

Housing Development Partners of San Diego

**Consolidated Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2020 and 2019

Housing Development Partners of San Diego

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Independent Auditor's Report

To the Board of Directors
Housing Development Partners of San Diego

We have audited the accompanying consolidated financial statements of Housing Development Partners of San Diego, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Housing Development Partners of San Diego as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 26 to 45 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



Sacramento, California
June 30, 2021

Housing Development Partners of San Diego
Consolidated Statements of Financial Position
December 31, 2020 and 2019

	<u>Assets</u>	
	2020	2019
Current assets		
Cash and cash equivalents	\$ 14,223,382	\$ 11,303,232
Restricted deposits and funded reserves		
Restricted reserves	101,190	76,214
Tenant security deposits	629,625	491,060
Accounts receivable	418,812	539,878
Deposits	6,787	104,787
Prepaid ground lease	195,404	216,925
Prepaid expenses	250,611	162,179
	<hr/>	<hr/>
Total current assets	15,825,811	12,894,275
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Noncurrent assets		
Restricted deposits and funded reserves		
Restricted reserves	4,987,854	4,594,996
Escrow deposits	9,473,081	11,014,729
Tax credit fees, net	202,847	174,875
Deposits	76,676	69,861
Investment in partnerships	63,404	58,281
Prepaid ground leases, less current portion	3,040,550	3,214,433
Property, equipment and improvements, net	126,928,590	99,183,950
Predevelopment costs	2,430	627,854
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Total noncurrent assets	144,775,432	118,938,979
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Total assets	\$ 160,601,243	\$ 131,833,254
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Housing Development Partners of San Diego
Consolidated Statements of Financial Position
December 31, 2020 and 2019

Liabilities and Net Assets

	2020	2019
Current liabilities		
Accounts payable and accrued expenses	\$ 532,122	\$ 618,091
Construction costs payable	3,939,297	836,425
Accrued interest payable	236,179	164,302
Mortgages and notes payable, current portion	3,459,637	777,516
Prepaid revenue	71,558	18,241
Related party payables	902,395	986,691
Tenant security deposits liability	614,694	478,552
	<u>9,755,882</u>	<u>3,879,818</u>
Total current liabilities		
Noncurrent liabilities		
Accrued interest payable	4,328,673	3,624,395
Deferred grant revenue	11,803,765	10,906,082
Mortgages and notes payable, less current portion	114,554,185	89,999,367
	<u>130,686,623</u>	<u>104,529,844</u>
Total noncurrent liabilities		
Total liabilities	<u>140,442,505</u>	<u>108,409,662</u>
Commitments and contingencies	<u>-</u>	<u>-</u>
Net assets		
With donor restriction	-	-
Without donor restriction, controlling	(4,904,501)	(3,054,869)
Without donor restriction, noncontrolling	25,063,239	26,478,461
	<u>20,158,738</u>	<u>23,423,592</u>
Total net assets		
Total liabilities and net assets	<u>\$ 160,601,243</u>	<u>\$ 131,833,254</u>

See Notes to Consolidated Financial Statements.

Housing Development Partners of San Diego

Consolidated Statements of Activities Years Ended December 31, 2020 and 2019

	2020	2019
Revenue and support		
Rental income	\$ 14,738,955	\$ 11,530,303
Developer fees	1,931,936	1,125,058
Grant income	302,316	297,555
Interest income	93,613	96,196
Note forgiveness	23,000	23,000
Management fees	131,615	125,664
Miscellaneous income	53,197	29,293
Resident services	73,705	76,329
Share of income from partnerships	5,123	6,535
	<u>17,353,460</u>	<u>13,309,933</u>
Total revenue and support		
Expenses		
Program services	17,570,919	14,724,690
Management and general	2,542,638	1,947,609
	<u>20,113,557</u>	<u>16,672,299</u>
Total expenses		
Change in net assets - without donor restriction	<u>\$ (2,760,097)</u>	<u>\$ (3,362,366)</u>
Change in net assets, controlling	\$ (500,747)	\$ (594,392)
Change in net assets, noncontrolling	<u>(2,259,350)</u>	<u>(2,767,974)</u>
Change in net assets - without donor restriction	<u>\$ (2,760,097)</u>	<u>\$ (3,362,366)</u>

See Notes to Consolidated Financial Statements.

Housing Development Partners of San Diego

Consolidated Statements of Changes in Net Assets Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Controlling interest		
Without donor restriction, beginning	\$ (3,054,869)	\$ (1,947,597)
Excess over carryover basis	(33,163,907)	-
Payment of accrued interest on seller note	(778,801)	(512,880)
Seller note payable	32,060,000	-
Transfer	533,823	-
Change in net assets	<u>(500,747)</u>	<u>(594,392)</u>
Without donor restriction, controlling ending	<u>\$ (4,904,501)</u>	<u>\$ (3,054,869)</u>
Noncontrolling interest		
Without donor restriction, beginning	\$ 26,478,461	\$ 10,588,130
Contributions	1,518,546	18,830,403
Distributions	(90,595)	(122,098)
Syndication costs	(50,000)	(50,000)
Transfer	(533,823)	-
Change in net assets	<u>(2,259,350)</u>	<u>(2,767,974)</u>
Without donor restriction, noncontrolling ending	<u>\$ 25,063,239</u>	<u>\$ 26,478,461</u>

See Notes to Consolidated Financial Statements.

Housing Development Partners of San Diego
Consolidated Statements of Functional Expenses
Year Ended December 31, 2020

	Program services	Management and general	Total
Salaries	\$ 1,242,242	\$ -	\$ 1,242,242
Payroll taxes	86,331	-	86,331
Employee benefits	248,341	-	248,341
Consultants	750,596	992,205	1,742,801
Rent	-	63,626	63,626
Office expenses	114,116	138,770	252,886
Training, travel and parking	20,305	23,324	43,629
Property and partnership management	-	726,219	726,219
Resident services	385,095	-	385,095
Relocation cost	17,319	-	17,319
Repairs and maintenance	1,440,921	28,615	1,469,536
Supplies	202,892	-	202,892
Utilities and telephone	1,626,348	15,240	1,641,588
Property tax and insurance	550,614	58,277	608,891
Interest	4,593,093	-	4,593,093
Legal and accounting	110,427	219,648	330,075
Bad debt expense	183,904	-	183,904
Ground lease expense	830,211	-	830,211
Advertising and marketing	19,422	-	19,422
Miscellaneous administrative expense	365,602	272,286	637,888
Depreciation and amortization	4,783,140	4,428	4,787,568
	<u>\$ 17,570,919</u>	<u>\$ 2,542,638</u>	<u>\$ 20,113,557</u>
Total functional expenses	<u>\$ 17,570,919</u>	<u>\$ 2,542,638</u>	<u>\$ 20,113,557</u>

See Notes to Consolidated Financial Statements.

Housing Development Partners of San Diego
Consolidated Statements of Functional Expenses
Year Ended December 31, 2019

	Program services	Management and general	Total
Salaries	\$ 1,043,580	\$ -	\$ 1,043,580
Payroll taxes	78,550	-	78,550
Employee benefits	212,410	-	212,410
Consultants	788,046	608,815	1,396,861
Rent	-	40,503	40,503
Office expenses	55,828	150,441	206,269
Training, travel and parking	16,771	31,462	48,233
Property and partnership management	-	567,916	567,916
Resident services	297,719	-	297,719
Relocation cost	166,561	-	166,561
Repairs and maintenance	1,325,472	8,277	1,333,749
Supplies	149,277	-	149,277
Utilities and telephone	1,169,642	35,818	1,205,460
Property tax and insurance	412,415	55,920	468,335
Interest	3,800,478	-	3,800,478
Legal and accounting	120,680	221,752	342,432
Bad debt expense	56,540	-	56,540
Ground lease expense	563,564	-	563,564
Advertising and marketing	626	-	626
Miscellaneous administrative expense	334,014	222,367	556,381
Depreciation and amortization	4,132,517	4,338	4,136,855
	<u>\$ 14,724,690</u>	<u>\$ 1,947,609</u>	<u>\$ 16,672,299</u>
Total functional expenses	<u>\$ 14,724,690</u>	<u>\$ 1,947,609</u>	<u>\$ 16,672,299</u>

See Notes to Consolidated Financial Statements.

Housing Development Partners of San Diego

Consolidated Statements of Cash Flows Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Changes in net assets without donor restrictions	\$ (2,760,097)	\$ (3,362,366)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	4,787,568	4,136,855
Amortization of debt issuance costs	130,240	75,591
Amortization of prepaid ground lease	195,404	216,925
Deferred grant revenue	(302,316)	(297,554)
Gain on investments	(5,123)	(6,534)
Note forgiveness	(23,000)	(23,000)
(Increase) decrease in		
Accounts receivable	121,066	137,542
Prepaid expenses	(88,432)	(30,056)
Deposits	91,185	(53,634)
Increase (decrease) in		
Accounts payable and accrued expenses	(103,629)	(91,821)
Prepaid revenue	53,316	(248,176)
Accrued interest payable	776,155	297,484
Tenant security deposits liability	<u>136,142</u>	<u>66,328</u>
Net cash provided by operating activities	<u>3,008,479</u>	<u>852,525</u>
Cash flows from investing activities		
Payment of construction costs payable	(836,425)	(4,289,854)
Tax credit fees paid	(28,529)	(7,482)
Predevelopment costs paid	-	(495,155)
Investment in property and equipment	<u>(29,053,177)</u>	<u>(5,174,438)</u>
Net cash used in investing activities	<u>(29,918,131)</u>	<u>(9,966,929)</u>

Housing Development Partners of San Diego

Consolidated Statements of Cash Flows Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from financing activities		
Principal payments on mortgages and notes payable	(871,332)	(23,274,340)
Proceeds from mortgages and notes payable	28,606,254	24,887,919
Related party payables	(84,296)	78,308
Receipt of deferred grant revenue	1,200,000	362,926
Debt issuance costs paid	(605,223)	(717,333)
Payment of accrued interest on seller note	(778,801)	(512,880)
Contributions	1,518,546	18,830,403
Distributions	(90,595)	(122,098)
Syndication costs paid	(50,000)	(50,000)
Net cash provided by financing activities	28,844,553	19,447,964
Increase in cash, cash equivalents and restricted cash	1,934,901	10,333,560
Cash, cash equivalents and restricted cash, beginning	27,480,231	17,146,671
Cash, cash equivalents and restricted cash, ending	<u>\$ 29,415,132</u>	<u>\$ 27,480,231</u>
Supplemental disclosure of cash flow information		
Cash paid for interest, net of amount capitalized of \$83,251 and \$0	<u>\$ 5,369,248</u>	<u>\$ 4,097,962</u>
Supplemental disclosure of noncash investing and financing activities		
Construction costs payable included in property and equipment	<u>\$ 3,939,297</u>	<u>\$ 836,425</u>
Reclassification of predevelopment costs to property and equipment	<u>\$ 625,424</u>	<u>\$ -</u>
Excess over carryover basis	<u>\$ (33,163,907)</u>	<u>\$ -</u>
Seller note payable	<u>\$ 32,060,000</u>	<u>\$ -</u>
Accounts payable included in (reduction of) tax credit fees	<u>\$ 17,660</u>	<u>\$ (1,230)</u>

See Notes to Consolidated Financial Statements.

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2020 and 2019

Note 1 - Corporation and nature of operations

The accompanying consolidated financial statements include Housing Development Partners of San Diego, a California nonprofit corporation ("HDP"), a component unit of the San Diego Housing Commission ("SDHC") and its Operating Entities, as listed on page 13, and collectively shall be referred to as the "Corporation". While the Corporation has substantially the same governing body as SDHC, the Corporation is managed differently than SDHC and operationally the Corporation has its own procurement practices, its own legal counsel and its own separate accounting system in place. In addition, SDHC is not legally entitled to the Corporation's resources, nor is SDHC legally obligated to financially support the Corporation. The management of SDHC has oversight responsibility for the component unit; therefore, the accounts of HDP have been included within the scope of the basic financial statements of SDHC.

HDP was organized for the purpose to provide low and moderate income persons, elderly persons, and handicapped persons with affordable housing by acquiring or developing publicly financed low- and moderate-income housing and renting such housing to these persons and facilities and services related to housing.

The Corporation shares staff and Board of Directors with SDHC. The Corporation's by-laws state that two of the Corporation's board members are also SDHC board members and a third Corporation board member is the Chief Executive Officer of SDHC. Therefore, SDHC can exercise considerable influence over the Corporation.

HDP oversees the management of over 1,500 rental units throughout the City of San Diego including Dawson Avenue Senior Apartments, LP, Island Palms Apartments, LP and Studio 15 Housing Partners, LLC.

The Corporation receives significant funding from federal, state and local government subsidies in various forms, including low-income housing tax credits, low-interest rate loans, grants, and rent subsidies for qualifying very-low, low- and moderate-income tenants.

Note 2 - Significant accounting policies

Basis of presentation

The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), which require the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the board of directors.
- *Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2020 and 2019

Principles of consolidation

The accompanying consolidated financial statements of the Corporation include the accounts of HDP, and the Operating Entities listed below. These entities are included in the consolidation in accordance with GAAP, which require consolidation of all such entities which are deemed to be controlled by the Corporation. All material intercompany transactions have been eliminated in consolidation.

Operating Entity	Beneficial owner	Ownership %
Casa Colina, LP ("Casa Colina")	HDP	0.01%
Casa Colina	HDP Casa Colina Management, LLC	99.99%
HDP Mason Housing Corporation ("HDP Mason")	HDP	N/A
Logan Development Management LLC	HDP	79.00%
Logan Development II, LP ("Logan")	Logan Development Management LLC	0.01%
HDP Parker Kier, LLC	HDP	100.00%
HDP Churchill, LLC	HDP	100.00%
HDP Churchill, LP	HDP	99.99%
HDP Broadway LP ("Broadway")	HDP Broadway Management, LLC	0.01%
HDP Broadway Management, LLC	HDP	79.00%
HDP Island Village, LLC	HDP	100.00%
HDP Town & Country, LLC	HDP	100.00%
HDP Town & Country LP ("Town & Country")	HDP Town & Country, LLC	0.01%
HDP New Palace Management, LLC	HDP	79.00%
HDP New Palace, LP ("New Palace")	HDP New Palace Management, LLC	0.01%
HDP Village North, LLC ("Village North")	HDP	100.00%
HDP Quality Inn, LLC	HDP	100.00%
HDP West Park, LP	HDP West Park Management, LLC	0.009%
HDP West Park Management, LLC	HDP	79.00%
HDP Mariner's Village Management, LLC	HDP	79.00%
HDP Mariner's Village LP	HDP Mariner's Village Management, LLC	0.01%
HDP Casa Colina Management, LLC	HDP	100.00%
HDP ADU, LLC	HDP	100.00%

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in these consolidated financial statements and the disclosures in the accompanying notes. Actual results could differ from those estimates. Estimates of future operations were made by management in the calculation of the amount of development fee revenue recognized under GAAP.

Cash and cash equivalents

The Corporation considers all highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Restricted deposits and funded reserves

Restricted reserves and deposits primarily consist of operating and replacement reserves and property tax and insurance escrows. Such reserves are required by various financing authorities, lenders or stipulations in the applicable partnership or operating agreements.

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2020 and 2019

Accounts receivable

Accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Notes receivable

Notes receivable are reported net of an allowance for uncollectible amounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of notes receivable. As of December 31, 2020 and 2019, there is no allowance for doubtful accounts. All related party notes receivable have been eliminated in consolidation.

Due from affiliates

The advances due from affiliates are reported net of an allowance for doubtful accounts. As of December 31, 2020 and 2019, there is no allowance for doubtful accounts. All amounts due from affiliates have been eliminated in consolidation.

Investments in partnerships

Investments in partnerships include the co-general partner interest of the Corporation in certain tax credit partnerships which are not controlled by the Corporation. The Corporation accounts for its investments in such limited partnerships ("Investees") in accordance with the equity method of accounting, under which the investment is carried at cost and is adjusted for the Corporation's share of the Investees' results of operations and by cash distributions received. The Corporation regularly assess the carrying value of its investments in partnerships. If the carrying value exceeds the estimated value derived by management, the Corporation would reduce its investments by the amount by which the carrying amounts exceed the assessed value. During the years ended December 31, 2020 and 2019, the Corporation did not make any such adjustments. The Investees are variable interest entities whose activities are consolidated with the business activities of their controlling owners.

Property, equipment and improvements

Property, equipment and improvements are recorded at cost. Expenditures for maintenance and repairs are expensed as incurred, while major renewals and betterments are capitalized. Costs of properties constructed or rehabilitated include all direct costs of construction, as well as carrying costs during the construction period and indirect costs of construction, supervision and management. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 5 to 40 years.

It is the Corporation's policy to capitalize expenditures for property, equipment and improvements exceeding \$2,000.

Predevelopment costs

The Corporation incurs costs in connection with properties it is considering for development as well as costs associated with projects in the initial stages of development. These costs include such items as market studies, purchase options, environmental study costs, legal and accounting costs. Predevelopment costs are capitalized until such time as the project is no longer considered desirable or feasible, at which time the costs are expensed. Predevelopment costs related to projects that are ultimately developed are subsequently recorded as receivables to be repaid by the applicable projects. During the years ended December 31, 2020 and 2019, \$86,233 and \$122,208,

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2020 and 2019

respectively, of predevelopment costs were expensed and included in miscellaneous administrative expense on the consolidated statements of activities.

Impairment of long-lived assets

The Corporation reviews its property, equipment and improvements for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment losses have been recognized during the years ended December 31, 2020 and 2019.

Tax credit fees

Costs related to obtaining low-income housing tax credits are being amortized using the straight-line method over the mandatory 15-year compliance period.

Estimated annual amortization for each of the next five years following December 31, 2020 is \$22,912 per year for 2021-2022, \$21,545 for 2023, \$20,179 for 2024 and \$19,508 for 2025.

Prepaid ground leases

The cost of ground leases are amortized over the terms of the agreements using the straight-line method.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Noncontrolling interest in limited partnerships

The noncontrolling interest in the consolidated statements of financial position represent the aggregate balance of limited partners' equity interest in the affiliate limited partnerships that are included in the consolidated financial statements.

Deferred grant revenue

Government grants related to the acquisition of assets are recognized initially as deferred grant revenue when there is reasonable assurance that the Corporation will comply with the conditions associated with the grants. Grant revenue is recognized in the consolidated statements of activities on a systematic basis over the useful life of the related asset. Deferred grant revenue totaled \$11,803,765 and \$10,906,082 for the years ended December 31, 2020 and 2019, respectively.

Revenue recognition

Revenue primarily consist of rental income, development fees, grants, interest income, management fees and share of income from partnerships.

Development fees and management fees are accounted for as contracts with customers. Under the guidance for contracts with customers, an entity is required to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2020 and 2019

transaction price, an entity may include variable considerations only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved.

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Operating Entities and the tenants of the projects are operating leases.

Portions of the rental income are in the form of subsidy payments from the U.S. Department of Housing and Urban Development ("HUD") under Section 8 of the National Housing Act and a Project Rental Assistance Contract. Tenants are subsidized based upon their level of income. Rent increases require HUD approval.

Laundry and cable income received in advance are deferred until earned.

Property management fee income is earned monthly based on the management agreement. Fees earned for consolidated entities are eliminated in the consolidation.

Development fees

Development fees earned are paid from the project's equity and debt proceeds at the completion of the construction of the project. These fees are recognized over the development period beginning when the project is assured of being constructed, as evidenced by the admission of an equity partner, as units are delivered or based on the external construction costs incurred as a percentage of the total external construction costs expected, and concluding with the application for final allocation of tax credits. Any portion of the development fee not expected to be paid using contributions from the equity partner, such as out of cash flow from operations represents variable consideration.

The Corporation estimates whether it will be entitled to variable consideration under the terms of the development agreement and includes its estimate of variable consideration in the total development fee amount when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur in accordance with the accounting guidance in *ASC Topic 606, Revenue from Contracts with Customers*, on constraining estimates of variable consideration, which typically includes the following factors:

- The susceptibility of the consideration amount to factors outside the project's influence, including insufficient equity and debt proceeds at the completion of the construction of the project.
- Whether the uncertainty about the consideration amount is not expected to be resolved for a long period of time.
- The Corporation's experience with similar types of agreements.
- Whether the Corporation expects to offer changes to payment terms.
- The range of possible consideration amounts.

The cumulative amount of development fees earned over the development agreement is updated at each reporting period based on the project's estimate of the variable consideration using available information at the reporting date. Any difference between the gross amount of the project's

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Notes to Consolidated Financial Statements December 31, 2020 and 2019

developer fee payable and the estimate of variable consideration to which the developer expects to be entitled is eliminated in consolidation.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Program services include all expenses relating to development, management of properties, and resident services. Supporting services consist of management and general expenses. All expenses are directly attributable to a specific function.

Income taxes

HDP and HDP Mason have applied for and received a determination letter from the Internal Revenue Service ("IRS") to be treated as a tax-exempt entity pursuant to Section 501 (c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. HDP and HDP Mason did not have any unrelated business income for the years ended December 31, 2020 and 2019. Due to their tax-exempt status, these entities are not subject to income taxes. These entities are required to file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and these entities have no other tax positions which must be considered for disclosure.

The remaining Operating Entities are pass-through entities for income tax purposes and are not subject to income taxes. All items of taxable income, deductions and tax credits are passed through to and are reported by their owners on their respective income tax returns. The Operating Entities' federal tax status as pass-through entities is based on their legal status as a partnership or LLC. The Operating Entities are required to file tax returns with the Internal Revenue Service ("IRS") and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and the entities have no other tax positions which must be considered for disclosure. Income tax returns filed by the entities are subject to examination by the IRS for a period of three years. While no income tax returns are currently being examined by the IRS, tax years since 2017 remain open.

Advertising

Advertising costs are expensed as incurred.

Syndication costs

Syndication costs are recorded as a direct reduction to noncontrolling interest when incurred.

Note 3 - Restricted deposits and funded reserves

In accordance with the terms of loan agreements, regulatory agreements and partnership agreements, deposits are made into replacement reserve accounts, operating reserve accounts, tax and insurance escrow accounts and other accounts as required by the applicable agreements. Withdrawals from these accounts may require approval from designated parties.

Note 4 - Investment in partnerships

HDP consolidates its ownership interest in certain limited partnerships (see Note 1). As of December 31, 2020 and 2019, the net investment deficit in limited partnership and limited liability companies was \$2,482,214 and \$1,575,761, respectively, which was eliminated in consolidation for the years ended December 31, 2020 and 2019.

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2020 and 2019

The following is condensed financial information as of December 31, 2020 and 2019 for those entities which are recorded on the equity method included in investment in partnerships in the consolidated financial statements.

Investment in partnerships consist of the following at December 31, 2020:

Partnership name	Ownership interest	Total assets	Total liabilities	Partners' equity	Partnership investment
Dawson Avenue Senior Apartments, LP	0.01%	\$ 13,563,066	\$ 9,761,404	\$ 3,801,662	\$ 65,152
East Village West LP	0.04%	16,814,441	24,319,612	(7,505,171)	279
Studio 15 Housing Partners, L.P.	0.01%	25,505,729	32,268,638	(6,762,909)	(2,027)
					<u>\$ 63,404</u>

Investment in partnerships consist of the following at December 31, 2019:

Partnership name	Ownership interest	Total assets	Total liabilities	Partners' equity	Partnership investment
Dawson Avenue Senior Apartments, LP	0.01%	\$ 14,228,008	\$ 9,715,269	\$ 4,512,739	\$ 59,659
East Village West LP	0.04%	16,371,444	17,089,411	(717,967)	523
Studio 15 Housing Partners, L.P.	0.01%	26,470,135	31,952,746	(5,482,611)	(1,901)
					<u>\$ 58,281</u>

Note 5 - Property, equipment and improvements, net

Property, equipment and improvements consists of the following as of December 31, 2020 and 2019:

	2020	2019
Land	\$ 4,476,568	\$ 4,232,087
Buildings	116,721,059	95,163,390
Site improvements	6,152,426	6,252,467
Furniture and equipment	6,545,184	5,596,477
Construction in progress	15,049,908	5,186,402
Subtotal	148,945,145	116,430,823
Accumulated depreciation	(22,016,555)	(17,246,873)
Total	<u>\$ 126,928,590</u>	<u>\$ 99,183,950</u>

Depreciation expense totaled \$4,767,647 and \$4,120,265 for the years ended December 31, 2020 and 2019, respectively.

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2020 and 2019

Note 6 - Mortgages and notes payable

Type of obligations	Interest Rate	Maturity Date	Balance 12/31/2020	Balance 12/31/2019	Due Within One Year
HDP Mason Housing Corporation:					
San Diego Housing Commission	3.00%	2068	\$ 2,365,283	\$ 2,365,283	\$ -
Civic San Diego	3.00%	2066	1,318,964	1,318,964	-
California Housing Finance Agency	3.00%	2066	1,180,727	1,180,727	-
San Diego Housing Commission	3.00%	2057	68,858	68,858	-
San Diego Housing Commission - Debt Forgiveness	0.00%	2023	46,000	69,000	23,000
Less: Unamortized debt issuance costs			(15,334)	(15,667)	-
Casa Colina, LP:					
Red Mortgage Capital, Inc.	5.68%	2039	2,582,678	2,661,746	83,678
San Diego Housing Commission	3.00%	2059	1,181,886	1,240,082	-
Less: Unamortized debt issuance costs			(237,405)	(250,474)	-
Logan Development II, LP:					
Housing Authority of the City of San Diego/serviced by JP Morgan Chase, N.A.	5.58%	2032	2,959,713	3,019,541	63,789
San Diego Housing Commission	6.00%	2050	1,400,000	1,400,000	-
Civic San Diego	3.00%	2050	150,000	150,000	-
Less: Unamortized debt issuance costs			(116,673)	(121,755)	-
HDP Broadway, LP:					
Housing Authority of the City of San Diego/serviced by Berkadia Commercial Mortgage	4.49%	2044	16,377,705	16,646,731	281,356
Less: Unamortized debt issuance costs			(262,839)	(273,791)	-
HDP Churchill, LP:					
San Diego Housing Commission	3.00%	2071	3,800,000	3,800,000	-
Civic San Diego	3.00%	2070	3,000,000	3,000,000	-
California Housing Finance Agency	3.00%	2070	1,800,000	1,800,000	-
San Diego Housing Commission	3.00%	2071	2,201,359	2,212,359	-
Less: Unamortized debt issuance costs			(54,960)	(56,047)	-
HDP New Palace, LP:					
Housing Authority of the City of San Diego/serviced by Citibank N.A. - Series B-1	4.42%	2054	4,839,603	4,900,164	63,292
San Diego Housing Commission	4.00%	2073	3,100,000	3,100,000	-
California Housing Finance Agency	3.00%	2072	2,240,000	2,240,000	-
City of San Diego	3.00%	2072	1,943,177	1,943,177	-
Less: Unamortized debt issuance costs			(551,667)	(570,656)	-
HDP Town & Country, LP:					
Housing Authority of the City of San Diego/serviced by Citibank N.A. - Series E-1	4.54%	2034	15,301,251	15,492,421	200,031
Less: Unamortized debt issuance costs			(615,469)	(636,668)	-
HDP Village North, LLC:					
Red Mortgage Capital, LLC	4.54%	2033	8,786,881	8,898,010	117,513
Less: Unamortized debt issuance costs			(139,117)	(144,270)	-
HDP Quality Inn, LLC:					
Citibank, N.A.	4.14%	2035	4,950,000	4,950,000	13,936
San Diego Housing Commission	4.00%	2075	4,631,579	4,631,579	-
California Housing Finance Agency	3.00%	2074	2,288,921	2,288,921	-
Less: Unamortized debt issuance costs			(303,783)	(315,880)	-

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2020 and 2019

Type of obligations	Interest Rate	Maturity Date	Balance 12/31/2020	Balance 12/31/2019	Due Within One Year
HDP West Park LP:					
Housing Authority of the City of San Diego/ serviced by Banner Bank	4.48%	2039	4,053,649	4,163,631	2,613,042
San Diego Housing Commission	4.00%	2075	3,593,274	-	-
Less: Unamortized debt issuance costs			(380,173)	(379,103)	-
HDP Mariner's Village, LP:					
Housing Authority of the City of San Diego/ serviced by Citibank, N.A.	Variable	2022	25,122,962	-	-
Less: Unamortized debt issuance costs			(593,228)	-	-
			<u>\$ 118,013,822</u>	<u>\$ 90,776,883</u>	<u>\$ 3,459,637</u>

The annual maturities of long-term debt for each of the next five years and thereafter subsequent to December 31, 2020 are as follows:

2021	\$ 3,459,637
2022	6,642,883
2023	1,300,377
2024	1,357,341
2025	1,420,002
Thereafter	<u>107,104,230</u>
Total mortgages and notes payable	121,284,470
Less: unamortized debt issuance costs	<u>(3,270,648)</u>
Total mortgages and notes payable	<u>\$ 118,013,822</u>

Interest capitalized into project development costs and property, equipment and improvements totaled \$83,251 and \$0 for the years ended December 31, 2020 and 2019, respectively.

The liability of the Corporation under the mortgages and notes is limited to the underlying value of the real estate collateral plus other amounts deposited with the lenders.

Note 7 - Related party transactions

Ground leases consist of the following at December 31, 2020:

Entity	Lease commencement	Term	Ground lease expense	Prepaid Ground Lease		Ground lease payable
				Short-term	Long-term	
Casa Colina, LP	2004	65 years	\$ 34,121	\$ 10,798	\$ 507,493	\$ 1,266
HDP Parker Kier, LLC	2013	10 years	18,513	-	-	18,513
HDP Broadway, LP	2014	65 years	383,461	184,606	2,533,057	202,199
HDP Churchill, LP	2015	65 years	39,645	-	-	39,645
HDP West Park, LP	2019	57 years	2	-	-	1
HDP Village North, LLC	2017	65 years	58,181	-	-	58,181
HDP Quality Inn, LLC	2017	65 years	40,561	-	-	40,561
HDP Mariner's Village, LP	2020	65 years	234,966	-	-	234,966
Housing Development Partners of San Diego	2017	65 years	20,761	-	-	20,661
			<u>\$ 830,211</u>	<u>\$ 195,404</u>	<u>\$ 3,040,550</u>	<u>\$ 615,993</u>

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2020 and 2019

Ground leases consist of the following at December 31, 2019:

Entity	Lease commencement	Term	Ground lease expense	Prepaid Ground Lease		Ground lease payable
				Short-term	Long-term	
Casa Colina, LP	2004	65 years	\$ 32,400	\$ 10,798	\$ 518,291	\$ 406
HDP Parker Kier, LLC	2013	10 years	18,200	-	-	18,200
HDP Broadway, LP	2014	65 years	383,461	206,127	2,696,142	3,344
HDP Churchill, LP	2015	65 years	37,136	-	-	37,136
HDP West Park, LP	2017	65 years	-	-	-	-
HDP Village North, LLC	2017	65 years	56,393	-	-	56,393
HDP Quality Inn, LLC	2017	65 years	35,974	-	-	35,974
			<u>\$ 563,564</u>	<u>\$ 216,925</u>	<u>\$ 3,214,433</u>	<u>\$ 151,453</u>

Ground lease payable is included in related party payables on the statements of financial position.

Related party transactions consist of staff charges payable to SDHC and Partners' fees for Casa Colina, Logan, Broadway, Town & Country and Village North. Related party balances between the consolidated entities have been eliminated in consolidation. Related party transactions are non-interest bearing and due upon demand. Related party payables after such eliminations totaled \$902,395 and \$986,691, for the years ended December 31, 2020 and 2019, respectively.

Note 8 - Statements of cash flows

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts in the statements of cash flows.

	2020	2019
Cash and cash equivalents	\$ 14,223,382	\$ 11,303,232
Tenant security deposits	629,625	491,060
Restricted reserves	5,089,044	4,671,210
Escrow deposits	9,473,081	11,014,729
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	<u>\$ 29,415,132</u>	<u>\$ 27,480,231</u>

Amounts included in restricted cash are comprised of security deposits held in trust for the future benefit of tenants upon moving out of the projects and reserves as required by regulatory authorities and the partnership/operating agreements.

Note 9 - Net assets

As of December 31, 2020, the Corporation's net assets totaled \$20,158,738, of which \$14,562,126 is for reserve commitments and consist of required deposits to escrows, replacement reserves and operating reserves pursuant to regulatory and loan agreements. Of the total amount, \$3,368,111 is held by the Corporation and \$11,194,015 is in lender held accounts. The regulatory and loan agreements dictate timing and use of the reserves.

Note 10 - Guaranties

In its role as general partner of the various partnerships, HDP is liable for recourse liabilities. These partnerships have been allocated low-income housing tax credits pursuant to Internal Revenue

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2020 and 2019

Code Section 42. In connection with their general partnership interests, certain guarantees have been made to the partnerships, including the following:

Development deficit and repurchase guarantees

The Corporation is obligated to pay any development cost deficits or, at the option of the investor limited partner, to purchase the interest of the investor limited partner if the project is not completed or if permanent financing has not been obtained by specific dates. This obligation typically terminates upon funding of permanent project financing. As of December 31, 2020 and 2019, no amounts were due under this guaranty.

Construction loan repayment and completion guarantees

The Corporation has provided repayment guarantees for construction loans as well as unlimited construction completion guarantees in favor of certain lenders for the development and lease-up of the project, should the project not receive expected permanent financing, or should the cost of the development exceed permanent financing received. There are no significant delays or cost overruns in current development projects. As of December 31, 2020 and 2019, no amounts were due under this guaranty.

Operating deficit guaranty

The Corporation is obligated to make non-interest bearing loans to cover operating cash shortfalls which are repayable through available cash flow if the projects operating reserves were depleted. The guarantees are on a per project basis for various lengths of time, as defined in the limited partnership agreements. As of December 31, 2020 and 2019, no amounts were due under this guaranty.

The following are the projects which are under the operating deficit guaranty and the maximum amount of the guaranty as of December 31, 2020:

	Amount	Expiration
HDP New Palace, LP	\$ 600,000	2025
HDP Town & Country, LP	1,000,000	2024
HDP West Park, LP	207,592	2025
HDP Mariner's Village, LP	1,000,000	2026
Total operating deficit guaranty	<u>\$ 2,807,592</u>	

Recapture guaranty

In the event of a recapture of tax credits previously received by the investor limited partners/members, the Corporation shall be obligated to reimburse the investor limited partner or investment member for any recaptured credits plus any associated penalties, interest or additional taxes due. The Corporation shall not be liable for a recapture event caused by a change in law or actions of the investor or special limited partner. As of December 31, 2020 and 2019, no amounts were due under this guaranty.

Note 11 - Concentration of credit risk

The Corporation maintains cash with various financial institutions. All reserves are held in the Corporations' name. At times, these balances may exceed the federal insurance limits; however, the Corporation has not experienced any losses with respect to its bank balances in excess of

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2020 and 2019

government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at December 31, 2020.

Note 12 - Availability and liquidity

The following represents the Corporation's financial assets at December 31, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 14,223,382	\$ 11,303,232
Receivables	418,812	539,878
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 14,642,194</u>	<u>\$ 11,843,110</u>

The Corporation's financial assets are intended to be sufficient to meet its general expenditures, liabilities and other obligations as they become due. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit, or used as part of income generating programs.

Note 13 - Commitments and contingencies

Rental assistance contracts

Eight of the properties owned by the Corporation have entered into rental assistance contracts with HUD or SDHC. The contracts have various terms and require the affiliate projects to operate as a low-income housing property and to obtain approval of all rent increases from HUD or SDHC.

Low-income housing tax credits

The low-income housing tax credits received by the Corporation are contingent on their ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the limited partner.

Litigation

The Corporation is subject to lawsuits and claims, which arise out of the normal course of its activities. In the opinion of management, based upon the opinions of legal counsel, the disposition of any and all such actions, of which it is aware, will not have a material effect on the financial position of the Corporation.

Economic concentrations

The Corporation owns, operates and invests in rental property located in San Diego, California whose operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

COVID-19

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. The Corporation is not able to estimate the length or severity of this outbreak and the related financial impact. As of December 31, 2020, the global pandemic is

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2020 and 2019

still ongoing. Management continues to monitor the results of operations to evaluate the economic impact of the pandemic on the Corporation.

Note 14 - Subsequent events

Events that occur after the statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date, require disclosure in the accompanying notes. Management evaluated all activity of the Corporation through June 30, 2021, the date the consolidated financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to consolidated financial statements.

Supplementary Information

Housing Development Partners of San Diego

**Consolidating Statement of Financial Position
December 31, 2020**

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	HDP New Palace, LP	Logan Dev II, LP	Casa Colina, LP	HDP Churchill, LP	HDP Parker Kier, LLC	HDP Broadway, LP
<u>Assets</u>								
Current assets								
Cash and cash equivalents	\$ 7,683,865	\$ 47,081	\$ 236,118	\$ 243,523	\$ 236,568	\$ 277,334	\$ 138,194	\$ 723,100
Restricted deposits and funded reserves								
Restricted reserves	-	-	-	-	-	-	-	-
Tenant security deposits	-	9,720	32,544	28,702	23,370	65,295	21,633	48,399
Accounts receivable	137,470	1,654	3,679	1,925	25,642	15,872	2,293	27,981
Deposits	4,787	2,000	-	-	-	-	-	-
Prepaid ground lease	-	-	-	-	10,798	-	-	184,606
Prepaid expenses	2,641	6,486	17,417	20,847	24,127	15,161	6,723	56,199
Related party advances	560,398	-	-	-	1,047	-	-	-
Total current assets	8,389,161	66,941	289,758	294,997	321,552	373,662	168,843	1,040,285
Noncurrent assets								
Restricted deposits and funded reserves								
Restricted reserves	-	83,200	331,299	440,707	381,137	374,324	68,288	1,406,467
Escrow deposits	-	-	640,225	450	19,553	-	-	13,517
Tax credit fees, net	-	-	33,538	6,832	-	-	-	39,274
Deposits	10	2,578	13,710	6,000	-	6,000	3,000	-
Developer fees receivable	11,702,583	-	-	-	-	-	-	-
Interest receivable	631,586	-	-	-	-	-	-	-
Investment in partnerships	-	-	-	-	-	-	-	-
Notes receivable	14,897,968	-	-	-	-	-	-	-
Prepaid ground leases, less current portion	-	-	-	-	507,493	-	-	2,533,057
Property and equipment, net	7,855	4,692,817	16,368,709	6,752,360	3,041,032	17,252,655	-	26,853,049
Predevelopment costs	44,306	-	-	-	-	-	-	-
Total noncurrent assets	27,284,308	4,778,595	17,387,481	7,206,349	3,949,215	17,632,979	71,288	30,845,364
Total assets	<u>\$ 35,673,469</u>	<u>\$ 4,845,536</u>	<u>\$ 17,677,239</u>	<u>\$ 7,501,346</u>	<u>\$ 4,270,767</u>	<u>\$ 18,006,641</u>	<u>\$ 240,131</u>	<u>\$ 31,885,649</u>

Housing Development Partners of San Diego

**Consolidating Statement of Financial Position
December 31, 2020**

	HDP Town & Country, LP	HDP West Park LP	HDP Village North, LLC	HDP Quality Inn, LLC	HDP Mariner's Village, LP	HDP ADU, LLC	Other Consolidated Companies	Elimination	Consolidated Total
<u>Assets</u>									
Current assets									
Cash and cash equivalents	\$ 137,681	\$ 83,514	\$ 1,219,686	\$ 482,760	\$ 1,643,640	\$ 1,050,729	\$ 19,589	\$ -	\$ 14,223,382
Restricted deposits and funded reserves									
Restricted reserves	21,561	-	79,629	-	-	-	-	-	101,190
Tenant security deposits	113,210	32,156	72,169	61,819	117,345	3,263	-	-	629,625
Accounts receivable	11,968	101,845	12,649	39,209	14,571	4,674	119,622	(102,242)	418,812
Deposits	-	-	-	-	-	-	-	-	6,787
Prepaid ground lease	-	-	-	-	-	-	-	-	195,404
Prepaid expenses	43,790	7,768	32,565	14,888	-	1,999	-	-	250,611
Related party advances	-	-	-	-	-	-	-	(561,445)	-
Total current assets	328,210	225,283	1,416,698	598,676	1,775,556	1,060,665	139,211	(663,687)	15,825,811
Noncurrent assets									
Restricted deposits and funded reserves									
Restricted reserves	528,713	301	876,302	324,125	172,031	960	-	-	4,987,854
Escrow deposits	34,278	1,704	99,000	7,819,260	845,094	-	-	-	9,473,081
Tax credit fees, net	68,509	26,165	-	-	28,529	-	-	-	202,847
Deposits	13,500	-	11,479	-	20,399	-	-	-	76,676
Developer fees receivable	-	-	-	-	-	-	-	(11,702,583)	-
Interest receivable	-	-	-	-	-	-	-	(631,586)	-
Investment in partnerships	-	-	-	-	-	-	841	62,563	63,404
Notes receivable	-	-	-	-	-	-	-	(14,897,968)	-
Prepaid ground leases, less current portion	-	-	-	-	-	-	-	-	3,040,550
Property and equipment, net	27,610,943	12,704,886	7,988,573	4,883,638	28,272,610	1,308,862	-	(30,809,399)	126,928,590
Predevelopment costs	-	-	-	-	-	-	-	(41,876)	2,430
Total noncurrent assets	28,255,943	12,733,056	8,975,354	13,027,023	29,338,663	1,309,822	841	(58,020,849)	144,775,432
Total assets	\$ 28,584,153	\$ 12,958,339	\$ 10,392,052	\$ 13,625,699	\$ 31,114,219	\$ 2,370,487	\$ 140,052	\$ (58,684,536)	\$ 160,601,243

Housing Development Partners of San Diego

**Consolidating Statement of Financial Position
December 31, 2020**

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	HDP New Palace, LP	Logan Dev II, LP	Casa Colina, LP	HDP Churchill, LP	HDP Parker Kier, LLC	HDP Broadway, LP
<u>Liabilities and Net Assets</u>								
Current liabilities								
Accounts payable and accrued expenses	\$ 47,572	\$ 17,761	\$ 43,637	\$ 27,331	\$ 29,434	\$ 38,932	\$ 21,056	\$ 53,979
Construction costs payable	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	17,826	14,221	12,225	-	-	61,280
Ground lease payable	-	-	-	-	-	-	-	-
Mortgages and notes payable, current	-	23,000	63,292	63,789	83,678	-	-	281,356
Prepaid revenue	-	1	6,566	2,032	1,547	1,182	691	2,761
Related party payables, current	244,141	59,582	883,740	24,223	16,266	50,900	28,513	222,996
Tenant security deposits liability	-	9,164	31,039	28,672	21,943	64,000	21,078	46,871
Total current liabilities	291,713	109,508	1,046,100	160,268	165,093	155,014	71,338	669,243
Noncurrent liabilities								
Accrued interest payable	-	1,301,800	422,681	1,514,486	20,388	807,180	-	120,381
Deferred grant revenue	-	-	-	-	-	8,429,915	-	-
Deferred revenue - subground lease	5,220,000	-	-	-	-	-	-	-
Investment in partnerships	2,419,651	-	-	-	-	-	-	-
Mortgages and notes payable, less current portion	-	4,941,499	11,507,820	4,442,237	3,443,481	10,746,399	-	23,725,417
Related party payable, less current portion	8,618,214	187,078	911,958	-	-	2,304	-	-
Total noncurrent liabilities	16,257,865	6,430,377	12,842,459	5,956,723	3,463,869	19,985,798	-	23,845,798
Total liabilities	16,549,578	6,539,885	13,888,559	6,116,991	3,628,962	20,140,812	71,338	24,515,041
<u>Net Assets</u>								
With donor restriction	-	-	-	-	-	-	-	-
Without donor restriction, controlling	19,123,891	(1,694,349)	(699,075)	(76)	641,805	(939,512)	168,793	(492)
Without donor restriction, noncontrolling	-	-	4,487,755	1,384,431	-	(1,194,659)	-	7,371,100
Total net assets	19,123,891	(1,694,349)	3,788,680	1,384,355	641,805	(2,134,171)	168,793	7,370,608
Total liabilities and net assets	\$ 35,673,469	\$ 4,845,536	\$ 17,677,239	\$ 7,501,346	\$ 4,270,767	\$ 18,006,641	\$ 240,131	\$ 31,885,649

Housing Development Partners of San Diego

**Consolidating Statement of Financial Position
December 31, 2020**

	HDP Town & Country, LP	HDP West Park LP	HDP Village North, LLC	HDP Quality Inn, LLC	HDP Mariner's Village, LP	HDP ADU, LLC	Other Consolidated Companies	Elimination	Consolidated Total
<u>Liabilities and Net Assets</u>									
Current liabilities									
Accounts payable and accrued expenses	\$ 55,691	\$ 22,431	\$ 38,427	\$ 31,145	\$ 82,615	\$ 6,600	\$ 15,511	\$ -	\$ 532,122
Construction costs payable	-	45,010	-	887,930	3,006,357	-	-	-	3,939,297
Accrued interest payable	-	9,691	34,352	17,647	68,937	-	-	-	236,179
Ground lease payable	-	-	-	-	-	-	-	-	-
Mortgages and notes payable, current	200,031	2,613,042	117,513	13,936	-	-	-	-	3,459,637
Prepaid revenue	14,594	1,779	10,313	2,766	27,326	-	-	-	71,558
Related party payables, current	10,305	1,054,925	58,181	515,786	1,168,261	26,532	26,782	(3,488,738)	902,395
Tenant security deposits liability	108,191	30,651	72,168	60,310	117,344	3,263	-	-	614,694
Total current liabilities	388,812	3,777,529	330,954	1,529,520	4,470,840	36,395	42,293	(3,488,738)	9,755,882
Noncurrent liabilities									
Accrued interest payable	-	6,388	-	257,897	-	-	-	(122,528)	4,328,673
Deferred grant revenue	-	-	2,175,773	362,926	-	1,200,000	-	(364,849)	11,803,765
Deferred revenue - subground lease	-	-	-	-	-	-	-	(5,220,000)	-
Investment in partnerships	-	-	-	-	-	-	-	(2,419,651)	-
Mortgages and notes payable, less current portion	14,485,751	4,653,708	8,530,251	11,552,781	24,529,734	-	-	(8,004,893)	114,554,185
Related party payable, less current portion	3,997,867	303,275	-	-	3,477,355	-	-	(17,498,051)	-
Total noncurrent liabilities	18,483,618	4,963,371	10,706,024	12,173,604	28,007,089	1,200,000	-	(33,629,972)	130,686,623
Total liabilities	18,872,430	8,740,900	11,036,978	13,703,124	32,477,929	1,236,395	42,293	(37,118,710)	140,442,505
<u>Net Assets</u>									
With donor restriction	-	-	-	-	-	-	-	-	-
Without donor restriction, controlling	(1,812,462)	3,807,464	(644,926)	(77,425)	(2,435,970)	1,134,092	89,567	(21,565,826)	(4,904,501)
Without donor restriction, noncontrolling	11,524,185	409,975	-	-	1,072,260	-	8,192	-	25,063,239
Total net assets	9,711,723	4,217,439	(644,926)	(77,425)	(1,363,710)	1,134,092	97,759	(21,565,826)	20,158,738
Total liabilities and net assets	\$ 28,584,153	\$ 12,958,339	\$ 10,392,052	\$ 13,625,699	\$ 31,114,219	\$ 2,370,487	\$ 140,052	\$ (58,684,536)	\$ 160,601,243

Housing Development Partners of San Diego

**Consolidating Statement of Financial Position
December 31, 2019**

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	HDP New Palace, LP	Logan Dev II, LP	Casa Colina, LP	HDP Churchill, LP	HDP Parker Kier, LLC
<u>Assets</u>							
Current assets							
Cash and cash equivalents	\$ 7,215,189	\$ 25,150	\$ 470,217	\$ 270,186	\$ 193,612	\$ 296,240	\$ 134,639
Restricted deposits and funded reserves							
Restricted reserves	-	-	-	-	-	-	-
Tenant security deposits	-	9,036	24,580	28,391	23,774	66,886	18,032
Accounts receivable	164,167	64	48,152	728	79,420	19,204	2,642
Deposits	104,787	-	-	-	-	-	-
Prepaid ground lease	-	-	-	-	10,798	-	-
Prepaid expenses	5,649	4,021	-	6,774	17,660	16,578	5,159
Related party advances	579,018	-	-	-	-	-	-
Total current assets	<u>8,068,810</u>	<u>38,271</u>	<u>542,949</u>	<u>306,079</u>	<u>325,264</u>	<u>398,908</u>	<u>160,472</u>
Noncurrent assets							
Restricted deposits and funded reserves							
Restricted reserves	-	78,072	307,149	439,232	502,099	332,474	58,317
Escrow deposits	-	-	634,496	6,104	20,340	-	-
Tax credit fees, net	-	-	36,333	9,565	-	-	-
Deposits	-	4,578	13,710	6,000	-	6,000	14,485
Developer fees receivable	6,793,823	-	-	-	-	-	-
Interest receivable	354,647	-	-	-	-	-	-
Investment in partnerships	54,810	-	-	-	-	-	-
Notes receivable	15,153,545	-	-	-	-	-	-
Prepaid ground leases, less current portion	-	-	-	-	518,291	-	-
Property and equipment, net	12,283	4,813,314	16,648,077	6,975,278	3,022,662	17,860,719	-
Predevelopment costs	669,729	-	-	-	-	-	-
Total noncurrent assets	<u>23,038,837</u>	<u>4,895,964</u>	<u>17,639,765</u>	<u>7,436,179</u>	<u>4,063,392</u>	<u>18,199,193</u>	<u>72,802</u>
Total assets	<u>\$ 31,107,647</u>	<u>\$ 4,934,235</u>	<u>\$ 18,182,714</u>	<u>\$ 7,742,258</u>	<u>\$ 4,388,656</u>	<u>\$ 18,598,101</u>	<u>\$ 233,274</u>

Housing Development Partners of San Diego

**Consolidating Statement of Financial Position
December 31, 2019**

	HDP Broadway, LP	HDP Town & Country, LP	HDP West Park LP	HDP Village North, LLC	HDP Quality Inn, LLC	Other Consolidated Companies	Elimination	Consolidated Total
<u>Assets</u>								
Current assets								
Cash and cash equivalents	\$ 586,156	\$ 325,083	\$ 146,121	\$ 1,202,964	\$ 382,062	\$ 55,613	\$ -	\$ 11,303,232
Restricted deposits and funded reserves								
Restricted reserves	-	-	-	76,214	-	-	-	76,214
Tenant security deposits	47,993	106,181	30,973	63,607	71,607	-	-	491,060
Accounts receivable	10,393	203,338	921	32,284	265	67,727	(89,427)	539,878
Deposits	-	-	-	-	-	-	-	104,787
Prepaid ground lease	206,127	-	-	-	-	-	-	216,925
Prepaid expenses	21,567	19,144	4,228	52,040	9,359	-	-	162,179
Related party advances	-	-	57	-	-	-	(579,075)	-
Total current assets	<u>872,236</u>	<u>653,746</u>	<u>182,300</u>	<u>1,427,109</u>	<u>463,293</u>	<u>123,340</u>	<u>(668,502)</u>	<u>12,894,275</u>
Noncurrent assets								
Restricted deposits and funded reserves								
Restricted reserves	1,399,881	491,916	301	703,559	281,996	-	-	4,594,996
Escrow deposits	74,328	278,900	1,610	97,253	9,901,698	-	-	11,014,729
Tax credit fees, net	47,263	74,232	7,482	-	-	-	-	174,875
Deposits	-	13,609	-	11,479	-	-	-	69,861
Developer fees receivable	-	-	-	-	-	-	(6,793,823)	-
Interest receivable	-	-	-	-	-	-	(354,647)	-
Investment in partnerships	-	-	-	-	-	(106,742)	110,213	58,281
Notes receivable	-	-	-	-	-	-	(15,153,545)	-
Prepaid ground leases, less current portion	2,696,142	-	-	-	-	-	-	3,214,433
Property and equipment, net	27,693,370	28,501,348	10,293,656	8,852,566	1,625,273	-	(27,114,596)	99,183,950
Predevelopment costs	-	-	-	-	-	-	(41,875)	627,854
Total noncurrent assets	<u>31,910,984</u>	<u>29,360,005</u>	<u>10,303,049</u>	<u>9,664,857</u>	<u>11,808,967</u>	<u>(106,742)</u>	<u>(49,348,273)</u>	<u>118,938,979</u>
Total assets	<u>\$ 32,783,220</u>	<u>\$ 30,013,751</u>	<u>\$ 10,485,349</u>	<u>\$ 11,091,966</u>	<u>\$ 12,272,260</u>	<u>\$ 16,598</u>	<u>\$ (50,016,775)</u>	<u>\$ 131,833,254</u>

Housing Development Partners of San Diego

**Consolidating Statement of Financial Position
December 31, 2019**

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	HDP New Palace, LP	Logan Dev II, LP	Casa Colina, LP	HDP Churchill, LP	HDP Parker Kier, LLC
<u>Liabilities and Net Assets</u>							
Current liabilities							
Accounts payable and accrued expenses	173,001	14,451	30,045	26,167	38,337	42,617	21,967
Construction costs payable	-	-	41,997	-	-	-	-
Accrued interest payable	-	-	18,049	14,509	34,671	-	-
Mortgages and notes payable, current	-	23,000	60,561	59,828	79,068	-	-
Prepaid revenue	-	30	63	-	-	533	552
Related party payables, current	375,413	37,307	798,298	24,739	23,703	49,955	29,509
Tenant security deposits liability	-	8,050	24,275	28,361	22,042	65,500	18,362
Total current liabilities	548,414	82,838	973,288	153,604	197,821	158,605	70,390
Noncurrent liabilities							
Accrued interest payable	-	1,153,785	292,762	1,520,570	-	659,090	-
Deferred grant revenue	-	-	-	-	-	8,675,099	-
Deferred revenue - subground lease	5,220,000	-	-	-	-	-	-
Investment in partnerships	1,465,548	-	-	-	-	-	-
Mortgages and notes payable, less current portion	-	4,964,166	11,552,124	4,587,142	3,572,286	10,756,312	-
Related party payable, less current portion	4,967,823	246,659	1,075,425	-	-	64,690	-
Total noncurrent liabilities	11,653,371	6,364,610	12,920,311	6,107,712	3,572,286	20,155,191	-
Total liabilities	12,201,785	6,447,448	13,893,599	6,261,316	3,770,107	20,313,796	70,390
<u>Net Assets</u>							
With donor restriction	-	-	-	-	-	-	-
Without donor restriction, controlling	18,905,862	(1,513,213)	(699,025)	(66)	(8)	(939,470)	162,884
Without donor restriction, noncontrolling	-	-	4,988,140	1,481,008	618,557	(776,225)	-
Total net assets	\$ 18,905,862	\$ (1,513,213)	\$ 4,289,115	\$ 1,480,942	\$ 618,549	\$ (1,715,695)	\$ 162,884
Total liabilities and net assets	\$ 31,107,647	\$ 4,934,235	\$ 18,182,714	\$ 7,742,258	\$ 4,388,656	\$ 18,598,101	\$ 233,274

Housing Development Partners of San Diego

**Consolidating Statement of Financial Position
December 31, 2019**

	HDP Broadway, LP	HDP Town & Country, LP	HDP West Park LP	HDP Village North, LLC	HDP Quality Inn, LLC	Other Consolidated Companies	Elimination	Consolidated Total
<u>Liabilities and Net Assets</u>								
Current liabilities								
Accounts payable and accrued expenses	48,161	47,298	93,001	36,526	33,669	12,851	-	618,091
Construction costs payable	-	-	785,917	-	8,511	-	-	836,425
Accrued interest payable	228,876	-	-	34,786	-	-	(166,589)	164,302
Mortgages and notes payable, current	269,025	174,905	-	111,129	-	-	-	777,516
Prepaid revenue	923	11,390	224	4,516	10	-	-	18,241
Related party payables, current	24,827	10,945	298,668	57,773	162,798	28,540	(935,784)	986,691
Tenant security deposits liability	46,948	101,162	30,155	63,607	70,090	-	-	478,552
Total current liabilities	618,760	345,700	1,207,965	308,337	275,078	41,391	(1,102,373)	3,879,818
Noncurrent liabilities								
Accrued interest payable	-	-	-	-	2,821	-	(4,633)	3,624,395
Deferred grant revenue	-	-	-	2,232,905	362,926	-	(364,848)	10,906,082
Deferred revenue - subground lease	-	-	-	-	-	-	(5,220,000)	-
Investment in partnerships	-	-	-	-	-	-	(1,465,548)	-
Mortgages and notes payable, less current portion	24,102,814	14,680,848	3,784,528	8,642,611	11,554,620	-	(8,198,084)	89,999,367
Related party payable, less current portion	-	4,488,825	715,632	-	-	-	(11,559,054)	-
Total noncurrent liabilities	24,102,814	19,169,673	4,500,160	10,875,516	11,920,367	-	(26,812,167)	104,529,844
Total liabilities	24,721,574	19,515,373	5,708,125	11,183,853	12,195,445	41,391	(27,914,540)	108,409,662
<u>Net Assets</u>								
With donor restriction	-	-	-	-	-	-	-	-
Without donor restriction, controlling	(423)	(1,033,641)	4,212,149	(91,887)	76,815	(32,611)	(22,102,235)	(3,054,869)
Without donor restriction, noncontrolling	8,062,069	11,532,019	565,075	-	-	7,818	-	26,478,461
Total net assets	\$ 8,061,646	\$ 10,498,378	\$ 4,777,224	\$ (91,887)	\$ 76,815	\$ (24,793)	\$ (22,102,235)	\$ 23,423,592
Total liabilities and net assets	\$ 32,783,220	\$ 30,013,751	\$ 10,485,349	\$ 11,091,966	\$ 12,272,260	\$ 16,598	\$ (50,016,775)	\$ 131,833,254

Housing Development Partners of San Diego

**Consolidating Statement of Activities
Year Ended December 31, 2020**

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	HDP New Palace, LP	Logan Dev II, LP	Casa Colina, LP	HDP Churchill, LP	HDP Parker Kier, LLC	HDP Broadway, LP
Revenue and support								
Rental income	\$ 2	\$ 236,747	\$ 1,002,735	\$ 811,370	\$ 983,662	\$ 884,491	\$ 414,249	\$ 2,993,530
Developer fees	2,282,097	-	-	-	-	-	-	-
Grant income	-	-	-	-	-	245,184	-	-
Interest income	686,690	493	1,348	1,393	880	4,379	32	25,000
Note forgiveness	-	23,000	-	-	-	-	-	-
Management fees	126,615	-	-	-	-	-	-	-
Miscellaneous income	3,888	5	11,536	-	5	1,179	156	10,431
Resident services	-	-	-	-	73,705	-	-	-
Share of income from partnerships	(889,708)	-	-	-	-	-	-	-
Total revenue and support	2,209,584	260,245	1,015,619	812,763	1,058,252	1,135,233	414,437	3,028,961
Expenses								
Program services								
Salaries	-	26,287	115,182	55,105	98,217	127,288	84,493	198,603
Payroll taxes	-	2,451	6,249	2,808	9,132	6,442	3,720	13,024
Employee benefits	-	2,468	20,097	10,526	23,364	27,335	15,914	39,211
Consultants	483,989	800	8,112	800	8,629	800	-	17,765
Office expenses	11,937	3,823	14,151	5,064	15,201	5,956	4,686	18,818
Training, travel and parking	-	230	2,317	350	3,608	436	203	3,261
Resident services	-	720	18,832	922	72,743	2,462	1,448	56,528
Relocation cost	-	-	649	-	-	-	-	-
Repairs and maintenance	-	26,141	47,634	63,580	100,056	151,973	80,865	328,030
Supplies	-	7,935	6,401	28,875	18,338	9,215	5,846	17,047
Utilities and telephone	-	45,554	88,301	123,230	88,301	106,861	68,966	364,957
Property tax and insurance	-	9,068	64,977	19,778	36,773	35,404	9,884	109,457
Interest	-	148,348	483,631	272,003	196,707	325,334	-	1,053,166
Legal and accounting	-	1,021	14,947	858	1,980	283	-	368
Bad debt expense	-	5,382	3,137	9,624	598	10,125	960	1,308
Ground lease expense	20,761	-	-	-	34,121	39,645	18,513	383,461
Advertising and marketing	-	69	1,393	197	1,826	-	185	4,685
Miscellaneous administrative expense	86,233	4,959	32,413	7,318	7,300	19,097	3,807	27,697
Depreciation and amortization	-	120,497	477,896	222,918	133,620	608,064	-	909,962
Total program services	602,920	405,753	1,406,319	823,956	850,514	1,476,720	299,490	3,547,348

Housing Development Partners of San Diego

Consolidating Statement of Activities
Year Ended December 31, 2020

	HDP Town & Country, LP	HDP West Park LP	HDP Village North, LLC	HDP Quality Inn, LLC	HDP Mariner's Village, LP	HDP ADU, LLC	Other Consolidated Companies	Elimination	Consolidated Total
Revenue and support									
Rental income	\$ 2,141,232	\$ 464,427	\$ 1,292,733	\$ 893,687	\$ 2,611,796	\$ 8,294	\$ -	\$ -	\$ 14,738,955
Developer fees	-	-	-	-	-	-	-	(350,161)	1,931,936
Grant income	-	-	57,132	-	-	-	-	-	302,316
Interest income	4,520	135	285	116	61	-	1	(631,720)	93,613
Note forgiveness	-	-	-	-	-	-	-	-	23,000
Management fees	-	-	-	-	-	-	107,242	(102,242)	131,615
Miscellaneous income	8,390	-	653	7,567	9,387	-	-	-	53,197
Resident services	-	-	-	-	-	-	-	-	73,705
Share of income from partnerships	-	-	-	-	-	-	107,481	787,350	5,123
Total revenue and support	2,154,142	464,562	1,350,803	901,370	2,621,244	8,294	214,724	(296,773)	17,353,460
Expenses									
Program services									
Salaries	158,643	88,238	49,412	103,375	137,399	-	-	-	1,242,242
Payroll taxes	7,009	5,326	7,875	6,556	15,739	-	-	-	86,331
Employee benefits	18,519	13,632	18,444	19,261	39,570	-	-	-	248,341
Consultants	1,700	104,584	1,638	267	121,512	-	-	-	750,596
Office expenses	9,113	10,130	1,476	13,507	254	-	-	-	114,116
Training, travel and parking	930	1,013	2,335	3,715	1,907	-	-	-	20,305
Resident services	52,353	12,403	81,666	2,446	82,572	-	-	-	385,095
Relocation cost	-	16,425	-	245	-	-	-	-	17,319
Repairs and maintenance	179,237	65,960	75,078	138,367	184,000	-	-	-	1,440,921
Supplies	18,071	4,494	57,171	12,616	16,883	-	-	-	202,892
Utilities and telephone	235,723	43,172	78,671	85,402	297,210	-	-	-	1,626,348
Property tax and insurance	46,168	44,741	40,420	43,831	89,863	250	-	-	550,614
Interest	730,292	97,333	413,095	475,518	703,754	-	-	(306,088)	4,593,093
Legal and accounting	9,870	35,604	8,269	2,353	33,579	1,295	-	-	110,427
Bad debt expense	21,342	13,981	22,323	4,597	90,527	-	-	1	183,905
Ground lease expense	-	2	58,181	40,561	234,966	-	-	-	830,211
Advertising and marketing	128	519	943	2,813	6,664	-	-	-	19,422
Miscellaneous administrative expense	59,208	8,123	17,866	3,226	88,354	-	-	-	365,601
Depreciation and amortization	896,128	390,570	863,993	13,495	451,744	-	-	(305,747)	4,783,140
Total program services	2,444,434	956,250	1,798,856	972,151	2,596,497	1,545	-	(611,834)	17,570,919

Housing Development Partners of San Diego

**Consolidating Statement of Activities
Year Ended December 31, 2020**

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	HDP New Palace, LP	Logan Dev II, LP	Casa Colina, LP	HDP Churchill, LP	HDP Parker Kier, LLC	HDP Broadway, LP
Management and general								
Consultants	915,682	5,478	12,213	5,453	3,311	6,573	4,194	6,188
Rent	63,626	-	-	-	-	-	-	-
Office expenses	51,542	3,880	3,543	2,978	-	2,786	3,706	4,721
Training, travel and parking	20,914	2,372	-	-	28	10	-	-
Property and partnership management	-	10,926	76,258	60,602	74,587	55,246	31,432	128,241
Repairs and maintenance	4,204	-	-	-	-	-	-	-
Utilities and telephone	9,042	-	-	4,152	-	-	-	-
Property tax and insurance	9,593	2,172	1,292	859	1,177	1,024	2,056	4,026
Legal and accounting	49,423	10,800	16,042	11,350	20,269	11,350	3,275	28,814
Miscellaneous administrative expense	260,181	-	387	-	368	-	-	661
Depreciation and amortization	4,428	-	-	-	-	-	-	-
Total management and general	<u>1,388,635</u>	<u>35,628</u>	<u>109,735</u>	<u>85,394</u>	<u>99,740</u>	<u>76,989</u>	<u>44,663</u>	<u>172,651</u>
Total expenses	<u>1,991,555</u>	<u>441,381</u>	<u>1,516,054</u>	<u>909,350</u>	<u>950,254</u>	<u>1,553,709</u>	<u>344,153</u>	<u>3,719,999</u>
Change in net assets	<u>\$ 218,029</u>	<u>\$ (181,136)</u>	<u>\$ (500,435)</u>	<u>\$ (96,587)</u>	<u>\$ 107,998</u>	<u>\$ (418,476)</u>	<u>\$ 70,284</u>	<u>\$ (691,038)</u>
Change in net assets controlling	\$ 218,029	\$ (181,136)	\$ (50)	\$ (10)	\$ 107,998	\$ (42)	\$ 70,284	\$ (69)
Change in net assets noncontrolling	-	-	(500,385)	(96,577)	-	(418,434)	-	(690,969)
Change in net assets	<u>\$ 218,029</u>	<u>\$ (181,136)</u>	<u>\$ (500,435)</u>	<u>\$ (96,587)</u>	<u>\$ 107,998</u>	<u>\$ (418,476)</u>	<u>\$ 70,284</u>	<u>\$ (691,038)</u>

Housing Development Partners of San Diego

**Consolidating Statement of Activities
Year Ended December 31, 2020**

	HDP Town & Country, LP	HDP West Park LP	HDP Village North, LLC	HDP Quality Inn, LLC	HDP Mariner's Village, LP	HDP ADU, LLC	Other Consolidated Companies	Elimination	Consolidated Total
Management and general									
Consultants	784	10,779	9,048	12,502	-	-	-	-	992,205
Rent	-	-	-	-	-	-	-	-	63,626
Office expenses	12,847	3,904	17,885	3,336	24,615	1,235	1,792	-	138,770
Training, travel and parking	-	-	-	-	-	-	-	-	23,324
Property and partnership management	87,839	39,768	64,271	53,237	146,054	-	-	(102,242)	726,219
Repairs and maintenance	-	-	432	-	23,979	-	-	-	28,615
Utilities and telephone	-	2,046	-	-	-	-	-	-	15,240
Property tax and insurance	1,328	980	7,050	3,746	800	800	21,374	-	58,277
Legal and accounting	11,050	10,204	6,300	10,365	13,103	3,225	14,078	-	219,648
Miscellaneous administrative expense	-	416	-	273	10,000	-	-	-	272,286
Depreciation and amortization	-	-	-	-	-	-	-	-	4,428
Total management and general	113,848	68,097	104,986	83,459	218,551	5,260	37,244	(102,242)	2,542,638
Total expenses	2,558,282	1,024,347	1,903,842	1,055,610	2,815,048	6,805	37,244	(714,076)	20,113,557
Change in net assets	<u>\$ (404,140)</u>	<u>\$ (559,785)</u>	<u>\$ (553,039)</u>	<u>\$ (154,240)</u>	<u>\$ (193,804)</u>	<u>\$ 1,489</u>	<u>\$ 177,480</u>	<u>\$ 417,303</u>	<u>\$ (2,760,097)</u>
Change in net assets controlling	\$ (20)	\$ (404,685)	\$ (553,039)	\$ (154,240)	\$ (193,804)	\$ 1,489	\$ 171,245	\$ 417,303	\$ (500,747)
Change in net assets noncontrolling	<u>(404,120)</u>	<u>(155,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,235</u>	<u>-</u>	<u>(2,259,350)</u>
Change in net assets	<u>\$ (404,140)</u>	<u>\$ (559,785)</u>	<u>\$ (553,039)</u>	<u>\$ (154,240)</u>	<u>\$ (193,804)</u>	<u>\$ 1,489</u>	<u>\$ 177,480</u>	<u>\$ 417,303</u>	<u>\$ (2,760,097)</u>

Housing Development Partners of San Diego

**Consolidating Statement of Activities
Year Ended December 31, 2019**

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	HDP New Palace, LP	Logan Dev II, LP	Casa Colina, LP	HDP Churchill, LP	HDP Parker Kier, LLC
Revenue and support							
Rental income	\$ -	\$ 216,922	\$ 842,025	\$ 802,967	\$ 960,365	\$ 870,689	\$ 404,781
Developer fees	1,643,605	-	-	-	-	-	-
Grant income	-	-	-	-	-	245,184	-
Interest income	734,238	762	197	3,504	2,156	5,561	409
Note forgiveness	-	23,000	-	-	-	-	-
Management fees	125,664	-	-	-	-	-	-
Miscellaneous income	2,571	1,643	7,000	-	-	-	20
Resident services	-	-	-	-	76,329	-	-
Share of income from partnerships	(588,037)	-	-	-	-	-	-
Total revenue and support	1,918,041	242,327	849,222	806,471	1,038,850	1,121,434	405,210
Expenses							
Program services							
Salaries	-	25,730	89,995	67,604	84,070	123,419	82,437
Payroll taxes	-	2,348	6,788	2,729	10,616	5,699	3,388
Employee benefits	-	2,648	22,522	12,474	23,797	27,899	19,588
Consultants	671,714	(454)	73,419	-	1,298	-	-
Office expenses	27,742	1,708	-	4,752	-	8,604	3,873
Training, travel and parking	-	216	480	476	2,121	627	269
Resident services	-	1,906	18,000	1,320	81,344	3,205	1,124
Relocation cost	-	-	50,968	-	-	-	-
Repairs and maintenance	-	36,975	107,639	41,746	85,414	147,908	68,069
Supplies	-	27,179	6,077	13,431	16,276	8,190	5,821
Utilities and telephone	-	39,399	84,766	111,562	72,627	95,635	67,451
Property tax and insurance	71	8,717	41,717	13,068	36,782	24,039	8,667
Interest	-	148,348	635,780	279,801	206,823	325,714	-
Legal and accounting	61,601	1,598	28,834	(108)	-	-	152
Bad debt expense	21,754	63	1,572	731	198	(2,244)	(717)
Ground lease expense	-	-	-	-	32,400	37,136	18,200
Grant expense	-	-	-	-	-	-	-
Advertising and marketing	-	-	-	-	-	-	-
Miscellaneous administrative expense	122,208	4,959	50,674	14,618	17,689	18,360	2,850
Depreciation and amortization	-	120,497	474,133	222,918	103,744	575,803	-
Total program services	905,090	421,837	1,693,364	787,122	775,199	1,399,994	281,172

Housing Development Partners of San Diego

**Consolidating Statement of Activities
Year Ended December 31, 2019**

	HDP Broadway, LP	HDP Town & Country, LP	HDP West Park LP	HDP Village North, LLC	HDP Quality Inn, LLC	Other Consolidated Companies	Elimination	Consolidated Total
Revenue and support								
Rental income	\$ 2,977,003	\$ 2,075,859	\$ 325,238	\$ 1,256,503	\$ 797,951	\$ -	\$ -	\$ 11,530,303
Developer fees	-	-	-	-	-	-	(518,547)	1,125,058
Grant income	-	-	-	52,371	-	-	-	297,555
Interest income	9,416	2,442	111	374	830	7	(663,811)	96,196
Note forgiveness	-	-	-	-	-	-	-	23,000
Management fees	-	-	-	-	-	89,427	(89,427)	125,664
Miscellaneous income	8,862	8,587	300	310	-	14,054	(14,054)	29,293
Resident services	-	-	-	-	-	-	-	76,329
Share of income from partnerships	-	-	-	-	-	(106,914)	701,486	6,535
Total revenue and support	2,995,281	2,086,888	325,649	1,309,558	798,781	(3,426)	(584,353)	13,309,933
Expenses								
Program services								
Salaries	169,312	185,304	61,402	35,705	118,602	-	-	1,043,580
Payroll taxes	14,869	7,159	5,752	7,373	11,829	-	-	78,550
Employee benefits	31,903	22,614	13,067	15,126	20,772	-	-	212,410
Consultants	18,240	22,105	(306)	994	1,036	-	-	788,046
Office expenses	-	8,684	-	465	-	-	-	55,828
Training, travel and parking	1,831	4,096	470	5,370	815	-	-	16,771
Resident services	51,503	54,906	9,362	75,049	-	-	-	297,719
Relocation cost	-	29,936	72,107	-	13,550	-	-	166,561
Repairs and maintenance	341,191	189,775	61,917	98,401	146,437	-	-	1,325,472
Supplies	28,324	11,078	13,544	58	19,299	-	-	149,277
Utilities and telephone	282,119	226,428	32,305	55,826	101,524	-	-	1,169,642
Property tax and insurance	81,067	52,216	26,021	42,021	78,029	-	-	412,415
Interest	1,068,902	929,768	47,507	467,117	75,342	-	(384,624)	3,800,478
Legal and accounting	7,877	9,655	915	1,398	6,402	2,356	-	120,680
Bad debt expense	2,046	20,847	15,701	7,741	2,903	-	(14,054)	56,541
Ground lease expense	383,461	-	-	56,393	35,974	-	-	563,564
Grant expense	-	-	-	-	-	-	-	-
Advertising and marketing	175	3	35	304	109	-	-	626
Miscellaneous administrative expense	24,573	45,701	17,709	13,594	1,078	-	-	334,013
Depreciation and amortization	893,756	896,210	92,594	824,768	11,998	-	(83,904)	4,132,517
Total program services	3,401,149	2,716,485	470,102	1,707,703	645,699	2,356	(482,582)	14,724,690

Housing Development Partners of San Diego

**Consolidating Statement of Activities
Year Ended December 31, 2019**

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	HDP New Palace, LP	Logan Dev II, LP	Casa Colina, LP	HDP Churchill, LP	HDP Parker Kier, LLC
Management and general							
Consultants	533,431	12,524	12,824	7,644	7,723	11,875	9,545
Rent	40,503	-	-	-	-	-	-
Office expenses	41,216	3,279	14,890	3,125	9,870	2,384	2,516
Training, travel and parking	28,787	2,675	-	-	-	-	-
Property and partnership management	-	10,608	63,326	59,271	80,845	54,140	30,808
Repairs and maintenance	1,318	-	-	-	-	-	-
Utilities and telephone	8,870	1,334	-	4,262	4,510	2,787	3,080
Property tax and insurance	7,945	1,576	4,956	2,996	1,385	1,738	2,497
Legal and accounting	36,603	12,300	16,395	11,050	21,348	13,148	3,100
Advertising and marketing	-	-	-	-	-	-	-
Miscellaneous administrative expense	215,470	-	1,314	-	1,802	-	-
Depreciation and amortization	4,338	-	-	-	-	-	-
Total management and general	<u>918,481</u>	<u>44,296</u>	<u>113,705</u>	<u>88,348</u>	<u>127,483</u>	<u>86,072</u>	<u>51,546</u>
Total expenses	<u>1,823,571</u>	<u>466,133</u>	<u>1,807,069</u>	<u>875,470</u>	<u>902,682</u>	<u>1,486,066</u>	<u>332,718</u>
Change in net assets	<u>\$ 94,470</u>	<u>\$ (223,806)</u>	<u>\$ (957,847)</u>	<u>\$ (68,999)</u>	<u>\$ 136,168</u>	<u>\$ (364,632)</u>	<u>\$ 72,492</u>
Change in net assets controlling	\$ 94,470	\$ (223,806)	\$ (96)	\$ (7)	\$ 14	\$ (36)	\$ 72,492
Change in net assets noncontrolling	-	-	(957,751)	(68,992)	136,154	(364,596)	-
Change in net assets	<u>\$ 94,470</u>	<u>\$ (223,806)</u>	<u>\$ (957,847)</u>	<u>\$ (68,999)</u>	<u>\$ 136,168</u>	<u>\$ (364,632)</u>	<u>\$ 72,492</u>

Housing Development Partners of San Diego

**Consolidating Statement of Activities
Year Ended December 31, 2019**

	HDP Broadway, LP	HDP Town & Country, LP	HDP West Park LP	HDP Village North, LLC	HDP Quality Inn, LLC	Other Consolidated Companies	Elimination	Consolidated Total
Management and general								
Consultants	9,208	1,513	1,829	699	-	-	-	608,815
Rent	-	-	-	-	-	-	-	40,503
Office expenses	19,892	7,952	14,081	13,710	16,166	1,360	-	150,441
Training, travel and parking	-	-	-	-	-	-	-	31,462
Property and partnership management	128,463	85,422	33,375	61,778	49,307	-	(89,427)	567,916
Repairs and maintenance	-	2,412	-	4,547	-	-	-	8,277
Utilities and telephone	-	2,777	3,426	4,772	-	-	-	35,818
Property tax and insurance	3,617	500	2,993	13,391	4,755	7,571	-	55,920
Legal and accounting	30,503	34,525	6,139	9,791	12,278	14,572	-	221,752
Advertising and marketing	-	-	-	-	-	-	-	-
Miscellaneous administrative expense	1,900	-	524	-	1,357	-	-	222,367
Depreciation and amortization	-	-	-	-	-	-	-	4,338
Total management and general	193,583	135,101	62,367	108,688	83,863	23,503	(89,427)	1,947,609
Total expenses	3,594,732	2,851,586	532,469	1,816,391	729,562	25,859	(572,009)	16,672,299
Change in net assets	<u>\$ (599,451)</u>	<u>\$ (764,698)</u>	<u>\$ (206,820)</u>	<u>\$ (506,833)</u>	<u>\$ 69,219</u>	<u>\$ (29,285)</u>	<u>\$ (12,344)</u>	<u>\$ (3,362,366)</u>
Change in net assets controlling	\$ (60)	\$ (38)	\$ (51,720)	\$ (506,833)	\$ 69,219	\$ (35,647)	\$ (12,344)	\$ (594,392)
Change in net assets noncontrolling	<u>(599,391)</u>	<u>(764,660)</u>	<u>(155,100)</u>	<u>-</u>	<u>-</u>	<u>6,362</u>	<u>-</u>	<u>(2,767,974)</u>
Change in net assets	<u>\$ (599,451)</u>	<u>\$ (764,698)</u>	<u>\$ (206,820)</u>	<u>\$ (506,833)</u>	<u>\$ 69,219</u>	<u>\$ (29,285)</u>	<u>\$ (12,344)</u>	<u>\$ (3,362,366)</u>

Housing Development Partners of San Diego

Consolidating Statement of Changes in Net Assets
Year Ended December 31, 2020

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	HDP New Palace, LP	Logan Dev II, LP	Casa Colina, LP	HDP Churchill, LP	HDP Parker Kier, LLC	HDP Broadway, LP
Controlling interest								
Unrestricted net assets, beginning	\$ 18,905,862	\$ (1,513,213)	\$ (699,025)	\$ (66)	\$ (8)	\$ (939,470)	\$ 162,884	\$ (423)
Excess over carryover basis	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	(8)	-	(64,375)	-
Payments of accrued interest on seller note	-	-	-	-	-	-	-	-
Seller note payable	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	533,823	-	-	-
Change in unrestricted net assets	<u>218,029</u>	<u>(181,136)</u>	<u>(50)</u>	<u>(10)</u>	<u>107,998</u>	<u>(42)</u>	<u>70,284</u>	<u>(69)</u>
Unrestricted net assets, controlling interest, ending	<u>\$ 19,123,891</u>	<u>\$ (1,694,349)</u>	<u>\$ (699,075)</u>	<u>\$ (76)</u>	<u>\$ 641,805</u>	<u>\$ (939,512)</u>	<u>\$ 168,793</u>	<u>\$ (492)</u>
Noncontrolling interest								
Unrestricted net assets, beginning	\$ -	\$ -	\$ 4,988,140	\$ 1,481,008	\$ 618,557	\$ (776,225)	\$ -	\$ 8,062,069
Contributions	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	(84,734)	-	-	-
Syndication costs	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	(533,823)	-	-	-
Change in unrestricted net assets	<u>-</u>	<u>-</u>	<u>(500,385)</u>	<u>(96,577)</u>	<u>-</u>	<u>(418,434)</u>	<u>-</u>	<u>(690,969)</u>
Unrestricted net assets, noncontrolling interest, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,487,755</u>	<u>\$ 1,384,431</u>	<u>\$ -</u>	<u>\$ (1,194,659)</u>	<u>\$ -</u>	<u>\$ 7,371,100</u>

Housing Development Partners of San Diego

**Consolidating Statement of Changes in Net Assets
Year Ended December 31, 2020**

	HDP Town & Country, LP	HDP West Park LP	HDP Village North, LLC	HDP Quality Inn, LLC	HDP Mariner's Village, LP	HDP ADU, LLC	Other Consolidated Companies	Elimination	Consolidated Total
Controlling interest									
Unrestricted net assets, beginning	\$ (1,033,641)	\$ 4,212,149	\$ (91,887)	\$ 76,815	\$ (1,800)	\$ (3,956)	\$ (26,855)	\$ (22,102,235)	\$ (3,054,869)
Excess over carryover basis	-	-	-	-	(32,040,466)	(1,123,441)	-	-	(33,163,907)
Contributions	-	-	-	-	100	-	-	(100)	-
Distributions	-	-	-	-	-	-	(54,823)	119,206	-
Payments of accrued interest on seller note	(778,801)	-	-	-	-	-	-	-	(778,801)
Seller note payable	-	-	-	-	29,800,000	2,260,000	-	-	32,060,000
Transfer	-	-	-	-	-	-	-	-	533,823
Change in unrestricted net assets	<u>(20)</u>	<u>(404,685)</u>	<u>(553,039)</u>	<u>(154,240)</u>	<u>(193,804)</u>	<u>1,489</u>	<u>171,245</u>	<u>417,303</u>	<u>(500,747)</u>
Unrestricted net assets, controlling interest, ending	<u>\$ (1,812,462)</u>	<u>\$ 3,807,464</u>	<u>\$ (644,926)</u>	<u>\$ (77,425)</u>	<u>\$ (2,435,970)</u>	<u>\$ 1,134,092</u>	<u>\$ 89,567</u>	<u>\$ (21,565,826)</u>	<u>\$ (4,904,501)</u>
Noncontrolling interest									
Unrestricted net assets, beginning	\$ 11,532,019	\$ 565,075	\$ -	\$ -	\$ -	\$ -	\$ 7,818	\$ -	\$ 26,478,461
Contributions	396,286	-	-	-	1,122,260	-	-	-	1,518,546
Distributions	-	-	-	-	-	-	(5,861)	-	(90,595)
Syndication costs	-	-	-	-	(50,000)	-	-	-	(50,000)
Transfer	-	-	-	-	-	-	-	-	(533,823)
Change in unrestricted net assets	<u>(404,120)</u>	<u>(155,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,235</u>	<u>-</u>	<u>(2,259,350)</u>
Unrestricted net assets, noncontrolling interest, ending	<u>\$ 11,524,185</u>	<u>\$ 409,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,072,260</u>	<u>\$ -</u>	<u>\$ 8,192</u>	<u>\$ -</u>	<u>\$ 25,063,239</u>

Housing Development Partners of San Diego

**Consolidating Statement of Changes in Net Assets
Year Ended December 31, 2019**

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	HDP New Palace, LP	Logan Dev II, LP	Casa Colina, LP	HDP Churchill, LP	HDP Parker Kier, LLC
Controlling interest							
Unrestricted net assets, beginning	\$ 18,811,392	\$ (1,289,407)	\$ (531,346)	\$ (59)	\$ (10)	\$ (939,434)	\$ 135,809
Excess over carryover basis	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
Distributions	-	-	-	-	(12)	-	(45,417)
Payments of accrued interest on seller note	-	-	(97,615)	-	-	-	-
Seller note payable	-	-	(69,968)	-	-	-	-
Change in unrestricted net assets	94,470	(223,806)	(96)	(7)	14	(36)	72,492
Unrestricted net assets, controlling interest, ending	<u>\$ 18,905,862</u>	<u>\$ (1,513,213)</u>	<u>\$ (699,025)</u>	<u>\$ (66)</u>	<u>\$ (8)</u>	<u>\$ (939,470)</u>	<u>\$ 162,884</u>
Noncontrolling interest							
Unrestricted net assets, beginning	\$ -	\$ -	\$ 632,163	\$ 1,550,000	\$ 600,157	\$ (411,629)	\$ -
Contributions	-	-	5,313,728	-	-	-	-
Distributions	-	-	-	-	(117,754)	-	-
Syndication costs	-	-	-	-	-	-	-
Change in unrestricted net assets	-	-	(957,751)	(68,992)	136,154	(364,596)	-
Unrestricted net assets, noncontrolling interest, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,988,140</u>	<u>\$ 1,481,008</u>	<u>\$ 618,557</u>	<u>\$ (776,225)</u>	<u>\$ -</u>

Housing Development Partners of San Diego

**Consolidating Statement of Changes in Net Assets
Year Ended December 31, 2019**

	HDP Broadway, LP	HDP Town & Country, LP	HDP West Park LP	HDP Village North, LLC	HDP Quality Inn, LLC	Other Consolidated Companies	Elimination	Consolidated Total
Controlling interest								
Unrestricted net assets, beginning	\$ (363)	\$ (520,723)	\$ (54,814)	\$ 414,946	\$ 7,596	\$ 45,922	\$ (18,027,106)	\$ (1,947,597)
Excess over carryover basis	-	-	(901,417)	-	-	-	901,417	-
Contributions	-	-	100	-	-	-	(100)	-
Distributions	-	-	-	-	-	(42,886)	88,315	-
Payments of accrued interest on seller note	-	(512,880)	-	-	-	-	97,615	(512,880)
Seller note payable	-	-	5,220,000	-	-	-	(5,150,032)	-
Change in unrestricted net assets	(60)	(38)	(51,720)	(506,833)	69,219	(35,647)	(12,344)	(594,392)
Unrestricted net assets, controlling interest, ending	<u>\$ (423)</u>	<u>\$ (1,033,641)</u>	<u>\$ 4,212,149</u>	<u>\$ (91,887)</u>	<u>\$ 76,815</u>	<u>\$ (32,611)</u>	<u>\$ (22,102,235)</u>	<u>\$ (3,054,869)</u>
Noncontrolling interest								
Unrestricted net assets, beginning	\$ 8,661,460	\$ (449,821)	\$ -	\$ -	\$ -	\$ 5,800	\$ -	\$ 10,588,130
Contributions	-	12,746,500	770,175	-	-	-	-	18,830,403
Distributions	-	-	-	-	-	(4,344)	-	(122,098)
Syndication costs	-	-	(50,000)	-	-	-	-	(50,000)
Change in unrestricted net assets	(599,391)	(764,660)	(155,100)	-	-	6,362	-	(2,767,974)
Unrestricted net assets, noncontrolling interest, ending	<u>\$ 8,062,069</u>	<u>\$ 11,532,019</u>	<u>\$ 565,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,818</u>	<u>\$ -</u>	<u>\$ 26,478,461</u>



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