

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

MANAGEMENT'S DISCUSSION & ANALYSIS
AND AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2025

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**HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas**

**REPORT ON EXAMINATION
OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

DECEMBER 31, 2025



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Fort Smith
Fort Smith, Arkansas 72904

Fort Worth Regional Office
Public Housing Division
801 Cherry Street, Unit #45, Suite 2500
Fort Worth, Texas 76102

Report on the Audit of Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Housing Authority of the City of Fort Smith, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for 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 Housing Authority of the City of Fort Smith's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 Housing Authority of the City of Fort Smith's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Fort Smith's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Fort Smith's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as well as the Financial Data Schedules required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a

required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, and the Financial Data Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 24, 2026, on our consideration of the Housing Authority of the City of Fort Smith's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Fort Smith'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 Housing Authority of the City of Fort Smith's internal control over financial reporting and compliance.

Rector, Reeder & Lofton, P.C.
Certified Public Accountants

Loganville, Georgia
February 24, 2026

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2025

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH
FORT SMITH, ARKANSAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
FYE: DECEMBER 31, 2025**

Management’s Discussion and Analysis

The management of the Housing Authority of the City of Fort Smith offers the readers of the Authority’s financial statements this narrative overview and analysis of the Authority’s financial activities for the year ended December 31, 2025. This discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority’s financial activity, identify changes in the Authority’s financial position, and identify individual fund issues or concerns. Readers should consider the information presented here in conjunction with the Authority’s financial statements to obtain a full understanding of its financial position.

This management’s discussion and analysis is presented in accordance with the requirements of the Governmental Accounting Standards Board Statement No. 34 (GASB 34). We have made every effort to provide current and prior year data that allows the reader to gain an adequate understanding of the Authority’s annual operating results and financial position as of December 31, 2025.

Questions concerning the information provided in this discussion or requests for additional information should be addressed to the Authority’s President & CEO.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$18,429,965 (net position) as opposed to \$17,874,550 for the prior fiscal year.
- The Authority’s cash and investments as of December 31, 2025, totaled \$4,083,421 representing a decrease of \$4,768 or 0.12% from December 31, 2024.
- The Authority had total revenues of \$15,014,187 and total expenses of \$14,458,772 for the year ended December 31, 2025.

Authority-Wide Financial Statements

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns that add to a total for the entire Authority.

These financial statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement of Net Position is presented in a format where assets, minus liabilities, equal “Net Position,” formerly

known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current.”

The Statement of Net Position represents the available liquid (non-capital) assets minus liabilities for the entire Authority. Net Position is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: This component consists of Net Position that does not meet the definition of “Net Investment in Capital Assets,” or “Restricted Net Position.”

The Authority-wide financial statements also include a Statement of Revenues, Expenses, and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the “Change in Net Position,” which is similar to Net Income or Loss.

Finally, a Statement of Cash Flow is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Program Financial Statements

The Authority is engaged in several different business-type activities. A description of those activities follows.

Rental Assistance Demonstration (RAD): On August 1, 2014, the Authority completed the Rental Assistance Demonstration (RAD) closing, converting 288 public housing units into a Section 8 Project-Based Rental Assistance Program funded development. This program allows for local ownership and management with project-based Housing Choice Voucher subsidies. The Authority expects that this conversion will allow for the continued preservation and improved flexibility of managing these units.

Housing Choice Voucher Program: Under the Housing Choice Voucher Program, the Authority administers contracts with landlords that own the property. The Authority subsidizes the family’s rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions

Funding to enable the Authority to structure a lease that sets the participants' rents at 30% of household income.

Moderate Rehabilitation Program (Mod Rehab): Under the Mod Rehab program, the Authority administers a project-based contract with an independent landlord to assist low-income families with Section 8 Project based vouchers. The Authority had an ACC Contract with HUD for 63 units of Mod Rehab and had been involved with the program since 1983. The independent landlord was notified in July 2024 of the Authority's intention not to renew the Mod Rehab contract due to the condition of the property. Following a thorough appeals and review process, HUD affirmed the Authority's decision to end the Mod Rehab contract as of June 30, 2025. The remaining low-income families were offered Tenant Protection Vouchers to be used at new units. The Tenant Protection Vouchers have been added to the Authority's Housing Choice Voucher program's unit count.

Other Federal Programs: The Housing Authority maintains other federal programs which are primarily designed to facilitate the mission of providing affordable housing in the Fort Smith area. This historically included a community development block grant which was funded from the City on certain properties. Currently the Housing Authority operates a Home Investment Partnership program as granted through the City of Fort Smith. Various properties are acquired and then sold to qualified recipients.

Home Investment Partnership (HOME): Our affordable housing program began in 1996 with a contribution of \$150,000 from Low Rent reserves which has now been reimbursed. To date we have constructed over 100 homes with all of those being sold. Our goal is to assist as many low- to median-income families as possible to achieve self-sufficiency through homeownership. We do not currently receive HOME funds directly. From 2014 through the beginning of 2025, we have been a sub-recipient of funds as a result of a partnership agreement with Crawford Sebastian Community Development Council for the construction and sale of affordable housing. That partnership has since dissolved, and the Authority intends to apply directly to the City of Fort Smith for funding in future years.

Component Units: The Authority operates four (4) 501(c)(3) nonprofit corporations to assist with its mission of furthering affordable housing. 1) Nelson Hall Homes was formed in 2014 and became the owner of our previous Low Rent Public Housing units, effective July 29, 2014. The Authority has a management agreement in place and continues to operate the 288 units affected by the ownership change. 2) Compass Realty & Construction Group was created to assist the Authority in better carrying out its real estate and construction services activities. Prior to July 2016 real estate and construction activities were accounted for under the Authority's HOME program. 3) Strategic Community Investments (SCI) provides development, incentive, and supervisory management services to aide in the furtherance of affordable housing and any other community or economic development initiative. 4) HACFS Properties was formed in 2023 to hold all current and future housing developments wholly-owned by the Authority. Internally these activities are all accounted for separately, but for the purposes of this audit are included as part of the Authority's blended component unit. The Authority also has four development corporations, known as North Pointe,

Inc., North Pointe II, Inc., Clayton Heights, Inc., and Newlon Springs, Inc. These entities act as conduits for financing agreements between the Authority and various development partners to provide affordable housing to residents of the Fort Smith area and serve as the general and managing partners of the Authority's limited partnerships.

Discrete Component Units: The Authority owns, along with investor limited partners, four limited partnerships known as North Pointe LP (Investor: Alliant Capital), North Pointe II LP (Investor: First National Bank of Fort Smith), Clayton Heights Development LP (Investor: Alliant Capital), and Newlon Springs Development LP (Investor: First National Bank of Fort Smith.). These entities were created to develop and own affordable housing developments financed partly by IRS Section 42 Low-Income Housing Tax Credits.

Analysis of Authority-wide Net Position (Statement of Net Position)

	<u>2025</u>	<u>2024</u>	<u>Change</u>	
ASSETS				
Cash and Investments	\$ 4,083,421	\$ 4,088,189	\$ (4,768)	-0.12%
Other Current Assets	661,045	2,115,863	(1,454,818)	-68.76%
Assets Held for Sale	1,072,426	535,153	537,273	100.40%
Other Noncurrent Assets	2,738,418	1,773,632	964,786	54.40%
Capital Assets	<u>11,467,314</u>	<u>11,302,393</u>	<u>164,921</u>	1.46%
Total Assets	<u>\$ 20,022,624</u>	<u>\$ 19,815,230</u>	<u>\$ 207,394</u>	1.05%
LIABILITIES				
Current Liabilities	\$ 391,519	\$ 685,006	\$ (293,487)	-42.84%
Noncurrent Liabilities	<u>1,201,140</u>	<u>1,255,674</u>	<u>(54,534)</u>	-4.34%
Total Liabilities	<u>1,592,659</u>	<u>1,940,680</u>	<u>(348,021)</u>	-17.93%
NET POSITION				
Invested in Capital Assets	10,387,338	10,123,855	263,483	2.60%
Restricted	1,044,777	893,968	150,809	16.87%
Unrestricted	<u>6,997,850</u>	<u>6,856,727</u>	<u>141,123</u>	2.06%
Total Net Position	<u>18,429,965</u>	<u>17,874,550</u>	<u>555,415</u>	3.11%
Total Liabilities and Net Position	<u>\$ 20,022,624</u>	<u>\$ 19,815,230</u>	<u>\$ 207,394</u>	1.05%

Total Assets increased by \$207,394 or 1.05% from the prior year. Cash and Investments decreased by \$4,768 or 0.12%, which is detailed in the accompanying statement of cash flows. Accounts receivable decreased by \$1,437,072 or 69.94% due to amounts due from the discrete component unit. Prepaid expenses also decreased by \$17,746 or 29.08%. Assets Held for Sale increased by \$537,273 or 100.40% due to the acquisition of assets. Capital assets increased by \$164,921 or 1.46% due to additions exceeding depreciation expense for the year. Other noncurrent assets increased by \$964,786 or 54.40% due primarily to the increase in accrued interest on notes receivable.

Total Liabilities decreased by \$348,021 or 17.93%. Current liabilities decreased by \$293,487 or 42.84% due to the timing of payables at year-end. Noncurrent liabilities decreased by \$54,534 or 4.34%, primarily due to the amortization of long-term debt.

Total Net Position increased by \$555,415 or 3.11%. Investment in Capital Assets increased by \$263,483 or 2.60%. Restricted Net Position increased by \$150,809 or 16.87% due primarily to increased HCV HAP equity. Unrestricted Net Position increased by \$141,123 or 2.06% as a result of operations. These changes are outlined in further detail on the Statement of Revenues, Expenses, and Changes in Net Position.

Analysis of Entity-Wide Revenue and Expenses (Statement of Revenues, Expenses, and Changes in Net Position)

The following table illustrates changes in revenue from FY 2024 to FY 2025.

	<u>2025</u>	<u>2024</u>	<u>Change</u>	
REVENUE				
Tenant Revenue	\$ 1,173,250	\$ 1,161,282	\$ 11,968	1.03%
HUD Operating Grants	11,931,240	11,380,226	551,014	4.84%
Proceeds from Disposition of Assets	2,527,764	6,101,683	(3,573,919)	-58.57%
Costs of Sale of Assets	(1,976,527)	(3,853,283)	1,876,756	-48.71%
Gain/(Loss) on Sale of Fixed Assets	(99,361)	9,556	(108,917)	-1139.78%
Investment Income	109,199	112,293	(3,094)	-2.76%
Other Revenue	<u>1,348,622</u>	<u>988,961</u>	<u>359,661</u>	36.37%
Total Revenue	<u>\$ 15,014,187</u>	<u>\$ 15,900,718</u>	<u>\$ (886,531)</u>	-5.58%

Total Revenue decreased by \$886,531 or 5.58% to \$15,014,187 during FY 2025. This decrease was due primarily to a decrease in Proceeds from Dispositions of Assets of \$3,573,919. Conversely, the Cost of Sale of Assets increased by \$1,876,756, Grant revenue increased by \$551,014, and other revenue also increased by \$359,661.

The following table illustrates changes in expenses from FY 2024 to FY 2025.

	<u>2025</u>	<u>2024</u>	<u>Change</u>	
EXPENSES				
Administration	\$ 2,701,118	\$ 2,584,290	\$ 116,828	4.52%
Tenant Services	69,099	60,795	8,304	13.66%
Utilities	384,889	352,162	32,727	9.29%
Maintenance	900,997	767,111	133,886	17.45%
General	497,068	551,475	(54,407)	-9.87%
Financial	3,713	3,898	(185)	-4.75%
Housing Assistance Payments	9,124,786	8,990,573	134,213	1.49%
Depreciation	<u>777,102</u>	<u>658,259</u>	<u>118,843</u>	18.05%
Total Expenses	<u>\$ 14,458,772</u>	<u>\$ 13,968,563</u>	<u>\$ 490,209</u>	3.51%

Total Expenses, across all Authority programs increased by \$490,209 or 3.51%.

Administrative expenses increased by \$116,828 or 4.52% due mainly to increases in salaries and benefits of \$141,386. Tenant services increased by \$8,304 or 13.66% due to increased services provided during the year. Utilities increased by \$32,727 or 9.29%. Maintenance expense increased by \$133,886 or 17.45%, which was due to an increase in labor and benefits of \$31,622 or 11.17% and contract costs of \$105,042 or 32.52%. General expenses decreased by \$54,407 or 9.87% due to decreases in other general expenses of \$76,381, and bad debt expense of \$21,904. HAP expense increased by \$134,213 or 1.49% due to increased utilization. Depreciation expenses increased by \$118,843 or 18.05%.

Capital Assets

	<u>2025</u>	<u>2024</u>	<u>Change</u>	
Land	\$ 822,738	\$ 822,738	\$ 0	0.00%
Buildings	16,992,907	15,115,968	1,876,939	12.42%
Equipment	2,078,570	2,057,422	21,148	1.03%
Construction in Progress	1,132,233	3,068,586	(1,936,353)	-63.10%
Accumulated Depreciation	<u>(9,559,134)</u>	<u>(9,762,321)</u>	<u>203,187</u>	-2.08%
Net Capital Assets	<u>\$ 11,467,314</u>	<u>\$ 11,302,393</u>	<u>\$ 164,921</u>	1.46%

Total Capital assets increased during the year to \$11,467,314, an increase of \$164,921 or 1.46%.

The following reconciliation summarizes changes in capital asset balances during FY 2025.

Balance as of January 1, 2025	\$ 11,302,393
Capital additions	992,059
Net dispositions	(50,036)
Depreciation expense	<u>(777,102)</u>
Balance as of December 31, 2025	<u>\$ 11,467,314</u>

Debt Outstanding

During FY2019, the Authority acquired a promissory note in the amount of \$1,198,049 for the purchase of Cedar Court. The loan bears 0.00% interest and is forgiven in 15 equal installments of \$79,869. In FY2022, the Authority acquired an additional note in the amount of \$406,000 from ADFA to build 9th Street Cottages. The loan bears 1.00% interest with payments to begin one year after affordability period commences. As of December 31, 2025, the total loan balances were \$1,079,976.

Economic Factors

Several significant economic and regulatory factors are present that may impact the Authority in the future:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and; therefore, the amount of rental income
- Inflationary pressure on utility rates, insurance rates, wages, supplies, and other costs

Financial Contact

Questions concerning any of the information provided in this Management's Discussion & Analysis should be addressed to:

President & CEO
Housing Authority of the City of Fort Smith
2100 North 31st Street
Fort Smith, AR 72904
479-782-4991 ext. 115

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas**

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2025

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

STATEMENT OF NET POSITION
December 31, 2025

	ASSETS		
	Primary Government	Discrete Component Units	Total (Memorandum Only)
<u>Current Assets</u>			
Cash & cash equivalents - unrestricted	\$ 2,851,370	\$ 310,622	\$ 3,161,992
Cash & cash equivalents - restricted	1,232,051	1,562,219	2,794,270
Accounts receivable, net	617,766	11,757	629,523
Prepaid expenses	43,279	225,134	268,413
Assets held for sale	<u>1,072,426</u>	<u>-</u>	<u>1,072,426</u>
 Total Current Assets	 <u>5,816,892</u>	 <u>2,109,732</u>	 <u>7,926,624</u>
 <u>Noncurrent Assets</u>			
Capital Assets:			
Land & improvements	822,738	281,897	1,104,635
Buildings	16,992,907	34,991,403	51,984,310
Construction in progress	1,132,233	-	1,132,233
Furniture & equipment	<u>2,078,570</u>	<u>840,296</u>	<u>2,918,866</u>
	21,026,448	36,113,596	57,140,044
Less: Accumulated depreciation	<u>(9,559,134)</u>	<u>(12,021,427)</u>	<u>(21,580,561)</u>
 Total Capital Assets	 <u>11,467,314</u>	 <u>24,092,169</u>	 <u>35,559,483</u>
 Other Noncurrent Assets:			
Notes receivable	1,736,293	-	1,736,293
Other assets	21,204	207,026	228,230
Investment in joint venture	<u>980,921</u>	<u>-</u>	<u>980,921</u>
 Total Noncurrent Assets	 <u>14,205,732</u>	 <u>24,299,195</u>	 <u>38,504,927</u>
 TOTAL ASSETS	 \$ <u>20,022,624</u>	 \$ <u>26,408,927</u>	 \$ <u>46,431,551</u>

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

LIABILITIES & NET POSITION

	Primary Government	Discrete Component Units	Total (Memorandum Only)
<u>Current Liabilities</u>			
Accounts payable	\$ 34,086	\$ 188,907	\$ 222,993
Accrued liabilities	153,721	20,577	174,298
Other current liabilities	49,753	52,273	102,026
Noncurrent debt - current portion	98,735	287,576	386,311
Unearned revenue	10,358	12,545	22,903
Tenant security deposits/escrow deposits	44,866	74,725	119,591
	391,519	636,603	1,028,122
<u>Noncurrent Liabilities</u>			
Long-term debt, net of current - capital projects	981,241	10,865,520	11,846,761
Accrued compensated absences	77,491	3,108	80,599
Trust deposits	142,408	262,896	405,304
	1,201,140	11,131,524	12,332,664
TOTAL LIABILITIES	1,592,659	11,768,127	13,360,786
<u>NET POSITION</u>			
Investment in Capital Assets	10,387,338	12,939,073	23,326,411
Restricted	1,044,777	1,487,494	2,532,271
Unrestricted	6,997,850	214,233	7,212,083
	18,429,965	14,640,800	33,070,765
TOTAL LIABILITIES & NET POSITION	\$ 20,022,624	\$ 26,408,927	\$ 46,431,551

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Primary</u> <u>Government</u>	<u>Discrete</u> <u>Component</u> <u>Units</u>	<u>Total</u> <u>(Memorandum</u> <u>Only)</u>
<u>Operating Revenues</u>			
Dwelling rent	\$ 1,173,250	\$ 2,526,370	\$ 3,699,620
Governmental grants & subsidy	11,931,240	-	11,931,240
Other income	1,899,859	5,790	1,905,649
Total Operating Revenues	15,004,349	2,532,160	17,536,509
 <u>Operating Expenses</u>			
Administration	2,701,118	625,768	3,326,886
Tenant services	69,099	746	69,845
Utilities	384,889	57,726	442,615
Maintenance & operations	900,997	570,957	1,471,954
General expense	497,068	503,610	1,000,678
Housing assistance payments	9,124,786	-	9,124,786
Depreciation and amortization expense	777,102	1,154,594	1,931,696
Total Operating Expense	14,455,059	2,913,401	17,368,460
Net Operating Income/(Loss)	549,290	(381,241)	168,049
 <u>Nonoperating Revenues/(Expenses)</u>			
Investment income	104,793	24,496	129,289
Notes Receivable - interest income	4,406	-	4,406
Gain/(Loss) on disposition of assets	(99,361)	-	(99,361)
Interest expense	(3,713)	(909,161)	(912,874)
Net Nonoperating Revenues/(Expenses)	6,125	(884,665)	(878,540)
Increase/(Decrease) in Net Position	555,415	(1,265,906)	(710,491)
Total Net Position - beginning	17,874,550	9,307,414	27,181,964
Equity contribution & distribution	-	6,599,292	6,599,292
Total Net Position - ending	\$ 18,429,965	\$ 14,640,800	\$ 33,070,765

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

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Primary</u> <u>Government</u>	<u>Discrete</u> <u>Component</u> <u>Units</u>	<u>Total</u> <u>(Memorandum</u> <u>Only)</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 3,073,109	\$ 2,532,160	\$ 5,605,269
Governmental grants & subsidy - operations	11,931,240	-	11,931,240
Payments to suppliers	(1,596,398)	(2,951,298)	(4,547,696)
Payments for housing assistance	(9,124,786)	-	(9,124,786)
Payments to employees	(2,760,341)	(554,237)	(3,314,578)
NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	<u>1,522,824</u>	<u>(973,375)</u>	<u>549,449</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest received	91,102	24,496	115,598
Proceeds from notes receivable	152,005	-	152,005
Investment in joint venture - net	30	-	30
Invested in assets held for sale - net	(537,273)	-	(537,273)
NET CASH PROVIDED/(USED) FROM INVESTING ACTIVITIES	<u>(294,136)</u>	<u>24,496</u>	<u>(269,640)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisition of capital assets	(992,059)	(142,073)	(1,134,132)
Payments on mortgage/notes payable	(98,562)	(5,711,364)	(5,809,926)
Proceeds from mortgage notes payable	-	-	-
Interest expense	(3,713)	(646,265)	(649,978)
Capital contributions from partners - net	-	6,599,292	6,599,292
Proceeds from disposition of capital assets	(139,122)	-	(139,122)
NET CASH PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,233,456)</u>	<u>99,590</u>	<u>(1,133,866)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,768)	(849,289)	(854,057)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>4,088,189</u>	<u>2,722,130</u>	<u>6,810,319</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 4,083,421</u>	<u>\$ 1,872,841</u>	<u>\$ 5,956,262</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Net Income/(Loss) from operations	\$ 549,290	\$ (381,241)	\$ 168,049
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation & amortization	777,102	1,154,594	1,931,696
Decrease (Increase) in accounts receivable, net	428,145	10,769	438,914
Decrease (Increase) in prepaid expenses	17,746	54,518	72,264
Increase (Decrease) in accounts payable	(300,111)	(1,623,403)	(1,923,514)
Increase (Decrease) in accrued liabilities	7,064	(225,201)	(218,137)
Increase (Decrease) in unearned revenue	3,722	(12,609)	(8,887)
Increase (Decrease) in other current liabilities	(3,615)	50,148	46,533
Increase (Decrease) in security/trust deposits	43,481	(950)	42,531
NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	<u>\$ 1,522,824</u>	<u>\$ (973,375)</u>	<u>\$ 549,449</u>

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

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY:

1. Introduction:

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). The following summary of the more significant accounting policies is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this report.

2. Organization:

The Housing Authority of the City of Fort Smith ("The Authority") is a public body and a body corporate and politic organized under the laws of the State of Arkansas for the purpose of providing adequate housing for qualified low-income individuals. To accomplish this purpose, the Mayor appoints a Governing Board, the Board of Commissioners, to designate its own management. The Board also appoints members to the Commission subject to the confirmation of the City Board of Directors. Additionally, the Authority has entered into annual contribution contracts with the U. S. Department of Housing and Urban Development ("HUD") to be the administrator of the housing and housing related programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

3. Reporting Entity:

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Government Accounting Standards Board and Financial Accounting Standards Board and Statement Number 14 and 61 of the Government Accounting Standards Board, the Financial Reporting Entity*.

Financial Accountability - The Authority is responsible for its debts, does not impose a financial burden on the City of Fort Smith and is entitled to all surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

Appointment of a Voting Majority - The Authority is governed by a Board of Commissioners with governance responsibilities over all activities related to all housing activities within the City of Fort Smith. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the City; i.e., they can be removed only for cause. The Authority's Board elects its own chairperson.

Imposition of Will - The City has no influence over the management, budget, or policies of the Authority. The Authority's Board of Commissioners has the responsibility to significantly influence the Authority's operations. This includes, but is not limited to, adoption of the budget, personnel management, sole title to, and residual interest in all assets (including facilities and properties), signing contracts, issuing bonds, and deciding which programs are to be provided.

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

3. Reporting Entity: (Cont'd)

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments, and there are no other entities that are to be reported as component units of the Authority, except as stated below, nor should the Authority be included in the City's financial reports therefore, the Authority reports independently. During the review of the Authority's budgets, Annual Contributions Contract (ACC), minutes of the Board of Commissioner's meetings, cash receipts and cash disbursements for the reporting period disclosed that the Authority operated the following programs under ACC:

Rental Assistance Demonstration (RAD) Program – As a result of the Authority's participation in the Congressionally-authorized Rental Assistance Demonstration program, the Low Rent Public Housing Program converted to private non-profit ownership by Nelson Hall Homes, the board of directors of which are also the Commissioners of the Fort Smith Housing Authority. The closing of that transaction was completed on July 29, 2014. Effective August 1, 2014 rental assistance to maintain the units' affordability was provided by 288 Project Based Vouchers to be managed by the Fort Smith Housing Authority. Accordingly, participation in the Capital Fund Program ended on July 29, 2014 and receipt of Operating Subsidy ended on December 31, 2014.

Section 8 Housing Choice Voucher Program – This program provides rental assistance to help low-income families afford decent, safe and sanitary rental housing. The Authority provides rental assistance in the form of a Housing Assistance Payment to a landlord on behalf of the tenant. This program consists of 1,662 units.

Moderate Rehabilitation Program (Mod Rehab) – Under the Mod Rehab program, the Authority administers a project-based contract with an independent landlord to assist low-income families with Section 8 Project based vouchers. We have an ACC Contract with HUD for 63 units of Mod Rehab. We have been involved with this program since 1983. The independent landlord was notified in July 2024 of the Authority's intention to not renew the Mod Rehab contract due to the condition of the property. Following a thorough appeals and review process, HUD affirmed the Authority's decision to end the Mod Rehab contract as of June 30, 2025. Remaining low-income families will be offered Tenant Protection Vouchers to be used at new units.

Home Investment Partnership – This program provides formula grants to States and localities that communities use to fund the purchase and rehabilitation of low-income affordable housing.

Component Units – The Authority operates four (4) 501(c)(3) nonprofit corporations to assist with its mission of furthering affordable housing. 1) Nelson Hall Homes was formed in 2014 and became the owner of our previous Low Rent Public Housing units, effective July 29, 2014. The Authority has a management agreement in place and continues to operate the 288 units affected by the ownership change. 2) Compass Realty & Construction Group was created to assist the Authority in better carrying out its real estate and construction services activities. Prior to July 2016 real estate and construction activities were accounted for under the Authority's HOME program. 3) Strategic Community Investments (SCI) provides development,

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

3. Reporting Entity: (Cont'd)

incentive, and supervisory management services to aide in the furtherance of affordable housing and any other community or economic development initiative. 4) HACFS Properties was formed in 2023 to hold all current and future housing developments wholly-owned by the Authority. Internally these activities are all accounted for separately, but for the purposes of this audit are included as part of the Authority's blended component unit.

The Authority also has three development corporations, known as North Pointe, Inc., North Pointe II, Inc., and Clayton Heights, Inc. These entities act as conduits for financing agreements between the Authority and various development partners to provide affordable housing to residents of the Fort Smith area and serve as the general and managing partners of the Authority's limited partnerships.

Discrete Component Units – The Authority owns, along with investor limited partners, four limited partnerships known as North Pointe LP (Investor: Alliant Capital), North Pointe II LP (Investor: First National Bank of Fort Smith), Clayton Heights Development LP (Investor: Alliant Capital), and Newlon Springs LP (Investor: First National Bank of Fort Smith). These entities were created to develop and own affordable housing developments financed partly by IRS Section 42 Low-Income Housing Tax Credits.

4. Basis of Presentation, Basis of Accounting and Measurement Focus:

Basis of Accounting - The Authority uses the accrual basis of accounting in the proprietary funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Basis of Presentation - The financial statements of the Authority are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position and cash flows. All assets and liabilities associated with the Proprietary Fund's activities are included on the Statement of Net Position. Proprietary fund equity is segregated into three broad components: Net Investment in Capital Assets, Restricted Net Position and Unrestricted Net Position. The Authority uses the following fund:

Enterprise fund - This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services provided.

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

5. Revenues and Expenses:

Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority's operating activities including rental related income, interest income and other sources of revenues are recognized in the accounting period in which they are earned. Other major sources of revenues include the operating subsidy from HUD and other HUD funding for capital and operating expenses.

6. Encumbrances:

Encumbrances represent commitments related to unperformed contracts for goods or services. The Authority does not utilize encumbrance accounting.

7. Budgets:

The Authority adopts budgets on the basis of accounting consistent with the basis of accounting for the fund to which the budget applies. The Authority prepares annual operating budgets that are formally adopted by its Governing Board of Commissioners. The budgets for programs funded by HUD form the basis of the Federal Financial Assistance received through HUD.

8. Inventories:

Inventories are recorded at average cost. The consumption method is used to account for inventories. Under the consumption method, inventories are charged to expense when consumed.

9. Capital Assets and Depreciation:

Capital assets are stated at historical cost. Donated capital assets are stated at their market value on the date donated. This includes site acquisition and improvement, structures and equipment. All infrastructure assets were capitalized at the conclusion of development then dedicated to the City for maintenance and repairs. Depreciation of exhaustible capital assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Position. A minimum value of \$5,000 per item is assigned for asset capitalization. The Authority uses the straight-line method for depreciation.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings & improvements	15-30 years
Furniture, fixtures & equipment	5-7 years
Vehicles	5 years

10. Collection Losses:

Collection losses on accounts receivable are expended, in the appropriate Fund, on the specific write-off method.

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

11. Insurance:

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a large deductible amount. The use of a large deductible clause reduces the cost of insurance, but, should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the Authority. The Authority secures required insurance coverage through the competitive bid process. As of the date of the fieldwork, the Authority had the required coverage in force.

12. Cash and Investments:

1. The Authority cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.
2. Investments are stated at market value, except for U. S. Treasury Bills, which are reported at amortized cost. Investment securities are normally held to mature at par value and adjustments are made to the investment portfolio to reflect increases/(decreases) in gains made.

13. Compensated Absences:

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. In accordance with GASB Statement No.16, *Accounting for Compensated Absences*, the Authority accrues the liability for those absences that the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay is recorded as an expense and related liability in the year earned by employees.

14. Operating Revenue:

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to net position below the nonoperating revenue and expense.

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

15. The terms of the Board are as follows:

Rick Foti, Chair	March 2028
Rex Terry	March 2030
Beth Presley	March 2029
Alex Sanchez	March 2026
Jackie Flake	March 2027

In addition to the above Commissioners, the Administrator of the Housing Authority is Mitch Minnick, who serves on the Board as Secretary and is the President & CEO. Based upon the above criteria, all the operations of the Authority are included in these financial statements and there are no operations or component units that have been excluded from this report.

16. New Pronouncements:

The Authority has adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*, prescribes accounting and financial reporting for (1) each category of accounting change and (2) error corrections. Statement 100 also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information and supplementary information. The adoption of GASB Statement No. 100 had no material effect on the Authority's December 31, 2025, financial statements.

The Authority has adopted GASB Statement No. 101 on Compensated Absences. This statement 101 aligns recognition and measurement guidance for all types of compensated absences under a unified model which will result in governments recognizing a liability that more appropriately reflects when they incur an obligation for compensated absences. The model also will lead to greater consistency in application and improved comparability across governments. The adoption of GASB Statement No. 101 had no material effect on the Authority's financial statements.

The Authority will be implementing GASB Statement 103, Financial Reporting Model Improvements, which focuses on improvements in the following areas: Management Discussion & Analysis (MD&A), unusual or infrequent items, presentation of proprietary fund statement of revenues, expenses and changes in fund net position, major component unit information, budgetary comparison information, and financial trends information in the statistical section. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The adoption of GASB Statement 103, Financial Reporting Model Improvements, will not have a material effect on future financial statements, however it will result in a change in the presentation of financial statements and Required Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE B - CASH AND INVESTMENTS:

All the deposits of the Housing Authority of the City of Fort Smith are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names.

At December 31, 2025, the Authority's primary government cash deposits had a carrying amount of \$4,083,421 and bank balances of \$4,095,861. Of the bank balances held, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method.

Interest rate risk - As a means of limiting its exposure to market value losses arising from rising interest rates, the Authority's typically limits its investment portfolio to Federal Securities with maturities of 12 months or less. The Housing Authority of the City of Fort Smith has no specific policy regarding interest rate risk.

Credit risk - The Authority has no policy regarding credit risk.

Custodial credit risk - For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the PHA's deposits are in First National Bank of Fort Smith. The Authority has no policy on custodial credit risk.

Concentration of credit risk - The Authority places no limit on the amount that it may invest in any one issuer. All of the Authority's investments are in one-year maturity CD's with First National Bank of Fort Smith.

Restricted cash:

Reserve for Replacement – BCU	\$ 906,061
HCV HAP Equity	129,325
FSS Forfeiture Account	8,581
Tenant security deposits	44,866
Mainstream Vouchers	810
FSS Escrow	<u>142,408</u>
	<u>\$ 1,232,051</u>

The Restricted Net Position on December 31, 2025, was \$1,044,777 and is made up of the Reserve for Replacement for Blended Component Unit of \$906,061, HCV HAP Equity of \$129,325, Mainstream Voucher equity of \$810, and \$8,581 for the FSS Forfeiture Account.

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)**

NOTE B - CASH AND INVESTMENTS: (Cont'd)

COLLATERALIZATION:

<u>Security</u>	<u>Cusip</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Market Value</u>
Federal Reserve Bank				
US Treasury	9128286L9	03/31/26	2.250%	\$ 269,053
US Treasury	9128286L9	03/31/26	2.250%	747,369
US Treasury	912828YG9	09/30/26	1.625%	1,478,188
US Treasury	91282CFT3	10/31/29	4.000%	1,012,969
US Treasury	91282CGP0	02/29/28	4.000%	297,869
GNMA	36179NLP1	08/20/43	5.375%	39,253
GNMA	36179SZD2	03/20/47	5.500%	55,134
GNMA	3617B4WL7	08/20/47	5.375%	74,180
FNR	3136B1KD5	03/25/47	3.000%	59,542
FNR	3136B4NN4	05/25/49	2.500%	22,330
FNR	3136B4NN4	05/25/49	2.500%	2,481
GNMA	38377X4E9	02/20/41	1.500%	17,270
GNR	38380WWM7	12/20/47	3.000%	40,099
GNR	38383DGL6	11/20/51	1.500%	333,352
GRN	38383FFZ1	10/20/51	1.500%	514,882
				<u>\$ 4,963,971</u>

Discrete Component Units:

Cash and cash equivalents as of December 31, 2025, consisted of the following:

Unrestricted cash	\$ 310,622
Restricted for reserves	1,487,494
Restricted for tenant security deposits	<u>74,725</u>
	<u>\$ 1,872,841</u>

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE C - ACCOUNTS & ACCRUED RECEIVABLES:

Accounts and accrued receivable at December 31, 2025, consisted of the following:

Tenants (net of allowance of \$155,504)	\$ 15,403
Accounts receivable - HUD	29,018
Accounts receivable - other government	20,801
Accounts receivable - DCU	184,174
Accounts receivable - employee	5,301
Accounts receivable - other	<u>363,069</u>
	<u>\$ 617,766</u>

The above receivable balance excludes \$980,134 of interfund balances that have been eliminated as a result of financial statement consolidation. Additional details on the composition of these balances are included in Note J.

Discrete Component Units:

Accounts receivable as of December 31, 2025, consisted of the following:

Tenants (net of allowance of \$253,131)	<u>\$ 11,757</u>
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NOTE D - PREPAID CHARGES & OTHER ASSETS:

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

Prepaid insurance and other assets	\$ 43,279
Assets Held for Sale – Strategic Community Investments	233,261
Assets Held for Sale – Business Activities	<u>839,165</u>
	<u>\$ 1,115,705</u>

Discrete Component Units:

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

Prepaid insurance and other assets	<u>\$ 225,134</u>
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HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE E - CAPITAL ASSETS:

The following is a summary of changes in capital assets during the year ended December 31, 2025:

Enterprise Activities:	<u>Balance at 12/31/2024</u>	<u>Additions</u>	<u>Dispositions/ Transfers</u>	<u>Depreciation</u>	<u>Balance at 12/31/2025</u>
Capital Assets:					
Land	\$ 822,738	\$ -	\$ -	\$ -	\$ 822,738
Buildings	15,115,968	32,560	1,844,379	-	16,992,907
Furniture & Equipment	2,057,422	271,833	(250,685)	-	2,078,570
Construction in Process	<u>3,068,586</u>	<u>687,666</u>	<u>(2,624,019)</u>	<u>-</u>	<u>1,132,233</u>
Total Capital Assets	21,064,714	992,059	(1,030,325)	-	21,026,448
Accumulated Depreciation:					
Buildings	(8,731,768)	-	779,639	(548,776)	(8,500,905)
Furniture & Equipment	<u>(1,030,553)</u>	<u>-</u>	<u>200,650</u>	<u>(228,326)</u>	<u>(1,058,229)</u>
	(9,762,321)	-	980,289	(777,102)	(9,559,134)
Net Capital Assets	<u>\$ 11,302,393</u>	<u>\$ 992,059</u>	<u>\$ (50,036)</u>	<u>\$ (777,102)</u>	<u>\$ 11,467,314</u>

The following activities affected capital assets during the audit period:

Balance as of December 31, 2024	\$ 11,302,393
Capital additions	992,059
Net dispositions	(50,036)
Depreciation expense	<u>(777,102)</u>
Balance as of December 31, 2025	<u>\$ 11,467,314</u>

Discrete Component Units:	<u>Balance at 12/31/2024</u>	<u>Transfers/ Additions</u>	<u>Dispositions/ Transfers</u>	<u>Depreciation</u>	<u>Balance at 12/31/2025</u>
Capital Assets:					
Land	\$ 281,897	\$ -	\$ -	\$ -	\$ 281,897
Buildings & Improvements	23,734,336	34,744	11,222,323	-	34,991,403
Furniture & Equipment	840,296	-	-	-	840,296
Construction in Process	<u>11,222,323</u>	<u>-</u>	<u>(11,222,323)</u>	<u>-</u>	<u>-</u>
Total Capital Assets	36,078,852	34,744	-	-	36,113,596
Accumulated Depreciation	<u>(10,892,979)</u>	<u>-</u>	<u>-</u>	<u>(1,128,448)</u>	<u>(12,021,427)</u>
Net Capital Assets	<u>\$ 25,185,873</u>	<u>\$ 34,744</u>	<u>\$ -</u>	<u>\$ (1,128,448)</u>	<u>\$ 24,092,169</u>

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE F - NOTES RECEIVABLE:

The Home Investment Partnership Program and the Community Development Block Grant participate in granting notes receivable consisting of “soft” second mortgages to provide down payment assistance. These notes are allocated according to which program built the home. The note is amortized over a ten-year term contingent on the homebuyer’s continued ownership and occupation of the home. At December 31, 2025, \$10,461 was remaining in the HOME program.

On December 5, 2012, the Authority entered into a 35-year mortgage agreement with the Clayton Heights Development, LP for Phase II of the Clayton Heights project. The total principal amount of the loan was \$332,339, and it accrues interest at an annual rate of 5.00%. All accrued and unpaid principal and interest are due at the maturity date of December 5, 2047. At December 31, 2025, the outstanding principal balance is \$87,881 with \$32,850 in accrued interest outstanding.

On April 3, 2007, the Authority entered into a 30-year loan agreement with North Pointe, Inc. for Phase I of the North Pointe project. The total principal amount of the loan was \$56,818, and it accrues interest at an annual rate of 4.81%. All accrued and unpaid principal and interest are due at the maturity date of April 3, 2037. During the fiscal year, accrued interest earned was \$2,740. At December 31, 2025, the full principal of \$56,818 and \$36,406 in accrued interest was outstanding.

On April 7, 2010, the Authority entered into a loan agreement with North Pointe II, Inc. for Phase II of the North Pointe project. The total principal amount of the loan was \$251,070, and it accrues interest at an annual rate of 4.35%. All accrued and unpaid principal and interest are due at the maturity date of April 7, 2051. At December 31, 2025, the full principal of \$251,070 and \$172,435 in accrued interest was outstanding.

During FY2017, the Authority recorded a receivable from Riverview Hope Campus as a miscellaneous receivable in the amount of \$392,586. During FY2021, this receivable was reclassified to a long-term note receivable. At December 31, 2025, the outstanding balance is \$79,445 and is considered noncurrent.

On July 24, 2025, the Authority recorded a receivable from North Pointe, LP in the amount of \$430,205, and North Pointe II, LP in the amount of \$578,722 for storm damage repairs to the properties. As of December 31, 2025, the outstanding balances are \$430,205 and \$578,722, respectively.

Notes receivable consisted of the following at December 31, 2025:

	Balance as of 12/31/24	Change in Notes & (Forgiven) FY2025	Notes Issued & Accrued Interest	Balance as of 12/31/25
HOME	\$ 26,595	\$ (16,134)	\$ -	\$ 10,461
Clayton Heights Development, LP	116,325	-	4,406	120,731
North Pointe, Inc.	90,484	-	2,740	93,224
North Pointe II, Inc.	412,554	-	10,951	423,505
North Pointe LP	-	-	430,205	430,205
North Pointe II LP	-	-	578,722	578,722
Riverview Hope Campus	146,723	(67,278)	-	79,445
	<u>\$ 792,681</u>	<u>\$ (83,412)</u>	<u>\$ 1,027,024</u>	<u>\$ 1,736,293</u>

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)**

NOTE G - INVESTMENT IN JOINT VENTURES:

Investments in joint ventures at December 31, 2025, consisted of the following:

North Pointe Limited Partnership	\$ 73,367
North Pointe II Limited Partnership	907,669
Newlon Springs Limited Partnership	7
Clayton Heights Development Limited Partnership	<u>(122)</u>
	<u>\$ 980,921</u>

NOTE H - OTHER ASSETS:

Other assets at December 31, 2025, consisted of the following:

Noncurrent accrued interest receivable	\$ <u>21,204</u>
--	------------------

Discrete Component Units:

Deferred fees, net of amortization	\$ 59,875
Tax credit monitoring fees, net of amortization	101,399
Loan issuance costs, net of amortization	<u>45,752</u>
	<u>\$ 207,026</u>

NOTE I - ACCOUNTS PAYABLE:

Accounts payable consisted of the following at December 31, 2025:

Vendors and contractors payable	\$ 34,086
Tenant security deposits	<u>44,866</u>
	<u>\$ 78,952</u>

The above payable balance excludes \$980,134 of interfund balances that have been eliminated as a result of financial statement consolidation. Additional details on the composition of these balances are included in Note J.

Discrete Component Units:

Accounts payable as of December 31, 2025, consisted of the following:

Vendors and contractors payable	\$ 4,732
Other government	184,175
Tenant security deposits	<u>74,725</u>
	<u>\$ 263,632</u>

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)**

NOTE J - OTHER CURRENT LIABILITIES:

Other current liabilities consisted of the following at December 31, 2025:

Accrued compensated absences - current portion	\$ 92,305
Accrued wages/taxes payable	61,416
Current portion of long-term debt	98,735
Other current liabilities	49,753
Unearned revenue	<u>10,358</u>
	<u>\$ 312,567</u>

Discrete Component Units:

Accrued compensated absences - current portion	\$ 10,287
Accrued wages/taxes payable	10,290
Current portion of long-term debt	287,576
Other current liabilities	52,273
Unearned revenue	<u>12,545</u>
	<u>\$ 372,971</u>

NOTE K - INTERFUND ACCOUNTS:

As of December 31, 2025, the following interfund activities existed and have been eliminated as part of the consolidation of the financial statements.

	<u>Due To</u>	<u>Due From</u>
Business Activities	\$ 133,129	\$ 533,336
HCV	18,178	35,852
Blended Component Unit	828,827	391,895
Mainstream	<u>0</u>	<u>19,051</u>
	<u>\$ 980,134</u>	<u>\$ 980,134</u>

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE L - NONCURRENT LIABILITIES:

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

FSS Escrow deposits	\$ 142,408
Accrued compensated absences - noncurrent portion	<u>77,491</u>
	<u>\$ 219,899</u>

	Balance at <u>1/1/2025</u>	Adjustments/ <u>Increases</u>	<u>Decreases</u>	Balance at <u>12/31/2025</u>	Current Portion <u>of Balance</u>
Compensated absences	\$ 167,740	\$ 2,056	\$ -	\$ 169,796	\$ 92,305
FSS Escrow Deposits	<u>100,182</u>	<u>70,277</u>	<u>(28,051)</u>	<u>142,408</u>	<u>-</u>
	<u>\$ 267,922</u>	<u>\$ 72,333</u>	<u>\$ (28,051)</u>	<u>\$ 312,204</u>	<u>\$ 92,305</u>

NOTE M - LONG TERM DEBT:

During FY2019, the Authority acquired a promissory note in the amount of \$1,198,049 for the purchase of Cedar Court. The loan bears 0.00% interest and is forgiven in 15 equal installments of \$79,869. In FY2022, the Authority acquired an additional note in the amount of \$406,000 from ADFA to build 9th Street Cottages. The loan bears 1.00% interest with payments to begin one year after affordability period commences. As of December 31, 2025, the total loan balances were \$1,079,976, of this amount \$98,735 is considered currently due.

Discrete Component Units:

As of December 31, 2025, the combined long-term debt held by the Discrete Component Unit was \$11,153,096. A summary of this year's activity follows:

	Balance at <u>1/1/2025</u>	New Debt <u>Issued</u>	Principal <u>Payments</u>	Balance at <u>12/31/2025</u>	Current <u>Portion of Balance</u>
Clayton Heights	\$ 2,701,572	\$ -	\$ (113,284)	\$ 2,588,288	\$ 115,560
North Pointe, LP	1,448,819	430,205	(57,990)	1,821,034	62,217
North Pointe II, LP	3,743,960	578,722	(73,628)	4,249,054	76,000
Newlon Springs Dev, LP	<u>8,970,109</u>	<u>-</u>	<u>(6,475,389)</u>	<u>2,494,720</u>	<u>33,799</u>
	<u>\$ 16,864,460</u>	<u>\$ 1,008,927</u>	<u>\$ (6,720,291)</u>	<u>\$ 11,153,096</u>	<u>\$ 287,576</u>

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE N - PENSION PLAN:

The Authority has a defined contribution plan covering all eligible employees who elect to participate. The President & CEO is responsible for establishing and amending the plan's provisions. An employee becomes eligible on the first day of the month after completing six months of continuous employment. As of December 31, 2025, there were 35 employees enrolled. The Authority is required to contribute 8.5% of a participating employee's compensation to the plan, while the employee contributes 5.5%. Vesting occurs over a period of 5 years at 20% per year. Covered payroll for the year was \$2,278,080. The Authority's contributions to the plan were \$193,637 and the employees' contributions were \$125,175.

Other than the pension information listed above, the Authority does not participate in postemployment or any other employee benefit plans.

NOTE O - RELATED PARTY TRANSACTIONS:

The Housing Authority had amounts advanced to tax credit partnerships as noted in Note F & G to the financial statements for Clayton Heights Development, L.P., North Pointe, L.P., Newlon Springs, L.P., and North Pointe II, L.P.

Strategic Community Investments has paid for certain operating activities and common space owned by the Housing Authority. All transactions for this entity are kept in a separate balancing set of accounts and are managed by the Housing Authority. During the year, the Housing Authority has paid the Strategic Community Investments, Inc. an incentive and supervisory fee in the amount of \$387,128 as a result of surplus cash on the Nelson Hall Homes, North Pointe, Inc, and North Pointe II, Inc.

NOTE P - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES:

Housing Choice Voucher Program - Section 8 programs provide housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The program provides for such payments with respect to existing and moderately rehabilitated housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by a participating family and related administrative expense. HUD contributions for the year ended December 31, 2025 were as follows:

Housing Choice Vouchers	<u>\$ 11,028,089</u>
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NOTE Q - ECONOMIC DEPENDENCY:

Both the PHA Owned Housing Program and the Housing Choice Voucher Program are economically dependent on annual contributions and grants from HUD. Both programs operate at a loss prior to receiving the contributions and grants.

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE R - RISK MANAGEMENT:

The Authority is exposed to all common perils associated with the ownership and rental of real estate properties. A risk management program has been established to minimize loss occurrence and to transfer risk through various levels of insurance. Property, casualty, employee dishonesty and public officials' liability forms are used to cover the respective perils. Commercial carriers insure all common perils such as business auto, computer and other miscellaneous policies.

NOTE S - COMMITMENTS & CONTINGENCIES:

Legal:

The Authority may be party to various pending or threatened legal actions arising from the normal course of operations. It is the Authority's opinion that any resulting liability is not expected to have a material effect on the Authority's financial position.

Grants and contracts:

The Authority participates in various federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional based upon compliance with 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 Authority. There were no such liabilities recorded as of December 31, 2025.

NOTE T - IMPAIRMENT OF CAPITAL ASSETS:

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

NOTE U - SUBSEQUENT EVENTS:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through February 24, 2026, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas**

COMBINING STATEMENTS

DECEMBER 31, 2025

Housing Authority of the City of Fort Smith
Fort Smith, Arkansas

FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS - BLENDED COMPONENT UNITS
December 31, 2025

FDS Line#	Account Description	Nelson Hall Homes	Compass Realty & Construction Group	Strategic Community Investments	North Pointe, Inc.	North Pointe II, Inc	Clayton Heights Inc.	Newlon Springs Inc.	HACFS	TOTAL
ASSETS:										
CURRENT ASSETS:										
Cash:										
111	Cash - unrestricted	\$ 600,281	\$ 397,861	\$ 316,373	\$ 20,990	\$ 77,791	\$ 54,712	\$ 0	\$ 165,313	\$ 1,633,321
112	Cash - restricted - modernization	0	0	0	0	0	0	0	0	0
113	Cash - other restricted	780,256	0	0	0	0	0	0	125,805	906,061
114	Cash - tenant security deposits	36,216	0	2,000	0	0	0	0	6,650	44,866
100	Total Cash	<u>1,416,753</u>	<u>397,861</u>	<u>318,373</u>	<u>20,990</u>	<u>77,791</u>	<u>54,712</u>	<u>0</u>	<u>297,768</u>	<u>2,584,248</u>
Accounts and notes receivables:										
121	Accounts receivable - PHA projects	0	0	0	0	0	0	0	0	0
122	Accounts receivable - HUD	0	0	0	0	0	0	0	0	0
124	Accounts receivable - other government	0	0	0	0	0	0	0	0	0
125	Accounts receivable - miscellaneous	2,667	303,987	46,496	60,000	0	6,930	75,989	0	496,069
126	Accounts receivable - tenants rents	148,058	0	0	0	0	0	0	22,849	170,907
126.1	Allowance for doubtful accounts - tenants	(140,063)	0	0	0	0	0	0	(15,441)	(155,504)
126.2	Allowance for doubtful accounts - other	0	0	0	0	0	0	0	0	0
127	Notes receivable - current	0	0	0	0	0	0	0	0	0
128	Fraud recovery	0	0	0	0	0	0	0	0	0
128.1	Allowance for doubtful accounts - fraud	0	0	0	0	0	0	0	0	0
129	Accrued interest receivable	0	0	0	0	0	0	0	0	0
120	Total receivables - net	<u>10,662</u>	<u>303,987</u>	<u>46,496</u>	<u>60,000</u>	<u>0</u>	<u>6,930</u>	<u>75,989</u>	<u>7,408</u>	<u>511,472</u>
Current investments:										
131	Investments - unrestricted	0	0	0	0	0	0	0	0	0
132	Investments - restricted	0	0	0	0	0	0	0	0	0
135	Investments - restricted for payment curr	0	0	0	0	0	0	0	0	0
142	Prepaid expenses and other assets	12,473	12,229	6,904	0	0	0	0	1,702	33,308
143	Inventories	0	0	0	0	0	0	0	0	0
143.1	Allowance for obsolete inventories	0	0	0	0	0	0	0	0	0
144	Interprogram due from	1,242	24,789	802,796	0	0	0	0	0	828,827
145	Assets held for sale	0	17,900	215,361	0	0	0	0	0	233,261
150	TOTAL CURRENT ASSETS	<u>1,441,130</u>	<u>756,766</u>	<u>1,389,930</u>	<u>80,990</u>	<u>77,791</u>	<u>61,642</u>	<u>75,989</u>	<u>306,878</u>	<u>4,191,116</u>
NONCURRENT ASSETS:										
Capital Assets:										
161	Land	29,030	0	200,854	0	0	0	0	160,574	390,458
162	Buildings	14,439,612	0	286,268	0	0	0	0	2,267,027	16,992,907
163	Furniture & equipment - dwelling	1,019,010	0	0	0	0	0	0	0	1,019,010
164	Furniture & equipment - admin	224,870	171,967	10,300	0	0	0	0	0	407,137
165	Improvements	0	0	0	0	0	0	0	0	0
166	Accumulated depreciation	(8,640,139)	(58,541)	(144,209)	0	0	0	0	(389,573)	(9,232,462)
167	Construction in progress	0	0	0	0	0	0	0	4,061	4,061
168	Infrastructure	0	0	0	0	0	0	0	0	0
160	Total capital assets - net	<u>7,072,383</u>	<u>113,426</u>	<u>353,213</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,042,089</u>	<u>9,581,111</u>
171	Notes receivable - noncurrent	0	1,008,927	0	56,818	251,070	0	0	0	1,316,815
172	Notes receivable - noncurrent past due	0	0	0	0	0	0	0	0	0
173	Grant receivable - noncurrent	0	0	0	0	0	0	0	0	0
174	Other assets	0	21,204	45,707	36,408	172,434	0	0	0	275,753
176	Investment in joint ventures	0	0	0	73,367	907,669	(122)	7	0	980,921
180	TOTAL NONCURRENT ASSETS	<u>7,072,383</u>	<u>1,143,557</u>	<u>398,920</u>	<u>166,593</u>	<u>1,331,173</u>	<u>(122)</u>	<u>7</u>	<u>2,042,089</u>	<u>12,154,600</u>
200	DEFERRED OUTFLOW OF RESOURCES	0	0	0	0	0	0	0	0	0
290	TOTAL ASSETS & DEFERRED OUTFLOW OF RESOURCES	<u>\$ 8,513,513</u>	<u>\$ 1,900,323</u>	<u>\$ 1,788,850</u>	<u>\$ 247,583</u>	<u>\$ 1,408,964</u>	<u>\$ 61,520</u>	<u>\$ 75,996</u>	<u>\$ 2,348,967</u>	<u>\$ 16,345,716</u>

Housing Authority of the City of Fort Smith
Fort Smith, Arkansas

FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS - BLENDED COMPONENT UNITS
December 31, 2025

FDS Line#	Account Description	Nelson Hall Homes	Compass Realty & Construction Group	Strategic Community Investments	North Pointe, Inc.	North Pointe II, Inc	Clayton Heights Inc.	Newlon Springs Inc.	HACFS	TOTAL
LIABILITIES AND NET POSITION:										
LIABILITIES:										
CURRENT LIABILITIES:										
311	Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
312	Accounts payable < 90 days	1,601	29,752	218	0	0	0	0	288	31,859
313	Accounts payable > 90 days	0	0	0	0	0	0	0	0	0
321	Accrued salaries/payroll withholding	11,603	5,929	0	0	0	0	0	0	17,532
322	Accrued compensated absences	11,600	12,520	0	0	0	0	0	0	24,120
324	Accrued contingency liability	0	0	0	0	0	0	0	0	0
325	Accrued interest payable	0	0	0	0	0	0	0	0	0
331	Accounts payable - HUD	0	0	0	0	0	0	0	0	0
332	Accounts payable - PHA projects	0	0	0	0	0	0	0	0	0
333	Accounts payable - other gov.	0	0	0	0	0	0	0	0	0
341	Tenant security deposits	36,216	0	2,000	0	0	0	0	6,650	44,866
342	Unearned revenue	9,149	0	0	0	0	0	0	1,209	10,358
343	Current portion of capital debt	0	0	0	0	0	0	0	98,735	98,735
344	Current portion of operating debt	0	0	0	0	0	0	0	0	0
345	Other current liabilities	2,196	3,235	0	0	0	0	0	10,500	15,931
346	Accrued liabilities - other	0	0	0	0	0	0	0	0	0
347	Interprogram (due to)	321,208	6,945	15	60,000	0	0	0	3,727	391,895
348	Loan liability - current	0	0	0	0	0	0	0	0	0
310	TOTAL CURRENT LIABILITIES	393,573	58,381	2,233	60,000	0	0	0	121,109	635,296
NONCURRENT LIABILITIES:										
351	Long-term optg debt, net of current	0	0	0	56,818	251,070	0	0	0	307,888
352	Long-term capital debt, net of current	0	0	0	0	0	0	0	1,541,241	1,541,241
353	Noncurrent liabilities - other	0	0	0	36,408	172,434	0	0	120,681	329,523
354	Accrued comp. absences - long term	3,505	16,645	0	0	0	0	0	0	20,150
355	Loan liability - noncurrent	0	0	0	0	0	0	0	0	0
356	FASB 5 liabilities	0	0	0	0	0	0	0	0	0
357	Accrued pension and OPEB liabilities	0	0	0	0	0	0	0	0	0
350	TOTAL NONCURRENT LIABILITIES	3,505	16,645	0	93,226	423,504	0	0	1,661,922	2,198,802
300	TOTAL LIABILITIES	397,078	75,026	2,233	153,226	423,504	0	0	1,783,031	2,834,098
400	DEFERRED INFLOW OF RESOURCES	0	0	0	0	0	0	0	0	0
NET POSITION:										
508.4	Net Investment in Capital Assets	7,072,383	113,426	353,213	0	0	0	0	402,113	7,941,135
511.4	Restricted	780,256	0	0	0	0	0	0	125,805	906,061
512.4	Unrestricted	263,796	1,711,871	1,433,404	94,357	985,460	61,520	75,996	38,018	4,664,422
513	TOTAL NET POSITION	8,116,435	1,825,297	1,786,617	94,357	985,460	61,520	75,996	565,936	13,511,618
600	TOTAL LIABILITIES AND NET POSITION	\$ 8,513,513	\$ 1,900,323	\$ 1,788,850	\$ 247,583	\$ 1,408,964	\$ 61,520	\$ 75,996	\$ 2,348,967	\$ 16,345,716

Housing Authority of the City of Fort Smith
Fort Smith Arkansas

FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS - BLENDED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2025

FDS Line#	Account Description	Nelson Hall Homes	Compass Realty & Construction Group	Strategic Community Investments	North Pointe, Inc.	North Pointe II, Inc	Clayton Heights Inc.	Newlon Springs Inc.	HACFS	TOTAL
REVENUES:										
70300	Net tenant rental revenue	\$ 2,056,307	\$ 0	\$ 45,840	\$ 0	\$ 0	\$ 0	\$ 0	166,750	\$ 2,268,897
70400	Tenant revenue - other	164,746	0	0	0	0	0	0	7,592	172,338
70500	Total tenant revenue	2,221,053	0	45,840	0	0	0	0	174,342	2,441,235
70600	HUD PHA grants - operating	0	0	0	0	0	0	0	0	0
70610	HUD PHA grants - capital	0	0	0	0	0	0	0	0	0
70710	Management fee	0	0	0	0	0	0	0	0	0
70720	Asset management fee	0	0	0	0	0	0	0	0	0
70730	Bookkeeping fee	0	0	0	0	0	0	0	0	0
70740	Front line service fee	0	0	0	0	0	0	0	0	0
70750	Other fees	0	0	0	0	0	0	0	0	0
70700	Total fee revenue	0	0	0	0	0	0	0	0	0
70800	Other government grants	0	0	0	0	0	0	0	0	0
71100	Investment income - unrestricted	14,180	30,157	14,394	315	1,086	1,118	0	1,855	63,105
71200	Mortgage interest income	0	0	11,889	2,740	10,952	0	0	0	25,581
71300	Proceeds from assets held for sale	0	2,527,764	0	0	0	0	0	0	2,527,764
71310	Cost of sale of assets	0	(1,976,527)	0	0	0	0	0	0	(1,976,527)
71400	Fraud income	0	0	0	0	0	0	0	0	0
71500	Other revenue	622,290	375,564	387,130	0	0	6,930	76,601	80,009	1,548,524
71600	Gain/(loss) on disposition	6,862	(711)	0	0	0	0	0	0	6,151
72000	Investment income - restricted	16,414	0	0	0	0	0	0	769	17,183
70000	TOTAL REVENUES	\$ 2,880,799	\$ 956,247	\$ 459,253	\$ 3,055	\$ 12,038	\$ 8,048	\$ 76,601	\$ 256,975	\$ 4,653,039
EXPENSES:										
Administrative										
91100	Administrative salaries	\$ 194,062	\$ 184,099	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 378,161
91200	Auditing fees	6,288	2,515	0	0	0	0	0	2,516	11,319
91300	Management fees	112,652	0	0	0	0	0	0	15,022	127,674
91310	Bookkeeping fees	315,426	60,456	170,880	0	0	0	0	15,022	561,784
91400	Advertising & marketing	0	16,931	0	0	0	0	0	0	16,931
91500	Employee benefits - administrative	62,905	59,746	0	0	0	0	0	0	122,651
91600	Office expense	18,026	103,565	2,532	0	0	0	0	907	125,030
91700	Legal expense	0	10,109	0	0	0	0	0	0	10,109
91800	Travel expense	0	0	0	0	0	0	0	0	0
91810	Allocated Overhead	0	0	0	0	0	0	0	0	0
91900	Other operating - administrative	4,674	147,049	1,500	610	624	618	605	1,500	157,180
91000	Total Administrative Expense	714,033	584,470	174,912	610	624	618	605	34,967	1,510,839
92000	Asset management fee	0	0	0	0	0	0	0	0	0
Tenant Services										
92100	Tenant services - salaries	0	0	0	0	0	0	0	0	0
92200	Relocation costs	0	0	0	0	0	0	0	0	0
92300	Employee benefits	0	0	0	0	0	0	0	0	0
92400	Other tenant services	7,175	55	0	0	0	0	0	0	7,230
92500	Total Tenant Services	7,175	55	0	0	0	0	0	0	7,230
Utilities										
93100	Water	154,943	748	0	0	0	0	0	7,074	162,765
93200	Electricity	158,932	2,177	0	0	0	0	0	474	161,583
93300	Gas	11,008	934	0	0	0	0	0	0	11,942
93400	Fuel	0	0	0	0	0	0	0	0	0
93500	Labor	0	0	0	0	0	0	0	0	0
93600	Sewer	0	0	0	0	0	0	0	0	0
93700	Employee benefits - utilities	0	0	0	0	0	0	0	0	0
93800	Other utilities expense	42,438	4,462	0	0	0	0	0	1,699	48,599
93000	Total Utilities Expense	367,321	8,321	0	0	0	0	0	9,247	384,889

Housing Authority of the City of Fort Smith
Fort Smith Arkansas

FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS - BLENDED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2025

FDS Line#	Account Description	Nelson Hall Homes	Compass Realty & Construction Group	Strategic Community Investments	North Pointe, Inc.	North Pointe II, Inc	Clayton Heights Inc.	Newlon Springs Inc.	HACFS	TOTAL
Ordinary Maintenance & Operation										
94100	Labor	229,054	7,321	0	0	0	0	0	15,022	251,397
94200	Materials	101,701	37,861	402	0	0	0	0	10,175	150,139
94300	Contracts	157,153	235,032	28,520	0	0	0	0	22,069	442,774
94300-010	Garbage & trash	0	0	0	0	0	0	0	0	0
94300-020	Heating & cooling	4,870	0	0	0	0	0	0	0	4,870
94300-030	Snow Removal	0	0	0	0	0	0	0	0	0
94300-040	Elevator maintenance	0	0	0	0	0	0	0	0	0
94300-050	Landscape & grounds	0	229,410	28,520	0	0	0	0	0	257,930
94300-060	Unit turnaround	0	0	0	0	0	0	0	0	0
94300-070	Electrical	5,837	0	0	0	0	0	0	0	5,837
94300-080	Plumbing	16,336	0	0	0	0	0	0	0	16,336
94300-090	Extermination	16,784	197	0	0	0	0	0	5,342	22,323
94300-100	Janitorial	18,881	0	0	0	0	0	0	500	19,381
94300-110	Routine maintenance	2,965	0	0	0	0	0	0	0	2,965
94300-120	Contract costs - other	91,480	5,425	0	0	0	0	0	16,227	113,132
94500	Employee benefits	62,652	560	0	0	0	0	0	0	63,212
94000	Total Ordinary Maint & Operation	550,560	280,774	28,922	0	0	0	0	47,266	907,522
Insurance Premiums										
96110	Property insurance	123,617	0	6,373	0	0	0	0	20,633	150,623
96120	Liability insurance	1,702	61,281	1,289	0	0	0	0	247	64,519
96130	Workmen's compensation	0	0	0	0	0	0	0	0	0
96140	Insurance - other	8,488	3,915	1,800	0	0	0	0	0	14,203
96100	Total Insurance Premiums	133,807	65,196	9,462	0	0	0	0	20,880	229,345
General Expenses										
96200	Other general expense	387,128	42,451	5,112	0	10	2,014	0	0	436,715
96210	Compensated absences	0	0	0	0	0	0	0	0	0
96300	Payments in lieu of taxes	0	0	0	0	0	0	0	0	0
96400	Bad debt - tenant rents	20,635	0	0	0	0	0	0	1,416	22,051
96500	Bad debt - mortgages	0	0	0	0	0	0	0	0	0
96600	Bad debt - other	0	0	0	0	0	0	0	0	0
96800	Severance expense	0	0	0	0	0	0	0	0	0
96000	Total General Expenses	407,763	42,451	5,112	0	10	2,014	0	1,416	458,766
Financial Expenses										
96710	Interest expense - mortgage payable	0	0	0	2,740	10,952	0	0	35,202	48,894
96720	Interest expense - notes payable	0	0	0	0	0	0	0	0	0
96730	Amortization - issuance costs	0	0	0	0	0	0	0	0	0
96700	Total Financial Expenses	0	0	0	2,740	10,952	0	0	35,202	48,894
96900	TOTAL OPERATING EXPENSE	2,180,659	981,267	218,408	3,350	11,586	2,632	605	148,978	3,547,485
97000	EXCESS OPERATING REVENUE	700,140	(25,020)	240,845	(295)	452	5,416	75,996	107,997	1,105,531
Other Expenses										
97100	Extraordinary maintenance	0	0	0	0	0	0	0	0	0
97200	Casualty losses	0	0	0	0	0	0	0	0	0
97300	Housing assistance payments	0	0	0	0	0	0	0	0	0
97350	Portability HAP expense	0	0	0	0	0	0	0	0	0
97400	Depreciation expense	550,397	21,617	9,781	0	0	0	0	82,013	663,808
	Total Other Expenses	550,397	21,617	9,781	0	0	0	0	82,013	663,808
90000	TOTAL EXPENSES	\$ 2,731,056	\$ 1,002,884	\$ 228,189	\$ 3,350	\$ 11,586	\$ 2,632	\$ 605	\$ 230,991	\$ 4,211,293
10000	EXCESS OF REVENUE OVER EXPENSES	\$ 149,743	\$ (46,637)	\$ 231,064	\$ (295)	\$ 452	\$ 5,416	\$ 75,996	\$ 25,984	\$ 441,723
11020	Required annual debt principal payme	0	0	0	0	0	0	0	0	0
11030	Beginning Net Position	7,966,692	1,871,934	1,555,553	94,652	985,008	56,104	0	539,952	13,069,895
11040-010	Prior period adjustments	0	0	0	0	0	0	0	0	0
11040-070	Equity transfers	0	0	0	0	0	0	0	0	0
	Ending Net Position	\$ 8,116,435	\$ 1,825,297	\$ 1,786,617	\$ 94,357	\$ 985,460	\$ 61,520	\$ 75,996	\$ 565,936	\$ 13,511,618

**Housing Authority of the City of Fort Smith
Fort Smith, Arkansas**

**FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS - DISCRETE COMPONENT UNITS
December 31, 2025**

FDS Line#	Account Description	North Pointe, LP	North Pointe II, LP	Clayton Heights Development, LP	Newlon Springs LP	TOTAL
ASSETS:						
CURRENT ASSETS:						
Cash:						
111	Cash - unrestricted	\$ 28,500	\$ 120,880	\$ 15,094	\$ 146,148	\$ 310,622
112	Cash - restricted - modernization	0	0	0	0	0
113	Cash - other restricted	386,919	525,341	407,778	167,456	1,487,494
114	Cash - tenant security deposits	16,425	20,500	18,200	19,600	74,725
115	Cash - restricted for payment of current liabilities	0	0	0	0	0
100	Total Cash	<u>431,844</u>	<u>666,721</u>	<u>441,072</u>	<u>333,204</u>	<u>1,872,841</u>
Accounts and notes receivables:						
121	Accounts receivable - PHA projects	0	0	0	0	0
122	Accounts receivable - HUD	0	0	0	0	0
124	Accounts receivable - other government	0	0	0	0	0
125	Accounts receivable - miscellaneous	0	0	0	0	0
126	Accounts receivable - tenants rents	89,644	106,664	63,588	4,992	264,888
126.1	Allowance for doubtful accounts - tenants	(88,749)	(96,884)	(62,793)	(4,705)	(253,131)
126.2	Allowance for doubtful accounts - other	0	0	0	0	0
127	Notes receivable - current	0	0	0	0	0
128	Fraud recovery	0	0	0	0	0
128.1	Allowance for doubtful accounts - fraud	0	0	0	0	0
129	Accrued interest receivable	0	0	0	0	0
120	Total receivables - net	<u>895</u>	<u>9,780</u>	<u>795</u>	<u>287</u>	<u>11,757</u>
Current investments:						
131	Investments - unrestricted	0	0	0	0	0
132	Investments - restricted	0	0	0	0	0
135	Investments - restricted for payment current liability	0	0	0	0	0
142	Prepaid expenses and other assets	67,232	51,798	68,885	37,219	225,134
143	Inventories	0	0	0	0	0
143.1	Allowance for obsolete inventories	0	0	0	0	0
144	Interprogram due from	0	0	0	0	0
145	Assets held for sale	0	0	0	0	0
150	TOTAL CURRENT ASSETS	<u>499,971</u>	<u>728,299</u>	<u>510,752</u>	<u>370,710</u>	<u>2,109,732</u>
NONCURRENT ASSETS:						
Capital Assets:						
161	Land	40,000	93,985	147,912	0	281,897
162	Buildings	6,164,650	9,458,667	8,111,019	11,257,067	34,991,403
163	Furniture & equipment - dwelling	0	0	0	0	0
164	Furniture & equipment - admin	86,598	594,398	159,300	0	840,296
165	Improvements	0	0	0	0	0
166	Accumulated depreciation	(2,921,977)	(5,190,413)	(3,533,801)	(375,236)	(12,021,427)
167	Construction in progress	0	0	0	0	0
168	Infrastructure	0	0	0	0	0
160	Total capital assets - net	<u>3,369,271</u>	<u>4,956,637</u>	<u>4,884,430</u>	<u>10,881,831</u>	<u>24,092,169</u>
171	Notes receivable - noncurrent	0	0	0	0	0
172	Notes receivable - noncurrent past due	0	0	0	0	0
173	Grant receivable - noncurrent	0	0	0	0	0
174	Other assets	38,014	45,752	9,066	114,194	207,026
176	Investment in joint ventures	0	0	0	0	0
180	TOTAL NONCURRENT ASSETS	<u>3,407,285</u>	<u>5,002,389</u>	<u>4,893,496</u>	<u>10,996,025</u>	<u>24,299,195</u>
200	DEFERRED OUFLOW OF RESOURCES	0	0	0	0	0
290	TOTAL ASSETS & DEFERRED OUTFLOW OF RESOURCES	<u>\$ 3,907,256</u>	<u>\$ 5,730,688</u>	<u>\$ 5,404,248</u>	<u>\$ 11,366,735</u>	<u>\$ 26,408,927</u>

**Housing Authority of the City of Fort Smith
Fort Smith, Arkansas**

**FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS - DISCRETE COMPONENT UNITS
December 31, 2025**

FDS Line#	Account Description	North Pointe, LP	North Pointe II, LP	Clayton Heights Development, LP	Newlon Springs LP	TOTAL
LIABILITIES AND NET POSITION:						
LIABILITIES:						
CURRENT LIABILITIES:						
311	Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
312	Accounts payable < 90 days	3,023	1,295	414	0	4,732
313	Accounts payable > 90 days	0	0	0	0	0
321	Accrued salaries/payroll withholding	2,846	3,722	3,722	0	10,290
322	Accrued compensated absences	2,845	3,721	3,721	0	10,287
324	Accrued contingency liability	0	0	0	0	0
325	Accrued interest payable	0	0	0	0	0
331	Accounts payable - HUD PHA programs	0	0	0	0	0
332	Accounts payable - PHA projects	0	0	0	0	0
333	Accounts payable - other gov.	68,589	11,247	17,588	86,751	184,175
341	Tenant security deposits	16,425	20,500	18,200	19,600	74,725
342	Unearned revenue	218	6,156	3,904	2,267	12,545
343	Current portion of L-T debt - capital projects	62,217	76,000	115,560	33,799	287,576
344	Current portion of L-T debt - operating	0	0	0	0	0
345	Other current liabilities	382	1,293	98	50,500	52,273
346	Accrued liabilities - other	0	0	0	0	0
347	Interprogram (due to)	0	0	0	0	0
348	Loan liability - current	0	0	0	0	0
310	TOTAL CURRENT LIABILITIES	<u>156,545</u>	<u>123,934</u>	<u>163,207</u>	<u>192,917</u>	<u>636,603</u>
NONCURRENT LIABILITIES:						
351	Long-term debt, net of current - capital	1,758,817	4,173,054	2,472,728	2,460,921	10,865,520
352	Long-term debt, net of current - operating	0	0	0	0	0
353	Noncurrent liabilities - other	45,449	184,597	32,850	0	262,896
354	Accrued comp. absences - long term	860	1,124	1,124	0	3,108
355	Loan liability - noncurrent	0	0	0	0	0
356	FASB 5 liabilities	0	0	0	0	0
357	Accrued pension and OPEB liabilities	0	0	0	0	0
350	TOTAL NONCURRENT LIABILITIES	<u>1,805,126</u>	<u>4,358,775</u>	<u>2,506,702</u>	<u>2,460,921</u>	<u>11,131,524</u>
300	TOTAL LIABILITIES	<u>1,961,671</u>	<u>4,482,709</u>	<u>2,669,909</u>	<u>2,653,838</u>	<u>11,768,127</u>
400	DEFERRED INFLOW OF RESOURCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET POSITION:						
508.4	Net Investment in Capital Assets	1,548,237	707,583	2,296,142	8,387,111	12,939,073
511.4	Restricted	386,919	525,341	407,778	167,456	1,487,494
512.4	Unrestricted	10,429	15,055	30,419	158,330	214,233
513	TOTAL NET POSITION	<u>1,945,585</u>	<u>1,247,979</u>	<u>2,734,339</u>	<u>8,712,897</u>	<u>14,640,800</u>
600	TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,907,256</u>	<u>\$ 5,730,688</u>	<u>\$ 5,404,248</u>	<u>\$ 11,366,735</u>	<u>\$ 26,408,927</u>

**Housing Authority of the City of Fort Smith
Fort Smith Arkansas**

**FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS - DISCRETE COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2025**

FDS Line#	Account Description	North Pointe, LP	North Pointe II, LP	Clayton Heights Development, LP	Newlon Springs LP	TOTAL
REVENUES:						
70300	Net tenant rental revenue	\$ 566,014	\$ 765,016	\$ 684,676	\$ 462,395	\$ 2,478,101
70400	Tenant revenue - other	12,975	20,739	7,114	7,441	48,269
70500	Total tenant revenue	578,989	785,755	691,790	469,836	2,526,370
70600	HUD PHA grants - operating	0	0	0	0	0
70610	HUD PHA grants - capital	0	0	0	0	0
70710	Management fee	0	0	0	0	0
70720	Asset management fee	0	0	0	0	0
70730	Bookkeeping fee	0	0	0	0	0
70740	Front line service fee	0	0	0	0	0
70750	Other fees	0	0	0	0	0
70700	Total fee revenue	0	0	0	0	0
70800	Other government grants	0	0	0	0	0
71100	Investment income - unrestricted	5,191	2,132	2,248	364	9,935
71200	Mortgage interest income	0	0	0	0	0
71300	Proceeds from disposition of assets held for sale	0	0	0	0	0
71310	Cost of sale of assets	0	0	0	0	0
71400	Fraud income	0	0	0	0	0
71500	Other revenue	2,990	0	0	6,621,240	6,624,230
71600	Gain/(loss) on disposition	0	0	0	0	0
72000	Investment income - restricted	848	3,156	7,415	3,142	14,561
70000	TOTAL REVENUES	\$ 588,018	\$ 791,043	\$ 701,453	\$ 7,094,582	\$ 9,175,096
EXPENSES:						
Administrative						
91100	Administrative salaries	\$ 47,040	\$ 62,103	\$ 62,103	\$ 34,732	\$ 205,978
91200	Auditing fees	7,500	9,000	7,500	15,000	39,000
91300	Management fees	29,153	39,921	34,479	34,732	138,285
91310	Bookkeeping fees	29,153	47,905	34,479	34,732	146,269
91400	Advertising & marketing	0	0	0	0	0
91500	Employee benefits - administrative	15,409	20,172	20,171	0	55,752
91600	Office expense	2,339	2,988	2,610	2,834	10,771
91700	Legal expense	0	158	0	0	158
91800	Travel expense	0	0	0	0	0
91810	Allocated Overhead	0	0	0	0	0
91900	Other operating - administrative	4,020	1,250	1,500	858	7,628
91000	Total Administrative Expense	134,614	183,497	162,842	122,888	603,841
92000	Asset management fee	6,215	3,782	6,930	5,000	21,927
Tenant Services						
92100	Tenant services - salaries	0	0	0	0	0
92200	Relocation costs	0	0	0	0	0
92300	Employee benefits - tenant services	0	0	0	0	0
92400	Other tenant services	0	615	0	131	746
92500	Total Tenant Services	0	615	0	131	746

**Housing Authority of the City of Fort Smith
Fort Smith Arkansas**

**FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS - DISCRETE COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2025**

FDS Line#	Account Description	North Pointe, LP	North Pointe II, LP	Clayton Heights Development, LP	Newlon Springs LP	TOTAL
Utilities						
93100	Water	496	896	896	32,680	34,968
93200	Electricity	2,120	1,707	1,285	4,405	9,517
93300	Gas	785	1,075	1,435	0	3,295
93400	Fuel	0	0	0	0	0
93500	Labor	0	0	0	0	0
93600	Sewer	0	0	0	0	0
93700	Employee benefits - utilities	0	0	0	0	0
93800	Other utilities expense	392	895	739	7,920	9,946
93000	Total Utilities Expense	<u>3,793</u>	<u>4,573</u>	<u>4,355</u>	<u>45,005</u>	<u>57,726</u>
Ordinary Maintenance & Operation						
94100	Labor	55,610	73,322	73,322	34,732	236,986
94200	Materials	49,774	65,235	37,589	10,199	162,797
94300	Contracts	28,980	35,781	33,733	17,159	115,653
94300-010	Garbage & trash removal contracts	0	0	0	0	0
94300-020	Heating & cooling contracts	210	0	0	115	325
94300-030	Snow Removal contracts	0	0	0	0	0
94300-040	Elevator maintenance contracts	0	0	0	0	0
94300-050	Landscape & grounds contracts	0	0	0	0	0
94300-060	Unit turnaround contracts	0	0	0	0	0
94300-070	Electrical contracts	0	175	0	2,007	2,182
94300-080	Plumbing contracts	0	0	0	0	0
94300-090	Extermination contracts	3,811	4,245	5,760	4,626	18,442
94300-100	Janitorial contracts	1,710	1,835	2,999	1,498	8,042
94300-110	Routine maintenance contracts	20,475	24,147	23,072	4,000	71,694
94300-120	Contract costs - other	2,774	5,379	1,902	4,913	14,968
94500	Employee benefit contributions	15,343	20,089	20,089	0	55,521
94000	Total Ordinary Maintenance & Operation	<u>149,707</u>	<u>194,427</u>	<u>164,733</u>	<u>62,090</u>	<u>570,957</u>
Insurance Premiums						
96110	Property insurance	91,065	100,401	90,667	36,850	318,983
96120	Liability insurance	14,346	18,649	16,354	5,945	55,294
96130	Workmen's compensation	0	0	0	0	0
96140	Insurance - other	1,596	17,405	1,863	0	20,864
96100	Total Insurance Premiums	<u>107,007</u>	<u>136,455</u>	<u>108,884</u>	<u>42,795</u>	<u>395,141</u>
General Expenses						
96200	Other general expense	0	0	6,930	78,289	85,219
96210	Compensated absences	0	0	0	0	0
96300	Payments in lieu of taxes	0	0	0	0	0
96400	Bad debt - tenant rents	6,721	6,717	5,107	4,705	23,250
96500	Bad debt - mortgages	0	0	0	0	0
96600	Bad debt - other	0	0	0	0	0
96800	Severance expense	0	0	0	0	0
96000	Total General Expenses	<u>6,721</u>	<u>6,717</u>	<u>12,037</u>	<u>82,994</u>	<u>108,469</u>
Financial Expenses						
96710	Interest expense - mortgage payable	100,950	136,028	149,399	522,784	909,161
96720	Interest expense - notes payable	0	0	0	0	0
96730	Amortization - issuance costs	3,154	10,768	3,200	9,024	26,146
96700	Total Financial Expenses	<u>104,104</u>	<u>146,796</u>	<u>152,599</u>	<u>531,808</u>	<u>935,307</u>
96900	TOTAL OPERATING EXPENSE	<u>512,161</u>	<u>676,862</u>	<u>612,380</u>	<u>892,711</u>	<u>2,694,114</u>
97000	EXCESS OPERATING REVENUE	<u>75,857</u>	<u>114,181</u>	<u>89,073</u>	<u>6,201,871</u>	<u>6,480,982</u>

**Housing Authority of the City of Fort Smith
Fort Smith Arkansas**

**FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS - DISCRETE COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2025**

FDS Line#	Account Description	North Pointe, LP	North Pointe II, LP	Clayton Heights Development, LP	Newlon Springs LP	TOTAL
	Other Expenses					
97100	Extraordinary maintenance	0	0	0	0	0
97200	Casualty losses	0	0	0	0	0
97300	Housing assistance payments	0	0	0	0	0
97350	Portability HAP expense	0	0	0	0	0
97400	Depreciation expense	157,049	323,606	272,558	375,235	1,128,448
97500	Fraud losses	0	0	0	0	0
97600	Capital outlays - gov't funds	0	0	0	0	0
97700	Debt principal payment - gov't funds	0	0	0	0	0
97800	Dwelling units rent expense	0	0	0	0	0
	Total Other Expenses	<u>157,049</u>	<u>323,606</u>	<u>272,558</u>	<u>375,235</u>	<u>1,128,448</u>
90000	TOTAL EXPENSES	\$ <u>669,210</u>	\$ <u>1,000,468</u>	\$ <u>884,938</u>	\$ <u>1,267,946</u>	\$ <u>3,822,562</u>
10000	EXCESS OF REVENUE OVER EXPENSES	\$ <u>(81,192)</u>	\$ <u>(209,425)</u>	\$ <u>(183,485)</u>	\$ <u>5,826,636</u>	\$ <u>5,352,534</u>
11020	Required annual debt principal payments	0	0	0	0	0
11030	Beginning Net Position	2,026,777	1,457,404	2,917,824	2,905,409	9,307,414
11040-010	Prior period adjustments	0	0	0	0	0
11040-070	Equity transfers - distributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>(19,148)</u>	<u>(19,148)</u>
	Ending Net Position	\$ <u>1,945,585</u>	\$ <u>1,247,979</u>	\$ <u>2,734,339</u>	\$ <u>8,712,897</u>	\$ <u>14,640,800</u>

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas**

SINGLE AUDIT SECTION

DECEMBER 31, 2025



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

Board of Commissioners
Housing Authority of the City of Fort Smith
Fort Smith, Arkansas 72904

Fort Worth Regional Office
Public Housing Division
801 Cherry Street, Unit #45, Suite 2500
Fort Worth, Texas 76102

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Fort Smith, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Fort Smith's basic financial statements, and have issued our report thereon dated February 24, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Fort Smith's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rector, Reeder & Lofton, PC
Certified Public Accountants

Loganville, Georgia
February 24, 2026



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

Board of Commissioners
Housing Authority of the City of Fort Smith
Fort Smith, Arkansas 72904

Fort Worth Regional Office
Public Housing Division
801 Cherry Street, Unit #45, Suite 2500
Fort Worth, Texas 76102

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than

for that resulting from error; as fraud may involve override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rector, Reeder & Lofton, PC
Certified Public Accountants

Loganville, Georgia
February 24, 2026

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended December 31, 2024, contained no formal audit findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor’s Results:

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal controls over major federal programs:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified not considered to be material weaknesses?	None reported
Type of auditor’s report issued on the compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported under 2 CFR §200.516(a)?	No
Identification of major federal programs:	
➤ Section 8 Housing Choice Vouchers Program (Cluster) ALN 14.871	
➤ Mainstream Vouchers (Cluster) ALN 14.879	
Dollar threshold used to distinguish between Type A and Type B programs:	\$1,000,000
Did the Authority qualify as a low-risk auditee?	Yes

Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS:

NONE REPORTED

Section III – Federal Award Findings and Questioned Costs for Federal Awards:

NONE REPORTED

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas**

SUPPLEMENTAL INFORMATION

DECEMBER 31, 2025

Housing Authority of the City of Fort Smith
Fort Smith, Arkansas

FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
December 31, 2025

FDS Line#	Account Description	Blended Component Unit	Home Investment Partnership Program 14.258	Family Self-Sufficiency Program 14.896	FSS Escrow Forfeiture Account 14.EFA	Section 8 Moderate Housing Assistance 14.856	Section 8 Housing Choice Vouchers 14.871
ASSETS:							
CURRENT ASSETS:							
Cash:							
111	Cash - unrestricted	\$ 1,633,321	\$ 0	\$ 0	\$ 0	\$ 200,131	\$ 747,453
112	Cash - restricted modernization and development	0	0	0	0	0	0
113	Cash - other restricted	906,061	0	0	8,581	0	271,733
114	Cash - tenant security deposits	44,866	0	0	0	0	0
115	Cash - restricted for payment of current liabilities	0	0	0	0	0	0
100	Total Cash	<u>2,584,248</u>	<u>0</u>	<u>0</u>	<u>8,581</u>	<u>200,131</u>	<u>1,019,186</u>
Accounts and notes receivables:							
121	Accounts receivable - PHA projects	0	0	0	0	0	0
122	Accounts receivable - HUD	0	0	0	0	29,018	0
124	Accounts receivable - other government	0	0	0	0	0	473
125	Accounts receivable - miscellaneous	496,069	0	0	0	0	4,350
126	Accounts receivable - tenants rents	170,907	0	0	0	0	0
126.1	Allowance for doubtful accounts - tenants	(155,504)	0	0	0	0	0
126.2	Allowance for doubtful accounts - other	0	0	0	0	0	0
127	Notes Receivable - current	0	0	0	0	0	0
128	Fraud Recovery	0	0	0	0	0	0
128.1	Allowance for doubtful accounts - fraud	0	0	0	0	0	0
129	Accrued interest receivable	0	0	0	0	0	0
120	Total receivables - net	<u>511,472</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>29,018</u>	<u>4,823</u>
Current investments:							
131	Investments - unrestricted	0	0	0	0	0	0
132	Investments - restricted	0	0	0	0	0	0
135	Investments - restricted for payment of current liabilities	0	0	0	0	0	0
142	Prepaid expenses and other assets	33,308	0	0	0	0	8,224
143	Inventories	0	0	0	0	0	0
143.1	Allowance for obsolete inventories	0	0	0	0	0	0
144	Interprogram due from	828,827	0	0	0	0	18,178
145	Assets held for sale	233,261	0	0	0	0	0
150	TOTAL CURRENT ASSETS	<u>4,191,116</u>	<u>0</u>	<u>0</u>	<u>8,581</u>	<u>229,149</u>	<u>1,050,411</u>
NONCURRENT ASSETS:							
Capital Assets:							
161	Land	390,458	0	0	0	0	0
162	Buildings	16,992,907	0	0	0	0	0
163	Furniture & equipment - dwellings	1,019,010	0	0	0	0	0
164	Furniture & equipment - administration	407,137	0	0	0	0	638,404
165	Improvements	0	0	0	0	0	0
166	Accumulated depreciation	(9,232,462)	0	0	0	0	(312,653)
167	Construction in progress	4,061	0	0	0	0	0
168	Infrastructure	0	0	0	0	0	0
160	Total capital assets - net	<u>9,581,111</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>325,751</u>
171	Notes receivable - noncurrent	1,316,815	10,461	0	0	0	560,000
172	Notes receivable - noncurrent past due	0	0	0	0	0	0
173	Grants receivable	0	0	0	0	0	0
174	Other assets	275,753	0	0	0	0	74,974
176	Investment in joint ventures	980,921	0	0	0	0	0
180	TOTAL NONCURRENT ASSETS	<u>12,154,600</u>	<u>10,461</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>960,725</u>
200	DEFERRED OUTFLOW OF RESOURCES	0	0	0	0	0	0
290	TOTAL ASSETS & DEFERRED OUTFLOW OF RESOURCES	<u>\$ 16,345,716</u>	<u>\$ 10,461</u>	<u>\$ 0</u>	<u>\$ 8,581</u>	<u>\$ 229,149</u>	<u>\$ 2,011,136</u>

Mainstream Vouchers 14.879	Business Activities	Discrete Component Unit	Elimination	TOTAL
\$ 19,678	\$ 250,787	\$ 310,622	\$ 0	\$ 3,161,992
0	0	0	0	0
810	0	1,487,494	0	2,674,679
0	0	74,725	0	119,591
0	0	0	0	0
<u>20,488</u>	<u>250,787</u>	<u>1,872,841</u>	<u>0</u>	<u>5,956,262</u>
0	0	0	0	0
0	0	0	0	29,018
0	20,328	0	0	20,801
0	52,125	0	0	552,544
0	0	264,888	0	435,795
0	0	(253,131)	0	(408,635)
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>0</u>	<u>72,453</u>	<u>11,757</u>	<u>0</u>	<u>629,523</u>
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	1,747	225,134	0	268,413
0	0	0	0	0
0	0	0	0	0
0	133,129	0	(980,134)	0
0	839,165	0	0	1,072,426
<u>20,488</u>	<u>1,297,281</u>	<u>2,109,732</u>	<u>(980,134)</u>	<u>7,926,624</u>
0	432,280	281,897	0	1,104,635
0	0	34,991,403	0	51,984,310
0	0	0	0	1,019,010
0	14,019	840,296	0	1,899,856
0	0	0	0	0
0	(14,019)	(12,021,427)	0	(21,580,561)
0	1,128,172	0	0	1,132,233
0	0	0	0	0
<u>0</u>	<u>1,560,452</u>	<u>24,092,169</u>	<u>0</u>	<u>35,559,483</u>
0	716,905	0	(867,888)	1,736,293
0	0	0	0	0
0	0	0	0	0
0	0	207,026	(329,523)	228,230
0	0	0	0	980,921
<u>0</u>	<u>2,277,357</u>	<u>24,299,195</u>	<u>(1,197,411)</u>	<u>38,504,927</u>
0	0	0	0	0
<u>\$ 20,488</u>	<u>\$ 3,574,638</u>	<u>\$ 26,408,927</u>	<u>\$ (2,177,545)</u>	<u>\$ 46,431,551</u>

Housing Authority of the City of Fort Smith
Fort Smith, Arkansas

FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
December 31, 2025

FDS Line#	Account Description	Blended Component Unit	Home Investment Partnership Program 14.258	Family Self-Sufficiency Program 14.896	FSS Escrow Forfeiture Account 14.EFA	Section 8 Moderate Housing Assistance 14.856	Section 8 Housing Choice Vouchers 14.871
LIABILITIES AND NET POSITION:							
LIABILITIES:							
CURRENT LIABILITIES:							
311	Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
312	Accounts payable < = 90 days	31,859	0	0	0	0	1,615
313	Accounts payable > 90 days	0	0	0	0	0	0
321	Accrued salaries/payroll withholding	17,532	0	0	0	0	21,718
322	Accrued compensated absences	24,120	0	0	0	0	33,299
324	Accrued contingency liability	0	0	0	0	0	0
325	Accrued interest payable	0	0	0	0	0	0
331	Accounts payable - HUD PHA programs	0	0	0	0	0	0
332	Accounts payable - PHA projects	0	0	0	0	0	0
333	Accounts payable - other gov.	0	0	0	0	0	0
341	Tenant security deposits	44,866	0	0	0	0	0
342	Unearned revenue	10,358	0	0	0	0	0
343	Current portion of L-T debt - capital projects	98,735	0	0	0	0	0
344	Current portion of L-T debt - operating	0	0	0	0	0	0
345	Other current liabilities	15,931	0	0	0	0	1,239
346	Accrued liabilities - other	0	0	0	0	0	0
347	Interprogram (due to)	391,895	0	0	0	0	35,852
348	Loan liability - current	0	0	0	0	0	0
310	TOTAL CURRENT LIABILITIES	635,296	0	0	0	0	93,723
NONCURRENT LIABILITIES:							
351	Long-term debt, net of current - operating	307,888	0	0	0	0	0
352	Long-term debt, net of current - capital	1,541,241	0	0	0	0	0
353	Noncurrent liabilities - other	329,523	0	0	0	0	142,408
354	Accrued comp. absences - long term	20,150	0	0	0	0	32,290
355	Loan liability - noncurrent	0	0	0	0	0	0
356	FASB 5 liabilities	0	0	0	0	0	0
357	Accrued pension and OPEB liabilities	0	0	0	0	0	0
350	TOTAL NONCURRENT LIABILITIES	2,198,802	0	0	0	0	174,698
300	TOTAL LIABILITIES	2,834,098	0	0	0	0	268,421
400	DEFERRED INFLOW OF RESOURCES	0	0	0	0	0	0
NET POSITION:							
508.4	Investment in Capital Assets	7,941,135	0	0	0	0	325,751
511.4	Restricted - Net Position	906,061	0	0	8,581	0	129,325
512.4	Unrestricted - Net Position	4,664,422	10,461	0	0	229,149	1,287,639
513	TOTAL NET POSITION	13,511,618	10,461	0	8,581	229,149	1,742,715
600	TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	\$ 16,345,716	\$ 10,461	\$ 0	\$ 8,581	\$ 229,149	\$ 2,011,136

Mainstream Vouchers 14,879	Business Activities	Discrete Component Unit	Elimination	TOTAL
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
72	540	4,732	0	38,818
0	0	0	0	0
0	22,166	10,290	0	71,706
0	34,886	10,287	0	102,592
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	184,175	0	184,175
0	0	74,725	0	119,591
0	0	12,545	0	22,903
0	0	287,576	0	386,311
0	0	0	0	0
0	32,583	52,273	0	102,026
0	0	0	0	0
19,051	533,336	0	(980,134)	0
0	0	0	0	0
<u>19,123</u>	<u>623,511</u>	<u>636,603</u>	<u>(980,134)</u>	<u>1,028,122</u>
0	0	0	(307,888)	0
0	0	10,865,520	(560,000)	11,846,761
0	0	262,896	(329,523)	405,304
0	25,051	3,108	0	80,599
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>0</u>	<u>25,051</u>	<u>11,131,524</u>	<u>(1,197,411)</u>	<u>12,332,664</u>
<u>19,123</u>	<u>648,562</u>	<u>11,768,127</u>	<u>(2,177,545)</u>	<u>13,360,786</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	1,560,452	12,939,073	560,000	23,326,411
810	0	1,487,494	0	2,532,271
<u>555</u>	<u>1,365,624</u>	<u>214,233</u>	<u>(560,000)</u>	<u>7,212,083</u>
<u>1,365</u>	<u>2,926,076</u>	<u>14,640,800</u>	<u>0</u>	<u>33,070,765</u>
<u>\$ 20,488</u>	<u>\$ 3,574,638</u>	<u>\$ 26,408,927</u>	<u>\$ (2,177,545)</u>	<u>\$ 46,431,551</u>

**Housing Authority of the City of Fort Smith
Fort Smith, Arkansas**

**FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

FDS Line#	Account Description	Blended Component Unit	Home Investment Partnership 14.258	Family Self-Sufficiency Program 14.896	FSS Escrow Forfeiture Account 14.EFA	Section 8 Moderate Housing Assistance 14.856	Section 8 Housing Choice Vouchers 14.871
REVENUES:							
70300	Net tenant rental revenue	\$ 2,268,897	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
70400	Tenant revenue - other	172,338	0	0	0	0	0
70500	Total tenant revenue	2,441,235	0	0	0	0	0
70600	HUD PHA grants - operating	0	0	61,144	0	264,624	11,028,089
70610	HUD PHA grants - capital	0	0	0	0	0	0
70710	Management fee	0	0	0	0	0	0
70720	Asset management fee	0	0	0	0	0	0
70730	Bookkeeping fee	0	0	0	0	0	0
70740	Front line service fee	0	0	0	0	0	0
70750	Other fees	0	0	0	0	0	0
70700	Total fee revenue	0	0	0	0	0	0
70800	Other government grants	0	0	0	0	0	0
71100	Investment income - unrestricted	63,105	0	0	0	2,021	5,793
71200	Mortgage interest income	25,581	0	0	0	0	19,600
71300	Proceeds from disposition of assets	2,527,764	0	0	0	0	0
71310	Cost of assets held for sale	(1,976,527)	0	0	0	0	0
71400	Fraud income	0	0	0	0	3,838	51,056
71500	Other revenue	1,548,524	0	0	2,707	0	164,000
71600	Gain/(loss) on disposition	6,151	0	0	0	0	82,935
72000	Investment income - restricted	17,183	0	0	0	0	0
70000	TOTAL REVENUES	\$ 4,653,016	\$ 0	\$ 61,144	\$ 2,707	\$ 270,483	\$ 11,351,473
EXPENSES:							
Administrative							
91100	Administrative salaries	\$ 378,161	\$ 0	\$ 0	\$ 0	\$ 20,500	\$ 619,817
91200	Auditing fees	11,319	0	0	0	1,257	6,283
91300	Management fees	127,674	0	0	0	4,680	268,155
91310	Bookkeeping fees	561,784	0	0	0	2,340	134,078
91400	Advertising & marketing	16,931	0	0	0	0	0
91500	Employee benefits - administrative	122,651	0	0	0	0	209,769
91600	Office expense	125,030	0	0	0	0	162,658
91700	Legal expense	10,109	0	0	0	0	24,583
91800	Travel expense	0	0	0	0	0	4,583
91810	Allocated overhead	0	0	0	0	0	0
91900	Other operating - administrative	157,180	0	0	0	0	23,744
91000	Total Administrative Expense	1,510,839	0	0	0	28,777	1,453,670
92000	Asset management fee	0	0	0	0	0	0
Tenant services							
92100	Tenant services - salaries	0	0	49,954	0	0	0
92200	Relocation costs	0	0	0	0	0	0
92300	Employee benefits - tenant services	0	0	11,190	0	0	0
92400	Other tenant services	7,230	0	0	725	0	0
92500	Total Tenant Services	7,230	0	61,144	725	0	0
Utilities							
93100	Water	162,765	0	0	0	0	0
93200	Electricity	161,583	0	0	0	0	0
93300	Gas	11,942	0	0	0	0	0
93400	Fuel	0	0	0	0	0	0
93500	Labor	0	0	0	0	0	0
93600	Sewer	0	0	0	0	0	0
93700	Employee benefits - utilities	0	0	0	0	0	0
93800	Other utilities expense	48,599	0	0	0	0	0
93000	Total Utilities Expense	384,889	0	0	0	0	0

Mainstream Vouchers 14,879	Business Activities	Discrete Component Unit	Elimination	TOTAL
\$ 0	\$ 0	\$ 2,478,101	\$ (1,267,985)	\$ 3,479,013
0	0	48,269	0	220,607
0	0	2,526,370	(1,267,985)	3,699,620
577,383	0	0	0	11,931,240
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
164	16,527	9,935	0	97,545
0	4,406	0	(45,181)	4,406
0	0	0	0	2,527,764
0	0	0	0	(1,976,527)
3,366	0	0	0	58,260
0	1,282,938	6,624,230	(1,707,807)	7,914,592
0	(188,447)	0	0	(99,361)
0	0	14,561	0	31,744
\$ 580,913	\$ 1,115,424	\$ 9,175,096	\$ (3,020,973)	\$ 24,189,283

\$ 26,534	\$ 789,714	\$ 205,978	\$ 0	\$ 2,040,704
0	6,290	39,000	0	64,149
17,100	0	138,285	(417,609)	138,285
8,550	0	146,269	(706,752)	146,269
0	0	0	0	16,931
0	217,442	55,752	0	605,614
0	63,057	10,771	(203,340)	158,176
0	931	158	0	35,781
0	1,435	0	0	6,018
0	0	0	0	0
0	49,428	7,628	(144,948)	93,032
52,184	1,128,297	603,841	(1,472,649)	3,304,959
0	0	21,927	0	21,927
0	0	0	0	49,954
0	0	0	0	0
0	0	0	0	11,190
0	0	746	0	8,701
0	0	746	0	69,845

0	0	34,968	0	197,733
0	0	9,517	0	171,100
0	0	3,295	0	15,237
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	9,946	0	58,545
0	0	57,726	0	442,615

Housing Authority of the City of Fort Smith
Fort Smith, Arkansas

FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2025

FDS Line#	Account Description	Blended Component Unit	Home Investment Partnership 14.258	Family Self-Sufficiency Program 14.896	FSS Escrow Forfeiture Account 14.EFA	Section 8 Moderate Housing Assistance 14.856	Section 8 Housing Choice Vouchers 14.871
Ordinary Maintenance & Operation							
94100	Labor	251,397	0	0	0	0	0
94200	Materials	150,139	0	0	0	0	8,192
94300	Contracts	442,774	0	0	0	0	5,354
94300-010	Contract costs - garbage removal	0	0	0	0	0	0
94300-020	Contract costs - heating & cooling	0	0	0	0	0	0
94300-030	Contract costs - snow removal	0	0	0	0	0	0
94300-040	Contract costs - elevator maintenance	0	0	0	0	0	0
94300-050	Contract costs - landscape maintenance	0	0	0	0	0	0
94300-060	Contract costs - unit turnaround	0	0	0	0	0	0
94300-070	Contract costs - electrical	0	0	0	0	0	0
94300-080	Contract costs - plumbing	0	0	0	0	0	0
94300-090	Contract costs - extermination	0	0	0	0	0	0
94300-100	Contract costs - janitorial	0	0	0	0	0	0
94300-110	Contract costs - routine maintenance	0	0	0	0	0	0
94300-120	Contract costs - other	442,774	0	0	0	0	5,354
94500	Employee benefit contributions	63,212	0	0	0	0	0
94000	Total Ordinary Maintenance & Operation	907,522	0	0	0	0	13,546
Protective services							
95100	Protective services - salaries	0	0	0	0	0	0
95200	Protective services - other contract costs	0	0	0	0	0	0
95300	Other protective services	0	0	0	0	0	0
95500	Employee benefits - protective services	0	0	0	0	0	0
95000	Total Protective Services	0	0	0	0	0	0
Insurance Premiums							
96110	Property insurance	150,623	0	0	0	0	0
96120	Liability insurance	64,519	0	0	0	0	31,183
96130	Workmen's compensation	0	0	0	0	0	24,786
96140	Insurance - other	14,203	0	0	0	0	0
96100	Total Insurance Premiums	229,345	0	0	0	0	55,969
Other general expenses							
96200	Other general expense	436,715	0	0	0	0	0
96210	Compensated absences	0	0	0	0	0	0
96300	Payments in lieu of taxes	0	0	0	0	0	0
96400	Bad debt - tenant rents	22,051	0	0	0	0	0
96500	Bad debt - mortgages	0	16,134	0	0	0	0
96600	Bad debt - other	0	0	0	0	0	0
96800	Severance expense	0	0	0	0	0	0
96000	Total General Expenses	458,766	16,134	0	0	0	0
Financial Expenses							
96710	Interest expense - mortgage payable	48,894	0	0	0	0	0
96720	Interest expense - notes payable	0	0	0	0	0	0
96730	Amortization - issuance costs	0	0	0	0	0	0
96700	Total Financial Expenses	48,894	0	0	0	0	0
96900	TOTAL OPERATING EXPENSE	3,547,485	16,134	61,144	725	28,777	1,523,185
97000	EXCESS OPERATING REVENUE	1,105,531	(16,134)	0	1,982	241,706	9,828,288

Mainstream Vouchers 14,879	Business Activities	Discrete Component Unit	Elimination	TOTAL
0	0	236,986	0	488,383
0	0	162,797	0	321,128
0	31,299	115,653	(51,370)	543,710
0	0	0	0	0
0	0	325	0	325
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	2,182	0	2,182
0	0	0	0	0
0	0	18,442	0	18,442
0	0	8,042	0	8,042
0	0	71,694	0	71,694
0	31,299	14,968	(51,370)	443,025
0	0	55,521	0	118,733
0	31,299	570,957	(51,370)	1,471,954
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	5,591	318,983	0	475,197
0	8,824	55,294	0	159,820
0	0	0	0	24,786
0	9,689	20,864	0	44,756
0	24,104	395,141	0	704,559
0	99,878	85,219	(387,128)	234,684
0	0	0	0	0
0	0	0	0	0
0	0	23,250	0	45,301
0	0	0	0	16,134
0	0	0	0	0
0	0	0	0	0
0	99,878	108,469	(387,128)	296,119
0	0	909,161	(45,181)	912,874
0	0	0	0	0
0	0	26,146	0	26,146
0	0	935,307	(45,181)	939,020
52,184	1,283,578	2,694,114	(1,956,328)	7,250,998
528,729	(168,154)	6,480,982	(1,064,645)	16,938,285

Housing Authority of the City of Fort Smith
Fort Smith, Arkansas

FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2025

FDS Line#	Account Description	Blended Component Unit	Home Investment Partnership 14.258	Family Self-Sufficiency Program 14.896	FSS Escrow Forfeiture Account 14.EFA	Section 8 Moderate Housing Assistance 14.856	Section 8 Housing Choice Vouchers 14.871
	Other Expenses						
97100	Extraordinary maintenance	0	0	0	0	0	0
97200	Casualty losses	0	0	0	0	0	0
97300	Housing assistance payments	0	0	0	0	226,645	9,417,407
97350	HAP portability-in	0	0	0	0	0	10,784
97400	Depreciation expense	663,808	0	0	0	0	113,294
97500	Fraud losses	0	0	0	0	0	0
97600	Capital outlays - gov't funds	0	0	0	0	0	0
97700	Debt principal payment - gov't funds	0	0	0	0	0	0
97800	Dwelling units rent expense	0	0	0	0	0	0
	Total Other Expenses	663,808	0	0	0	226,645	9,541,485
	TOTAL EXPENSES	\$ 4,211,293	\$ 16,134	\$ 61,144	\$ 725	\$ 255,422	\$ 11,064,670
10010	Operating transfer in	0	0	0	0	0	0
10020	Operating transfer out	0	0	0	0	0	0
10030	Operating transfers from/to primary gov't	0	0	0	0	0	0
10040	Operating transfers from/to comp. unit	0	0	0	0	0	0
10050	Proceeds from notes, loans & bonds	0	0	0	0	0	0
10060	Proceeds from property sales	0	0	0	0	0	0
10070	Extraordinary items, net gain/loss	0	0	0	0	0	0
10080	Special items, net gain/loss	0	0	0	0	0	0
10091	Inter project excess cash transfer in	0	0	0	0	0	0
10092	Inter project excess cash transfer out	0	0	0	0	0	0
10093	Transfers between project & program - in	0	0	0	0	0	0
10094	Transfers between project & program - out	0	0	0	0	0	0
10100	Total other financing sources (uses)	0	0	0	0	0	0
	EXCESS OF REVENUE OVER EXPENSES	\$ 441,723	\$ (16,134)	\$ 0	\$ 1,982	\$ 15,061	\$ 286,803
11020	Prior period adjustments	0	0	0	0	0	0
11030	Beginning Net Position	13,069,895	26,595	0	6,599	214,088	1,455,912
11040-010	Prior period adjustments	0	0	0	0	0	0
11040-070	Equity transfers	0	0	0	0	0	0
	Ending Net Position	\$ 13,511,618	\$ 10,461	\$ 0	\$ 8,581	\$ 229,149	\$ 1,742,715
11170	Administrative Fund Equity	-	-	-	-	-	1,613,390
11180	Housing Choice Voucher Equity	-	-	-	-	-	129,325
11190	Units Available	3,672	-	-	-	312	20,088
11210	Units Leased	3,462	-	-	-	312	17,999

Mainstream Vouchers 14,879	Business Activities	Discrete Component Unit	Elimination	TOTAL
0	0	0	0	0
0	0	0	0	0
534,595	0	0	(1,064,645)	9,114,002
0	0	0	0	10,784
0	0	1,128,448	0	1,905,550
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>534,595</u>	<u>0</u>	<u>1,128,448</u>	<u>(1,064,645)</u>	<u>11,030,336</u>
\$ <u>586,779</u>	\$ <u>1,283,578</u>	\$ <u>3,822,562</u>	\$ <u>(3,020,973)</u>	\$ <u>18,281,334</u>
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>(5,866)</u>	\$ <u>(168,154)</u>	\$ <u>5,352,534</u>	\$ <u>0</u>	\$ <u>5,907,949</u>
0	0	0	0	0
7,231	3,094,230	9,307,414	0	27,181,964
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>(19,148)</u>	<u>0</u>	<u>(19,148)</u>
\$ <u>1,365</u>	\$ <u>2,926,076</u>	\$ <u>14,640,800</u>	\$ <u>0</u>	\$ <u>33,070,765</u>
-	-	-	-	1,613,390
-	-	-	-	129,325
1,320	-	2,736	(3,672)	24,456
1,140	-	2,638	(3,462)	22,089

HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas

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

	<u>Type</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
<u>FEDERAL GRANTOR</u>			
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:</u>			
Section 8 Housing Assistance Program:			
Section 8 Housing Choice Vouchers (Cluster)	A - Major	14.871	\$ 11,028,089
Mainstream Vouchers (Cluster)	A - Major	14.879	<u>577,383</u>
			11,605,472
Section 8 Moderate Rehabilitation Program	B - Nonmajor	14.856	264,624
Family Self Sufficiency Grant Program	B - Nonmajor	14.896	<u>61,144</u>
 TOTAL FEDERAL FINANCIAL AWARDS			 \$ <u><u>11,931,240</u></u>
 Threshold for Type A & Type B			 \$ <u><u>1,000,000</u></u>

The accompanying notes to the schedule of federal financial awards is an integral part of this schedule.

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH
Fort Smith, Arkansas**

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

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C - INDIRECT COST RATE:

The Authority did not elect to use the 15% de minimis cost rate.

NOTE D - SUBRECIPIENTS:

The Authority provided no federal awards to subrecipients during the fiscal year ending December 31, 2025.

NOTE E - DISCLOSURE OF OTHER FORMS OF ASSISTANCE:

- The Housing Authority of the City of Fort Smith received no federal awards of non-monetary assistance that are required to be disclosed for the year ended December 31, 2025.
- The Housing Authority of the City of Fort Smith had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended December 31, 2025.
- The Housing Authority of the City of Fort Smith maintains the following limits of insurance as of December 31, 2025:

Property	\$ 100,000,000
Liability	\$ 1,000,000
Director and Officers	\$ 1,000,000
Commercial Auto	\$ 1,000,000
Workers Compensation	Statutory
Crime	\$ 50,000

Settled claims have not exceeded the above commercial insurance coverage limits over the past three years.