

2021 FINANCIAL AUDIT REPORT

Housing Development Partners of San Diego
Audit Committee Meeting

September 1, 2022

Suket Dayal
Chief Financial Officer

Julie Conserva
Director of Real Estate Finance



HDP 2021 Financial Audit Report

Agenda

- Introduction
- Audit Timeline
- Consolidated Financial Results



Studio 15 Apartments

HDP 2021 Financial Audit Report

Introduction

- Audit Period: January 1, 2021 – December 31, 2021
- Independent Auditors: CohnReznick, LLP
- Audit Opinion: Unmodified
- Consolidated Entities Include: 23

Housing Development Partners	HDP Broadway Management, LLC	HDP Quality Inn, LLC
Casa Colina, LP	HDP Churchill, LP	HDP West Park, LP
Logan Development II, LP	HDP Island Village, LLC	HDP West Park Management, LLC
HDP Mason Housing Corporation	HDP New Palace, LP	HDP Mariner's Village LP
Logan Development Management, LLC	HDP New Palace Management, LLC	HDP Mariner's Village Management, LLC
HDP Parker Kier, LLC	HDP Town & Country, LP	HDP Casa Colina Management, LLC
HDP Churchill LLC	HDP Town & Country, LLC	HDP ADU, LLC
HDP Broadway, LP	HDP Village North, LLC	

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Audit Timeline

Sept– December 2021 Interim Audit	January – February 2022 Year End Audit	March – April 2022 Year End Audit	May 2022 Year End Audit	June –August 2022 Year End Audit
<ul style="list-style-type: none"> •Preliminary audit work including review of policies, procedures and internal controls of the corporation as well as for outsourced property management firms •Preliminary program compliance testing; review of documents and corresponding accounting treatment for acquisitions, dispositions, financing and conversions that occurred during the reporting period. •Respond to preliminary auditor requests and inquiries 	<ul style="list-style-type: none"> •Internal review and year-end closing of books •Review management firms' books and request needed adjustments and revisions. •Prepare auditor requests and respond to auditor inquiries. 	<ul style="list-style-type: none"> •Finalize audits and tax returns for lower tier entities • Submit required filings for the federal and state regulated entities (FHA and Calhfa) •<u>Entities</u> <ul style="list-style-type: none"> •Casa Colina, LP •HDP Broadway, LP •HDP Town & Country, LP •Logan Development, LP •HDP Mason Housing •HDP Churchill, LP •HDP New Palace, LP •HDP West Park, LP •HDP Quality Inn, LLC •HDP Mariner's Village, LP 	<ul style="list-style-type: none"> •Finalize audits and tax returns for upper tier entities •<u>Entities</u> <ul style="list-style-type: none"> •HDP Village North, LLC •HDP Parker Kier, LLC •HDP Island Village, LLC •HDP Town & Country Mgmt, LLC •HDP Mariner's Village Mgmt, LLC •HDP New Palace Mgmt, LLC •HDP West Park Mgmt, LLC •HDP Churchill, LLC •HDP Casa Colina Mgmt, LLC •HDP ADU, LLC 	<ul style="list-style-type: none"> •Prepare financial statements for the consolidated reporting entity and finalize corresponding audit •Audit Committee Approval •Prepare modified financial statements to conform with SDHC presentation as a component unit of SDHC for inclusion in their Comprehensive Annual Financial Report •File the annual Financial Data Schedule (FDS) in HUD's Real Estate Assessment Center (REAC) for PHA's as a component unit of SDHC

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Financial Results Summary

- Total Revenues:	\$18.9 M
- Total Expenses:	\$20.6 M
- Total Capital Assets:	\$139.0 M
- Total Assets:	\$172.2 M
- Total Entities Consolidated:	23
- Total Units Managed:	1,719

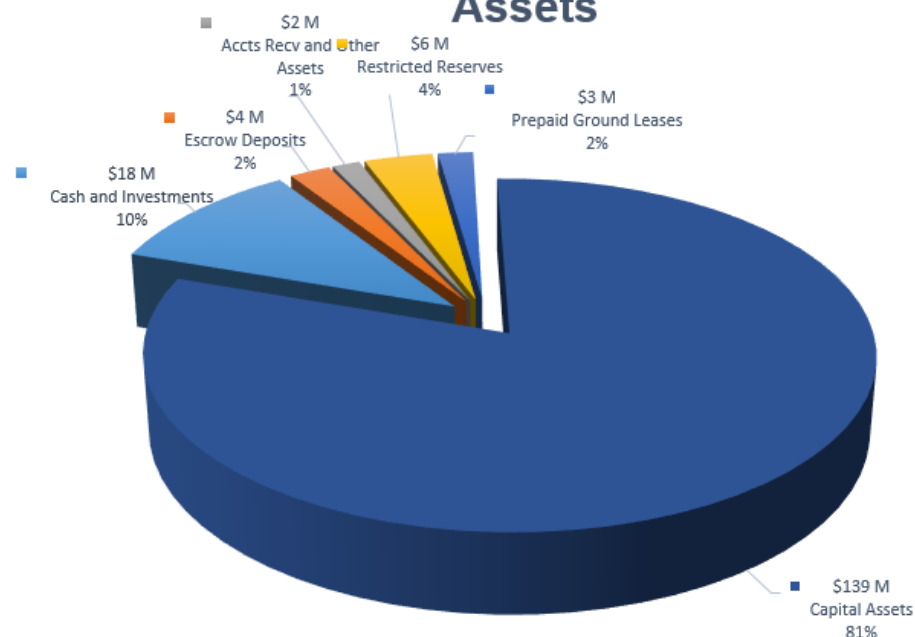


Mariners Village Apartment Homes

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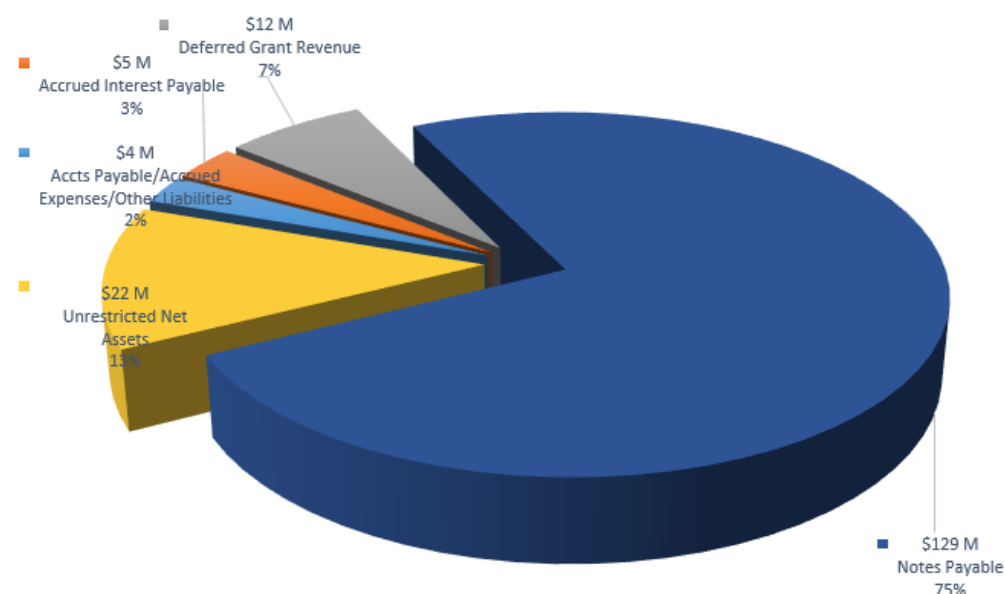
HDP Financial Results – Assets, Liabilities and Net Assets (in millions)

Assets



Total Assets = \$172 M

Liabilities and Net Assets



Liabilities \$150 M + Net Assets \$22 M = \$172 M

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Statement of Net Assets – Changes from Prior FY (in millions)

	2021	2020	\$\$ Change	% Change
Assets	\$172.2 M	\$160.6 M	\$11.6 M	7%
Liabilities	\$150.3 M	\$140.4 M	\$9.9 M	7%
Net Assets	<u>\$21.8 M</u>	<u>\$20.2 M</u>	<u>\$1.7 M</u>	<u>8%</u>
Total Liabilities + Net Assets	\$172.2 M	\$160.6 M	\$11.6 M	7%

The increase in assets and liabilities in 2021 is primarily due to the increase in capital assets from the ongoing rehabilitation of Mariner's Village Apartments and the associated construction loan liability.

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Consolidated Statement of Activities (in millions)

	2021
Revenue	\$18.9 M
Expenses (Excluding Depreciation & Amortization)	\$15.8 M
Net Income Before Depreciation & Amortization	\$3.1 M
Depreciation & Amortization	-\$4.8 M
Net Income/(Loss)	<u>-\$1.7 M</u>

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HDP Financial Results – Revenues and Expenses (in millions)

	2021	2020	\$\$ Change	% Change
Total Revenue	\$18.9 M	\$17.4 M	\$1.5 M	9%

	2021	2020	\$\$ Change	% Change
Total Expenses	\$20.6 M	\$20.1 M	\$.4 M	2%

Revenue increases were associated with retroactive rent increases received from the U.S. Department of Housing and Urban Development (HUD) for San Diego Square as well as the stabilization of Mariner's Village and Quality Inn properties.

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Questions/Comments