# Detroit Housing Commission

(a component unit of the City of Detroit, Michigan)

**Financial Report**

**with Supplementary Information**

**June 30, 2025**

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# Independent Auditor's Report

To the Board of Commissioners
Detroit Housing Commission

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Detroit Housing Commission (the "Commission"), a component unit of the City of Detroit, Michigan, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component units of the Commission as of June 30, 2025 and the changes in its financial position and, where applicable, its cash flows 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 discretely presented component units, other than Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership. The discretely presented component units audited by other auditors represent 96 percent of the assets and 95 percent of revenue of the aggregate discretely presented component units as of June 30, 2025 and the respective changes in financial position for the year then ended. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for discretely presented component units, is based solely on the report of the other auditors.

### *Basis for Opinion on U.S. Generally Accepted Accounting Principles*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Commission 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. The discretely presented component unit financial statements of Woodbridge Estates Apartments I, LLC; Woodbridge Estates Apartments II, LLC; Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership; Woodbridge Estates VI Limited Dividend Housing Association, LLC; Woodbridge Estates IX Limited Dividend Housing Association, LLC; Gardenview Homes IV Limited Dividend Housing Association, LLC; Gardenview Homes V Limited Dividend Housing Association, LLC; Gardenview Homes VI Limited Dividend Housing Association, LLC; Gardenview Homes IX Limited Dividend Housing Association, LLC; Emerald Springs IA Limited Dividend Housing Association Limited Partnership; Emerald Springs IB Limited Dividend Housing Association Limited Partnership; Emerald Springs II Limited Dividend Housing Association Limited Partnership; Cornerstone Estates I Limited Dividend Housing Association, LLC; Cornerstone Estates II Limited Dividend Housing Association, LLC; and Cornerstone Estates III Limited Dividend Housing Association, LLC were not audited in accordance with *Government Auditing Standards*.

To the Board of Commissioners
Detroit Housing Commission

### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission'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.

To the Board of Commissioners
Detroit Housing Commission

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension liability and related ratios, and schedule of pension contributions, as identified in the table of contents, 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Management is responsible for the accompanying schedules of actual program costs and advances, which are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Our opinions on the financial statements do not cover such information, and we do not express an opinion or any form of assurance thereon.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 26, 2025

As management of the Detroit Housing Commission (the "Commission" or "DHC"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2025. The purpose of this summary is to assist the reader in focusing on significant financial issues, to provide an overview of DHC's financial activities for the year, to highlight changes in DHC's financial position, and to identify individual fund or program issues or concerns. The management discussion and analysis ("MD&A") does not include the information of the discretely presented component units.

Since the MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, we encourage readers to consider the information presented here in conjunction with the Commission's accompanying financial statements and notes.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director James Arthur Jemison., Detroit Housing Commission, 1301 E. Jefferson Avenue, Detroit, MI 48207.

## Mission

The Detroit Housing Commission will effectively and efficiently develop, manage, and preserve quality affordable housing.

## Financial Highlights

- The assets of the Commission exceeded its liabilities as of June 30, 2025, by $274.1m (net position).
- The Commission had operating revenue from HUD of $86.9m and HUD capital grants of $2.8m which includes funds for redevelopment and capital asset activities.
- The Commission's unrestricted cash and cash equivalents totaled $22.9m as of June 30, 2025.
- Public housing has maintained occupancy of an average at 79.6 percent for the fiscal year ended June 30, 2025.
- The Commission utilized 74.5 percent of its Section 8 baseline vouchers under the Housing Choice Voucher program and spent 101.55 percent of the Housing Assistance Payment Subsidy received from HUD.
- DHC provides loans to its discrete component units primarily through HOPE VI and Capital Fund Program funding. The discrete component units are required to repay these funds of $95m to the Commission, which are included in the notes, loans, and mortgages receivable as of June 30, 2025.
- During fiscal year 2025, DHC complied with all the rules and provisions of asset management, which involves detailed budgeting, tracking, and reporting of all activities by development in the Low-income Public Housing Program.
- DHC also used the Central Office Cost Center to carry out the management and administrative activities required by all of its programs.

**The Commission's Programs**

The Commission's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and follow the business-type activity reporting requirements of the Governmental Accounting Standards Board (GASB). All of the Commission's activities are presented in a single business activity enterprise fund on the full accrual basis of accounting. The Enterprise Fund basis is similar to accounting used in the private sector. Many of the programs maintained by DHC are set up as required by HUD. Other programs are segregated to enhance accountability and control. The Commission's significant programs are described below.

**Low-income Public Housing (LIPH)** - Under this program, DHC rents units that it owns in 41 Asset Management Properties (AMPS), one or more developments grouped for management purposes, which includes 26 component unit AMPS, and 205 scattered site units within the City of Detroit to low-income households. This program is operated under the Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy to enable DHC to provide the housing at a cost that is based upon 30 percent of household income, adjusted for family composition and certain allowances. DHC currently owns and operates 3,403 subsidized units in this program.

**Section 8 Program** - Within the Rental Assistance division is our main Section 8 program, which is known as the Housing Choice Voucher (HCV) program. DHC administers contracts with private landlords that own and lease units within the community. DHC subsidizes a family's rent through a monthly housing assistance payment (HAP) made to the landlord. These programs are operated under Annual Contribution Contracts (ACC) with HUD, which enables DHC to structure a lease that sets the participants' housing costs at 30 percent of household income, adjusted for family composition and certain allowances. DHC has budget authority to administer 6,459 Housing Choice Vouchers, 49 moderate rehabilitation units (site-based program), 99 Emergency Housing Voucher and 104 Mainstream Vouchers.

**Capital Fund Program** - Under this program, DHC receives funding for physical renovation and management improvements to its owned units within the Low-income Public Housing Program. DHC uses many independent contractors to provide construction/rehab services. The Capital Fund Program is operated under the annual contributions contract (ACC) with HUD.

**Development Program** -DHC's development program is actively pursuing the acquisition of and construction of new affordable housing in the community. Historically, DHC had assisted with the financing of various developments utilizing Replacement Housing Factor (RHF) funds, and HOPE VI grants to continue adding new housing units.

**Business Activities** - This area includes programs such as homeownership commissions, nonfederal activities, and developer fees from mixed-finance partnerships.

**Overview of the Financial Statements**

The entity-wide financial statements included in this annual report are those of a special-purpose government engaged in a single business-type activity prepared on an accrual basis as noted above. Over time, significant changes in the Commission's net position serve as a useful indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of the Commission, the reader must also consider other nonfinancial factors such as changes in family composition, fluctuations in the local economy, HUD-mandated program administrative changes, proration of available funding, and the physical condition of capital assets.

The financial statements include two columns which present the activities of the Commission as the primary government and the Commission's discretely presented component units. The discrete component units are required to be presented, as the primary government is held to be financially accountable for these legally separate entities since the Commission provides significant specific financial benefits to these entities. The following financial statements are presented:

- Statement of Net Position - This is a balance sheet which reports the Commission’s assets, liabilities, and net position at the end of the fiscal year. The Commission’s net position is the difference between what the Commission owns (assets) and what the Commission owes (liabilities). Net position (formerly known as net assets) is reported in three broad categories: net investment in capital assets, restricted net position, and unrestricted net position.
- Statement of Activities - Similar to an income statement, this statement presents information showing how the Commission’s net position increased or decreased during the current fiscal year. This statement includes operating revenue such as federal funding and rental income; operating expenses such as administrative, tenant services, utilities, maintenance, protective services, general, depreciation, and HAP expense; and nonoperating revenue and expense such as capital contributions revenue, interest income, and gains and losses on the disposal of fixed assets. The focus of this statement is the “change in net position,” which is similar to net income or loss.
- Statement of Cash Flows - This statement presents information showing the total cash receipts and cash disbursements of the Commission during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e., capital additions, debt service, prior period obligations, etc.). In addition, this statement reflects the receipt of cash that was obligated to the Commission in prior periods and subsequently received during the current fiscal year (i.e., accounts receivable, notes receivable, etc.).
- Notes to the Financial Statements - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Commission and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, the notes reflect the impact (if any) of any uncertainties the Commission may face.

In addition to the basic financial statements listed above, our report includes supplemental information which we feel will assist the reader in understanding the financial statements. This information is provided in order to provide more detail on the Commission’s various programs and also includes the required information mandated by regulatory bodies that fund the Commission’s various programs.

The following statements are condensed versions of our full financial statements for the purpose of analysis and discussion. See the full financial statements for more details on the results of operations and the Commission’s financial position.

## Financial Analysis

The following table represents the condensed statement of net position compared to the prior year for all of DHC's programs combined:

**Statement of Net Position**

| | 2025 | 2024 | Net Change |
|---|---|---|---|
| **Assets and Deferred Outflows** | | | |
| Current assets | $ 44,815,625 | $ 53,770,323 | $ (8,954,698) |
| Capital assets - Net | 101,662,099 | 98,186,324 | 3,475,775 |
| Other noncurrent assets | 95,087,575 | 95,162,077 | (74,502) |
| Deferred outflows | 43,257,301 | 44,826,131 | (1,568,830) |
| Total assets and deferred outflows | 284,822,600 | 291,944,855 | (7,122,255) |
| **Liabilities and Deferred Inflows** | | | |
| Current liabilities | $ 6,720,182 | $ 5,407,071 | $ 1,313,111 |
| Other noncurrent liabilities | 4,044,858 | 3,117,936 | 926,922 |
| Deferred infolows | - | 187,343 | (187,343) |
| Total Liabilities and deferred inflows | 10,765,040 | 8,712,350 | 2,052,690 |
| **Net Position** | | | |
| Net investment in capital assets | 101,662,099 | 98,186,324 | 3,475,775 |
| Restricted | 110,395,418 | 116,696,902 | (6,301,484) |
| Unrestricted | 62,000,043 | 68,349,279 | (6,349,236) |
| | $ - | | |
| Total net position | 274,057,560 | 283,232,505 | (9,174,945) |
| Total liabilities and net position | **$ 284,822,600** | **$ 291,944,855** | **$ (7,122,255)** |

The Commission's net investment in capital assets increased 3.5 percent. DHC remains committed to investing in its properties and had capital additions of $8.1m. This investment is offset by annual depreciation of $4.6m.

**Net Position** - The difference between an organization's assets and its liabilities is its net position. Net position is categorized as one of three types:

1. Net investment in capital assets - Capital assets, net of accumulated depreciation and related debt, are due to the capital asset and long-term debt activity.

2. Restricted - The Commission's assets whose use is subject to constraints imposed by law or agreement (consisting primarily restricted notes receivable related to the HOPE VI loans)

3. Unrestricted - The Commission's assets that are neither invested in capital assets nor restricted, which increase principally due to operations. These resources are available to meet the Commission's ongoing obligations to its residents and creditors.

Restricted net position remained largely unchanged from the previous year. The majority of this balance reflects proceeds from the sale of the Douglass land site. Proceeds from this sale are considered restricted until the use of these proceeds is approved by the HUD. DHC received approval for use of these funds during the fiscal year end. The fluctuation in restricted net position are a function of HAP payments and the related timing of HAP funding from HUD.

The following schedule compares the revenue and expenses for the current and previous fiscal years for all DHC's programs:

| | 2025 | 2024 | Net Change |
|---|---|---|---|
| **Operating Revenue** | | | |
| HUD operating revenue | $ 86,909,917 | $ 80,655,110 | $ 6,254,807 |
| Tenant revenue - Net | 5,100,656 | 7,089,916 | (1,989,260) |
| Other operating revenue | 1,971,716 | 1,561,303 | 410,413 |
| Total operating revenue | 93,982,289 | 89,306,329 | 4,675,960 |
| **Operating Expenses** | | | |
| Administrative | 18,819,182 | 13,860,343 | 4,958,839 |
| Tenant services | 288,559 | 237,209 | 51,350 |
| Utilities | 6,889,346 | 5,066,136 | 1,823,210 |
| Maintenance | 15,006,327 | 11,897,740 | 3,108,587 |
| Protective services | 2,082,448 | 1,300,359 | 782,089 |
| General | 6,821,143 | 7,555,629 | (734,486) |
| Depreciation and amortization | 5,763,118 | 5,339,788 | 423,330 |
| Housing assistance payments | 52,209,965 | 49,111,217 | 3,098,748 |
| Total operating expenses | 107,880,088 | 94,368,421 | 13,511,667 |
| **Operating Loss** | (13,897,799) | (5,062,092) | (8,835,707) |
| **Nonoperating Revenue (Expense)** | | | |
| Gain (Loss) on sale of asset | 1,700 | - | 1,700 |
| Investment income - Unrestricted | 1,939,250 | 2,401,306 | (462,056) |
| Interest Income - Restricted | 2,601,509 | 2,482,943 | 118,566 |
| Other revenue | - | - | - |
| Other expense | (21,576) | (53,917) | 32,341 |
| Bad debt expense on the note receivable interest income | (2,601,509) | (2,477,852) | (123,657) |
| Total nonoperating revenue (expense) | 1,919,374 | 2,352,480 | (433,106) |
| **Decrease in Net Position Before Capital Contributions** | (11,978,425) | (2,709,612) | (9,268,813) |
| **Capital Contributions** | | | |
| Capital contributions - HUD | 2,803,480 | 5,671,469 | (2,867,989) |
| **(Decrease) Increase in Net Position** | (9,174,945) | 2,961,857 | (12,136,802) |
| **Net Position** - Beginning of year | 283,232,505 | 280,270,648 | 2,961,857 |
| **Net Position** - End of year | **$ 274,057,560** | **$ 283,232,505** | **$ (9,174,945)** |

Total operating revenue increased by approximately $4.7m for the fiscal year ended June 30, 2025, primarily due to increased proration funding provided by HUD.

Operating expenses are categorized by the Commission as administrative, tenant services, utilities, maintenance, protective services, general, depreciation expense, and housing assistance payments. The net increase of approximately $13.5m in total operating expenses is primarily due to administrative, maintenance costs and housing assistance payments.

Capital contributions decreased by $2.9m due to decreased usage of the HUD Capital Fund Program. HUD's Capital Fund Program is an expenditure driven grant program.

The Commission has no long-term debt as of June 30, 2025.

## Capital Assets and Debt Activity

After the Commission became independent from the City of Detroit, Michigan, the City signed over the HUD properties to DHC. DHC recorded these donated assets at fair market value based on appraisals. These original capital assets are adjusted annually by depreciation. Subsequent additional capital assets are recorded at cost. Additional information on the Commission's capital assets can be found in Note 4 to the basic financial statements.

| | 2025 | 2024 | Net Change |
|---|---|---|---|
| **Nondepreciable** | | | |
| Land | $ 58,054,439 | $ 58,054,439 | $ - |
| Construction in progress | 540,477 | 4,071,234 | (3,530,757) |
| Total nondepreciable | 58,594,916 | 62,125,673 | (3,530,757) |
| **Depreciated** | | | |
| Structures and improvements | $ 111,542,031 | $ 101,131,307 | $ 10,410,724 |
| Equipment | 8,774,272 | 7,738,082 | 1,036,190 |
| Total depreciated | 120,316,303 | 108,869,389 | 11,446,914 |
| Total capital assets | 178,911,219 | 170,995,062 | 7,916,157 |
| Total accumulated depreciation | (77,249,120) | (72,808,738) | (4,440,382) |
| Capital assets - Net | **$ 101,662,099** | **$ 98,186,324** | **$ 3,475,775** |

## Factors Affecting Next Year's Budget

The Commission is primarily dependent upon HUD for the funding of its Low-income Public Housing, Housing Choice Voucher, and Public Housing Capital Fund programs; therefore, the Commission is affected more by the federal budget than by local economic conditions. The proration of funding of these programs is higher in CY24 and CY25 and therefore projected to have positive impact in future 2026 and 2027 federal budgets. The federal deficit and budgetary restrictions at the congressional level will have a great impact on our local activities.

## Economic Factors

Significant economic factors that can potentially affect the Commission are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Economic factors such as prevailing interest rates and related banking fees
- Local labor supply and demand, which can affect salary and wage rates
- Increased regulatory requirements
- 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 operating expenses

# Statement of Net Position

**Year Ended June 30, 2025**

| | | Primary Government - Business-Type Activities | Total Discrete Component Units |
|---|---|---|---|
| **Assets and Deferred Outflows of Resources** | | | |
| **Current Assets** | | | |
| Cash, cash equivalents, and investments - Unrestricted (Note 3) | $ | 22,897,412 | 2,231,396 |
| Cash, cash equivalents, and investments - Restricted (Note 3) | | 17,805,688 | 13,416,042 |
| Receivables - Net | | 1,320,170 | 566,163 |
| Prepaid expenses | | 1,173,939 | 349,532 |
| Due from other governments | | 1,618,416 | - |
| Total current assets | | 44,815,625 | 16,563,133 |
| **Noncurrent Assets** | | | |
| Capital assets - Nondepreciable (Notes 4 and 11) | | 58,594,916 | 8,659,523 |
| Capital assets - Depreciable - Net (Notes 4 and 11) | | 43,067,183 | 146,738,988 |
| Other noncurrent assets | | - | 1,205,071 |
| Notes, loans, and mortgages receivable - Net (Note 7) - Due from discrete component units with the exception of $127,927 which is due from the Homeownership Program for primary government and $275,604 due from third party for Discrete Component Units | | 95,087,575 | 275,604 |
| Total assets | | 241,565,299 | 173,442,319 |
| **Deferred Outflows of Resources** | | | |
| Deferred outflows related to pensions (Note 8) | | 1,102,312 | - |
| Excess consideration provided in acquisition | | 42,154,989 | - |
| | | 43,257,301 | |
| Total assets and deferred outflows of resources | $ | **284,822,600** | $ **173,442,319** |
| **Liabilities, Deferred Inflows of Resources, and Net Position** | | | |
| **Current Liabilities** | | | |
| Current portion of long-term debt (Note 11) | $ | - | $ 644,462 |
| Accounts payable | | 3,986,338 | 810,720 |
| Accrued interest payable | | - | 26,929,242 |
| Accrued salaries and benefits | | 322,965 | - |
| Accrued compensated absences | | 31,736 | - |
| Due to other governments | | 29,648 | - |
| Tenant security deposits | | 251,357 | 336,381 |
| Unearned revenue | | 359,598 | 91,539 |
| Other current liabilities | | 1,738,540 | 2,479,835 |
| Total current liabilities | | 6,720,182 | 31,292,179 |
| **Noncurrent Liabilities** | | | |
| Long-term debt - Includes $94,323,793 which is due to Detroit Housing Commission (Note 11) | | - | 146,098,455 |
| Accrued compensated absences | | 593,518 | - |
| Net pension liability (Note 8) | | 2,381,041 | - |
| Other noncurrent liabilities | | 1,070,299 | 8,953,804 |
| Total liabilities | | 10,765,040 | 186,344,438 |
| **Net Position** | | | |
| Net investment in capital assets | | 101,662,099 | 8,655,594 |
| Restricted for reserves | | 15,307,843 | 13,171,142 |
| Restricted for housing projects (notes receivable) | | 95,087,575 | - |
| Unrestricted net position | | 62,000,043 | (34,728,855) |
| Total net position | | 274,057,560 | (12,902,119) |
| Total liabilities, deferred inflows of resources, and net position | $ | **284,822,600** | $ **173,442,319** |

See notes to financial statements.

# Statement of Activities

**Year Ended June 30, 2025**

| | Primary Government - Business-Type Activities | Total Discrete Component Units |
|---|---|---|
| **Operating Revenue** | | |
| HUD operating revenue | $ 86,909,917 | $ - |
| Tenant revenue - Net | 5,100,656 | 14,563,426 |
| Other operating revenue | 1,971,716 | 251,880 |
| Total operating revenue | 93,982,289 | 14,815,306 |
| **Operating Expenses** | | |
| Administrative | 18,819,182 | 4,852,467 |
| Tenant services | 288,559 | - |
| Utilities | 6,889,346 | 2,126,759 |
| Maintenance | 15,006,327 | 3,835,171 |
| Protective services | 2,082,448 | - |
| General | 6,821,143 | 3,407,403 |
| Depreciation and amortization | 5,763,118 | 9,521,133 |
| Housing assistance payments | 52,209,965 | - |
| Total operating expenses | 107,880,088 | 23,742,933 |
| **Operating Loss** | (13,897,799) | (8,927,627) |
| **Nonoperating Revenue (Expense)** | | |
| Income on sale of asset | 1,700 | - |
| Investment income - Unrestricted | 1,939,250 | - |
| Investment Income - Restricted | 2,601,509 | |
| Other revenue | | 479,743 |
| Other expense | (21,576) | |
| Interest expense | - | (4,000,484) |
| Bad debt expense | (2,601,509) | - |
| Total nonoperating revenue (expense) | 1,919,374 | (3,520,741) |
| **Decrease in Net Position Before Capital Contributions** | (11,978,425) | (12,448,368) |
| **Capital Contributions** | | |
| Capital contributions - HUD | 2,803,480 | - |
| **Increase (Decrease) in Net Position** | (9,174,945) | (12,448,368) |
| **Net Position** - Beginning of year | 283,232,505 | (453,751) |
| **Net Position** - End of year | **$ 274,057,560** | **$ (12,902,119)** |

See notes to financial statements.

# Statement of Cash Flows

**Year Ended June 30, 2025**

| | | |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Cash received from HUD operating subsidies and grants | $ | 87,305,917 |
| Cash received from tenants | | 2,258,356 |
| Other receipts | | 1,898,570 |
| Cash payments for housing assistance | | (52,209,965) |
| Cash payments to employees | | (18,446,998) |
| Cash payments to suppliers | | (29,031,036) |
| Net cash and cash equivalents used in operating activities | | (8,225,156) |
| **Cash Flows from Investing Activities** | | |
| Investment in notes receivable - Net | | 6,612 |
| Interest received | | 4,540,759 |
| Net cash and cash equivalents provided by investing activities | | 4,547,371 |
| **Cash Flows from Capital and Related Financing Activities** | | |
| HUD capital grants | | 2,167,366 |
| Purchase of property and equipment | | (8,066,220) |
| Net cash and cash equivalents used in capital and related financing activities | | (5,898,854) |
| **Net Decrease in Cash and Cash Equivalents** | | (9,576,639) |
| **Cash and Cash Equivalents** - Beginning of year | | 50,279,739 |
| **Cash and Cash Equivalents** - End of year | **$** | **40,703,100** |
| **Cash Reconciliation** | | |
| Current cash and cash equivalents - Unrestricted | $ | 22,897,412 |
| Current cash and cash equivalents - Restricted | | 17,805,688 |
| Total cash and cash equivalents | **$** | **40,703,100** |

| | | |
|---|---|---|
| **Reconciliation of Operating Loss to Net Cash from Operating Activities** | | |
| Operating loss | $ | (13,897,799) |
| Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities: | | |
| Depreciation and amortization | | 5,763,118 |
| Change in pension liability and deferrals | | 761,084 |
| (Increase) decrease in operating assets: | | |
| Receivables - Net | | (2,446,300) |
| Prepaid expenses and other assets | | (141,036) |
| Other assets | | 67,890 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | | 600,996 |
| Accrued salaries and benefits | | 238,813 |
| Tenant security deposits | | (28,618) |
| Other liabilities | | 856,696 |
| Net cash used in operating activities | **$** | **(8,225,156)** |

See notes to financial statements.

## Component Units Statement of Net Position

| | Woodbridge Estates Apartments I, LLC December 31, 2024 | Woodbridge Estates Apartments II, LLC December 31, 2024 | Woodbridge Estates Apartments III, Limited Dividend Housing Association, LLC December 31, 2024 | Woodbridge Estates Apartments IV, Limited Dividend Housing Association, LLC December 31, 2024 | Woodbridge Estates Apartments V, Limited Dividend Housing Association, LLC December 31, 2024 | Woodbridge Estates VI Limited Dividend Housing Association, LLC December 31, 2024 | Woodbridge Estates IX Limited Dividend Housing Association, LLC December 31, 2024 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| **Current Assets** | | | | | | | |
| Cash and cash equivalents - Unrestricted | 9,344 | 208,136 | 49,936 | 84,027 | 27,955 | 282,233 | 178,525 |
| Cash and cash equivalents - Restricted | 39,239 | 134,616 | 106,742 | 155,131 | 197,655 | 322,796 | 473,345 |
| Receivables - Net | 7,781 | 3,958 | 321 | 15,107 | 18,217 | 15,411 | 10,116 |
| Investments - Restricted | - | - | - | - | - | - | - |
| Prepaid expenses | 17,468 | 25,473 | 21,828 | 20,472 | 28,541 | 16,740 | 32,909 |
| Total current assets | 73,832 | 372,183 | 178,827 | 274,737 | 272,368 | 637,180 | 694,895 |
| **Noncurrent Assets** | | | | | | | |
| Capital assets - Net | 3,037,151 | 4,001,204 | 3,385,434 | 4,102,611 | 5,990,592 | 5,284,968 | 12,852,751 |
| Other noncurrent assets | - | - | - | - | - | 175,115 | 286,996 |
| Notes, loans, and mortgages receivable | 125,418 | 150,186 | - | - | - | - | - |
| Total assets | **$ 3,236,401** | **$ 4,523,573** | **$ 3,564,261** | **$ 4,377,348** | **$ 6,262,960** | **$ 6,097,263** | **$ 13,834,642** |
| **Liabilities and Net Position** | | | | | | | |
| **Current Liabilities** | | | | | | | |
| Current portion of long-term debt | 43,400 | 62,400 | 49,100 | 57,700 | 78,900 | - | 290,940 |
| Accounts payable | 20,498 | 23,630 | 2,225 | 1,918 | 50,220 | 1,304 | 3,178 |
| Accrued interest payable | 2,222,187 | 3,338,829 | 1,976,761 | 2,247,656 | 2,611,473 | 1,041,080 | 737,488 |
| Tenant security deposits | 9,023 | 8,127 | 7,550 | 10,631 | 17,062 | 3,229 | 19,920 |
| Unearned revenue | 5,297 | 6,100 | 5,340 | 5,719 | 3,734 | 3,379 | 11,259 |
| Other current liabilities | 31,388 | 48,841 | 23,028 | 29,157 | 39,716 | 40,623 | 45,229 |
| Total current liabilities | 2,331,793 | 3,487,927 | 2,064,004 | 2,352,781 | 2,801,105 | 1,089,615 | 1,108,014 |
| **Noncurrent Liabilities** | | | | | | | |
| Long-term debt | 3,366,567 | 4,481,614 | 3,114,537 | 3,717,006 | 5,001,898 | 2,455,038 | 4,639,408 |
| Other noncurrent liabilities | - | - | - | - | 71,893 | - | - |
| Total liabilities | 5,698,360 | 7,969,541 | 5,178,541 | 6,069,787 | 7,874,896 | 3,544,653 | 5,747,422 |
| **Net Position** | | | | | | | |
| Net investment in capital assets | (372,816) | (542,810) | 221,797 | 327,905 | 909,794 | 2,829,930 | 7,922,403 |
| Restricted | 39,239 | 134,616 | 106,742 | 155,131 | 197,655 | 317,257 | 454,040 |
| Unrestricted | (2,128,382) | (3,037,774) | (1,942,819) | (2,175,475) | (2,719,385) | (594,577) | (289,223) |
| Total net position | (2,461,959) | (3,445,968) | (1,614,280) | (1,692,439) | (1,611,936) | 2,552,610 | 8,087,220 |

See notes to the financial statements

## Component Units Statement of Net Position (Continued)

| | Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership December 31, 2024 | Gardenview Homes I Limited Dividend Housing Association, LLC December 31, 2024 | Gardenview Homes II Limited Dividend Housing Association, LLC December 31, 2024 | Gardenview Homes III Limited Dividend Housing Association, LLC December 31, 2024 | Gardenview Homes IV Limited Dividend Housing Association, LLC December 31, 2024 | Gardenview Homes V Limited Dividend Housing Association, LLC December 31, 2024 | Gardenview Homes VI Limited Dividend Housing Association, LLC December 31, 2024 | Gardenview Homes VII Limited Dividend Housing Association, LLC December 31, 2024 |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| **Current Assets** | | | | | | | | |
| Cash and cash equivalents - Unrestricted | 17,508 | 94,858 | 36,751 | 62,138 | 207,155 | 3,222 | 35,071 | 16,295 |
| Cash and cash equivalents - Restricted | 604,444 | 1,011,189 | 1,008,543 | 1,054,530 | 415,993 | 437,125 | 436,369 | 746,929 |
| Receivables - Net | 58,291 | 10,268 | 8,258 | 8,847 | 45,298 | 33,435 | 14,006 | 5,130 |
| Investments - Restricted | - | - | - | - | - | - | - | - |
| Prepaid expenses | 944 | 48,244 | 5,656 | 5,656 | 24,122 | 6,033 | 5,782 | 10,558 |
| Total current assets | 681,187 | 1,164,559 | 1,059,208 | 1,131,171 | 692,568 | 479,815 | 491,228 | 778,912 |
| **Noncurrent Assets** | | | | | | | | |
| Capital assets - Net | 6,828,022 | 11,581,437 | 5,243,275 | 4,844,483 | 4,703,170 | 6,916,378 | 6,658,786 | 7,875,450 |
| Other noncurrent assets | - | - | - | - | - | - | - | - |
| Notes, loans, and mortgages receivable | - | - | - | - | - | - | - | - |
| Total assets | **$ 7,509,209** | **$ 12,745,996** | **$ 6,302,483** | **$ 5,975,654** | **$ 5,395,738** | **$ 7,396,193** | **$ 7,150,014** | **$ 8,654,362** |
| **Liabilities and Net Position** | | | | | | | | |
| **Current Liabilities** | | | | | | | | |
| Current portion of long-term debt | - | 39,354 | - | - | - | - | - | - |
| Accounts payable | 13,095 | 76,333 | 4,418 | 3,519 | 44,291 | 38,681 | 20,761 | 26,925 |
| Accrued interest payable | 5,728,815 | - | - | - | 395,283 | - | - | - |
| Tenant security deposits | 26,536 | 21,081 | 4,417 | 5,525 | 5,303 | 6,429 | 5,282 | 13,126 |
| Unearned revenue | 5,945 | 3,020 | 177 | 2,572 | 3,681 | 252 | 547 | 929 |
| Other current liabilities | 862,658 | 86,712 | 24,737 | 28,234 | - | 28,542 | 31,468 | 43,387 |
| Total current liabilities | 6,637,049 | 226,500 | 33,749 | 39,850 | 448,558 | 73,904 | 58,058 | 84,367 |
| **Noncurrent Liabilities** | | | | | | | | |
| Long-term debt | 3,687,309 | 11,394,482 | 8,779,575 | 8,795,330 | 3,887,485 | 5,384,319 | 4,822,596 | 10,230,000 |
| Other noncurrent liabilities | - | - | - | - | 150,281 | 207,656 | 102,731 | 3,924,493 |
| Total liabilities | 10,324,358 | 11,620,982 | 8,813,324 | 8,835,180 | 4,486,324 | 5,665,879 | 4,983,385 | 14,238,860 |
| **Net Position** | | | | | | | | |
| Net investment in capital assets | 3,140,713 | 147,601 | (3,536,300) | (3,950,847) | 815,685 | 1,532,059 | 1,836,190 | (2,354,550) |
| Restricted | 575,232 | 985,189 | 1,003,793 | 1,046,485 | 408,421 | 430,049 | 430,119 | 733,061 |
| Unrestricted | (6,531,094) | (7,776) | 21,666 | 44,836 | (314,692) | (231,794) | (99,680) | (3,963,009) |
| Total net position | (2,815,149) | 1,125,014 | (2,510,841) | (2,859,526) | 909,414 | 1,730,314 | 2,166,629 | (5,584,498) |

# Component Units Statement of Net Position (Continued)

| | Gardenview Homes VIII Limited Dividend Housing Association, LLC December 31, 2024 | Gardenview Homes IX Limited Dividend Housing Association, LLC December 31, 2024 | Gardenview Homes X Limited Dividend Housing Association, LLC December 31, 2024 | Emerald Springs IA Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2024 | Emerald Springs IB Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2024 | Emerald Springs II Limited Dividend Housing Association Limited Partnership Year Ended June 30, 2025 | Cornerstone Estates I Limited Dividend Housing Association, LLC Year Ended December 31, 2024 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| **Current Assets** | | | | | | | |
| Cash and cash equivalents - Unrestricted | 35,384 | 55,001 | 90,405 | 8,302 | 14,845 | 357,961 | 85,148 |
| Cash and cash equivalents - Restricted | 891,076 | 292,099 | 1,728,615 | 468,546 | 567,538 | 280,916 | 775,996 |
| Receivables - Net | 2,606 | 5,807 | 24,613 | 130,496 | 22,349 | 96,595 | 11,936 |
| Investments - Restricted | - | - | - | - | - | - | - |
| Prepaid expenses | 10,307 | 5,908 | 61,377 | 114 | - | 1,400 | - |
| Total current assets | 939,373 | 358,815 | 1,905,010 | 607,458 | 604,732 | 736,872 | 873,080 |
| **Noncurrent Assets** | | | | | | | |
| Capital assets - Net | 7,655,543 | 6,783,008 | 16,172,057 | 6,742,292 | 6,542,949 | 5,149,933 | 4,032,106 |
| Other noncurrent assets | - | 21,567 | 61,916 | 189,146 | 189,057 | 11,471 | 130,922 |
| Notes, loans, and mortgages receivable | - | - | - | - | - | - | - |
| Total assets | **$ 8,594,916** | **$ 7,163,390** | **$ 18,138,983** | **$ 7,538,896** | **$ 7,336,738** | **$ 5,898,276** | **$ 5,036,108** |
| **Liabilities and Net Position** | | | | | | | |
| **Current Liabilities** | | | | | | | |
| Current portion of long-term debt | - | - | 22,668 | - | - | - | - |
| Accounts payable | 2,965 | 18,343 | 16,115 | 259,609 | 93,334 | 86,191 | 267 |
| Accrued interest payable | - | - | 817,219 | 312,827 | 274,710 | 410,138 | 2,635,799 |
| Tenant security deposits | 12,667 | 11,460 | 12,428 | 29,771 | 27,447 | 16,303 | 15,309 |
| Unearned revenue | 428 | 2,688 | 11,089 | 3,095 | 5,734 | 2,463 | 2,383 |
| Other current liabilities | 527,040 | 94,742 | 108,940 | 57,501 | 56,280 | 131,518 | 49,503 |
| Total current liabilities | 543,100 | 127,233 | 988,459 | 662,803 | 457,505 | 646,613 | 2,703,261 |
| **Noncurrent Liabilities** | | | | | | | |
| Long-term debt | 10,031,000 | 4,262,617 | 15,050,652 | 5,278,959 | 4,632,467 | 7,276,959 | 3,697,944 |
| Other noncurrent liabilities | 3,398,713 | 58,290 | 740,294 | 149,513 | 149,940 | - | - |
| Total liabilities | 13,972,813 | 4,448,140 | 16,779,405 | 6,091,275 | 5,239,912 | 7,923,572 | 6,401,205 |
| **Net Position** | | | | | | | |
| Net investment in capital assets | (2,375,457) | 2,520,391 | 1,098,737 | 1,463,333 | 1,910,482 | (2,127,026) | 334,162 |
| Restricted | 878,405 | 280,004 | 1,714,206 | 438,492 | 538,524 | 261,876 | 775,996 |
| Unrestricted | (3,880,845) | (85,145) | (1,453,365) | (454,204) | (352,180) | (160,146) | (2,475,255) |
| Total net position | (5,377,897) | 2,715,250 | 1,359,578 | 1,447,621 | 2,096,826 | (2,025,296) | (1,365,097) |

| | Cornerstone Estates II Limited Dividend Housing Association, LLC Year Ended December 31, 2024 | Cornerstone Estates III Limited Dividend Housing Association, LLC Year Ended December 31, 2024 | Total Discretely Component Units |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents - Unrestricted | 85,278 | 185,918 | 2,231,396 |
| Cash and cash equivalents - Restricted | 601,903 | 664,707 | 13,416,042 |
| Receivables - Net | 14,058 | 3,259 | 566,163 |
| Investments - Restricted | - | - | - |
| Prepaid expenses | - | - | 349,532 |
| Total current assets | 701,239 | 853,884 | 16,563,133 |
| **Noncurrent Assets** | | | |
| Capital assets - Net | 4,420,039 | 4,594,872 | 155,398,511 |
| Other noncurrent assets | - | 138,881 | 1,205,071 |
| Notes, loans, and mortgages receivable | - | - | 275,604 |
| Total assets | **$ 5,121,278** | **$ 5,587,637** | **$ 173,442,319** |
| **Liabilities and Net Position** | | | |
| **Current Liabilities** | | | |
| Current portion of long-term debt | - | - | 644,462 |
| Accounts payable | 1,514 | 1,386 | 810,720 |
| Accrued interest payable | - | 2,178,977 | 26,929,242 |
| Tenant security deposits | 30,025 | 17,730 | 336,381 |
| Unearned revenue | 4,512 | 1,196 | 91,539 |
| Other current liabilities | 40,843 | 49,748 | 2,479,835 |
| Total current liabilities | 76,894 | 2,249,037 | 31,292,179 |
| **Noncurrent Liabilities** | | | |
| Long-term debt | 9,074,032 | 3,036,661 | 146,098,455 |
| Other noncurrent liabilities | - | - | 8,953,804 |
| Total liabilities | 9,150,926 | 5,285,698 | 186,344,438 |
| **Net Position** | | | |
| Net investment in capital assets | (4,653,993) | 1,558,211 | 8,655,594 |
| Restricted | 601,903 | 664,707 | 13,171,142 |
| Unrestricted | 22,442 | (1,920,979) | (34,728,855) |
| Total net position | (4,029,648) | 301,939 | (12,902,119) |

| | Woodbridge Estates Apartments I, LLC December 31, 2024 | Woodbridge Estates Apartments II, LLC December 31, 2024 | Woodbridge Estates Apartments III, Limited Dividend Housing Association, LLC December 31, 2024 | Woodbridge Estates Apartments IV, Limited Dividend Housing Association, LLC December 31, 2024 | Woodbridge Estates Apartments V, Limited Dividend Housing Association, LLC December 31, 2024 | Woodbridge Estates VI Limited Dividend Housing Association, LLC December 31, 2024 | Woodbridge Estates IX Limited Dividend Housing Association, LLC December 31, 2024 |
|---|---|---|---|---|---|---|---|
| **Operating Revenue** | | | | | | | |
| Tenant revenue - Net | $ 509,852 | $ 768,720 | $ 452,897 | $ 539,507 | $ 742,454 | $ 522,318 | $ 747,725 |
| Other operating revenue | - | - | - | - | - | 17,447 | 32,436 |
| Total operating revenue | 509,852 | 768,720 | 452,897 | 539,507 | 742,454 | 539,765 | 780,161 |
| **Operating Expenses** | | | | | | | |
| Administrative | 141,832 | 193,726 | 127,200 | 142,336 | 197,631 | 183,676 | 243,095 |
| Utilities | 55,275 | 79,609 | 48,593 | 57,846 | 80,287 | 59,046 | 91,294 |
| Maintenance | 153,994 | 172,249 | 157,147 | 145,952 | 246,823 | 183,368 | 145,022 |
| Protective services | - | - | - | - | - | - | - |
| General | 93,972 | 94,853 | 64,063 | 69,729 | 97,522 | 75,620 | 356,245 |
| Depreciation and amortization | 155,414 | 205,351 | 152,940 | 185,480 | 268,042 | 403,141 | 603,378 |
| Total operating expenses | 600,487 | 745,788 | 549,943 | 601,343 | 890,305 | 904,851 | 1,439,034 |
| **Operating (Loss) Income** | (90,635) | 22,932 | (97,046) | (61,836) | (147,851) | (365,086) | (658,873) |
| **Nonoperating Revenue (Expense)** | | | | | | | |
| Investment income | - | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - | - |
| Interest expense | (374,797) | (543,407) | (203,524) | (238,338) | (304,744) | (132,047) | - |
| Total nonoperating (expense) revenue | (374,797) | (543,407) | (203,524) | (238,338) | (304,744) | (132,047) | - |
| **Decrease in Net Assets Before Capital Contributions and Distributions** | (465,432) | (520,475) | (300,570) | (300,174) | (452,595) | (497,133) | (658,873) |
| **Capital Contributions and Distributions** | | | | | | | |
| Partner contributions | - | - | - | - | - | - | - |
| **Change in Net Position** | (465,432) | (520,475) | (300,570) | (300,174) | (452,595) | (497,133) | (658,873) |
| **Net Position - Beginning of year** | (1,996,527) | (2,925,493) | (1,313,710) | (1,392,265) | (1,159,341) | 3,049,743 | 8,746,093 |
| **Net Position - End of year** | **$ (2,461,959)** | **$ (3,445,968)** | **$ (1,614,280)** | **$ (1,692,439)** | **$ (1,611,936)** | **$ 2,552,610** | **$ 8,087,220** |

| | Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership December 31, 2024 | Gardenview Homes I Limited Dividend Housing Association, LLC December 31, 2024 | Gardenview Homes II Limited Dividend Housing Association, LLC December 31, 2024 | Gardenview Homes III Limited Dividend Housing Association, LLC December 31, 2024 | Gardenview Homes IV Limited Dividend Housing Association, LLC December 31, 2024 | Gardenview Homes V Limited Dividend Housing Association, LLC December 31, 2024 | Gardenview Homes VI Limited Dividend Housing Association, LLC December 31, 2024 | Gardenview Homes VII Limited Dividend Housing Association, LLC December 31, 2024 |
|---|---|---|---|---|---|---|---|---|
| **Operating Revenue** | | | | | | | | |
| Tenant revenue - Net | $ 803,733 | $ 1,078,100 | $ 426,307 | $ 458,468 | $ 433,270 | $ 490,724 | $ 491,773 | $ 664,849 |
| Other operating revenue | - | - | - | - | - | - | - | 4,762 |
| Total operating revenue | 803,733 | 1,078,100 | 426,307 | 458,468 | 433,270 | 490,724 | 491,773 | 669,611 |
| **Operating Expenses** | | | | | | | | |
| Administrative | 492,904 | 200,327 | 103,712 | 99,906 | 125,181 | 128,729 | 133,935 | 209,545 |
| Utilities | 197,797 | 158,154 | 65,526 | 54,576 | 67,137 | 74,105 | 85,308 | 81,832 |
| Maintenance | 47,835 | 258,184 | 91,099 | 95,084 | 149,277 | 216,458 | 174,143 | 281,270 |
| Protective services | - | - | - | - | - | - | - | - |
| General | 151,555 | 242,307 | 101,463 | 110,479 | 172,407 | 184,405 | 137,740 | 222,407 |
| Depreciation and amortization | 429,441 | 541,211 | 195,735 | 229,645 | 383,234 | 373,218 | 476,614 | 577,997 |
| Total operating expenses | 1,319,532 | 1,400,183 | 557,535 | 589,690 | 897,236 | 976,915 | 1,007,740 | 1,373,051 |
| **Operating (Loss) Income** | (515,799) | (322,083) | (131,228) | (131,222) | (463,966) | (486,191) | (515,967) | (703,440) |
| **Nonoperating Revenue (Expense)** | | | | | | | | |
| Investment income | - | - | - | - | - | - | - | - |
| Other revenue | - | - | - | - | 479,743 | - | - | - |
| Interest expense | (467,825) | (94,810) | - | - | (29,156) | - | - | (306,900) |
| Total nonoperating (expense) revenue | (467,825) | (94,810) | - | - | 450,587 | - | - | (306,900) |
| **Decrease in Net Assets Before Capital Contributions and Distributions** | (983,624) | (416,893) | (131,228) | (131,222) | (13,379) | (486,191) | (515,967) | (1,010,340) |
| **Capital Contributions and Distributions** | | | | | | | | |
| Partner contributions | - | - | - | - | - | - | - | - |
| **Change in Net Position** | (983,624) | (416,893) | (131,228) | (131,222) | (13,379) | (486,191) | (515,967) | (1,010,340) |
| **Net Position - Beginning of year** | (1,831,525) | 1,541,907 | (2,379,613) | (2,728,304) | 922,793 | 2,216,505 | 2,682,596 | (4,574,158) |
| **Net Position - End of year** | **$ (2,815,149)** | **$ 1,125,014** | **$ (2,510,841)** | **$ (2,859,526)** | **$ 909,414** | **$ 1,730,314** | **$ 2,166,629** | **$ (5,584,498)** |

## Component Unit Statement of Activities (Continued)

| | Gardenview Homes VIII Limited Dividend Housing Association, LLC December 31, 2024 | Gardenview Homes IX Limited Dividend Housing Association, LLC December 31, 2024 | Gardenview Homes X Limited Dividend Housing Association, LLC December 31, 2024 | Emerald Springs IA Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2024 | Emerald Springs IB Limited Dividend Housing Association Limited Partnership Year Ended December 31, 2024 | Emerald Springs II Limited Dividend Housing Association Limited Partnership Year Ended June 30, 2025 | Cornerstone Estates I Limited Dividend Housing Association, LLC Year Ended December 31, 2024 |
|---|---|---|---|---|---|---|---|
| **Operating Revenue** | | | | | | | |
| Tenant revenue - Net | $ 689,008 | $ 415,626 | $ 1,095,517 | $ 527,216 | $ 533,457 | $ 420,168 | $ 574,501 |
| Other operating revenue | - | - | 69,729 | 41,424 | 30,389 | 20,715 | 8,018 |
| Total operating revenue | 689,008 | 415,626 | 1,165,246 | 568,640 | 563,846 | 440,883 | 582,519 |
| **Operating Expenses** | | | | | | | |
| Administrative | 228,128 | 117,871 | 256,229 | 276,837 | 278,939 | 195,351 | 270,053 |
| Utilities | 65,816 | 53,508 | 167,068 | 142,528 | 124,312 | 73,584 | 76,755 |
| Maintenance | 246,678 | 144,808 | 215,919 | 125,357 | 127,706 | 86,813 | 153,431 |
| Protective services | - | - | - | - | - | - | - |
| General | 201,022 | 139,238 | 221,097 | 138,560 | 150,745 | 91,492 | 102,806 |
| Depreciation and amortization | 557,796 | 253,531 | 929,878 | 556,144 | 531,505 | 389,595 | 367,425 |
| Total operating expenses | 1,299,440 | 708,956 | 1,790,191 | 1,239,426 | 1,213,207 | 836,835 | 970,470 |
| **Operating (Loss) Income** | (610,432) | (293,330) | (624,945) | (670,786) | (649,361) | (395,952) | (387,951) |
| **Nonoperating Revenue (Expense)** | | | | | | | |
| Investment income | - | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - | - |
| Interest expense | (300,930) | - | (442,100) | (34,162) | (29,917) | (42,511) | (236,398) |
| Total nonoperating (expense) revenue | (300,930) | - | (442,100) | (34,162) | (29,917) | (42,511) | (236,398) |
| **Decrease in Net Assets Before Capital Contributions and Distributions** | (911,362) | (293,330) | (1,067,045) | (704,948) | (679,278) | (438,463) | (624,349) |
| **Capital Contributions and Distributions** | | | | | | | |
| Partner contributions | - | - | - | - | - | - | - |
| **Change in Net Position** | (911,362) | (293,330) | (1,067,045) | (704,948) | (679,278) | (438,463) | (624,349) |
| **Net Position - Beginning of year** | (4,466,535) | 3,008,580 | 2,426,623 | 2,152,569 | 2,776,104 | (1,586,833) | (740,748) |
| **Net Position - End of year** | **$ (5,377,897)** | **$ 2,715,250** | **$ 1,359,578** | **$ 1,447,621** | **$ 2,096,826** | **$ (2,025,296)** | **$ (1,365,097)** |

| | Cornerstone Estates II Limited Dividend Housing Association, LLC Year Ended December 31, 2024 | Cornerstone Estates III Limited Dividend Housing Association, LLC Year Ended December 31, 2024 | Total Discretely Component Units |
|---|---|---|---|
| **Operating Revenue** | | | |
| Tenant revenue - Net | $ 583,603 | $ 593,633 | $ 14,563,426 |
| Other operating revenue | 14,169 | 12,791 | 251,880 |
| Total operating revenue | 597,772 | 606,424 | 14,815,306 |
| **Operating Expenses** | | | |
| Administrative | 256,385 | 248,939 | 4,852,467 |
| Utilities | 96,814 | 69,989 | 2,126,759 |
| Maintenance | 109,747 | 106,807 | 3,835,171 |
| Protective services | - | - | - |
| General | 88,584 | 99,092 | 3,407,403 |
| Depreciation and amortization | 371,301 | 383,117 | 9,521,133 |
| Total operating expenses | 922,831 | 907,944 | 23,742,933 |
| **Operating (Loss) Income** | (325,059) | (301,520) | (8,927,627) |
| **Nonoperating Revenue (Expense)** | | | |
| Investment income | - | - | - |
| Other revenue | - | - | 479,743 |
| Interest expense | - | (218,918) | (4,000,484) |
| Total nonoperating (expense) revenue | - | (218,918) | (3,520,741) |
| **Decrease in Net Assets Before Capital Contributions and Distributions** | (325,059) | (520,438) | (12,448,368) |
| **Capital Contributions and Distributions** | | | |
| Partner contributions | - | - | - |
| **Change in Net Position** | (325,059) | (520,438) | (12,448,368) |
| **Net Position - Beginning of year** | (3,704,589) | 822,377 | (453,751) |
| **Net Position - End of year** | **$ (4,029,648)** | **$ 301,939** | **$ (12,902,119)** |

## Note 1 - Nature of Business

Detroit Housing Commission (the "Commission" or DHC) is a Michigan public body corporation operating as a public housing authority under the Michigan Housing Facilities Act, MCL 125.653. The Commission was established in 1933 under the Public Facilities Act by the City of Detroit, Michigan (the “City”). The Commission's mission statement is to effectively and efficiently develop, manage, and preserve quality affordable housing. To achieve this mission, the Commission promotes the development of and provides property management for affordable housing; provides facilities and supportive services to nurture neighborhoods; and provides economic development and self-sufficiency activities for residents while also ensuring equal access to safe, quality housing for low- and moderate-income families throughout the community. For the year ended June 30, 2025, the Commission is considered a component unit of the City. The Commission's board independently oversees the Commission's operations. The Commission is operated by a five-member board appointed by the mayor, and the City of Detroit, Michigan's City Council may remove a member from the board of commissioners.

The Commission owns and provides subsidy and operating support to housing units located throughout the City. The Commission's assets, liabilities, net position, and changes in net position are included in its primary government fund and are segregated by program activity. A summary of each significant program or activity is provided below:

***Low-income Public Housing***

The Low-income Public Housing (LIPH) program is the Commission's primary source of operating funds. The program is designed to provide subsidized housing to low-income residents and includes the following activities: asset management projects (AMPs), including public housing operations funded through the operating subsidy and components of the Capital Fund; HOPE VI grant programs; Replacement Housing Factor Programs; and various other related HUD grant programs.

The purpose of the Low-income Public Housing program is to provide decent, safe, and affordable housing to low-income families at reduced rental rates. The housing units are owned, maintained, and managed by the Commission and/or managed by other unrelated property management firms.

In addition to the funding of the program operations and development by federal annual contributions, operating subsidies, and grants, as disclosed above, the Commission also collects tenant rents (determined as a percentage of family income, adjusted for family composition and other allowances).

***Housing Assistance Programs***

The Commission administers the leasing of privately owned units in the City through the housing assistance programs. These programs utilize existing privately owned family rental housing units to provide decent and affordable housing to low-income families. Funding of the programs is provided by federal housing assistance contributions from HUD for the difference between the approved landlord contract rent and the rent paid by the tenants. In addition, the Commission receives an administrative fee to cover operating expenses. These programs include the Section 8 Housing Choice Voucher program, Section 8 Moderate Rehabilitation program, and Mainstream Voucher program.

***HOPE VI Programs and Mixed Financing***

HOPE VI programs support the acquisition and redevelopment of affordable housing units through the use of HUD financing and other public and private sources. The Commission provides loans to the discretely presented component units utilizing HOPE VI, Replacement Housing Factor (RHF) funds, and capital funds. Repayment of the mortgage notes is based on availability of net cash flows from operations, as defined in the note agreements.

The Commission also has Mixed-Finance Annual Contributions Contracts approved by HUD provided to the discretely presented component units.

## Note 1 - Nature of Business (Continued)

***Central Office Cost Center***

The Central Office Cost Center (COCC) is a business unit within the Commission that generates revenue through fees for services from various commission programs and activities.

***Business Activities***

The Commission also participates in other development and component unit management activities that are not funded by HUD that are classified as business activities. These activities are reported in the total programs.

## Note 2 - Significant Accounting Policies

***Reporting Entity***

The reporting entity of the Commission includes its primary government and discretely presented component units. The primary government consists of all of the programs, COCC, and business activities described above, as well as blended component units.

***Component Units***

The definition of the reporting entity, as defined by GASB Codification 2100, is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government and the organization is fiscally dependent on the primary government.

***Blended Component Units***

Some component units, despite being legally separate, are so integrated with the primary government that they are, in substance, part of the primary government. The Commission's primary government includes seven blended component units. These blended component units controlled by the Commission and for which it is financially accountable are as follows:

- Detroit Resident Empowerment and Asset Management Services, Inc. (D.R.E.A.M.S.)
- DHC Parkside (DHCP)
- Parkside Development Corporation, Inc. (PDC)
- DHC Woodbridge, Inc.
- The Villages at Parkside II, LLC (TVP II)
- The Villages at Parkside IV, LLC (TVP IV)
- Infinite Horizons Group, Inc.

These component units are related entities created as instrumentalities of the Commission for the purpose of providing and developing affordable housing opportunities and implementing housing policies and programs for the Commission.

***Discretely Presented Component Units***

The following component units meet the criteria for discrete component unit presentation and are presented separately from the primary government in the basic financial statements to clearly distinguish the component unit balances and transactions from the primary government.

## Note 2 - Significant Accounting Policies (Continued)

The discretely presented component units are as follows:

- Woodbridge Estates Apartments I, LLC (WEA I)
- Woodbridge Estates Apartments II, LLC (WEA II)
- Woodbridge Estates Apartments III, Limited Dividend Housing Association, LLC (WEA III)
- Woodbridge Estates Apartments IV, Limited Dividend Housing Association, LLC (WEA IV)
- Woodbridge Estates Apartments V, Limited Dividend Housing Association, LLC (WEA V)
- Woodbridge Estates VI Limited Dividend Housing Association, LLC (WEA VI)
- Woodbridge Estates IX Limited Dividend Housing Association, LLC (WEA IX)
- Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership (WILF)
- Gardenview Homes I Limited Dividend Housing Association, LLC
- Gardenview Homes II Limited Dividend Housing Association, LLC
- Gardenview Homes III Limited Dividend Housing Association, LLC
- Gardenview Homes IV Limited Dividend Housing Association, LLC
- Gardenview Homes V Limited Dividend Housing Association, LLC
- Gardenview Homes VI Limited Dividend Housing Association, LLC
- Gardenview Homes VII Limited Dividend Housing Association, LLC
- Gardenview Homes VIII Limited Dividend Housing Association, LLC
- Gardenview Homes IX Limited Dividend Housing Association, LLC
- Gardenview Homes X Limited Dividend Housing Association, LLC
- Emerald Springs IA Limited Dividend Housing Association Limited Partnership
- Emerald Springs IB Limited Dividend Housing Association Limited Partnership
- Emerald Springs II Limited Dividend Housing Association Limited Partnership
- Cornerstone Estates I Limited Dividend Housing Association, LLC
- Cornerstone Estates II Limited Dividend Housing Association, LLC
- Cornerstone Estates III Limited Dividend Housing Association, LLC

All of these discrete component units are either for-profit limited liability corporations or partnerships that were created for the development, ownership, and management of affordable housing properties in the City of Detroit, Michigan. These entities follow all applicable FASB standards, regardless of issue date. Since they do not follow governmental accounting, for presentation purposes, certain transactions may be reflected differently in these financial statements than in the separately issued discrete component unit financial statements in order for them to conform to the presentation of the primary government.

All of the discrete component units, with the exception of Emerald Springs II Limited Dividend Housing Association Limited Partnership, which reported the same year end as the Commission, have a calendar year end of December 31, which differs from the Commission's year end of June 30. For reporting purposes, the information reported in the basic financial statements is presented as of and for the 12-month period ended December 31, 2024 for these discrete component units.

Due to fiscal year-end differences between the Commission and the discrete component units, certain related receivables of the Commission do not have offsetting equal liabilities reflected in the discrete component units. Each of the discrete component units is independent of the Commission; however, the Commission has an economic interest in each of the respective properties. Separately issued financial statements for each discrete component unit can be obtained by contacting the Commission located at 1301 E. Jefferson Avenue, Detroit, MI 48226.

## Note 2 - Significant Accounting Policies (Continued)

***Basis of Presentation***

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The Commission follows the business-type activities reporting requirements of GASB Statement No. 34, which provides a comprehensive one-line look at the Commission's financial activities. The Commission reports all of its operations as a single business activity in a single enterprise fund. The enterprise fund is a proprietary fund, which distinguishes operating revenue and expenses from nonoperating items.

The operating revenue of the Commission primarily consists of rental charges to tenants, operating grants from HUD, and other operating revenue that offset operating expenses. Operating expenses include the cost of administrative, tenant services, utilities, maintenance, protective services, general operations, depreciation, and housing assistance payments. All revenue and expenses not meeting the operating definitions under GASB are reported as nonoperating, with the exception of the HUD capital contributions, which are reported separately as a capital activity.

***Basis of Accounting***

The Commission's basis of accounting is determined by the measurement focus. A proprietary fund uses the flow of economic resources measurement focus. As a proprietary fund, the Commission's financial activities operate in a manner similar to private business enterprises and are financed through fees and charges assessed primarily to the users of the services. For financial reporting purposes, the Commission considers its grants associated with operations as operating revenue because these funds more closely represent revenue generated from operating activities rather than nonoperating activities. Grants associated with capital acquisition and improvements are considered capital contributions and are presented after nonoperating activity as capital contributions on the accompanying statement of activities.

***Cash Equivalents***

The Commission considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. The Commission also considers U.S. government money market funds to be cash and cash equivalents.

***Restricted Cash***

Restricted cash represents amounts held in Family Self-Sufficiency (FSS) escrow, Section 8 funds, rehab funds, tenants' escrows, and other escrows. Restrictions for use in operations and approval are governed by HUD or other outside parties.

***Investments***

Investments are reported at fair value or estimated fair value.

***Receivables - Net***

Current receivables consist of revenue earned at year end and not yet received. As of June 30, 2025, there is an allowance for uncollectible tenant receivables of approximately $816,000. Allowances are determined by management based on periodic aging and prior experience. Tenant bad debt expense, netted with tenant revenue, for the year ended June 30, 2025 was approximately $774,000.

***Due from Other Governments***

These amounts are due from HUD principally as a result of grant revenue being accrued for allowable program expenses not yet funded. The amount due from HUD for the Capital Fund is approximately $1,286,000, and the amount due from HUD for rental subsidies is approximately $332,000.

## Note 2 - Significant Accounting Policies (Continued)

***Notes, Loans, and Mortgages Receivable - Net***

These receivables consist of amounts due under agreements from the discrete component units, primarily utilizing HOPE VI funds, as well as from tenants in the Homeownership Program. HOPE VI notes mature several years into the future, and management has estimated that these notes are fully collectible and that there is no basis for a bad debt reserve as of June 30, 2025. The homeownership loans are presented net of their related amortization.

***Accrued Interest Receivable - Restricted***

Restricted interest receivable is related to the mortgage loans made to the discrete component units. Interest is not due within the next 12 months and, therefore, is classified as noncurrent. The accrued interest receivable is considered restricted since the related loans were funded through the HOPE VI program, and the interest is restricted upon receipt in accordance with HUD guidelines.

***Capital Assets - Net***

The Commission's policy is to capitalize purchased assets with a value in excess of $1,000 and self-constructed assets with a value in excess of $5,000 and a useful life in excess of one year. The Commission capitalizes the costs of site acquisition and improvement, structures, equipment, and direct development costs meeting the capitalization policy. Charges for maintenance and repairs are expensed when incurred, and capital improvements extending the lives of assets are capitalized. Assets are valued at historical cost, or estimated historical cost if actual historical cost is not available, and contributed assets are valued at acquisition value on the date of donation.

Depreciation has been provided using the straight-line method over the estimated useful lives of the assets, which range as follows:

| | Depreciable Life - Years |
|---|---|
| Structures and improvements | 15-40 |
| Equipment - Dwelling and administrative | 5-10 |

If an indicator of impairment is identified and the decline in service utility was unexpected and significant, an impairment loss is calculated in consideration of whether the capital asset will continue to be used by the Commission. An impairment loss is generally measured by identifying the historical cost of the service utility of the capital asset that cannot be used due to the impairment event or circumstance.

Impaired capital assets that will no longer be used by the Commission are reported at the lower of carrying value or fair value or are written off entirely. During 2025, no impairments were recorded.

***Compensated Absences***

Full-time permanent employees are granted leave benefits up to a maximum of 400 hours, depending on tenure with the Commission. Generally, after six months of service, employees are entitled to all accrued vacation leave upon termination. Employees are entitled to 60 percent of accrued sick leave upon retirement after 25 years of service. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The compensated absences liability at June 30, 2025 totaled approximately $625,000, of which $32,000 is reported as current and $593,000 as noncurrent liabilities.

***Unearned Revenue***

The Commission's unearned revenue balance represents receipt of HUD or other intergovernmental program funding applicable to future periods. Unearned revenue also includes money received in full for future land leases that are recognized as revenue over the lives of the leases.

## Note 2 - Significant Accounting Policies (Continued)

***Deferred Outflows and Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission reports deferred outflows related to pensions and excess consideration provided in acquisition of The Villages at Parkside II, LLC and The Villages at Parkside IV, LLC. The deferred outflow for the excess considerations provided in acquisition was $42,154,989.

In addition to the liabilities, the statement of net position will sometimes 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 and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has no deferred inflows at June 30, 2025.

***Net Position***

Net position is composed of three categories: (1) invested in capital assets - net of related debt, (2) restricted, and (3) unrestricted. The Commission's positive value of unrestricted net position in the primary government may be used to meet ongoing obligations. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Commission's policy is to first apply restricted resources. Each component of net position is reported separately on the statement of net position.

(1) *Net investment in capital assets* - This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.

(2) *Restricted* - This category equals the restricted cash of the Commission and consists of net assets restricted in their use by (a) external groups, such as grantors, creditors, or laws and regulations of other governments, or (b) law through constitutional provisions or enabling legislation. Restricted assets in the primary government consist of reserves and HOPE VI notes receivable that are restricted upon collection in accordance with HUD guidelines.

(3) *Unrestricted* - This category includes all of the remaining net position that does not meet the definition of the other two categories.

***Operating Revenue and Expenses***

The Commission's operating revenue includes HUD funding and other amounts received from tenants for rent and other charges for services provided. Operating expenses are costs incurred during the operation of its primary housing activities. Such revenue and expenses are reported when earned or incurred, respectively.

***Eliminations***

Certain accounts are eliminated from the Commission's primary government financial statements. The accounts that are eliminated are as follows:

- *Interprogram due to/from* - In the normal course of operations, certain programs pay for common costs that create interprogram receivables or payables. These interprogram receivables or payables are eliminated for the presentation of the Commission as a whole. For the year ended June 30, 2025, $639,010 was eliminated.

## Note 2 - Significant Accounting Policies (Continued)

- *Management and other fees* - The Commission's Central Office Cost Center internally charges operating fees to the AMPs in the Low Rent Housing Program, including management fees, bookkeeping fees, and asset management fees. For financial reporting purposes, $5,571,440 of fees has been eliminated for the year ended June 30, 2025.
- *Fees for service* - The Commission's Central Office Cost Center internally charges fees to other programs and projects of the Commission for legal and specialized maintenance services. For financial reporting purposes, $42,450 of internal charges has been eliminated for the year ended June 30, 2025.

***Nonoperating Revenue and Expenses***

Nonoperating revenue and expenses are derived from transactions other than those associated with the Commission's primary housing operations and are reported as incurred, including investment activity.

***Interest Income***

Interest income on notes receivable is recognized pursuant to the terms of the respective loan agreements. Collectibility is evaluated annually based on payments received and cash flow of each individual entity and future projected cash flow. If amounts are deemed to be uncollectible, DHC established an allowance for the doubtful account.

***Capital Grants***

The Commission records grants received for capital outlay as contributions from HUD.

***Pensions***

The Commission offers a defined benefit pension plan to its employees. The Commission records a net pension asset or liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Accounting Changes***

***<u>Adoption of New Accounting Pronouncement</u>***

During the current year, the Commission adopted GASB Statement No. 101, *Compensated Absences*. As a result, the liability for compensated absences in the statement of net position of the business-type activities has been calculated to comply with this new pronouncement. The effect of this adoption of a new accounting pronouncement did not result in a restatement of the financial statements as of June 30, 2024 in order to adopt GASB Statement No. 101.

## Note 2 - Significant Accounting Policies (Continued)

***Upcoming Accounting Pronouncements***

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Commission's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Commission's financial statements for the year ending June 30, 2026.

## Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Deposits and investments are reported in the financial statements as follows:

| | Primary Government - Business-type Activities | Total Discretely Presented Component Units |
|---|---|---|
| Cash and cash equivalents | $ 22,897,412 | $ 2,231,396 |
| Restricted cash and investments | 17,805,688 | 13,416,042 |
| Total deposits and investments | $ 40,703,100 | $ 15,647,438 |

The above amounts are classified by Governmental Accounting Standards Board Statement Nos. 3 and 40 in the following categories as of June 30, 2025:

| | Primary Government |
|---|---|
| Bank deposits and investments | $ 15,165,791 |
| Sweep accounts - Less than two months | 25,537,309 |
| Total | $ 40,703,100 |

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

## Note 3 - Deposits and Investments (Continued)

As of June 30, 2025, the Commission's cash and cash equivalents consist of cash in banks of $27,277,378.

The Commission's cash and investments are subject to several types of risk, which are examined in more detail below:

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk. At year end, the Commission had bank deposits of $1,240,069 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The discrete component units had approximately $15 million in deposits, of which approximately $10 million was uninsured and uncollateralized.

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates.

The Commission's investment policy is to limit its exposure to declines in fair values of its investment portfolio by only investing in HUD-allowed investments and by monitoring any such investments. At June 30, 2025, the Commission has investments in a sweep account with a fair value of $23,330,383 and a weighted-average maturity of two months.

***Credit Risk***

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Commission has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

| Investment | Fair Value | Rating |
|---|---|---|
| Government Repo Pool | $ 23,330,383 | N/A |
| Comerica Govt Cash J Fund | 15,321,647 | N/A |

External Investment Pools Bank pools totaling $15,321,647 are recorded at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. These investments are held in the Comerica J Fund and are not subject to any limitations or restrictions on withdrawals.

***Restricted Cash***

The Commission's restricted cash at June 30, 2025 is as follows:

| | Primary Government - Business-type Activities | Total Discretely Presented Component Units |
|---|---|---|
| Current: | | |
| Tenant security deposits | $ 253,917 | $ 244,900 |
| Funded reserves | - | 13,171,142 |
| Family self-sufficiency escrow | 847,487 | - |
| Development program activities | 16,704,284 | - |
| Total | $ 17,805,688 | $ 13,416,042 |

## Note 4 - Property and Equipment

Capital asset activity of the Commission's governmental activities was as follows:

| | Balance July 1, 2024 | Reclassifications | Additions | Disposals and Adjustments | Balance June 30, 2025 |
|---|---|---|---|---|---|
| Capital assets not being depreciated: | | | | | |
| Land | $ 58,054,439 | $ - | $ - | $ - | $ 58,054,439 |
| Construction in progress | 4,071,234 | (4,825,029) | 1,294,272 | - | 540,477 |
| Subtotal | 62,125,673 | (4,825,029) | 1,294,272 | - | 58,594,916 |
| Capital assets being depreciated: | | | | | |
| Structures and improvements | 101,131,307 | 4,778,882 | 5,631,842 | - | 111,542,031 |
| Equipment | 7,738,082 | 46,147 | 1,141,808 | (151,765) | 8,774,272 |
| Subtotal | 108,869,389 | 4,825,029 | 6,773,650 | (151,765) | 120,316,303 |
| Accumulated depreciation: | | | | | |
| Structures and improvements | 65,832,241 | - | 4,187,446 | - | 70,019,687 |
| Equipment | 6,976,497 | - | 404,701 | (151,765) | 7,229,433 |
| Subtotal | 72,808,738 | - | 4,592,147 | (151,765) | 77,249,120 |
| Net capital assets being depreciated | 36,060,651 | 4,825,029 | 2,181,503 | - | 43,067,183 |
| Net governmental activities capital assets | $ 98,186,324 | $ - | $ 3,475,775 | $ - | $ 101,662,099 |

As of June 30, 2025, the Commission has approximately $4,887,000 in future construction commitments.

The Commission and the Michigan Department of Environment, Great Lakes, and Energy (EGLE) have determined there is soil remediation needed at a property owned by the Commission. The Commission is working with EGLE to determine the remediation needed. It is unknown at this time the extent of the work to be completed, and, therefore, there is no available cost range for the remediation. There is no liability recorded on the statement of net position at June 30, 2025.

## Note 5 - Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. As part of the Commission's risk management program, certain commercial insurance policies are purchased, and the Commission participates in commercial risk pools to cover designated exposures and potential loss situations. There were no significant reductions of insurance coverage from prior years, and settlements did not exceed insurance coverage for each of the past three years.

## Note 6 - Capital Donation from the City

In a previous period, the Commission's assets were held in the City's name. In separation of the Commission from the City by agreement, the City transferred all assets of the Commission to the separate government unit. These transferred assets were considered donations from the City and, accordingly, were recorded at fair market value. Subsequent to the donations, appraisals were obtained on all fixed assets, which included an estimate of their remaining useful lives. Based on these appraisals, the donated fixed assets were revalued. The total book value of the capital assets transferred from the City was approximately $108 million.

## Note 7 - Notes, Loans, and Mortgages Receivable

Notes, loans, and mortgages receivable consist of HUD HOPE VI, RHF, and other funds loaned by the Commission to discrete component units for development of affordable housing in Detroit, repayable from future cash flows, as defined in the agreements. During 2025, no additional loans were made from the Commission to these discrete component units from these sources.

The Commission also has mixed finance annual contributions contracts approved by HUD for all the discretely presented component units.

The Commission also has loans receivable under funds provided by HUD under the Homeownership Program. The loans do not have scheduled payments and are forgiven over time per the loan agreements. The Commission amortizes the loans receivable over the seven-year debt forgiveness schedule.

As of June 30, 2025, an allowance for accrued interest of $28,700,762 was recorded.

Presented below is the detail of the loans, all of which are considered noncurrent with loan balance fully collectible:

| | Maturity Date | Interest Rate | Balance | Accrued Interest Receivable |
|---|---|---|---|---|
| Due from discretely presented component units: | | | | |
| Woodbridge Estates Apartments I, LLC (HOPE VI)* | January 2048 | 4.72% | $ 1,273,213 | $ 2,265,952 |
| Woodbridge Estates Apartments I, LLC (HOPE VI)* | January 2048 | 0.00% | 840,500 | - |
| Woodbridge Estates Apartments II, LLC (HOPE VI)* | January 2048 | 4.72% | 1,888,460 | 3,408,405 |
| Woodbridge Estates Apartments II, LLC (HOPE VI)* | January 2048 | 0.00% | 797,955 | - |
| Woodbridge Estates Apartments III, Limited Dividend Housing Association, LLC (HOPE VI)* | January 2051 | 4.61% | 1,560,470 | 2,052,191 |
| Woodbridge Estates Apartments IV, Limited Dividend Housing Association, LLC (HOPE VI)* | January 2051 | 4.61% | 1,764,801 | 2,332,997 |
| Woodbridge Estates Apartments V, Limited Dividend Housing Association, LLC (HOPE VI)* | January 2051 | 4.61% | 2,057,829 | 2,707,018 |
| Woodbridge Estates VI Limited Dividend Housing Association, LLC (HOPE VI)* | September 2063 | 3.75% | 2,719,779 | 996,725 |
| Woodbridge Estates IX Limited Dividend Housing Association, LLC (HOPE VI)* | September 2067 | 0.00% | 3,700,000 | 842,352 |
| Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership (HOPE VI)* | June 2049 | 5.20% | 3,713,014 | 5,974,192 |
| Emerald Springs IA Limited Dividend Housing Association Limited Partnership (RHF)* | January 2056 | 0.50% | 5,292,434 | 326,648 |
| Emerald Springs IB Limited Dividend Housing Association Limited Partnership (RHF)* | January 2056 | 0.50% | 4,644,006 | 286,838 |
| Emerald Springs IB Limited Dividend Housing Association Limited Partnership (RHF)* | March 2058 | 0.50% | 7,431,331 | 410,138 |
| Cornerstone Estates I Limited Dividend Housing Association, LLC (HOPE VI)* | March 2058 | 3.79% | 3,734,751 | 2,755,529 |
| Cornerstone Estates II Limited Dividend Housing Association, LLC (HOPE VI)* | July 2060 | 0.00% | 9,097,354 | - |
| Cornerstone Estates III Limited Dividend Housing Association, LLC (HOPE VI)* | October 2061 | 4.25% | 3,088,675 | 2,289,994 |
| Gardenview Homes I Limited Dividend Housing Association, LLC (HOPE VI)* | December 2053 | 0.00% | 9,785,199 | - |
| Gardenview Homes II and III Limited Dividend Housing Association, LLC (HOPE VI)* | December 2054 | 0.00% | 4,436,654 | - |

## Note 7 - Notes, Loans, and Mortgages Receivable (Continued)

| | Maturity Date | Interest Rate | Balance | Accrued Interest Receivable |
|---|---|---|---|---|
| Gardenview Homes IV Limited Dividend Housing Association, LLC (HOPE VI)* | May 2060 | 0.75% | $ 3,887,485 | $ 430,664 |
| Gardenview Homes V Limited Dividend Housing Association, LLC (RHF and HOPE VI)* | March 2061 | 0.00% | 5,407,128 | - |
| Gardenview Homes VI Limited Dividend Housing Association, LLC (RHF and HOPE VI)* | March 2061 | 0.00% | 4,836,094 | - |
| Gardenview Homes IX Limited Dividend Housing Association, LLC (RHF and HOPE VI)* | June 2064 | 0.00% | 4,262,517 | - |
| Gardenview Homes X Limited Dividend Housing Association, LLC (RHF and HOPE VI)* | June 2067 | 2.50% | 8,739,999 | 1,621,119 |
| Subtotal | | | 94,959,648 | 28,700,762 |
| Less allowance for accrued interest receivable | | | - | (28,700,762) |
| Due from other - Homeownership loans - Net (accumulated amortization for forgiveness of debt of $450,000) | Various | 0% | 127,927 | - |
| Total noncurrent notes receivable | | | $ 95,087,575 | $ - |

*Additional information related to these notes is presented in the long-term debt section in Note 11 for the discretely presented component units.

During the year, Woodbridge Estates Apartment I, LLC entered into notes receivable with Communities of Hope, Inc. Woodbridge Estates Apartments II, LLC entered into notes receivable with Communities of Hope, Inc. and Woodbridge Apartments Umbrella II, LLC.

| | Maturity Date | Interest Rate | Balance |
|---|---|---|---|
| Communities of Hope, Inc. | August 2029 | 1.00% | $ 125,418 |
| Communities of Hope, Inc. | August 2029 | 1.00% | 125,418 |
| Woodbridge Apartments Umbrella II, LLC | On demand | 0.00% | 24,768 |
| Total | | | $ 275,604 |

## Note 8 - Pension Plan

***Plan Description***

The Commission participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS). MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplementary information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

## Note 8 - Pension Plan (Continued)

***Benefits Provided***

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The MERS plan covers substantially all employees of the Commission, including the executive members, nonexecutive members, contributing union members, contributing nonexecutive members, and executive director. As of year end, the defined benefit plan was closed to all new entrants. Summary information for each of these groups is provided below:

***Executive Members***

Retirement benefits for employees are calculated as 2.50 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 60, with early reduced retirement at age 50 with 25 years of service or age 55 with 15 years of service. The vesting period is 6 years. This plan is closed to new entrants.

***Nonexecutive Members***

Retirement benefits for employees are calculated as 2.00 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 60, with early reduced retirement at age 50 with 25 years of service or age 55 with 15 years of service. The vesting period is 6 years. This plan is closed to new entrants.

***Contributing Union Members***

Retirement benefits for employees are calculated as 2.00 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 60, with early reduced retirement at age 50 with 25 years of service or age 55 with 15 years of service. The vesting period is 3 years. This plan is closed to new entrants.

***Contributing Nonexecutive Members***

Retirement benefits for employees are calculated as 2.00 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 60, with early reduced retirement at age 50 with 25 years of service or age 55 with 15 years of service. The vesting period is 3 years. This plan is closed to new entrants.

***Executive Director***

Retirement benefits for employees are calculated as 2.50 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 60, with early reduced retirement at age 50 with 25 years of service or age 55 with 15 years of service. The vesting period is 6 years. This plan is closed to new entrants.

***Employees Covered by Benefit Terms***

At the December 31, 2024 measurement date, the following employees were covered by the benefit terms:

| | MERS |
|---|---|
| Inactive plan members or beneficiaries currently receiving benefits | 65 |
| Inactive plan members entitled to but not yet receiving benefits | 91 |
| Active plan members | 41 |
| Total employees covered by the plan | 197 |

## Note 8 - Pension Plan (Continued)

***Contributions***

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2025, the active employee contribution rate was 5.0 percent of annual pay for executive, contributing union, and contributing nonexecutive members and 0 percent for nonexecutive members and executive directors.

The Commission's contribution rates as a percentage of annual payroll are as follows: executive members - 17.85 percent, contributing union members - 12.32 percent, and contributing nonexecutive members - 12.36 percent.

***Net Pension Liability***

The net pension liability reported at June 30, 2025 was determined using a measure of the total pension liability and the plan net position as of December 31, 2024. The December 31, 2024 total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension liability during the measurement year were as follows:

| | Increase (Decrease) | | |
|---|---|---|---|
| Changes in Net Pension Liability | Total Pension Liability | Plan Net Position | Net Pension Liability |
| **Balance at December 31, 2023** | $ 26,070,921 | $ 24,240,450 | $ 1,830,471 |
| Changes for the year: | | | |
| Service cost | 352,003 | - | 352,003 |
| Interest | 1,841,769 | - | 1,841,769 |
| Differences between expected and actual experience | 616,574 | - | 616,574 |
| Changes in assumptions | (16,691) | - | (16,691) |
| Contributions - Employer | - | 341,113 | (341,113) |
| Contributions - Employee | - | 146,994 | (146,994) |
| Net investment income | - | 1,808,510 | (1,808,510) |
| Benefit payments, including refunds | (1,191,049) | (1,191,049) | - |
| Administrative expenses | - | (53,532) | 53,532 |
| Net changes | 1,602,606 | 1,052,036 | 550,570 |
| **Balance at December 31, 2024** | $ 27,673,527 | $ 25,292,486 | $ 2,381,041 |

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2025, the Commission recognized pension expense of $1,068,601.

## Note 8 - Pension Plan (Continued)

At June 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Net difference between projected and actual earnings on pension plan investments | $ 948,409 | $ - |
| Employer contributions to the plan subsequent to the measurement date | 153,903 | - |
| Total | $ 1,102,312 | $ - |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date of $153,903 will impact the net pension liability and, therefore, will not be included in future pension expense):

| Years Ending June 30 | Amount |
|---|---|
| 2026 | $ 442,225 |
| 2027 | 732,835 |
| 2028 | (207,609) |
| 2029 | (19,042) |
| Total | $ 948,409 |

### *Actuarial Assumptions*

The total pension liability in the December 31, 2024 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases (including inflation) of 3 percent, and an investment rate of return (net of pension plan investment expenses) of 7.18 percent.

Mortality rates were based on a blend of the Pub-2010 Juvenile Mortality Tables, PubG-2010 Employee Mortality Tables, and PubG-2010 Healthy Retiree Tables. For disabled retirees, mortality rates were based on a blend of the Pub-2010 Juvenile Mortality Tables and the PubNS-2010 Disabled Retiree Tables.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of the most recent actuarial experience study conducted for the period from January 1, 2019 through December 31, 2023.

### *Discount Rate*

The discount rate used to measure the total pension liability was 7.18 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Note 8 - Pension Plan (Continued)

***Projected Cash Flows***

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2024, the measurement date, for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|---|---|---|
| Global equity | 60.00 % | 4.50 % |
| Global fixed income | 20.00 | 2.16 |
| Private investments | 20.00 | 6.50 |

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of the Commission, calculated using the discount rate of 7.18 percent, as well as what the Commission's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.18 percent) or 1 percentage point higher (8.18 percent) than the current rate:

| | 1 Percentage Point Decrease (6.18%) | Current Discount Rate (7.18%) | 1 Percentage Point Increase (8.18%) |
|---|---|---|---|
| Net pension liability (asset) of the Commission | $ 5,731,552 | $ 2,381,041 | $ (420,785) |

***Pension Plan Fiduciary Net Position***

Detailed information about the plan's fiduciary net position is available in the separately issued financial report found at www.mersofmichigan.com. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

***Assumption Changes***

For the December 31, 2024 measurement date, the mortality improvement scale was updated to MP-2021.

## Note 9 - Commitments and Contingencies

***Grants and Contracts***

The Commission participates in various federal and local grants, contracts, or sponsored agreements that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Commission. As of the date of this report, management is not aware of any such disallowance.

## Note 9 - Commitments and Contingencies (Continued)

***Section 8 Housing Choice Voucher Program***

The Commission has received cumulative funding in excess of housing assistance payments and earned administrative fees through the Section 8 Housing Choice Voucher Program (the "program") under the implementation of the Consolidated Appropriations Act of 2005, Funding Provisions for the Housing Choice Voucher Program. Due to decreases in federal funding, HUD decreased its HAP payments made to the Commission, forcing it to use its HAP reserves. As of June 30, 2025, there is no remaining HAP reserve that is subject to possible future recapture.

***Funds Awarded***

The Commission receives funding from HUD through the Capital Fund and public housing development programs to help subsidize the cost of redevelopment of projects, project repairs, improvements, component unit developments, and certain operating costs. Awards available to be spent as of June 30, 2025 for qualifying eligible expenditures amounted to $26,616,542 and $3,744,149, respectively.

## Note 10 - Concentrations

The Commission operates in a heavily regulated environment. The operations of the Commission are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD.

Such administrative directives, rules, and regulations are subject to change by an Act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

For the year ended June 30, 2025, approximately 94 percent of the operating revenue reflected in the primary government basic financial statements is from HUD.

## Note 11 – Discretely Presented Component Units

The following entities are considered discrete component units of the Commission and are presented in accordance with GASB Codification 2600. Certain items may have changed for presentation purposes from the separately issued audited financial statements to conform to the Commission's presentation. The discrete component units disclosures included are those required under GASB Codification 2600 that are deemed essential to fair presentation of the financial entity's general purpose financial statements. The following disclosures are those that are material to the Commission and are not meant to be a full representation of each component unit's financial position and required disclosures. A copy of each component unit's separately issued financial statements can be obtained from the Commission's management. See Note 2 for detail on accounting policy and the for-profit entities that are considered discretely presented component units.

Each of the discrete component units are located in the City of Detroit and were formed as limited partnerships or limited liability companies for the purpose of owning, developing, and operating affordable housing projects.

The significant activity of the entities consists of residential rental operations and the primary assets are the land, buildings, improvements, furniture, fixtures, and equipment. Debt is primarily long term in nature and is collateralized by the property. Equity is contributed by investor partners or members.

A summary of the capital assets of the discrete component units is as follows:

| Schedule of Component Unit Capital Assets June 30, 2025 and December 31, 2024 | Nondepreciable | Depreciable | | Accumulated Depreciation | 2025 Net Capital Assets |
|---|---|---|---|---|---|
| | Land | Land Improvements, Buildings, and Building Improvements | Furniture, Fixtures, and Equipment | | |
| Woodbridge Estates Apartments I, LLC | $ - | $ 6,216,574 | $ 12,368 | $ (3,191,791) | $ 3,037,151 |
| Woodbridge Estates Apartments II, LLC | - | 8,146,961 | 25,551 | (4,171,307) | 4,001,205 |
| Woodbridge Estates Apartments III, LDHA LLC | - | 6,110,920 | 1,540 | (2,727,026) | 3,385,434 |
| Woodbridge Estates Apartments IV, LDHA LLC | - | 7,411,130 | 1,870 | (3,310,389) | 4,102,611 |
| Woodbridge Estates Apartments V, LDHA LLC | - | 10,710,627 | 16,679 | (4,736,714) | 5,990,592 |
| Woodbridge Estates Apartments VI, LDHA LLC | - | 9,517,950 | 396,215 | (4,629,197) | 5,284,968 |
| Woodbridge Estates Apartments IX, LDHA LLC | - | 15,619,881 | 260,802 | (3,027,932) | 12,852,751 |
| Woodbridge ILF Associates LDHA LP | 291,667 | 12,641,830 | 1,603,537 | (7,709,012) | 6,828,022 |
| Cornerstone Estates I LDHA, LLC | - | 8,871,414 | 368,243 | (5,207,551) | 4,032,106 |
| Cornerstone Estates II LDHA, LLC | - | 9,223,625 | 444,128 | (5,247,714) | 4,420,039 |
| Cornerstone Estates III LDHA, LLC | - | 9,325,228 | 411,920 | (5,142,277) | 4,594,871 |
| Gardenview Homes I LDHA, LLC | 2,973,750 | 16,140,968 | 557,865 | (8,091,146) | 11,581,437 |
| Gardenview Homes II LDHA, LLC | 1,143,033 | 6,626,498 | 1,519,182 | (4,045,438) | 5,243,275 |
| Gardenview Homes III LDHA, LLC | 1,164,608 | 6,791,783 | 1,317,998 | (4,429,906) | 4,844,483 |
| Gardenview Homes IV LDHA, LLC | 268,440 | 9,385,884 | 374,175 | (5,325,329) | 4,703,170 |
| Gardenview Homes V LDHA, LLC | 410,006 | 12,872,546 | 399,318 | (6,765,492) | 6,916,378 |
| Gardenview Homes VI LDHA, LLC | 368,485 | 11,404,236 | 601,043 | (5,714,978) | 6,658,786 |
| Gardenview Homes VII LDHA, LLC | 434,767 | 13,714,133 | 661,797 | (6,935,247) | 7,875,450 |
| Gardenview Homes VIII LDHA, LLC | 433,136 | 13,264,932 | 630,496 | (6,673,021) | 7,655,543 |
| Gardenview Homes IX LDHA, LLC | 250,986 | 8,851,959 | 337,402 | (2,657,339) | 6,783,008 |
| Gardenview Homes X LDHA, LLC | - | 21,845,236 | 545,986 | (6,219,165) | 16,172,057 |
| Emerald Springs IA LDHA LP | 242,444 | 13,275,541 | 294,410 | (7,070,103) | 6,742,292 |
| Emerald Springs IB LDHA LP | 366,545 | 12,606,871 | 262,502 | (6,692,969) | 6,542,949 |
| Emerald Springs II LDHA LP | 311,656 | 9,121,833 | 183,433 | (4,466,989) | 5,149,933 |
| Total fixed assets placed in service | **$ 8,659,523** | **$ 259,698,560** | **$ 11,228,460** | **$ (124,188,032)** | 155,398,511 |
| Total discrete component unit net capital assets | | | | | **$ 155,398,511** |

## Note 11 – Discretely Presented Component Units (Continued)

A summary of the changes to the capital asset of the discrete component unit follows:

| | Beginning Balance | Capital Additions and Other Adjustments | Depreciation | End of Year Balance |
|---|---|---|---|---|
| Woodbridge Estates Apartments I, LLC | $ 3,192,565 | $ - | $ (155,414) | $ 3,037,151 |
| Woodbridge Estates Apartments II, LLC | 4,188,633 | 17,923 | (205,351) | 4,001,205 |
| Woodbridge Estates Apartments III, LDHA LLC | 3,538,374 | - | (152,940) | 3,385,434 |
| Woodbridge Estates Apartments IV, LDHA LLC | 4,288,091 | - | (185,480) | 4,102,611 |
| Woodbridge Estates Apartments V, LDHA LLC | 6,258,634 | - | (268,042) | 5,990,592 |
| Woodbridge Estates Apartments VI, LDHA LLC | 5,680,578 | - | (395,610) | 5,284,968 |
| Woodbridge Estates Apartments IX, LDHA LLC | 13,427,343 | 16,557 | (591,149) | 12,852,751 |
| Woodbridge ILF Associates LDHA LP | 7,121,422 | 136,041 | (429,441) | 6,828,022 |
| Cornerstone Estates I LDHA, LLC | 4,389,241 | - | (357,135) | 4,032,106 |
| Cornerstone Estates II LDHA, LLC | 4,791,340 | - | (371,301) | 4,420,039 |
| Cornerstone Estates III LDHA, LLC | 4,968,630 | - | (373,759) | 4,594,871 |
| Gardenview Homes I LDHA, LLC | 12,122,648 | - | (541,211) | 11,581,437 |
| Gardenview Homes II LDHA, LLC | 5,439,010 | - | (195,735) | 5,243,275 |
| Gardenview Homes III LDHA, LLC | 5,074,128 | - | (229,645) | 4,844,483 |
| Gardenview Homes IV LDHA, LLC | 4,647,666 | 438,738 | (383,234) | 4,703,170 |
| Gardenview Homes V LDHA, LLC | 7,289,596 | - | (373,218) | 6,916,378 |
| Gardenview Homes VI LDHA, LLC | 7,135,400 | - | (476,614) | 6,658,786 |
| Gardenview Homes VII LDHIA, LLC | 8,433,306 | 20,141 | (577,997) | 7,875,450 |
| Gardenview Homes VIII LDHIA, LLC | 8,193,198 | 20,141 | (557,796) | 7,655,543 |
| Gardenview Homes IX LDHA, LLC | 7,032,762 | - | (249,754) | 6,783,008 |
| Gardenview Homes X LDHA, LLC | 17,094,925 | - | (922,868) | 16,172,057 |
| Emerald Springs IA LDHA LP | 7,226,186 | 58,225 | (542,119) | 6,742,292 |
| Emerald Springs IB LDHA LP | 7,009,077 | 51,399 | (517,527) | 6,542,949 |
| Emerald Springs II LDHA LP | 5,489,077 | 47,187 | (386,331) | 5,149,933 |
| Total fixed assets placed in service | 164,031,830 | 806,352 | (9,439,671) | 155,398,511 |
| Total discrete component unit net capital assets | **$ 164,031,830** | **$ 806,352** | **$ (9,439,671)** | **$ 155,398,511** |

## Note 11 – Discretely Presented Component Units (Continued)

A summary of the discrete component units' debt outstanding and maturity dates are as follows:

| Schedule of Component Unit Debt June 30, 2025 and December 31, 2024 | Lender | Interest Rate | Maturity Date | Balance - Beginning of Year* | Additions (Payments) | Balance - End of Year | Principal Due Within One Year |
|---|---|---|---|---|---|---|---|
| Woodbridge Estates Apartments I, LLC | SA Affordable Housing, LLC | 7.06% | 2035 | $ 1,062,304 | (1,062,304) | $ - | $ 43,400 |
| | Detroit Housing Commission | AFR | 2048 | 1,279,824 | (2,228) | 1,277,596 | - |
| | Detroit Housing Commission | 0.00% | 2048 | 840,500 | - | 840,500 | - |
| | Citizens | SOFR | 2054 | $ - | 1,291,871 | $ 1,291,871 | $ - |
| Woodbridge Estates Apartments II, LLC | SA Affordable Housing, LLC | 7.06% | 2035 | 1,532,989 | (1,532,989) | - | 62,400 |
| | Detroit Housing Commission | AFR | 2048 | 1,888,460 | - | 1,888,460 | - |
| | Detroit Housing Commission | 0.00% | 2048 | 797,954 | - | 797,954 | - |
| | Citizens | SOFR | 2054 | - | 1,857,600 | 1,857,600 | - |
| Woodbridge Estates Apartments III, LDHA LLC | SA Affordable Housing, LLC | 6.04% | 2047 | 1,259,579 | (24,420) | 1,235,159 | 49,100 |
| | Detroit Housing Commission | 4.61% | 2042 | 1,559,212 | - | 1,559,212 | - |
| | City of Detroit, Michigan | 0.00% | 2036 | 393,056 | (23,790) | 369,266 | - |
| Woodbridge Estates Apartments IV, LDHA LLC | SA Affordable Housing, LLC | 6.04% | 2047 | 1,674,492 | (32,642) | 1,641,850 | 57,700 |
| | Detroit Housing Commission | 4.61% | 2051 | 1,763,593 | - | 1,763,593 | - |
| | City of Detroit, Michigan | 0.00% | 2036 | 393,052 | (23,789) | 369,263 | - |
| Woodbridge Estates Apartments V, LDHA LLC | SA Affordable Housing, LLC | 6.04% | 2047 | 2,707,873 | (53,108) | 2,654,765 | 78,900 |
| | Detroit Housing Commission | 4.61% | 2051 | 2,056,904 | - | 2,056,904 | - |
| | City of Detroit, Michigan | 0.00% | 2036 | 392,924 | (23,795) | 369,129 | - |
| Woodbridge Estates Apartments VI, LDHA LLC | Detroit Housing Commission | 3.75% | 2063 | 2,453,307 | 1,732 | 2,455,039 | - |
| Woodbridge Estates Apartments IX, LDHA LLC | Detroit Housing Commission | 5.00% | 2067 | 3,667,174 | 714 | 3,667,888 | |
| | Citizens | 5.00% | 2067 | 982,331 | 280,129 | 1,262,460 | 290,940 |
| Woodbridge ILF Associates LDHA LP | Detroit Housing Commission | 5.20% | 2049 | 3,686,321 | 988 | 3,687,309 | - |
| Cornerstone I LDHA, LLC | Detroit Housing Commission | 3.79% | 2060 | 3,696,921 | 1,023 | 3,697,944 | - |
| Cornerstone II LDHA, LLC | Detroit Housing Commission | 0.00% | 2060 | 9,073,707 | 325 | 9,074,032 | - |
| Cornerstone III LDHA, LLC | Detroit Housing Commission | 4.25% | 2061 | 3,035,255 | 1,406 | 3,036,661 | - |
| Gardenview Homes I LDHA, LLC | MSHDA | 6.00% | 2046 | 1,432,294 | (32,514) | 1,399,780 | 39,354 |
| | MSHDA - HOME Note | 3.00% | 2058 | 254,558 | (3,856) | 250,702 | - |
| | Detroit Housing Commission | 0.00% | 2053 | 9,783,354 | - | 9,783,354 | - |
| Gardenview Homes II, III, IV, V, VI, VII, VIII, and IX LDHA, LLC | MSHDA - Section 1602 TCAP funds | 0.00% | (a) | 13,122,960 | - | 13,122,960 | - |
| | MSHDA | 3.00% | 2062 | 20,261,000 | - | 20,261,000 | - |
| | Detroit Housing Commission | 0.00% | 2054-2064 | 18,921,477 | - | 18,921,477 | - |
| | Detroit Housing Commission | 0.75% | 2060 | 3,887,485 | - | 3,887,485 | - |
| Gardenview Homes X LDHA, LLC | Detroit Housing Commission | 2.50% | 2067 | 8,740,000 | - | 8,740,000 | - |
| | MSDHA | 4.95% | 2024 | 2,500,003 | 1,585,317 | 4,085,320 | 22,668 |
| | MSHDA | 3.00% | 2067 | 825,000 | - | 825,000 | - |
| | City of Detroit, Michigan | 2.50% | 2058 | 600,000 | (2,000) | 598,000 | - |
| | MSHSA | 2.50% | 2067 | 825,000 | - | 825,000 | - |
| Emerald Springs IA and IB LDHA LP | Detroit Housing Commission | 0.50% | 2056 | 9,910,646 | 780 | 9,911,426 | - |
| Emerald Springs II LDHA LP | Detroit Housing Commission | 0.50% | 2058 | 7,269,708 | 7,250 | 7,276,958 | - |
| Totals | | | | $ 144,531,217 | $ 2,211,700 | $ 146,742,917 | $ 644,462 |

(a) - TCAP funds will be forgivable at the end of the 15-year Section 42 compliance period if no default or recapture event has occurred.

## Note 12 - Blended Component Units

Condensed combining information for the Commission's blended component units is presented as follows:

Balance sheet information is as follows:

| | The Villages at Parkside II, LLC | The Villages at Parkside IV, LLC | Total |
|---|---|---|---|
| **Assets** | | | |
| Current assets | $ 372,711 | $ 70,975 | $ 443,686 |
| Noncurrent assets - Capital assets - Net | 123,813 | 119,150 | 242,963 |
| Total assets | 496,524 | 190,125 | 686,649 |
| **Deferred Outflows of Resources** | - | 425,441 | 425,441 |
| **Liabilities** - Current liabilities | 506,950 | 655,296 | 1,162,246 |
| **Net Position (Deficit)** - Unrestricted | $ (10,426) | $ (39,730) | $ (50,156) |

Income statement information is as follows:

| | The Villages at Parkside II, LLC | The Villages at Parkside IV, LLC | Total |
|---|---|---|---|
| **Operating Revenue** | | | |
| Rent - Net | $ 1,031,945 | $ 1,059,687 | $ 2,091,632 |
| Other tenant income | 5,040 | 2,879 | 7,919 |
| Other income | 7,824 | 1,030 | 8,854 |
| Transfers In | - | 1,000,000 | 1,000,000 |
| Total operating revenue | 1,044,809 | 2,063,596 | 3,108,405 |
| **Operating Expenses** | | | |
| General operating expenses | 997,913 | 2,375,891 | 3,373,804 |
| Depreciation | 7,554 | 7,310 | 14,864 |
| Total operating expenses | 1,005,467 | 2,383,201 | 3,388,668 |
| **Change in Net Position** | 39,342 | (319,605) | (280,263) |
| **Net Position (Deficit)** - Beginning of year | (49,768) | 279,875 | 230,107 |
| **Net Position (Deficit)** - End of year | $ (10,426) | $ (39,730) | $ (50,156) |

Cash flow statement information is as follows:

| | The Villages at Parkside II, LLC | The Villages at Parkside IV, LLC | Total |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Receipts from customers | $ 1,031,945 | $ 1,059,687 | $ 2,091,632 |
| Payments to vendors | (937,704) | (1,141,117) | (2,078,821) |
| **Net Increase (Decrease) in Cash** - Net cash provided by (used in) operating activities | 94,241 | (81,430) | 12,811 |
| **Cash** - Beginning of year | 270,480 | 96,185 | 366,665 |
| **Cash** - End of year | $ 364,721 | $ 14,755 | $ 379,476 |

# Required Supplementary Information

# Required Supplementary Information
## Schedule of Changes in the Net Pension Liability and Related Ratios

### Last Ten Plan Years

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Pension Liability** | | | | | | | | | | |
| Service cost | $ 352,003 | $ 336,844 | $ 366,662 | $ 445,160 | $ 500,254 | $ 557,107 | $ 567,969 | $ 689,391 | $ 675,349 | $ 733,320 |
| Interest | 1,841,769 | 1,801,433 | 1,758,865 | 1,712,950 | 1,585,212 | 1,553,489 | 1,485,607 | 1,325,191 | 1,300,408 | 1,140,300 |
| Changes in benefit terms | - | - | - | - | - | - | - | - | - | 67,218 |
| Differences between expected and actual experience | 616,574 | (374,686) | (356,905) | (319,325) | (95,526) | (542,468) | (538,371) | 582,568 | (1,238,155) | 232,453 |
| Changes in assumptions | (16,691) | 205,475 | - | 996,097 | 620,989 | 660,928 | - | - | - | 699,473 |
| Benefit payments, including refunds | (1,191,049) | (1,154,183) | (1,178,920) | (970,341) | (834,120) | (688,260) | (634,241) | (428,238) | (441,417) | (379,545) |
| **Net Change in Total Pension Liability** | 1,602,606 | 814,883 | 589,702 | 1,864,541 | 1,776,809 | 1,540,796 | 880,964 | 2,168,912 | 296,185 | 2,493,219 |
| **Total Pension Liability** - Beginning of year | 26,070,921 | 25,256,038 | 24,666,336 | 22,801,795 | 21,024,986 | 19,484,190 | 18,603,226 | 16,434,314 | 16,138,129 | 13,644,910 |
| **Total Pension Liability** - End of year | **$ 27,673,527** | **$ 26,070,921** | **$ 25,256,038** | **$ 24,666,336** | **$ 22,801,795** | **$ 21,024,986** | **$ 19,484,190** | **$ 18,603,226** | **$ 16,434,314** | **$ 16,138,129** |
| **Plan Fiduciary Net Position** | | | | | | | | | | |
| Contributions - Employer | $ 341,113 | $ 414,289 | $ 449,550 | $ 414,275 | $ 404,014 | $ 740,301 | $ 442,685 | $ 448,258 | $ 424,089 | $ 454,635 |
| Contributions - Member | 146,994 | 139,410 | 174,809 | 243,471 | 235,177 | 263,768 | 333,465 | 325,762 | 322,349 | 327,138 |
| Net investment income (loss) | 1,808,510 | 2,525,419 | (2,851,962) | 3,112,153 | 2,919,133 | 2,431,256 | (733,715) | 2,135,126 | 1,619,273 | (215,842) |
| Administrative expenses | (53,532) | (52,432) | (47,166) | (36,851) | (41,254) | (41,976) | (35,824) | (33,709) | (31,909) | (30,915) |
| Benefit payments, including refunds | (1,191,049) | (1,154,183) | (1,178,920) | (970,341) | (834,120) | (688,260) | (634,241) | (428,238) | (441,417) | (379,545) |
| **Net Change in Plan Fiduciary Net Position** | 1,052,036 | 1,872,503 | (3,453,689) | 2,762,707 | 2,682,950 | 2,705,089 | (627,630) | 2,447,199 | 1,892,385 | 155,471 |
| **Plan Fiduciary Net Position** - Beginning of year | 24,240,450 | 22,367,947 | 25,821,636 | 23,058,929 | 20,375,980 | 17,670,891 | 18,298,521 | 15,851,322 | 13,958,937 | 13,803,466 |
| **Plan Fiduciary Net Position** - End of year | **$ 25,292,486** | **$ 24,240,450** | **$ 22,367,947** | **$ 25,821,636** | **$ 23,058,930** | **$ 20,375,980** | **$ 17,670,891** | **$ 18,298,521** | **$ 15,851,322** | **$ 13,958,937** |
| **Commission's Net Pension Liability (Asset)** - Ending | **$ 2,381,041** | **$ 1,830,471** | **$ 2,888,091** | **$ (1,155,300)** | **$ (257,135)** | **$ 649,006** | **$ 1,813,299** | **$ 304,705** | **$ 582,992** | **$ 2,179,192** |
| **Plan Fiduciary Net Position as a Percentage of Total Pension Liability** | 91.40 % | 92.98 % | 88.56 % | 104.68 % | 101.13 % | 96.91 % | 90.69 % | 98.36 % | 96.45 % | 86.50 % |
| **Covered Payroll** | $ 2,840,508 | $ 2,780,866 | $ 3,030,737 | $ 3,959,751 | $ 4,599,504 | $ 5,160,041 | $ 5,259,688 | $ 6,362,792 | $ 6,304,406 | $ 6,730,040 |
| **Commission's Net Pension Liability (Asset) as a Percentage of Covered Payroll** | 83.82 % | 65.82 % | 95.29 % | (29.18)% | (5.59)% | 12.58 % | 34.48 % | 4.79 % | 9.25 % | 32.38 % |

See note to required supplementary information.

# Required Supplementary Information
# Schedule of Pension Contributions

**Last Ten Fiscal Years**

**Years Ended June 30**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 307,224 | $ 374,196 | $ 455,784 | $ 443,726 | $ 366,463 | $ 467,626 | $ 442,685 | $ 448,258 | $ 424,089 | $ 454,635 |
| Contributions in relation to the actuarially determined contribution | 307,224 | 374,196 | 455,784 | 443,726 | 366,463 | 467,626 | 442,685 | 448,258 | 424,089 | 454,635 |
| **Contribution Deficiency** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** |
| **Covered Payroll** | $ 2,840,508 | $ 2,780,866 | $ 3,030,737 | $ 3,959,751 | $ 4,599,504 | $ 5,160,041 | $ 5,259,688 | $ 6,362,792 | $ 6,304,406 | $ 6,730,040 |
| **Contributions as a Percentage of Covered Payroll** | 10.82 % | 13.46 % | 15.04 % | 11.21 % | 7.97 % | 9.06 % | 8.42 % | 7.04 % | 6.73 % | 6.76 % |

See note to required supplementary information.

***Pension Information***

Actuarial valuation information relative to the determination of contributions:

| | |
|---|---|
| Valuation date | Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. |

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 14 years |
| Asset valuation method | 5-year smoothed market |
| Inflation | 2.5 percent |
| Salary increase | 3 percent, average, including inflation |
| Investment rate of return | 7 percent, net of pension plan investment expenses, including inflation |
| Retirement age | 60 |
| Mortality | 50 percent male - 50 percent female blend of the Pub-2010 tables |
| Other information | None |

***Benefit Changes***

During fiscal year 2021, the Commission closed the defined benefit plan to new entrants for the contribution union members. Those participants who are grandfathered into the plan are still receiving the same benefits as in the prior years; new employees are offered the opportunity to join the defined contribution plan.

In fiscal year 2019, the Commission closed the defined benefit plan to new entrants, except for those participants who are categorized as contributing union members. Those participants who are grandfathered into the plan are still receiving the same benefits as in prior years; new employees are offered the opportunity to join the defined contribution plan.

***Changes in Assumptions***

Fiscal year 2025 (plan year 2024): The mortality improvement scale was updated to MP-2021 for the December 31, 2024 actuarial valuation.

Fiscal year 2024 (plan year 2023): The discount rate was reduced from 7.25 percent to 7.18 percent in the December 31, 2023 actuarial valuation.

Fiscal year 2022 (plan year 2021): The discount rate was reduced from 7.6 percent to 7.25 percent in the December 31, 2021 actuarial valuation.

Fiscal year 2021 (plan year 2020): A five-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. The experience study resulted in updated demographic assumptions, including adjustments to the following actuarial assumptions that were first used in the December 31, 2020 actuarial valuation: mortality, retirement, disability, and termination rates.

Fiscal year 2020 (plan year 2019): The discount was reduced from 8.0 to 7.6 percent in the December 31, 2019 actuarial valuation. Effective this valuation, the MERS retirement board has adopted a reduction in the investment rate of return assumption from 7.75 percent to 7.35 percent and a reduction in the rate of wage inflation from 3.75 percent to 3.00 percent.

Fiscal year 2016 (plan year 2015): The mortality rates were updated to be based on the RP-2014 tables.

***Changes in Size or Composition of the Covered Population***

There were no significant changes in size or composition of the covered population.

# Other Information

# Detroit Housing Commission

## Capital Fund Program Schedule of Actual Program Costs and Advances

**Year Ended June 30, 2025**

| Program | MI28P001501-18 | MI128P001501-19 | MI28L001501-19 | MI28P001501-20 | MI28P001501-21 | MI28P001501-22 | MI28P001501-23 | MI28P001501-24 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| **Budget** | **$ 12,602,526** | **$ 11,764,044** | **$ 1,000,000** | **$ 11,153,098** | **$ 10,506,573** | **$ 12,352,049** | **$ 12,389,982** | **$ 11,345,305** | **$ 83,113,577** |
| **Advances** | | | | | | | | | |
| Cash receipts - prior years | $ 12,602,555 | $ 4,414,684 | $ 159,617 | $ 8,473,343 | $ 9,559,610 | $ 5,115,730 | $ 4,498,011 | $ - | $ 44,823,549 |
| Cash receipts - current year | - | 815,851 | 130,965 | 2,364,346 | 946,963 | 3,523,288 | 1,438,410 | 4,142,622 | 13,362,447 |
| Cumulative as of June 30, 2025 | 12,602,555 | 5,230,535 | 290,582 | 10,837,689 | 10,506,573 | 8,639,018 | 5,936,422 | 4,142,622 | 58,185,996 |
| **Costs** | | | | | | | | | |
| Prior years | 12,602,555 | 4,642,125 | 290,582 | 8,597,853 | 9,639,972 | 5,158,304 | 4,507,362 | - | 45,438,752 |
| Current year | - | 588,411 | 485,062 | 2,437,188 | 866,601 | 3,963,006 | 1,562,178 | 4,155,834 | 14,058,280 |
| Cumulative as of June 30, 2025 | 12,602,555 | 5,230,536 | 775,644 | 11,035,041 | 10,506,573 | 9,121,310 | 6,069,540 | 4,155,834 | 59,497,033 |
| **Excess (Deficiency) of Advances Due to HUD** | **$ -** | **$ 0** | **$ 485,062** | **$ 197,352** | **$ 0** | **$ 482,292** | **$ 133,119** | **$ 13,212** | **$ 1,311,036** |
| **Soft Costs** | | | | | | | | | |
| Prior years | $ 5,366,389 | $ 1,787,417 | $ 320,216 | $ 2,336,660 | $ 2,842,084 | $ 296,227 | $ 3,213,173 | $ - | $ 16,162,166 |
| Current year | - | 164,905 | 485,062 | 2,327,202 | 701,171 | 3,010,540 | 911,080 | 3,676,317 | 11,276,277 |
| Cumulative as of June 30, 2025 | 5,366,389 | 1,952,322 | 805,278 | 4,663,862 | 3,543,255 | 3,306,767 | 4,124,253 | 3,676,317 | 27,438,443 |
| **Hard Costs** | | | | | | | | | |
| Prior years | 7,236,166 | 2,854,708 | (29,634) | 6,261,193 | 6,797,888 | 4,862,077 | 1,294,189 | - | 29,276,586 |
| Current year | (0) | 423,506 | - | 109,986 | 165,433 | 952,465 | 651,099 | 479,518 | 2,782,006 |
| Cumulative as of June 30, 2025 | 7,236,166 | 3,278,214 | (29,634) | 6,371,179 | 6,963,320 | 5,814,542 | 1,945,288 | 479,518 | 32,058,592 |
| **Other Costs** | | | | | | | | | |
| Prior years | - | - | - | - | - | - | - | - | - |
| Current year | - | - | - | - | - | - | - | - | - |
| Cumulative as of June 30, 2025 | - | - | - | - | - | - | - | - | - |
| **Cumulative Hard, Soft, and Other Costs** | **$ 12,602,555** | **$ 5,230,536** | **$ 775,644** | **$ 11,035,041** | **$ 10,506,575** | **$ 9,121,310** | **$ 6,069,540** | **$ 4,155,834** | **$ 59,497,035** |

## Detroit Housing Commission

### ROSS and Youthbuild Schedule of Actual Program Costs and Advances

**Year Ended June 30, 2025**

| Program | MI001FJP4FPH20 | Youthbuild21 | youthbuild24 | ROSS221712 | ROSS251712 | MI001FSS25 | MI001FSS23 | MI001FSS24 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| **Budget** | **$ 2,300,000** | **$ 1,500,000** | **$ 1,500,000** | **$ 491,700** | **$ 816,750** | **$ 411,735** | **$ -** | **$ 395,904** | **$ 7,416,089** |
| **Advances** | | | | | | | | | |
| Cash receipts - prior years | $ 527,397 | $ 519,389 | $ - | $ 242,509 | $ - | $ - | $ 264,393 | $ 114,310 | $ 1,667,999 |
| Cash receipts - current year | 426,652 | 695,539 | 216,443 | 200,488 | - | 125,502 | - | 182,152 | 1,846,777 |
| Cumulative as of June 30, 2025 | 954,050 | 1,214,929 | 216,443 | 442,998 | - | 125,502 | 264,393 | 296,462 | 3,514,776 |
| **Costs** | | | | | | | | | |
| Prior years | 562,637 | 612,759 | - | 259,389 | - | - | 264,393 | 126,246 | 1,825,424 |
| Current year | 442,214 | 626,699 | 257,522 | 183,804 | 10,410 | 149,792 | - | 176,073 | 1,846,515 |
| Cumulative as of June 30, 2025 | 1,004,851 | 1,239,459 | 257,522 | 443,193 | 10,410 | 149,792 | 264,393 | 302,319 | 3,671,939 |
| **Excess (Deficiency) of Advances Due to HUD** | **$ 50,802** | **$ 24,530** | **$ 41,078** | **$ 195** | **$ 10,410** | **$ 24,290** | **$ -** | **$ 5,858** | **$ 157,164** |
| **Soft Costs** | | | | | | | | | |
| Prior years | $ 562,637 | $ 612,759 | $ - | $ 248,135 | $ - | $ - | $ 264,393 | $ 126,246 | $ 1,814,171 |
| Current year | 438,722 | 622,625 | 257,522 | 180,893 | 10,410 | 149,792 | - | 176,073 | 1,836,037 |
| Cumulative as of June 30, 2025 | 1,001,359 | 1,235,384 | 257,522 | 429,028 | 10,410 | 149,792 | 264,393 | 302,319 | 3,650,208 |
| **Hard Costs** | | | | | | | | | |
| Prior years | - | - | - | 11,254 | - | - | - | - | 11,254 |
| Current year | 3,493 | 4,074 | - | 2,911 | - | - | - | - | 10,478 |
| Cumulative as of June 30, 2025 | 3,493 | 4,074 | - | 14,165 | - | - | - | - | 21,732 |
| **Other Costs** | | | | | | | | | |
| Prior years | - | - | - | - | - | - | - | - | - |
| Current year | - | - | - | - | - | - | - | - | - |
| Cumulative as of June 30, 2025 | - | - | - | - | - | - | - | - | - |
| **Cumulative Hard, Soft, and Other Costs** | **$ 1,004,851** | **$ 1,239,459** | **$ 257,522** | **$ 443,193** | **$ 10,410** | **$ 149,792** | **$ 264,393** | **$ 302,319** | **$ 3,671,940** |