

## INFORMATIONAL REPORT

**DATE ISSUED:** June 16, 2022

**REPORT NO:** HDP22-008

**ATTENTION:** Chair and Members of the Board of Directors of  
Housing Development Partners of San Diego  
For the Agenda of June 24, 2022

**SUBJECT:** First Quarter 2022 Financials

### **NO ACTION IS REQUIRED ON THE PART OF THE BOARD OF DIRECTORS**

#### **SUMMARY**

The First Quarter 2022 Financials provide a fiscal status update of Housing Development Partners (HDP). The report includes HDP's financial statements, a comparison of revenue and expenditure activity compared to the 2022 Operating Budget, and a 2022 Sources and Uses report detailing the nonprofit's fund balance.

The following are included in this report:

- Statement of Financial Position
- Statement of Activities
- Operating Budget versus Actual
- Sources and Uses

Please note a Conflict Disclosure Statement at the end of this report.

#### **CONFLICT DISCLOSURE STATEMENT:**

Two San Diego Housing Commissioners (Commissioners), Stefanie Benvenuto and Eugene "Mitch" Mitchell, and Interim President & Chief Executive Officer (CEO) of the San Diego Housing Commission, Jeff Davis, are each directors of Housing Development Partners ("HDP"), a California nonprofit public benefit corporation qualified as an Internal Revenue Code Section 501(c)(3) corporation for federal purposes. Any Commissioner, who is also a director of HDP as of the date of this staff report, and Interim CEO Davis have no conflict of interest as discussed below.

The Commissioners and Interim CEO Davis receive no compensation for their service on the HDP's Board of Directors and/or as officers of HDP. Pursuant to the provisions of Government Code Sections 1091.5(a)(7) and 1091.5(a)(8), the Commissioners and Interim CEO Davis each have a "non-interest" as described in Government Code Section 1091.5 for purposes of their action on Housing Commission matters associated with this matter, if any. This disclosure shall be incorporated into the record of the San Diego Housing Commission, if and when this matter is heard by the Commission.

Further, as members of the Board of Commissioners of the Housing Commission, the Commissioners are legally entitled to vote and be counted for quorum purposes in this HDP matter. Further, Mr. Davis

is not compensated by HDP and he sits on the Board of Directors of HDP. He is legally entitled to vote and to be counted for quorum purposes for this HDP matter.

None of HDP's board members has a financial interest in this action item that would legally preclude their participation under the provisions of Government Code Sections 1090 and/or 87100 et. seq. Further, the Housing Commission is a public agency and the Commissioners are not compensated for their service as Commissioners of the Housing Commission. Further, Mr. Davis's compensation from a public agency, the San Diego Housing Commission, is a non-interest under the provisions of Government Code Section 1091.5(a)(9) as well as for the purposes of Government Code Section 87100 et. seq. Mr. Davis's compensation with SDHC is not a financial interest that would, in any way, preclude him being counted for quorum purposes or voting on these matters before HDP.

Further, to the extent that HDP is a public agency for local Ethics Ordinance purposes, neither the Commissioners nor Director Davis have any conflicts of interest under the local ethics ordinance that would preclude their, or any of their, actions in this matter or from being counted for quorum purposes. This disclosure shall be and is hereby documented in the official records of the HDP. Similar disclosures will be made in the records of the San Diego Housing Commission, if and when this matter is heard by the Commission.

**MUTUAL DIRECTORS STATEMENT:**

To the extent that Commissioners may be considered to be "directors" of the San Diego Housing Commission for purposes of California Corporations Code Section 5234 and, hence, common directors with HDP, a vote on this matter should incorporate a finding that these transactions are just and reasonable as to HDP.

Respectfully submitted,

*Julie Conserva*

Julie Conserva  
Director of Real Estate Finance  
Housing Development Partners

Approved by,

*Emily S. Jacobs*

Emily S. Jacobs  
Executive Vice President  
Housing Development Partners

Attachment: First Quarter 2022 Financials

Housing Development Partners of San Diego  
Statement of Financial Position  
As of March 31, 2022

<i>Assets</i>	March 31, 2022
<b>Current Assets</b>	
Cash & Cash Equivalents	\$ 8,566,298
Accounts Receivable	2,491,360
Prepaid Expenses	14,646
Deposits	64,947
<b>Total Current Assets</b>	<u>11,137,251</u>
<b>Noncurrent Assets</b>	
Fixed Assets	19,782
Seller Note Receivable	15,866,301
Developer Fees Receivable - Non Current	13,134,227
Other Assets	90,872
<b>Total Noncurrent Assets</b>	<u>29,111,183</u>
<b>Total Assets</b>	<u><u>\$ 40,248,434</u></u>
<i>Liabilities &amp; Net Assets</i>	
<b>Current Liabilities</b>	
Accounts Payable & Accrued Expenses	340,602
<b>Total Current Liabilities</b>	<u>340,602</u>
<b>Noncurrent Liabilities</b>	
Liabilities in Partnerships	3,015,084
Deferred Developer Fees - Non Current	12,199,554
Other Non Current Liabilities	5,220,000
<b>Total Noncurrent Liabilities</b>	<u>20,434,638</u>
<b>Net Assets</b>	
Unrestricted Net Assets	19,473,194
<b>Total Net Assets</b>	<u>19,473,194</u>
<b>Total Liabilities &amp; Net Assets</b>	<u><u>\$ 40,248,434</u></u>

Housing Development Partners of San Diego  
Statement of Activities  
March 2022

	Jan - March 2022	Year-to-Date 2022
<b>Revenue</b>		
Fee Income	24,969	24,969
Interest Income	162,547	162,547
<b>Total Revenue</b>	<b>187,516</b>	<b>187,516</b>
<b>Expenses</b>		
<b>Administrative Expenses</b>		
Professional Fees	161,414	161,414
Office Expenses	5,818	5,818
Rent	9,884	9,884
Training travel and parking	5,011	5,011
Repairs and Maintenance	317	317
Utilities and telephone	1,803	1,803
Property tax and insurance	2,580	2,580
Legal and accounting	10,562	10,562
Other Admin Expenses	25,326	25,326
<b>Total Administrative Expenses</b>	<b>222,715</b>	<b>222,715</b>
<b>Program Expenses</b>		
Program Admin	84,823	84,823
Other Program Exp	-	-
<b>Total Program Expenses</b>	<b>84,823</b>	<b>84,823</b>
<b>Total Expenses</b>	<b>307,538</b>	<b>307,538</b>
<b>Change in Net Assets</b>	<b>\$ (120,022)</b>	<b>\$ (120,022)</b>

## 2022 HDP Budget vs Actual

	2022 YTD Actuals 03/2022	2022 YTD Budget 03/2022	\$ Over/ (Under) Budget	% of YTD Budget	2022 Budget
<b>SOURCES</b>					
Developer Fees (from Capital/Perm Sources)	\$ -	\$ 960,608	\$ (960,608) <sup>1</sup>	0%	\$ 2,345,695
Receipts from Project Operating Cash Flows	24,969	20,188	4,781	124%	1,332,024
Partnership Management Fees	-	-	-	0%	163,286
Interest from Corporate Investments	69	150	(81)	46%	600
<b>TOTAL SOURCES</b>	<b>25,038</b>	<b>980,946</b>	<b>(955,908)</b>	<b>3%</b>	<b>3,841,605</b>
<b>USES</b>					
Salaries & Benefits	246,237	278,881	(32,644)	88%	1,115,524
<i>Professional Fees</i>					
Legal - General Counsel	1,949	5,525	(3,576)	35%	22,100
Audit & Tax Return	8,613	8,600	13	100%	34,400
Asset Management	-	6,250	(6,250)	0%	25,000
IT Services	825	2,000	(1,175)	41%	8,000
Consultants - Other	-	2,500	(2,500)	0%	10,000
Total Professional Fees	<b>11,388</b>	<b>24,875</b>	<b>(13,488)</b>	<b>46%</b>	<b>99,500</b>
<i>Office Expense and Admin</i>					
SDHC Overhead	25,326	57,943	(32,617)	44%	231,772
Office Rent, CAM & Staff Parking	14,914	12,514	2,400	119%	50,056
Insurance	2,580	2,635	(55)	98%	10,540
Travel, Training & Mileage	298	2,500	(2,202)	12%	10,000
Software Licenses	4,301	7,232	(2,931)	59%	28,927
Office Equipment	12,895	2,500	10,395	516%	10,000
Other Office Admin Expenses	1,745	2,725	(980)	64%	10,900
Memberships, Dues & Subscriptions	-	750	(750)	0%	3,000
Cell Phone Reimbursement	750	1,330	(580)	56%	5,320
Taxes, Licenses & Permits	-	38	(38)	0%	150
Total Office Expense and Admin	<b>62,808</b>	<b>90,166</b>	<b>(27,358)</b>	<b>70%</b>	<b>360,665</b>
Contingency 10%	-	5,710	(5,710)	0%	22,839
Due Dilligence for Abandon Projects	-	-	-	0%	50,000
<b>TOTAL USES</b>	<b>320,433</b>	<b>399,632</b>	<b>(79,199)</b>	<b>80%</b>	<b>1,648,528</b>
Transfer In/(Out) of Unrestricted Reserves	\$ (295,395)	\$ 581,314	\$ (876,709)		\$ 2,193,077

# Housing Development Partners

## 2022 Sources and Uses

As of 3/31/2022

### SOURCES

#### *Beginning Fund Balance (12/31/2021)*

Reserves & Commitments	\$	6,440,606
Working Capital		<u>3,518,896</u>
<b>Total Beginning Fund Balance</b>		<b>9,959,502</b>

New Revenue		25,038
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<b>Total Sources</b>	<b>\$</b>	<b><u>9,984,540</u></b>
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### USES

Operating Expenses		320,433
Contribution to ADU's		50,000

#### *Ending Fund Balance*

Reserves & Commitments		6,098,662
Working Capital		<u>3,515,445</u>
<b>Total Ending Fund Balance</b>		<b>9,614,106</b>

<b>Total Uses</b>	<b>\$</b>	<b><u>9,984,540</u></b>
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