

## INFORMATIONAL REPORT

**DATE ISSUED:** December 8, 2022

**REPORT NO:** HDP22-026

**ATTENTION:** Chair and Members of the Board of Directors of  
Housing Development Partners of San Diego  
For the Agenda of December 15, 2022

**SUBJECT:** Third Quarter 2022 Financials

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

#### **SUMMARY**

The Third 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 compared to 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 (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 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 Housing Commission, if and when this matter is heard by the Housing Commission.

Further, as members of the Housing Commission Board of Commissioners, 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 HDP Board of Directors. 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 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 the Housing Commission 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 HDP. Similar disclosures will be made in the records of the Housing Commission, if and when this matter is heard by the Housing Commission.

**MUTUAL DIRECTORS STATEMENT:**

To the extent that Commissioners may be considered to be "directors" of the 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  
Vice President of Finance – Real Estate  
Housing Development Partners

Approved by,

*Suket Dayal*

Suket Dayal  
Executive Vice President and Treasurer/Chief  
Financial Officer  
Housing Development Partners

Attachments: 1) Third Quarter 2022 Financials

Docket materials are available on HDP's website at [www.hdpartners.org](http://www.hdpartners.org)

Housing Development Partners of San Diego  
Statement of Financial Position  
As of September 30, 2022

<i>Assets</i>	September 30, 2022
<b>Current Assets</b>	
Cash & Cash Equivalents	\$ 1,911,903
Short Term Investments	8,257,138
Accounts Receivable	1,903,600
Prepaid Expenses	9,685
Deposits	4,787
<b>Total Current Assets</b>	<u>12,087,113</u>
<b>Noncurrent Assets</b>	
Fixed Assets	20,918
Seller Note Receivable	15,158,994
Developer Fees Receivable - Non Current	12,850,083
Other Assets	170,866
<b>Total Noncurrent Assets</b>	<u>28,200,861</u>
<b>Total Assets</b>	<u><u>\$ 40,287,974</u></u>
<i>Liabilities &amp; Net Assets</i>	
<b>Current Liabilities</b>	
Accounts Payable & Accrued Expenses	377,048
<b>Total Current Liabilities</b>	<u>377,048</u>
<b>Noncurrent Liabilities</b>	
Liabilities in Partnerships	3,315,930
Other Non Current Liabilities	16,611,341
<b>Total Noncurrent Liabilities</b>	<u>19,927,271</u>
<b>Net Assets</b>	
Unrestricted Net Assets	19,983,655
<b>Total Net Assets</b>	<u>19,983,655</u>
<b>Total Liabilities &amp; Net Assets</b>	<u><u>\$ 40,287,974</u></u>

Housing Development Partners of San Diego  
Statement of Activities  
July - September 2022

	July - September 2022	Year-to-Date 2022
<b>Revenue</b>		
Fee Income	\$ 310,165	\$ 359,053
Interest Income	165,132	489,550
<b>Total Revenue</b>	<b>475,296</b>	<b>848,603</b>
<b>Expenses</b>		
<b>Administrative Expenses</b>		
Professional Fees	215,646	559,774
Office Expenses	6,779	31,365
Rent	9,884	29,653
Training Travel and Parking	1,360	9,101
Repairs and Maintenance	317	951
Utilities and Telephone	2,820	6,294
Property Tax and Insurance	3,076	8,722
Legal and Accounting	12,841	36,944
Other Admin Expenses	43,878	100,701
<b>Total Administrative Expenses</b>	<b>296,601</b>	<b>783,505</b>
<b>Program Expenses</b>		
Program Admin	64,747	198,696
<b>Total Program Expenses</b>	<b>64,747</b>	<b>198,696</b>
<b>Total Expenses</b>	<b>361,349</b>	<b>982,201</b>
<b>Change in Net Assets</b>	<b>\$ 113,947</b>	<b>\$ (133,598)</b>

Housing Development Partners of San Diego  
2022 HDP Budget vs Actual

	2022 YTD Actuals 09/2022	2022 YTD Budget 09/2022	\$ Over/ (Under) Budget	% of YTD Budget	2022 Budget
<b>SOURCES</b>					
Developer Fees (from Capital/Perm Sources)	608,421	\$ 2,345,695	\$ (1,737,274)	26%	\$ 2,345,695
Receipts from Project Operating Cash Flows	1,552,327	481,571	1,070,756	322%	1,332,024
Partnership Management Fees	134,179	60,565	73,614	222%	163,286
Interest from Corporate Investments	7,745	450	7,295	1721%	600
<b>TOTAL SOURCES</b>	<b>2,302,671</b>	<b>2,888,281</b>	<b>(585,584)</b>	<b>80%</b>	<b>3,841,605</b>
<b>USES</b>					
Salaries & Benefits	745,355	836,643	(91,288)	89%	1,115,524
<i>Professional Fees</i>					
Legal - General Counsel	10,946	16,575	(5,629)	66%	22,100
Audit & Tax Return	25,998	25,800	198	101%	34,400
Asset Management	-	18,750	(18,750)	0%	25,000
IT Services	2,306	6,000	(3,694)	38%	8,000
Consultants - Other	13,115	7,500	5,615	175%	10,000
Total Professional Fees	<b>52,365</b>	<b>74,625</b>	<b>(22,260)</b>	<b>70%</b>	<b>99,500</b>
<i>Office Expense and Admin</i>					
SDHC Overhead	100,701	173,829	(73,128)	58%	231,772
Office Rent, CAM & Staff Parking	39,167	37,542	1,625	104%	50,056
Insurance	8,722	7,905	817	110%	10,540
Travel, Training & Mileage	538	7,500	(6,962)	7%	10,000
Software Licenses	13,622	21,695	(8,074)	63%	28,927
Office Equipment	14,031	7,500	6,531	187%	10,000
Other Office Admin Expenses	7,052	8,175	(1,123)	86%	10,900
Memberships, Dues & Subscriptions	11,639	2,250	9,389	517%	3,000
Cell Phone Reimbursement	3,040	3,990	(950)	76%	5,320
Taxes, Licenses & Permits	-	113	(113)	0%	150
Total Office Expense and Admin	<b>198,512</b>	<b>270,499</b>	<b>(71,987)</b>	<b>73%</b>	<b>360,665</b>
Contingency 10%	-	17,129	(17,129)	0%	22,839
Due Dilligence for Abandon Projects	-	-	-	0%	50,000
Transfer In/(Out) of Unrestricted Reserves	<b>1,306,440</b>	<b>1,689,385</b>	<b>(382,920)</b>	<b>77%</b>	<b>2,193,077</b>
<b>TOTAL USES</b>	<b>2,302,672</b>	<b>2,888,281</b>	<b>(585,584)</b>	<b>80%</b>	<b>3,841,605</b>

Housing Development Partners  
2022 Sources and Uses  
As of 9/30/2022

**SOURCES**

***Beginning Fund Balance (1/1/2022)***

Reserves & Commitments	\$ 6,440,606
Working Capital	<u>3,587,636</u>
<b>Total Beginning Fund Balance</b>	<b>10,028,242</b>
 New Revenue	 2,302,671

<b>Total Sources</b>	<b>\$ 12,330,913</b>
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**USES**

Operating Expenses	\$ 996,232
Project Expenditures	50,000

***Ending Fund Balance***

Reserves & Commitments	6,098,662
Working Capital	<u>5,186,019</u>
<b>Total Ending Fund Balance</b>	<b>11,284,681</b>

<b>Total Uses</b>	<b>\$ 12,330,913</b>
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