

**PMHA PICKAWAY TERRACE, LLC
HUD PROJECT NO. 043-11258-NP-L8-WAH**

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2025**

Zupka & Associates
Certified Public Accountants

**PMHA PICKAWAY TERRACE, LLC
HUD PROJECT NO. 043-11258-NP-L8-WAH
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025**

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INDEPENDENT AUDITOR'S REPORT

To the Partners of
PMHA Pickaway Terrace, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PMHA Pickaway Terrace, LLC, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, changes in net assets, and changes in cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PMHA Pickaway Terrace, LLC, as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PMHA Pickaway Terrace, LLC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related 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 PMHA Pickaway Terrace, LLC's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PMHA Pickaway Terrace, LLC'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 PMHA Pickaway Terrace, LLC's ability to continue as a going concern for a reasonable period of time.

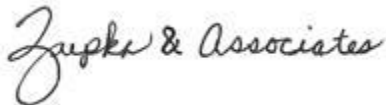
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included on pages 10 to 13 is presented for purposes of additional analysis as required by the *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 27, 2026, on our consideration of PMHA Pickaway Terrace, LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PMHA Pickaway Terrace, LLC's internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PMHA Pickaway Terrace, LLC's internal control over financial reporting and compliance.



Zupka & Associates
Certified Public Accountants

March 27, 2026

**PMHA PICKAWAY TERRACE, LLC
 HUD PROJECT 043-11258-NP-L8-WAH
 STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2025**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 241,727
Accounts Receivable	4,055
Prepaid Expenses	30,496
Total Current Assets	<u>276,278</u>

Deposits Held

Tenant Security Deposits	<u>24,572</u>
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Funded Reserves

Replacement Reserve	437,293
Taxes and Insurance	23,616
Total Funded Reserves	<u>460,909</u>

Property and Equipment

Land and Improvements	241,512
Buildings and Improvements	3,518,352
Equipment	115,029
	<u>3,874,893</u>

Less: Accumulated Depreciation	<u>(2,066,761)</u>
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Net Property and Equipment	<u>1,808,132</u>
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TOTAL ASSETS	<u><u>\$ 2,569,891</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 13,817
Accrued Interest	7,529
Mortgage Note Payable	46,760
Other Current Liabilities	774
Total Current Liabilities	<u>68,880</u>

Deposits Held

Tenant Security Deposits	<u>24,572</u>
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Total Deposits Held	<u>24,572</u>
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Long-Term Debt

Mortgage Note Payable	<u>2,324,543</u>
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Total Long-Term Debt	<u>2,324,543</u>
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Total Liabilities	<u>2,417,995</u>
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Net Assets (Deficit)	<u>151,896</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,569,891</u></u>
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See accompanying notes to the financial statements.

**PMHA PICKAWAY TERRACE, LLC
 HUD PROJECT 043-11258-NP-L8-WAH
 STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2025**

REVENUE

Tenant Rents	\$ 319,871
Rental Assistance	463,790
Interest Income	1,048
Laundry and Miscellaneous Income	9,855
Other Tenant Income	4,262
TOTAL INCOME	798,826

EXPENSES

Program Services:	
Operating and Maintenance	117,705
Utilities	135,034
Taxes and Insurance	64,289
Interest on Mortgage Payable	91,138
Depreciation	68,901
Total Program Services	477,067
Supporting Services:	
Administrative Expenses	103,915
Total Supporting Services	103,915
TOTAL EXPENSES	580,982
Change in Net Assets	217,844
Net Assets, Beginning of Year	57,166
Distribution	(123,114)
NET ASSETS, END OF YEAR	\$ 151,896

See accompanying notes to the financial statements.

**PMHA PICKAWAY TERRACE, LLC
HUD PROJECT 043-11258-NP-L8-WAH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025**

<u>Cash Flows from Operating Activities</u>	
Rental Receipts	\$ 319,067
Rental Assistance	463,790
Interest Receipts	1,048
Other Cash Receipts	24,087
Administrative Disbursements	(103,867)
Utilities Disbursements	(135,034)
Operating and Maintenance Disbursements	(115,252)
Taxes and Insurance	(65,062)
Interest on Mortgage Payable	(91,281)
Net Cash from Operating Activities	<u>297,496</u>
<u>Cash Flows from Investing Activities</u>	
Deposits to Reserves	(40,655)
Change in Other Reserves	(738)
Net Cash Used for Investing Activities	<u>(41,393)</u>
<u>Cash Flows from Financing Activities</u>	
Principal Payments on Mortgages Payable	(45,014)
Distribution	(123,114)
Net Cash Used for Financing Activities	<u>(168,128)</u>
Net Increase in Cash and Cash Equivalents	87,975
Cash and Cash Equivalents at Beginning of Period	<u>153,752</u>
Cash and Cash Equivalents at End of Year	<u>\$ 241,727</u>
<u>Reconciliation of Change in Net Assets to</u>	
<u>Net Cash Provided by Operating Activities:</u>	
Change in Net Assets for the Year	\$ 217,844
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	68,901
Changes in Assets and Liabilities:	
Accounts Receivable	9,166
Prepaid Expenses	(773)
Accounts Payable	2,453
Accrued Expenses	(95)
Net Cash Provided by Operating Activities	<u>\$ 297,496</u>

See accompanying notes to the financial statements.

**PMHA PICKAWAY TERRACE, LLC
HUD PROJECT 043-11258-NP-L8-WAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

NOTE 1: ORGANIZATION

Pickaway Terrace, Inc. (the Corporation), the predecessor to PMHA Pickaway Terrace, LLC, was organized as a nonprofit corporation, owning real estate consisting of land and an apartment complex constructed in 1979 (the Project). The Corporation was located near Circleville, Ohio and provided housing primarily for senior citizens.

Management and the Board of Directors entered into an agreement to transition Pickaway Terrace, Inc. to become a subsidiary of Pickaway Metropolitan Housing Authority effective June 20, 2019. A new loan for 223(f) funding through the U.S. Department of Housing and Urban Development (HUD) was approved and closed on June 20, 2019. This new loan was used to refinance existing debt and allow for updates on the property. Concurrent with this refinancing and restructure, a new entity PMHA Pickaway Terrace, LLC (the LLC) was formed.

The Corporation had an ongoing Housing Assistance Payments Contract, effective in July 2019, with HUD, whereby HUD subsidized the Project to the extent of the fair market value of rents. The Housing Assistance Payments Contract was assumed by the new company which received \$463,790 during the year ended December 31, 2025. The duration of the original contract was twenty years.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying financial statements are presented using the accrual basis of accounting and in accordance with HUD guidelines. As a result, revenues are recorded in the period they are earned and expenses are recorded in the period they are incurred. Following are the more significant accounting policies adopted by the LLC.

Property and Equipment

The LLC uses the straight-line method of computing depreciation. The estimated useful lives of the assets used in calculating depreciation are as follows:

Buildings	40 years
Vehicles and equipment	3-7 years
Land improvements	5-15 years

Expenditures for additions and major improvements that significantly extend the asset's life are capitalized, while expenditures for maintenance and repairs are expensed as incurred. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities and changes in net assets.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset or asset group may not be recoverable. An impairment loss would be recognized in the statement of activities and changes in net assets for the amount that the carrying value of an asset or asset group exceeds its fair value determined using applicable accounting standards. No impairments have been recorded.

**PMHA PICKAWAY TERRACE, LLC
HUD PROJECT 043-11258-NP-L8-WAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Income Taxes

The LLC is exempt from income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Net Assets Without Donor Restrictions

None of the LLC's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as net assets without donor restrictions.

Revenue Recognition

In accordance with Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, the LLC recognizes revenue from tenant rent agreements in accordance with ASC 840 – *Leases*. Rental revenue is generated from base rents received through agreements with tenants and is recognized in the month earned as stated in the agreement.

Revenues from all other sources, primarily laundry, vending, and late charges, are recognized as the service is provided or the customer is charged. The LLC generally meets its performance obligations related to laundry and vending services immediately.

Liquidity Management

The LLC has \$245,782 of financial assets available within one year of the balance sheet date for general expenditure, consisting of cash and cash equivalents of \$241,727 and accounts receivable of \$4,055. None of the financial assets are subject to restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year.

The LLC has funded reserves set aside for significant reoccurring expenses such as taxes, insurance, and major repair and maintenance projects. The LLC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the LLC considers all unrestricted demand and time deposits that have a maturity date of three months or less to be cash equivalents.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

**PMHA PICKAWAY TERRACE, LLC
HUD PROJECT 043-11258-NP-L8-WAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

NOTE 3: MORTGAGE NOTE PAYABLE

The LLC has a mortgage note payable to Centennial Mortgage, LLC with total principal outstanding at December 31, 2025 of \$2,371,303. The mortgage has a 35-year term and carries an interest rate of 3.81 percent. It is payable in monthly installments, including interest, of \$11,358 through July 2054 and is secured by the LLC's apartment building and other property in in Circleville, Ohio. This mortgage is guaranteed by HUD.

Current maturities of the mortgage note payable for the five years subsequent to December 31, 2025 and the aggregate thereafter approximate the following:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 46,760	\$ 89,535	\$ 136,295
2027	48,572	87,723	136,295
2028	50,456	85,839	136,295
2029	52,412	83,883	136,295
2030	54,444	81,851	136,295
2031 and thereafter	2,118,659	1,095,637	3,214,296
Totals	<u>\$ 2,371,303</u>	<u>\$ 1,524,468</u>	<u>\$ 3,895,771</u>

NOTE 4: CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The LLC's primary assets consists of a 60-unit apartment complex with operations concentrated in the multifamily real estate market, which is a heavily regulated environment. The operations are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, the United States Department of Housing and Urban Development (HUD). Such administrative directives, rules, and regulations are subject to change by an Act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE 5: FUNDED RESERVES

In accordance with the terms of the contract with HUD, the LLC is required to set aside certain amounts for the replacement of property and other project expenditures as approved by HUD. These Replacement Reserves were \$437,293 at December 31, 2025, and are held on a separate account and not available for operating purposes. There were no funds drawn from this account in the period. Other restricted funds the LLC has at December 31, 2025 include a Tax and Insurance Escrow.

NOTE 6: SUBSEQUENT EVENTS

Subsequent events were evaluated through March 27, 2026, which is the date the financial statements were available to be issued.

**PMHA PICKAWAY TERRACE, LLC
HUD PROJECT 043-11258-NP-L8-WAH
SUPPLEMENTARY INFORMATION REQUIRED BY HUD
FOR THE YEAR ENDED DECEMBER 31, 2025**

STATEMENT OF NET POSITION

ASSETS

Current Assets

1120	Cash in Bank	\$	241,727
1130	Accounts Receivable		4,055
1240	Prepaid Insurance and Other		30,496
	Total Current Assets		276,278

DEPOSITS HELD

1199	Tenant Security Deposits		24,572
			24,572

FUNDED RESERVES

1321	Replacement Reserve		437,293
1350	Taxes and Insurance		23,616
	Total Funded Reserves		460,909

Property and Equipment

1410	Land		241,512
1420	Building and Equipment		3,518,352
1460	Furniture and Fixtures		108,388
1470	Maintenance Equipment		6,641
			3,874,893
4100	Less: Accumulated Depreciation		(2,066,761)
	Net Property and Equipment		1,808,132

TOTAL ASSETS

\$ 2,569,891

LIABILITIES AND NET DEFICIT

Current Liabilities

2110	Accounts Payable	\$	13,817
2120	Accrued Wages Payable		774
2131	Accrued Interest		7,529
2170	Mortgage Note Payable		46,760
	Total Current Liabilities		68,880

Deposits Held

2191	Tenant Security Deposits		24,572
	Total Deposits Held		24,572

Long-Term Liabilities

2320	Mortgage Note Payable		2,324,543
	Total Liabilities		2,417,995

Net Assets

3130	Net Assets		151,896
	Total Net Assets		151,896

TOTAL LIABILITIES AND NET ASSETS

\$ 2,569,891

See Independent Auditor's Report.

**PMHA PICKAWAY TERRACE, LLC
HUD PROJECT 043-11258-NP-L8-WAH
SUPPLEMENTARY INFORMATION REQUIRED BY HUD
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

STATEMENT OF ACTIVITIES

RENT REVENUE

5120	Apartments or Member Carrying Charges (Co-	\$ 331,810
5121	Tenant Assistance Payments	463,790
5220	Vacancies	<u>(11,939)</u>
	Total Rent Revenue	<u>783,661</u>

FINANCIAL REVENUE

5440	Revenue from Investments-Replacement Reserve	1,036
5490	Revenue from Investments - Miscellaneous	<u>12</u>
	Total Financial Revenue	<u>1,048</u>

OTHER REVENUE

5910	Laundry and Vending	3,993
5920	Tenant Charges	4,262
5990	Miscellaneous	<u>5,862</u>
	Total Other Revenue	<u>14,117</u>

TOTAL REVENUE \$ 798,826

See Independent Auditor's Report.

**PMHA PICKAWAY TERRACE, LLC
HUD PROJECT 043-11258-NP-L8-WAH
SUPPLEMENTARY INFORMATION REQUIRED BY HUD
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

STATEMENT OF ACTIVITIES

(Continued)

EXPENSES

Administrative Expenses

6210	Advertising	\$ 1,419
6310	Office Salaries	26,133
6311	Office Supplies	3,403
6320	Management	42,858
6330	Manager or Superintendent Salaries	0
6340	Legal Expenses (Project)	425
6350	Auditing Expenses (Project)	7,000
6360	Telephone and Answering Service	9,634
6370	Bad Debt Expense	3,090
6390	Miscellaneous	9,953
	Total Administrative Expenses	103,915

Utilities Expense

6450	Electricity (Light and Miscellaneous Power)	87,554
6451	Water	47,480
	Total Utilities Expense	135,034

Operating and Maintenance Expense

6517	Janitor and Cleaning Contract	10,475
6519	Exterminating Payroll/Contract	2,155
6525	Garbage and Trash Removal	4,641
6537	Grounds Contract	5,750
6540	Repairs-Payroll	27,827
6541	Repairs-Material	22,338
6542	Repairs-Contract	33,454
6548	Snow Removal	10,360
6590	Miscellaneous Operating and Maintenance	705
	Total Operating and Maintenance Expense	117,705

Taxes and Insurance

6720	Property and Liability Insurance (Hazard)	39,458
6723	Health Insurance and Other Benefits	19,049
6790	Miscellaneous Taxes and Insurance	5,782
	Total Taxes and Insurance	64,289

Financial Expenses

6820	Interest on Mortgage Payable	91,138
	Total Financial Expenses	91,138

Total Expenses Before Depreciation

512,081

Change in Net Assets Before Depreciation

286,745

6600 Depreciation

68,901

Change in Net Assets After Depreciation

217,844

Net Assets, January 1, 2025

57,166

Distribution

(123,114)

Net Assets, December 31, 2025

\$ 151,896

See Independent Auditor's Report.

**PMHA PICKAWAY TERRACE, LLC
HUD PROJECT 043-11258-NP-L8-WAH
SUPPLEMENTARY INFORMATION REQUIRED BY HUD
FOR THE YEAR ENDED DECEMBER 31, 2025
(CONTINUED)**

SCHEDULE OF RESERVE FUNDING

In accordance with the provisions of the regulatory agreement, these funds are held in a separate account and are generally not available for use in operations. As part of the change in ownership and funding arrangement, the LLC initiated new reserve funds in the period. Following is a summary of the activity in the accounts (balance includes escrow for taxes and insurance):

Balance, December 31, 2024	\$ 396,638
Add:	
Reserve Deposits	39,878
Interest Income	1,036
Bank Service Charge	(259)
Less: Reserve Disbursements	0
Balance, December 31, 2025	\$ 437,293

SCHEDULE OF PROPERTY AND EQUIPMENT

	Balance 1/1/2025	Additions	Deductions	Balance 12/31/2025
Land and Improvements	\$ 241,512	\$ 0	\$ 0	\$ 241,512
Buildings	3,518,352	0	0	3,518,352
Maintenance Equipment and Vehicles	115,029	0	0	115,029
Total Assets	\$ 3,874,893	\$ 0	\$ 0	\$ 3,874,893

	Accumulated Depreciation				
	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025	
Land and Improvements	\$ 73,601	\$ 2,201	\$ 0	\$ 75,802	\$ 165,710
Buildings	1,813,780	63,927	0	1,877,707	1,640,645
Maintenance Equipment and Vehicles	110,479	2,773	0	113,252	1,777
Total Accumulated Depreciation	1,997,860	68,901	0	2,066,761	1,808,132

COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND RESIDUAL RECEIPTS - ANNUAL

Cash	\$ 266,299
Current Obligations:	
Accounts Payable Due Within 30 Days	13,817
Mortgage Payment	11,358
Other Current Liabilities	774
Tenant Security Deposits	24,572
Replacement Reserve Due in 30 Days	3,323
Tax and Insurance Escrow Due within 30 days	3,550
Total Current Obligations	57,394
Surplus Cash	\$ 208,905

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

To the Partners of
PMHA Pickaway Terrace, LLC

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 PMHA Pickaway Terrace, LLC, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered PMHA Pickaway Terrace, LLC’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 PMHA Pickaway Terrace, LLC’s internal control. Accordingly, we do not express an opinion on the effectiveness of PMHA Pickaway Terrace, LLC’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 PMHA Pickaway Terrace, LLC'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 PMHA Pickaway Terrace, LLC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PMHA Pickaway Terrace, LLC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Zupka & Associates
Certified Public Accountants

March 27, 2026

**INDEPENDENT AUDITOR’S REPORT
ON COMPLIANCE FOR EACH MAJOR HUD PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
CONSOLIDATED AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS**

To the Partners of
PMHA Pickaway Terrace, LLC

Report on Compliance for Each Major HUD Program

Opinion on Each Major HUD Program

We have audited PMHA Pickaway Terrace, LLC’s compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the Guide) that could have a direct and material effect on PMHA Pickaway Terrace, LLC’s major U.S. Department of Housing and Urban Development (HUD) program for the year ended December 31, 2025. PMHA Pickaway Terrace, LLC's major HUD program and the related direct and material compliance requirements are as follows:

<u>Name of Major HUD Program</u>	<u>Direct and Material Compliance Requirements</u>
Section 202 - Capital Advance	Mortgage status, replacement reserve, distributions to owners, cash disbursements, tenant security deposits, management functions, and unauthorized loans of project funds.

In our opinion, PMHA Pickaway Terrace, LLC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major HUD program for the year ended December 31, 2025.

Basis for Opinion on Each Major HUD Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report. We are required to be independent of PMHA Pickaway Terrace, LLC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major HUD program. Our audit does not provide a legal determination of PMHA Pickaway Terrace, LLC’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements application to PMHA Pickaway Terrace, LLC's HUD 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 PMHA Pickaway Terrace, LLC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance 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. 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 PMHA Pickaway Terrace, LLC's compliance with the requirements of each major HUD program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide 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 PMHA Pickaway Terrace, LLC'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 PMHA Pickaway Terrace, LLC'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 Guide, but not for the purpose of expressing an opinion on the effectiveness of PMHA Pickaway Terrace, LLC's internal control over compliance. Accordingly, no such opinion is expressed.

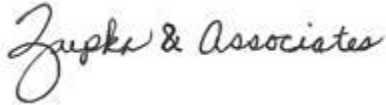
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit

Report on Internal Control Over Compliance

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

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

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 Guide. Accordingly, this report is not suitable for any other purpose.



Zupka & Associates
Certified Public Accountants

March 27, 2026

**PMHA PICKAWAY TERRACE, LLC
HUD PROJECT #043-11258-NP-L8-WAH
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2025**

There were no findings for the year ended December 31, 2024.

**PMHA PICKAWAY TERRACE, LLC
HUD PROJECT #043-11258-NP-L8-WAH**

MORTGAGOR'S CERTIFICATION

FOR THE YEAR ENDED DECEMBER 31, 2025

We hereby certify that we have examined the accompanying 2025 financial statements and supplemental data of **PMHA PICKAWAY TERRACE, LLC**, and, to the best of our knowledge and belief, the same is complete and accurate.

Date

**PMHA PICKAWAY TERRACE, LLC
HUD PROJECT #043-11258-NP-L8-WAH**

MANAGING AGENT'S CERTIFICATIONS

FOR THE YEAR ENDED DECEMBER 31, 2025

We hereby certify that we have examined the accompanying 2025 financial statements and supplemental data of **PMHA PICKAWAY TERRACE, LLC**, and, to the best of our knowledge and belief, the same is complete and accurate.

Date