

INFORMATIONAL REPORT

DATE ISSUED: July 5 2023

REPORT NO: HDP23-005

ATTENTION: Chair and Members of the Board of Directors of
Housing Development Partners of San Diego
For the Agenda of July 12, 2023

SUBJECT: First Quarter 2023 Financials

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

SUMMARY

The First Quarter 2023 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 2023 Operating Budget, and a 2023 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), Eugene "Mitch" Mitchell and Ryan Clumpner, 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) First Quarter 2023 Financials

Docket materials are available on HDP's website at www.hdpartners.org

Housing Development Partners of San Diego
Statement of Financial Position
As of March 31, 2023

<i>Assets</i>	March 31, 2023
Current Assets	
Cash & Cash Equivalents	\$ 1,423,268
Short Term Investments	8,335,513
Accounts Receivable	1,349,515
Prepaid Expenses	10,212
Deposits	4,787
Total Current Assets	11,123,295
Noncurrent Assets	
Fixed Assets	15,865
Seller Note Receivable	15,486,564
Developer Fees Receivable - Non Current	12,999,876
Other Assets	218,321
Total Noncurrent Assets	28,720,626
Total Assets	\$ 39,843,921
 <i>Liabilities & Net Assets</i>	
Current Liabilities	
Accounts Payable & Accrued Expenses	238,389
Total Current Liabilities	238,389
Noncurrent Liabilities	
Liabilities in Partnerships	3,423,422
Other Deferred Liabilities	16,453,217
Total Noncurrent Liabilities	19,876,639
Net Assets	
Unrestricted Net Assets	19,728,893
Total Net Assets	19,728,893
Total Liabilities & Net Assets	\$ 39,843,921

Housing Development Partners of San Diego
Statement of Activities
January - March 2023

	January - March 2023	Year-to-Date 2023
Revenue		
Fee Income	\$ 30,558	\$ 30,558
Interest Income	196,601	196,601
Total Revenue	227,158	227,158
Expenses		
Administrative Expenses		
Salaries & Benefits	177,405	177,405
Office Expenses	6,690	6,690
Training Travel and Parking	1,380	1,380
Utilities and Telephone	1,288	1,288
Property Tax and Insurance	3,378	3,378
Legal and Accounting	9,418	9,418
Other Admin Expenses	94,377	94,377
Depreciation	1,060	1,060
Total Administrative Expenses	294,996	294,996
Program Expenses		
Salaries & Benefits	32,979	32,979
Total Program Expenses	32,979	32,979
Total Expenses	327,975	327,975
Change in Net Assets	\$ (100,817)	\$ (100,817)

Housing Development Partners of San Diego 2023 HDP Budget vs Actual

	2023 YTD Actuals 03/2023	2023 YTD Budget 03/2023	\$ Over/ (Under) Budget	% of YTD Budget	2023 Annual Budget
SOURCES					
Developer Fees (from Capital/Perm Sources)	\$ -	\$ -	\$ -	0%	\$ 1,058,330
Receipts from Project Operating Cash Flows	-	-	-	0%	1,675,717
Partnership Management Fees	30,557	38,808	(8,251)	79%	218,930
Interest from Corporate Investments	33,617	2,500	31,117	1345%	10,000
TOTAL SOURCES	64,174	41,308	22,867	155%	2,962,977
USES					
Salaries & Benefits	210,384	313,476	(103,093)	67%	1,253,906
<i>Professional Fees</i>					
Legal - General Counsel	-	5,525	(5,525)	0%	22,100
Audit & Tax Return	9,418	11,918	(2,500)	79%	47,672
Consultants - Other	-	2,500	(2,500)	0%	10,000
Total Professional Fees	9,418	19,943	(10,525)	47%	79,772
<i>Office Expense and Admin</i>					
SDHC Overhead	94,377	122,639	(28,261)	77%	490,555
Insurance	3,378	2,899	479	117%	11,594
Travel, Training & Mileage	-	3,500	(3,500)	0%	14,000
Other Admin Expenses	9,358	7,493	1,865	125%	16,470
Total Office Expense and Admin	107,113	136,530	(29,417)	78%	532,619
Contingency 10%	-	7,408	(7,408)	0%	29,630
Due Dilligence for Abandon Projects	-	12,500	(12,500)	0%	50,000
Transfer In/(Out) of Unrestricted Reserves	(262,740)	(448,549)	185,809	59%	1,017,050
TOTAL USES	64,175	41,308	22,867	155%	2,962,977

Housing Development Partners
2023 Sources and Uses
As of 3/31/2023

SOURCES

Beginning Fund Balance (1/1/2023)

Reserves & Commitments	\$ 6,098,662
Working Capital	<u>5,287,296</u>
Total Beginning Fund Balance	11,385,957

New Revenue	64,174
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Total Sources	<u><u>\$ 11,450,132</u></u>
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USES

Operating Expenses	\$ 326,915
Project Expenditures	-

Ending Fund Balance

Reserves & Commitments	6,241,965
Working Capital	<u>4,881,252</u>
Total Ending Fund Balance	11,123,217

Total Uses	<u><u>\$ 11,450,132</u></u>
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