PARK HARRISBURG
(A PROJECT OF THE PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY)

FINANCIAL STATEMENTS

DECEMBER 31, 2025

PARK HARRISBURG (A PROJECT OF THE PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY)

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INDEPENDENT AUDITOR'S REPORT

To PK Harris Advisors, Inc.
Park Harrisburg (a project of the Pennsylvania
Economic Development Financing Authority)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statement of net position as of December 31, 2025, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements of Park Harrisburg (a project of the Pennsylvania Economic Development Financing Authority) (the System), which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the System as of December 31, 2025, and the changes in its financial position 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 the System 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.

Emphasis of Matter Regarding Basis of Presentation

As discussed in Note 1, the financial statements present only the financial position, changes in financial position, and cash flows of the System and do not purport to, and do not present the financial position of the Pennsylvania Economic Development Financing Authority as of December 31, 2025, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 System'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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System'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 System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 8 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2026, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System'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 System's internal control over financial reporting and compliance.

June 12, 2026

Frazier & Deeter, LLC

PARK HARRISBURG (A PROJECT OF THE PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY)

Management's Discussion and Analysis (Unaudited)

December 31, 2025

As management of Park Harrisburg (the System), a project of the Pennsylvania Economic Development Financing Authority (PEDFA), we offer readers of the System's financial statements this narrative overview and analysis of the financial activities of the System for the year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with the System's financial statements and notes to the basic financial statements, which follow this section. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial Highlights

- On a GAAP accounting basis, the liabilities and deferred inflows of resources of the System exceeded its assets by $141.1 million (net deficit) as a result of a cumulative excess of non-operating expenses over operating income since project inception.

- On a GAAP accounting basis, the System's total revenues from operations were $23.8 million for the year ended December 31, 2025, while total operating expenses, excluding depreciation and amortization, were $6.1 million for the same period.

- The System's bond covenants require a debt coverage ratio of not less than 1.25 to 1.00. For the year ended December 31, 2025, the debt coverage ratio was 1.02.

Overview of the Financial Statements

This annual report includes management's discussion and analysis, the independent auditors' report, and the basic financial statements of the System. The financial statements also include notes that explain in more detail information in the financial statements.

Required Financial Statements

The financial statements of the System report information using accounting methods similar to those used by private sector companies. These statements offer short and long term financial information about its activities. The balance sheet includes all of the System's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to System creditors (liabilities). It also provides the basis for evaluating the capital structure of the System and assessing the liquidity and financial flexibility of the System. Information within this report differs significantly from cash basis financial statements as a result of the GAAP accounting policies which are detailed in this report and are essential to evaluation of the information herein.

Required Financial Statements - continued

All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the System's operations over the past year and can be used to determine the System's profitability and credit worthiness.

The final required financial statement is the statement of cash flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. The statement provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis of the System

To begin our analysis, a summary of the System's balance sheets are presented in Table A-1.

TABLE A-1
Condensed Balance Sheets (in millions)

	December 31, 2025	December 31, 2024
Current, restricted, and other assets	$ 23.2	$ 26.5
Capital assets, net of accumulated depreciation and amortization	200.2	206.3
Total Assets	$ 223.4	$ 232.8
Long-term liabilities	$ 341.8	$ 341.4
Other liabilities	19.5	21.1
Total liabilities	361.3	362.5
Deferred inflows of resources	3.2	3.5
Total net position	(141.1)	(133.2)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 223.4	$ 232.8

Financial Analysis of the System - continued

Significant factors in the changes in the System's financial position for the year ended December 31, 2025 include:

1. Total assets decreased primarily due to depreciation and amortization of $7.9 million on the capital assets.

2. Total liabilities decreased due to the repayment of principal on the Series 2024 bonds.

TABLE A-2
Condensed Statement of Revenues, Expenses and Changes in Net Position (in millions)

	2025	2024
Parking revenues, net of parking tax	$ 23.8	$ 23.2
Other revenues	-	0.1
Total operating revenues	23.8	23.3
Operator costs	4.8	4.6
Management fees and administrative expenses	1.2	1.1
Depreciation and amortization	8.1	7.9
Non-operating income and expenses	17.6	20.3
Total expenses	31.7	33.9
Change in net position	(7.9)	(10.6)
Net position, beginning of year	(133.2)	(122.6)
Net position, end of year	$ (141.1)	$ (133.2)

Significant factors in the results for the year ended December 31, 2025 include:

The project was approximately $1.6 million under budget for revenues and was approximately $61 thousand under budget for operating expenses resulting in a net $1.5 million budget shortfall for operating income. The revenue budget deficit was primarily due to the continued impact on changes in market dynamics and parking demand in the Harrisburg central business district following the COVID-19 pandemic.

Capital Expenditures

During fiscal year 2025, the System invested approximately $2.0 million in parking equipment and other capital improvements.

Long-Term Debt

As of December 31, 2025, the System had total bond debt outstanding, net of unamortized bond discount and premium, of approximately $251 million. A portion of the debt is backed by the full faith, credit, and taxing power of Dauphin County.

The System's future borrowing capabilities are seen in its debt coverage ratio, which calculated on a cash basis, is currently 1.00 as shown in Table A-3. The System's Rate Covenant requires the System to maintain a debt coverage ratio of not less than 1.25 to 1.00. The System was not in compliance with the Rate Covenant for the years ended December 31, 2025 or 2024.

TABLE A-3
Debt Coverage Ratio

	Year Ended December 31, 2025	Year Ended December 31, 2024
Operating revenues	$ 23,974,995	$ 23,428,886
Current operating expenses (before depreciation and amortization)	(6,019,437)	(5,691,763)
Income available for debt service	$ 17,955,558	$ 17,737,123
Annual debt service	$ 17,673,762	$ 17,672,056
Debt coverage ratio	1.02	1.00

Currently Known Facts, Decisions, or Conditions

During 2024, PEDFA issued Series 2024 Bonds pursuant to the Trust Indenture, and amended and supplemented, in the aggregate principal amount of $194,900,000. The proceeds of the 2024 bonds were used to finance the refunding of $187,930,000 of the Series 2013 Bonds, to provide an additional $5,000,000 to the capital reserve fund for future capital improvements for the parking system, and pay the costs of issuing and insuring the Series 2024 Bonds. The bond refunding is also projected to reduce the debt service obligations of the System by approximately $10,000,000 over the following five years through lower maturities of principal and interest savings.

Moody's Ratings has downgraded the Senior Parking Revenue Bonds (Capitol Region Parking System), Series A of 2013 Capital Appreciation Bonds, Series A-2 to Ba3 from Ba2, and revised the outlook to stable from negative.

Contacting Management

This financial report is designed to provide a general overview of the finances of Park Harrisburg. If you have questions about this report or need additional information, contact John Gass of PK Harris Advisors, Inc., Two Alliance Center, 3560 Lenox Road, Atlanta, GA 30326.

PARK HARRISBURG (A PROJECT OF THE PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY)

Statement of Net Position

December 31, 2025

Assets

Current assets:		
Cash and cash equivalents	$	2,218,744
Accounts receivable		290,606
Due from parking operator		9,629
Total current assets		2,518,979
Restricted cash and cash equivalents		18,597,679
Capital assets, net of accumulated depreciation and amortization of $91,149,311		200,189,985
Bond insurance premium, net of accumulated amortization of $1,356,912		2,035,369
Total Assets	$	223,342,012

See notes to financial statements.

Statement of Net Position - Continued

December 31, 2025

Liabilities, Deferred Inflows of Resources, and Net Position

Current liabilities:	
Due to related parties	$ 147,321
Other current liabilities	7,250
Sales tax payable	282,500
Parking revenue collected in advance	1,468,652
Debt service reserve liability	3,625,712
Current maturities of long-term debt	9,295,000
Total current liabilities	14,826,435
Current liabilities payable from restricted assets:	
Accrued interest payable on bonds	4,647,194
Long-term liabilities:	
Long-term debt, net of current maturities and unamortized bond premium	241,878,762
Authority notes, net of discount of $169,395,041	27,704,959
Accreted interest on bonds payable	72,213,915
Total long-term liabilities	341,797,636
Total liabilities	361,271,265
Deferred inflows of resources - gain on debt refunding	3,197,865
Net position:	
Net investment in capital assets	(73,429,727)
Unrestricted	(67,697,391)
Total net position	(141,127,118)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 223,342,012

See notes to financial statements.

PARK HARRISBURG (A PROJECT OF THE PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY)

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended December 31, 2025

Operating revenues:	
Parking revenues, net of parking tax of $3,657,710	$ 23,835,979
Other revenues	20,308
Total operating revenues	23,856,287
Operating expenses:	
Operator costs	4,840,640
Administrative and general	426,241
Asset and operator management fees	752,556
Depreciation and amortization	8,064,425
Total operating expenses	14,083,862
Operating income	9,772,425
Non-operating income (expenses):	
Interest income	526,116
Interest expense	(18,128,284)
Total non-operating expenses, net	(17,602,168)
Change in net position	(7,829,743)
Net position, beginning of year	(133,297,375)
Net position, end of year	$ (141,127,118)

See notes to financial statements.

PARK HARRISBURG (A PROJECT OF THE PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY)

Statement of Cash Flows

For the Year Ended December 31, 2025

Cash flows from operating activities:	
Receipts from customers, net of parking tax	$ 23,777,864
Payments to vendors	(5,266,881)
Payments to or on behalf of agents of the System	(760,848)
Net cash provided by operating activities	17,750,135
Cash flows from investing activities:	
Capital expenditures	(1,967,096)
Interest received	526,116
Net cash used in investing activities	(1,440,980)
Cash flows from capital and related financing activities:	
Payments on 2024 Bonds	(10,690,000)
Interest paid	(8,927,810)
Net cash used in capital and related financing activities	(19,617,810)
Net decrease in cash and cash equivalents	(3,308,655)
Cash and cash equivalents, beginning of year	24,125,078
Cash and cash equivalents, end of year	$ 20,816,423
Unrestricted cash and cash equivalents	$ 2,218,744
Restricted cash and cash equivalents	18,597,679
Total cash and cash equivalents	$ 20,816,423

See notes to financial statements.

PARK HARRISBURG (A PROJECT OF THE PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY)

Statement of Cash Flows - Continued

For the Year Ended December 31, 2025

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating income	$ 9,772,425
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	8,064,425
Changes in operating assets and liabilities:	
Accounts receivable	(88,921)
Due from parking operator	(8,291)
Sales tax payable	(10,195)
Parking revenue collected in advance	20,692
Total adjustments	7,977,710
Net cash provided by operating activities	$ 17,750,135

Supplemental Disclosure of Noncash Capital and Related Financing Activities:

Amortization of bond insurance premium included in interest expense	$ 113,076
Amortization of net bond premium included in interest expense	$ 440,286
Amortization of deferred inflows of resources - gain on debt refunding	$ 308,280
Accreted interest on capital appreciation bonds payable	$ 8,279,716
Accrued interest on Authority notes	$ 1,812,474

See notes to financial statements.

Note 1 - Description of business and summary of significant accounting policies:

Park Harrisburg (the System) is a project of the Pennsylvania Economic Development Financing Authority (PEDFA). The operations of the System were transferred under the terms of the Asset Transfer Agreement (the Agreement) to PEDFA, a public body corporate and politic and an instrumentality of the Commonwealth of Pennsylvania (the Commonwealth), from the Harrisburg Parking Authority (HPA) and the City of Harrisburg, Pennsylvania (the City) on December 23, 2013 (inception). The System includes 9 parking garages, 2 parking lots, and approximately 1,200 metered on-street spaces located in Harrisburg, Pennsylvania.

Neither PEDFA nor the Commonwealth of Pennsylvania has any obligation to fund any operating expense, debt service, capital expense, or other obligations of the System (except in relation to the County in association with the guarantee of the Series 2013 B and C Bonds described in Note 5, and the Commonwealth with regard to the parking lease described in Note 9). Payment of project obligations are dependent on the revenues generated by the project and certain reserve deposits made from the bond proceeds at closing.

As required by the Agreement, PEDFA issued bonds and entered into a Trust Indenture under which the System operates. The proceeds of the bonds were remitted to HPA. In addition to the upfront payment to HPA, the Agreement requires PEDFA to make future payments to the City recorded as a capital lease obligation on the balance sheet. Simultaneously, PEDFA entered into a ground lease with HPA for the land on which the parking facilities reside. The term of the ground lease is consistent with that of the Agreement. All City Payments and ground lease rent payments that are not paid due to insufficient cash flow will be carried forward and paid in subsequent months in the same year if cash flow allows, and any amounts unpaid at the end of each year will be cancelled and not be payable at any future date.

On December 1, 2013, PEDFA entered into an agreement with PK Harris Advisors, Inc. (the Asset Manager) under which the Asset Manager agreed to provide asset management services and to assist PEDFA with respect to the System. The agreement will remain in force through December 31, 2025 and stipulates annual payments of a base management fee of $200,000 and a performance fee of $50,000. The performance fee is contingent on available cash flow as defined in the Trust Indenture. Both fees increase annually by 5% at the beginning of each operating year. Thereafter, the agreement will automatically renew until either party decides to terminate the agreement. The asset management agreement has been extended for one year through December 31, 2026.

Additionally on December 1, 2013, the Asset Manager entered into an agreement with Standard Parking Plus (the Operator). The Operator is the exclusive operator through December 31, 2025 to administer, manage, and operate the System. The agreement stipulates annual payments of a base management fee of $240,000 and a performance fee of $60,000.

Note 1 - Description of business and summary of significant accounting policies - continued:

The performance fee is subject to available cash flow as defined in the Trust Indenture. Both fees increase annually by 5% at the beginning of each operating year. The parking services agreement has been extended for one year through December 31, 2026.

The System is obligated, subject to the available cash flow as defined in the Trust Indenture, to make distributions to PEDFA annually in the amount of $200,000, and in each operating year thereafter and adjusted each year based on changes in the Consumer Price Index. All PEDFA distributions that are not paid due to insufficient cash flow will be carried forward and paid in subsequent months in the same year if cash flow allows. However, any amounts unpaid at the end of each year will be cancelled and not be payable at any future date.

The System has a trustee relationship with US Bank (Trustee) whereby the Trustee controls all proceeds from the operations of the System in accordance with the Trust Indenture. The Trustee also issues all payments on behalf of the System as authorized by an officer of the Asset Manager.

Basis of presentation, measurement focus, and basis of accounting

The accompanying financial statements present the financial position, changes in financial position, and cash flows of the System based on amounts specifically identifiable in PEDFA's accounting records. The System is a project of PEDFA and the accompanying financial do not purport to, and do not present the financial position of PEDFA as of December 31, 2025, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Measurement focus is a term used to describe which transactions are recorded in the financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The accompanying financial statements of the System are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 1 - Description of business and summary of significant accounting policies - continued:

Cash and cash equivalents

The System's cash and cash equivalents include cash on hand, demand deposits, and highly liquid investments (including restricted cash and cash equivalents) with maturities of three months or less from the date of acquisition. The System's cash equivalents consist of short term treasury bills and money market accounts with financial institutions

Funds required to be segregated by bond Trust Indenture or contractual obligations are identified as restricted cash and cash equivalents on the balance sheet. The balances in such accounts are restricted in their use according to the provisions in the Trust Indenture.

Accounts receivable

Accounts receivable primarily consists of parking fees due from customers net of an allowance for doubtful accounts. Accounts receivable are written off when it is determined that amounts are uncollectible. Management has determined that no reserve is necessary at December 31, 2025.

Capital assets and equipment

Assets transferred under the Agreement are amortized over the term of the Agreement which is 40 years. Equipment additions are depreciated over their estimated useful lives of 5 - 15 years.

Bond premiums, discounts, issuance costs, and bond insurance premium

The System amortizes premiums and discounts over the term of the bonds as an adjustment to interest expense using the effective interest method. Bond issuance cost is expensed as incurred, in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (Statement No. 65). The bond insurance premium is amortized over 30 years. Amortization related to the bond insurance premium totaled $113,076 for the year ended December 31, 2025, and is included in interest expense in accordance with Statement No. 65. Estimated annual amortization related to the bond insurance premium for the years ended December 31, 2026 through 2030 is $113,076 and $1,469,988 thereafter.

Note 1 - Description of business and summary of significant accounting policies - continued:

Net position

The System has adopted the provisions of the GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (Statement No. 63) that established reporting standards for deferred outflows of resources and deferred inflows of resources for all state and local governmental entities. Statement No. 63 amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. Statement No. 63 requires the System to classify its net position into three components - net investment in capital assets, restricted, and unrestricted.

These classifications are defined as follows:

- Net investment in capital assets - consists of assets under capital lease and equipment, net of accumulated amortization and depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

- Restricted - consists of restricted assets, with constraints placed on their use by contractual agreement with other parties, revenue bond resolutions, or enabling legislation, reduced by liabilities and deferred inflows related to those assets.

- Unrestricted - consists of the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position.

Parking revenue collected in advance

Parking revenue collected in advance represents amounts received for future periods on leases in effect as of year-end.

Note 1 - Description of business and summary of significant accounting policies - continued:

Debt service reserve liability

During 2021 and 2022, there were shortfalls in deposits to pay scheduled Series B and Series C debt service (see Note 2). As a result, draws were made on the Series B and Series C debt service reserve surety contracts issued by Assured Guaranty, which are included in the debt service reserve liability on the balance sheet as of December 31, 2025.

Revenues and expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the System. The principal operating revenues of the System are charges for parking. Operating expenses include the cost of services, administrative expenses, and depreciation and amortization of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the System's policy to apply those expenses to restricted net position to the extent they are available and then to unrestricted net position.

Income taxes

The System qualifies for tax-exempt status and is, therefore, not a tax-paying entity for United States of America federal or state income tax purposes. No events or transactions have occurred that would impact the tax exempt status of the accompanying financial statements.

Subsequent events

The System has evaluated subsequent events through June 12, 2026, which is the date these financial statements were available to be issued. All subsequent events, if any, requiring recognition as of December 31, 2025, have been incorporated into these financial statements.

Note 2 - Liquidity:

The financial statements have been prepared using U.S. GAAP applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. During 2021 and 2022, there were shortfalls in required deposits to pay scheduled Series B and Series C debt service, primarily as a result of reduced revenues related to the ongoing effects of the COVID-19 pandemic. As a result, draws were made on the Series B and Series C debt service reserve surety contracts issued by Assured Guaranty. Interest is accrued on the debt service reserve draws at the greater of the Prime rate plus 3.00%, or the highest rate on the respective Series of bonds. The effective interest rate on the debt service reserve draws as of December 31, 2025 was 5.00% for draws on Series B debt service reserve contract and 10.50% for draws on Series C debt service reserve contract. Management expects that the Commonwealth will continue to make all payments under its contract with the System (see Note 9), which is a vital component of the System's ability to meet its debt service obligations on an ongoing basis.

Advances made under the Debt Service Reserve Contracts are to be repaid within 12 months of the advance. In January 2022, Assured Guaranty declared the advance made on the Series C debt service reserve advance on January 4, 2021 due and payable. As a result of filing by Assured Guaranty, the Trustee issued a notice of default under Section 8.1 (c) of the Trust Indenture which provided for a 30-day cure period. Per the terms of section 8.1 (c) of the Indenture, a Corrective Action Plan Agreement was executed during the cure period and accepted by the Credit Enhancers, and the cure period was thereby extended to May 31, 2023. Effective May 31, 2023, an Amended and Restated Corrective Action Plan Agreement was executed which extended the cure period for an additional one year to May 31, 2024. In February 2024, the Corrective Action Plan Agreement was again amended and restated to extend the cure period to May 31, 2025. In May 2025, the Corrective Action Plan Agreement was further amended and restated to extend the available cure period to May 31, 2026. In May 2026, the Corrective Action Plan Agreement was further amended and restated to extend the available cure period to May 31, 2027.

Management has budgeted for System revenues to increase over the next several years and based on current cash flow projections, the surety contract draws are expected to be fully repaid by the end of 2027. In this event, management's expectation, as of the date these financial statements are available to be issued, is that the cure period will be further extended to allow the System to continue to generate the revenues needed to repay the surety contract draws within a reasonable period of time, based on the positive current and expected future operating trends for the remainder of 2026 and beyond. In addition, during 2024, a portion of the Series 2013 bonds were refunded which is expected to reduce the debt service obligations of the System by approximately $10,000,000 over the next five years, which will expedite the repayment of the debt service reserve draws and provide additional liquidity to the System as revenues recover.

Note 3 - Cash deposits and investments:

The System is authorized to invest idle funds in direct obligations of the United States Government, the Commonwealth of Pennsylvania, or any of its agencies and obligations guaranteed by the United States Government or its agencies.

Allowable investments as outlined in the Trust Indenture between PEDFA and the Trustee include government obligations, debt obligations, deposit, money market or demand accounts, and certificates of deposits. At December 31, 2025, the System's cash equivalents consisted of $1,830,425 of short term treasury bills and $16,760,463 of funds in money market accounts. The money market funds were held at US Bank which had a credit rating of A+ by S&P at December 31, 2025. The System has not adopted any investment policies that further restrict the maturities of their investments, credit risk or custodial risk. Also, the System has not adopted a formal policy to limit the amount the System may invest in any one issuer.

Pursuant to the provisions of the Trust Indenture relating to the long-term debt (see Note 4), deposits with the Trustee include the revenue fund, bond fund, debt service reserve funds, rebate fund, capital reserve fund, performance fee account, holdback fund, and surplus fund. Amounts in these funds held by the Trustee have been included in restricted cash and cash equivalents and are primarily used in servicing the bonds, capital improvements, and operations of the System. At December 31, 2025, the revenue fund totaled $1,830,425, the debt service funds totaled $13,484,381, and the capital reserve fund totaled $3,276,082. All other funds included in restricted cash and cash equivalents totaled $6,791.

Custodial credit risk is the risk that in the event of bank failure, the System's deposits will not be able to recover its deposits or will not be able to recover its collateral securities that are in the possession of an outside party. At December 31, 2025, the System's cash balance totaled $20,816,423. Of this balance, $793,773 was insured by the Federal Deposit Insurance Corporation and $20,022,650 was uninsured and uncollateralized.

Note 4 - Capital assets:

Capital assets at December 31, 2024 and 2025 and changes during 2025 are as follows:

	Balance - December 31, 2024	Additions	Reductions	Balance - December 31, 2025
Capital assets	$ 278,830,495	$ -	$ -	$ 278,830,495
Less accumulated amortization	(77,123,240)	(7,059,733)	-	(84,182,973)
Capital assets, net	201,707,255	(7,059,733)	-	194,647,522
Equipment	9,841,471	2,686,266	(18,936)	12,508,801
Less accumulated depreciation	(5,980,582)	(1,004,692)	18,936	(6,966,338)
Equipment, net	3,860,889	1,681,574	-	5,542,463
Total capital assets	$ 205,568,144	$ (5,378,159)	$ -	$ 200,189,985

Additions to equipment for the year ended December 31, 2025 include prior year construction in progress placed in service of $719,170.

Note 5 - Long-term debt:

On December 24, 2013, PEDFA issued its $120,928,161 Series A 2013 Senior Parking Revenue Bonds $97,172,029 Series B 2013 Junior Guaranteed Parking Revenue Bonds, $68,453,474 Series C 2013 Junior Insured/Guaranteed Parking Revenue Bonds (collectively the Series 2013 Bonds), and the $197,100,000 Series 2013 Subordinate Parking Revenue Notes (Authority Notes). The Series 2013 Bonds were issued in part as Capital Appreciation Bonds (Series 2013 CABs).

On March 19, 2024, the System issued its $96,320,00 Series A 2024 Senior Insured Parking Revenue Refunding Bonds, $65,750,000 Series B 2024 Junior Guaranteed Parking Revenue Bonds and $32,830,000 Series C 2024 Junior Insured Parking Revenue Bonds (collectively the Series 2024 Bonds). The proceeds were used to refund $187,930,000 of Series 2013 Parking Revenue Bonds and to increase the balance in the Capital Reserve Fund by $5,000,000.

The Series 2013 and Series 2024 bonds are payable from and secured by the Trust Estate pledged under the Trust Indenture consisting of: (i) all revenues of the System; (ii) the Leasehold Mortgage; and (iii) an assignment from HPA to the Trustee of certain rights of HPA under the Asset Transfer Agreement, the HPA Lease, the DGS Parking Lease, the PEDFA Intergovernmental Cooperation Agreement, and the Asset Management Agreement.

Note 5 - Long-term debt - continued:

Payment of the principal and interest on the 2013 and 2024 Series A Bonds is guaranteed by a municipal bond insurance policy (the Series A Bond Insurance Policy) issued by Assured Guaranty Municipal Corporation (Assured Guaranty). Payment of the principal and interest on the 2013 and 2024 Series B Bonds is guaranteed by the County of Dauphin, Pennsylvania (the County) pursuant to the Series B Bond Guaranty Agreement which is secured by the full faith, credit, and taxing power of the County. Payment of the principal and interest on the 2024 and 2024 Series C Bonds is guaranteed by a municipal bond insurance policy (the Series C Bond Insurance Policy) issued by Assured Guaranty. Assured Guaranty provides debt service reserve contracts for the Series A, B, and C bonds in the amount of maximum annual debt service. Dauphin County agrees to reimburse Assured Guaranty for any draws on the 2013 and 2024 Series B bond debt service reserve contract. If Assured Guaranty fails to honor its obligations under the Series C Bond Insurance Policy, payment of the principal and interest on the Series C Bonds is guaranteed by the County pursuant to the Series C Bond Guaranty Agreement which is secured by the full faith, credit, and taxing power of the County.

The Authority Notes are payable solely from amounts deposited in the surplus fund (Note 2) and are subordinate to the 2013 and 2024 Series A Senior Parking Revenue Bonds, the 2013 and 2024 Series B Junior Guaranteed Parking Revenue Bonds, and the 2013 and 2024 Series C Junior Insured/Guaranteed Parking Revenue Bonds.

In 2024, Moody's and S&P rated the Series A and Series C Bonds "A1" and "AA", respectively, based on the rating of Assured Guaranty for the Series A Bonds. In 2024, Moody's and S&P rated the Series B Bonds "A3" and "AA" based on the County of Dauphin's general obligation pledge. In 2026, Moody’s downgraded the Series A of 2013 CABs, Series A-2 to Ba3 from Ba2, and revised the outlook to stable from negative.

The PEDFA Senior Insured Parking Revenue Bonds Series A of 2013 were assigned an underlying rating of "BBB" by Standard & Poor's Global Ratings (S&P) at the time of issuance. From 2016 to 2022, S&P's underlying rating and rating outlook for such bonds were revised on multiple occasions. In October 2023, S&P lowered its underlying rating from "B" to "CCC", and the rating outlook remained negative. In February 2024, S&P confirmed the "CCC" rating taking into account the 2024 Bond Refunding. The S&P underlying rating will be discontinued in 2025 as agreed to by PEDFA, Dauphin County and Assured Guaranty Municipal Corp and the insured ratings maintained.

The Fitch rating on the 2013 Series B and 2013 Series C bonds was discontinued in 2025 as agreed to by PEDFA, Dauphin County and Assured Guaranty Municipal Corp.

Note 5 - Long-term debt - continued:

The debt agreements require the System to comply with a covenant related to its debt service coverage ratio. The System was not in compliance with this covenant at December 31, 2025. See Note 2 for the discussion of the events of default under the bond agreements and the related corrective action plan agreements.

Long-term debt at December 31, 2025 consists of the following:

2024 Series A Senior Insured Parking Revenue Refunding Bonds bearing interest at rates ranging from 4.00% to 5.00% and maturing at various times through January 1, 2044;	$ 95,350,000
2013 Series A-2 Senior Parking Revenue Bonds bearing interest at rates ranging from 1.74% to 6.64% and maturing at various times through January 1, 2037;	14,240,332
2024 Series B Junior Guaranteed Parking Revenue Refunding Bonds bearing interest at rates ranging from 4.25% to 5.00% and maturing at various times through July 1, 2053;	65,750,000
2013 Series B-2 Junior Guaranteed Parking Revenue Bonds bearing interest at rates ranging from 5.50% to 6.80% and maturing at various times through January 1, 2047;	25,061,280
2013 Series B-3 Junior Guaranteed Parking Revenue Bonds bearing interest at 7.25% and maturing January 1, 2049;	2,010,749
2024 Series C Junior Insured Parking Revenue Refunding Bonds bearing interest at 5.00% and maturing at various times through January 1, 2033;	23,110,000
2013 Series C-2 Junior Insured Parking Revenue Bonds bearing interest at rates ranging from 5.99% to 7.00% and maturing at various times through July 1, 2053;	23,668,474
Pennsylvania Economic Development Financing Authority Subordinate Parking Revenue Notes, consisting of four notes totaling $197,100,000 (value at maturity) accruing interest at an imputed rate of 7% and maturing in December 2053.	27,704,959
Total long-term debt	276,895,794
Unamortized issue premium	3,580,968
Unamortized issue discount	(1,598,041)
Less: Current portion	(9,295,000)
Long-term portion	$ 269,583,721

Note 5 - Long-term debt - continued:

The amount of accumulated accreted interest on the Series 2013 CABs as of December 31, 2025 is set forth in the following table. The accumulated accreted interest is added to the outstanding principal on July 1 and January 1 of each year beginning January 1, 2014.

2013 Series A-2 Senior Parking Revenue Bonds	$ 15,581,735
2013 Series B-2 Junior Parking Revenue Bonds	26,718,980
2013 Series B-3 Junior Parking Revenue Bonds	2,723,133
2013 Series C-2 Junior Parking Revenue Bonds	27,190,067
Total accreted interest on bonds payable	$ 72,213,915

Future maturities of long-term debt are as follows at December 31, 2025:

	Principal	Interest	Total
Year Ending December 31,			
2026	$ 9,295,000	$ 8,379,012	$ 17,674,012
2027	7,573,167	10,101,095	17,674,262
2028	5,809,876	11,867,387	17,677,263
2029	5,401,296	12,277,466	17,678,762
2030	4,962,308	12,716,954	17,679,262
2031 - 2035	41,787,726	71,950,336	113,738,062
2036 - 2040	44,762,776	82,285,511	127,048,287
2041 - 2045	57,065,852	71,901,649	128,967,501
2046 - 2050	25,711,562	103,256,650	128,968,212
2051 - 2053	74,526,231	180,110,022	254,636,253
	$ 276,895,794	$ 564,846,082	$ 841,741,876

Note 5 - Long-term debt - continued:

Future amortization of bond premium/discount is as follows at December 31, 2025:

Year Ending December 31,	
2026	$ 364,916
2027	298,795
2028	272,756
2029	251,403
2030	234,859
2031 - 2035	741,205
2036 - 2040	298,582
2041 - 2045	(155,249)
2046 - 2050	(273,855)
2051 - 2053	(50,485)
Total	$ 1,982,927

Note 6 - City payments and HPA ground lease:

In accordance with the Agreement, the System makes monthly payments to the City based upon the flow of funds. No monthly payments were made to the City for the year ended December 31, 2025 due to insufficient cash flows. Any future payments made under this arrangement will be accounted for as variable lease payments which will be expensed in the period in which the liability is incurred contingent upon available funds in accordance with the Agreement, the following amounts are to be paid to the City in future years:

Year Ending December 31,	
2026	$ 1,149,941
2027	1,167,050
2028	1,184,673
2029	1,202,824
2030	1,221,520
2031 - 2035	6,408,261
2036 - 2040	6,967,327
2041 - 2045	7,615,435
2046 - 2050	8,366,770
2051 - 2053	5,429,726
Total	$ 40,713,527

Note 6 - City payments and HPA ground lease - continued:

On December 1, 2013, PEDFA entered into a ground lease with HPA for the land on which the parking facilities reside. In accordance with the lease, the System makes monthly payments to HPA based upon the flow of funds. No lease expense was incurred for the year ended December 31, 2025 due to insufficient cash flows. Any future payments made under this arrangement will be accounted for as variable lease payments which will be expensed in the period in which the liability is incurred. Contingent upon available funds in accordance with the ground lease, future minimum lease payments under the lease are as follows:

Year Ending December 31,	
2026	$ 1,568,337
2027	1,615,387
2028	1,663,849
2029	1,713,764
2030	1,765,177
2031 - 2035	9,652,711
2036 - 2040	11,190,138
2041 - 2045	12,972,436
2046 - 2050	15,038,609
2051 - 2053	10,149,756
Total	$ 67,330,164

Note 7 - Changes in long-term liabilities:

Long-term liability activity for the year ended December 31, 2025 is as follows:

	Long-Term Debt (Net of Unamortized Bond Premium)	Authority Notes, Net of Discount	Accreted Interest on Bonds Payable	Total Long-Term Liabilities
Balance, December 31, 2024	$ 262,304,048	$ 25,892,485	$ 63,934,200	$ 352,130,733
Additions	-	1,812,474	8,279,715	10,092,189
Reductions	(11,130,286)	-	-	(11,130,286)
Balance, December 31, 2025	$ 251,173,762	$ 27,704,959	$ 72,213,915	$ 351,092,636
Amounts due within one year at December 31, 2025	$ 9,295,000	$ -	$ -	$ 9,295,000

Note 8 - Concentration of credit risk:

The System provides services primarily in the state of Pennsylvania, with a concentration in the metropolitan Harrisburg area. This geographic concentration of customers creates a concentration of credit risk.

The System recognized revenues, net of parking tax, from the Commonwealth totaling $12,715,533 during the year ended December 31, 2025, which represents 53% of total net revenues for 2025. There were no amounts due from the Commonwealth at December 31, 2025. The System is the lessor of a vehicle parking lease with the Commonwealth beginning in July 2014 for a term of 30 years. Under certain conditions the Commonwealth may terminate the lease after giving 30 days' written notice.

Note 9 - Related party transactions:

Revenues from the Commonwealth (Note 8) are related party transactions. In addition, at December 31, 2025, the System had a net receivable from the Operator in the amount of $9,629, which is related to the net difference between operating expenses incurred by the Operator on behalf of the System and the amount of funding provided to the Operator to cover such expenses. At December 31, 2025, the System also had accrued performance fees of $147,321 which are included in "Due to related parties" in the accompanying balance sheet.

Note 10 - Risk management:

The System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The System obtains commercial insurance to cover general liability claims. Claims arising are paid by the insurer. There have been no significant reductions in insurance coverage during the year ended December 31, 2025, and settled claims did not exceed insurance coverage.

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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 PK Harris Advisors, Inc.
Park Harrisburg (a project of the Pennsylvania
Economic Development Financing Authority)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Park Harrisburg (a project of the Pennsylvania Economic Development Financing Authority) (the System) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated June 12, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System'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 System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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 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 have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

June 12, 2026

Frazier & Deeter, LLC

PARK HARRISBURG (A PROJECT OF THE PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY)

Schedule of Prior Audit Findings

December 31, 2025

Financial Statement Findings

There were no prior findings reported.