CHATTANOOGA HOUSING AUTHORITY

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

As of and for the Year Ended December 31, 2025

And Reports of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

CHATTANOOGA HOUSING AUTHORITY
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Chattanooga Housing Authority
Roster of Officials

Board of Commissioners

Jim Levine, Chairperson
Edna Varner, Vice Chairperson
Adam Kinsey, Commissioner
Carl Henderson, Commissioner
Jeffrey McClendon, Commissioner
Laurel Graefe, Commissioner
Nicole Heyman, Commissioner

Officers of the Board

Betsy McCright, Secretary
Curtis Lokey, Treasurer

Executive Leadership

Betsy McCright, Executive Director
Katie Belcher, Director of HR
Jeremy Blaylock, Director of IT
Michelle Brown, Director of HCVP
Joseph Kelly, General Counsel
Curtis Lokey, Director of Finance
Hana Remirez, One Westside Project Director
Aletta Rivers, Director of Operations
Mike Sabin, Director of Development
Felix Vess, Chief of Public Safety

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Report of Independent Auditor

To the Board of Commissioners
Chattanooga Housing Authority
Chattanooga, Tennessee

Report on the Financial Statements

Opinion

We have audited the financial statements of Chattanooga 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 Authority, as of December 31, 2025, and the respective changes in financial position and cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Cromwell Development I, LLC or Chattanooga Housing Authority-Emerald Villages, LLC (collectively, "blended component units") which represent 27% and 6%, respectively, of the assets, net position, and operating revenues of the Authority. Those statements, which were prepared in accordance with the Accounting Standards Codification as issued by the Financial Accounting Standards Board, were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the blended component units, is based solely on the reports 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. The financial statements of Cromwell Development I, LLC were not audited in accordance with *Government Auditing Standards*. 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the schedule of changes in long-term debt by individual issue, the accompanying statement and certification of actual family self-sufficiency grant costs, the certification of actual capital fund grant costs, and the Financial Data Schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. 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 report. The other information includes the roster of officials but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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 July 28, 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 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.

Cherry Bekaert LLP

Lexington, Kentucky
July 28, 2026

Introduction and Mission

The Chattanooga Housing Authority ("CHA") has served Chattanooga and Hamilton County since 1938. CHA's mission is to provide access to quality, affordable housing and engage community partners that encourage a comprehensive approach to stability and personal growth for the families we serve.

This MD&A section of the annual financial report is designed to provide readers with a narrative overview and analysis of the financial activities of the CHA for the fiscal year ended December 31, 2025, compared with fiscal year 2024. The discussion and analysis are prepared in accordance with the Governmental Accounting Standards Board ("GASB").

Accordingly, this MD&A focuses on the most significant events and trends rather than every individual line item.

Financial Highlights and Conclusions

During 2025 the CHA continued to advance its mission while confronting challenging funding and economic conditions. Notable developments include:

- **Total net position increased significantly**. Total net position increased by approximately $42.7 million, or 36%, from $120.0 million at December 31, 2024 to $162.7 million at December 31, 2025. The increase reflects several major 2025 events, including new blended component unit activity, increased grant and redevelopment activity, and continued investment in capital projects.

- **Invest Chattanooga** began operations in 2025. Invest Chattanooga, reported as a blended component unit of the Authority, received approximately $20 million in seed funding during the year. These funds increased current assets and restricted net position and are expected to support future mixed-income and affordable housing investment in Chattanooga.

- **Capital assets** increased due to construction activity. Capital assets, net of accumulated depreciation, increased by approximately $12.5 million, or 11%, from $110.6 million to $123.1 million. The increase was driven mainly by construction in progress, including the James A. Henry School renovation, CDBG-funded activity at Emma Wheeler, and Capital Fund improvements at public housing sites. The James A. Henry School project is expected to be transferred to the City of Chattanooga in 2026.

- **Government funding** and grant revenue increased substantially. Total government funding and grant revenue increased due to higher Housing Assistance Payment funding, increased capital grant activity, Choice Neighborhoods activity, and other governmental grants.

- **Other income** increased due to project-specific donations. Other income increased by approximately $2.0 million, or 94%, almost entirely due to donations received by the CHA Charitable Benefit Corporation for the James A. Henry School renovation. These funds were project-specific and are not expected to represent a recurring annual source of income.

- **Operating expenses** increased with portfolio and program growth. Operating expenses increased by approximately $9.4 million, or 14%, from $67.0 million to $76.4 million. The increase reflects higher Housing Assistance Payments, expanded redevelopment activity, and the continued ramp-up of operations following the acquisition of the Villages at Alton Park and Oaks at Camden and CHA's expanded management role at Maple Hills.

Required Financial Statements

The CHA's financial statements are presented on a full-accrual basis and include:

1. **Statement of Net Position** – presents assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position.
2. **Statement of Revenues, Expenses, and Changes in Net Position** – similar to a corporate income statement; it reports revenues, expenses and other changes (such as prior-period adjustments) that increase or decrease net position.
3. **Statement of Cash Flows** – reports cash inflows and outflows from operating, non-capital financing, capital and investing activities.

The CHA operates entirely as an enterprise fund. Assets and liabilities are presented according to their relative liquidity and classified as current (convertible into cash within one year) or non-current. Net position is presented in three components:

- **Net investment in capital assets** – This component of Net Position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position** – This component of Net Position consists of restricted assets, whereby constraints are placed on the assets by creditors (such as debt covenants), grantors, laws, and regulations.
- **Unrestricted net position** – This component of Net Position consists of Net Position that does not meet the definition of the other two categories. Unrestricted Net Position represents the net available liquid (non-capital) assets, net of liabilities for the entire CHA.

Major Programs

The focus of the CHA's financial statements should be on the major programs of the CHA. The following are considered major programs of the CHA:

Conventional Public Housing – Under the Conventional Public Housing Program, the CHA rents units that it owns to eligible low-income families, the elderly, and persons with disabilities. The CHA uses income limits developed by HUD which set the limits at up to 80 percent of median income for the area. This program is operated under an Annual Contributions Contract ("ACC") with HUD, whereby HUD provides the CHA operating subsidy funding to assist in funding the operating and maintenance expenses and to offer rent based upon 30 percent of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program which remains the primary funding sources for modernization of, and physical and management improvements to, the CHA's public housing properties. As of December 31, 2025, CHA had 1,656 units in its public housing portfolio

Housing Choice Voucher Program – Under the Housing Choice Voucher Program ("HCVP"), the CHA administers contracts with independent landlords to allow very low and extremely low-income families to reside in privately-owned rental housing. The CHA subsidizes the family's rent through a HAP paid to the landlord. This program is administered under an ACC with HUD, whereby HUD provides funding to enable the CHA to oversee a lease that sets the participant's rent at 30 percent of adjusted gross household income. As of December 31, 2025, CHA had 4,030 Housing Choice Vouchers.

Multifamily Section 8 HAP Program – The Multifamily Section 8 HAP Program is a significant part of CHA's assisted housing portfolio. Under this program, the five properties that were previously operated under the Public Housing ("LIPH") program, have converted to Property-Based Rental Assistance ("PBRA"). Through these contracts, we administer rental assistance to eligible low-income households, bridging the gap between the actual rent and the amount affordable to the tenants based on their income. This program is similar to HCVP; however, the subsidies are not administered by CHA but instead are received from HUD's Office of Multifamily Housing. Currently, there are 766 units in this portfolio.

Non-Major Programs

In addition to the major programs above, the CHA also administers a number of non-major programs. These funds include:

Resident Opportunity and Supportive Services Program – This program provides public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient.

Moderate Rehabilitation/Single Room Occupancy Program – This program assists very low-income, single, homeless individuals in obtaining decent, safe, and sanitary housing in privately owned, rehabilitated buildings.

Business Activities – This cost center includes properties financed through Low-Income Housing Tax Credits ("LIHTC") and wholly owned or controlled by CHA. The acquisition of the Villages at Alton Park, Oaks at Camden and Maple Hills, together with the ongoing operations of Emerald Villages and Cromwell Hills, significantly expanded this portfolio. Business Activities contributed nearly $8.93 million in total revenues and approximately $5.95 million in net tenant rental revenue. Maintenance and depreciation costs increased commensurately.

Financial Analysis of CHA

Statement of Net Position

The following schedule reflects the condensed Statement of Net Position compared to prior year.

Account Descriptions	2025	2024	Total Change	% Change
Current assets	$ 62,603,628	$ 41,321,855	$ 21,281,773	52%
Capital assets	123,093,239	110,599,953	12,493,286	11%
Other noncurrent assets	7,303,726	1,325,551	5,978,175	451%
Total Assets	193,000,593	153,247,359	39,753,234	26%
Deferred outflows of resources	-	-	-	0%
Current liabilities	7,408,125	9,707,719	(2,299,594)	-24%
Noncurrent liabilities	22,860,768	23,493,468	(632,700)	-3%
Total Liabilities	30,268,893	33,201,187	(2,932,294)	-9%
Deferred inflows of resources	-	-	-	0%
Net investment in capital assets	100,848,306	86,795,127	14,053,179	16%
Restricted net position	37,316,439	15,527,509	21,788,930	140%
Unrestricted net position	24,566,955	17,723,536	6,843,419	39%
Total Net Position	$ 162,731,700	$ 120,046,172	$ 42,685,528	36%

Factors Affecting the Statement of Net Position

Current assets increased by $21.3 million, or 52%, from $41.3 million in 2024 to $62.6 million in 2025. Most of the increase came from the $20 million in seed funding received by Invest Chattanooga, which began operations during 2025 and is reported as a blended component unit of the Authority. These funds were held in restricted cash at year-end and are intended to support Invest Chattanooga's mission of expanding mixed-income and affordable housing in Chattanooga.

Capital assets increased by $12.5 million, or 11%, from $110.6 million in 2024 to $123.1 million in 2025. The increase was mainly due to construction in progress associated with the James A. Henry School renovation and other capital projects. Construction in progress increased by approximately $16.1 million during 2025, partially offset by depreciation expense. The Authority anticipates that the James A. Henry School will be transferred to the City in 2026 for use as a community facility. When the transfer occurs, the Authority will remove the related asset from its capital asset balance.

Other noncurrent assets increased by approximately $5.9 million, from $1.3 million in 2024 to $7.2 million in 2025. The increase was primarily attributable to notes receivable of approximately $6.3 million from loans made by the CHA Charitable Benefit Corporation to support Phase 1 and 2 housing development activities at One Westside. These loans represent project-related financing intended to advance the development of mixed-income housing in the Westside area. Because the loans are not expected to be collected within one year, they are reported as other noncurrent assets at year-end.

Current liabilities decreased by $2.4 million, primarily due to a reduction in accounts payable. Accounts payable was elevated at December 31, 2024 because of year-end construction activity related to the James A. Henry School and Phase 1 One Westside housing developments. As those balances were paid down during 2025, current liabilities returned to a lower level at year-end.

Net Position – Total net position increased by $42.7 million, or 36%, from $120.0 million at December 31, 2024 to $162.7 million at December 31, 2025. The increase was driven by several large 2025 items, including $20 million in seed funding received by Invest Chattanooga, capitalized construction costs for the James A. Henry School renovation, and increased grant activity. These increases were partially offset by operating expenses, depreciation, debt service, and costs associated with CHA's expanded property portfolio and redevelopment activity.

Statement of Revenues, Expenses, and Changes in Net Position

The following table compares revenues and expenses for the current and previous fiscal year.

Account Descriptions	2025	2024	Total Change	% Change
Tenant revenue	$ 12,175,714	$ 12,214,252	$ (38,538)	0%
Government funding and grant revenue	102,262,283	56,781,224	45,481,059	80%
Other income	4,165,924	2,147,598	2,018,326	94%
Total Revenue	118,603,921	71,143,074	47,460,847	67%
Administrative	9,985,934	8,598,950	1,386,984	16%
Tenant services	1,437,611	900,536	537,075	60%
Utilities	6,002,280	5,846,173	156,107	3%
Protective services	808,782	728,249	80,533	11%
Insurance expense	1,588,433	1,400,644	187,789	13%
Maintenance	7,114,706	6,754,505	360,201	5%
General expense	727,418	965,995	(238,577)	-25%
Housing assistance payments	41,311,822	34,689,181	6,622,641	19%
Depreciation and amortization	7,414,813	7,113,957	300,856	4%
Total Operating Expenses	76,391,799	66,998,190	9,393,609	14%
Nonoperating Items:				
Interest income	1,295,062	2,468,766	(1,173,704)	-48%
Interest expense	(926,701)	(1,247,096)	320,395	-26%
Special item	-	(2,271,317)	2,271,317	-100%
Casualty gain	105,045	69,701	35,344	51%
Gain on disposal of capital assets	-	5,686	(5,686)	0%
Total Nonoperating Items	473,406	(974,260)	1,447,666	-149%
Partner contributions	-	2,500,000	(2,500,000)	-100%
Changes in Net Position	42,685,528	5,670,624	37,014,904	653%
Beginning net position	120,046,172	115,147,741	4,898,431	4%
Change within financial reporting entity	-	(772,193)	772,193	-100%
Ending Net Position	$ 162,731,700	$ 120,046,172	$ 42,685,528	36%

Factors Affecting Statement of Revenues, Expenses, and Change in Net Position

Government funding and grant revenue increased by $45.5 million in 2025. HUD-related funding included $17.5 million in PHA operating grants, $41.3 million in Housing Assistance Payments, $3.3 million in administrative fees, and $6.8 million in capital grants. CHA also recognized $33.4 million in other government grants, including funding for Invest Chattanooga and One Westside-related activity. Because this category includes both HUD and non-HUD governmental funding, it is broader than federal funding alone.

Other income increased by approximately $2.0 million, or 94%, from $2.1 million in 2024 to $4.2 million in 2025. The increase was almost entirely due to donations received by the CHA Charitable Benefit Corporation for the James A. Henry School renovation. These funds were project-specific and are not expected to represent a recurring annual source of income.

Operating expenses increased by $9.4 million, or 14%, from $67.0 million in 2024 to $76.4 million in 2025. The increase reflects higher Housing Assistance Payments and the continued ramp-up of operations after CHA acquired the Villages at Alton Park and Oaks at Camden and expanded its property management role at Maple Hills, which is reported through Steiner Redevelopment, LLC. These portfolio changes increased administrative oversight, tenant services, maintenance coordination, and other operating support costs. Housing Assistance Payments increased by $6.6 million due to higher voucher utilization and increased payment standards, while administrative and tenant services expenses increased by $1.9 million combined.

Nonoperating items improved from a net expense of approximately $1.0 million in 2024 to net income of approximately $0.5 million in 2025. Interest income decreased by $1.2 million, or 48%, because the Authority was no longer able to retain interest earnings on certain Public Housing program funds in the same manner as prior years. Interest expense decreased by approximately $320,000 as outstanding debt balances declined through scheduled debt payments. The 2024 special item related to the write-off of loans and accrued interest associated with property acquisitions and did not recur in 2025.

Schedule of Federal Financial Awards

Federal Financial Awards Comparison

	2025	2024	Change
Public Housing:			
Public and Indian Housing Program	$ 9,064,691	$ 8,942,961	$ 121,730
Capital Fund Program	3,618,132	2,104,759	1,513,373
Resident Opportunity and Supportive Services	142,210	138,606	3,604
PIH Family Self-Sufficiency Program	83,610	81,907	1,703
Housing Assistance Payments:			
Section 8 Housing Choice/Mainstream/FUP Programs	44,663,214	37,366,178	7,297,036
Mod Rehab/SRO	3,376,609	3,070,197	306,412
Economic Development Initiative/Community Project Funding	1,562,041	1,437,958	124,083
Choice Neighborhoods Implementation Grant	5,083,260	168,376	4,914,884
Coronavirus State and Local Fiscal Recovery Funds	289,012	2,203,874	(1,914,862)
Community Development Block Grant	1,215,465	184,535	1,030,930
Totals	$ 69,098,244	$ 55,699,351	$ 13,398,893

Capital Assets

Account Descriptions	2025	2024	Total Change	% Change
Land	$ 12,356,647	$ 11,985,797	$ 370,850	3%
Buildings	264,254,663	261,105,268	3,149,395	1%
Furniture and equipment	6,345,871	6,352,339	(6,468)	0%
Construction in progress	25,366,296	9,278,630	16,087,666	173%
Accumulated depreciation	(185,230,238)	(178,122,081)	(7,108,157)	4%
Total capital assets	$ 123,093,239	$ 110,599,953	$ 12,493,286	11%

A summary of the changes in capital assets were as follows:

Balance at January 1, 2025	$ 110,599,953
Current period additions - operations	19,601,443
Current period depreciation expense	(7,108,157)
Balance at December 31, 2025	$ 123,093,239

Factors Affecting Capital Assets

Capital assets, net of accumulated depreciation, increased by $12.5 million, or 11%, from $110.6 million in 2024 to $123.1 million in 2025. The increase was driven mainly by construction in progress, which increased by $16.1 million during the year. The largest portion of CIP activity related to the James A. Henry School renovation, while other capital activity included CDBG-funded work at Emma Wheeler and Capital Fund improvements at public housing sites. The increase was partially offset by $7.1 million of depreciation expense. The James A. Henry School project is expected to be transferred to the City of Chattanooga in 2026, which will reduce the Authority's capital asset balance when the transfer occurs.

Debt Administration

As of December 31, 2025, the CHA had $22.2 million of debt outstanding (including accrued interest) related to the operation of various federal and local programs. The following is a summary of the changes in total debt obligations for the year ended December 31, 2025:

Balance as of January 1	$ 23,804,826
Debt payments	(1,559,893)
Balance as of December 31	$ 22,244,933

Economic Factors and Events Affecting Operations

Several economic and operational factors are expected to affect CHA in 2026 and future years:

- Federal funding remains a significant factor, as Operating Fund subsidy, Housing Assistance Payment funding, administrative fees, and capital grants are subject to federal appropriations, proration, timing, and program-specific drawdown requirements. The Housing Choice Voucher Program continues to experience pressure from increased utilization, higher payment standards, and rising market rents, which may increase Housing Assistance Payments if funding does not keep pace with leasing costs.
- Redevelopment activity will also continue to affect the Authority's financial position. The One Westside revitalization effort, including the Choice Neighborhoods Implementation grant and related funding sources, is expected to increase capital activity, grant administration, compliance monitoring, and resident relocation planning. The James A. Henry School renovation is expected to be completed and transferred to the City of Chattanooga in 2026, which will reduce the Authority's capital asset balance when the conveyance occurs.
- Invest Chattanooga began operations in 2025 and is expected to become a more active part of CHA's housing strategy in future years. The Authority also continues to manage the operational impact of its expanded portfolio, including the Villages at Alton Park, Oaks at Camden, and Maple Hills. These activities increase administrative oversight, property management responsibilities, maintenance coordination, and compliance requirements.
- Management continues to monitor funding levels, operating costs, construction costs, insurance premiums, and long-term redevelopment decisions affecting aging public housing assets.

Request for Information

The financial report is designed to provide a general overview of CHA's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed in writing to the Director of Finance, Chattanooga Housing Authority, PO Box 1486 Chattanooga, Tennessee 37401 or by email to Curtis Lokey at clokey@chahousing.org.

CHATTANOOGA HOUSING AUTHORITY
STATEMENT OF NET POSITION

DECEMBER 31, 2025

ASSETS	
Current Assets:	
Cash and cash equivalents, unrestricted	$ 21,258,502
Cash and cash equivalents, restricted	38,489,458
Accounts receivable - HUD	1,430,631
Accounts receivable - other government	72,312
Accounts receivable - miscellaneous	79,233
Accounts receivable - tenants, net	301,511
Accounts receivable - fraud recovery, net	4,272
Prepaid expenses	967,709
Total Current Assets	62,603,628
Capital Assets:	
Land	12,356,647
Buildings and leasehold improvements	264,254,663
Furniture and equipment	6,345,871
Construction in progress	25,366,296
	308,323,477
Accumulated depreciation	(185,230,238)
Capital Assets, Net	123,093,239
Noncurrent Assets:	
Notes receivable, net	6,334,708
Other assets	969,018
Total Noncurrent Assets	7,303,726
Total Assets	193,000,593
DEFERRED OUTFLOWS OF RESOURCES	-
Total Assets and Deferred Outflows of Resources	$ 193,000,593

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

CHATTANOOGA HOUSING AUTHORITY
STATEMENT OF NET POSITION (CONTINUED)

DECEMBER 31, 2025

LIABILITIES	
Current Liabilities:	
Current portion of long-term debt	$ 1,222,208
Accounts payable	1,962,775
Accounts payable - other government	233,519
Accounts payable - HUD	402,844
Accrued wages/payroll taxes payable	665,696
Current portion of accrued compensated absences	79,681
Accrued interest payable	346
Tenant security deposits	459,825
Unearned revenue	1,787,523
Other current liabilities	593,708
Total Current Liabilities	7,408,125
Long-term Liabilities:	
Long-term debt, net of current portion	21,022,725
Accrued compensated absences, net of current portion	218,795
Other noncurrent liabilities	1,619,248
Total Long-term Liabilities	22,860,768
Total Liabilities	30,268,893
DEFERRED INFLOWS OF RESOURCES	-
Total Liabilities and Deferred Inflows of Resources	30,268,893
NET POSITION:	
Net investment in capital assets	100,848,306
Restricted by program requirements	37,316,439
Unrestricted net position	24,566,955
Total Net Position	162,731,700
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 193,000,593

CHATTANOOGA HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2025

Operating Revenues:	
Tenant revenue, net of bad debts of $332,404	$ 12,175,714
HUD operating grants	62,131,110
Other government grants	33,354,476
Other revenue	4,014,522
Fraud recovery	151,402
Total Operating Revenues	111,827,224
Operating Expenses:	
Administrative	9,985,934
Tenant services	1,437,611
Utilities	6,002,280
Protective services	808,782
Insurance expense	1,588,433
Maintenance	7,114,706
General expenses	727,418
Housing assistance payments	41,311,822
Depreciation and amortization	7,414,813
Total Operating Expenses	76,391,799
Net Operating Profit	35,435,425
Nonoperating Revenues (Expenses):	
Interest income	1,295,062
Interest and investment expense	(926,701)
Casualty gain, net	105,045
Nonoperating Income, Net	473,406
Net Profit Before Capital Contributions	35,908,831
Capital Contributions:	
Capital fund grant	6,776,697
Changes in net position	42,685,528
Net position, beginning of year	120,046,172
Net position, end of year	$ 162,731,700

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

CHATTANOOGA HOUSING AUTHORITY
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025

Cash flows from operating activities:	
Cash received from tenants	$ 12,532,940
Cash received from HUD grants	63,517,762
Cash received from other governmental grants	34,314,999
Cash received from other sources	4,265,418
Cash payments to employees for services	(8,530,732)
Cash payments for the Housing Choice Voucher Program	(41,311,822)
Cash payments to other suppliers for goods and services	(21,611,976)
Net cash flows from operating activities	43,176,589
Cash flows from investing activities:	
Interest received	1,297,390
Notes receivable additions	(6,334,708)
Net cash flows from investing activities	(5,037,318)
Cash flows from capital and related financing activities:	
Capital grant receipts	6,776,697
Purchase of capital assets	(19,601,443)
Principal paid on debt	(1,459,893)
Interest paid on debt	(926,355)
Net cash flows from capital and related financing activities	(15,210,994)
Cash flows from noncapital financing activities:	
Casualty gain	105,045
Net increase in cash	23,033,322
Cash, beginning of year	36,714,638
Cash, end of year	$ 59,747,960
Cash and cash equivalents, unrestricted	$ 21,258,502
Cash and cash equivalents, restricted	38,489,458
	$ 59,747,960
Supplemental disclosure of noncash investing and financing activities:	
Grant income related to loan forgiveness	$ (100,000)

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

CHATTANOOGA HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED DECEMBER 31, 2025

Cash flows from operating activities:	
Net operating profit	$ 35,435,425
Adjustments to reconcile net operating profit to net cash flows from operating activities:	
Depreciation expense	7,108,157
Amortization expense	306,656
Bad debt expense	332,404
Grant income related to loan forgiveness	(100,000)
Changes in operating assets and liabilties:	
Accounts receivable - HUD	998,959
Accounts receivable - other governments	1,060,523
Accounts receivable - miscellaneous	250,896
Accounts receivable - tenants	(272,827)
Accounts receivable - fraud recovery	(4,272)
Prepaid expenses and other assets	(564,257)
Accounts payable	(2,270,446)
Accounts payable - other government	5,842
Accounts payable - HUD	387,693
Accrued wages and payroll taxes payable	76,872
Tenant security deposits	26,312
Unearned revenue	124,207
Other current liabilities	(240,918)
Accrued compensates absences	(16,678)
Other noncurrent liabilities	532,041
Net cash flows from operating activities	$ 43,176,589

Note 1—Nature of the organization and operations

The Chattanooga Housing Authority (the "Authority") provides subsidized housing and related housing services primarily to low-income individuals in Chattanooga, Tennessee. The Authority is a public body corporate and politic with a seven-member Board of Commissioners (the "Board"). The Mayor of Chattanooga proposes the members of the Board, for ultimate approval by the Chattanooga City Council. However, the Authority has complete, administrative authority and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board. Subsidies for operations are received primarily from the U.S. Department of Housing and Urban Development ("HUD"). The Authority is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority. The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report.

The Authority has seven component units that are reported as blended component units in these financial statements. Because these entities are blended, their assets, liabilities, net position, revenues, expenses, and operations are included with the Authority's financial statements. All inter-program transactions have been eliminated.

Component Unit	Purpose / Activity
Holtzclaw Development, LLC	A wholly owned component unit that serves as the holding company for the Authority's administration building.
Chattanooga Housing Authority–Emerald Villages, LLC	Established as the holding company for Emerald Villages Apartments, a tax credit development consisting of 111 project-based rental assistance units. The Authority controls the entity and is the managing member investor with a 0.009% interest.
Cromwell Development I, LLC	Established as the holding company for Cromwell Hills Apartments, a tax credit development consisting of 200 project-based voucher units. The Authority controls the entity and is the managing member investor with a 0.009% interest.
Steiner Redevelopment, LLC	Established as the holding company for Maple Hills Apartments, which consists of 48 affordable housing units. The Authority controls the entity and is the managing member investor with a 0.990% interest.
CHA Charitable Benefit Corporation	A wholly owned component unit established in 2024 to accept and solicit donations and grants for distribution to the Authority or its instrumentalities.
Shallowford GP Corporation	Established in 2023 to serve as the general partner of DGA Shallowford, LP, a tax credit partnership. The Authority controls the entity through Shallowford GP Corporation's 0.001% general partnership interest, and the entity's activity is included in the Authority's blended financial statements.
Invest Chattanooga	A Tennessee not-for-profit corporation and subsidiary of the Authority established in 2024 that began operations in 2025. Invest Chattanooga was created to expand the supply of quality mixed-income housing in Chattanooga through flexible, low-cost capital and strategic public-private partnerships.

Financial information for the blended component units is included in these financial statements. Certain component units may also issue separate financial statements. Requests for additional information regarding the component units should be addressed to Chattanooga Housing Authority, PO Box 1486, Chattanooga, Tennessee 37401.

Note 2—Summary of significant accounting policies

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to proprietary funds of governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the most significant policies:

Basis of Presentation and Accounting – The accounting records of the Authority are maintained and reported in accordance with methods prescribed by HUD. The Authority must report using U.S. GAAP. The Authority is a special purpose government engaged only in business-type activities and, therefore, presents only the financial statements required for the enterprise fund. In accordance with GASB Statement No. 34 requirements for enterprise fund, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Capital asset purchases are capitalized, and long-term liabilities are accounted for in the enterprise fund. This requires the Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The proprietary fund is composed of a number of programs. These programs are designed to provide quality affordable housing opportunities and increase the self-sufficiency of those housed. The major programs are described as follows:

Public and Indian Housing – During 2025, the Authority received operating subsidy funding for 7 projects consisting of 1,656 units of public housing under an Annual Contributions Contract ("ACC") with HUD. The program offers income-based rental assistance (subsidy) for elderly, disabled, and single families who qualify under the low-income guidelines. Revenues for the projects consist of rents and other fees collected from tenants and an operating subsidy received from HUD. Typically, residents pay 30% of their adjusted gross income in rents. The Authority's subsidy is received under an Annual Contributions Contract to offset the cost of operating the units. HUD also provides funds to maintain and improve the public housing projects under the Public Housing Capital Fund Program. Substantially all additions and improvements to land, structures, and equipment of public housing are accomplished through these capital grant funds.

Section 8 Housing Choice Vouchers – The Authority provides rental assistance payments to approximately 3,400 households who live in private rental housing. Funded by HUD pursuant to Section 8 of the U.S. Housing Act, this program allows participating families and individuals to choose their own housing with the use of a housing voucher. The participant pays 30% of their monthly income towards rent and utilities and the Authority pays the remainder. The Authority targets this program to the elderly, disabled households, and families that are homeless or at the risk of homelessness.

Multifamily Section 8 HAP Program – Under this program, the five properties that were previously operated under the Public Housing program, have converted to Property-Based Rental Assistance ("PBRA"). Through these contracts, the Authority administers rental assistance to eligible low-income households, bridging the gap between the actual rent and the amount affordable to the tenants based on their income. Currently, there are 766 units in this portfolio.

Note 2—Summary of significant accounting policies (continued)

Cash Equivalents – The Authority considers all short-term investments with an original maturity of 90 days or less to be cash equivalents. Cash and cash equivalents (unrestricted and restricted) were comprised of the following at December 31, 2025:

Checking accounts	$ 14,043,100
Saving accounts/money market	45,698,560
Petty cash	6,300
	$ 59,747,960

Accounts Receivable and Allowance for Doubtful Accounts – Tenant accounts receivable are carried at the amount considered by management to be collectible. Other accounts receivable consists primarily of amounts due from HUD and State and Local governments for grant income.

The Authority uses the allowance for bad debts method of valuing doubtful accounts receivable, which is based on historical experience, coupled with a review of the current status of existing receivables. The allowance for doubtful accounts was $286,215 for accounts receivable - tenants and $4,398,231 for accounts receivable fraud recovery at December 31, 2025. Management believes all other accounts receivable as of December 31, 2025, were collectible and no additional allowance was considered necessary.

The State of Tennessee Comptroller's Office requires that revenues in proprietary funds should be reported as net of all related allowances, which include amounts pertaining to uncollectible accounts. Therefore, the increase and decrease in the estimate of uncollectible accounts is reported net of revenue instead of bad debt expense. The Authority's bad debt expense charged against revenue was $332,404 for the year ended December 31, 2025.

Prepaid Expenses – Payments made to vendors for goods or services that will benefit periods beyond December 31, 2025 are recorded as prepaid expenses.

Inter-program Receivables and Payables – Inter-program receivables and payables are all current and are the result of the use of the Public and Indian Housing Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically and all inter-program balances net to zero. These inter-program receivables and payables have been eliminated in the preparation of the financial statements.

Capital Assets – All purchased capital assets are recorded at cost when historical records are available. When no historical records are available, capital assets are recorded at estimated historical cost. Donated capital assets are recorded at their fair value at the time they are received. Donor imposed restrictions are deemed to expire as the asset depreciates. Land values were derived from development closeout documentation.

All normal expenditures of preparing an asset for use are capitalized when they meet or exceed the capitalization threshold. The cost of buildings and equipment is depreciated over the estimated useful lives of the related assets on a composite basis using the straight-line method. Depreciation commences on modernization and development additions in the year following completion. Small dollar value minor equipment items are expensed. Depreciation on assets has been expensed in the Statement of Revenues, Expenses, and Changes in Net Position. The useful lives of buildings, furniture, and equipment for purposes of computing depreciation are as follows:

Buildings	15-30 years
Furniture and equipment	3-7 years

Note 2—Summary of significant accounting policies (continued)

The Capitalization Policy for the Authority is: items purchased or betterments, not repairs, in excess of $5,000 and a useful life of one (1) year will be capitalized. The cost of maintenance and repairs are charged to operations as incurred.

Long-lived assets are to be reviewed for impairment. If the sum of the expected future cash flows is less than the carrying value amount of the asset, an impairment loss should be recognized. No such impairment loss was incurred during the year ended December 31, 2025.

Compensated Absences – A compensated absence liability is recognized in accordance with GASB 101, *Compensated Absences*, that include: 1) leave that has not been used but is more-likely-than-not to be used or settled in the future, and 2) for leave that has been used but not yet paid.

Litigation Losses – The Authority recognizes estimated losses related to litigation in the period in which the occasion giving rise to the loss occurs but not before the loss is probable and reasonably estimable.

Restricted Assets – Certain assets may be classified as restricted assets on the statement of net position because their use is restricted by contracts or agreements with outside third parties and lending institutions. Net position is reported as restricted when constraints placed on net position use are either: externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, imposed by law through constitutional provisions, or enabling legislation.

Operating Revenues and Expenses – Operating revenues and expenses consist of revenues earned and expenses incurred as a result of the principal operations of the Authority. Operating revenue results from exchange transactions associated with providing housing and related services, and federal operating subsidies and housing assistance payments that are directly related to the Authority’s mission. Nonoperating revenue includes capital and noncapital federal grants, interest revenue, and other revenues not meeting the definition of operating. Operating expenses consist of all expenses incurred to provide housing services.

Annual Contribution Contracts – Annual Contribution Contracts provide that HUD shall have the authority to audit and examine the records of public housing authorities. Accordingly, final determination of the Authority’s financing and contribution status for the Annual Contribution Contracts is the responsibility of HUD based upon financial reports submitted by the Authority.

Application of Restricted Resources – The Authority will first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 3—Deposits, investments, and fair value

HUD requires public housing authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

Information related to cash, cash equivalents and investments is as follows:

Interest Rate Risk – The Authority's policy does not address interest rate risk.

Credit Risk – The Authority's policy does not address credit rate risk.

Custodial Credit Risk – The custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be recovered. At December 31, 2025, all of the Authority's deposits were either covered by Federal Deposit Insurance Corporation insurance up to $250,000 or adequately collateralized.

Blended component unit cash balances may exceed federal insurance limits. These entities have not experienced any losses with respect to bank balances in excess of government provided insurance.

Note 4—Prepaid expenses

Prepaid expenses at December 31, 2025, consisted of $9,793 in prepaid insurance premiums, $23,759 in prepaid software fees, $150,000 in prepaid asset management fees, $140,625 in tax credit fees and $643,532 in prepaid payroll and vendor disbursements.

Note 5—Capital assets

A summary of the changes in capital assets for the year ended December 31, 2025 is as follows:

	Balance 1/1/2025	Additions	Disposals	Transfers	Balance 12/31/25
Land	$ 11,985,797	$ -	$ -	$ 370,850	$ 12,356,647
Buildings	261,105,268	120,823	-	3,028,572	264,254,663
Furniture, equipment, and machinery	6,352,339	6,004	-	(12,472)	6,345,871
Construction in progress	9,278,630	19,474,616	-	(3,386,950)	25,366,296
Total capital assets	288,722,034	19,601,443	-	-	308,323,477
Accumulated depreciation	(178,122,081)	(7,108,157)	-	-	(185,230,238)
Net capital assets	$ 110,599,953	$ 12,493,286	$ -	$ -	$ 123,093,239

Note 6—Other long-term liabilities other than debt

The activities of compensated absences and other noncurrent liabilities consists of the following at December 31, 2025:

	Balance at 1/1/2025	Additions, Net	Adjustments/ Payments, Net	Balance at 12/31/2025	Current Portion
Compensated absences	$ 315,154	$ -	$ (22,393)	$ 292,761	$ 79,681
FSS escrow deposit	$ 201,534	$ 110,699	$ -	$ 312,233	$ -
Developer fees	879,573	450,931	(23,489)	1,307,015	-
Liability of deficit swap position (Holtzclaw Development, LLC)	3,772	-	(3,772)	-	-
Total	$ 1,084,879	$ 561,630	$ (27,261)	$ 1,619,248	$ -

Note 7—Notes payable

A summary of changes in the Authority's long-term debt for the year ended December 31, 2025 is presented below:

	Balance 1/1/2025	Additions	Retirements	Balance 12/31/2025	Due Within One Year
Notes payable	$ 23,804,826	$ -	$ (1,559,893)	$ 22,244,933	$ 1,222,208

As of December 31, 2025, the Authority had $22,244,933 of debt outstanding related to various projects and programs. These debts are the obligations associated with the following:

BciCapital Leasing - Public Housing	$ 786,188
Grandbridge mortgage - Cromwell, LLC	14,273,495
Grandbridge mortgage - Emerald Villages, LLC	6,985,250
Tennessee Housing Development Agency	200,000
Total debt outstanding at December 31, 2025	$ 22,244,933
Current portion	$ 1,222,208
Long-term portion	21,022,725
	$ 22,244,933

Note 7—Notes payable (continued)

BciCapital Leasing (Public Housing)

On August 21, 2019, the Authority entered into a finance purchase agreement with BciCapital to refinance the outstanding Energy Performance Contracting loan. The loan was for $7,648,298 with an interest rate of 3.72%. At December 31, 2025, combined monthly payments including interest totaled $64,169. Combined monthly payments vary each calendar year and range from $64,167 to $66,092 through December 2026 (maturity date) and are secured by pledged revenues. Interest expense during the year was $19,340.

Future payments consist of:

Year Ending December 31,	Principal	Interest	Total
2026	$ 786,188	$ 6,916	$ 793,104

Tennessee Housing Development Agency

On December 5, 2019, the Authority entered into a grant note agreement with Tennessee Housing Development Agency for $500,000. The note bears interest at 0% interest. The grant funds are to be provided to Cromwell Development I, LLC to be used for the development of 200 units of rental housing for low-income households. The property shall be maintained as rental housing for low-income households for five years from the date the property is first available for occupancy. Principal on the note shall be forgiven at a rate of 20% annually. The first reduction of 20% of the principal sum shall occur on the date that is one year from the date the property is first available for occupancy as determined by the date the first certificate of occupancy is issued for the property by the City of Chattanooga, Tennessee. At December 31, 2025, $300,000 had been forgiven on the note.

Future principal payments consist of:

Years Ending December 31,	Principal
2026	$ 100,000
2027	100,000
	$ 200,000

Grandbridge Real Estate Capital (Cromwell Development I, LLC)

On September 1, 2022, Cromwell converted the Truist construction loan into a permanent mortgage with Grandbridge Real Estate Capital. The permanent mortgage requires monthly principal and interest payments of $63,526 with a fixed rate of 3.71% per annum and a maturity date of December 1, 2037. The mortgage is secured by the property. During the year ended December 31, 2025, $572,723 of interest was incurred which includes amortization of debt issuance costs in the amount of $32,018.

Note 7—Notes payable (continued)

Future principal payments consist of:

Years Ending December 31,	Principal
2026	$ 229,357
2027	238,133
2028	245,787
2029	256,652
2030	266,475
Thereafter	13,037,091
	$ 14,273,495

Grandbridge Real Estate Capital (Emerald Villages, LLC)

On November 1, 2022, Emerald Villages converted a construction loan to a permanent loan with Grandbridge Real Estate Capital. The loan bears interest at a rate of 3.93% per annum. Monthly payments of principal and interest are due in an amount equal to fully amortize the loan at maturity, January 1, 2038. During the year ended December 31, 2025, interest incurred was $291,822 which includes amortization of debt issuance costs of $32,018.

Future principal payments consist of:

Years Ending December 31,	Principal
2026	$ 106,663
2027	110,992
2028	114,738
2029	120,152
2030	125,028
Thereafter	6,407,677
	$ 6,985,250

Below is a summary of the changes in Notes Payable of the primary government for the year ended December 31, 2025:

	BciCapital	First Horizon	Grandbridge Permanent Mortgage - Cromwell LLC	Grandbridge Permanent Mortgage - Emerald Villages, LLC	Tennessee Housing Development Agency	Total
Beginning balances	$ 1,536,855	$ 386,440	$ 14,494,095	$ 7,087,436	$ 300,000	$ 23,804,826
Principal reductions	(750,667)	(386,440)	(220,600)	(102,186)	(100,000)	(1,559,893)
Ending balance	$ 786,188	$ -	$ 14,273,495	$ 6,985,250	$ 200,000	$ 22,244,933

Note 8—Retirement plan obligations

The Authority sponsors a defined contribution plan for all employees having at least six months of service. Participants do not contribute to the Plan and become fully vested in employer contributions and investments earnings after five years of participation in the Plan. Total employer contributions to the Plan during the year were $444,074. Total payroll during the year was $9,023,499. Forfeited amounts can be used for administrative fees or disbursed by percentage to remaining employees.

Additionally, the Authority sponsors a deferred compensation plan created in accordance with Internal Revenue Code (“IRC”) Section 457. The deferred compensation plan permits all employees to defer a portion of their salary, subject to IRC limitations, until future years. Such amounts are not available to employees until termination, retirement, death, or unforeseeable emergency.

Assets in the Plan are recorded at market value but are administered by a private corporation under contract with the Authority. The Authority has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor. Additional details on the plan can be obtained from USI Consulting Group, Brenda Trollope, 900 South Gay Street, Suite 1796, Knoxville, Tennessee 37902, 865.523.8353.

Note 9—Restricted cash

Restricted cash was comprised of the following as of December 31, 2025:

Unexpended sales proceeds and developer fees reserved for future development	$	3,233,757
Replacement reserves		8,986,672
Other reserves and escrows		3,167,051
Invest Chattanooga grant funding		20,559,447
Restricted for HUD payable		15,151
CHA charitable benefit corporation balances		1,645,150
Tenant security deposits		436,115
FSS participant escrow balances		312,234
Emergency housing vouchers net position		100,236
Unearned emergency housing vouchers service revenue		33,645
	$	38,489,458

Note 10—Contingencies

The Authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the Authority to federal grantors and/or program beneficiaries. There were no examinations for the year ended December 31, 2025, that resulted in repayments required by the Authority.

There are currently lawsuits ongoing that have arisen in the normal course of the Authority’s operations; however, there are no amounts which are deemed as contingent liabilities which should be disclosed or accrued in the financial statements. The Authority believes that an unfavorable outcome of these matters would not have a material adverse effect to the financial statements.

Note 11—Annual contributions by federal agencies

Pursuant to the Annual Contributions Contract, HUD contributes an operating subsidy approved in the operating budget under the Annual Contributions Contract. HUD operating subsidy contributions for the year ended December 31, 2025 were $9,064,691.

The Section 8 Housing Choice Voucher program provides for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The program provides for such payments with respect to existing and moderately rehabilitated housing covering the difference between the maximum rental on a dwelling unit, the amount of rent contribution by a participating family and related administrative expense. The Authority is also eligible to receive reimbursement of preliminary expenses prior to lease up. HUD Section 8 Housing Choice Voucher program contributions for the year ended December 31, 2025 were $44,663,214.

Note 12—Economic dependency

Both the PHA Owned Housing Program and the Section 8 Housing Choice Voucher Program are economically dependent on annual contributions and grants from HUD. Both programs operate at a loss prior to receiving the contribution and grants.

The Authority received approximately 58% of its operating and capital fund grant revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operating reserves could be adversely affected.

Note 13—Risk management

The Authority is exposed to all common perils associated with the ownership and rental of real estate properties. A risk management program has been established to minimize loss occurrence and to transfer risk through various levels of insurance. Property, casualty, employee dishonesty, and public official's liability insurance is used to cover the respective perils.

The Authority is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance, including workers' compensation and employee health and accident insurance, general liability, fire and extended coverage, fidelity bond, automobile, and Director and Officers liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior year.

Note 14—Income taxes

The Authority is exempt from income taxes as it is a governmental entity and therefore is not subject to taxation. The Authority's blended component units have qualified with the Internal Revenue Service and the Tennessee Department of Revenue as a tax-exempt organization for income tax purposes and, accordingly, there is no provision in the financial statements for federal or state income taxes.

The Authority's component units recognize uncertain income tax positions using the more-likely-than-not approach as defined in the Accounting Standards Codification. No liability for uncertain tax positions has been recorded in the accompanying financial statements.

Note 15—Condensed financial statements

	Chattanooga Housing Authority	Holtzclaw Development, LLC	Emerald Villages	Cromwell Hills	Steiner Redevelopment (dba Maple Hills)	CHA Charitable Benefit Corporation	Shallowford GP Corporation	Invest Chattanooga	Eliminations	Total
ASSETS:										
Current assets	$ 34,852,908	$ -	$ 1,512,464	$ 4,190,411	$ 355,533	$ 1,707,653	$ -	$ 20,559,447	$ (574,788)	$ 62,603,628
Capital assets, net	87,438,104	886,022	16,628,227	28,944,420	4,673,343	-	-	-	(15,476,877)	123,093,239
Noncurrent assets	25,210,009	-	347,576	246,397	289,090	6,262,316	-	550	(25,052,212)	7,303,726
Total Assets	147,501,021	886,022	18,488,267	33,381,228	5,317,966	7,969,969	-	20,559,997	(41,103,877)	193,000,593
Deferred outflows of resources	-	-	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	147,501,021	886,022	18,488,267	33,381,228	5,317,966	7,969,969	-	20,559,997	(41,103,877)	193,000,593
LIABILITIES:										
Current liabilities	19,152,080	45,933	975,745	3,659,256	81,198	38,909	-	56,005	(16,601,001)	7,408,125
Noncurrent liabilities	357,009	818,182	15,167,437	22,848,737	6,343,805	-	-	-	(22,674,402)	22,860,768
Total Liabilities	19,509,089	864,115	16,143,182	26,507,993	6,425,003	38,909	-	56,005	(39,275,403)	30,268,893
Deferred inflows of resources	-	-	-	-	-	-	-		-	-
Total Liabilities and Deferred Inflows of Resources	19,509,089	864,115	16,143,182	26,507,993	6,425,003	38,909	-	56,005	(39,275,403)	30,268,893
NET POSITION:										
Net investment in capital assets	51,544,768	886,022	16,628,227	28,944,420	4,673,343	-	-	-	(1,828,474)	100,848,306
Restricted by program requirements	16,812,447	-	-	-	-	-	-	20,503,992	-	37,316,439
Unrestricted net position (deficit)	59,634,717	(864,115)	(14,283,142)	(22,071,185)	(5,780,380)	7,931,060	-	-	-	24,566,955
Total Net Position	$ 127,991,932	$ 21,907	$ 2,345,085	$ 6,873,235	$ (1,107,037)	$ 7,931,060	$ -	$ 20,503,992	$ (1,828,474)	$ 162,731,700

Note 15—Condensed financial statements (continued)

	Chattanooga Housing Authority	Holtzclaw Development, LLC	Emerald Villages	Cromwell Hills	Steiner Redevelopment (dba Maple Hills)	CHA Charitable Benefit Corporation	Shallowford GP Corporation	Invest Chattanooga	Eliminations	Total
Operating Revenues:										
Tenant revenue, net of bad debts of $332,404	$ 7,479,508	$ 348,384	$ 337,477	$ 3,721,077	$ 289,268	$ -	$ -	$ -	$ -	$ 12,175,714
HUD PHA operating grants	60,995,055	-	980,368	-	155,687	-	-	-	-	62,131,110
Other government grants	9,104,476	-	-	-	-	4,250,000	-	20,000,000	-	33,354,476
Other revenue	2,475,253	1,500	478	4,969	25,007	1,521,125	208,028	110,000	(331,838)	4,014,522
Fraud recovery	143,671	-	7,731	-	-	-	-	-	-	151,402
Total Operating Revenues	80,197,963	349,884	1,326,054	3,726,046	469,962	5,771,125	208,028	20,110,000	(331,838)	111,827,224
Operating Expenses:										
Administrative	8,721,925	5,156	166,441	584,245	189,396	45,000	-	273,771	-	9,985,934
Tenant service	1,402,331	-	8,917	21,996	4,367	-	-	-	-	1,437,611
Utilities	5,431,715	-	299,167	218,374	53,024	-	-	-	-	6,002,280
Protective services	799,230	-	5,544	4,008	-	-	-	-	-	808,782
Insurance expense	1,317,837	-	97,850	169,400	3,346	-	-	-	-	1,588,433
Maintenance	6,059,927	-	275,288	558,462	221,029	-	-	-	-	7,114,706
General expense	554,818	-	30,175	77,014	(9,589)	75,000	-	-	-	727,418
Housing assistance payments	41,311,822	-	-	-	-	-	-	-	-	41,311,822
Depreciation and amortization	5,751,477	88,325	591,593	1,127,692	239,790	-	-	-	(384,064)	7,414,813
Total Operating Expenses:	71,351,082	93,481	1,474,975	2,761,191	701,363	120,000	-	273,771	(384,064)	76,391,799
Net Operating (Loss) Income	8,846,881	256,403	(148,921)	964,855	(231,401)	5,651,125	208,028	19,836,229	52,226	35,435,425
Nonoperating Revenues (Expenses):										
Interest income	475,002	(2,328)	30,032	59,388	8,920	56,285	-	667,763	-	1,295,062
Interest and investment expense	242,865	(4,764)	(399,008)	(765,794)	-	-	-	-	-	(926,701)
Special item	-	-	-	-	-	-	-	-	-	-
Casualty proceeds (losses)	90,045	-	(1,000)	16,000	-	-	-	-	-	105,045
Transfers in (out)	(812,557)	-	-	-	-	812,557	-	-	-	-
Total Nonoperating Expense, Net	(4,645)	(7,092)	(369,976)	(690,406)	8,920	868,842	-	667,763	-	473,406
Net (Loss) Income Before Capital Contributions	8,842,236	249,311	(518,897)	274,449	(222,481)	6,519,967	208,028	20,503,992	52,226	35,908,831
Capital Contributions:										
Transfers	366,700	-	-	-	-	-	(366,700)	-	-	-
Capital fund grant	6,776,697	-	-	-	-	-	-	-	-	6,776,697
Changes in net position	15,985,633	249,311	(518,897)	274,449	(222,481)	6,519,967	(158,672)	20,503,992	52,226	42,685,528
Net position, beginning of year	112,006,299	(227,404)	2,863,982	6,598,786	(884,556)	1,411,093	158,672	-	(1,880,700)	120,046,172
Net position, end of year	$ 127,991,932	$ 21,907	$ 2,345,085	$ 6,873,235	$ (1,107,037)	$ 7,931,060	$ -	$ 20,503,992	$ (1,828,474)	$ 162,731,700

Note 15—Condensed financial statements (continued)

	Chattanooga Housing Authority	Holtzclaw Development, LLC	Emerald Villages	Cromwell Hills	Steiner Redevelopment (dba Maple Hills)	CHA Charitable Benefit Corporation	Shallowford GP Corporation	Invest Chattanooga	Total
Net cash flows from operating activities	$ 14,384,931	$ 335,218	$ 250,303	$ 1,560,186	$ 26,272	$ 6,519,967	$ 208,028	$ 19,891,684	$ 43,176,589
Net cash flows from investing activities	(4,636,517)	(4,764)	(25,397)	(1,038,403)	-	-	-	667,763	(5,037,318)
Net cash flows from capital and related financing activities	(14,658,722)	(536,946)	(102,186)	104,514	(17,654)	-	-	-	(15,210,994)
Net cash flows from noncapital financing activities	313,073	-	-	-	-	-	(208,028)	-	105,045
Net change in cash	(4,597,235)	(206,492)	122,720	626,297	8,618	6,519,967	-	20,559,447	23,033,322
Cash, beginning of year	30,518,615	206,492	1,140,719	3,095,717	342,002	1,411,093	-	-	36,714,638
Cash, end of year	$ 25,921,380	$ -	$ 1,263,439	$ 3,722,014	$ 350,620	$ 7,931,060	$ -	$ 20,559,447	$ 59,747,960

SUPPLEMENTARY INFORMATION

CHATTANOOGA HOUSING AUTHORITY
STATEMENT AND CERTIFICATION OF ACTUAL FAMILY SELF-SUFFICIENCY GRANT COSTS

YEAR ENDED DECEMBER 31, 2025

			FSS23TN5128
1.)	Funds approved	$	89,549
	Funds expended		79,415
	Excess of Funds Approved	$	10,134

2.) The costs as shown on the Actual Modernization Cost Certificate submitted to HUD for approval are in agreement with the Housing Authority's records.

3.) All Family Self-Sufficiency Grant costs have been paid and all related liabilities have been discharged through payment.

4.) The time in which liens could be filed has expired.

5.) This statement is included in the FY2025 report to facilitate grant closeout by HUD.

CHATTANOOGA HOUSING AUTHORITY
STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS

YEAR ENDED DECEMBER 31, 2025

		TN43900450121
1.)	Funds approved	$ 4,933,308
	Funds expended	4,933,308
	Excess/Deficiency of Funds Approved	$ -

2.) The costs as shown on the Actual Modernization Cost Certificate submitted to HUD for approval are in agreement with the Housing Authority's records.

3.) All Capital Fund Grant costs have been paid and all related liabilities have been discharged through payment.

4.) The time in which liens could be filed has expired.

5.) This statement is included in the FY2025 report to facilitate grant closeout by HUD.

		TN43P00450120
1.)	Funds approved	$ 5,424,659
	Funds expended	5,424,659
	Excess/Deficiency of Funds Approved	$ -

2.) The costs as shown on the Actual Modernization Cost Certificate submitted to HUD for approval are in agreement with the Housing Authority's records.

3.) All Capital Fund Grant costs have been paid and all related liabilities have been discharged through payment.

4.) The time in which liens could be filed has expired.

5.) This statement is included in the FY2025 report to facilitate grant closeout by HUD.

		TN43R00450217
1.)	Funds approved	$ 137,587
	Funds expended	137,587
	Excess/Deficiency of Funds Approved	$ -

2.) The costs as shown on the Actual Modernization Cost Certificate submitted to HUD for approval are in agreement with the Housing Authority's records.

3.) All Capital Fund Grant costs have been paid and all related liabilities have been discharged through payment.

4.) The time in which liens could be filed has expired.

5.) This statement is included in the FY2025 report to facilitate grant closeout by HUD.

CHATTANOOGA HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – STATE OF TENNESSEE FORMAT

YEAR ENDED DECEMBER 31, 2025

FEDERAL GRANTOR	Assistance Listing Number	Contract Number	Beginning (Accrued) Deferred	Cash Receipts	Expenditures	Ending (Accrued) Deferred
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Direct Programs:						
Economic Development Initiative/Community Project Funding	14.251	N/A	$ (754,958)	$ 2,316,999	$ 1,562,041	$ -
Hope IV Cluster:						
Choice Neighborhoods Implementation Grant	14.889	N/A	(168,376)	5,138,470	5,083,260	(113,166)
Cluster Total				5,138,470	5,083,260	
Public & Indian Housing Program	14.850	N/A	-	9,064,691	9,064,691	-
Resident Opportunity and Supportive Services - Service Coordinators	14.870	N/A	(6,134)	137,849	142,210	(10,495)
Public Housing Capital Fund Program	14.872	N/A	(473,389)	4,091,521	3,618,132	-
Family Self-Sufficiency Program	14.896	N/A	(3,694)	83,091	83,610	(4,213)
Housing Voucher Cluster:						
Section 8 Housing Choice Voucher Program	14.871	N/A	(493,772)	43,749,682	44,143,902	(887,992)
Section 8 Mainstream Vouchers	14.879	N/A	-	212,139	237,954	(25,815)
Emergency Housing Vouchers	14.EHV	N/A	-	381,594	281,358	100,236
Cluster Total				44,343,415	44,663,214	
Section 8 Project-Based Cluster:						
Section 8 Housing Assistance Payments Program	14.195	N/A	(228,303)	3,604,912	3,376,609	-
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	N/A	15,151	-	-	15,151
Cluster Total				3,604,912	3,376,609	
Passed through City of Chattanooga:						
CDBG - Entitlement Grants Cluster						
Community Development Block Grant	14.218	B-17,18,19,20-MC4700001	-	826,515	1,215,465	(388,950)
Cluster Total				826,515	1,215,465	
Total U.S. Department of Housing and Urban Development				69,607,463	68,809,232	
U.S. DEPARTMENT OF THE TREASURY						
Passed through City of Chattanooga:						
Coronavirus State & Local Fiscal Recovery Funds	21.027	FY23-ARP-CHA Westside-2.14	-	289,012	289,012	-
Total Federal Financial Awards			$ (2,113,475)	$ 69,896,475	$ 69,098,244	$ (1,315,244)
Threshold for Type A/B					$ 2,072,947	

Reconciliation of ending (accrued) deferred balance to the statement of net position

Accounts receivable - HUD	$ (1,430,631)
Accounts payable - HUD related to federal grants	115,387
Ending (accrued) deferred balance on the Schedule of Expenditures of Federal Awards	$ (1,315,244)

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal awards ("SEFA") includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The SEFA reporting entity does not include Emerald Villages. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations ("CFR")* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2—Indirect cost rate

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

Note 3—Reconciliation of schedule of federal expenditures to the Statement of Revenues, Expenses, and Changes in Net Position

HUD operating grants	$ 62,131,110
Other government grants	33,354,476
Capital fund grant	6,776,697
Nonfederal grant income	(32,183,671)
Emerald Village - Project Based Rental Assistance not included in SEFA reporting entity	(980,368)
Total federal expenditures	$ 69,098,244

CHATTANOOGA HOUSING AUTHORITY
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

DECEMBER 31, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding 1/1/2025	Issued During Period	Paid and/or Forgiven During Period	Outstanding 12/31/2025
Affordable Housing Activities								
BciCapital Leasing (Public Housing)	$ 7,648,298	3.72 %	8/21/2019	12/11/2026	$ 1,536,855	$ -	$ (750,667)	$ 786,188
First Horizon Bank (Holtzclaw Development, LLC)	3,100,000	Variable	4/28/2006	4/1/2026	386,440	-	(386,440)	-
Grandbridge Real Estate Capital (Cromwell Development I, LLC)	14,910,626	3.71 %	9/1/2022	12/1/2037	14,494,095	-	(220,600)	14,273,495
Grandbridge Real Estate Capital (Emerald Villages, LLC)	7,272,000	3.93 %	11/1/2022	1/1/2038	7,087,436	-	(102,186)	6,985,250
Tennessee Housing and Development Agency	500,000	0.00 %	12/5/2019	12/1/2027	300,000	-	(100,000)	200,000
Total Affordable Housing Activity Loans					$ 23,804,826	$ -	$ (1,559,893)	$ 22,244,933
Total Primary Government Debt					$ 23,804,826	$ -	$ (1,559,893)	$ 22,244,933

OTHER REPORTS

Cherry Bekaert
Your Guide Forward

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners
Chattanooga Housing Authority
Chattanooga, Tennessee

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 Chattanooga 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 July 28, 2026. Our report also includes a reference to other auditors who audited the financial statements of Cromwell Development I, LLC and Chattanooga Housing Authority – Emerald Villages, LLC as described in our report on the Authority's financial statements. The financial statements of Cromwell Development I, LLC 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 this blended component unit.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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.

Cherry Bekaert LLP

Lexington, Kentucky
July 28, 2026

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Commissioners
Chattanooga Housing Authority
Chattanooga, Tennessee

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Chattanooga 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 each of the Authority's major federal programs for the year ended December 31, 2025. The Authority's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Section 8 Project Based Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Section 8 Project Based Cluster for the year ended December 31, 2025.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2025.

Basis for Qualified and Unmodified Opinions

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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Section 8 Project Based Cluster

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding Housing Quality Standards Inspections for the Section 8 Project Based Cluster as described in finding number 2025-001.

Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

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 each major federal program as a whole.

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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.

Other Matters
The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-002, 2025-003, and 2025-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-002, 2025-003, and 2025-004 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Cherry Bekaert LLP

Lexington, Kentucky
July 28, 2026

A. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on the financial statements: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified: **No**
- Significant deficiencies identified: **None reported**

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

Federal Awards:

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

Section 8 Project Based Cluster	14.195	Qualified
Public Housing Operating Fund	14.850	Unmodified
Hope VI Cluster	14.889	Unmodified

Internal control over compliance:

- Material weaknesses identified: **Yes**
- Significant deficiencies identified: **Yes**

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance? **Yes**

Identification of major federal programs:

Name of Program	**ALN**
Department of Housing and Urban Development:	
Section 8 Project Based Cluster	14.195
Public Housing Operating Fund	14.850
Hope VI Cluster	14.889

Dollar threshold to distinguish between Types A and B Programs: **$2,072,947**

The Authority was qualified as a low risk auditee in accordance with Section 200.520 of the Uniform Guidance? **Yes**

B. Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*

- None reported.

C. Findings and Questioned Costs for Federal Awards

Finding: 2025-001

Program Name: Section 8 Project Based Cluster (14.195-CL)

Federal Awarding Authority: Department of Housing and Urban Development

Compliance Requirement: Special Tests - Housing Quality Standards Inspections

Type of Finding: Material Weakness; Material Noncompliance

Criteria: The Authority must perform housing quality inspections at the time of initial occupancy and at least annually to ensure the units are decent, safe and sanitary.

Condition: 18-unit inspection reports out of a sample of 40 units contained deficiencies that were not repaired or were not repaired timely.

Cause: The Authority did not have appropriate controls in place over housing quality inspections to ensure deficiencies are repaired timely.

Effect: The Authority was not in compliance with the housing quality inspection compliance requirements for the year ended December 31, 2025.

Auditor Recommendation: The Authority should implement a process to ensure inspection deficiencies are repaired timely and documentation of repairs is maintained.

Questioned Costs: None.

Management's Response: We currently have a process to respond to all life-threatening and health and safety inspection deficiencies in a timely manner. To improve the process for all other inspection deficiencies, we are working on a way to use technology to automatically import inspection findings into our system instead of manually entering each work order. This will reduce the time it takes to create work orders, allowing repairs to be completed more quickly. The system will also provide documentation of completed repairs, helping ensure records are maintained.

C. Findings and Questioned Costs for Federal Awards (continued)

Finding: 2025-002

Program Name: Section 8 Project Based Cluster (14.195-CL).

Federal Awarding Authority: Department of Housing and Urban Development

Compliance Requirement: Eligibility

Type of Finding: Significant Deficiency; Nonmaterial Noncompliance

Criteria: From a sample of 40 files, the Authority was unable to provide the following documents:

- Four citizenship declaration forms
- One social security card
- Two Personal Declaration and Questionnaire forms
- Two Form 9887 Notice and Consent for Release of Information.
- Eight files did not contain documentation supporting the tenant's current year income used in the calculation of rent

Condition: The Authority was unable to provide information necessary to determine eligibility for all applicants selected for testing.

Cause: The Authority does not have a process in place to ensure all documentation necessary to complete the tenant reexamination process is obtained.

Effect: The Authority did not maintain all required documentation in the tenant files selected for testing.

Auditor Recommendation: The Authority should implement a system to review files for appropriate supporting documentation after each reexamination.

Questioned Costs: None.

Management's Response: We have updated our file checklists to better ensure that staff collect all required supporting documentation needed to determine eligibility during each reexamination. Staff received training on the new checklist format in late 2025 and have begun using the updated checklists. We are also reviewing all participant files to verify they are complete and compliant. In addition, we have an internal file review process that includes quality control reviews of a percentage of files at each site to help ensure required documentation is present and program requirements are being met. Staff will also attend annual file compliance training to reinforce documentation requirements and support continued compliance going forward.

C. Findings and Questioned Costs for Federal Awards (continued)

Finding: 2025-003

Program Name: Section 8 Project Based Cluster (14.195-CL)

Federal Awarding Authority: Department of Housing and Urban Development

Compliance Requirement: Special Tests - Contract Rent Adjustments

Type of Finding: Significant Deficiency; Nonmaterial Noncompliance

Criteria: The Authority must apply or ensure annual adjustments to contract rents are applied.

Condition: Contract rent adjustments were not applied to the calculation of rent in 4 instances out of a sample of 40 calculations. Each tenant's income used to calculate rent in the Form 50059 was less than the income per the documentation in the file, resulting in underpayment of rent by the tenant.

Cause: The Authority did not have appropriate controls in place over contract rent adjustments to ensure the adjustments are applied to the calculation of rent.

Effect: The Authority was not in compliance with the contract rent adjustments compliance requirements for the year ended December 31, 2025.

Auditor Recommendation: The Authority should implement a process to verify contract rent adjustments are appropriately applied and supported by the file documentation.

Questioned Costs: None.

Management's Response: Due to staffing challenges, some contract rent adjustments were implemented later than they should have been. We have since implemented a process to ensure contract rent adjustments are reviewed and applied timely. This process includes internal review procedures, and staff will receive annual training to reinforce contract rent requirements and help ensure adjustments are processed accurately and on time going forward.

C. Findings and Questioned Costs for Federal Awards (continued)

Finding: 2025-004

Program Name: Public Housing Operating Fund (14.850)

Federal Awarding Authority: Department of Housing and Urban Development

Compliance Requirement: Eligibility

Type of Finding: Significant Deficiency; Nonmaterial Noncompliance

Criteria: For both family income examinations and reexaminations, the Authority must obtain and document in the file, third-party verification of reported family annual income

Condition: The Authority was unable to provide documentation to show income had been verified during reexamination for 3 tenants out of a sample of 40 tenants.

Cause: The Authority did not have appropriate controls in place to ensure and document that tenant income was verified for reexaminations.

Effect: The Authority was not in compliance with eligibility compliance requirements for the year ended December 31, 2025.

Auditor Recommendation: The Authority should implement a process to ensure third party documentation is obtained and maintained in the tenant file to support income reexamination.

Questioned Costs: None.

Management's Response: Staff will attend annual file compliance training and upcoming rent calculation training to reinforce documentation requirements and ensure accurate income determinations going forward.

We have also updated our file checklists, staff are reviewing all tenant files and we have an internal file review process, as noted in Finding 2025-002, to help ensure staff obtain and maintain all required third-party documentation for income reexaminations

Finding: 2024-001

Program Name: Housing Voucher Cluster (ALN #14.871-CL)

Federal Awarding Agency: Department of Housing and Urban Development

Compliance Requirement: Selection from the Waiting List

Type of Finding: Nonmaterial Noncompliance

Criteria: The Authority must have written policies for selecting applicants from the waiting list and must document that they follow these policies.

Condition: The Authority was unable to provide documentation to show that the three new applicants tested for Cromwell Hills Apartments were housed in accordance with the Authority's administrative plan.

Auditor Recommendation: We recommend the Authority monitor this property to ensure policies put into place during 2024 are followed.

Current Status: This finding was corrected.

Finding Reference: 2025-001

Description of Finding: The Authority did not perform timely repairs on 18 units in accordance with housing quality inspection requirements.

Statement of Concurrence or Nonconcurrence: The Authority agrees with the finding.

Corrective Action: We currently have a process to respond to all life-threatening and health and safety inspection deficiencies in a timely manner. To improve the process for all other inspection deficiencies, we are working on a way to use technology to automatically import inspection findings into our system instead of manually entering each work order. This will reduce the time it takes to create work orders, allowing repairs to be completed more quickly. The system will also provide documentation of completed repairs, helping ensure records are maintained.

Finding Reference: 2025-002

Description of Finding: The Authority was unable to provide all documents required to be maintained to determine eligibility.

Statement of Concurrence or Nonconcurrence: The Authority agrees with the finding.

Corrective Action: We have updated our file checklists to better ensure that staff collect all required supporting documentation needed to determine eligibility during each reexamination. Staff received training on the new checklist format in late 2025 and have begun using the updated checklists. We are also reviewing all participant files to verify they are complete and compliant. In addition, we have an internal file review process that includes quality control reviews of a percentage of files at each site to help ensure required documentation is present and program requirements are being met. Staff will also attend annual file compliance training to reinforce documentation requirements and support continued compliance going forward.

Finding Reference: 2025-003

Description of Finding: Contract rent adjustments were not applied to the calculation of rent for 4 tenants out of a sample of 40.

Statement of Concurrence or Nonconcurrence: The Authority agrees with the finding.

Corrective Action: Due to staffing challenges, some contract rent adjustments were implemented later than they should have been. We have since implemented a process to ensure contract rent adjustments are reviewed and applied timely. This process includes internal review procedures, and staff will receive annual training to reinforce contract rent requirements and help ensure adjustments are processed accurately and on time going forward.

Finding Reference: 2025-004

Description of Finding: The Authority was unable to provide documentation to show income had been verified during reexamination for 3 tenants out of a sample of 40 tenants.

Statement of Concurrence or Nonconcurrence: The Authority agrees with the finding.

Corrective Action: Staff will attend annual file compliance training and upcoming rent calculation training to reinforce documentation requirements and ensure accurate income determinations going forward. We have also updated our file checklists, staff are reviewing all tenant files and we have an internal file review process, as noted in Finding 2025-002, to help ensure staff obtain and maintain all required third-party documentation for income reexaminations

Name of Contact Person: Curtis Lokey, Director of Finance, 423-752-4893, clokey@chahousing.org

FINANCIAL DATA SCHEDULES

CHATTANOOGA HOUSING AUTHORITY (TN004)

CHATTANOOGA, TENNESSEE

ENTITY WIDE BALANCE SHEET SUMMARY

SUBMISSION TYPE: AUDITED/SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2025

Chattanooga Housing Authority (TN004)

CHATTANOOGA, TN

Entity Wide Balance Sheet Summary

Audited/Single Audit **Fiscal Year End:** **12/31/2025**

	Project Total	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	2 State/Local	8 Other Federal Program 1	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.889 Choice Neighborhoods Implementation Grants	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	10,031,110		0	62,503		4,284,729				2,833,477	116,972	1,409,550	1,462		87,919	26,158	3,682,577	22,536,457	-1,277,955	21,258,502
112 Cash - Restricted - Modernization and Development	3,233,756					1,310,085				8,204,593								12,748,434		12,748,434
113 Cash - Other Restricted	1,409	31,151		22,156,480		2,676,425						310,824			96,730	15,151		25,288,170		25,288,170
114 Cash - Tenant Security Deposits	167,640					135,643				132,833							16,738	452,854		452,854
115 Cash - Restricted for Payment of Current Liabilities						0												0		0
100 Total Cash	13,433,915	31,151	0	22,218,983	0	8,406,882	0	0	0	11,170,903	116,972	1,720,374	1,462	0	184,649	41,309	3,699,315	61,025,915	-1,277,955	59,747,960
121 Accounts Receivable - PHA Projects																				
122 Accounts Receivable - HUD Other Projects	388,950				4,213						25,815	887,992	10,495	113,166				1,430,631		1,430,631
124 Accounts Receivable - Other Government			72,312															72,312		72,312
125 Accounts Receivable - Miscellaneous						574,788	10,342					64,765					822,308	1,472,203	-1,392,970	79,233
126 Accounts Receivable - Tenants	310,048		0			205,372				72,306								587,726		587,726
126.1 Allowance for Doubtful Accounts -Tenants	-179,435					-75,112	0			-31,668								-286,215		-286,215
126.2 Allowance for Doubtful Accounts - Other	0		0		0	0	0				0	0	0	0			0	0		0
127 Notes, Loans, & Mortgages Receivable - Current																				
128 Fraud Recovery	28,267					3,365				1,276		4,375,453			20			4,408,381		4,408,381
128.1 Allowance for Doubtful Accounts - Fraud	-27,360					0				-1,276		-4,375,453			-20			-4,404,109		-4,404,109
129 Accrued Interest Receivable																				
120 Total Receivables, Net of Allowances for Doubtful Accounts	520,470	0	72,312	0	4,213	708,413	10,342	0	0	40,638	25,815	952,757	10,495	113,166	0	0	822,308	3,280,929	-1,392,970	1,887,959
131 Investments - Unrestricted																				
132 Investments - Restricted																				
135 Investments - Restricted for Payment of Current Liability																				
142 Prepaid Expenses and Other Assets	8,266					292,862				760		22,257					643,564	967,709		967,709
143 Inventories																				
143.1 Allowance for Obsolete Inventories																				
144 Inter Program Due From													0					0		0
145 Assets Held for Sale																				
150 Total Current Assets	13,962,651	31,151	72,312	22,218,983	4,213	9,408,157	10,342	0	0	11,212,301	142,787	2,695,388	11,957	113,166	184,649	41,309	5,165,187	65,274,553	-2,670,925	62,603,628
161 Land	810,257					21,004,330				242,060								22,056,647	-9,700,000	12,356,647
162 Buildings	92,918,308					111,004,477				61,663,613		5,000					295,469	265,886,867	-7,105,199	258,781,668
163 Furniture, Equipment & Machinery - Dwellings	0					599,617				0								599,617		599,617
164 Furniture, Equipment & Machinery - Administration	1,174,530					3,232,091	82,176			621,461		25,485					610,511	5,746,254		5,746,254
165 Leasehold Improvements	0					5,472,995												5,472,995		5,472,995
166 Accumulated Depreciation	-87,035,975					-59,224,658	-32,871			-39,475,217		-28,811					-761,028	-186,558,560	1,328,322	-185,230,238
167 Construction in Progress	3,252,735		1,400,000			0	11,413,561	3,000,000	4,000,000	0				2,300,000				25,366,296		25,366,296
168 Infrastructure	0					0				0								0		0
160 Total Capital Assets, Net of Accumulated Depreciation	11,119,855	0	1,400,000	0	0	82,088,852	11,462,866	3,000,000	4,000,000	23,051,917	0	1,674	0	2,300,000	0	0	144,952	138,570,116	-15,476,877	123,093,239

CHATTANOOGA HOUSING AUTHORITY (TN004)
CHATTANOOGA, TENNESSEE
ENTITY WIDE BALANCE SHEET SUMMARY (CONTINUED)
SUBMISSION TYPE: AUDITED/SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2025

Chattanooga Housing Authority (TN004)
CHATTANOOGA, TN
Entity Wide Balance Sheet Summary

Audited/Single Audit **Fiscal Year End:** **12/31/2025**

	Project Total	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	2 State/Local	8 Other Federal Program 1	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.889 Choice Neighborhoods Implementation Grants	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	COCC	Subtotal	ELIM	Total
171 Notes, Loans and Mortgages Receivable - Non-Current				6,262,316		25,052,212											45,000	31,359,528	-25,024,820	6,334,708
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due																				
173 Grants Receivable - Non Current																				
174 Other Assets				550		958,333				10,135								969,018		969,018
176 Investments in Joint Ventures																				
180 Total Non-Current Assets	11,119,855	0	1,400,000	6,262,866	0	108,099,397	11,462,866	3,000,000	4,000,000	23,062,052	0	1,674	0	2,300,000	0	0	189,952	170,898,662	-40,501,697	130,396,965
200 Deferred Outflow of Resources																				
290 Total Assets and Deferred Outflow of Resources	25,082,506	31,151	1,472,312	28,481,849	4,213	117,507,554	11,473,208	3,000,000	4,000,000	34,274,353	142,787	2,697,062	11,957	2,413,166	184,649	41,309	5,355,139	236,173,215	-43,172,622	193,000,593
311 Bank Overdraft																				
312 Accounts Payable <= 90 Days	652,342			27,083		175,220	753,653			169,249		22,682	3,344	106,508			52,694	1,962,775		1,962,775
313 Accounts Payable >90 Days Past Due																				
321 Accrued Wage/Payroll Taxes Payable	122,920				4,213	82,872	3,023			83,626		66,289	8,613	6,129			288,011	665,696		665,696
322 Accrued Compensated Absences - Current Portion	10,954			5,715		7,669	168			9,796		9,150					36,229	79,681		79,681
324 Accrued Contingency Liability																				
325 Accrued Interest Payable						1,958,752											346	1,959,098	-1,958,752	346
331 Accounts Payable - HUD PHA Programs	287,479														100,214	15,151		402,844		402,844
332 Account Payable - PHA Projects																				
333 Accounts Payable - Other Government	118,931					58,826				55,762								233,519		233,519
341 Tenant Security Deposits	169,915					140,151				133,021							16,738	459,825		459,825
342 Unearned Revenue	130,012					12,590,866				57,650					33,645		1,728,676	14,540,849	-12,753,326	1,787,523
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	786,191					639,170												1,425,361	-203,153	1,222,208
344 Current Portion of Long-term Debt - Operating Borrowings																				
345 Other Current Liabilities																				
346 Accrued Liabilities - Other	197,864			14,000		1,712,989				26,774		232,419					9,662	2,193,708	-1,600,000	593,708
347 Inter Program - Due To			72,312				1,205,114							529				1,277,955	-1,277,955	0
348 Loan Liability - Current													0					0		0
310 Total Current Liabilities	2,476,608	0	72,312	46,798	4,213	17,366,515	1,961,958	0	0	535,878	0	330,540	11,957	113,166	133,859	15,151	2,132,356	25,201,311	-17,793,186	7,408,125
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						42,426,001												42,426,001	-21,403,276	21,022,725
352 Long-term Debt, Net of Current - Operating Borrowings						818,182												818,182	-818,182	0
353 Non-current Liabilities - Other	1,409					1,867,164						310,824						2,179,397	-560,149	1,619,248
354 Accrued Compensated Absences - Non Current	32,868					19,897	504			29,388		27,451					108,687	218,795		218,795
355 Loan Liability - Non Current																				
356 FASB 5 Liabilities																				
357 Accrued Pension and OPEB Liabilities																				
350 Total Non-Current Liabilities	34,277	0	0	0	0	45,131,244	504	0	0	29,388	0	338,275	0	0	0	0	108,687	45,642,375	-22,781,607	22,860,768
300 Total Liabilities	2,510,885	0	72,312	46,798	4,213	62,497,759	1,962,462	0	0	565,266	0	668,815	11,957	113,166	133,859	15,151	2,241,043	70,843,686	-40,574,793	30,268,893

CHATTANOOGA HOUSING AUTHORITY (TN004)
CHATTANOOGA, TENNESSEE
ENTITY WIDE BALANCE SHEET SUMMARY (CONTINUED)
SUBMISSION TYPE: AUDITED/SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2025

Chattanooga Housing Authority (TN004)
CHATTANOOGA, TN
Entity Wide Balance Sheet Summary

Audited/Single Audit **Fiscal Year End:** **12/31/2025**

	Project Total	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	2 State/Local	8 Other Federal Program 1	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.889 Choice Neighborhoods Implementation Grants	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	COCC	Subtotal	ELIM	Total
400 Deferred Inflow of Resources																				
508.3 Nonspendable Fund Balance																				
508.4 Net Investment in Capital Assets	10,333,664		1,400,000			39,023,681	11,462,866	3,000,000	4,000,000	23,051,917		1,674		2,300,000			144,952	94,718,754	6,129,552	100,848,306
509.3 Restricted Fund Balance																				
510.3 Committed Fund Balance																				
511.3 Assigned Fund Balance																				
511.4 Restricted Net Position	3,233,756			22,204,597		4,026,036				7,713,968	11,148	77,482			34,301	15,151		37,316,439	0	37,316,439
512.3 Unassigned Fund Balance																				
512.4 Unrestricted Net Position	9,004,201	31,151	0	6,230,454	0	11,960,078	-1,952,120	0	0	2,943,202	131,639	1,949,091	0	0	16,489	11,007	2,969,144	33,294,336	-8,727,381	24,566,955
513 Total Equity - Net Assets / Position	22,571,621	31,151	1,400,000	28,435,051	0	55,009,795	9,510,746	3,000,000	4,000,000	33,709,087	142,787	2,028,247	0	2,300,000	50,790	26,158	3,114,096	165,329,529	-2,597,829	162,731,700
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	25,082,506	31,151	1,472,312	28,481,849	4,213	117,507,554	11,473,208	3,000,000	4,000,000	34,274,353	142,787	2,697,062	11,957	2,413,166	184,649	41,309	5,355,139	236,173,215	-43,172,622	193,000,593

CHATTANOOGA HOUSING AUTHORITY (TN004)
CHATTANOOGA, TENNESSEE
ENTITY WIDE REVENUE AND EXPENSES SUMMARY
SUBMISSION TYPE: AUDITED/SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2025

Chattanooga Housing Authority (TN004)
CHATTANOOGA, TN
Entity Wide Revenue and Expense Summary

Audited/Single Audit **Fiscal Year End:** **12/31/2025**

	Project Total	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	2 State/Local	8 Other Federal Program 1	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.889 Choice Neighborhoods Implementation Grants	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	3,317,863					5,643,511				2,669,130								11,630,504		11,630,504
70400 Tenant Revenue - Other	311,937					377,387				9,912								699,236	-154,026	545,210
70500 Total Tenant Revenue	3,629,800	0	0	0	0	6,020,898	0	0	0	2,679,042	0	0	0	0	0	0	0	12,329,740	-154,026	12,175,714
70600 HUD PHA Operating Grants	8,772,519				83,610	2,305,865				3,376,609	237,954	44,147,725	142,210	2,783,260	281,358			62,131,110		62,131,110
70610 Capital Grants	2,914,656							1,562,041						2,300,000				6,776,697		6,776,697
70710 Management Fee																	2,250,969	2,250,969	-2,250,969	0
70720 Asset Management Fee																	130,520	130,520	-130,520	0
70730 Book Keeping Fee																	391,355	391,355	-391,355	0
70740 Front Line Service Fee																	1,664,033	1,664,033	-1,664,033	0
70750 Other Fees																	67,500	67,500	-67,500	0
70700 Total Fee Revenue																	4,504,377	4,504,377	-4,504,377	0
70800 Other Government Grants			1,215,465	24,250,000		100,000	7,500,000		289,011									33,354,476		33,354,476
71100 Investment Income - Unrestricted				724,048		468,463				282,974		313					90,723	1,566,521	-271,459	1,295,062
71200 Mortgage Interest Income																				
71300 Proceeds from Disposition of Assets Held for Sale																				
71310 Cost of Sale of Assets																				
71400 Fraud Recovery	10,774					7,732				400		129,888			2,608			151,402		151,402
71500 Other Revenue	6,234	3,342		1,839,153		1,092,941	1,010,349			44,178		265					349,898	4,346,360	-331,838	4,014,522
71600 Gain or Loss on Sale of Capital Assets																				
72000 Investment Income - Restricted																				
70000 Total Revenue	15,333,983	3,342	1,215,465	26,813,201	83,610	9,995,899	8,510,349	1,562,041	289,011	6,383,203	237,954	44,278,191	142,210	5,083,260	283,966	0	4,944,998	125,160,683	-5,261,700	119,898,983
91100 Administrative Salaries	658,086			103,846		514,524				325,084		1,121,784		429,630			2,777,885	5,930,839		5,930,839
91200 Auditing Fees	18,416			14,000		53,120				6,043		18,540					15,872	125,991		125,991
91300 Management Fee	885,116					472,781				397,234	3,276	643,676			4,480			2,406,563	-2,250,965	155,598
91310 Book-keeping Fee	91,749										2,040	296,438			1,133			391,360	-391,359	1
91400 Advertising and Marketing	0			37								0					74,158	74,195		74,195
91500 Employee Benefit contributions - Administrative	146,229			16,195		110,668				76,743		229,375		42,026			537,933	1,159,169		1,159,169
91600 Office Expenses	281,138			24,061		168,896				226,209		263,842		1,726			608,339	1,574,211	-154,026	1,420,185
91700 Legal Expense	223,692					20,036				73,615		33,537					32,750	383,630	-271,755	111,875
91800 Travel	2,585			2,314		5,687				3,849		20,531					18,671	53,637		53,637
91810 Allocated Overhead	0					0				0		0						0		0
91900 Other	457,824			158,319		157,432				568,827		62,561	288				13,752	1,419,003	-464,559	954,444
91000 Total Operating - Administrative	2,764,835	0	0	318,772	0	1,503,144	0	0	0	1,677,604	5,316	2,690,284	288	473,382	5,613	0	4,079,360	13,518,598	-3,532,664	9,985,934

CHATTANOOGA HOUSING AUTHORITY (TN004)
CHATTANOOGA, TENNESSEE
ENTITY WIDE REVENUE AND EXPENSES SUMMARY (CONTINUED)
SUBMISSION TYPE: AUDITED/SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2025

Chattanooga Housing Authority (TN004)
CHATTANOOGA, TN
Entity Wide Revenue and Expense Summary

Audited/Single Audit **Fiscal Year End:** **12/31/2025**

	Project Total	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	2 State/Local	8 Other Federal Program 1	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.889 Choice Neighborhoods Implementation Grants	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	COCC	Subtotal	ELIM	Total
96110 Property Insurance	547,716					443,631				311,214		5,582					13,950	1,322,093		1,322,093
96120 Liability Insurance	0					0				0		0					0	0		0
96130 Workmen's Compensation	61,137				445	36,021	230			36,965		4,318	769		12		55,967	195,864		195,864
96140 All Other Insurance	4,814					6,090				1,558		3,355					54,659	70,476		70,476
96100 Total insurance Premiums	613,667	0	0	0	445	485,742	230	0	0	349,737	0	13,255	769	0	12	0	124,576	1,588,433	0	1,588,433
96200 Other General Expenses	0			75,000						2		12,400						87,402		87,402
96210 Compensated Absences	6,334					0	672			7,624		2					15,078	29,710		29,710
96300 Payments in Lieu of Taxes	118,931					58,827				55,762								233,520		233,520
96400 Bad debt - Tenant Rents	152,042					112,802				64,797								329,641		329,641
96500 Bad debt - Mortgages	0																	0		0
96600 Bad debt - Other	0																	0		0
96800 Severance Expense	0																47,145	47,145		47,145
96000 Total Other General Expenses	277,307	0	0	75,000	0	171,629	672	0	0	128,185	0	12,402	0	0	0	0	62,223	727,418	0	727,418
96710 Interest of Mortgage (or Bonds) Payable	440					1,171,549												1,171,989		1,171,989
96720 Interest on Notes Payable (Short and Long Term)	18,919											7,252						26,171	-271,459	-245,288
96730 Amortization of Bond Issue Costs																				
96700 Total Interest Expense and Amortization Cost	19,359	0	0	0	0	1,171,549	0	0	0	0	0	7,252	0	0	0	0	0	1,198,160	-271,459	926,701
96900 Total Operating Expenses	10,771,699	5,563	0	393,772	83,610	6,723,349	47,764	0	0	5,845,653	5,316	2,946,054	142,210	1,110,796	12,651	0	5,432,065	33,520,502	-4,928,637	28,591,865
97000 Excess of Operating Revenue over Operating Expenses	4,562,284	-2,221	1,215,465	26,419,429	0	3,272,550	8,462,585	1,562,041	289,011	537,550	232,638	41,332,137	0	3,972,464	271,315	0	-487,067	91,640,181	-333,063	91,307,118
97100 Extraordinary Maintenance																				
97200 Casualty Losses - Non-capitalized	-8,049					-15,000				-93,261							11,265	-105,045		-105,045
97300 Housing Assistance Payments											209,220	40,838,041			264,561			41,311,822		41,311,822
97350 HAP Portability-In																				
97400 Depreciation Expense	1,457,678					3,319,185	16,436			2,571,412		3,456					46,646	7,414,813		7,414,813
97500 Fraud Losses																				
97600 Capital Outlays - Governmental Funds																				
97700 Debt Principal Payment - Governmental Funds																				
97800 Dwelling Units Rent Expense																				
90000 Total Expenses	12,221,328	5,563	0	393,772	83,610	10,027,534	64,200	0	0	8,323,804	214,536	43,787,551	142,210	1,110,796	277,212	0	5,489,976	82,142,092	-4,928,637	77,213,455

CHATTANOOGA HOUSING AUTHORITY (TN004)
CHATTANOOGA, TENNESSEE
ENTITY WIDE REVENUE AND EXPENSES SUMMARY (CONTINUED)
SUBMISSION TYPE: AUDITED/SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2025

Chattanooga Housing Authority (TN004)
CHATTANOOGA, TN
Entity Wide Revenue and Expense Summary

Audited/Single Audit **Fiscal Year End:** **12/31/2025**

	Project Total	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	2 State/Local	8 Other Federal Program 1	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.889 Choice Neighborhoods Implementation Grants	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	COCC	Subtotal	ELIM	Total
10010 Operating Transfer In																				
10020 Operating transfer Out																				
10030 Operating Transfers from/to Primary Government																				
10040 Operating Transfers from/to Component Unit																				
10050 Proceeds from Notes, Loans and Bonds																				
10060 Proceeds from Property Sales																				
10070 Extraordinary Items, Net Gain/Loss																				
10080 Special Items (Net Gain/Loss)						0												0		0
10091 Inter Project Excess Cash Transfer In																				
10092 Inter Project Excess Cash Transfer Out																				
10093 Transfers between Program and Project - In	70,000			1,672,464			859,907			93,748							1,597,482	4,293,601		4,293,601
10094 Transfers between Project and Program - Out	-591,953			-1,226,607						-93,748				-1,672,464			-708,829	-4,293,601		-4,293,601
10100 Total Other financing Sources (Uses)	-521,953	0	0	445,857	0	0	859,907	0	0	0	0	0	0	-1,672,464	0	0	888,653	0	0	0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	2,590,702	-2,221	1,215,465	26,865,286	0	-31,635	9,306,056	1,562,041	289,011	-1,940,601	23,418	490,640	0	2,300,000	6,754	0	343,675	43,018,591	-333,063	42,685,528
11020 Required Annual Debt Principal Payments	786,191	0	0	0	0	323,405	0	0	0	0	0	0	0	0	0	0	0	1,109,596		1,109,596
11030 Beginning Equity	19,984,352	33,372	184,535	1,411,093	0	55,042,396	204,690	1,437,959	3,710,988	35,651,891	119,369	1,545,639	0	0	44,036	26,158	2,914,636	122,311,114	-2,264,942	120,046,172
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-3,433			158,672		-966			1	-2,203		-8,032					-144,215	-176	176	0
11050 Changes in Compensated Absence Balance																				
11060 Changes in Contingent Liability Balance																				
11070 Changes in Unrecognized Pension Transition Liability																				
11080 Changes in Special Term/Severance Benefits Liability																				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents																				
11100 Changes in Allowance for Doubtful Accounts - Other																				
11170 Administrative Fee Equity												1,950,765						1,950,765		1,950,765
11180 Housing Assistance Payments Equity												77,482						77,482		77,482
11190 Unit Months Available	13052					8285				7836	1524	46344			492			77533	0	77533
11210 Number of Unit Months Leased	12228					7068				7316	274	39582			195			66663	0	66663
11270 Excess Cash	7,373,190																	7,373,190		7,373,190
11610 Land Purchases	0																0	0		0
11620 Building Purchases	2,914,657																0	2,914,657		2,914,657
11630 Furniture & Equipment - Dwelling Purchases	0																0	0		0
11640 Furniture & Equipment - Administrative Purchases	0																0	0		0
11650 Leasehold Improvements Purchases	0																0	0		0
11660 Infrastructure Purchases	0																0	0		0
13510 CFFP Debt Service Payments	0																0	0		0
13901 Replacement Housing Factor Funds	0																0	0		0

CHATTANOOGA HOUSING AUTHORITY (TN004)
CHATTANOOGA, TENNESSEE
PROJECT BALANCE SHEET SUMMARY
SUBMISSION TYPE: AUDITED/SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2025

Chattanooga Housing Authority (TN004)
CHATTANOOGA, TN
Project Balance Sheet Summary

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

	TN004000001	TN004000002	TN004000003	TN004000005	TN004000007	TN004000008	TN004000010	TN004000012	TN004000021	TN004000022	TN004000029	TN004000032	TN004000033	TN004000034	TN004000035	TN004000036	OTHER PROJ	Total
111 Cash - Unrestricted	$3,168,091	$1,285,829	$880,435			$2,767,457			$468,952	$503,319	$882,493				$90,924		$1,908	$10,049,408
112 Cash - Restricted - Modernization and Development			$1,688,624	$1,545,132														$3,233,756
113 Cash - Other Restricted	$1,409																	$1,409
114 Cash - Tenant Security Deposits	$48,703	$66,485				$44,553				$7,899								$167,640
115 Cash - Restricted for Payment of Current Liabilities																		
100 Total Cash	$3,218,203	$1,352,314	$2,569,059	$1,545,132	$0	$2,812,010	$0	$0	$468,952	$511,218	$882,493	$0	$0	$0	$90,924	$0	$1,908	$13,452,213
121 Accounts Receivable - PHA Projects																		
122 Accounts Receivable - HUD Other Projects	$47,805	$70,115				$259,078				$11,951								$388,949
124 Accounts Receivable - Other Government																		
125 Accounts Receivable - Miscellaneous																		
126 Accounts Receivable - Tenants	$132,070	$132,325				$40,865				$4,788								$310,048
126.1 Allowance for Doubtful Accounts -Tenants	-$98,179	-$69,517				-$11,441				-$298								-$179,435
126.2 Allowance for Doubtful Accounts - Other	$0	$0				$0				$0								$0
127 Notes, Loans, & Mortgages Receivable - Current																		
128 Fraud Recovery	$23,290	$200				$4,777												$28,267
128.1 Allowance for Doubtful Accounts - Fraud	-$22,383	-$200				-$4,777												-$27,360
129 Accrued Interest Receivable																		
120 Total Receivables, Net of Allowances for Doubtful Accounts	$82,603	$132,923	$0	$0	$0	$288,502	$0	$0	$0	$16,441	$0	$0	$0	$0	$0	$0	$0	$520,469
131 Investments - Unrestricted																		
132 Investments - Restricted																		
135 Investments - Restricted for Payment of Current Liability																		
142 Prepaid Expenses and Other Assets	$462	$373				$7,258				$173								$8,266
143 Inventories																		
143.1 Allowance for Obsolete Inventories																		
144 Inter Program Due From																		
145 Assets Held for Sale																		
150 Total Current Assets	$3,301,268	$1,485,610	$2,569,059	$1,545,132	$0	$3,107,770	$0	$0	$468,952	$527,832	$882,493	$0	$0	$0	$90,924	$0	$1,908	$13,980,948
161 Land	$415,382	$23,641		$170,534		$114,533				$33,867					$52,300			$810,257
162 Buildings	$20,935,284	$28,596,474				$28,779,651				$14,572,049					$20,350		$14,500	$92,918,308
163 Furniture, Equipment & Machinery - Dwellings		$0				$0				$0								$0
164 Furniture, Equipment & Machinery - Administration	$395,876	$351,067				$324,307				$91,647					$11,633			$1,174,530
165 Leasehold Improvements		$0				$0				$0								$0
166 Accumulated Depreciation	-$20,857,554	-$28,146,273				-$23,850,384				-$14,150,492					-$27,405		-$3,867	-$87,035,975
167 Construction in Progress	$43,990	$704,374				$2,504,371				$0	$0	$0						$3,252,735
168 Infrastructure		$0				$0				$0					$0			$0
160 Total Capital Assets, Net of Accumulated Depreciation	$932,978	$1,529,283	$0	$170,534	$0	$7,872,478	$0	$0	$0	$547,071	$0	$0	$0	$0	$56,878	$0	$10,633	$11,119,855

CHATTANOOGA HOUSING AUTHORITY (TN004)
CHATTANOOGA, TENNESSEE
PROJECT BALANCE SHEET SUMMARY (CONTINUED)
SUBMISSION TYPE: AUDITED/SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2025

Chattanooga Housing Authority (TN004)
CHATTANOOGA, TN
Project Balance Sheet Summary

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

	TN004000001	TN004000002	TN004000003	TN004000005	TN004000007	TN004000008	TN004000010	TN004000012	TN004000021	TN004000022	TN004000029	TN004000032	TN004000033	TN004000034	TN004000035	TN004000036	OTHER PROJ	Total
171 Notes, Loans and Mortgages Receivable - Non-Current																		
172 Notes, Loans, & Mortgages Receivable - Non Current - Past																		
173 Grants Receivable - Non Current																		
174 Other Assets																		
176 Investments in Joint Ventures																		
180 Total Non-Current Assets	$932,978	$1,529,283	$0	$170,534	$0	$7,872,478	$0	$0	$0	$547,071	$0	$0	$0	$0	$56,878	$0	$10,633	$11,119,855
200 Deferred Outflow of Resources																		
290 Total Assets and Deferred Outflow of Resources	$4,234,246	$3,014,893	$2,569,059	$1,715,666	$0	$10,980,248	$0	$0	$468,952	$1,074,903	$882,493	$0	$0	$0	$147,802	$0	$12,541	$25,100,803
311 Bank Overdraft																		
312 Accounts Payable <= 90 Days	$143,667	$170,054				$313,075				$24,044								$650,840
313 Accounts Payable >90 Days Past Due																		
321 Accrued Wage/Payroll Taxes Payable	$33,012	$48,870				$31,116				$9,922								$122,920
322 Accrued Compensated Absences - Current Portion	$2,589	$3,646				$3,267				$1,452								$10,954
324 Accrued Contingency Liability																		
325 Accrued Interest Payable																		
331 Accounts Payable - HUD PHA Programs	$103,485	$86,237				$71,864				$25,871								$287,457
332 Account Payable - PHA Projects																		
333 Accounts Payable - Other Government	$42,311	$35,501				$28,945				$12,174								$118,931
341 Tenant Security Deposits	$48,903	$67,943				$45,170				$7,899								$169,915
342 Unearned Revenue	$36,521	$34,014				$40,543				$18,934								$130,012
343 Current Portion of Long-term Debt - Capital	$17,218	$261,172				$498,052				$9,749								$786,191
344 Current Portion of Long-term Debt - Operating Borrowings																		
345 Other Current Liabilities																		
346 Accrued Liabilities - Other	$58,674	$110,505				$21,380				$7,305								$197,864
347 Inter Program - Due To																		
348 Loan Liability - Current																		
310 Total Current Liabilities	$486,380	$817,942	$0	$0	$0	$1,053,412	$0	$0	$0	$117,350	$0	$0	$0	$0	$0	$0	$0	$2,475,084
351 Long-term Debt, Net of Current - Capital Projects/Mortgage																		
352 Long-term Debt, Net of Current - Operating Borrowings																		
353 Non-current Liabilities - Other	$1,409																	$1,409
354 Accrued Compensated Absences - Non Current	$7,769	$10,942				$9,801				$4,356								$32,868
355 Loan Liability - Non Current																		
356 FASB 5 Liabilities																		
357 Accrued Pension and OPEB Liabilities																		
350 Total Non-Current Liabilities	$9,178	$10,942	$0	$0	$0	$9,801	$0	$0	$0	$4,356	$0	$0	$0	$0	$0	$0	$0	$34,277
300 Total Liabilities	$495,558	$828,884	$0	$0	$0	$1,063,213	$0	$0	$0	$121,706	$0	$0	$0	$0	$0	$0	$0	$2,509,361
400 Deferred Inflow of Resources																		
508.4 Net Investment in Capital Assets	$915,760	$1,268,111		$170,534		$7,374,426				$537,322	$0	$0			$56,878		$10,633	$10,333,664
511.4 Restricted Net Position	$0		$1,688,624	$1,545,132		$0				$0								$3,233,756
512.4 Unrestricted Net Position	$2,822,928	$917,898	$880,435	$0	$0	$2,542,609	$0	$0	$468,952	$415,875	$882,493	$0	$0	$0	$90,924	$0	$1,908	$9,024,022
513 Total Equity - Net Assets / Position	$3,738,688	$2,186,009	$2,569,059	$1,715,666	$0	$9,917,035	$0	$0	$468,952	$953,197	$882,493	$0	$0	$0	$147,802	$0	$12,541	$22,591,442
600 Total Liabilities, Deferred Inflows of Resources and Equity -	$4,234,246	$3,014,893	$2,569,059	$1,715,666	$0	$10,980,248	$0	$0	$468,952	$1,074,903	$882,493	$0	$0	$0	$147,802	$0	$12,541	$25,100,803

CHATTANOOGA HOUSING AUTHORITY (TN004)
CHATTANOOGA, TENNESSEE
PROJECT REVENUE AND EXPENSES SUMMARY
SUBMISSION TYPE: AUDITED/SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2025

Chattanooga Housing Authority (TN004)
CHATTANOOGA, TN
Project Revenue and Expense Summary

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

	TN004000001	TN004000002	TN004000003	TN004000005	TN004000007	TN004000008	TN004000010	TN004000012	TN004000021	TN004000022	TN004000029	TN004000032	TN004000033	TN004000034	TN004000035	TN004000036	OTHER PROJ	Total
70300 Net Tenant Rental Revenue	$1,002,030	$1,089,058				$912,033				$314,742								$3,317,863
70400 Tenant Revenue - Other	$95,688	$104,457				$103,629				$8,163								$311,937
70500 Total Tenant Revenue	$1,097,718	$1,193,515	$0	$0	$0	$1,015,662	$0	$0	$0	$322,905	$0	$0	$0	$0	$0	$0	$0	$3,629,800
70600 HUD PHA Operating Grants	$2,701,410	$2,779,691				$2,456,426				$576,782	$66,367	$13,754			$176,623		$1,467	$8,772,520
70610 Capital Grants		$486,342				$2,428,315												$2,914,657
70710 Management Fee																		
70720 Asset Management Fee																		
70730 Book Keeping Fee																		
70740 Front Line Service Fee																		
70750 Other Fees																		
70700 Total Fee Revenue																		
70800 Other Government Grants																		
71100 Investment Income - Unrestricted																		
71200 Mortgage Interest Income																		
71300 Proceeds from Disposition of Assets Held for Sale																		
71310 Cost of Sale of Assets																		
71400 Fraud Recovery	$6,037	$778				$3,959												$10,774
71500 Other Revenue	$1,108	$1,634	$17,481			$1,584				$1,906								$23,713
71600 Gain or Loss on Sale of Capital Assets																		
72000 Investment Income - Restricted																		
70000 Total Revenue	$3,806,273	$4,461,960	$17,481	$0	$0	$5,905,946	$0	$0	$0	$901,593	$66,367	$13,754	$0	$0	$176,623	$0	$1,467	$15,351,464
91100 Administrative Salaries	$214,454	$165,852				$209,124				$68,656								$658,086
91200 Auditing Fees	$6,618	$5,467				$4,604				$1,727								$18,416
91300 Management Fee	$239,872	$251,504				$192,398				$45,744					$155,598			$885,116
91310 Book-keeping Fee	$30,167	$31,629				$24,197				$5,756								$91,749
91400 Advertising and Marketing	$0	$0				$0				$0								$0
91500 Employee Benefit contributions - Administrative	$41,756	$41,930				$46,890				$15,653								$146,229
91600 Office Expenses	$84,757	$86,797				$70,949				$36,334								$278,837
91700 Legal Expense	$81,819	$81,723				$49,022				$11,128								$223,692
91800 Travel	$292	$1,023				$674				$596								$2,585
91810 Allocated Overhead	$0	$0				$0				$0								$0
91900 Other	$68,154	$132,398				$153,213				$19,204	$66,367	$13,754			$3,927		$1,467	$458,484
91000 Total Operating - Administrative	$767,889	$798,323	$0	$0	$0	$751,071	$0	$0	$0	$204,798	$66,367	$13,754	$0	$0	$159,525	$0	$1,467	$2,763,194
92000 Asset Management Fee	$41,150	$45,800				$35,820				$7,750								$130,520
92100 Tenant Services - Salaries	$18,204	$19,997				$0				$18,337								$56,538
92200 Relocation Costs	$0	$0				$0				$0								$0
92300 Employee Benefit Contributions - Tenant Services	$3,545	$5,055				$0				$4,180								$12,780
92400 Tenant Services - Other	$11,525	$9,050				$7,825				$2,305								$30,705
92500 Total Tenant Services	$33,274	$34,102	$0	$0	$0	$7,825	$0	$0	$0	$24,822	$0	$0	$0	$0	$0	$0	$0	$100,023

CHATTANOOGA HOUSING AUTHORITY (TN004)
CHATTANOOGA, TENNESSEE
PROJECT REVENUE AND EXPENSES SUMMARY (CONTINUED)
SUBMISSION TYPE: AUDITED/SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2025

Chattanooga Housing Authority (TN004)
CHATTANOOGA, TN
Project Revenue and Expense Summary

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

	TN004000001	TN004000002	TN004000003	TN004000005	TN004000007	TN004000008	TN004000010	TN004000012	TN004000021	TN004000022	TN004000029	TN004000032	TN004000033	TN004000034	TN004000035	TN004000036	OTHER PROJ	Total
93100 Water	$124,622	$110,845				$62,439				$16,874								$314,780
93200 Electricity	$618,401	$672,352				$222,850				$113,338								$1,626,941
93300 Gas	$5,648	$3,839				$233,234				$1,058								$243,779
93400 Fuel		$0				$0				$0								$0
93500 Labor		$0				$0				$0								$0
93600 Sewer	$465,115	$398,167				$211,030				$43,374								$1,117,686
93700 Employee Benefit Contributions - Utilities	$0	$0				$0				$0								$0
93800 Other Utilities Expense	$28,445	$26,061				$30,106				$0								$84,612
93000 Total Utilities	$1,242,231	$1,211,264	$0	$0	$0	$759,659	$0	$0	$0	$174,644	$0	$0	$0	$0	$0	$0	$0	$3,387,798
94100 Ordinary Maintenance and Operations - Labor	$304,920	$584,020				$338,404				$136,062								$1,363,406
94200 Ordinary Maintenance and Operations - Materials and	$88,878	$220,297				$179,421				$20,954								$509,550
94300 Ordinary Maintenance and Operations Contracts	$283,860	$267,306				$215,542				$72,799								$839,507
94500 Employee Benefit Contributions - Ordinary Maintenance	$59,372	$147,648				$75,876				$31,020								$313,916
94000 Total Maintenance	$737,030	$1,219,271	$0	$0	$0	$809,243	$0	$0	$0	$260,835	$0	$0	$0	$0	$0	$0	$0	$3,026,379
95100 Protective Services - Labor	$0	$0				$0				$0								$0
95200 Protective Services - Other Contract Costs	$15,930	$1,712				$1,857				$8,416								$27,915
95300 Protective Services - Other	$138,853	$146,085				$111,823				$26,435								$423,196
95500 Employee Benefit Contributions - Protective Services	$0	$0				$0				$0								$0
95000 Total Protective Services	$154,783	$147,797	$0	$0	$0	$113,680	$0	$0	$0	$34,851	$0	$0	$0	$0	$0	$0	$0	$451,111
96110 Property Insurance	$185,568	$150,814				$140,806				$70,528								$547,716
96120 Liability Insurance	$0	$0				$0				$0								$0
96130 Workmen's Compensation	$13,874	$25,232				$15,679				$6,352								$61,137
96140 All Other Insurance	$872	$1,388				$1,903				$651								$4,814
96100 Total insurance Premiums	$200,314	$177,434	$0	$0	$0	$158,388	$0	$0	$0	$77,531	$0	$0	$0	$0	$0	$0	$0	$613,667

CHATTANOOGA HOUSING AUTHORITY (TN004)
CHATTANOOGA, TENNESSEE
PROJECT REVENUE AND EXPENSES SUMMARY (CONTINUED)
SUBMISSION TYPE: AUDITED/SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2025

Chattanooga Housing Authority (TN004)
CHATTANOOGA, TN
Project Revenue and Expense Summary

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

	TN004000001	TN004000002	TN004000003	TN004000005	TN004000007	TN004000008	TN004000010	TN004000012	TN004000021	TN004000022	TN004000029	TN004000032	TN004000033	TN004000034	TN004000035	TN004000036	OTHER PROJ	Total
96200 Other General Expenses	$0	$0				$0												$0
96210 Compensated Absences	$639	$1,018				$3,275				$1,402								$6,334
96300 Payments in Lieu of Taxes	$42,311	$35,501				$28,945				$12,174								$118,931
96400 Bad debt - Tenant Rents	$74,214	$56,596				$21,477				-$245								$152,042
96500 Bad debt - Mortgages	$0					$0												$0
96600 Bad debt - Other	$0					$0												$0
96800 Severance Expense	$0					$0												$0
96000 Total Other General Expenses	$117,164	$93,115	$0	$0	$0	$53,697	$0	$0	$0	$13,331	$0	$0	$0	$0	$0	$0	$0	$277,307
96710 Interest of Mortgage (or Bonds) Payable	$441																	$441
96720 Interest on Notes Payable (Short and Long Term)		$6,427				$12,252				$240								$18,919
96730 Amortization of Bond Issue Costs																		
96700 Total Interest Expense and Amortization Cost	$441	$6,427	$0	$0	$0	$12,252	$0	$0	$0	$240	$0	$0	$0	$0	$0	$0	$0	$19,360
96900 Total Operating Expenses	$3,294,276	$3,733,533	$0	$0	$0	$2,701,635	$0	$0	$0	$798,802	$66,367	$13,754	$0	$0	$159,525	$0	$1,467	$10,769,359
97000 Excess of Operating Revenue over Operating Expenses	$511,997	$728,427	$17,481	$0	$0	$3,204,311	$0	$0	$0	$102,791	$0	$0	$0	$0	$17,098	$0	$0	$4,582,105
97100 Extraordinary Maintenance																		
97200 Casualty Losses - Non-capitalized	-$3,055	-$5,494				$500												-$8,049
97300 Housing Assistance Payments																		
97350 HAP Portability-In																		
97400 Depreciation Expense	$81,315	$170,756				$1,125,010				$75,946					$3,684		$967	$1,457,678
97500 Fraud Losses																		
97600 Capital Outlays - Governmental Funds																		
97700 Debt Principal Payment - Governmental Funds																		
97800 Dwelling Units Rent Expense																		
90000 Total Expenses	$3,372,536	$3,898,795	$0	$0	$0	$3,827,145	$0	$0	$0	$874,748	$66,367	$13,754	$0	$0	$163,209	$0	$2,434	$12,218,988
10010 Operating Transfer In																		
10020 Operating transfer Out																		
10030 Operating Transfers from/to Primary Government																		
10040 Operating Transfers from/to Component Unit																		
10050 Proceeds from Notes, Loans and Bonds																		
10060 Proceeds from Property Sales																		
10070 Extraordinary Items, Net Gain/Loss																		
10080 Special Items (Net Gain/Loss)																		
10091 Inter Project Excess Cash Transfer In																		
10092 Inter Project Excess Cash Transfer Out																		
10093 Transfers between Program and Project - In		$70,000																$70,000
10094 Transfers between Project and Program - Out	-$187,903	-$226,586				-$130,488				-$46,976								-$591,953
10100 Total Other financing Sources (Uses)	-$187,903	-$156,586	$0	$0	$0	-$130,488	$0	$0	$0	-$46,976	$0	$0	$0	$0	$0	$0	$0	-$521,953
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	$245,834	$406,579	$17,481	$0	$0	$1,948,313	$0	$0	$0	-$20,131	$0	$0	$0	$0	$13,414	$0	-$967	$2,610,523

CHATTANOOGA HOUSING AUTHORITY (TN004)
CHATTANOOGA, TENNESSEE
PROJECT REVENUE AND EXPENSES SUMMARY (CONTINUED)
SUBMISSION TYPE: AUDITED/SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2025

Chattanooga Housing Authority (TN004)
CHATTANOOGA, TN
Project Revenue and Expense Summary

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

	TN004000001	TN004000002	TN004000003	TN004000005	TN004000007	TN004000008	TN004000010	TN004000012	TN004000021	TN004000022	TN004000029	TN004000032	TN004000033	TN004000034	TN004000035	TN004000036	OTHER PROJ	Total
11020 Required Annual Debt Principal Payments	$17,218	$261,172	$0	$0	$0	$498,052	$0	$0	$0	$9,749	$0	$0	$0	$0	$0	$0	$0	$786,191
11030 Beginning Equity	$3,494,000	$1,780,430	$2,551,578	$1,715,666	$0	$7,969,440	$0	$0	$468,952	$973,897	$882,493	$0	$0	$0	$134,388	$0	$13,508	$19,984,352
11040 Prior Period Adjustments, Equity Transfers and	-$1,146	-$1,000				-$718			$0	-$569								-$3,433
11050 Changes in Compensated Absence Balance																		
11060 Changes in Contingent Liability Balance																		
11070 Changes in Unrecognized Pension Transition Liability																		
11080 Changes in Special Term/Severance Benefits Liability																		
11090 Changes in Allowance for Doubtful Accounts - Dwelling																		
11100 Changes in Allowance for Doubtful Accounts - Other																		
11170 Administrative Fee Equity																		
11180 Housing Assistance Payments Equity																		
11190 Unit Months Available	4115	4580	0	0	0	3582	0	0	0	775	0	0	0	0	0	0	0	13052
11210 Number of Unit Months Leased	4021	4217	0	0	0	3223	0	0	0	767	0	0	0	0	0	0	0	12228
11270 Excess Cash	$2,538,494	$359,402	$880,435	$0	$0	$1,826,882	$0	$0	$468,952	$343,743	$882,493	$0	$0	$0	$90,924	$0	$1,908	$7,393,233
11610 Land Purchases	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
11620 Building Purchases	$0	$486,342	$0	$0	$0	$2,428,315	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,914,657
11630 Furniture & Equipment - Dwelling Purchases	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
11640 Furniture & Equipment - Administrative Purchases	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
11650 Leasehold Improvements Purchases	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
11660 Infrastructure Purchases	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
13510 CFFP Debt Service Payments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
13901 Replacement Housing Factor Funds	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0