of Commissioners of
Opportunity Home San Antonio
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Opportunity Home San Antonio (Opportunity Home), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Opportunity Home's basic financial statements, and have issued our report thereon dated March 4, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Opportunity Home's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Opportunity Home in a separate letter dated March 4, 2026.

Purpose of This Report

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

Garza Gonzalez & Associates

March 4, 2026

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

To the Board of Commissioners of
Opportunity Home San Antonio
San Antonio, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Opportunity Home San Antonio (Opportunity Home) 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 Opportunity Home's major federal programs for the year ended June 30, 2025. Opportunity Home'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, Opportunity Home 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 June 30, 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 Opportunity Home 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 Opportunity Home'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 Opportunity Home's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Opportunity Home'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 Opportunity Home'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 Opportunity Home's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Opportunity Home'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 Opportunity Home's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

We noted certain matters that we reported to management of Opportunity Home in a separate letter dated March 4, 2026.

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.

Garza Gonzalez & Associates

March 4, 2026

Housing Authority of the City of San Antonio

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I—Summary of Auditor’s Results

1. Financial Statements

Type of auditor’s report issued:

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	<u> X </u> No
Significant deficiency(ies) identified?	_____ Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	_____ Yes	<u> X </u> No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	<u> X </u> No
Significant deficiency(ies) identified?	_____ Yes	<u> X </u> None Reported

Type of auditor’s report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)?	_____ Yes	<u> X </u> No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.881	Moving to Work Demonstration Program
14.871, 14.879	Housing Voucher Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$ <u>3,000,000</u>
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Auditee qualified as low-risk auditee?	_____ Yes	<u> X </u> No
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(Continued)

Housing Authority of the City of San Antonio

Schedule of Expenditures of Federal Awards Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number	Expenditures	Amounts Passed Through To Subrecipients
Direct Programs				
United States Department of Housing and Urban Development:				
Section 8 Project-Based Cluster:				
Section 8 Moderate Rehabilitation	14.856	FW-4045K	\$ 1,753,637	\$ -
Total Section 8 Project-Based Cluster			1,753,637	-
Section 8 New Construction/Subs Rehab:				
Reagan West	14.182	TX59E000018	56,326	-
Total Section 8 New Construction/Subs Rehab			56,326	-
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers:				
Section 8 Veterans Affairs Supportive Housing—VASH	14.871		3,739,640	-
Emergency Housing Voucher Program	14.EHV		2,329,604	-
Section 8 Mainstream Vouchers Program	14.879	FW-4045DV	3,344,877	-
Total Housing Voucher Cluster			9,414,121	-
Moving to Work (MTW) Demonstration Program:				
MTW—Low Rent Public Housing Authority Owned Housing	14.881	FW-1247	37,459,622	-
MTW—Section 8 Housing Choice Voucher Program	14.881	FW-4045V	151,766,286	-
MTW—2020 Capital Fund Program	14.881	TX59P006501-20	1,012,388	-
MTW—2022 Capital Fund Program	14.881	TX59P006501-22	2,417,095	-
MTW—2023 Capital Fund Program	14.881	TX59P006501-23	6,259,445	-
MTW—2024 Capital Fund Program	14.881	TX59P006501-24	6,476,119	-
MTW—2022 Emergency Safety and Security Grant Program	14.881	TX59E006501-22	29,989	-
Total MTW Demonstration Program			205,420,944	-
Lead-Based Paint Capital Fund Program:				
2020 Lead-Based Paint Capital Fund Program	14.888	TX59L006501-20	1,760,416	-
2022 Lead-Based Paint Capital Fund Program	14.888	TX59L006501-22	5,120	-
2022 Housing-Related Hazards Capital Fund Program	14.888	TX59H006501-22	444,000	-
Total Lead-Based Paint Capital Fund Program			2,209,536	-
Family Self-Sufficiency Program:				
2023 HCV/PH Combined FSS Grant	14.896	TX006FSS23TX504201	560,930	-
2024 HCV/PH Combined FSS Grant	14.896	TX006FSS25TX6212	568,254	-
Total Family Self-Sufficiency Program			1,129,184	-
Resident Opportunity and Supportive Services (ROSS)—Service Coordinator Grant:				
2021 ROSS—Service Coordinator	14.870	ROSS221724	200,782	-
2024 ROSS—Service Coordinator	14.870	ROSS252123	13,398	-
Total ROSS—Service Coordinator Grant			214,180	-
Job-Plus Pilot Initiative	14.895	TX006FJP6JPH20	314,226	-
Economic Development Initiative - Community Project Funding	14.251	B-22-CP-TX-0861	2,047,680	-
Total United States Department of Housing and Urban Development			222,559,834	-

(Continued)

Housing Authority of the City of San Antonio

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number	Expenditures	Amounts Passed Through To Subrecipients
Pass-Through Programs				
United States Department of Housing and Urban Development:				
Texas Department of Housing and Community Affairs				
Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons with Disabilities	14.326	TX59RDD1903	46,149	-
Total United States Department of Housing and Urban Development			46,149	-
United States Department of Transportation:				
VIA Metropolitan Transit Authority Grant				
Transit Services Program Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX-2021-010-00	3,575	-
Total Transit Services Program Cluster			3,575	-
Total United States Department of Transportation			3,575	-
Total Federal Financial Assistance			\$ 222,609,558	\$ -

See notes to schedule of expenditures of federal awards.

Housing Authority of the City of San Antonio

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2025

Note 1. Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Summary of Significant Accounting Policies

Expenditures reported in the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Subrecipients: There were no subrecipients in the current year.

Low-rent expenditures represent the current-year operating subsidy from HUD.

Section 8 Program expenditures represent the current year earned annual contribution from HUD.

De minimis election: The Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

A reconciliation of the SEFA to the statement of revenues, expenses and changes in net position for the year ended June 30, 2025, is as follows:

Total federal financial assistance per SEFA	<u>\$ 222,609,558</u>
A. Federal assistance per statement of revenues, expenses and changes in net position:	
HUD operating subsidy and grant revenue	\$ 214,514,097
Other government grants	3,575
Capital contributions	14,164,295
B. Less grant revenue for multifamily properties separately reported to REAC:	
a. Sunshine Plaza—HUD Project No. 115-94026	(735,219)
b. Pecan Hill—HUD Project No. 115-94027	(772,968)
c. Springhill I PFC—HUD Grant No. TX59E000035	(954,751)
d. Springhill II PFC—HUD Grant No. TX59E000036	(949,691)
e. 100 Labor Apartments—HUD Grant No. TX598023003	(578,694)
C. Less FY 2025 Capital Fund Financing Program principal payments	<u>(2,081,086)</u>
	<u>\$ 222,609,558</u>

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