

INFORMATIONAL REPORT

DATE ISSUED: December 8, 2023

REPORT NO: HDP23-026

ATTENTION: Chair and Members of the Board of Directors of
Housing Development Partners of San Diego
For the Agenda of December 14, 2023

SUBJECT: Third Quarter 2023 Financials

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

SUMMARY

The Third 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) Third 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 September 30, 2023

<i>Assets</i>	September 30, 2023
Current Assets	
Cash & Cash Equivalents	\$ 3,400,162
Short Term Investments	9,789,808
Accounts Receivable	1,950,416
Prepaid Expenses	3,235
Total Current Assets	15,143,620
Noncurrent Assets	
Fixed Assets	13,745
Seller Note Receivable	14,863,824
Developer Fees Receivable - Non Current	11,115,345
Other Assets	218,310
Total Noncurrent Assets	26,211,224
Total Assets	\$ 41,354,843
 <i>Liabilities & Net Assets</i>	
Current Liabilities	
Accounts Payable & Accrued Expenses	414,328
Total Current Liabilities	414,328
Noncurrent Liabilities	
Liabilities in Partnerships	5,014,014
Other Deferred Liabilities	16,301,338
Total Noncurrent Liabilities	21,315,352
Net Assets	
Unrestricted Net Assets	19,625,163
Total Net Assets	19,625,163
Total Liabilities & Net Assets	\$ 41,354,843

Housing Development Partners of San Diego
Statement of Activities
July - September 2023

	July - September 2023	Year-to-Date 2023
Revenue		
Fee Income	\$ 29,334	\$ 241,451
Interest Income	255,979	721,324
Total Revenue	285,312	962,775
Expenses		
Administrative Expenses		
Salaries & Benefits	166,761	383,248
Office Expenses	1,869	9,539
Training Travel and Parking	609	4,953
Repairs and Maintenance	-	3,964
Utilities and Telephone	-	1,288
Property Tax and Insurance	3,328	10,084
Legal and Accounting	12,608	35,563
Other Admin Expenses	102,080	301,082
Depreciation	1,060	3,180
Total Administrative Expenses	288,315	752,901
Program Expenses		
Salaries & Benefits	221,660	414,434
Other Program Exp	-	-
Total Program Expenses	221,660	414,434
Total Expenses	509,975	1,167,335
Change in Net Assets	\$ (224,663)	\$ (204,560)

Housing Development Partners of San Diego 2023 HDP Budget vs Actual

	2023 YTD Actuals 09/2023	2023 YTD Budget 09/2023	\$ Over/ (Under) Budget	% of YTD Budget	2023 Annual Budget
SOURCES					
Developer Fees (from Capital/Perm Sources)	\$ 1,022,160	\$ 1,058,330	\$ (36,170)	97%	\$ 1,058,330
Receipts from Project Operating Cash Flows	1,774,380	1,675,717	98,663	106%	1,675,717
Partnership Management Fees	161,229	200,723	(39,494)	80%	218,930
Interest from Corporate Investments	237,971	7,500	230,471	3173%	10,000
TOTAL SOURCES	3,195,740	2,942,270	253,489	109%	2,962,977
USES					
Salaries & Benefits	715,081	940,429	(225,348)	76%	1,253,906
<i>Professional Fees</i>					
Legal - General Counsel	5,639	16,575	(10,936)	34%	22,100
Audit & Tax Return	29,924	35,754	(5,830)	84%	47,672
Asset Management	-	-	-	0%	-
Consultants - Other	-	7,500	(7,500)	0%	10,000
Total Professional Fees	35,563	59,829	(24,266)	59%	79,772
<i>Office Expense and Admin</i>					
SDHC Overhead	301,082	367,916	(66,834)	82%	490,555
Insurance	10,084	8,696	1,388	116%	11,594
Travel, Training & Mileage	3,454	10,500	(7,046)	33%	14,000
Other Admin Expenses	16,291	13,478	2,813	121%	16,470
Total Office Expense and Admin	330,911	400,589	(69,679)	83%	532,619
Contingency 10%	-	22,223	(22,223)	0%	29,630
Due Dilligence for Abandon Projects	-	37,500	(37,500)	0%	50,000
Transfer In/(Out) of Unrestricted Reserves	2,114,185	1,481,700	632,504	143%	1,017,050
TOTAL USES	3,195,740	2,942,270	253,489	109%	2,962,977

Housing Development Partners
2023 Sources and Uses
As of 9/30/2023

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 3,195,740

Total Sources \$ 14,581,697

USES

Operating Expenses	\$ 1,081,555
Project Expenditures	82,600

Ending Fund Balance

Reserves & Commitments	6,241,965
Working Capital	<u>7,175,577</u>
Total Ending Fund Balance	13,417,542

Total Uses \$ 14,581,697