MINNEAPOLIS PUBLIC HOUSING AUTHORITY

MINNEAPOLIS, MINNESOTA

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025
(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Minneapolis Public Housing Authority

Report on the Audit of the Financial Statements

Opinion

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

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

We did not audit the financial statements of Elliots LP, Family Housing Resources LP, and Springs LP, which represent 100% of the assets, net position, and revenues of the aggregate discretely presented component units as of December 31, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, are based solely on the report of the other auditors.

Basis for Opinion

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

"Doeren Mayhew" is the brand name under which Doeren Mayhew Assurance, PC and Doeren Mayhew Advisors, LLC and its subsidiary entities provide professional services. Doeren Mayhew Assurance, PC and Doeren Mayhew Advisors, LLC (and its subsidiary entities) practice as an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. Doeren Mayhew Assurance, PC is a licensed independent CPA firm that provides attest services to its clients, and Doeren Mayhew Advisors, LLC and its subsidiary entities provide tax and business consulting services to their clients. Doeren Mayhew Advisors, LLC and its subsidiary entities are not licensed CPA firms.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the Authority's total OPEB liability and related ratios 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying financial data schedule is presented for purposes of additional analysis as required by U.S. Department of Housing and Urban Development, and is not a required part of the basic financial statements of the Authority. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the basic financial statements. The other information comprises the organizational chart but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Doeren Mayhew Assurance, PC

Melbourne, Florida
September 29, 2026

Minneapolis Public Housing Authority

ORGANIZATIONAL CHART

For the year ended December 31, 2025

Board of Commissioners

		Term Expires
Kevin Reich	Chair	December 31, 2027
Medaria “Rondo” Arradondo	Commissioner	December 31, 2026
Alyssa Erickson	Commissioner	December 31, 2025
Gloria Freeman	Commissioner	December 31, 2028
Abdullahi Isse	Commissioner	December 31, 2026
Tamir Mohamud	Commissioner	December 31, 2026
Thomas Nordyke	Commissioner	December 31, 2026
Elfric K. Porte, II.	Commissioner	December 31, 2028
Danielle Werder	Commissioner	December 31, 2026

Executive Director/CEO

Abdi Warsame		Indefinite

MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025

(Unaudited)

This section of the Minneapolis Public Housing Authority's (MPHA) annual financial report presents our Management's Discussion and Analysis (MD&A) of the MPHA's financial performance during the fiscal year ended on December 31, 2025. The MD&A is designed to assist the reader in focusing on significant financial issues, to provide an overview of the MPHA's financial activity and position, and to identify financial trends and concerns. Since this section is designed to focus on the audit year's activities, resulting changes and currently known facts, please read it in conjunction with the MPHA's financial statements.

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). As provided under GAAP, the MPHA uses the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, and expenses, including depreciation, are recognized in the period in which they are incurred. The financial statements include the MPHA's blended component units—Community Housing Resources (CHR), MPHA Dev. Co., and MPHA Hold. Co. In addition, Elliots LP, Family Housing Resources LP, and Springs LP are presented as discretely presented component units of the MPHA.

FINANCIAL HIGHLIGHTS

- MPHA invested $14 million into public housing preservation in 2025 and CHR spent $7 million for property modernization and development. MPHA contributed another $6.2 million for the modernization and development of Section 8 project-based voucher housing.

- Due to decades of insufficient federal funding and increasing property needs for the Public Housing Program, the MPHA found it necessary to invoke MTW single fund flexibility and utilize funding from the MTW Housing Choice Voucher Program to adequately serve public housing families and make necessary repairs to aging public housing buildings. In 2025, the MPHA utilized $12.7 million in MTW Housing Choice Voucher funds to primarily fund capital improvements, property security needs, increased labor costs in property management services, and additional contributions to improve operations at the Heritage Park mixed-financed development.

- Government grants and other revenues increased by $1.6 million from 2024. The increase was driven by $2.8 million of grant funds received from the Minnesota Housing Finance Agency for rehabilitation work at CHR properties.

AGENCY OVERVIEW

The MPHA's mission is to promote and deliver quality, well-managed homes to a diverse low-income population and, with partners, contribute to the well-being of the individuals, families and community we serve. The MPHA uses the enterprise fund method for financial reporting. This presentation is designed to be corporate-like, in that all business-type activities are consolidated into one agency-wide total. While detailed sub-fund information is not presented, separate accounts are maintained for each program or grant to control and manage money for particular purposes or to demonstrate that the MPHA is properly using specific appropriations and grants. The Financial Data Schedule, presented in the Supplementary Information section of the financial statements, provides a balance sheet and income statement by program as required by HUD. Although the Financial Data Schedule presents several programs, the major operations include administering a Housing Choice Voucher Program and managing and operating public housing rental property.

On January 22, 2020, the MPHA board of commissioners ratified the formation of several non-profit instrumentalities to effectuate the conversion of properties subsidized by public housing subsidies to housing voucher subsidies. MPHA Hold. Co. was formed as a non-profit holding corporation, of which MPHA is its sole member, to effectuate tax benefits contemplated by the low-income housing tax credit (LIHTC) program when public housing properties are converted to housing vouchers and receive LIHTC financing. MPHA Dev. Co. was formed as a non-profit holding corporation, of which MPHA is the sole voting member, to fulfill the role of developer for former public housing properties that converted housing assistance to vouchers. MPHA Property Mgmt. Co. was formed as a non-profit holding corporation, of which MPHA is the sole voting member, to provide property management and maintenance services for former public housing properties that converted housing assistance to vouchers. MPHA Hold. Co., MPHA Dev. Co., and MPHA Property Mgmt. Co. are presented on these financial statements as a blended component unit within the MPHA, meaning that their financial transactions are combined with the MPHA's transactions in accordance with prescribed generally accepted accounting principles. MPHA Property Mgmt. Co. has not been used since formation.

Also on January 22, 2020, the MPHA Hold. Co. board of directors ratified the formation of Elliots Mgmt. LLC and Elliots LP. These newly created entities were formed to effectuate the development and operation of the Elliot Twins apartment complex which converted subsidies from public housing to housing vouchers and embarked on approximately $26.0 million in comprehensive modernization and the development of 10 additional units using debt and LIHTC equity financing. Elliots Mgmt. LLC is a single purpose entity that serves as the general partner in the Elliot Twins ownership entity. Elliots LP is the limited partnership that acquired the interests in the Elliot Twins and is a partnership between Elliots Mgmt. LLC (general partner), RBC-Elliot Twins, LLC (limited partner), and RBC Community Investments Manager II (Special Limited Partner). Elliots Mgmt. LLC's financial transactions are presented under its parent organization, MPHA Hold. Co. Elliots LP is presented on these financial statements as a discretely presented component unit of the MPHA, meaning that their financial transactions are not combined with the MPHA's transactions but rather presented separately in accordance with prescribed generally accepted accounting principles.

On February 23, 2022, the MPHA Hold. Co. board of directors ratified the formation of Family Housing Resources Mgmt. LLC and Family Housing Resources LP. These newly created entities were formed to effectuate the $50.0 million development and operation of properties that consist of 84 units of deeply affordable project-based voucher housing on 16 sites throughout Minneapolis. Family Housing Resources Mgmt. LLC is a single purpose entity that serves as the general partner in the Family Housing Resources ownership entity. Family Housing Resources LP is the limited partnership that acquired the interests in these properties and is a partnership between Family Housing Resources Mgmt. LLC (general partner) and U.S. Bancorp Community Development Corporation (limited partner). Family Housing Resources Mgmt. LLC's financial transactions are presented under its parent organization, MPHA. Hold. Co. Family Housing Resources LP is presented on these financial statements as a discretely presented component unit of the MPHA, meaning that their financial transactions are not combined with the MPHA's transactions but rather presented separately in accordance with prescribed generally accepted accounting principles.

On May 22, 2024, the MPHA Hold. Co. board of directors ratified the formation of Springs Mgmt. LLC and Springs LP. These newly created entities were formed to effectuate the development and operation of the Springs apartment buildings which converted subsidies from public housing to housing vouchers and embarked on nearly $45.3 million in comprehensive modernization and the development of 15 additional units using debt and LIHTC equity financing. Springs Mgmt. LLC is a single purpose entity that serves as the general partner in the Springs LP ownership entity. Springs LP is the limited partnership that acquired the interests in the Springs and is a partnership between Springs Mgmt. LLC (general partner), RBC Community Investments, LLC (limited partner), and RBC Community Investments Manager II, Inc. (Special Limited Partner). Springs Mgmt. LLC's financial transactions are presented under its parent organization, MPHA Hold. Co. Springs LP is presented on these financial statements as a discretely presented component unit of the MPHA, meaning that their financial transactions are not combined with the MPHA's transactions but rather presented separately in accordance with prescribed generally accepted accounting principles.

Moving to Work Demonstration Program

On January 29, 2008, the MPHA executed a Moving to Work (MTW) Agreement with HUD. In April 2016, the MTW Agreement was extended until December 31, 2028. MTW is a demonstration program for Public Housing Authorities (PHA) that provides them the opportunity to design and test innovative, locally-designed strategies that use federal dollars more efficiently, help residents find employment to become self-sufficient and increase housing choices for low-income families. MTW gives PHAs exemptions from many existing public housing and voucher rules and more flexibility around how they use their federal funds. Under MTW, the MPHA has a separate operating agreement with HUD, using what the MTW Agreement calls single fund flexibility, within certain restrictions. This flexibility permits MPHA to combine separate funds at the local level.

Housing Choice Voucher Program

The MPHA administers a Housing Choice Voucher (HCV) Program with federal funds received from HUD. The Housing Choice Voucher Program is the federal government's major program for assisting very low-income families, the elderly and the disabled to afford decent, safe and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments.

A family that has been issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. A housing subsidy, commonly referred to as a HAP, is paid to the landlord directly by the MPHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. Under certain circumstances, a family may use its voucher to purchase a modest home.

Eligibility for a housing voucher is determined based on the total annual gross income and family size. It is limited to U.S. citizens and specified categories of non-citizens who have eligible immigration status. In general, the family's income may not exceed 50 percent of the median income for the county or metropolitan area in which the family chooses to live. By law, the MPHA must provide 75 percent of its vouchers to applicants whose incomes do not exceed 30 percent of the area's median income.

In 2025, the MPHA spent $59.5 million on MTW housing choice voucher rent subsidies and averaged 4,536 housing choice vouchers under lease per month, no change in usage from the 2024 level. In addition, the MPHA spent $12.6 million of rent subsidy provided by other public housing authorities whose voucher holders found rental housing in Minneapolis. The average monthly housing assistance payments per MTW voucher increased to $1,094 in 2025 from $1,019 in 2024, a 7.4 percent increase.

MPHA also administers housing choice vouchers that are outside of the MTW program. The vouchers are generally for designated purposes and populations. In 2025, MPHA averaged 1,931 of these vouchers under lease each month and spent $25.5 million on housing assistance payments (including amounts paid to component units). The average monthly housing assistance payments per voucher was $1,100 in 2025.

Due to decades of insufficient federal funding and increasing property needs for the Public Housing Program, the MPHA found it necessary to invoke MTW single fund flexibility and utilize funding from the MTW Housing Choice Voucher Program to adequately serve public housing families and make necessary repairs to aging public housing buildings. In 2025, the MPHA utilized $12.7 million in MTW Housing Choice Voucher funds to primarily fund capital improvements, property security needs, increased labor costs in property management services, and additional contributions to improve operations at the Heritage Park mixed-financed development.

Public Housing Program

Public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly and persons with disabilities. The MPHA's public housing comes in all sizes and types, from scattered single-family houses to high-rise apartments for elderly families. There are approximately 4,800 households living in public housing units managed by the MPHA, including 10 scattered-site units, 213 townhouse units and 4,611 high-rise apartment units. HUD provides federal aid to the MPHA so that the MPHA can manage the housing for low-income residents at rents they can afford. Eligibility for public housing is determined based on the total family's annual gross income and is limited to U.S. citizens and specified categories of noncitizens who have eligible immigration status.

In 1998, the Congress established a new Operating Fund Program for public housing. Among other changes was the requirement that all PHAs of 250 or more units convert to asset management, "consistent with the norms in the broader multifamily management industry." HUD required that the MPHA implement asset management by 2008. The core elements or building blocks of HUD's asset management include project-based budgeting, accounting and management.

In 2007, the MPHA was one of the first housing authorities in the country to implement HUD's asset management regulations. As the first step in the conversion to asset management, the MPHA established nine asset management projects (AMPs) or clusters of properties grouped in a manner to promote efficient and effective management. The MPHA's asset management projects are based on geographical proximity and housing type (family, high-rise or privately-owned). The Financial Data Schedule presents the financial results of each asset management project separately.

One of the other major changes under asset management is the requirement that PHAs now charge a reasonable management fee to asset management projects and programs for central office costs, rather than allocating these costs to each program. In accordance with HUD regulations, the MPHA established a Central Office Cost Center, which performs all the MPHA's general overhead tasks and, for this service, receives fees from HUD programs and projects. The Financial Data Schedule separately presents the financial results of the central office.

In addition to federal aid for the operation of public housing, HUD also provides the MPHA with capital grant funds for public housing modernization and new public housing unit development. The MPHA's 38 high-rise apartment buildings were predominantly built in the 1960s and early 1970s and before the MTW Agreement, spent close to $10 million annually on modernization work. In 2025, the MPHA spent $14 million and CHR spent $7 million for property modernization and development, and MPHA contributed another $6.2 million for the modernization and development of Section 8 project-based voucher housing.

The MPHA's public housing program continued to show high occupancy levels in 2025, with annual occupancy at 96.8 percent of all available public housing units.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements are designed to provide readers with a broad overview of the MPHA's, and blended component unit, finances in a manner similar to that of a private-sector business. These statements include:

- Statement of Net Position, which presents information on all of the MPHA's assets and liabilities, with the difference between the two reported as net position. Current assets in comparison to current liabilities provides a measure of the MPHA's ability to cover current obligations if the obligations became immediately due and payable. At December 31, 2025 and 2024, the MPHA's current ratio is 3.16 and 2.32, respectively. The Statement of Net Position is shown on page 24.

- Statement of Revenues, Expenses, and Changes in Net Position, which presents information showing how the MPHA's net position changed during the most recent period. Over time, increases or decreases in net position usually serve as a useful indicator of whether the financial position of the MPHA is improving or deteriorating. This statement shows the total revenues and total expenses of the MPHA, and the difference between them is the MPHA's "net income or loss." This statement is on page 25.

- Statement of Cash Flows, which presents changes in cash and cash equivalents resulting from operations, capital, and noncapital financing activities and investing activities. The Statement of Cash Flows is shown on page 26 and 27.

The Notes to the Financial Statements provide additional information essential to the full understanding of the data provided in the MPHA's basic financial statements. The Notes to the Financial Statements can be found on pages 28 through 69 of this report.

COMPARATIVE FINANCIAL ANALYSIS

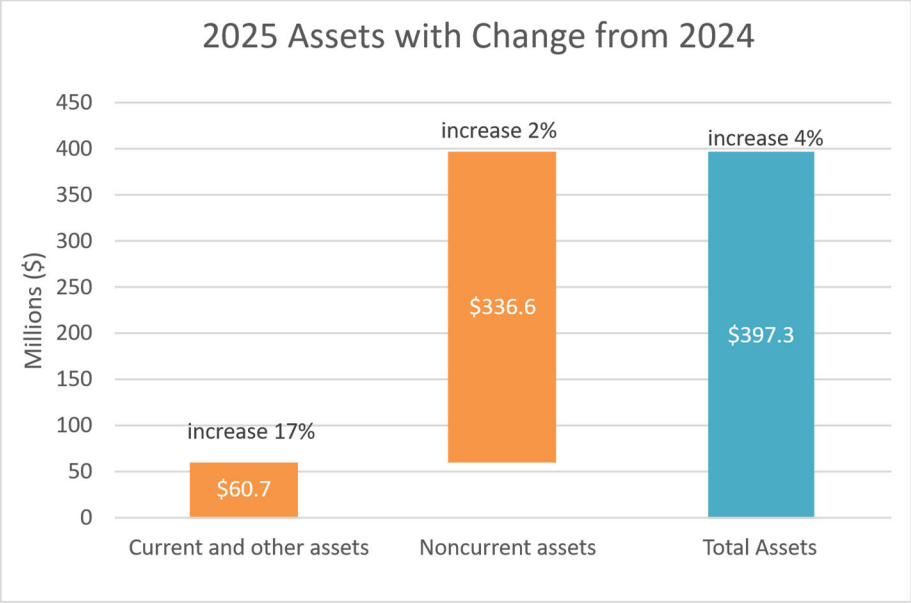
The following table provides a comparative analysis of the MPHA's financial position as of the fiscal years ending December 31, 2025 and 2024. Throughout this section, any reference to MPHA includes blended component units. This table provides a snapshot of the MPHA's economic resources (assets), the claims on these resources by outside creditors (liabilities) and the net resources available to the MPHA (equity).

Statement of Net Position
(in Millions)

	2025	2024	Variance (%)
Assets			
Current and other assets	$ 60.7	$ 52.1	16.5
Noncurrent assets	336.6	328.4	2.5
Total Assets	$ 397.3	$ 380.5	4.4
Deferred Outflow of Resources	0.0	0.0	-
Liabilities			
Current liabilities	$ 19.2	$ 22.4	(14.3)
Long-term liabilities	14.7	17.1	(14.0)
Total Liabilities	$ 33.9	$ 39.5	(14.2)
Deferred Inflow of Resources	5.1	5.6	(8.9)
Net Position			
Net investment in capital assets	$ 280.3	$ 275.4	1.8
Restricted net position	8.7	1.2	625.0
Unrestricted net position	69.3	58.8	17.9
Total Net Position	$ 358.3	$ 335.4	6.8

Total assets as of December 31, 2025 are $397.3 million, an increase of 4.4 percent from 2024. The change in total assets was the net result of an $8.6 million increase in current assets and an $8.2 million increase in noncurrent assets. The majority of the increase in current assets stems from almost $7.6 million of restricted cash held at the end of 2025 escrowed for purposes of MPHA's Sponsor loan contributions to the Springs LP development project. The primary reasons for the increase in noncurrent assets were sponsor loan contributions of $6.2M made by MPHA to the Springs LP development project, and also contributions of almost $1M to Elliots LP for capital improvements as a general partner loan.

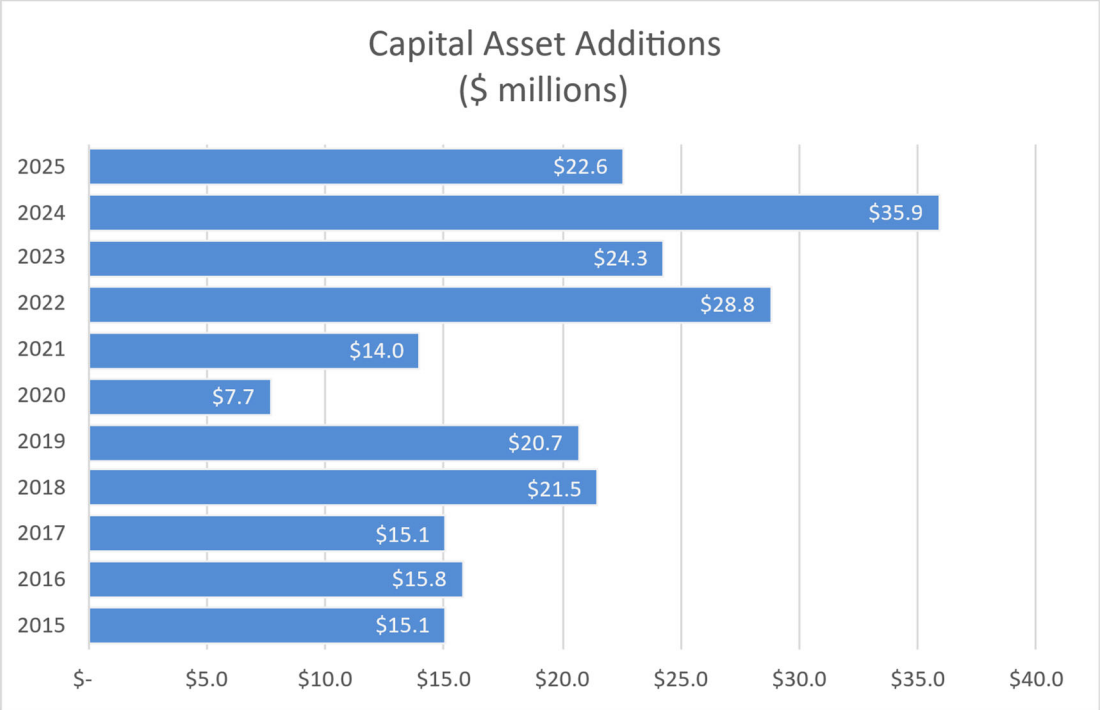
Current assets account for $60.7 million and make up 15 percent of total assets. MPHA's non-current assets, include capital assets, and totaled $336.6 million. The majority of the MPHA's assets (74.6 percent) are capital assets, which consist of 38 high-rise apartment buildings, 223 single-family or townhome units and two administrative buildings. CHR, a blended component unit, owns 694 single-family or duplex units.



As presented in the Change in Capital Assets schedule, the capital asset additions of $22.6 million were offset by $20.6 million of depreciation. The increase in capital assets is the result of significant building improvement work in public housing high-rise apartment buildings. The most significant expenditures were $5.6 million spent on façade and window replacements in several high-rise properties, $2.2 million spent on boiler replacement at the Cedars apartment campus, $1.3 million spent on roof replacement at 1515 Park and $3.6 million spent on switch gear and generator replacements. There was also $7 million spent on CHR property rehabilitation. Most of the MPHA's capital assets are in the form of public housing buildings depreciated over 39 years and capital improvements to these buildings depreciated over 20 years.

Change in Capital Assets
(in millions)

Beginning Balance as of December 31, 2024	$	294.4
Additions		22.6
Depreciation		(20.6)
Deletions		-
Ending Balance as of December 31, 2025	$	296.40

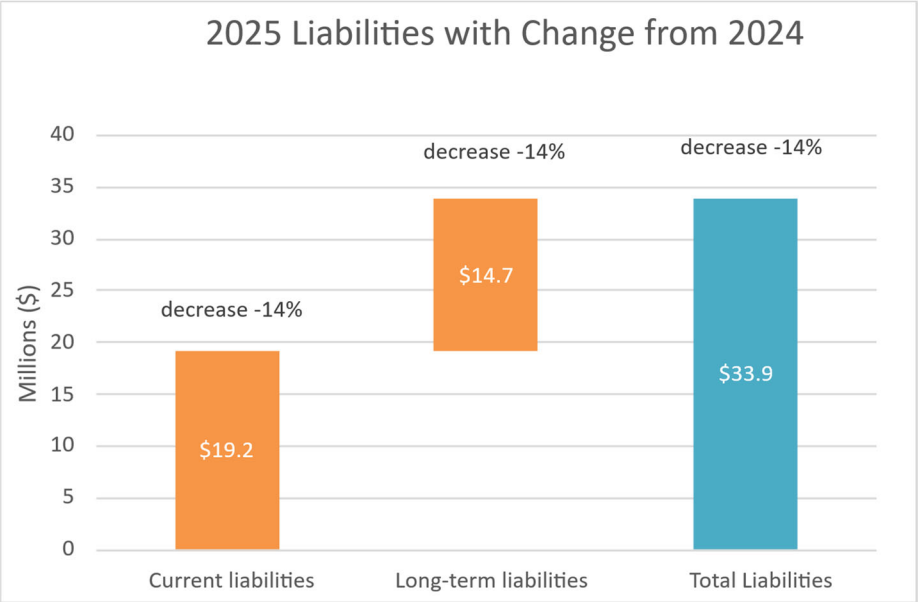


MPHA's non-current assets also include loans made to related entities. On June 10, 2020 Elliots LP closed on a project to acquire, renovate, and operate two multifamily public housing apartment complexes with 87 units each known as Elliots Twins. MPHA agreed to finance part of the development with a loan up to $4,650,430 that carries a 4 percent interest rate. Beginning April 1, 2023 annual payments are due solely from available net cash flow with any remaining unpaid amounts due on June 10, 2075. As of December 31, 2025, $3,809,881 of principal and $663,370 of interest was outstanding on the loan.

On November 22, 2022 Family Housing Resources LP closed on a project to construct 84 units of Section 8 project-based voucher-subsidized housing units across 16 sites. MPHA agreed to finance part of the development with a loan up to $12,800,730 that carries a 3 percent interest rate and is payable from the project's net cash flow to the extent available with any remaining unpaid amounts due on December 31, 2055. As of December 31, 2025, $12,499,771 of principal and $931,622 of interest was outstanding on the loan.

On July 10, 2025 Springs LP closed on a project to acquire, renovate, construct and operate multifamily public housing apartment properties that once complete would have 3 housing apartment buildings with a total of 236 units, known as the Springs. MPHA agreed to finance part of the development with a loan up to $18,565,097. A portion of the loan (up to $5,871,666) is funded by Public Housing Levy funds, and carries a 3.75 percent interest rate. A portion of the loan (up to $12,693,431) is funded by Moving to Work funds, and carries a 3 percent interest rate. The total amount of the loan is payable from the project's net cash flow to the extent available with any remaining unpaid amounts due on July 10, 2080. As of December 31, 2025, $6,248,470 had been advanced to the project.

Total liabilities were $33.9 million in 2025. Total liabilities decreased by $5.6 million from 2024. The 14.2 percent decrease stems from decreases in both current and long-term liabilities. Current liabilities decreased by $3.2 million as a result of less open vendor accounts payable balances for capital improvement work and support service providers in the Stable Homes Stable Schools program.



Long-term liabilities which primarily consist of long-term debt also decreased by 14 percent. The schedule below presents the MPHA's outstanding debt, both short and long-term, at December 31, 2025 and 2024.

Outstanding Debt Balance
(millions)

	2025	2024
Finance leases	$ 5.9	8.3
Notes payable	0	0
Loans payable	8.9	8.9
Total Debt Outstanding	$ 14.8	17.2

In 2009, the MPHA entered into a $28.4 million, 19.75-year finance lease for capital improvements that are expected to result in enough energy consumption savings to offset the amortization of the debt. The debt proceeds were made available under a line of credit and the MPHA withdrew $2.8 million in 2009 from this line. The remaining $25.6 million was disbursed to the MPHA in 2010. The MPHA paid $2.1 million in principal and interest in 2012, leaving the remaining balance of $27.7 million. In August 2013, the MPHA refinanced the finance lease to reduce the original lease interest rate from 5.61 percent to 3.42 percent and increased the lease amount to $31,124,546.

The refinancing provided $3,370,000 in additional proceeds for more energy-efficient assets and improvements. As of December 31, 2016, the MPHA had acquired $3,353,909 in equipment through this finance lease, for a total to date of $31,783,517. The remaining proceeds of $16,090.67 were paid as principal repayment to Bank of America in April 2016 in accordance with the Equipment Lease/Purchase Agreement. MPHA repaid $2,365,820 of principal payments in 2025. In 2025, the MPHA reduced its energy and water consumption compared to the baseline use before the implementation of the improvements by 88,451,000 gallons of water, 52,966 Metric Million British Thermal Units of natural gas and 3,616,344 kilowatt hours of electricity. The consumption reductions saved MPHA over $2.2 million in 2025.

On October 14, 2014, the MPHA entered into a $600,000 deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of property at 600 18th Avenue North. The 20-year loan carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2012 Minn. Laws Ch. 293, Section 23, Minn. Stat. § 462A.202.

On January 18, 2018, the MPHA entered into a $1,200,000 deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of property at 620 Cedar Avenue South. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2014 Minn. Laws Ch. 294, Section 23, Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

On June 26, 2018, the MPHA entered into a $600,000 deferred loan repayment agreement and mortgage with the Hennepin County Housing and Redevelopment Authority for the construction of 16 units of supportive rental housing at 5342, 5350, 5362, and 5370 Riverview Road. The $600,000 loan is a 30-year loan that requires no repayment or interest prior to the maturity of the loan provided the MPHA continues to meet the loan requirements and houses tenants that meet the Affordable Housing Incentive Fund Program affordability requirements. The loan principal is fully due at maturity.

On June 26, 2018, the MPHA entered into a mortgage note with the Minnesota Housing Finance Agency for the construction of 16 units of supportive rental housing at 5342, 5350, 5362 and 5370 Riverview Road. The Note carries a principal amount of $1,170,475, or if the Lender has not fully advanced that principal amount, then the lesser amount that the Lender has advanced. The first advance from this loan occurred on February 8, 2019. The full loan amount was advanced as of September 12, 2019. The $1,170,475 loan is a 30-year loan that requires no repayment or interest prior to the maturity of the loan provided the MPHA continues to meet the loan requirements. The loan principal is fully due at maturity.

On September 23, 2020, the MPHA entered into a $407,550 deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of property at 1627 South 6th Street. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2014 Minn. Laws Ch. 294, Section 23, Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

On June 25, 2021, the MPHA entered into a $400,000 deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of property at 600 18th Avenue North. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2018 Ch. 214, Article I, Section 23 and Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

On August 9, 2021, the MPHA entered into a $1,811,509 deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of property at 1611 South 6th Street. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2017 Minn. Laws 1st Spec. Sess., Article I, Section 22 and Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

On May 11, 2022, the MPHA entered into a construction loan and deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of 2121 Minnehaha Avenue South of which $317,750 was advanced as of December 31, 2024. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2020 Minn. Laws 5th Spec. Sess., Ch.3, Article I, Section 23, and Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

On May 11, 2022, the MPHA entered into a construction loan and deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of 630 Cedar Avenue South of which $568,959 was advanced as of December 31, 2024. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2020 Minn. Laws 5th Spec. Sess., Ch.3, Article I, Section 23, and Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

On May 11, 2022, the MPHA entered into a construction loan and deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of 1627 South 6th Street of which $336,556 was advanced as of December 31, 2024. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2020 Minn. Laws 5th Spec. Sess., Ch.3, Article I, Section 23, and Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

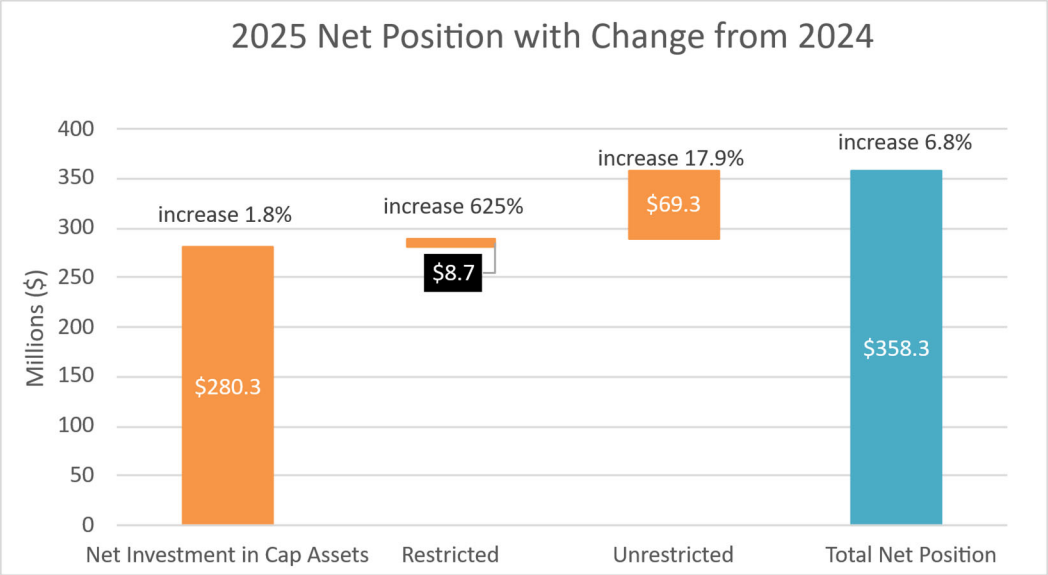
On May 11, 2022, the MPHA entered into a construction loan and deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of 600 18th Avenue North of which $1,006,595 was advanced as of December 31, 2024. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2020 Minn. Laws 5th Spec. Sess., Ch.3, Article I, Section 23, and Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

On December 5, 2022, the MPHA entered into a $445,750 deferred loan repayment agreement and mortgage with the Minnesota Housing Finance Agency (MHFA) for the rehabilitation of 1611 South Sixth Street. The loan is a 20-year loan that carries no interest and is forgivable upon the MPHA continuing to operate the property pursuant to 2018 Minn. Laws Ch.214, Article I, Section 23, and Minn. Stat. § 462A.202, as may be amended, modified, or replaced from time to time and the MHFA rules and regulations thereunder.

Deferred Inflow of Resources decreased by $0.5 million as a result of recognizing current year revenue from long-term non-dwelling agreements associated where MPHA is the lessor.

The MPHA's total net position as of December 2025 was $358.3 million an increase of $23.0 million from 2024. The largest portion of MPHA's net position is in capital assets. Net investments in capital assets increased by $4.9 million or 1.8 percent as a result of an increase in assets and a decrease in the related debt. The unrestricted net position increased by $10.5 million or 17.9 percent from 2024. The most significant increase in unrestricted net position relates to the drawdown of HUD grants that are loaned to related entities for the redevelopment of converted public housing units or development of Section 8 project-based units. MPHA has made $23.6 million of such loans and the outstanding balance of principal and interest on these loans was $25.3 million at the end of 2025; an increase of $7.5 million. Additionally, $1.8 million in City of Minneapolis levied tax proceeds were received but unspent in 2025. The unrestricted net position of MPHA's blended component unit, CHR, also increased by $1 million through operating net income. The restricted net position increased by $7.5 million to $8.7 million. The increase in restricted net position relates to cash held in escrow at the end of 2025 for purposes of MPHA's Sponsor loan contributions to the Springs LP development project.

As an entity created by State enabling legislation, all of MPHA's resources are restricted for purposes authorized under the State of Minnesota and further restricted by the City of Minneapolis Ordinance. Furthermore, all federal and local grants and subsidies are restricted for the purposes authorized by the funder. MPHA presents a portion of its net position as unrestricted under the implied understanding that those resources are not further restricted for a limited use within the general program area for which those funds were provided.



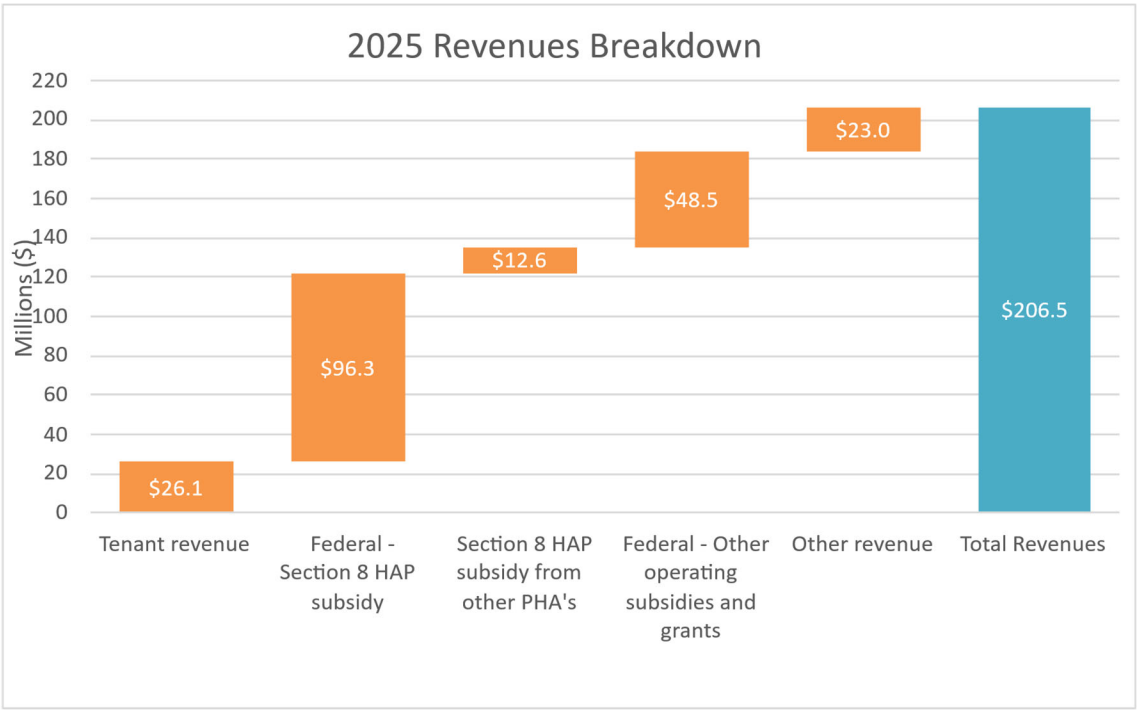
OPERATING ACTIVITIES

The MPHA receives its operating revenues to support its operating expenditures from rental charges, federal government subsidies, and grants provided through HUD and the City of Minneapolis. The MPHA also receives funding from HUD for capital improvement expenditures and the development of public housing units. The following table summarizes and compares the changes related to the MPHA's operating and capital transactions between fiscal years 2025 and 2024.

Total revenues for 2025 were $206.5 million, an increase of 13.3 percent from 2024. As in previous years, the MPHA was heavily funded from the federal government. Revenues and capital contributions of $169.3 million were earned from the federal government, either directly from HUD or by way of other housing authorities that reimbursed the MPHA for their housing vouchers utilized in Minneapolis. These funds were provided for general program operation, capital uses for improvements for existing structures and Section 8 housing assistance payments.

Statement of Revenues and Expenses
(Millions)

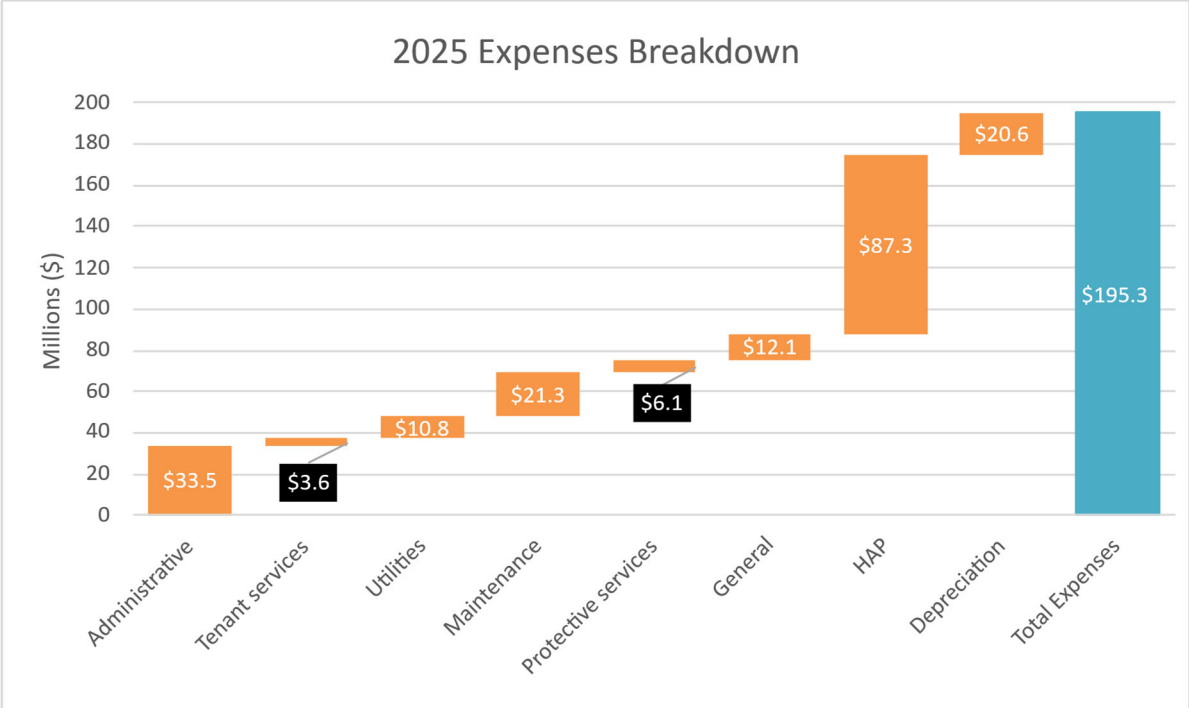
	2025	2024	Variance (%)
Revenues			
Tenant revenue - rents and other	$ 26.1	$ 25.6	2.0
Federal - Section 8 HAP subsidy	96.3	89.3	7.8
Section 8 HAP subsidy from other PHA's	12.6	10.9	15.6
Federal - Other operating subsidies and grants	48.5	35.0	38.6
Other government grants	14.6	11.8	23.7
Investment income and other revenue	8.4	9.6	(12.5)
Total Revenues	$ 206.5	$ 182.2	13.3
Expenses			
Administrative	$ 33.5	$ 32.3	3.7
Tenant services	3.6	3.7	(2.7)
Utilities	10.8	9.9	9.1
Maintenance	21.3	20.9	1.9
Protective services	6.1	5.3	15.1
General	12.1	12.0	0.8
HAP	87.3	78.2	11.6
Depreciation	20.6	18.2	13.2
Total Expenses	$ 195.3	$ 180.5	8.2
Net Income (Loss) Before Contributions & Special Items	$ 11.2	$ 1.7	558.8
Capital Contributions	11.9	25.7	(53.7)
Change in Net Position	$ 23.1	$ 27.4	(15.7)



Section 8 housing assistance subsidy received from other housing authorities whose voucher holders found units in Minneapolis remained high in 2025, an increase from $10.9 million in 2024 to $12.6 million in 2025. This transfer of housing assistance subsidy from one housing authority to another occurs when a voucher holder moves to a location outside the jurisdiction of the public housing agency that first gave them the voucher when they were selected for the program. This practice is referred to as portability. In 2025, an average of 860 vouchers were used each month to rent units in Minneapolis with vouchers issued from a housing authority in another jurisdiction. This was an increase from the 2024 average of 826 vouchers.

Federal operating subsidies and grants to support operations increased by $13.5 million from 2024 levels, the result of drawing $12.7 million in Capital Fund Program resources for loan contributions to Springs LP for the rehabilitation project. Federal Section 8 Housing Assistance Payment subsidies received directly from the federal government increased by 7.8 percent as funding attempted to keep up with rental cost increases. Government grants and other revenues increased overall by $1.6 million from 2024. The increase was attributable to $2.8 million of grant funds received from the Minnesota Housing Finance Agency for rehabilitation work at CHR properties. In 2025 MPHA was no longer able to retain investment income earned on federal resources, leading to a reduction of almost $0.8 million in other revenues compared to 2024.

Total expenses were $195.3 million in 2025, an increase of 8.2 percent from 2024. The largest increase above 2024 spending levels was in housing assistance payments (HAP). The largest category of spending was HAP to Section 8 landlords, which made up almost 45 percent of expenses in 2025. In total, Section 8 landlord payments were $87.3 million, an increase of $9.1 million from 2024.



Capital contributions decreased by $13.8 million to $11.9 million. This line item represents federal grants used to make capital improvements in public housing properties. In 2025 more Capital Fund program resources were directed towards the Springs LP rehabilitation project, with a related decrease in the amount utilized for public housing projects.

MPHA's 2025 funding was very close to budgeted levels and remained relatively consistent with 2024 funding. Appropriations in 2026 for the public housing program provide significantly less funding in relation to the formula eligibility calculation than in 2025. 2026 appropriations are providing an estimated 86% of the formula subsidy in 2026, compared to over 102% of the formula provided in 2025. The Housing Choice Voucher program also received no inflation applied to its funding formula for 2026, despite rising costs.

MPHA's Board of Commissioners approved a five year strategic plan on January 25, 2023. The Plan aims to elevate the importance of public and deeply affordable housing and the contribution of MPHA and its residents in creating and sustaining vibrant and healthy communities.

The following six goals have been identified for the agency to maintain this work in 2023-2027:

1. Provide and preserve deeply affordable, high-quality housing for Highrise residents.
2. Build new and expand partnerships with federal, state, and local governments, in addition to philanthropic entities to support MPHA residents and those who are on our waitlist.
3. Provide and preserve deeply affordable, high-quality family housing.
4. Increase supply of deeply affordable housing by at least 150 units per year
5. Position MPHA as an employer of choice.
6. Continuously improve organizational performance to retain MTW status and highest HUD performance rating.

CONTACTING MPHA'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the MPHA's finances and to demonstrate the MPHA's accountability for the appropriations and grants that it receives. If you have any questions about this report or need additional financial information, contact the Minneapolis Public Housing Authority, ATTN: Finance Department, 1001 Washington Avenue North, Minneapolis, Minnesota 55401.

Minneapolis Public Housing Authority

STATEMENT OF NET POSITION

December 31, 2025

	Primary government	Discrete component units
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	$ 23,364,712	$ 862,858
Cash and cash equivalents - restricted	10,793,471	2,233,706
Receivables, net	13,940,354	658,264
Investments - unrestricted	9,791,757	-
Investments - restricted	484,091	-
Prepaid expenses	2,342,991	195,730
Total current assets	60,717,376	3,950,558
NONCURRENT ASSETS		
Cash and cash equivalents - restricted	61,298	-
Investments - unrestricted	9,724,940	-
Notes receivable from discrete component units	23,648,062	-
Capital assets, net	296,432,993	125,632,470
Lease receivable, net of current portion	5,059,854	-
Deferred developer fee	1,676,863	-
Other noncurrent assets	-	1,194,605
Total noncurrent assets	336,604,010	126,827,075
Total assets	397,321,386	130,777,633
DEFERRED OUTFLOWS OF RESOURCES		
Post employment health benefits	16,045	-
LIABILITIES		
CURRENT LIABILITIES		
Current portion of long-term debt	1,506,715	219,319
Current portion of subscription payable	422,270	-
Accounts payable	8,388,374	2,749,674
Due to other governments	1,556,842	338,452
Accrued salaries	1,676,840	-
Accrued compensated absences	3,150,055	-
Accrued interest payable	8,450	81,564
Accrued contingency liability	56,000	-
Tenant security deposits	985,401	86,604
Unearned revenue	663,452	8,153
Other current liabilities	795,861	681,512
Total current liabilities	19,210,260	4,165,278
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	13,288,473	99,027,328
Subscription payable, net of current portion	858,111	-
Net OPEB liability	457,518	-
Accrued interest payable	-	5,516,656
Other noncurrent liabilities	61,298	-
Total noncurrent liabilities	14,665,400	104,543,984
Total liabilities	33,875,660	108,709,262
DEFERRED INFLOWS OF RESOURCES		
Post employment health benefits	123,903	-
Leases	4,956,295	-
Total deferred inflows of resources	5,080,198	-
NET POSITION		
Net investment in capital assets	280,357,424	19,327,989
Restricted	8,755,092	2,146,460
Unrestricted	69,269,057	593,922
Total net position	$ 358,381,573	$ 22,068,371

The accompanying notes are an integral part of this financial statement.

Minneapolis Public Housing Authority

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended December 31, 2025

	Primary government	Discrete component units
OPERATING REVENUES		
HUD operating revenues	$ 144,729,169	$ -
Tenant revenue, net	26,090,255	1,323,233
Other government grants	14,558,555	3,915,202
Portability income	12,594,948	-
Other operating revenue	7,121,816	5,230,325
Total operating revenues	205,094,743	10,468,760
OPERATING EXPENSES		
Administrative	33,534,641	1,189,279
Tenant services	3,561,252	57,072
Utilities	10,847,223	823,015
Maintenance	21,269,051	1,094,937
Protective services	6,058,016	223,786
General	11,773,121	451,454
Depreciation and amortization	20,586,441	3,876,610
Housing assistance payments	87,321,066	-
Total operating expenses	194,950,811	7,716,153
OPERATING INCOME	10,143,932	2,752,607
NONOPERATING REVENUES (EXPENSES)		
Gain on sale of capital assets	32,464	-
Mortgage interest income	627,289	-
Gain on investments	61,980	14,791
Interest income	528,218	-
Interest expense	(339,980)	(2,635,507)
Total nonoperating revenues (expenses)	909,971	(2,620,716)
Change in net position before capital contributions	11,053,903	131,891
CAPITAL CONTRIBUTIONS		
HUD capital grants	11,921,195	-
Other capital grants	17,561	-
Total capital contributions	11,938,756	-
Change in net position	22,992,659	131,891
Total net position - beginning	335,388,914	21,936,480
Total net position - ending	$ 358,381,573	$ 22,068,371

The accompanying notes are an integral part of this financial statement.

Minneapolis Public Housing Authority

STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
HUD operating grants received	$ 146,883,564
Collections from tenants	25,920,649
Collections from other grants	14,437,588
Collections from other sources	20,570,343
Payments to employees	(42,613,466)
Payments to suppliers	(47,318,733)
Housing assistance payments	(87,321,066)
Net cash provided by operating activities	30,558,879
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Lease payments	(2,365,820)
Subscription payments	(1,134,879)
Issuance of notes receivable	(7,229,290)
Collection of notes receivable	100,800
Proceeds from sale of capital assets	32,464
Interest paid	(339,980)
Capital grant revenue received	11,938,756
Purchase of property and equipment	(22,047,058)
Net cash used in capital and related financing activities	(21,045,007)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(14,059,038)
Proceeds from sale of investments	16,117,212
Interest received	283,819
Net cash provided by investing activities	2,341,993
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,855,865
Cash and cash equivalents at beginning of the year	22,363,616
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	$ 34,219,481
AS PRESENTED ON THE ACCOMPANYING STATEMENT OF NET POSITION	
Cash and cash equivalents - unrestricted	$ 23,364,712
Cash and cash equivalents - restricted - current	10,793,471
Cash and cash equivalents - restricted - noncurrent	61,298
	$ 34,219,481
SUPPLEMENTAL DISCLOSURE OF NONCASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Lease assets acquired through subscription payable	$ 978,641

The accompanying notes are an integral part of this financial statement.

Minneapolis Public Housing Authority

STATEMENT OF CASH FLOWS (continued)

For the year ended December 31, 2025

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 10,143,932
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	20,586,441
Provision for uncollectible accounts	286,540
(Increase) decrease in assets and deferred outflows:	
Receivables, net	2,024,762
Prepaid expenses	(167,751)
Lease receivable	280,572
Deferred developer fee	660,193
Deferred outflows - post employment health benefits	(6,685)
Increase (decrease) in liabilities and deferred inflows:	
Accounts payable	(3,257,951)
Due to other governments	589,002
Accrued salaries	144,668
Accrued compensated absences	127,405
Accrued interest payable	(3,372)
Accrued contingency liability	(12,000)
Tenant security deposits	1,154
Unearned revenue	(158,672)
Other current liabilities	(258,684)
Net OPEB liability	68,120
Other noncurrent liabilities	12,080
Deferred inflows - leases	(375,994)
Net cash provided by operating activities	$ 30,558,879

The accompanying notes are an integral part of this financial statement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

The Minneapolis Public Housing Authority ("MPHA" or the "Authority") is an independent authority created by resolution of the City of Minneapolis under the Minnesota Housing and Redevelopment Act of 1947. On June 1, 1986, the City of Minneapolis, by way of Ordinance Chapter 420, created the MPHA. The MPHA existed from that point as a separate entity but with an administrative contract with the Minneapolis Community Development Agency ("MCDA"), which provided administrative services to operate the MPHA. This relationship continued until August 10, 1990, when the Minneapolis City Council adopted final guidelines to make possible a complete separation of the two entities. On April 7, 1991, the MPHA separated from the MCDA and has since operated as an independent agency. The MPHA's primary operations are the development, comprehensive improvement, and operation of Low-Rent Public Housing and the administration of Housing Assistance Payment (Section 8) programs for low-income persons. These programs are financed by the U.S. Department of Housing and Urban Development ("HUD").

The Authority's governing board consists of a nine-member Board of Commissioners (the "Board"), which is appointed by the Mayor and City Council of the City of Minneapolis (the "City"). The Authority is not a component unit of the City, as defined in Governmental Accounting Standards Board's Codification of *Governmental Accounting and Financial Reporting Standards* ("GASB Codification"), Section 2100, *Defining the Financial Reporting Entity*, as the Board independently oversees the Authority's operations.

The definition of the reporting entity as defined by GASB Codification Section 2100 is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The Authority's reporting entity is comprised of an enterprise fund which includes the activities of several housing programs and component units.

Blended component units

Some component units, despite being legally separate from the primary government, are so integrated with the primary government that they are in substance part of the primary government and are therefore blended with the primary government.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Blended component units (continued)

Community Housing Resources, Inc. ("CHR") was incorporated on June 15, 2001. CHR was organized and operated exclusively for charitable purposes, exclusively for the benefit of, to support the functions of, and to assist in carrying out the purposes of the Minneapolis Public Housing Authority. CHR is governed by a board of directors consisting of those persons serving as the members of the Board of Commissioners of the Authority and the Executive Director of the Authority. On October 1, 2020, the MPHA donated 707 units of scattered site public housing for $1 per unit to CHR. Since then, 8 additional units were donated and 21 units were demolished for a future redevelopment site. This donation effectively converted the former public housing subsidized properties to properties subsidized by HUD project-based vouchers. The Authority continues to perform all property management functions for this family housing through a contract with CHR. The donation, which was approved by HUD, provides CHR access to additional on-going federal subsidies that makes the long-term preservation of these units more viable.

The Authority has six other blended component units that share the same governing boards as the primary government:

MPHA Hold. Co., was formed on January 22, 2020, as a non-profit holding corporation, of which the Authority is its sole member, to effectuate tax benefits contemplated by the low-income housing tax credit (LIHTC) program when public housing properties are converted to housing vouchers and receive LIHTC financing.

MPHA Dev. Co., was formed on January 22, 2020, as a non-profit holding corporation, of which MPHA is the sole voting member, to fulfill the role of developer for former public housing properties that converted housing assistance to vouchers.

MPHA Property Mgmt. Co., was formed on January 22, 2020, as a non-profit holding corporation, of which the Authority is the sole voting member, to provide property management and maintenance services for former public housing properties that converted housing assistance to vouchers.

Elliots Mgmt. LLC, a subsidiary of MPHA Hold Co., is the General Partner in Elliots LP ("Elliots"). General Partner obligations include construction completion, covering operating deficits, low-income housing tax credit shortfalls and recapture events, and environmental conditions. The General Partner is responsible for the property and business operations of Elliots.

Family Housing Resources Mgmt. LLC, a subsidiary of MPHA Hold Co., is a single purpose entity that serves as the General Partner in Family Housing Resources LP ("FHR"). Family Housing Resources Mgmt. LLC's financial transactions are presented under its parent organization, MPHA Hold. Co.

Springs Mgmt. LLC, a subsidiary of MPHA Hold Co., is a single purpose entity that serves as the General Partner in Springs LP ("Springs"). Springs Mgmt. LLC's financial transactions are presented under its parent organization, MPHA Hold. Co.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Discretely presented component units

The following component units meet the criteria for discrete presentation and are presented in the component unit column in the government-wide financial statements in order to clearly distinguish their balances and transactions from the primary government. The discrete component units are not considered governmental entities. Therefore, they follow all applicable FASB standards and do not follow government accounting standards similar to the Authority. However, for presentation purposes in order to conform to the presentation of the Authority, certain transactions may be reflected differently in these financial statements than in separately issued information. Separately issued financial information for the discrete component units can be obtained from the Authority.

Elliots LP ("Elliots") was formed on February 7, 2020. Elliots was formed to acquire and renovate two multifamily apartment complexes with 87 units, construct 10 additional units and operate the complex known as the Elliot Twins located in Minneapolis, Minnesota. Elliots will provide affordable housing utilizing the housing tax credit program and the Section 8 Project Based Vouchers.

Family Housing Resources LP ("FHR") was formed on February 23, 2022. FHR was formed to effectuate the $50 million development and operation of properties that consist of 84 units of deeply affordable project-based voucher housing on 16 sites throughout Minneapolis. FHR is the limited partnership that acquired the interests in these properties and is a partnership between Family Housing Resources Mgmt. LLC, the general partner, and U.S. Bancorp Community Development Corporation, the limited partner.

Springs LP ("Springs") was formed on May 22, 2024 in accordance with provisions of the Minnesota Uniform Limited Partnership Act (the "Act") and will continue until December 31, 2120, unless terminated in accordance with the Partnership Agreement or the Act. The Partnership was formed to acquire, construct, renovate, and operate two multifamily apartment complexes with a total of 221 units known as the Springs Apartments located in Minneapolis, Minnesota. An additional 15-unit apartment building is being constructed for a total of 236 units. The property was acquired through a ground lease on July 10, 2025 (acquisition) and is being renovated while operating. During construction, approximately 50-60 units will be out of service to facilitate the renovations. At December 31, 2025, construction is approximately 35% complete.

2. Government-wide and fund financial statements

The government-wide financial statements report information about the reporting government as a whole excluding fiduciary activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities rely to a significant extent on fees and charges for support.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

Governments use fund accounting, whereby funds are organized into three major categories: governmental, proprietary and fiduciary. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses.

For financial reporting purposes, the Authority reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and the fund financial statements are the same.

Enterprise funds are proprietary funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating activities generally arise from providing services in connection with a proprietary fund's principal activity. The operating revenues of the Authority consist primarily of rental charges to tenants and operating grants from the Department of Housing and Urban Development ("HUD") and include, to a lesser extent, certain operating amounts of capital grants that offset operating expenses.

Operating expenses for the Authority include the cost of administrative (including property and program management), maintenance, tenant services, general operations, utilities, protective services, depreciation and housing assistance payments. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, except for capital contributions and transfers, which are presented separately.

When restricted resources meet the criteria to be available for use and unrestricted resources are also available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources, as needed.

3. Measurement focus and basis of accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The basis of accounting used is similar to businesses in the private sector; thus, these funds are maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus and basis of accounting (continued)

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

As provided by GASB Codification Section P80.115, *Proprietary Fund Accounting and Financial Reporting: Defining Operating Expenses*, and related guidance, tenant revenue is reported net of $286,540 in accounts written off.

4. Summary of programs

The accompanying financial statements include the activities of several housing programs subsidized by HUD and other federal entities at the Authority. A summary of each significant program is provided below.

a. Moving to Work Demonstration Program

Moving to Work ("MTW") is a demonstration program for public housing authorities ("PHAs") that provides them the opportunity to design and test innovative, locally designed strategies that use federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families. MTW gives Housing Authorities certain exemptions from many existing public housing and voucher rules and provides funding flexibility with how they use their Federal funds.

b. Low Rent Housing Programs

The Low Rent Public Housing Programs consist of asset management projects ("AMPs") which collect both operating and capital fund subsidy and various other related HUD grants both directly and indirectly. The purpose of the public housing program is to provide decent and affordable housing to low-income families at reduced rents. The developments are typically owned, maintained and managed by the Authority. The developments/units are acquired, developed and modernized under HUD's Development, Capital Fund Program ("CFP") grants and various other related HUD grants. Funding of the program's operations and development is provided by annual federal contributions or appropriations, operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition and other allowances).

c. Central Office Cost Center

The Central Office Cost Center ("COCC") is a business unit within the Authority that generates revenue through fees for service from the Authority's AMPs, programs and activities.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Summary of programs (continued)

d. Housing Assistance Payments ("HAP") Programs

HAP Programs utilize existing privately owned family rental housing units to provide decent and affordable housing to low-income families. The Section 8 Housing Choice Voucher program, Mainstream Voucher program, Section 8 New Construction, Section 8 Mod Rehab and Emergency Housing Vouchers ("EHV") are funded through federal housing assistance contributions from HUD for the difference between the approved landlord contract rent and the rent paid by the tenants.

5. Assets, deferred outflows, liabilities, deferred inflows and net position

a. Cash and cash equivalents

For financial statement purposes cash and cash equivalents are considered to be cash in banks, fund reserves in escrow, certificates of deposit and money market funds with original maturities of three months or less. Investments for the Authority are reported at fair value.

b. Investments

The Authority measures its investments based on fair value. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Level 1 - Investments reflect prices quoted in active markets.

Level 2 - Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include input in markets that are not considered to be active.

Level 3 - Investments reflect prices based upon unobservable sources.

The Authority may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05 and by the U.S. Department of Housing and Urban Development Notice PIH 2002-13:

i. securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, deferred outflows, liabilities, deferred inflows and net position (continued)

b. Investments (continued)

ii. mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

iii. general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

iv. bankers' acceptances of United States banks;

v. commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and

vi. with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

c. Receivables

Receivables consist of revenues earned during the fiscal year and not yet received. Amounts due from HUD and other governments represent reimbursable expenses or grant subsidies earned that have not been collected as of December 31, 2025, and are considered fully collectible. Allowances are determined by management based on the specific accounts and prior experience (see Note B-2).

d. Due from other governments

Due from other governments represents receivables related to grants from other federal, state, and local governments for program activities.

e. Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, deferred outflows, liabilities, deferred inflows and net position (continued)

f. Capital assets

The Authority's policy is to capitalize assets with a value in excess of $2,500 and a useful life in excess of two years. The Authority capitalizes the costs of site acquisition and improvement, structures, equipment and direct development costs meeting the capitalization policy. Assets are valued at historical cost, or estimated historical cost if actual historical cost is not available, and contributed assets are valued at fair value on the date contributed. Donated capital assets are stated at their fair value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

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

Buildings	39 years
Building improvements	20 years
Furniture and equipment	3 - 7 years

g. Impairment of long-lived assets

Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not considered recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. An impairment loss, if any, is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Management has determined that long-lived assets were not impaired at December 31, 2025.

h. Other Post-Employment Benefits ("OPEB") liability

The Authority administers an Other Postemployment Benefits Plan, a single-employer defined benefit health care plan, for eligible retired employees and their dependents. The OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB liability, and OPEB expense are determined by an actuarial valuation of the Plan (see Note B-10). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, deferred outflows, liabilities, deferred inflows and net position (continued)

i. Deferred outflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and thus, will not be recognized as an outflow of resources until then. The Authority's balance of deferred outflows of resources relates to funding of the accrued OPEB liability (see Note B-10).

j. Accrued compensated absences

Compensated absences are absences for which employees will be paid, such as sick leave, vacation, and other approved leave amounts. In accordance with the provisions of GASB Codification Section C60, *Compensated Absences*, the estimated liability for vested leave benefits is recorded when it is earned as an expense and the cumulative unpaid amount is reported as a liability. Accrued amounts are based on the current salary rates. Full-time permanent employees are granted leave benefits to specified maximums depending on tenure with the Authority. Employees also earn annual sick leave at established rates.

k. Unearned revenues

Unearned revenues include amounts collected before revenue recognition criteria are met.

l. Deferred inflows of resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and thus, will not be recognized as an inflow of resources until then. The Authority's balance of deferred inflows of resources relates to funding of the accrued OPEB liability (see Note B-10) future revenue associated with the leases receivable (see Note B-5) and ground lease with the discretely presented component unit (see Note C-4).

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, deferred outflows, liabilities, deferred inflows and net position (continued)

m. Net position

In accordance with GASB Codification Section 1800.155, *Reporting Net Position in Government-Wide Financial Statements*, total net position as of December 31, 2025, is classified into three components of net position:

i.) Net investment in capital assets

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

ii.) Restricted component of net position

As an entity created by State enabling legislation, all of the Authority's resources are restricted for purposes authorized under the State of Minnesota and further restricted by the City of Minneapolis Ordinance. Furthermore, all federal and local grants and subsidies are restricted for the purposes authorized by the funder.

iii.) Unrestricted component of net position

This category includes all of the remaining components of net position that are not presented in the other two components. The Authority presents a portion of its net position as unrestricted under the implied understanding that those resources are not further restricted for a limited use within the general program area for which those funds were provided.

6. Leasing activities

The Authority is the lessor of dwelling units to low-income residents. The rents under the leases are determined generally by the residents' income as adjusted for eligible deductions regulated by HUD, although the residents may opt for a flat rent. Leases may be cancelled by the lessee at any time or renewed every year. The Authority may cancel the leases only for cause. Revenues associated with these leases are recorded in the accompanying financial statements and related schedules within tenant revenue.

In accordance with the provisions of GASB Codification Section L20, *Leases*, the determination of whether an arrangement is a lease is made at the lease's inception and a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having the right to direct the use of the asset. A lessee is required to recognize a lease liability and an intangible right of use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Management only reevaluates its determination if the terms and conditions of the contract are changed.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Use of estimates

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

8. Budgets

Budgets are prepared on an annual basis for each major program and are used as a management tool throughout the accounting cycle. Budgets are not, however, legally adopted nor required in the basic financial statement presentation.

9. Impact of recently issued accounting principles

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement is effective for the Authority's December 31, 2026 fiscal year end.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement is effective for the Authority's December 31, 2026 fiscal year end.

In December 2025, the GASB issued Statement No. 105, Subsequent Events. This statement is effective for the Authority's December 31, 2027 fiscal year end.

Management is currently evaluating the impact of the adoption of these statements on the Authority's financial statements.

10. Income taxes

The Authority is a governmental entity and is exempt from federal and state income taxes. Accordingly, no provision for federal or state income taxes has been made in the financial statements. The Authority's blended component units may be subject to the income tax provisions of Minnesota Statutes and the Internal Revenue Code.

The applicable blended component units of the Authority account for income taxes in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 740, *Income Taxes*, which clarifies accounting and disclosure requirements for uncertainty in tax positions. It requires a two-step approach to evaluate tax positions and determine if they should be recognized in the financial statements. The two-step approach involves recognizing any tax positions that are "more likely than not" to occur and then measuring those positions to determine if they are recognizable in the financial statements. Management regularly reviews and analyzes all tax positions and has determined no aggressive tax positions have been taken.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Income taxes (continued)

The Authority's blended component units' income tax filings are subject to audit by various taxing authorities. They are subject to income tax examinations by tax authorities for the prior three years.

NOTE B - DETAILED NOTES

1. Deposits and investments

As of December 31, 2025, the carrying value of the Authority's cash and cash equivalents consist of demand deposits of $34,219,481. As of December 31, 2025, the fair value of the Authority's investments was $20,000,788.

In accordance with GASB Codification Sections C20, *Cash Deposits with Financial Institutions,* and I50, *Investments*, the Authority's exposure to deposit and investment risk is disclosed as follows:

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits or investments may not be returned. The Authority is authorized by Minnesota Statute §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit.

The Authority is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds. Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit.

Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The Authority's deposits are insured up to $250,000 per financial institution, per depositor. As of December 31, 2025, the Authority's total deposits were fully secured by either the FDIC or had pledged collateral in accordance with HUD requirements.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority minimizes its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

NOTE B - DETAILED NOTES (continued)

1. Deposits and investments (continued)

Restricted cash and cash equivalents

As of December 31, 2025, restricted cash and cash equivalents consist of:

Current	
Modernization and development	$ 7,821,383
Unearned HAP	629,905
Sales proceeds	471,559
FSS forfeitures	6,733
Interest on federal funds	619,745
Unspent grant awards	59,029
Resident organization funds	19,379
Unearned program revenue	166,432
Tenant security deposits	985,401
Unclaimed property	13,905
Subtotal current	10,793,471
Noncurrent	
Unclaimed property	28,167
FSS escrow	33,131
Subtotal noncurrent	61,298
	$ 10,854,769

Investments

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. HUD and the Authority investment policies, along with state law, limit the Authority's investment choices. State law limits investments to securities that are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6.

As of December 31, 2025, the Authority mitigated its exposure to credit risk by following HUD and state regulations; the investments in U.S. government securities were guaranteed by the United States and were not considered to be "high risk" as defined by state statutes.

NOTE B - DETAILED NOTES (continued)

1. Deposits and investments (continued)

Investments (continued)

The following table summarizes the investments at December 31, 2025. The investments solely consist of taxable bonds and are not rated. The investment balance includes $484,091 of restricted amounts; $476,449 of restricted sale proceeds and $7,642 for FSS forfeitures.

		Investment maturities (in years)	
Investments	Fair value	Less than 1	1 - 5
Federal Home Loan Bank	$ 3,003,148	$ 993,728	$ 2,009,420
Federal Farm Credit Bank	12,019,080	-	12,019,080
US Treasury Notes	4,978,560	-	4,978,560
Total investments	$ 20,000,788	$ 993,728	$ 19,007,060

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the Authority's investment in a single issuer. The Authority places no limit on the amount it may invest in any one approved issuer. Investments in any one issuer that represent five percent or more of the MPHA's investments are as follows:

Investment Type	% of Portfolio
Federal Home Loan Bank	15.02
Federal Farm Credit Bank	60.09
US Treasury Notes	24.89

Fair Value Measurements

	Amount	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant observable inputs (Level 3)
Federal Home Loan Bank	$ 3,003,148	$ -	$ 3,003,148	$ -
Federal Farm Credit Bank	12,019,080	-	12,019,080	-
US Treasury Notes	4,978,560	-	4,978,560	-
	$ 20,000,788	$ -	$ 20,000,788	$ -

NOTE B - DETAILED NOTES (continued)

2. Receivables, net

As of December 31, 2025, receivables, net, as presented in the accompanying statement of net position consist of:

Due from HUD	$ 4,657,195
Due from PHA Projects	2,288,650
Due from other governments	2,867,338
Tenant accounts receivable	872,423
Current portion of lease receivable	427,126
Fraud recovery receivable	152,499
Accrued interest receivable - notes	1,677,025
Other accrued interest	250,740
Other miscellaneous receivables	1,045,888
	14,238,884
Allowance for doubtful accounts - tenants	(258,332)
Allowance for doubtful accounts - fraud	(40,198)
	$ 13,940,354

3. Notes receivable from discretely presented component units

The Authority has entered into notes receivable agreement with its discretely presented component units. A summary of changes in notes receivable is as follows:

	Receivable at January 1, 2025	Additions	Reductions	Receivable at December 31, 2025	Accrued interest
Elliots LP	$ 3,809,881	$ -	$ -	$ 3,809,881	$ 663,370
Elliots LP Promissory	109,120	980,820	-	1,089,940	-
FHR LP	12,600,571	-	(100,800)	12,499,771	931,622
Springs LP Sponsor	-	5,124,393	-	5,124,393	61,939
Springs LP Levy	-	1,124,077	-	1,124,077	20,094
Total notes receivable	$ 16,519,572	$ 7,229,290	$ (100,800)	$ 23,648,062	$ 1,677,025

a. Elliots LP

On June 10, 2020, the Authority entered into a mortgage note agreement with Elliots, a discrete component unit, in the amount of $4,650,430. The loan has a maturity date of June 10, 2075 and bears interest at a rate of 4.0% per annum. Commencing April 1, 2023, payments of principal and interest shall be made annually to the extent of available cash flow as defined in the partnership agreement. The note is secured by a mortgage on the real and personal property.

NOTE B - DETAILED NOTES (continued)

3. Notes receivable from discretely presented component units (continued)

a. Elliots LP (continued)

On April 17, 2024, the Authority entered into a promissory agreement with Elliots, a discrete component unit, in the amount of $109,120. During the year ended December 31, 2025, an additional 980,820 was loaned to Elliots under an additional agreement. The loans are noninterest bearing, and payments shall be made from net cash flow, as defined in the partnership agreement, within 90 days after the end of Elliots fiscal year. The notes will remain outstanding until paid in full.

b. Family Housing Resources LP

On November 22, 2022, the Authority entered into a mortgage note agreement with FHR, a discrete component unit, up to the amount of $12,800,730. The loan has a maturity date of December 31, 2055 and bears interest at a rate of 3.0% per annum. Payments on principal and interest are due within 120 days of the fiscal year end of the borrower to the extent of available cash flow as defined in the partnership agreement. The note is secured by a mortgage on the real and personal property. As of December 31, 2025, $12,600,571 of the total amount has been loaned.

c. Springs LP

The Authority entered into a promissory agreement with Springs in the amount of $12,693,431, with interest compounded annually at 3% per annum. Payments are payable from cash flow, as defined in the partnership agreement. On July 10, 2080, all unpaid interest and principal is due in full. The loan is secured by a mortgage, assignment of leases and rents, and a security agreement.

The Authority entered into a promissory agreement with Springs in the amount of $5,871,666, with interest compounded annually at 3.75% per annum. Payments are payable from cash flow, as defined in the partnership agreement. On July 10, 2080, all unpaid interest and principal is due in full. The loan is secured by a mortgage, assignment of leases and rents, and a security agreement.

NOTE B - DETAILED NOTES (continued)

4. Capital assets, net

A summary of changes in capital assets is as follows:

	Balance at January 1, 2025	Transfers in/ additions	Transfers out/ deletions	Balance at December 31, 2025
Non-depreciable:				
Land	$ 33,310,964	$ -	$ -	$ 33,310,964
Construction in progress	67,854,514	21,262,110	(48,749,857)	40,366,767
Total non-depreciable	101,165,478	21,262,110	(48,749,857)	73,677,731
Depreciated:				
Buildings and improvements	579,654,879	48,847,393	-	628,502,272
Furniture and equipment	15,039,048	1,058,808	(657,710)	15,440,146
Right of use asset - Software	1,905,238	226,369	(94,956)	2,036,651
Total depreciated	596,599,165	50,132,570	(752,666)	645,979,069
Total capital assets	697,764,643	71,394,680	(49,502,523)	719,656,800
Accumulated depreciation and amortization:				
Buildings and improvements	(391,083,680)	(19,025,238)	-	(410,108,918)
Furniture and equipment	(12,157,547)	(1,115,676)	657,710	(12,615,513)
Right of use asset - Software	(148,805)	(445,527)	94,956	(499,376)
Less accumulated depreciation and amortization	(403,390,032)	(20,586,441)	752,666	(423,223,807)
Capital assets, net	$ 294,374,611	$ 50,808,239	$ (48,749,857)	$ 296,432,993

The increase in capital assets is the result of significant building improvement work in public housing high-rise apartment buildings. The most significant expenditures were $5.6 million spent on façade and window replacements in several high-rise properties, $2.2 million spent on boiler replacement at the Cedars apartment campus, $1.3 million spent on roof replacement at 1515 Park and $3.6 million spent on switch gear and generator replacements. There was also $7 million spent on CHR property rehabilitation.

NOTE B - DETAILED NOTES (continued)

5. Lease receivable

The Authority has entered into multiple lease agreements for the usage of its property and space. In accordance with GASB Codification L20, *Leases*, the net present value of expected principal and interest payments are being reflected as a lease receivable and the future payments are being reported as deferred inflow of resources. The lease revenue represents the change in deferred inflows of resources for the fiscal year. A summary of agreements in which the Authority is the lessor for the fiscal year ended December 31, 2025 is as follows:

Description	Lease receivable balance	Deferred inflow balance	Lease revenue	Interest income	Interest rate	Lease end date
Cell site	$ 259,060	$ 222,971	$ 32,628	$ 11,030	4.00%	11/1/2032
Cell site	287,792	243,591	31,097	12,042	4.00%	10/7/2033
Space Use	13,396	12,013	48,051	1,674	12.00%	4/1/2026
Space Use	41,383	51,299	20,520	2,278	6.00%	5/7/2026
Space Use	116,032	115,858	6,098	792	1.00%	9/30/2030
Space Use	76,567	75,652	9,992	1,620	2.00%	10/1/2030
Cell Site	186,322	159,065	19,281	7,772	4.00%	4/1/2034
Cell Site	661,016	564,263	35,826	26,767	4.00%	12/1/2033
Cell Site	481,757	427,710	27,743	14,721	3.00%	10/18/2035
Cell Site	844,360	720,770	45,763	34,192	4.00%	12/1/2033
Office Space	522,964	532,152	96,755	23,894	5.00%	4/30/2029
Cell Site	-	-	-	-	0.00%	2/1/2045
Cell Site	-	-	41,946	-	0.00%	2/1/2045
Cell Site	388,028	344,499	23,759	11,882	3.00%	7/1/2040
Cell Site	501,817	445,516	26,731	15,294	3.00%	9/1/2042
Cell Site	403,798	363,321	21,799	12,334	3.00%	8/1/2041
Ground Lease	349,940	336,176	9,888	20,914	6.00%	6/9/2119
Cell Site	352,748	341,439	14,633	21,066	6.00%	3/31/2029
	$ 5,486,980	$ 4,956,295	$ 512,510	$ 218,272		

As of December 31, 2025, $5,061,968 of the $5,489,094 total lease receivable is being presented as noncurrent on the statement of net position.

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities

A summary of changes in noncurrent liabilities is as follows:

	Payable at January 1, 2025	Additions	Reductions	Payable at December 31, 2025	Due within one year
Long-term debt:					
Finance Lease	$ 8,295,863	$ -	$ (2,365,820)	$ 5,930,043	$ 1,506,715
MFHA POHP Loans	7,094,670	-	-	7,094,670	-
Hennepin County HRA	600,000	-	-	600,000	-
MHFA AHIF Loan	1,170,475	-	-	1,170,475	-
Total long-term debt	17,161,008	-	(2,365,820)	14,795,188	1,506,715
Other noncurrent liabilities:					
Subscription payable	1,817,495	597,765	(1,134,879)	1,280,381	422,270
Net OPEB liability	389,398	77,480	(9,360)	457,518	-
Other noncurrent liabilities	138,340	-	(77,042)	61,298	-
Total other noncurrent liabilities	2,345,233	675,245	(1,221,281)	1,799,197	422,270
Total noncurrent liabilities	$ 19,506,241	$ 675,245	$ (3,587,101)	$ 16,594,385	$ 1,928,985

a. Finance lease

During the 15-month period ended December 31, 2009, the Authority entered into a 237-month (19.75-year) finance lease to acquire land and certain energy-efficient assets and make improvements to existing Authority assets designed to improve energy efficiency. Finance lease repayments are financed as a result of savings realized from lowered energy costs and special energy allowances from HUD. As of December 31, 2010, the Authority had acquired $28,429,608 in land, structures, and equipment through this finance lease. The Authority began repaying this lease in 2010. In August 2013, the Authority refinanced the finance lease to reduce the original lease interest rate from 5.61% to 3.42%. The refinancing provided $3,370,000 in additional proceeds for more energy-efficient assets and improvements and increased the lease amount to $31,124,546. Of these proceeds, the Authority has acquired land, structures, and equipment through this finance lease, for a total to date of $31,783,517.

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

a. Finance lease (continued)

The future minimum lease obligations as of December 31, 2025, are as follows:

December 31,	Principal	Interest	Total
2026	$ 1,506,715	$ 179,335	$ 1,686,050
2027	1,609,965	126,196	1,736,161
2028	1,718,724	69,442	1,788,166
2029	1,094,639	27,500	1,122,139
	$ 5,930,043	$ 402,473	$ 6,332,516

b. MHFA Publicly Owned Housing Program ("POHP") Loans

Beginning in 2014, the Authority has entered into multiple deferred loan repayment agreements and mortgages with the Minnesota Housing Finance Agency ("MHFA") for rehabilitation of certain properties. Each individual loan is for a period of 20 years, carries no interest and is forgivable upon the Authority continuing to operate the property pursuant to Minnesota State Laws and Minnesota Statute § 462A.202, as amended. The loans are either construction loans and the Authority draws against the full loan amount as rehabilitation projects occur or end loans and the Authority receives the funds after project work is completed.

c. Hennepin County HRA

On June 26, 2018, the Authority entered into a deferred loan repayment agreement and mortgage with the Hennepin County Housing and Redevelopment Authority to borrow $600,000 for the construction of 16 units of supportive rental housing. The $600,000 loan is a 30-year loan that requires no repayment or interest prior to the maturity of the loan provided the Authority continues to meet the loan requirements and houses tenants that meet the Affordable Housing Incentive Fund Program affordability requirements. The loan principal is fully due at maturity.

d. MHFA AHIF Loan

On June 26, 2018, the Authority entered into a mortgage note with the MHFA as part of the Affordable Housing Investment Fund program for the construction of 16 units of supportive rental housing.

The first advance from this loan occurred on February 8, 2019. The full loan amount was advanced as of September 12, 2019. The $1,170,475 loan is a 30-year loan that requires no repayment or interest prior to the maturity of the loan provided the Authority continues to meet the loan requirements. The loan matures on June 26, 2048. The loan principal is fully due at maturity.

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

e. Subscription payable

In January 2025, the Authority entered into a subscription-based information technology agreement with Carahsoft Technology Corp., for Zoom software. The term of the agreement is through August 2027 for a total of $241,550. As of December 31, 2025, there is a remaining liability of $161,239 of which $83,184 is presented as current portion.

In November of 2024, the Authority entered into a subscription-based information technology agreement with Yardi systems for the use of software. The term of the agreement is for 5 years for a total of $1,810,365. As of December 31, 2025, there is a remaining liability of $1,119,142 of which $339,086 is presented as current portion.

The future liability payments as of December 31, 2025, are as follows:

December 31,	Principal	Interest
2026	$ 422,270	$ 72,378
2027	450,031	48,126
2028	408,080	22,999
	$ 1,280,381	$ 143,503

7. Eliminations of interprogram activity

For financial reporting purposes, certain amounts are internal and are therefore eliminated in the accompanying financial statements. The following have been eliminated from the financial statements:

i.) Interprogram due to/from

In the normal course of operations, certain programs may pay for common costs, advance funds for organizational purposes, or temporarily cover cash needs of another program until costs are reimbursed by grantors. When this situation occurs it creates interprogram receivables or payables. As of December 31, 2025, $5,696,442 of receivables and payables are eliminated for the presentation of the Authority as a whole.

ii.) Fee for service and management fees

The Authority's COCC and Business Activities internally charge fees to the AMPs and programs of the Authority. These charges may include management fees, bookkeeping fees, and asset management fees. For financial reporting purposes $15,825,158 of fee for service charges have been eliminated for the year ended December 31, 2025.

NOTE B - DETAILED NOTES (continued)

7. Eliminations of interprogram activity (continued)

iii.) Project-Based Voucher subsidy

The Authority received HCV program subsidy for CHR which is a blended component unit. In accordance with HUD guidance, the subsidy is reported as HAP expense in the HCV program and as government grant revenue in the receiving property. For financial reporting purposes, $10,805,761 of HAP expense and grant revenue have been eliminated for the year ended December 31, 2025.

iv.) CHR activity

The Authority has ongoing activity with its blended component unit, Community Housing Resources, Inc., including payments for property management, maintenance, and administration to operate CHR and CHR's properties. As of December 31, 2025, $13,649,283 of property management, maintenance, and capital improvements expenses incurred by the Authority for CHR and $2,143,763 of receivables and payables have been eliminated.

8. Restricted net position

The statement of net position of the Authority reports $8,755,092 of restricted net position which consists of the following:

- $952,936 of sales proceeds;
- $7,569,240 of CFP funds escrowed for RAD sponsor loan
- $14,454 of restricted FSS forfeitures and escrows; and
- $218,462 of unspent grant awards.

9. Defined Contribution Retirement Plan

The MPHA provides retirement benefits for all full-time employees through a single employer defined contribution plan administered by the Principal Financial Group. The plan is a 401(a) money purchase plan. Any full-time employee is eligible to participate in the plan after working 500 hours within a six consecutive month period and after reaching age 20½. Participants are vested at a rate of 20 percent per year for the employer's share of contributions and 100 percent vested for individual contributions immediately.

Contribution rates were 7.5 percent for the MPHA and 5.0 percent for participants. Forfeitures totaling $104,248 for the year are available to reduce future MPHA contributions or pay the administrative expenses of the Plan. MPHA made matching contributions of $1,659,476 for the year ended December 31, 2025.

NOTE B - DETAILED NOTES (continued)

10. Accrued other post-employment benefits ("OPEB")

Plan description

The Authority administers an OPEB Plan as a single-employer defined benefit health care plan for eligible retired employees and their dependents. The Plan does not accumulate assets in a trust that meets the criteria of paragraph 4 of GASB Statement 75 and does not issue a stand-alone report.

Benefits provided

The Authority provides medical, dental, and life insurance benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. However, the implicit rate liability is not significant for dental or life insurance and has not been included in the actuarial valuation or the total OPEB liability.

Contributions

The contribution requirements of the plan members and the Authority are established and may be amended by the Authority's Board of Commissioners. The required contributions are based on projected pay-as-you-go financing requirements.

A summary of members participating in the plan as of the January 1, 2024 actuarial valuation, is as follows:

Inactive employees entitled to but not yet receiving benefits	-
Active employees	294
	294

The Authority's total OPEB liability of $457,518 was determined by an actuarial valuation as of the measurement date January 1, 2025.

NOTE B - DETAILED NOTES (continued)

10. Accrued other post-employment benefits ("OPEB") (continued)

Actuarial assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	Service graded table
Discount rate	3.70%
Healthcare cost trend rates	6.25% as of January 1, 2025, decreasing to 5.00% over six years and then to 4.00% over the next forty-eight years

The discount rate is based on the published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of January 1, 2025.

The salary increase rates were updated to the most recent four-year experience study completed in 2019.

Retirement and withdrawal assumptions used are similar to those used to value pension liabilities for Minnesota public employees based on the most recent four-year experience study completed in 2019.

The economic assumptions are currently based on input from a variety of published sources of historical and projected future financial data.

Mortality rates are based on Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.

Changes in actuarial assumptions

The health care trend rates were changed to better anticipate short term and long term medical increases.

NOTE B - DETAILED NOTES (continued)

10. Accrued other post-employment benefits ("OPEB") (continued)

Changes in actuarial assumptions (continued)

Changes in the OPEB Liability

	Total OPEB liability
Balance at December 31, 2024	$ 389,398
Changes for the year:	
Service cost	60,987
Interest	16,493
Benefit payments, including refunds of employee contributions	(9,360)
Net changes	68,120
Balance at December 31, 2025	$ 457,518

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the Authority using the discount rate of 3.70%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current discount rate:

	1% Decrease (2.70%)	Current discount rate (3.70%)	1% Increase (4.70%)
Total OPEB Liability	$ (494,815)	$ (457,518)	$ (422,764)

NOTE B - DETAILED NOTES (continued)

10. Accrued other post-employment benefits ("OPEB") (continued)

Sensitivity of the total OPEB liability to changes in the discount rate (continued):

The following presents the total OPEB liability of the Authority using the health care cost trend rate of 6.25%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current health care cost trend rate:

	1% Decrease	Current discount rate	1% Increase
	5.25% decreasing to 4.25%	6.25% decreasing to 5.25%	7.25% decreasing to 6.25%
Total OPEB Liability	$ (401,161)	$ (457,518)	$ (524,738)

OPEB expense

For the year ended December 31, 2025, the Authority recognized OPEB expense of ($47,401) as a result of the changes in the total OPEB liability.

Deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended December 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ -	$ 73,071
Changes in assumptions	-	50,832
Contributions subsequent to the measurement date of January 1, 2025	16,045	-
Total	$ 16,045	$ 123,903

The $16,045 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the fiscal year ended December 31, 2025.

NOTE B - DETAILED NOTES (continued)

10. Accrued other post-employment benefits ("OPEB") (continued)

Deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:		
2026	$	(72,512)
2027		(17,131)
2028		(17,131)
2029		(17,129)

11. Risk management

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. As part of the Authority's risk management program, certain commercial insurance policies are purchased. The insurance pool and risk retention group are reinsured through other reinsurance companies and are not retrospectively rated and do not pass on risk of loss to participants.

There were no significant reductions of insurance coverage from prior years and settlements did not exceed insurance coverage for each of the past three years.

The Authority discontinued being self-insured in April of 2019, but there remains an unpaid claims liability from when the Authority was self-insured. Self-insurance liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claims liabilities are calculated considering the effects of inflation, recent claims settlement trends including frequency and amount of payouts, and other economic and social factors.

Changes in the balances of self-insurance claims liabilities during the fiscal years ended December 31, 2025 and 2024, are as follows:

	2025	2024
Balance at January 1	$ 68,000	$ 120,500
Claim payments	(12,000)	(52,500)
Balance at December 31	$ 56,000	$ 68,000

NOTE B - DETAILED NOTES (continued)

12. Commitments and contingencies

a. Legal

In the normal course of operations, the Authority may be party to various pending or threatened legal actions. Although the outcome of these actions is not presently determinable, it is the Authority's opinion that any resulting liability is not expected to have a material effect on the Authority's financial position.

b. Grants and contracts

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

c. Funds awarded

The Authority receives funding from HUD through various programs to help subsidize the cost of redevelopment of projects, project repairs, improvements, component unit developments, and certain operating costs. HUD requires that these funds are obligated within 24 months and expended within 48 months of the grants execution date. Remaining unspent awards not yet received as of December 31, 2025, are $14,324,212 for the 2025.

13. Concentrations

For the year ended December 31, 2025, approximately 72% of revenues and 33% of receivables reflected in the basic financial statements are from HUD.

The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes. In addition, any excess reserves may reduce future funding levels and possibly be subject to recapture.

NOTE B - DETAILED NOTES (continued)

14. Financial data schedule

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The schedule's format presents certain operating items as non-operating such as depreciation expense, housing assistance payments and extraordinary maintenance expense. In addition, the schedule's format includes non-operating items as operating such as investment revenue, HUD capital grants revenue, gains and losses on the disposal of fixed assets and interest expense. Furthermore, the schedule reflects tenant revenue and bad debt expense separately.

15. Subsequent events

Management has evaluated subsequent events through the date noted on the Independent Auditor's Report, the date which the financial statements were available to be issued and no material transactions have occurred that would warrant adjustments or disclosure in the financial statements.

NOTE B - DETAILED NOTES (continued)

16. Condensed blended component unit information

Condensed component unit information for the Authority's blended component units as listed in Note A-1, follows:

Condensed Statement of Net Position

	CHR	Elliots Mgmt LLC	FHR Mgmt LLC	MPHA Hold Co.	MPHA Dev Co.	Springs MGMT LLC	Total Blended Component Units
ASSETS							
Current assets	$ 6,270,399	$ 40,935	$ 3	$ 1,650	$ 3,768,941	$ 6,250	$ 10,088,178
Capital assets, net	51,224,849	-	-	-	-	-	51,224,849
Other noncurrent assets	-	1,089,940	-	-	1,676,863	-	2,766,803
Total assets	57,495,248	1,130,875	3	1,650	5,445,804	6,250	64,079,830
LIABILITIES							
Current liabilities	2,558,112	-	-	-	628,125	-	3,186,237
Noncurrent liabilities	1,186	-	-	-	-	-	1,186
Total liabilities	2,559,298	-	-	-	628,125	-	3,187,423
NET POSITION							
Net investment in capital assets	51,224,849	-	-	-	-	-	51,224,849
Unrestricted	3,711,101	1,130,875	3	1,650	4,817,679	6,250	9,667,558
Total net position	$ 54,935,950	$ 1,130,875	$ 3	$ 1,650	$ 4,817,679	$ 6,250	$ 60,892,407

NOTE B - DETAILED NOTES (continued)

16. Condensed blended component unit information (continued)

Condensed Statement of Revenues, Expenses and Changes in Net Position

	CHR	Elliots Mgmt LLC	FHR Mgmt LLC	MPHA Hold Co.	MPHA Dev Co.	Springs MGMT LLC	Total Blended Component Units
OPERATING REVENUES							
Tenant revenue, net	$ 16,865,623	$ -	$ -	$ -	$ -	$ -	$ 16,865,623
Other operating revenue	106,932	10,355	-	-	2,310,590	6,250	2,434,127
Total operating revenues	16,972,555	10,355	-	-	2,310,590	6,250	19,299,750
OPERATING EXPENSES							
Administrative	3,856,459	139	588	134	1,483,151	268	5,340,739
Tenant services	47,084	-	-	-	-	-	47,084
Utilities	2,721,394	-	-	-	-	-	2,721,394
Maintenance	4,833,505	-	-	-	-	-	4,833,505
Protective Services	47,608	-	-	-	-	-	47,608
General	1,054,605	-	-	-	-	-	1,054,605
Depreciation	2,044,115	-	-	-	-	-	2,044,115
Total operating expenses	14,604,770	139	588	134	1,483,151	268	16,089,050
OPERATING INCOME (LOSS)	2,367,785	10,216	(588)	(134)	827,439	5,982	3,210,700
NONOPERATING REVENUES (EXPENSES)							
Gain on investments	3,067	167	588	108	-	268	4,198
CAPITAL CONTRIBUTIONS							
HUD capital grants	17,561	-	-	-	-	-	17,561
TRANSFERS							
Transfers from (to) the Authority	3,523,479	980,820	-	-	(753,125)	-	3,751,174
Change in net position	5,911,892	991,203	-	(26)	74,314	6,250	6,983,633
Total net position - beginning of the year	49,024,058	139,672	3	1,676	4,743,365	-	53,908,774
Total net position - ending of the year	$ 54,935,950	$ 1,130,875	$ 3	$ 1,650	$ 4,817,679	$ 6,250	$ 60,892,407

NOTE B - DETAILED NOTES (continued)

16. Condensed blended component unit information (continued)

Condensed Statement of Cash Flows

	CHR	Elliots Mgmt LLC	FHR Mgmt LLC	MPHA Hold Co.	MPHA Dev Co.	Springs MGMT LLC	Total Blended Component Units
Net cash provided by operating activities	$ 2,410,505	$ 17,593	$ (197)	$ (26)	$ 839,745	$ -	$ 3,267,620
Net cash used in capital and related financing activities	(2,834,271)	-	-	-	-	-	(2,834,271)
Net increase in cash and cash equivalents	(423,766)	17,593	(197)	(26)	839,745	-	433,349
Cash and cash equivalents at beginning of year	4,732,985	23,342	200	1,676	2,915,213	-	7,673,416
Cash and cash equivalents at end of year	$ 4,309,219	$ 40,935	$ 3	$ 1,650	$ 3,754,958	$ -	$ 8,106,765

NOTE C - DISCRETELY PRESENTED COMPONENT UNITS

1. Condensed discrete component unit information

Condensed component unit information for the Authority's discrete component units' December 31, 2025 year-ends, as listed in Note A-1, is presented below.

Condensed statement of net position

	Elliots, LP	Family Housing Resources, LP	Springs, LP	Total Discrete Component Units
ASSETS				
Current assets	$ 1,428,294	$ 1,542,322	$ 979,942	$ 3,950,558
Capital assets, net	42,969,159	43,081,266	39,582,045	125,632,470
Other noncurrent assets	24,939	1,128,252	41,414	1,194,605
Total assets	44,422,392	45,751,840	40,603,401	130,777,633
LIABILITIES				
Current liabilities	493,617	327,764	3,343,897	4,165,278
Noncurrent liabilities	39,191,659	30,310,169	35,042,156	104,543,984
Total liabilities	39,685,276	30,637,933	38,386,053	108,709,262
NET POSITION				
Net investment in capital assets	3,649,727	13,088,373	2,589,889	19,327,989
Restricted	1,281,186	865,274	-	2,146,460
Unrestricted	(193,797)	1,160,260	(372,541)	593,922
Total net position	$ 4,737,116	$ 15,113,907	$ 2,217,348	$ 22,068,371

NOTE C - DISCRETELY PRESENTED COMPONENT UNITS (continued)

1. Condensed discrete component unit information (continued)

	Elliots, LP	Family Housing Resources, LP	Springs, LP	Total Discrete Component Units
OPERATING REVENUES				
Tenant revenue, net	$ 676,866	$ 412,583	$ 233,784	$ 1,323,233
Government grants	1,658,519	1,447,559	809,124	3,915,202
Other operating revenue	314	2,809,979	2,420,032	5,230,325
Total operating revenues	2,335,699	4,670,121	3,462,940	10,468,760
OPERATING EXPENSES				
Administrative	550,816	342,981	295,482	1,189,279
Tenant services	34,400	5,912	16,760	57,072
Utilities	408,884	280,888	133,243	823,015
Maintenance	527,035	392,743	175,159	1,094,937
Protective services	118,405	26,917	78,464	223,786
General	189,640	171,171	90,643	451,454
Depreciation	1,830,841	1,887,484	158,285	3,876,610
Total operating expenses	3,660,021	3,108,096	948,036	7,716,153
OPERATING INCOME (LOSS)	(1,324,322)	1,562,025	2,514,904	2,752,607
NONOPERATING REVENUES (EXPENSES)				
Interest income - unrestricted	10,424	3,210	1,157	14,791
Interest expense	(1,373,305)	(963,489)	(298,713)	(2,635,507)
Total nonoperating revenues (expenses)	(1,362,881)	(960,279)	(297,556)	(2,620,716)
Change in net position	(2,687,203)	601,746	2,217,348	131,891
Total net position - beginning of the year	7,424,319	14,512,161	-	21,936,480
Total net position - ending of the year	$ 4,737,116	$ 15,113,907	$ 2,217,348	$ 22,068,371

NOTE C - DISCRETELY PRESENTED COMPONENT UNITS (continued)

2. Capital assets

Capital assets consist of the following as of the component units' year ended December 31, 2025:

	Elliots, LP	Family Housing Resources, LP	Springs, LP	Total Discrete Component Units
Non-depreciable:				
Land	$ 1,677,235	$ 2,740,553	$ -	$ 4,417,788
Construction in progress	-	-	6,701,019	6,701,019
Total non-depreciable	1,677,235	2,740,553	6,701,019	11,118,807
Depreciated:				
Buildings and improvements	49,844,077	42,282,709	32,827,462	124,954,248
Furniture and equipment	570,802	1,889,545	211,849	2,672,196
Total depreciated	50,414,879	44,172,254	33,039,311	127,626,444
Total capital assets	52,092,114	46,912,807	39,740,330	138,745,251
Less accumulated depreciation	(9,122,955)	(3,831,541)	(158,285)	(13,112,781)
Capital assets, net	$ 42,969,159	$ 43,081,266	$ 39,582,045	$ 125,632,470

NOTE C - DISCRETELY PRESENTED COMPONENT UNITS (continued)

3. Noncurrent liabilities

The following chart summarizes the noncurrent liabilities of the discrete component units' as of December 31, 2025. The current portions of long-term debt of $128,071 and $44,969 for Elliots and FHR, respectively, are excluded from the following chart.

	Elliots, LP	Family Housing Resources, LP	Springs, LP	Total Discrete Component Units
Long-term debt:				
Hennepin County HRA loan	$ 11,283,210	$ 500,000	$ 7,831,015	$ 19,614,225
ARPA-AHTF loan	-	5,800,000	-	5,800,000
LHIA loan	-	1,400,000	-	1,400,000
Authority loan	3,809,881	12,499,771	6,248,470	22,558,122
City of Minneapolis note	2,300,000	-	1,157,000	3,457,000
US Bank permanent loan	-	7,947,801	-	7,947,801
GP Loan	1,089,940	-	-	1,089,940
Ground lease obligation	16,630,000	1,248,203	19,145,726	37,023,929
Developer fee payable	-	408,524	1,204,922	1,613,446
Other	298	-	-	298
Unamortized finance fees	(402,552)	(441,586)	(633,295)	(1,477,433)
Total long-term debt	34,710,777	29,362,713	34,953,838	99,027,328
Authority loan - accrued interest	663,370	947,456	-	1,610,826
Other accrued interest	3,817,512	-	88,318	3,905,830
Total noncurrent liabilities	$ 39,191,659	$ 30,310,169	$ 35,042,156	$ 104,543,984

Elliots - Hennepin County HRA Loan

Loan payable to the Hennepin County Housing and Redevelopment Authority ("HRA") up to $26,500,000 dated June 11, 2020. There are two phases of the loan consisting of the construction phase and the permanent phase.

During the construction phase of the loan, Bremer Bank will service the loan. Interest during the construction phase is variable based on the one-month LIBOR plus 1.56 percent with a floor of 2.75 percent (2.75 percent at December 31, 2020). Monthly payments of interest only are due. A prepayment fee of four to five percent will be assessed for prepayments through June 12, 2022, after which no fee will be assessed. On July 1, 2022, the loan was paid down to $11,808,000 and the Federal Home Loan Mortgage Corporation (Freddie Mac) purchased the loan commencing the permanent phase of the loan, under the Multifamily Direct Purchase of Tax-Exempt Loan ("TEL") Program.

During the permanent phase of the loan, Lument capital will service the loan. The interest rate is fixed at 4.02%. Monthly payments of $50,383 are due through July 1, 2040, when all remaining principal and interest is due.

NOTE C - DISCRETELY PRESENTED COMPONENT UNITS (continued)

3. Noncurrent liabilities (continued)

Elliots - Hennepin County HRA Loan (continued)

The loan is secured by a mortgage on the leased property, an assignment of rents and leases, and an assignment of the Housing Assistance Payment Contract. The Authority has guaranteed the repayment of this loan during the construction phase.

Elliots - Authority loan

Loan payable to Authority in the original amount of $4,650,430 dated June 10, 2020, with interest compounding at four percent. On or before the permanent phase of the Hennepin County HRA Loan, a payment equal to any sales tax or energy rebates or environmental grant funds up to $1,000,000 is required. Beginning April 1, 2023, annual payments are due solely from available net cash flow as defined by the partnership agreement through June 10, 2075, when any remaining principal and interest are due. Interest expense related to the loan totaled $172,048 for 2025. Accrued interest payable was $663,370 at December 31, 2025. The loan is secured by a mortgage on the leased property.

Elliots - City of Minneapolis note

Note payable to the City of Minneapolis under the Community Development Block Grant (CDBG) program in the amount of $2,300,000 dated June 10, 2020, with interest at one percent. Beginning April 1, 2023, annual payments are due solely from available net cash flow as defined by the partnership agreement through June 10, 2075, when any remaining principal and interest are due. The loan is secured by a mortgage on the leased property and an assignment of rents and leases.

Elliots - GP Loan

Promissory note payable to the General Partner in the amount of $109,120, without interest. Payments are payable from cash flow, as defined in the Amended Partnership Agreement until the loan is repaid in full.

The loan agreements require that the debt be repaid if Elliot Twins is sold or transferred without the lenders' approval; no longer used as low-income housing; in violation of any federal, state or local law, statute or ordinance; or if Elliot, LP is in default or declares bankruptcy, unless the lender permits the debt to remain outstanding.

NOTE C - DISCRETELY PRESENTED COMPONENT UNITS (continued)

3. Noncurrent liabilities (continued)

Elliots - GP Loan (continued)

The annual minimum payment requirements for loans and notes outstanding for Elliots LP are as follows, as of December 31, 2025:

December 31,	Principal
2026	$ 128,071
2027	133,552
2028	137,946
2029	145,169
2030	151,381
Thereafter	17,384,360
	$ 18,080,479

FHR - Hennepin County HRA loan

During the year, FHR entered into a loan agreement with Hennepin County Housing and Redevelopment Authority under the Affordable Housing Development Accelerator program in the amount of $500,000. The loan has a maturity date of December 31, 2055 and bears interest at a rate of 1.0% per annum. Principal and interest are due on December 31, 2055. The loan is secured by a mortgage and an assignment of rents and leases.

FHR - ARPA-AHTF loan

On November 22, 2022, FHR entered into a loan agreement with the City of Minneapolis under the American Rescue Plan Act ("ARPA") and the Affordable Housing Trust Fund ("AHTF") program in the amount of $5,800,000 without interest. Principal is due on December 31, 2055. The loan is secured by a mortgage and an assignment of rents and leases. As of December 31, 2025, the entire amount has been loaned.

FHR - LHIA loan

On November 22, 2022, FHR entered into a loan agreement with the City of Minneapolis under the Local Housing Initiatives Account ("LHIA") program in the amount of $1,400,000 without interest. Principal is due on December 31, 2055. The loan is secured by a mortgage and an assignment of rents and leases.

FHR - Authority note

On November 22, 2022, FHR entered into a mortgage note agreement with the Authority in an amount up to $12,800,730. The loan has a maturity date of December 31, 2055 and bears interest at a rate of 3.0% per annum. Payments on principal and interest are due within 120 days of the fiscal year end to the extent of available cash flow as defined in the partnership agreement. Interest expense was $373,207 in 2025 and accrued interest was $947,456. The note is secured by a mortgage and an assignments of rents and leases.

NOTE C - DISCRETELY PRESENTED COMPONENT UNITS (continued)

3. Noncurrent liabilities (continued)

FHR - Authority note (continued)

The loan agreement requires that the debt be repaid if the Property is sold or transferred without the lenders' approval; no longer used as low-income housing; in violation of any federal, state or local law, statute or ordinance; or if the Partnership is in default or declares bankruptcy, unless the lender permits the debt to remain outstanding.

The annual minimum payment requirements for loans and notes outstanding for FHR, LP are as follows, as of December 31, 2025:

December 31,	Principal
2026	$ 44,969
2027	47,753
2028	49,347
2029	53,765
2030	57,094
Thereafter	27,498,027
	$ 27,750,955

FHR - U.S. Bank permanent loan

Loan payable to US Bank, through an assignment from Citibank, dated May 20, 2025 in the original amount of $8,013,600 with interest at 5.94%. Monthly principal and interest payments of $43,757 are due through December 1, 2040, when all outstanding principal and interest are due. The loan is serviced by Berkadia. The partnership has a right to prepay the loan on or after May 20, 2035 subject to prepayment fee. The loan is secured by a mortgage on the property and an assignment of rents and leases.

Springs - Hennepin County HRA Loan

Loan payable to U.S Bank Trust Company, National Association, as trustee for Hennepin County Housing and Redevelopment Authority, who issued Series 2025A Bonds in the original amount of $13,400,000. The loan bears interest at rate of 6.03% payable monthly beginning August 1, 2025, through August 1, 2028, at which time, monthly payments of interest and principal are to commence and continue until August 1, 2043, at which time, all outstanding interest and principal will be due. Trustee fees of $3,000 are due annually. The loan is secured by a mortgage on the leased property, and an assignment of rents and leases. The Authority has guaranteed repayment of this loan during the construction phase.

Springs - Authority Note

Springs has entered into a promissory note payable to the Authority in the amount of $12,693,431, with interest compounded annually at 3% per annum. Payments are payable from cash flow, as defined in the partnership agreement. On July 10, 2080, all unpaid interest and principal is due in full. The loan is secured by a mortgage, assignment of leases and rents, and a security agreement.

NOTE C - DISCRETELY PRESENTED COMPONENT UNITS (continued)

3. Noncurrent liabilities (continued)

Springs - Authority Note (continued)

Springs has entered into a promissory note payable to the Authority in the amount of $5,871,666, with interest compounded annually at 3.75% per annum. Payments are payable from cash flow, as defined in the partnership agreement. On July 10, 2080, all unpaid interest and principal is due in full. The loan is secured by a mortgage, assignment of leases and rents, and a security agreement.

Springs City of Minneapolis note

Springs has entered into a note payable to the City of Minneapolis under the Community Development Block Grant ("CDBG") program in the amount of $1,300,000 dated July 10, 2025, with interest at 1%. Beginning April 1, 2027, annual payments are due solely from available net cash flow as defined by the partnership agreement through July 10, 2075, when any remaining principal and interest are due. The loan is secured by a mortgage on the leased property and an assignment of rents and leases.

The annual minimum payment requirements for loans and notes outstanding for Springs, LP are as follows, as of December 31, 2025:

December 31,	Principal
2026	$ -
2027	-
2028	33,706
2029	84,425
2030	89,655
Thereafter	14,395,404
	$ 14,603,190

4. Ground leases

Elliots has entered into a 99-year ground lease with the Authority to lease the property for $16,630,000. The lease period expires June 1, 2119. Payments commence on April 1, 2023, and are payable solely from net cash-flow as defined by the partnership agreement. Interest at 4% compounding will accrue from the date of commencement. Interest expense on the lease was $665,200 in 2025. Accrued interest at December 31, 2025, was $3,691,511.

On November 22, 2022, FHR, entered into a 65-year ground lease with CHR, an entity related through the lessor. Payments of $50,000 annually commenced on April 30, 2023, and are payable solely from net cash-flow as defined by the partnership agreement. Interest at 3.88% compounding will accrue from the date of commencement. Interest expense on the lease was $45,670 in 2025.

NOTE C - DISCRETELY PRESENTED COMPONENT UNITS (continued)

4. Ground leases (continued)

All costs related to development, ownership, leasing, operation, maintenance or repair are the responsibility of the Partnerships. The leases are subordinate to the mortgages on the Properties. Upon termination of the leases, the land and buildings will become the sole property of the Authority. Any transfers during the compliance period are subject to HUD restrictions.

Springs entered into a ground lease with the Authority for the land and existing buildings on the property. The lease term commenced on July 10, 2025 and extends to the latest of (i) the expiration of the minimum period during which the public housing units are required by law to be operated as public housing, (ii) 40 years from the date the project becomes available for occupancy, or (iii) the contractual expiration date specified in the lease (July 9, 2124). The lease covers both the land and all buildings and improvements on the property, which revert to the lessor at the end of the lease term.

The lease requires (i) fixed annual base rent of 1 and (ii) an $18,700,000 capitalized lease payment, which accrues interest at 5% over the lease term and is payable from net cash flow, with any remaining balance due at December 31, 2081. For purposes of measuring the lease liability, the partnership used a discount rate of 5%. The lease is classified as a finance lease. At lease commencement, the partnership recognized a right-of-use asset and a corresponding finance lease liability. The right-of-use asset was measured at $18,822,307, which consists of the present value of fixed lease payments plus initial direct costs. The finance lease liability was measured at $18,700,000, which represents the present value of the fixed capitalized lease payment due under the lease.

5. Developer fee payable

FHR entered into a development agreement with MPHA Dev. Co., a blended component unit of the Authority. MPHA Dev. Co. provided various services including negotiating, coordinating and supervising the planning, architectural, engineering and construction services necessary for the construction of the FHR property. The total development fee is $3,624,985, all of which has been earned and $408,524 remains to be paid. The fee is payable from any debt and capital contributions not needed for other purposes. The remainder of the fee not paid by debt or capital contributions, which is estimated to be $408,524, which will constitute a deferred development fee without interest and is payable annually from available cash flow. If the deferred developer fee is not paid by the fifteenth anniversary of the completion date of the property, Family Housing Resources Mgmt, LLC, the General Partner of FHR, must make an interest free advance to FHR in an amount sufficient to pay the outstanding deferred developer fee.

NOTE C - DISCRETELY PRESENTED COMPONENT UNITS (continued)

5. Developer fee payable (continued)

Springs entered into a development agreement with MPHA Dev. Co, a blended component unit of the Authority. MPHA Dev. Co., provided various services including negotiating, coordinating and supervising the planning, architectural, engineering and construction services necessary for the construction of the Springs property. MPHA Dev. Co., is to receive a total development fee of $4,551,404. At December 31, 2025, $2,304,922 has been earned and $1,204,922 remains to be paid. Any portion of the development fee that is not paid with limited partner capital contributions or other development sources (projected to be $682,710) will be considered a non-interest-bearing loan from MPHA Dev. Co., to Springs payable from cash flow as defined in the partnership agreement. If the deferred developer fee is not paid by December 31, 2040, the general partner must make a capital contribution to Springs in the amount of the outstanding deferred developer fee.

REQUIRED SUPPLEMENTARY INFORMATION

Minneapolis Public Housing Authority

SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

For the year ended December 31, 2025

Total OPEB Liability as of January 1,	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 60,987	$ 59,211	$ 63,103	$ 61,265	$ 79,931	$ 77,415	$ 71,078	$ 69,008
Interest	16,493	9,889	8,970	19,448	17,908	28,211	25,959	23,610
Differences between expected and actual experience	-	(57,630)	-	(173,255)	-	(287,670)	-	-
Changes in assumptions and other inputs	-	(45,154)	-	(103,655)	-	(26,558)	-	-
Benefit payments	(9,360)	(24,199)	(20,233)	(35,097)	(17,263)	(45,026)	(25,410)	(21,643)
Net changes in total OPEB liability	68,120	(57,883)	51,840	(231,294)	80,576	(253,628)	71,627	70,975
Total OPEB liability - beginning	389,398	447,281	395,441	626,735	546,159	799,787	728,160	657,185
Total OPEB liability - ending	$ 457,518	$ 389,398	$ 447,281	$ 395,441	$ 626,735	$ 546,159	$ 799,787	$ 728,160
Covered-employee payroll	$ 23,485,524	$ 22,801,480	$ 17,978,925	$ 17,978,925	$ 17,637,132	$ 17,081,968	$ 16,711,846	$ 16,225,093
Total OPEB liability as a percentage of covered-employee payroll	1.95%	1.71%	2.49%	2.20%	3.55%	3.20%	4.79%	4.49%

Changes in benefits.
None

Changes of assumptions and other inputs.
Year ended December 31, 2025
No changes in actuarial methods or assumptions

Year ended December 31, 2024
The health care trend rates were changed to better anticipate short term and long term medical increases.
The inflation rate was changed from 2.00% to 2.50%.
The discount rate was changed from 2.00% to 3.70%.

Year ended December 31, 2023
No changes in actuarial methods or assumptions

Year ended December 31, 2022
The health care trend rates, mortality tables, salary increase rates, retirement and withdrawal rates, and the percentage of future retirees who are assumed to elect post-employment medical coverage were updated
The inflation rate was changed from 2.50% to 2.00%.
The discount rate was changed from 2.90% to 2.00%.

Year ended December 31, 2021
No changes in actuarial methods or assumptions

Year ended December 31, 2020
The health care trend rates were changed to better anticipate short term and long term medical increases
The mortality tables were updated from the RP-2014 white Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale.
The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service.
The percent of married retirees electing post-employment spouse medical coverage was reduced from 70 percent to 25 percent.
The discount rate was changed from 3.30% to 2.90%.

Year ended December 31, 2019
No changes in actuarial methods or assumptions

Year ended December 31, 2018
The discount rate was changed from 3.00% to 3.30%.
The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale
The retirement and withdrawal tables for all employees were updated.

No assets are accumulated in a trust to pay related benefits. Ten years of information is required to be presented; however, only 8 years of information is available. Additional years will be presented as information becomes available.

SUPPLEMENTARY INFORMATION

Minneapolis Public Housing Authority

FINANCIAL DATA SCHEDULE

For the year ended December 31, 2025

PHA: MN002 FYED: 12/31/25

Line Item No.	Account Description	Total AMPs	Business Activities	Section 8 Housing Choice Voucher Program 14.871	Emergency Housing Voucher 14.EHV	Mainstream Voucher Program 14.879	Section 8 New Construction 14.182	Section 8 Mod Rehab 14.856	Community Development Block Grant 14.218	Central Office Cost Center	FSS Escrow Forfeiture Account 14.EFA	Rural Housing and Economic Development 14.250	Coronavirus State and Local Fiscal Recovery Fund 21.027	State and Local	14.OPS	14.CFP	14.HCV	MTW 14.881	Blended Component Units	Elimination	Primary Government Subtotal	Discrete Component Units	Total
111	Cash - Unrestricted	1,820,912	3,189,943	74,804	74,803	190,268	965,154	817,934	-	3,862,884	-	-	-	4,484,594	-	-	-	12,658	7,870,758	-	23,364,712	862,858	24,227,570
112	Cash - Restricted - Modernization and Development	7,799,396	-	-	-	-	-	-	-	21,987	-	-	-	-	-	-	-	-	-	-	7,821,383	-	7,821,383
113	Cash - Other Restricted	212,748	67,529	626	480,656	127,312	-	647	-	3,438	6,733	-	-	-	-	-	-	465,909	1,186	-	1,366,784	2,146,758	3,513,542
114	Cash - Tenant Security Deposits	752,092	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	233,309	-	985,401	86,604	1,072,005
115	Cash - Restricted for payment of current liability	625,465	-	573	2,287	-	7,328	40,394	-	4	-	-	-	-	-	-	-	3,638	1,512	-	681,201	344	681,545
100	Total Cash	11,210,613	3,257,472	76,003	557,746	317,580	972,482	858,975	-	3,888,313	6,733	-	-	4,484,594	-	-	-	482,205	8,106,765	-	34,219,481	3,096,564	37,316,045
121	Accounts Receivable - PHA Projects	-	-	-	65,889	-	-	-	-	-	-	-	-	-	-	-	-	2,222,761	-	-	2,288,650	-	2,288,650
122	Accounts Receivable - HUD	1,758,466	-	318,317	-	-	13,178	66,827	-	-	-	-	-	-	-	-	-	2,500,407	-	-	4,657,195	-	4,657,195
124	Accounts Receivable - Other Government	125,001	2,159,807	-	-	-	-	-	-	-	-	-	-	2,539,220	-	-	-	187,073	-	(2,143,763)	2,867,338	476,320	3,343,658
125	Accounts Receivable - Miscellaneous	89,570	758,290	11,464	20,252	2,067	46	7,755	-	20,450	-	-	-	-	-	-	-	129,744	6,250	-	1,045,888	157,565	1,203,453
126	Accounts Receivable - Tenants Dwelling Rents	490,131	-	3,014	1,349	-	80	1,777	-	-	-	-	-	-	-	-	-	-	376,072	-	872,423	59,306	931,729
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(155,842)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(102,490)	-	(258,332)	(34,927)	(293,259)
127	Notes, Loans, & Mortgages Receivable - current	427,126	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	427,126	-	427,126
128	Fraud recovery	148,587	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,614	298	-	152,499	-	152,499
128.1	Allowance for doubtful accounts - fraud	(40,118)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(80)	-	(40,198)	-	(40,198)
129	Accrued interest receivable	1,818,276	28,220	-	-	-	-	-	-	42,183	79	-	-	20,095	-	-	-	4,929	13,983	-	1,927,765	-	1,927,765
120	Total Receivables, net of allowances for doubtful accounts	4,661,197	2,946,317	332,795	87,490	2,067	13,304	76,359	-	62,633	79	-	-	2,559,315	-	-	-	5,048,528	294,033	(2,143,763)	13,940,354	658,264	14,598,618
131	Investments - unrestricted	12,710,764	2,728,038	-	-	-	-	-	-	4,077,895	-	-	-	-	-	-	-	-	-	-	19,516,697	-	19,516,697
132	Investments - restricted	-	-	-	-	-	-	-	-	-	7,642	-	-	-	-	-	-	476,449	-	-	484,091	-	484,091
135	Investments - restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	1,415,630	265,767	-	-	-	-	-	-	35,781	-	-	-	-	-	-	-	42,006	583,807	-	2,342,991	195,730	2,538,721
144	Interprogram due from	3,964,744	-	-	-	-	-	-	-	628,125	-	-	-	-	-	-	-	-	1,103,573	(5,696,442)	-	-	-
150	Total Current Assets	33,962,948	9,197,594	408,798	645,236	319,647	985,786	935,334	-	8,692,747	14,454	-	-	7,043,909	-	-	-	6,049,188	10,088,178	(7,840,205)	70,503,614	3,950,558	74,454,172
161	Land	16,860,668	319,881	-	-	-	-	-	-	4,349,128	-	-	-	-	-	-	-	-	11,781,287	-	33,310,964	4,417,788	37,728,752
162	Buildings	496,374,563	32,799,725	-	-	-	-	-	-	9,442,432	-	-	-	-	-	-	-	-	89,885,552	-	628,502,272	124,954,248	753,456,520
163	Furniture, Equipment & Machinery - Dwellings	5,292,327	-	-	-	-	-	-	-	4,715	-	-	-	-	-	-	-	-	756,587	-	6,053,629	1,287,940	7,341,569
164	Furniture, Equipment & Machinery - Administration	6,652,268	857,220	-	-	-	-	-	-	1,602,510	-	-	-	-	-	-	-	274,519	-	-	9,386,517	1,384,256	10,770,773
165	Leasehold Improvements	567,502	111,518	140,874	18,337	19,433	17,529	9,391	-	678,815	-	-	-	-	-	-	-	473,252	-	-	2,036,651	-	2,036,651
166	Accumulated Depreciation	(330,444,675)	(24,987,714)	(34,541)	(4,496)	(4,765)	(4,298)	(2,302)	-	(9,147,514)	-	-	-	-	-	-	-	(304,113)	(58,289,389)	-	(423,223,807)	(13,112,781)	(436,336,588)
167	Construction In Progress	30,327,255	-	-	-	-	-	-	-	448,700	-	-	-	2,500,000	-	-	-	-	7,090,812	-	40,366,767	6,701,019	47,067,786
168	Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	225,629,908	9,100,630	106,333	13,841	14,668	13,231	7,089	-	7,378,786	-	-	-	2,500,000	-	-	-	443,658	51,224,849	-	296,432,993	125,632,470	422,065,463
171	Notes, loans, and mortgages receivable - Noncurrent	26,493,899	-	-	-	-	-	-	-	-	-	-	-	1,124,077	-	-	-	-	1,089,940	-	28,707,916	-	28,707,916
174	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,676,863	-	1,676,863	1,194,605	2,871,468
180	Total Non-Current Assets	252,123,807	9,100,630	106,333	13,841	14,668	13,231	7,089	-	7,378,786	-	-	-	3,624,077	-	-	-	443,658	53,991,652	-	326,817,772	126,827,075	453,644,847
190	**Total Assets**	**286,086,755**	**18,298,224**	**515,131**	**659,077**	**334,315**	**999,017**	**942,423**	**-**	**16,071,533**	**14,454**	**-**	**-**	**10,667,986**	**-**	**-**	**-**	**6,492,846**	**64,079,830**	**(7,840,205)**	397,321,386	**130,777,633**	**528,099,019**
200	Deferred outflows of resources	9,026	1,738	-	-	-	-	-	-	3,617	-	-	-	-	-	-	-	1,664	-	-	16,045	-	16,045
290	**Total Assets and Deferred outflows of resources**	**286,095,781**	**18,299,962**	**515,131**	**659,077**	**334,315**	**999,017**	**942,423**	**-**	**16,075,150**	**14,454**	**-**	**-**	**10,667,986**	**-**	**-**	**-**	**6,494,510**	**64,079,830**	**(7,840,205)**	397,337,431	**130,777,633**	**528,115,064**

See independent auditor's report.

Minneapolis Public Housing Authority

FINANCIAL DATA SCHEDULE

For the year ended December 31, 2025

PHA: MN002 FYED: 12/31/25

Line Item No.	Account Description	Total AMPs	Business Activities	Section 8 Housing Choice Voucher Program 14.871	Emergency Housing Voucher 14.EHV	Mainstream Voucher Program 14.879	Section 8 New Construction 14.182	Section 8 Mod Rehab 14.856	Community Development Block Grant 14.218	Central Office Cost Center	FSS Escrow Forfeiture Account 14.EFA	Rural Housing and Economic Development 14.250	Coronavirus State and Local Fiscal Recovery Fund 21.027	State and Local	14.OPS	14.CFP	14.HCV	MTW 14.881	Blended Component Units	Elimination	Primary Government Subtotal	Discrete Component Units	Total
311	Bank overdrafts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
312	Accounts Payable <= 90 Days	5,505,597	1,699,295	298,744	4,388	8,081	3,314	1,775	-	251,610	-	-	-	470,529	-	-	-	144,892	149	-	8,388,374	2,749,674	11,138,048
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-	-	1,676,840	-	-	-	-	-	-	-	-	-	-	1,676,840	-	1,676,840
322	Accrued Compensated Absences	971,030	364,227	58,567	7,624	8,079	7,287	3,904	-	1,532,589	-	-	-	-	-	-	-	196,748	-	-	3,150,055	-	3,150,055
324	Accrued contingency liability	-	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,000	-	56,000
325	Accrued interest payable	8,450	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,450	81,564	90,014
331	Accounts Payable - HUD	141,015	-	-	-	-	-	40,722	-	-	-	-	-	-	-	-	-	-	-	-	181,737	-	181,737
332	Accounts Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,894	-	-	3,894	-	3,894
333	Accounts Payable - Other Government	1,208,631	-	396	2,307	-	-	-	-	-	-	-	-	-	-	-	-	-	2,303,640	(2,143,763)	1,371,211	338,452	1,709,663
341	Tenant Security Deposits	752,092	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	233,309	-	985,401	86,604	1,072,005
342	Unearned Revenues	189,996	-	71	440,606	410	-	209	-	-	-	-	-	-	-	-	-	12,658	19,502	-	663,452	8,153	671,605
343	Current portion of L-T debt - capital projects	1,623,574	23,926	29,208	3,802	4,029	3,634	1,948	-	140,742	-	-	-	-	-	-	-	98,122	-	-	1,928,985	219,319	2,148,304
345	Other Current Liabilities	248,740	28,429	177	100	788	52	-	-	56,275	-	-	-	-	-	-	-	7,139	1,512	-	343,212	618,093	961,305
346	Accrued liabilities - other	-	-	-	-	-	-	-	-	452,649	-	-	-	-	-	-	-	-	-	-	452,649	63,419	516,068
347	Interprogram Due To	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
310	Total Current Liabilities	10,649,125	2,171,877	387,163	458,827	21,387	14,287	48,558	-	4,110,705	-	-	-	1,574,102	-	-	-	4,428,197	3,186,237	(7,840,205)	19,210,260	4,165,278	23,375,538
351	Long-term debt, net of current - capital projects	13,536,673	37,894	59,355	7,726	8,188	7,385	3,957	-	286,008	-	-	-	-	-	-	-	199,398	-	-	14,146,584	102,930,238	117,076,822
353	Noncurrent Liabilities - Other	7,700	-	626	520	-	-	319	-	3,438	-	-	-	-	-	-	-	47,509	1,186	-	61,298	1,613,746	1,675,044
357	Accrued pension and OPEB liabilities	271,430	58,297	10,267	1,336	1,416	1,278	685	-	78,318	-	-	-	-	-	-	-	34,491	-	-	457,518	-	457,518
350	Total Noncurrent Liabilities	13,815,803	96,191	70,248	9,582	9,604	8,663	4,961	-	367,764	-	-	-	-	-	-	-	281,398	1,186	-	14,665,400	104,543,984	119,209,384
300	**Total Liabilities**	**24,464,928**	**2,268,068**	**457,411**	**468,409**	**30,991**	**22,950**	**53,519**	**-**	**4,478,469**	**-**	**-**	**-**	**1,574,102**	**-**	**-**	**-**	**4,709,595**	**3,187,423**	**(7,840,205)**	33,875,660	**108,709,262**	**142,584,922**
400	Deferred Inflows of resources	5,038,075	8,337	-	-	-	-	-	-	25,569	-	-	-	-	-	-	-	8,217	-	-	5,080,198	-	5,080,198
508.4	Net investment in capital assets	210,469,661	9,038,810	17,770	2,313	2,451	2,212	1,184	-	6,952,036	-	-	-	2,500,000	-	-	-	146,138	51,224,849	-	280,357,424	19,327,989	299,685,413
511.4	Restricted net position	7,613,900	60,529	-	39,530	126,903	-	-	-	-	14,454	-	-	-	-	-	-	899,776	-	-	8,755,092	2,146,460	10,901,552
512.4	Unrestricted net position	38,509,217	6,924,218	39,950	148,825	173,970	973,855	887,720	-	4,619,076	-	-	-	6,593,884	-	-	-	730,784	9,667,558	-	69,269,057	593,922	69,862,979
513	Total Equity	256,592,778	16,023,557	57,720	190,668	303,324	976,067	888,904	-	11,571,112	14,454	-	-	9,093,884	-	-	-	1,776,698	60,892,407	-	358,381,573	22,068,371	380,449,944
600	**Total Liabilities, Deferred inflows of resources and Equity**	**286,095,781**	**18,299,962**	**515,131**	**659,077**	**334,315**	**999,017**	**942,423**	**-**	**16,075,150**	**14,454**	**-**	**-**	**10,667,986**	**-**	**-**	**-**	**6,494,510**	**64,079,830**	**(7,840,205)**	397,337,431	**130,777,633**	**528,115,064**

See independent auditor's report.

Minneapolis Public Housing Authority

FINANCIAL DATA SCHEDULE

For the year ended December 31, 2025

PHA: MN002 FYED: 12/31/25

Line Item No.	Account Description	Total AMPs	Business Activities	Section 8 Housing Choice Voucher Program 14.871	Emergency Housing Voucher 14.EHV	Mainstream Voucher Program 14.879	Section 8 New Construction 14.182	Section 8 Mod Rehab 14.856	Community Development Block Grant 14.218	Central Office Cost Center	FSS Escrow Forfeiture Account 14.EFA	Rural Housing and Economic Development 14.250	Coronavirus State and Local Fiscal Recovery Fund 21.027	State and Local	14.OPS	14.CFP	14.HCV	MTW 14.881	Blended Component Units	Elimination	Primary Government Subtotal	Discrete Component Units	Total
70300	Net Tenant Rental Revenue	19,721,832	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,022,956	-	25,744,788	1,310,326	27,055,114
70400	Tenant Revenue - Other	492,510	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	139,497	-	632,007	31,683	663,690
70500	Total Tenant Revenue	20,214,342	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,162,453	-	26,376,795	1,342,009	27,718,804
70600	HUD PHA Grants	-	-	20,886,843	2,151,489	2,704,933	1,507,095	1,084,807	-	-	-	-	-	-	22,425,933	18,141,554	75,826,515	-	-	-	144,729,169	-	144,729,169
70610	HUD PHA Capital Grants	250,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11,671,195	-	-	-	-	11,921,195	-	11,921,195
70710	Management Fee	-	-	-	-	-	-	-	-	8,429,209	-	-	-	-	-	-	-	-	-	(8,429,209)	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	593,340	-	-	-	-	-	-	-	-	-	(593,340)	-	-	-
70730	Book-keeping Fee	-	-	-	-	-	-	-	-	1,011,907	-	-	-	-	-	-	-	-	-	(1,011,907)	-	-	-
70750	Other Fees	-	2,297,925	-	-	-	-	-	-	3,780,482	-	-	-	-	-	-	-	-	-	(5,790,702)	287,705	-	287,705
70800	Other government grants	125,000	28,159	-	-	-	-	-	-	-	-	-	-	12,878,375	-	-	-	1,527,021	10,744,020	(10,726,459)	14,576,116	3,915,202	18,491,318
71100	Investment Income - Unrestricted	209,585	132,289	40	-	19	4,456	3,225	-	201,026	-	-	-	12,060	-	-	-	-	4,198	-	566,898	14,791	581,689
71200	Mortgage interest income	607,194	-	-	-	-	-	-	-	-	-	-	-	20,095	-	-	-	-	-	-	627,289	-	627,289
71400	Fraud recovery	-	-	10,160	2,383	1,228	-	360	-	-	-	-	-	-	-	-	-	230,047	-	-	244,178	-	244,178
71500	Other revenue	831,285	16,258,008	3,175	406,452	-	-	-	-	38,855	-	-	-	-	-	-	-	12,942,158	2,433,533	(13,728,585)	19,184,881	5,230,325	24,415,206
71600	Gain/Loss on Sale of Fixed Assets	30,581	-	-	-	-	-	-	-	1,883	-	-	-	-	-	-	-	-	-	-	32,464	-	32,464
72000	Investment income - restricted	-	-	-	-	-	-	-	-	-	380	-	-	-	-	-	-	22,326	594	-	23,300	-	23,300
70000	**Total Revenue**	**22,267,987**	**18,716,381**	**20,900,218**	**2,560,324**	**2,706,180**	**1,511,551**	**1,088,392**	**-**	**14,056,702**	**380**	**-**	**-**	**12,910,530**	**22,425,933**	**29,812,749**	**75,826,515**	**14,721,552**	**19,344,798**	**(40,280,202)**	218,569,990	**10,502,327**	**229,072,317**
91100	Administrative Salaries	5,126,923	1,368,356	803,878	98,910	104,819	94,549	50,652	-	8,039,062	-	-	-	849,016	-	-	-	2,634,813	-	-	19,170,978	-	19,170,978
91200	Auditing Fees	82,800	32,500	2,148	280	296	267	143	-	10,350	-	-	-	-	-	-	-	7,216	22,500	(22,500)	136,000	30,661	166,661
91300	Management Fees	6,821,032	2,300,485	195,048	25,308	26,820	20,016	10,896	-	-	-	-	-	626,924	-	-	-	753,148	3,492,777	(14,219,911)	52,543	287,705	340,248
91310	Book-keeping Fee	429,884	-	121,905	15,817	16,763	12,510	6,810	-	-	-	-	-	-	-	-	-	408,218	-	(1,011,907)	-	-	-
91400	Advertising and Marketing	5,198	509	158	21	22	20	11	-	8,591	-	-	-	-	-	-	-	810	-	-	15,340	-	15,340
91500	Employee Benefit Contributions - Administrative	1,981,410	601,439	284,770	34,870	36,953	33,332	17,857	-	2,445,150	-	-	-	262,667	-	-	-	914,866	-	-	6,613,314	-	6,613,314
91600	Office Expenses	1,042,417	143,794	46,154	6,008	6,367	5,743	3,077	-	1,032,274	-	-	-	664	-	-	-	161,659	1,697	-	2,449,854	70,172	2,520,026
91700	Legal Expense	6,750	18,959	-	-	-	-	-	-	189,851	-	-	-	-	-	-	-	19,722	-	-	235,282	51,958	287,240
91800	Travel	21,717	996	6,261	815	864	779	416	-	71,583	-	-	-	-	-	-	-	31,204	-	-	134,635	-	134,635
91900	Other	999,031	225,194	734,620	15,795	17,464	2,547	1,365	-	689,986	-	-	-	1,533,436	-	-	-	504,165	1,823,765	(1,820,673)	4,726,695	748,783	5,475,478
92000	Asset Management Fee	593,340	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(593,340)	-	-	-
92200	Relocation Costs	(9,548)	300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,248)	300	(8,948)
92400	Tenant Services - Other	1,111,620	449,297	281,092	10,269	-	-	-	-	-	-	-	-	1,531,590	-	-	-	191,002	47,084	(51,454)	3,570,500	56,772	3,627,272
93100	Water	1,965,707	-	-	-	-	-	-	-	13,481	-	-	-	-	-	-	-	-	816,256	-	2,795,444	307,581	3,103,025
93200	Electricity	2,961,074	-	-	-	-	-	-	-	95,240	-	-	-	-	-	-	-	-	1,018,842	-	4,075,156	348,966	4,424,122
93300	Gas	2,252,218	-	-	-	-	-	-	-	25,189	-	-	-	-	-	-	-	-	886,296	-	3,163,703	164,645	3,328,348
93500	Labor	486,443	25,613	-	-	-	-	-	-	28,294	-	-	-	-	-	-	-	-	-	-	540,350	-	540,350
93600	Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93700	Employee benefit contributions - utilities	186,246	9,417	-	-	-	-	-	-	8,606	-	-	-	-	-	-	-	-	-	-	204,269	-	204,269
93800	Other utilities expense	66,308	1,824	-	-	-	-	-	-	169	-	-	-	-	-	-	-	-	-	-	68,301	1,823	70,124
94100	Ordinary Maintenance and Operations - Labor	7,069,949	3,047,959	-	-	-	-	-	-	67,201	-	-	-	-	-	-	-	-	-	(983,697)	9,201,412	-	9,201,412
94200	OMO - Materials and Other	2,007,952	617,327	1,850	241	255	230	124	-	10,415	-	-	-	-	-	-	-	6,515	-	-	2,644,909	76,972	2,721,881
94300	Ordinary Maintenance and Operations - Contract Costs	3,893,304	1,669,129	1,014	132	140	126	67	-	272,717	-	-	-	-	-	-	-	3,406	4,833,505	(4,894,426)	5,779,114	1,017,965	6,797,079
94500	Employee Benefit Contributions - Ordinary Maintenance	2,752,139	1,380,416	-	-	-	-	-	-	20,440	-	-	-	-	-	-	-	-	-	(608,568)	3,544,427	-	3,544,427

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Minneapolis Public Housing Authority

FINANCIAL DATA SCHEDULE

For the year ended December 31, 2025

PHA: MN002 FYED: 12/31/25

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95100	Protective Services - labor	305,575	21,162	-	-	-	-	-	-	2,400	-	-	-	-	-	-	-	-	-	-	329,137	-	329,137
95200	Protective Services - Other Contract Costs	5,201,084	270,132	-	-	-	-	-	-	104,662	-	-	-	-	-	-	-	-	47,608	(47,608)	5,575,878	220,534	5,796,412
95300	Protective Services - Other	19,689	4,160	-	-	-	-	-	-	2,336	-	-	-	-	-	-	-	-	-	-	26,185	3,252	29,437
95500	Employee benefit contributions - protective services	118,356	7,730	-	-	-	-	-	-	730	-	-	-	-	-	-	-	-	-	-	126,816	-	126,816
96110	Property Insurance	1,082,247	-	-	-	-	-	-	-	21,312	-	-	-	-	-	-	-	-	614,271	-	1,717,830	235,804	1,953,634
96120	Liability Insurance	364,647	78,665	-	-	-	-	-	-	269	-	-	-	-	-	-	-	-	95,694	-	539,275	49,884	589,159
96130	Workmen's Compensation	699,162	284,148	3,214	418	443	400	214	-	25,392	-	-	-	-	-	-	-	10,799	-	(85,270)	938,920	-	938,920
96140	All Other Insurance	323,835	172,535	11,794	1,535	1,627	1,468	786	-	58,427	-	-	-	-	-	-	-	39,621	5,159	(30,806)	585,981	-	585,981
96200	Other General Expenses	3,126,711	5,213,813	3,115	65	69	63	34	-	42,504	-	-	-	-	-	-	-	3,262	179,605	(5,104,281)	3,464,960	141,667	3,606,627
96210	Compensated Absences	1,642,090	514,564	110,824	14,426	15,288	13,790	7,387	-	1,077,218	-	-	-	-	-	-	-	372,302	-	-	3,767,889	-	3,767,889
96300	Payments in Lieu of Taxes	598,390	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	159,876	-	758,266	24,099	782,365
96400	Bad Debt - Tenant Rents	259,455	-	55	568	-	-	692	-	-	-	-	-	-	-	-	-	2,481	23,289	-	286,540	18,776	305,316
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	763,943	763,943
96720	Interest on Notes Payable (Short and Long)	264,233	6,778	7,147	930	986	889	476	-	34,531	-	-	-	-	-	-	-	24,010	-	-	339,980	1,827,536	2,167,516
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,028	44,028
96900	Total Operating Expenses	55,859,388	18,467,201	2,615,047	226,408	229,176	186,729	101,007	-	14,398,380	-	-	-	4,804,297	-	-	-	6,089,219	14,068,224	(29,474,441)	87,570,635	6,493,826	94,064,461
97000	Excess Operating Revenue over Operating Expenses	(33,591,401)	249,180	18,285,171	2,333,916	2,477,004	1,324,822	987,385	-	(341,678)	380	-	-	8,106,233	22,425,933	29,812,749	75,826,515	8,632,333	5,276,574	(10,805,761)	130,999,355	4,008,501	135,007,856
97200	Casualty Losses - Non-Capitalized	111,189	(12,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99,189	-	99,189
97300	Housing Assistance Payments	81,805	-	18,963,881	1,918,064	2,357,249	1,281,177	963,960	-	-	-	-	-	423,281	-	-	-	59,542,462	-	(10,805,761)	74,726,118	-	74,726,118
97350	HAP Portability-in	-	-	-	388,823	-	-	-	-	-	-	-	-	-	-	-	-	12,206,125	-	-	12,594,948	-	12,594,948
97400	Depreciation Expense	17,042,663	819,816	30,367	3,953	4,189	3,779	2,024	-	503,914	-	-	-	-	-	-	-	131,621	2,044,115	-	20,586,441	3,876,610	24,463,051
90000	**Total Expenses**	**73,095,045**	**19,275,017**	**21,609,295**	**2,537,248**	**2,590,614**	**1,471,685**	**1,066,991**	**-**	**14,902,294**	**-**	**-**	**-**	**5,227,578**	**-**	**-**	**-**	**77,969,427**	**16,112,339**	**(40,280,202)**	195,577,331	**10,370,436**	**205,947,767**
10010	Operating transfers in	13,692,799	-	590,767	-	-	-	-	-	5,549	-	-	-	-	-	-	-	128,310,598	-	(142,599,713)	-	-	-
10020	Operating transfers out	(13,692,799)	(55,859)	(6,867)	-	-	(236,182)	-	-	(48,660)	-	-	-	-	(22,425,933)	(29,812,749)	(75,826,515)	(494,149)	-	142,599,713	-	-	-
10040	Operating transfers from/to component unit	(1,021,350)	-	-	-	-	-	-	-	753,125	-	-	-	(3,282,949)	-	-	-	(200,000)	3,751,174	-	-	-	-
10091	Inter Project Excess Cash Transfer In	3,202,378	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,202,378)	-	-	-
10092	Inter Project Excess Cash Transfer Out	(3,202,378)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,202,378	-	-	-
10093	Transfer between programs and projects in	64,300,480	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(64,300,480)	-	-	-
10094	Transfer between programs and projects out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(64,300,480)	-	64,300,480	-	-	-
10100	Total other financing sources (Uses)	63,279,130	(55,859)	583,900	-	-	(236,182)	-	-	710,014	-	-	-	(3,282,949)	(22,425,933)	(29,812,749)	(75,826,515)	63,315,969	3,751,174	-	-	-	-
10000	**Excess (deficiency) of total revenue over (under) total expenses**	**12,452,072**	**(614,495)**	**(125,177)**	**23,076**	**115,566**	**(196,316)**	**21,401**	**-**	**(135,578)**	**380**	**-**	**-**	**4,400,003**	**-**	**-**	**-**	**68,094**	**6,983,633**	**-**	22,992,659	**131,891**	**23,124,550**
11020	Required annual debt principal payment	2,365,821	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,365,821	143,646	2,509,467
11030	Beginning Equity	245,042,996	10,421,096	182,897	167,592	187,758	1,172,383	867,503	3,314,666	11,706,690	14,074	2,000,000	-	4,693,881	-	-	-	1,708,604	53,908,774	-	335,388,914	21,936,480	357,325,394
11040	Total Prior Period Adjustments, Equity transfer and correction of errors	(902,290)	6,216,956	-	-	-	-	-	(3,314,666)	-	-	(2,000,000)	-	-	-	-	-	-	-	-	-	-	-
11190	Unit Months Available	61,746	-	17,616	2,508	2,700	2,016	1,080	-	-	-	-	-	331	-	-	-	54,840	8,329	-	151,166	4,323	155,489
11210	Number of Unit Months Leased	59,796	-	16,254	2,109	2,235	1,668	908	-	-	-	-	-	331	-	-	-	54,429	8,043	-	145,773	3,807	149,580
11170	Administrative Fee Equity	-	-	57,720	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57,720	-	57,720
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11270	Excess Cash	9,699,457	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,699,457	-	9,699,457
11620	Building Purchases	11,820,791	-	-	-	-	-	-	-	49,276	-	-	-	-	-	-	-	-	-	-	11,870,067	-	11,870,067

See independent auditor's report.

SINGLE AUDIT SECTION

Minneapolis Public Housing Authority

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number		Federal Expenditures
FEDERAL AWARDS			
Direct from the U.S. Department of Housing and Urban Development ("HUD"):			
Moving to Work Demonstration Program	14.881		$ 128,065,197
Section 8 Project-Based Cluster:			
Section 8 New Construction	14.182	$ 1,507,095	
Section 8 Modern Rehabilitation	14.856	1,084,807	
Subtotal Section 8 Project-Based Cluster			2,591,902
Housing Voucher Cluster:			
Section 8 Housing Choice Voucher Program	14.871	20,886,843	
Emergency Housing Vouchers	14.871	2,151,489	
Mainstream Vouchers	14.879	2,704,933	
Subtotal Housing Voucher Cluster			25,743,265
Public Housing Capital Fund Program	14.872		250,000
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 156,650,364

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Minneapolis Public Housing Authority, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

In accordance with HUD regulations, HUD considers the Annual Budget Authority for the Moving to Work Demonstration Program AL No. 14.881 and Section 8 Housing Choice Voucher Program ("HCV"), AL No. 14.871, to be an expenditure for the purposes of this schedule. Therefore, the amount in this schedule is the total amount received directly from HUD and not the total expenditures paid by the Authority.

NOTE B - INDIRECT COST RATE

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

NOTE C - SUB-RECIPIENTS

During the year ended December 31, 2025, the Authority had no sub-recipients.

NOTE D - NONCASH ASSISTANCE AND OTHER

The Authority did not receive any noncash assistance, federal loans, or federally funded insurance during the year ended December 31, 2025.

See independent auditor's report.

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
Minneapolis Public Housing Authority

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 Minneapolis Public Housing Authority (the "Authority"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 29, 2026, Our report includes a reference to other auditors who audited the financial statements of Elliots LP, Family Housing Resources LP, and Springs LP, as described in our report on the Authority's financial statements. The financial statements of Elliots LP, Family Housing Resources LP, and Springs LP, were not audited in accordance with *Government Auditing Standards,* and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Elliots LP, Family Housing Resources LP, and Springs LP, or that are reported on separately by those auditors who audited the financial statements.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficien*cy 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.

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

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Doeren Mayhew Assurance, PC

Melbourne, Florida
September 29, 2026

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

Board of Commissioners
Minneapolis Public Housing Authority

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Minneapolis Public Housing Authority's (the "Authority") 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 the Authority's major federal program for the year ended December 31, 2025. The Authority's major federal program is 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 types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of 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 the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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

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

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

Doeren Mayhew Assurance, PC

Melbourne, Florida
September 29, 2026

Minneapolis Public Housing Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2025

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:
Material weakness identified? **None Reported**
Significant deficiency identified? **None Reported**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major programs:
Material weakness identified? **None Reported**
Significant deficiency identified? **None Reported**

Type of auditor's report issued on compliance for major programs: **Unmodified**

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

The program tested as a major program is as follows:

Moving to Work Demonstration AL No. 14.881

The threshold for distinguishing types A and B programs was **$3,000,000**

Did the auditee qualify as a low-risk auditee? **Yes**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS - FEDERAL AWARD PROGRAMS AND QUESTIONED COSTS

None.

D. PRIOR YEAR AUDIT FINDINGS

None.