

INFORMATIONAL REPORT

DATE ISSUED: December 6, 2024

REPORT NO: HDP24-029

ATTENTION: Chair and Members of the Board of Directors of
Housing Development Partners of San Diego
For the Agenda of December 12, 2024

SUBJECT: 2023 HDP Consolidated Financial Statements

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

SUMMARY

Housing Development Partners (HDP) is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, presented in Attachment 1. This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

CohnReznick, LLP is responsible for expressing an opinion on the financial statements based on their audit. In their opinion, the financial statements present fairly, in all material respects, the financial position of HDP as of December 31, 2023.

The 2023 Consolidated Financial Statements were accepted by the Audit Committee on July 12, 2024.

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 the San Diego Housing Commission's (Housing Commission) President and Chief Executive Officer (President and CEO), Lisa Jones, 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 President and CEO Jones have no conflict of interest as discussed below.

The Commissioners and President and CEO Jones 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 President and CEO Jones 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.

San Diego City Councilmember and Housing Authority member, Councilmember Stephen Whitburn, is also a Director of HDP. Councilmember Whitburn is not compensated for his service on the HDP Board or as an officer of HDP. As it relates to this matter, as a Housing Authority member, Councilmember Whitburn has a noninterest under California Government Code section 1091.5(a)(9). This disclosure shall be incorporated into the record of the Housing Authority, if and when this matter is heard by the Housing Authority.

Further, because of their non-interests, the Commissioners, as members of the Housing Commission Board of Commissioners, and Councilmember Whitburn, as a member of the Housing Authority, are entitled to vote on this matter and may be counted for quorum.

Further, no HDP Director or officer has a financial interest in this matter that would legally preclude their participation under the provisions of California Government Code section 87100 et. seq.

The Commissioners are not compensated for their services on the board of the Housing Commission, a public agency. Councilmember Whitburn's compensation as a member of the Housing Authority, a public agency, is a non-interest under Government Code section 1091.5(a)(9). Further, Ms. Jones' compensation from a public agency, the Housing Commission, is a noninterest under the provisions of Government Code Section 1091.5(a)(9) as well as for the purposes of Government Code Section 87100 et. seq.

Finally, to the extent that HDP is a public agency for local Ethics Ordinance purposes, neither the Commissioners, Ms. Jones, nor Councilmember Whitburn have any conflicts of interest under the local ethics ordinance that would preclude their actions in this matter or from being counted for quorum purposes.

These disclosures shall be and are hereby documented in the official records of the Housing Commission and Housing Authority.

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) HDP 2023 Consolidated Financial Statements with Independent Auditor's Report
2) Additional Auditor Required Communication to those charged with Governance.

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

July 19, 2024

To the Audit Committee and Board of Directors

We have audited the consolidated financial statements of Housing Development Partners of San Diego (the "Corporation") as of and for the years ended December 31, 2023 and 2022, and we have issued our report thereon dated July 19, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 27, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Housing Development Partners of San Diego are described in Note 2 to the consolidating financial statements. As described in Note 2 to the financial statements, during the year, the Corporation adopted Accounting Standards Update 2016-13, Measurement of Credit Losses on Financial Instruments ("Topic 326"). The adoption of Topic 326 did not have a material impact on the financial statements of the Corporation as December 31, 2023. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Allocation of expenses related to more than one function.
- Depreciation estimates for property, equipment and improvements including depreciation methods and useful lives assigned to the depreciable assets.
- Developer fees revenue recognition.

Management's estimates and judgements were based on the following:

- Management's estimates of the allocation of expenses related to more than one function is based on systematic methods. Directly identifiable expenses are charged to respective program and supporting services benefitted.
- Management's estimates of the useful lives and method of depreciation for property, equipment and improvements were determined based upon the nature of the fixed assets and their expected service lives.
- Developer fees are recognized as revenue using the percentage of completion method and the likelihood of collection of the fees receivable based upon the expected future cash flows of the projects.

For all significant estimates made by management noted above, we evaluated the methods, assumptions, and data used to develop the estimates in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are included in Notes 1 through 14 to the consolidated financial statements. The disclosures in these notes are neutral, consistent, and clear.

The financial statement disclosures are neutral, consistent, and clear.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others within our firm as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We identified the following significant risks: (1) management override of controls and (2) revenue recognition.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 19, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Audit Committee, Board of Directors and Management of Housing Development Partners of San Diego and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



CohnReznick, LLP
Sacramento, California

Housing Development Partners of San Diego

**Consolidated Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2023 and 2022

Housing Development Partners of San Diego

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Independent Auditor's Report

To the Board of Directors
Housing Development Partners of San Diego

Opinion

We have audited the consolidated financial statements of Housing Development Partners of San Diego, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Housing Development Partners of San Diego as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Housing Development Partners of San Diego and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Housing Development Partners of San Diego's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Housing Development Partners of San Diego's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Housing Development Partners of San Diego's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements on pages 28 to 47 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CohnReznick LLP

Sacramento, California
July 19, 2024

Housing Development Partners of San Diego
Consolidated Statements of Financial Position
December 31, 2023 and 2022

| | <u>Assets</u> | |
|---|-----------------------|-----------------------|
| | 2023 | 2022 |
| Current assets | | |
| Cash and cash equivalents | \$ 27,783,839 | \$ 21,930,614 |
| Restricted deposits and funded reserves | | |
| Restricted reserves | 58,654 | 68,104 |
| Tenant security deposits | 758,194 | 690,793 |
| Accounts receivable | 377,190 | 560,633 |
| Deposits | 15,287 | 4,787 |
| Prepaid expenses | 445,397 | 407,468 |
| | <u>29,438,561</u> | <u>23,662,399</u> |
| Noncurrent assets | | |
| Restricted deposits and funded reserves | | |
| Restricted reserves | 6,991,540 | 7,247,309 |
| Escrow deposits | 240,122 | 448,444 |
| Tax credit fees, net | 197,079 | 222,899 |
| Deposits | 55,689 | 58,314 |
| Investment in partnerships | 78,371 | 72,240 |
| Property, equipment and improvements, net | 128,980,962 | 134,081,253 |
| Other assets | 3,085,600 | 3,148,058 |
| | <u>139,629,363</u> | <u>145,278,517</u> |
| Total noncurrent assets | | |
| | <u>\$ 169,067,924</u> | <u>\$ 168,940,916</u> |

Housing Development Partners of San Diego
Consolidated Statements of Financial Position
December 31, 2023 and 2022

Liabilities and Net Assets

| | 2023 | 2022 |
|---|----------------|----------------|
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 941,704 | \$ 918,883 |
| Construction costs payable | - | 26,328 |
| Accrued interest payable | 212,465 | 216,518 |
| Mortgages and notes payable, current portion | 1,339,883 | 1,285,741 |
| Prepaid revenue | 37,686 | 71,483 |
| Related party payables | 1,201,453 | 972,070 |
| Tenant security deposits liability | 758,239 | 668,845 |
| | 4,491,430 | 4,159,868 |
| Total current liabilities | | |
| Noncurrent liabilities | | |
| Accrued interest payable | 6,504,396 | 5,919,794 |
| Deferred grant revenue | 11,186,736 | 11,524,133 |
| Mortgages and notes payable, less current portion | 106,428,933 | 107,860,208 |
| Related party payables, less current portion | 152,438 | 153,584 |
| | 124,272,503 | 125,457,719 |
| Total noncurrent liabilities | | |
| Total liabilities | 128,763,933 | 129,617,587 |
| Commitments and contingencies | - | - |
| Net assets | | |
| Without donor restriction, controlling | (6,072,585) | (6,927,579) |
| Without donor restriction, noncontrolling | 46,376,576 | 46,250,908 |
| | 40,303,991 | 39,323,329 |
| Total net assets | | |
| Total liabilities and net assets | \$ 169,067,924 | \$ 168,940,916 |

See Notes to Consolidated Financial Statements.

Housing Development Partners of San Diego

Consolidated Statements of Activities Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|--|---------------|----------------|
| Revenue and support | | |
| Rental income | \$ 21,037,136 | \$ 18,191,338 |
| Grant income | 337,397 | 337,397 |
| Interest income | 454,538 | 61,382 |
| Note forgiveness | - | 23,000 |
| Management fees | 124,262 | 127,150 |
| Miscellaneous income | 80,744 | 42,719 |
| Resident services | 83,894 | 83,193 |
| Share of income from partnerships | 6,131 | 5,725 |
| Total revenue and support | 22,124,102 | 18,871,904 |
| Expenses | | |
| Program services | 19,491,907 | 19,054,204 |
| Management and general | 2,450,123 | 2,352,418 |
| Total expenses | 21,942,030 | 21,406,622 |
| Change in net assets - without donor restriction | \$ 182,072 | \$ (2,534,718) |
| Change in net assets, controlling | \$ 1,030,527 | \$ (1,418,206) |
| Change in net assets, noncontrolling | (848,455) | (1,116,512) |
| Change in net assets - without donor restriction | \$ 182,072 | \$ (2,534,718) |

See Notes to Consolidated Financial Statements.

Housing Development Partners of San Diego

Consolidated Statements of Changes in Net Assets Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|--|----------------|----------------|
| Controlling interest | | |
| Without donor restriction, beginning | \$ (6,927,579) | \$ (5,480,089) |
| Payment of accrued interest on seller note | (175,533) | (29,284) |
| Change in net assets | 1,030,527 | (1,418,206) |
| Without donor restriction, controlling ending | \$ (6,072,585) | \$ (6,927,579) |
| Noncontrolling interest | | |
| Without donor restriction, beginning | \$ 46,250,908 | \$ 27,320,457 |
| Contributions | 1,049,263 | 20,054,460 |
| Distributions | (75,140) | (7,497) |
| Change in net assets | (848,455) | (1,116,512) |
| Without donor restriction, noncontrolling ending | \$ 46,376,576 | \$ 46,250,908 |

See Notes to Consolidated Financial Statements.

Housing Development Partners of San Diego
Consolidated Statements of Functional Expenses
Year Ended December 31, 2023

| | Program services | Management and general | Total |
|--------------------------------------|----------------------|---------------------------|----------------------|
| Salaries | \$ 1,666,596 | \$ - | \$ 1,666,596 |
| Payroll taxes | 124,897 | - | 124,897 |
| Employee benefits | 278,929 | - | 278,929 |
| Consultants | 590,689 | 599,618 | 1,190,307 |
| Office expenses | 80,848 | 74,170 | 155,018 |
| Training, travel and parking | 16,724 | 6,683 | 23,407 |
| Property and partnership management | - | 1,008,622 | 1,008,622 |
| Resident services | 262,163 | - | 262,163 |
| Relocation cost | 16,733 | - | 16,733 |
| Repairs and maintenance | 1,562,633 | 3,965 | 1,566,598 |
| Supplies | 294,949 | - | 294,949 |
| Utilities and telephone | 2,105,886 | 1,289 | 2,107,175 |
| Property tax and insurance | 662,980 | 105,370 | 768,350 |
| Interest | 4,617,331 | - | 4,617,331 |
| Legal and accounting | 121,662 | 233,109 | 354,771 |
| Bad debt expense | 500,462 | - | 500,462 |
| Ground lease expense | 929,615 | - | 929,615 |
| Advertising and marketing | 10,871 | - | 10,871 |
| Miscellaneous administrative expense | 283,197 | 410,044 | 693,241 |
| Depreciation and amortization | 5,364,742 | 7,253 | 5,371,995 |
| Total functional expenses | \$ 19,491,907 | \$ 2,450,123 | \$ 21,942,030 |

See Notes to Consolidated Financial Statements.

Housing Development Partners of San Diego
Consolidated Statements of Functional Expenses
Year Ended December 31, 2022

| | Program services | Management and general | Total |
|--------------------------------------|----------------------|---------------------------|----------------------|
| Salaries | \$ 1,624,771 | \$ - | \$ 1,624,771 |
| Payroll taxes | 71,209 | - | 71,209 |
| Employee benefits | 273,257 | - | 273,257 |
| Consultants | 398,797 | 850,716 | 1,249,513 |
| Rent | - | 39,669 | 39,669 |
| Office expenses | 89,876 | 91,415 | 181,291 |
| Training, travel and parking | 17,028 | 12,751 | 29,779 |
| Property and partnership management | - | 879,391 | 879,391 |
| Resident services | 276,990 | - | 276,990 |
| Relocation cost | 65,896 | - | 65,896 |
| Repairs and maintenance | 1,866,503 | 1,269 | 1,867,772 |
| Supplies | 210,695 | - | 210,695 |
| Utilities and telephone | 1,743,189 | 8,364 | 1,751,553 |
| Property tax and insurance | 546,106 | 65,267 | 611,373 |
| Interest | 4,960,543 | - | 4,960,543 |
| Legal and accounting | 68,022 | 249,768 | 317,790 |
| Bad debt expense | 333,088 | - | 333,088 |
| Ground lease expense | 826,126 | - | 826,126 |
| Advertising and marketing | 7,802 | - | 7,802 |
| Miscellaneous administrative expense | 263,847 | 147,271 | 411,118 |
| Depreciation and amortization | 5,410,459 | 6,537 | 5,416,996 |
| Total functional expenses | \$ 19,054,204 | \$ 2,352,418 | \$ 21,406,622 |

See Notes to Consolidated Financial Statements.

Housing Development Partners of San Diego

Consolidated Statements of Cash Flows Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|---|------------------|--------------------|
| Cash flows from operating activities | | |
| Changes in net assets without donor restrictions | \$ 182,072 | \$ (2,534,718) |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 5,371,995 | 5,416,996 |
| Amortization of debt issuance costs | 129,292 | 308,689 |
| Amortization of prepaid ground lease | 62,458 | 167,830 |
| Deferred grant revenue | (337,397) | (337,397) |
| Share of income from partnerships | (6,131) | (5,725) |
| Note forgiveness | - | (23,000) |
| (Increase) decrease in | | |
| Accounts receivable | 183,443 | 460,458 |
| Prepaid expenses | (37,929) | 116,538 |
| Deposits | (7,875) | 76,447 |
| Other assets | - | (415,594) |
| Increase (decrease) in | | |
| Accounts payable and accrued expenses | 22,821 | 351,127 |
| Prepaid revenue | (33,797) | (160,324) |
| Accrued interest payable | 580,549 | 749,886 |
| Tenant security deposits liability | 89,394 | 14,413 |
| | <u>6,198,895</u> | <u>4,185,626</u> |
| Net cash provided by operating activities | | |
| Cash flows from investing activities | | |
| Payment of construction costs payable | (26,328) | (1,734,707) |
| Tax credit fees paid | - | (63,140) |
| Investment in property and equipment | (245,884) | (397,763) |
| | <u>(272,212)</u> | <u>(2,195,610)</u> |
| Net cash used in investing activities | | |

Housing Development Partners of San Diego

Consolidated Statements of Cash Flows Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|---|----------------------|----------------------|
| Cash flows from financing activities | | |
| Principal payments on mortgages and notes payable | (1,506,425) | (20,563,010) |
| Proceeds from mortgages and notes payable | - | 608,421 |
| Related party advances received | 228,237 | 34,400 |
| Payment of accrued interest on seller note | (175,533) | (29,284) |
| Contributions | 1,049,263 | 20,054,460 |
| Distributions | (75,140) | (7,497) |
| | <u>(479,598)</u> | <u>97,490</u> |
| Net cash (used in) provided by financing activities | | |
| Increase in cash, cash equivalents and restricted cash | 5,447,085 | 2,087,506 |
| Cash, cash equivalents and restricted cash, beginning | <u>30,385,264</u> | <u>28,297,758</u> |
| Cash, cash equivalents and restricted cash, ending | <u>\$ 35,832,349</u> | <u>\$ 30,385,264</u> |
| Supplemental disclosure of cash flow information | | |
| Cash paid for interest | <u>\$ 4,036,782</u> | <u>\$ 4,210,657</u> |
| Supplemental disclosure of noncash investing and financing activities | | |
| Construction costs payable included in property and equipment | <u>\$ -</u> | <u>\$ 26,328</u> |

See Notes to Consolidated Financial Statements.

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2023 and 2022

Note 1 - Corporation and nature of operations

The accompanying consolidated financial statements include Housing Development Partners of San Diego, a California nonprofit corporation ("HDP"), a component unit of the San Diego Housing Commission ("SDHC") and its Operating Entities, as listed on page 13, and collectively shall be referred to as the "Corporation". While the Corporation has substantially the same governing body as SDHC, the Corporation is managed differently than SDHC and operationally the Corporation has its own procurement practices, its own legal counsel and its own separate accounting system in place. In addition, SDHC is not legally entitled to the Corporation's resources, nor is SDHC legally obligated to financially support the Corporation. The management of SDHC has oversight responsibility for the component unit; therefore, the accounts of HDP have been included within the scope of the basic financial statements of SDHC.

HDP was organized for the purpose to provide low and moderate income seniors, families, veterans, workers and special needs persons with affordable housing by acquiring or developing publicly financed low- and moderate-income housing and renting such housing to these persons and facilities and services related to housing.

The Corporation shares staff and Board of Directors with SDHC. The Corporation's by-laws state that two of the Corporation's board members are also SDHC board members and a third Corporation board member is the Chief Executive Officer of SDHC. Therefore, SDHC can exercise considerable influence over the Corporation.

HDP oversees the management of over 1,700 rental units throughout the City of San Diego including Dawson Avenue Senior Apartments, LP, Island Palms Apartments, LP and Studio 15 Housing Partners, LLC.

The Corporation receives significant funding from federal, state and local government subsidies in various forms, including low-income housing tax credits, low-interest rate loans, grants, and rent subsidies for qualifying very-low, low- and moderate-income tenants.

Note 2 - Significant accounting policies

Basis of presentation

The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), which require the Corporation to report information regarding its financial position and activities according to the following net assets classifications:

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the board of directors.
- *Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2023 and 2022

Principles of consolidation

The accompanying consolidated financial statements of the Corporation include the accounts of HDP, and the Operating Entities listed below. These entities are included in the consolidation in accordance with GAAP, which require consolidation of all such entities which are deemed to be controlled by the Corporation. All material intercompany transactions have been eliminated in consolidation:

| Operating Entity | Beneficial owner | Ownership % |
|---|---------------------------------------|-------------|
| Casa Colina, LP ("Casa Colina") | HDP | 0.01% |
| Casa Colina | HDP Casa Colina Management, LLC | 99.99% |
| HDP Mason Housing Corporation ("HDP Mason") | HDP | N/A |
| Logan Development Management LLC | HDP | 79.00% |
| Logan Development II, LP ("Logan") | Logan Development Management LLC | 0.01% |
| HDP Parker Kier, LLC | HDP | 100.00% |
| HDP Churchill, LLC | HDP | 100.00% |
| HDP Churchill, LP | HDP | 99.99% |
| HDP Broadway LP ("Broadway") | HDP Broadway Management, LLC | 0.01% |
| HDP Broadway Management, LLC | HDP | 79.00% |
| HDP Island Village, LLC | HDP | 100.00% |
| HDP Town & Country, LLC | HDP | 100.00% |
| HDP Town & Country LP ("Town & Country") | HDP Town & Country, LLC | 0.01% |
| HDP New Palace Management, LLC | HDP | 79.00% |
| HDP New Palace, LP ("New Palace") | HDP New Palace Management, LLC | 0.01% |
| HDP Village North, LLC ("Village North") | HDP | 100.00% |
| HDP Quality Inn, LLC | HDP | 100.00% |
| HDP West Park, LP ("West Park") | HDP West Park Management, LLC | 0.009% |
| HDP West Park Management, LLC | HDP | 79.00% |
| HDP Mariner's Village Management, LLC | HDP | 79.00% |
| HDP Mariner's Village LP ("Mariner's") | HDP Mariner's Village Management, LLC | 0.01% |
| HDP Casa Colina Management, LLC | HDP | 100.00% |
| HDP ADU, LLC | HDP | 100.00% |

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in these consolidated financial statements and the disclosures in the accompanying notes. Actual results could differ from those estimates. Estimates of future operations were made by management in the calculation of the amount of development fee revenue recognized under GAAP.

Cash and cash equivalents

The Corporation considers all highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Restricted deposits and funded reserves

Restricted reserves and deposits primarily consist of operating and replacement reserves and property tax and insurance escrows. Such reserves are required by various financing authorities, lenders or stipulations in the applicable partnership or operating agreements.

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Notes to Consolidated Financial Statements December 31, 2023 and 2022

Account receivables and allowance for credit losses

The Corporation recognizes an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the balance sheet date. Such allowance is based on the credit losses expected to arise over the life of the asset (contractual term) which includes consideration of prepayments and based on the Corporation's expectations as of the balance sheet date. Assets are written off when the Corporation determined that such financial assets are deemed uncollectible or based on regulatory requirements, whichever is earlier. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the balance sheet date.

Notes receivable

Notes receivable are reported net of credit losses for uncollectible amounts. Management's estimate of the credit losses is based on historical collection experience and a review of the current status of notes receivable. As of December 31, 2023 and 2022, there is no allowance for credit losses. All related party notes receivable have been eliminated in consolidation.

Due from affiliates

The advances due from affiliates are reported net of an allowance for credit losses. As of December 31, 2023 and 2022, there is no allowance for credit losses. All amounts due from affiliates have been eliminated in consolidation.

Investments in partnerships

Investments in partnerships include the co-general partner interest of the Corporation in certain tax credit partnerships which are not controlled by the Corporation. The Corporation accounts for its investments in such limited partnerships ("Investees") in accordance with the equity method of accounting, under which the investment is carried at cost and is adjusted for the Corporation's share of the Investees' results of operations and by cash distributions received. The Corporation regularly assess the carrying value of its investments in partnerships. If the carrying value exceeds the estimated value derived by management, the Corporation would reduce its investments by the amount by which the carrying amounts exceed the assessed value. During the years ended December 31, 2023 and 2022, the Corporation did not make any such adjustments.

Property, equipment and improvements

Property, equipment and improvements are recorded at cost. Expenditures for maintenance and repairs are expensed as incurred, while major renewals and betterments are capitalized. Costs of properties constructed or rehabilitated include all direct costs of construction, as well as carrying costs during the construction period and indirect costs of construction, supervision and management. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 5 to 40 years.

It is the Corporation's policy to capitalize expenditures for property, equipment and improvements exceeding \$2,000.

Predevelopment costs

The Corporation incurs costs in connection with properties it is considering for development as well as costs associated with projects in the initial stages of development. These costs include such items as market studies, purchase options, environmental study costs, legal and accounting costs. Predevelopment costs are capitalized until such time as the project is no longer considered

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Notes to Consolidated Financial Statements December 31, 2023 and 2022

desirable or feasible, at which time the costs are expensed. Predevelopment costs related to projects that are ultimately developed are subsequently recorded as receivables to be repaid by the applicable projects. During the years ended December 31, 2023 and 2022, \$0 of predevelopment costs were expensed and included in miscellaneous administrative expense on the consolidated statements of activities.

Impairment of long-lived assets

The Corporation reviews its property, equipment and improvements for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment losses have been recognized during the years ended December 31, 2023 and 2022.

Tax credit fees

Costs related to obtaining low-income housing tax credits are being amortized using the straight-line method over the mandatory 15-year compliance period.

Estimated annual amortization for each of the next five years following December 31, 2023 is \$20,244 for 2024, \$19,575 for 2025, \$12,256 for 2026-2028.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Noncontrolling interest in limited partnerships

The noncontrolling interest in the consolidated statements of financial position represent the aggregate balance of limited partners' equity interest in the affiliate limited partnerships that are included in the consolidated financial statements.

Deferred grant revenue

Government grants related to the acquisition of assets are recognized initially as deferred grant revenue when there is reasonable assurance that the Corporation will comply with the conditions associated with the grants. Grant revenue is recognized in the consolidated statements of activities on a systematic basis over the useful life of the related asset. Deferred grant revenue totaled \$11,186,736 and \$11,524,133 as of December 31, 2023 and 2022, respectively.

Revenue recognition

Revenue primarily consist of rental income, development fees, grants, interest income, management fees and share of income from partnerships.

Development fees and management fees are accounted for as contracts with customers. Under the guidance for contracts with customers, an entity is required to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an entity may include variable considerations only to the extent that it is probable

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Notes to Consolidated Financial Statements December 31, 2023 and 2022

that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved.

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Operating Entities and the tenants of the projects are operating leases.

Portions of the rental income are in the form of subsidy payments from the U.S. Department of Housing and Urban Development ("HUD") under Section 8 of the National Housing Act and a Project Rental Assistance Contract. Tenants are subsidized based upon their level of income. Rent increases require HUD approval.

The Corporation recognizes grants when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

Laundry and cable income received in advance are deferred until earned.

Property management fee income is earned monthly based on the management agreement. Fees earned for consolidated entities are eliminated in the consolidation.

Development fees

Development fees earned are paid from the project's equity and debt proceeds at the completion of the construction of the project. These fees are recognized over the development period beginning when the project is assured of being constructed, as evidenced by the admission of an equity partner, as units are delivered or based on the external construction costs incurred as a percentage of the total external construction costs expected, and concluding with the application for final allocation of tax credits. Any portion of the development fee not expected to be paid using contributions from the equity partner, such as out of cash flow from operations represents variable consideration.

The Corporation estimates whether it will be entitled to variable consideration under the terms of the development agreement and includes its estimate of variable consideration in the total development fee amount when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur in accordance with the accounting guidance in *ASC Topic 606, Revenue from Contracts with Customers*, on constraining estimates of variable consideration, which typically includes the following factors:

- The susceptibility of the consideration amount to factors outside the project's influence, including insufficient equity and debt proceeds at the completion of the construction of the project.
- Whether the uncertainty about the consideration amount is not expected to be resolved for a long period of time.
- The Corporation's experience with similar types of agreements.
- Whether the Corporation expects to offer changes to payment terms.
- The range of possible consideration amounts.

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The cumulative amount of development fees earned over the development agreement is updated at each reporting period based on the project's estimate of the variable consideration using available information at the reporting date. Any difference between the gross amount of the project's developer fee payable and the estimate of variable consideration to which the developer expects to be entitled is eliminated in consolidation. There are no contract receivables as of December 31, 2023 and 2022.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Program services include all expenses relating to development, management of properties, and resident services. Supporting services consist of management and general expenses. All expenses are directly attributable to a specific function.

Income taxes

HDP and HDP Mason have applied for and received a determination letter from the Internal Revenue Service ("IRS") to be treated as a tax-exempt entity pursuant to Section 501 (c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. HDP and HDP Mason did not have any unrelated business income for the years ended December 31, 2023 and 2022. Due to their tax-exempt status, these entities are not subject to income taxes. These entities are required to file tax returns with the IRS and other taxing authorities. Management believes that HDP and HDP Mason have appropriate support for any tax position taken affecting their annual filing requirements, and as such do not have any uncertain tax positions that are material to the consolidated financial statements. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and these entities have no other tax positions which must be considered for disclosure.

Three limited liability companies (HDP Churchill, LLC, HDP West Park Management LLC and HDP Mariner's Village Management LLC) have elected to be treated as taxable C-corporations and uses the cash basis of accounting, for accounting for income taxes, as allowed under the Internal Revenue Code. These entities have no other assets or liabilities beyond their general partner interest in the related operating entity. As of December 31, 2023 and 2022, the entities have no deferred tax assets or liabilities and no valuation allowance was considered necessary.

The remaining Operating Entities are pass-through entities for income tax purposes and are not subject to income taxes. All items of taxable income, deductions and tax credits are passed through to and are reported by their owners on their respective income tax returns. The Operating Entities' federal tax status as pass-through entities is based on their legal status as a partnership or LLC. The Operating Entities are required to file tax returns with the Internal Revenue Service ("IRS") and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and the entities have no other tax positions which must be considered for disclosure.

Tax returns filed by the entities are subject to examination by the IRS for a period of three years. While no tax returns are currently being examined by the IRS, tax years since 2020 remain open for examination.

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Notes to Consolidated Financial Statements December 31, 2023 and 2022

Leases

The Corporation recognizes a lease asset and a lease liability at the lease commencement date. The lease asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using a risk free rate.

Total lease costs on an undiscounted basis are recognized as rent expense over the term of the lease on a straight-line basis. Annual rent expense comprises amortization of the lease asset plus interest on the lease liability adjusted for any variations in lease payment amounts. The Corporation includes its right-of-use asset in other assets in its statement of financial position.

Residential rental income

Residential rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Corporation and the tenants of the properties are operating leases.

Commercial rental income

Commercial income is recognized on a straight-line basis under which contractual rent increases are recognized equally over the lease term. Rental income recorded on the straight-line method in excess of the rents billed is recognized as deferred rent receivable. The Corporation begins recognizing rental revenue when the tenant has the right to take possession of or controls the physical use of the property under lease. The Corporation includes a renewal period in the lease term only if it appears at lease inception that the renewal is reasonably certain. If the collectability of future lease payments from non-residential tenants is not probable, the Corporation recognizes revenue at the lesser of (a) straight-line lease income, plus variable lease payments, or (b) lease payments, including variable lease payments collected. All leases between the Corporation and the commercial tenants of the property are operating leases.

Advertising

Advertising costs are expensed as incurred.

Syndication costs

Syndication costs are recorded as a direct reduction to noncontrolling interest when incurred.

New accounting pronouncements

As of January 1, 2023, the Corporation adopted Accounting Standards Update No. 2016-13, Measurement of Credit Losses on Financial Instruments, and its related amendments using the prospective method ("ASC 326"). The new standard changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments, including trade receivables and loans receivable, from an incurred loss model to an expected loss model and adds certain new required disclosures. Under the expected loss model, the Corporation will recognize credit losses to be incurred over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable the loss has been incurred. In accordance with ASC 326, the Corporation evaluates certain criteria, including aging and historical write-offs, current economic condition of specific customers and future economic conditions to determine the appropriate allowance for credit losses. The adoption of the standard did not have a material impact on the financial statements.

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Notes to Consolidated Financial Statements December 31, 2023 and 2022

Note 3 - Restricted deposits and funded reserves

In accordance with the terms of loan agreements, regulatory agreements and partnership agreements, deposits are made into replacement reserve accounts, operating reserve accounts, tax and insurance escrow accounts and other accounts as required by the applicable agreements. Withdrawals from these accounts may require approval from designated parties.

Note 4 - Investment in partnerships

HDP consolidates its ownership interest in certain limited partnerships (see Note 1). As of December 31, 2023 and 2022, the net investment deficit in limited partnership and limited liability companies was \$3,889,708 and \$3,423,421, respectively, which was eliminated in consolidation for the years ended December 31, 2023 and 2022.

The following is condensed financial information as of December 31, 2023 and 2022 for those entities which are recorded on the equity method included in investment in partnerships in the consolidated financial statements.

Investment in partnerships consist of the following at December 31, 2023:

| Partnership name | Ownership interest | Total assets | Total liabilities | Partners' equity | Partnership investment |
|-------------------------------------|--------------------|---------------|-------------------|------------------|------------------------|
| Dawson Avenue Senior Apartments, LP | 0.01% | \$ 11,327,659 | \$ 9,684,831 | \$ 1,642,828 | \$ 81,631 |
| East Village West LP | 0.04% | 15,143,624 | 22,965,374 | (7,821,750) | (853) |
| Studio 15 Housing Partners, L.P. | 0.01% | 21,648,997 | 32,236,693 | (10,587,696) | (2,407) |
| | | | | | <u>\$ 78,371</u> |

Investment in partnerships consist of the following at December 31, 2022:

| Partnership name | Ownership interest | Total assets | Total liabilities | Partners' equity | Partnership investment |
|-------------------------------------|--------------------|---------------|-------------------|------------------|------------------------|
| Dawson Avenue Senior Apartments, LP | 0.01% | \$ 12,024,237 | \$ 9,689,688 | \$ 2,334,549 | \$ 76,136 |
| East Village West LP | 0.04% | 14,979,170 | 23,345,180 | (8,366,010) | (1,644) |
| Studio 15 Housing Partners, L.P. | 0.01% | 22,891,403 | 31,915,259 | (9,023,856) | (2,252) |
| | | | | | <u>\$ 72,240</u> |

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Note 5 - Property, equipment and improvements, net

Property, equipment and improvements consists of the following as of December 31, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|--------------------------|-----------------------|-----------------------|
| Land | \$ 4,476,568 | \$ 4,476,568 |
| Buildings | 143,047,255 | 142,955,733 |
| Site improvements | 7,200,650 | 7,108,089 |
| Furniture and equipment | 8,716,804 | 8,634,420 |
| Construction in progress | <u>208,465</u> | <u>232,059</u> |
| Subtotal | 163,649,742 | 163,406,869 |
| Accumulated depreciation | <u>(34,668,780)</u> | <u>(29,325,616)</u> |
| Total | <u>\$ 128,980,962</u> | <u>\$ 134,081,253</u> |

Depreciation expense totaled \$5,343,164 and \$5,392,616 for the years ended December 31, 2023 and 2022, respectively.

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Note 6 - Mortgages and notes payable

| Type of obligations | Interest Rate | Maturity Date | Balance 12/31/2023 | Balance 12/31/2022 | Due Within One Year |
|---|---------------|---------------|-----------------------|-----------------------|------------------------|
| HDP Mason Housing Corporation: | | | | | |
| San Diego Housing Commission | 3.00% | 2068 | \$ 2,365,283 | \$ 2,365,283 | \$ - |
| Civic San Diego | 3.00% | 2066 | 1,318,964 | 1,318,964 | - |
| California Housing Finance Agency | 3.00% | 2066 | 1,180,727 | 1,180,727 | - |
| San Diego Housing Commission | 3.00% | 2057 | 68,858 | 68,858 | - |
| Less: Unamortized debt issuance costs | | | (14,335) | (14,668) | - |
| Casa Colina, LP: | | | | | |
| Red Mortgage Capital, Inc. | 5.68% | 2039 | 2,316,724 | 2,410,443 | 99,183 |
| San Diego Housing Commission | 3.00% | 2059 | 972,616 | 1,059,638 | - |
| Less: Unamortized debt issuance costs | | | (198,198) | (211,267) | - |
| Logan Development II, LP: | | | | | |
| Housing Authority of the City of San Diego/serviced by JP | 5.58% | 2032 | 2,757,019 | 2,828,430 | 75,115 |
| San Diego Housing Commission | 6.00% | 2050 | 1,400,000 | 1,400,000 | - |
| Civic San Diego | 3.00% | 2050 | 150,000 | 150,000 | - |
| Less: Unamortized debt issuance costs | | | (101,427) | (106,509) | - |
| HDP Broadway, LP: | | | | | |
| Housing Authority of the City of San Diego/serviced by | 4.49% | 2044 | 15,494,357 | 15,802,097 | 321,845 |
| Less: Unamortized debt issuance costs | | | (229,983) | (240,935) | - |
| HDP Churchill, LP: | | | | | |
| San Diego Housing Commission | 3.00% | 2071 | 3,800,000 | 3,800,000 | - |
| Civic San Diego | 3.00% | 2070 | 3,000,000 | 3,000,000 | - |
| California Housing Finance Agency | 3.00% | 2070 | 1,800,000 | 1,800,000 | - |
| San Diego Housing Commission | 3.00% | 2071 | 2,022,624 | 2,155,500 | - |
| Less: Unamortized debt issuance costs | | | (51,698) | (52,785) | - |
| HDP New Palace, LP: | | | | | |
| Housing Authority of the City of San Diego/ serviced by | | | | | |
| Citibank N.A. - Series B-1 | 4.42% | 2054 | 4,641,032 | 4,710,163 | 72,249 |
| San Diego Housing Commission | 4.00% | 2073 | 3,100,000 | 3,100,000 | - |
| California Housing Finance Agency | 3.00% | 2072 | 2,240,000 | 2,240,000 | - |
| City of San Diego | 3.00% | 2072 | 1,943,177 | 1,943,177 | - |
| Less: Unamortized debt issuance costs | | | (495,309) | (514,298) | - |
| HDP Town & Country, LP: | | | | | |
| Housing Authority of the City of San Diego/ serviced by | | | | | |
| Citibank N.A. - Series E-1 | 4.54% | 2034 | 14,672,910 | 14,891,916 | 229,159 |
| Less: Unamortized debt issuance costs | | | (561,781) | (582,980) | - |
| HDP Village North, LLC: | | | | | |
| Red Mortgage Capital, LLC | 4.54% | 2033 | 8,417,510 | 8,546,332 | 133,783 |
| Less: Unamortized debt issuance costs | | | (123,655) | (128,811) | - |
| HDP Quality Inn, LLC: | | | | | |
| Citibank, N.A. | 4.14% | 2035 | 4,699,913 | 4,789,004 | 92,346 |
| San Diego Housing Commission | 4.00% | 2075 | 5,240,000 | 5,240,000 | - |
| California Housing Finance Agency | 3.00% | 2074 | 2,704,500 | 2,704,500 | - |
| Less: Unamortized debt issuance costs | | | (267,492) | (279,589) | - |
| HDP West Park LP: | | | | | |
| Housing Authority of the City of San Diego/ serviced by | | | | | |
| Banner Bank | 4.48% | 2039 | 1,403,783 | 1,423,396 | 19,685 |
| San Diego Housing Commission | 4.00% | 2075 | 3,593,274 | 3,593,274 | - |
| Less: Unamortized debt issuance costs | | | (317,679) | (338,509) | - |
| HDP Mariner's Village, LP: | | | | | |
| Housing Authority of the City of San Diego/ serviced by | | | | | |
| Citibank, N.A. | Variable | 2052 | 19,226,904 | 19,514,901 | 296,518 |
| Less: Unamortized debt issuance costs | | | (399,802) | (420,303) | - |
| | | | <u>\$ 107,768,816</u> | <u>\$ 109,145,949</u> | <u>\$ 1,339,883</u> |

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The annual maturities of long-term debt for each of the next five years and thereafter subsequent to December 31, 2023 are as follows:

| | | |
|---------------------------------------|------------|-----------------------|
| | 2024 | \$ 1,339,883 |
| | 2025 | 1,404,582 |
| | 2026 | 1,468,223 |
| | 2027 | 1,534,825 |
| | 2028 | 1,600,777 |
| | Thereafter | <u>103,181,885</u> |
| Total mortgages and notes payable | | 110,530,175 |
| Less: unamortized debt issuance costs | | <u>(2,761,359)</u> |
| Total mortgages and notes payable | | <u>\$ 107,768,816</u> |

The liability of the Corporation under the mortgages and notes is limited to the underlying value of the real estate collateral plus other amounts deposited with the lenders.

Note 7 - Leases

Ground lease

Ground leases consist of the following at December 31, 2023:

| Entity | Lease commencement | Term | Ground lease expense | Other assets | Related party payables |
|---|--------------------|----------|----------------------|---------------------|------------------------|
| Casa Colina, LP | 2004 | 65 years | \$ 36,997 | \$ 613,268 | \$ 135,969 |
| HDP Parker Kier, LLC | 2013 | 10 years | 37,915 | - | 37,915 |
| HDP Broadway, LP | 2014 | 65 years | 275,999 | 2,428,184 | 251,042 |
| HDP Churchill, LP | 2015 | 65 years | 78,435 | - | 78,435 |
| HDP West Park, LP | 2019 | 57 years | 1 | - | 1 |
| HDP Village North, LLC | 2017 | 65 years | 85,038 | - | 85,038 |
| HDP Quality Inn, LLC | 2017 | 65 years | 80,184 | - | 80,184 |
| HDP Mariner's Village, LP | 2020 | 65 years | 302,749 | - | 302,749 |
| Housing Development Partners of San Diego | 2017 | 65 years | <u>32,297</u> | <u>-</u> | <u>32,300</u> |
| | | | <u>\$ 929,615</u> | <u>\$ 3,041,452</u> | <u>\$ 1,003,633</u> |

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Ground leases consist of the following at December 31, 2022:

| Entity | Lease commencement | Term | Ground lease expense | Other assets | Related party payables |
|---|--------------------|----------|----------------------|---------------------|------------------------|
| Casa Colina, LP | 2004 | 65 years | \$ 34,845 | \$ 631,576 | \$ 137,618 |
| HDP Parker Kier, LLC | 2013 | 10 years | 26,821 | - | 26,821 |
| HDP Broadway, LP | 2014 | 65 years | 271,721 | 2,516,482 | 246,367 |
| HDP Churchill, LP | 2015 | 65 years | 59,681 | - | 59,681 |
| HDP West Park, LP | 2019 | 57 years | 1 | - | 1 |
| HDP Village North, LLC | 2017 | 65 years | 73,659 | - | 73,659 |
| HDP Quality Inn, LLC | 2017 | 65 years | 60,448 | - | 60,448 |
| HDP Mariner's Village, LP | 2020 | 65 years | 273,942 | - | 273,942 |
| Housing Development Partners of San Diego | 2017 | 65 years | 25,008 | - | 25,008 |
| | | | <u>\$ 826,126</u> | <u>\$ 3,148,058</u> | <u>\$ 903,545</u> |

Ground lease payable is included in related party payables on the statements of financial position.

Related party transactions consist of staff charges payable to SDHC and Partners' fees for New Palace, Logan, Broadway, Town & Country, West Park, and Mariner's. Related party balances between the consolidated entities have been eliminated in consolidation. Related party transactions are noninterest-bearing and due upon demand. Related party payables after such eliminations totaled \$1,353,891 and \$1,125,654, as of December 31, 2023 and 2022, respectively.

Commercial lease

Commercial leases consist of the following at December 31, 2023:

| Entity | Commercial Tenant | Lease commencement | Term | Rental income |
|-------------------------------|-------------------------------|--------------------|------|-------------------|
| HDP Broadway, LP | Community Research Foundation | 8/1/2013 | 16 | \$ 83,075 |
| HDP Mason Housing Corporation | San Diego Housing Commission | 5/1/2019 | 5 | 30,600 |
| | | | | <u>\$ 113,675</u> |

Minimum lease payments for the next five years following December 31, 2023 are as follows:

| | Community Research Foundation |
|------------|-------------------------------------|
| 2024 | \$ 83,075 |
| 2025 | 83,075 |
| 2026 | 83,075 |
| 2027 | 83,075 |
| 2028 | 83,075 |
| Thereafter | <u>55,383</u> |
| Total | <u>\$ 470,758</u> |

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Notes to Consolidated Financial Statements December 31, 2023 and 2022

Note 8 - Statements of cash flows

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts in the statements of cash flows.

| | 2023 | 2022 |
|--|----------------------|----------------------|
| Cash and cash equivalents | \$ 27,783,839 | \$ 21,930,614 |
| Tenant security deposits | 758,194 | 690,793 |
| Restricted reserves | 7,050,194 | 7,315,413 |
| Escrow deposits | 240,122 | 448,444 |
| | <u>35,832,349</u> | <u>30,385,264</u> |
| Total cash, cash equivalents and restricted cash shown in the statements of cash flows | <u>\$ 35,832,349</u> | <u>\$ 30,385,264</u> |

Amounts included in restricted cash are comprised of security deposits held in trust for the future benefit of tenants upon moving out of the projects and reserves as required by regulatory authorities and the partnership/operating agreements.

Note 9 - Net assets

As of December 31, 2023, the Corporation's net assets totaled \$40,303,991, of which \$46,376,576 is attributable to the noncontrolling interest in the tax credit partnerships and management LLC's. This represents the aggregate balance of limited partners' equity interest in the affiliate limited partnerships and nonmanaging members' equity interest in the affiliate LLC's.

Note 10 - Guaranties

In its role as general partner of the various partnerships, HDP is liable for recourse liabilities. These partnerships have been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42. In connection with their general partnership interests, certain guarantees have been made to the partnerships, including the following:

Development deficit and repurchase guarantees

The Corporation is obligated to pay any development cost deficits or, at the option of the investor limited partner, to purchase the interest of the investor limited partner if the project is not completed or if permanent financing has not been obtained by specific dates. This obligation typically terminates upon funding of permanent project financing. As of December 31, 2023 and 2022, no amounts were due under this guaranty.

Construction loan repayment and completion guarantees

The Corporation has provided repayment guarantees for construction loans as well as unlimited construction completion guarantees in favor of certain lenders for the development and lease-up of the project, should the project not receive expected permanent financing, or should the cost of the development exceed permanent financing received. There are no significant delays or cost overruns in current development projects. As of December 31, 2023 and 2022, no amounts were due under this guaranty.

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2023 and 2022

Operating deficit guaranty

The Corporation is obligated to make noninterest-bearing loans to cover operating cash shortfalls which are repayable through available cash flow if the projects operating reserves were depleted. The guarantees are on a per project basis for various lengths of time, as defined in the limited partnership agreements. As of December 31, 2023 and 2022, no amounts were due under this guaranty.

The following are the projects which are under the operating deficit guaranty and the maximum amount of the guaranty as of December 31, 2023:

| | <u>Amount</u> | <u>Expiration</u> |
|----------------------------------|---------------------|-------------------|
| HDP New Palace, LP | \$ 600,000 | 2025 |
| HDP Town & Country, LP | 1,000,000 | 2024 |
| HDP West Park, LP | 207,592 | 2025 |
| HDP Mariner's Village, LP | <u>1,000,000</u> | 2026 |
| Total operating deficit guaranty | <u>\$ 2,807,592</u> | |

Recapture guaranty

In the event of a recapture of tax credits previously received by the investor limited partners/members, the Corporation shall be obligated to reimburse the investor limited partner or investment member for any recaptured credits plus any associated penalties, interest or additional taxes due. The Corporation shall not be liable for a recapture event caused by a change in law or actions of the investor or special limited partner. As of December 31, 2023 and 2022, no amounts were due under this guaranty.

Note 11 - Concentration of credit risk

The Corporation maintains cash with various financial institutions. All reserves are held in the Corporations' name. At times, these balances may exceed the federal insurance limits; however, the Corporation has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at December 31, 2023.

Note 12 - Availability and liquidity

The following represents the Corporation's financial assets at December 31, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Cash and cash equivalents | \$ 27,783,839 | \$ 21,930,614 |
| Receivables | <u>377,190</u> | <u>560,633</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 28,161,029</u> | <u>\$ 22,491,247</u> |

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2023 and 2022

The Corporation's financial assets are intended to be sufficient to meet its general expenditures, liabilities and other obligations as they become due. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit, or used as part of income generating programs.

Note 13 - Commitments and contingencies

Rental assistance contracts

Nine of the properties owned by the Corporation have entered into rental assistance contracts with HUD or SDHC. The contracts have various terms and require the affiliate projects to operate as a low-income housing property and to obtain approval of all rent increases from HUD or SDHC.

Low-income housing tax credits

The low-income housing tax credits received by the Corporation are contingent on their ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the limited partner.

Litigation

The Corporation is subject to lawsuits and claims, which arise out of the normal course of its activities. In the opinion of management, based upon the opinions of legal counsel, the disposition of any and all such actions, of which it is aware, will not have a material effect on the financial position of the Corporation.

Economic concentrations

The Corporation owns, operates and invests in rental property located in San Diego, California whose operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

Note 14 - Subsequent events

Events that occur after the statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date, require disclosure in the accompanying notes. Management evaluated all activity of the Corporation through July 19, 2024, the date the consolidated financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to consolidated financial statements.

Supplementary Information

Housing Development Partners of San Diego

Consolidating Statement of Financial Position
December 31, 2023

| | Housing Development Partners of San Diego | HDP Mason Housing Corporation | HDP New Palace, LP | Logan Dev II, LP | Casa Colina, LP | HDP Churchill, LP | HDP Parker Kier, LLC | HDP Broadway, LP |
|---|--|-------------------------------------|-----------------------|---------------------|---------------------|----------------------|-------------------------|----------------------|
| <u>Assets</u> | | | | | | | | |
| Current assets | | | | | | | | |
| Cash and cash equivalents | \$ 12,872,740 | \$ 201,961 | \$ 854,723 | \$ 82,610 | \$ 292,020 | \$ 1,040,075 | \$ 465,606 | \$ 1,374,507 |
| Restricted deposits and funded reserves | | | | | | | | |
| Restricted reserves | - | - | - | - | - | - | - | - |
| Tenant security deposits | - | 15,300 | 67,742 | 33,530 | 24,190 | 77,926 | 41,744 | 50,606 |
| Accounts receivable | 97,551 | 2,376 | 18,088 | 31,452 | 30,523 | 18,844 | 3,145 | 19,820 |
| Deposits | - | - | - | - | - | - | - | - |
| Prepaid expenses | 1 | 6,940 | 28,441 | 28,923 | 36,195 | 21,273 | 9,998 | 88,741 |
| Related party advances | 354,814 | - | - | - | - | - | - | - |
| Total current assets | 13,325,106 | 226,577 | 968,994 | 176,515 | 382,928 | 1,158,118 | 520,493 | 1,533,674 |
| Noncurrent assets | | | | | | | | |
| Restricted deposits and funded reserves | | | | | | | | |
| Restricted reserves | - | 85,306 | 439,132 | 383,526 | 406,649 | 478,735 | 49,715 | 1,775,157 |
| Escrow deposits | 1 | - | 9,623 | 61,242 | 23,691 | - | - | 18,881 |
| Tax credit fees, net | - | - | 25,153 | - | - | - | - | 15,307 |
| Deposits | - | 2,000 | 13,710 | 6,000 | - | 6,000 | 3,000 | - |
| Developer fees receivable | 12,457,943 | - | - | - | - | - | - | - |
| Interest receivable | 1,756,089 | - | - | - | - | - | - | - |
| Investment in partnerships | - | - | - | - | - | - | - | - |
| Notes receivable | 13,586,700 | - | - | - | - | - | - | - |
| Prepaid ground leases, less current portion | - | - | - | - | - | - | - | - |
| Property and equipment, net | 12,683 | 4,339,337 | 15,225,951 | 6,115,626 | 2,947,494 | 15,708,706 | 36,201 | 24,378,970 |
| Other assets | 3 | - | - | - | 613,268 | - | - | 2,472,333 |
| Total noncurrent assets | 27,813,419 | 4,426,643 | 15,713,569 | 6,566,394 | 3,991,102 | 16,193,441 | 88,916 | 28,660,648 |
| Total assets | \$ 41,138,525 | \$ 4,653,220 | \$ 16,682,563 | \$ 6,742,909 | \$ 4,374,030 | \$ 17,351,559 | \$ 609,409 | \$ 30,194,322 |

Housing Development Partners of San Diego

Consolidating Statement of Financial Position
December 31, 2023

| | HDP Town & Country, LP | HDP West Park LP | HDP Village North, LLC | HDP Quality Inn, LLC | HDP Mariner's Village, LP | HDP ADU, LLC | Other Consolidated Companies | Elimination | Consolidated Total |
|---|------------------------|----------------------|------------------------|----------------------|---------------------------|---------------------|------------------------------|------------------------|-----------------------|
| Assets | | | | | | | | | |
| Current assets | | | | | | | | | |
| Cash and cash equivalents | \$ 254,742 | \$ 161,203 | \$ 2,154,264 | \$ 3,252,027 | \$ 4,567,559 | \$ 60,068 | \$ 149,734 | \$ - | \$ 27,783,839 |
| Restricted deposits and funded reserves | | | | | | | | | |
| Restricted reserves | 12,272 | - | 46,382 | - | - | - | - | - | 58,654 |
| Tenant security deposits | 129,107 | 30,618 | 94,260 | 58,845 | 125,369 | 8,957 | - | - | 758,194 |
| Accounts receivable | 22,516 | 10,239 | 833 | 49,627 | 20,602 | 70,465 | 89,122 | (108,013) | 377,190 |
| Deposits | - | - | - | 15,287 | - | - | - | - | 15,287 |
| Prepaid expenses | 63,030 | 13,207 | 33,376 | 23,559 | 84,302 | 7,411 | - | - | 445,397 |
| Related party advances | - | - | - | - | - | - | - | (354,814) | - |
| Total current assets | 481,667 | 215,267 | 2,329,115 | 3,399,345 | 4,797,832 | 146,901 | 238,856 | (462,827) | 29,438,561 |
| Noncurrent assets | | | | | | | | | |
| Restricted deposits and funded reserves | | | | | | | | | |
| Restricted reserves | 609,027 | 274,726 | 771,290 | 462,110 | 1,178,235 | 77,932 | - | - | 6,991,540 |
| Escrow deposits | 34,724 | 1,860 | 30,423 | 5,831 | 53,846 | - | - | - | 240,122 |
| Tax credit fees, net | 54,366 | 20,657 | - | - | 81,596 | - | - | - | 197,079 |
| Deposits | 13,500 | - | 11,479 | - | - | - | - | - | 55,689 |
| Developer fees receivable | - | - | - | - | - | - | - | (12,457,943) | - |
| Interest receivable | - | - | - | - | - | - | - | (1,756,089) | - |
| Investment in partnerships | - | - | - | - | - | - | 165,547 | (87,176) | 78,371 |
| Notes receivable | - | - | - | - | - | - | - | (13,586,700) | - |
| Prepaid ground leases, less current portion | - | - | - | - | - | - | - | - | - |
| Property and equipment, net | 25,011,557 | 11,381,757 | 5,396,594 | 9,257,199 | 38,378,666 | 2,155,280 | - | (31,365,059) | 128,980,962 |
| Other assets | - | - | - | - | - | - | - | (4) | 3,085,600 |
| Total noncurrent assets | 25,723,174 | 11,679,000 | 6,209,786 | 9,725,140 | 39,692,343 | 2,233,212 | 165,547 | (59,252,971) | 139,629,363 |
| Total assets | \$ 26,204,841 | \$ 11,894,267 | \$ 8,538,901 | \$ 13,124,485 | \$ 44,490,175 | \$ 2,380,113 | \$ 404,403 | \$ (59,715,798) | \$ 169,067,924 |

Housing Development Partners of San Diego

Consolidating Statement of Financial Position
December 31, 2023

| | Housing Development Partners of San Diego | HDP Mason Housing Corporation | HDP New Palace, LP | Logan Dev II, LP | Casa Colina, LP | HDP Churchill, LP | HDP Parker Kier, LLC | HDP Broadway, LP |
|---|--|-------------------------------------|-----------------------|---------------------|---------------------|----------------------|-------------------------|----------------------|
| <u>Liabilities and Net Assets</u> | | | | | | | | |
| Current liabilities | | | | | | | | |
| Accounts payable and accrued expenses | \$ 72,296 | \$ 25,047 | \$ 144,336 | \$ 41,452 | \$ 30,683 | \$ 112,131 | \$ 21,337 | \$ 89,872 |
| Accrued interest payable | - | - | 17,094 | 13,247 | 10,966 | - | - | 57,975 |
| Mortgages and notes payable, current | 1 | - | 72,249 | 75,115 | 99,183 | - | - | 321,845 |
| Prepaid revenue | - | 3 | 407 | 886 | 521 | 1,634 | 96 | 9,484 |
| Related party payables, current | 344,426 | - | 14,491 | 25,075 | 19,775 | 90,734 | 47,915 | 252,523 |
| Tenant security deposits liability | - | 14,403 | 65,989 | 33,030 | 22,539 | 70,500 | 38,605 | 48,920 |
| Total current liabilities | <u>416,723</u> | <u>39,453</u> | <u>314,566</u> | <u>188,805</u> | <u>183,667</u> | <u>274,999</u> | <u>107,953</u> | <u>780,619</u> |
| Noncurrent liabilities | | | | | | | | |
| Accrued interest payable | - | 1,745,845 | 765,789 | 1,598,029 | 39,196 | 1,118,010 | - | 156,886 |
| Deferred grant revenue | 1 | - | - | - | - | 7,702,347 | - | - |
| Deferred revenue - subground lease | 5,220,000 | - | - | - | - | - | - | - |
| Investment in partnerships | 3,889,708 | - | - | - | - | - | - | - |
| Mortgages and notes payable, less current portion | - | 4,919,499 | 11,456,651 | 4,130,477 | 3,210,275 | 10,570,926 | - | 21,320,142 |
| Related party payable, less current portion | 10,898,838 | 50,708 | 364,004 | - | 132,585 | - | - | 19,853 |
| Total noncurrent liabilities | <u>20,008,547</u> | <u>6,716,052</u> | <u>12,586,444</u> | <u>5,728,506</u> | <u>3,382,056</u> | <u>19,391,283</u> | <u>-</u> | <u>21,496,881</u> |
| Total liabilities | <u>20,425,270</u> | <u>6,755,505</u> | <u>12,901,010</u> | <u>5,917,311</u> | <u>3,565,723</u> | <u>19,666,282</u> | <u>107,953</u> | <u>22,277,500</u> |
| <u>Net Assets</u> | | | | | | | | |
| With donor restriction | - | - | - | - | - | - | - | - |
| Without donor restriction, controlling | 20,713,255 | (2,102,285) | (699,142) | (133) | 891,175 | (1,160,892) | 501,456 | (436) |
| Without donor restriction, noncontrolling | - | - | 4,480,695 | 825,731 | (82,868) | (1,153,831) | - | 7,917,258 |
| Total net assets | <u>20,713,255</u> | <u>(2,102,285)</u> | <u>3,781,553</u> | <u>825,598</u> | <u>808,307</u> | <u>(2,314,723)</u> | <u>501,456</u> | <u>7,916,822</u> |
| Total liabilities and net assets | <u>\$ 41,138,525</u> | <u>\$ 4,653,220</u> | <u>\$ 16,682,563</u> | <u>\$ 6,742,909</u> | <u>\$ 4,374,030</u> | <u>\$ 17,351,559</u> | <u>\$ 609,409</u> | <u>\$ 30,194,322</u> |

Housing Development Partners of San Diego

Consolidating Statement of Financial Position
December 31, 2023

| | HDP Town & Country, LP | HDP West Park LP | HDP Village North, LLC | HDP Quality Inn, LLC | HDP Mariner's Village, LP | HDP ADU, LLC | Other Consolidated Companies | Elimination | Consolidated Total |
|---|---------------------------|----------------------|---------------------------|-------------------------|------------------------------|---------------------|------------------------------------|------------------------|-----------------------|
| Liabilities and Net Assets | | | | | | | | | |
| Current liabilities | | | | | | | | | |
| Accounts payable and accrued expenses | \$ 49,044 | \$ 43,070 | \$ 55,237 | \$ 87,264 | \$ 152,910 | \$ 5,505 | \$ 11,520 | \$ - | \$ 941,704 |
| Accrued interest payable | - | 5,241 | 32,908 | 16,755 | 58,279 | - | - | - | 212,465 |
| Mortgages and notes payable, current | 229,159 | 19,685 | 133,782 | 92,346 | 296,518 | - | - | - | 1,339,883 |
| Prepaid revenue | 1,755 | 3,110 | 538 | 18,108 | 1,110 | 34 | - | - | 37,686 |
| Related party payables, current | 10,796 | 13,906 | 85,038 | 155,248 | 2,129,453 | - | - | (1,987,927) | 1,201,453 |
| Tenant security deposits liability | 125,486 | 33,741 | 94,259 | 75,844 | 125,367 | 9,556 | - | - | 758,239 |
| Total current liabilities | 416,240 | 118,753 | 401,762 | 445,565 | 2,763,637 | 15,095 | 11,520 | (1,987,927) | 4,491,430 |
| Noncurrent liabilities | | | | | | | | | |
| Accrued interest payable | - | 437,581 | - | 820,094 | - | - | - | (177,034) | 6,504,396 |
| Deferred grant revenue | - | - | 2,004,377 | 342,511 | - | 1,137,500 | - | - | 11,186,736 |
| Deferred revenue - subground lease | - | - | - | - | - | - | - | (5,220,000) | - |
| Investment in partnerships | - | - | - | - | - | - | - | (3,889,708) | - |
| Mortgages and notes payable, less current portion | 13,881,970 | 4,659,693 | 8,160,070 | 12,284,575 | 18,530,584 | - | - | (6,695,929) | 106,428,933 |
| Related party payable, less current portion | 3,852,245 | - | - | - | 6,665,888 | - | - | (21,831,683) | 152,438 |
| Total noncurrent liabilities | 17,734,215 | 5,097,274 | 10,164,447 | 13,447,180 | 25,196,472 | 1,137,500 | - | (37,814,354) | 124,272,503 |
| Total liabilities | 18,150,455 | 5,216,027 | 10,566,209 | 13,892,745 | 27,960,109 | 1,152,595 | 11,520 | (39,802,281) | 128,763,933 |
| Net Assets | | | | | | | | | |
| With donor restriction | - | - | - | - | - | - | - | - | - |
| Without donor restriction, controlling | (2,112,985) | 3,022,066 | (2,027,308) | (768,260) | (4,038,720) | 1,227,518 | 395,630 | (19,913,524) | (6,072,585) |
| Without donor restriction, noncontrolling | 10,167,371 | 3,656,174 | - | - | 20,568,786 | - | (2,747) | 7 | 46,376,576 |
| Total net assets | 8,054,386 | 6,678,240 | (2,027,308) | (768,260) | 16,530,066 | 1,227,518 | 392,883 | (19,913,517) | 40,303,991 |
| Total liabilities and net assets | \$ 26,204,841 | \$ 11,894,267 | \$ 8,538,901 | \$ 13,124,485 | \$ 44,490,175 | \$ 2,380,113 | \$ 404,403 | \$ (59,715,798) | \$ 169,067,924 |

Housing Development Partners of San Diego

Consolidating Statement of Financial Position
December 31, 2022

| | Housing Development Partners of San Diego | HDP Mason Housing Corporation | HDP New Palace, LP | Logan Dev II, LP | Casa Colina, LP | HDP Churchill, LP | HDP Parker Kier, LLC | HDP Broadway, LP |
|---|--|-------------------------------------|-----------------------|---------------------|---------------------|----------------------|-------------------------|----------------------|
| Assets | | | | | | | | |
| Current assets | | | | | | | | |
| Cash and cash equivalents | \$ 10,040,327 | \$ 69,171 | \$ 583,128 | \$ 177,413 | \$ 312,046 | \$ 756,671 | \$ 281,047 | \$ 1,352,700 |
| Restricted deposits and funded reserves | | | | | | | | |
| Restricted reserves | - | - | - | - | - | - | - | - |
| Tenant security deposits | - | 13,133 | 50,543 | 32,756 | 23,930 | 76,250 | 25,147 | 50,427 |
| Accounts receivable | 94,896 | 4,414 | 7,337 | 9,525 | 23,358 | 6,951 | 6,534 | 5,811 |
| Deposits | 4,787 | - | - | - | - | - | - | - |
| Prepaid expenses | 2,321 | 6,342 | 25,044 | 26,896 | 33,906 | 19,218 | 8,535 | 75,342 |
| Related party advances | 352,514 | - | - | - | - | - | - | - |
| Total current assets | 10,494,845 | 93,060 | 666,052 | 246,590 | 393,240 | 859,090 | 321,263 | 1,484,280 |
| Noncurrent assets | | | | | | | | |
| Restricted deposits and funded reserves | | | | | | | | |
| Restricted reserves | - | 82,479 | 408,993 | 384,489 | 382,523 | 435,807 | 53,799 | 1,615,035 |
| Escrow deposits | - | - | 7,213 | 11,779 | 22,379 | - | - | 27,230 |
| Tax credit fees, net | - | - | 27,948 | 1,366 | - | - | - | 23,296 |
| Deposits | - | 4,578 | 13,710 | 6,000 | - | 6,000 | 3,000 | - |
| Developer fees receivable | 13,899,615 | - | - | - | - | - | - | - |
| Interest receivable | 1,368,006 | - | - | - | - | - | - | - |
| Investment in partnerships | - | - | - | - | - | - | - | - |
| Notes receivable | 14,173,891 | - | - | - | - | - | - | - |
| Property and equipment, net | 16,924 | 4,456,106 | 15,594,233 | 6,347,765 | 3,018,359 | 16,223,356 | 31,064 | 25,185,705 |
| Other assets | - | - | - | - | 631,576 | - | - | 2,516,482 |
| Total noncurrent assets | 29,458,436 | 4,543,163 | 16,052,097 | 6,751,399 | 4,054,837 | 16,665,163 | 87,863 | 29,367,748 |
| Total assets | \$ 39,953,281 | \$ 4,636,223 | \$ 16,718,149 | \$ 6,997,989 | \$ 4,448,077 | \$ 17,524,253 | \$ 409,126 | \$ 30,852,028 |

Housing Development Partners of San Diego

Consolidating Statement of Financial Position
December 31, 2022

| | HDP Town & Country, LP | HDP West Park LP | HDP Village North, LLC | HDP Quality Inn, LLC | HDP Mariner's Village, LP | HDP ADU, LLC | Other Consolidated Companies | Elimination | Consolidated Total |
|---|---------------------------|----------------------|---------------------------|-------------------------|------------------------------|---------------------|------------------------------------|------------------------|-----------------------|
| Assets | | | | | | | | | |
| Current assets | | | | | | | | | |
| Cash and cash equivalents | \$ 283,711 | \$ 34,070 | \$ 1,701,804 | \$ 2,659,785 | \$ 3,541,339 | \$ 36,716 | \$ 100,686 | \$ - | \$ 21,930,614 |
| Restricted deposits and funded reserves | | | | | | | | | |
| Restricted reserves | 8,633 | - | 59,471 | - | - | - | - | - | 68,104 |
| Tenant security deposits | 121,714 | 19,452 | 82,961 | 56,465 | 128,615 | 9,400 | - | - | 690,793 |
| Accounts receivable | 65,942 | 15,989 | 5,423 | 51,738 | 204,667 | 46,462 | 117,619 | (106,033) | 560,633 |
| Deposits | - | - | - | - | - | - | - | - | 4,787 |
| Prepaid expenses | 53,983 | 12,548 | 35,733 | 20,735 | 80,806 | 6,059 | - | - | 407,468 |
| Related party advances | - | - | - | - | - | - | - | (352,514) | - |
| Total current assets | 533,983 | 82,059 | 1,885,392 | 2,788,723 | 3,955,427 | 98,637 | 218,305 | (458,547) | 23,662,399 |
| Noncurrent assets | | | | | | | | | |
| Restricted deposits and funded reserves | | | | | | | | | |
| Restricted reserves | 575,783 | 257,514 | 1,456,257 | 416,117 | 1,137,996 | 40,517 | - | - | 7,247,309 |
| Escrow deposits | 42,028 | 6,122 | 13,033 | 289,953 | 28,707 | - | - | - | 448,444 |
| Tax credit fees, net | 60,089 | 22,493 | - | - | 87,707 | - | - | - | 222,899 |
| Deposits | 13,500 | - | 11,479 | - | 41 | - | - | 6 | 58,314 |
| Developer fees receivable | - | - | - | - | - | - | - | (13,899,615) | - |
| Interest receivable | - | - | - | - | - | - | - | (1,368,006) | - |
| Investment in partnerships | - | - | - | - | - | - | 72,974 | (734) | 72,240 |
| Notes receivable | - | - | - | - | - | - | - | (14,173,891) | - |
| Property and equipment, net | 25,848,964 | 11,832,934 | 6,260,587 | 9,621,371 | 40,017,552 | 2,232,753 | - | (32,606,420) | 134,081,253 |
| Other assets | - | - | - | - | - | - | - | - | 3,148,058 |
| Total noncurrent assets | 26,540,364 | 12,119,063 | 7,741,356 | 10,327,441 | 41,272,003 | 2,273,270 | 72,974 | (62,048,660) | 145,278,517 |
| Total assets | \$ 27,074,347 | \$ 12,201,122 | \$ 9,626,748 | \$ 13,116,164 | \$ 45,227,430 | \$ 2,371,907 | \$ 291,279 | \$ (62,507,207) | \$ 168,940,916 |

Housing Development Partners of San Diego

Consolidating Statement of Financial Position
December 31, 2022

| | Housing Development Partners of San Diego | HDP Mason Housing Corporation | HDP New Palace, LP | Logan Dev II, LP | Casa Colina, LP | HDP Churchill, LP | HDP Parker Kier, LLC | HDP Broadway, LP |
|---|--|-------------------------------------|-----------------------|---------------------|---------------------|----------------------|-------------------------|----------------------|
| <u>Liabilities and Net Assets</u> | | | | | | | | |
| Current liabilities | | | | | | | | |
| Accounts payable and accrued expenses | 36,987 | 27,465 | 76,416 | 42,696 | 29,525 | 128,888 | 28,216 | 94,373 |
| Construction costs payable | - | - | 7,963 | - | 9,445 | - | - | - |
| Accrued interest payable | - | - | 17,349 | 13,591 | 11,409 | - | - | 59,126 |
| Ground lease payable, current | - | - | - | - | - | - | - | - |
| Mortgages and notes payable, current | - | - | 69,131 | 71,412 | 93,719 | - | - | 307,740 |
| Prepaid revenue | - | 2,848 | 12,219 | 2,489 | 3,511 | 20,372 | 314 | 9,387 |
| Related party payables, current | 209,944 | - | 543,038 | 24,786 | 19,140 | 71,621 | 36,821 | 248,324 |
| Tenant security deposits liability | - | 12,236 | 48,044 | 32,256 | 22,403 | 64,000 | 27,776 | 48,868 |
| Total current liabilities | <u>246,931</u> | <u>42,549</u> | <u>774,160</u> | <u>187,230</u> | <u>189,152</u> | <u>284,881</u> | <u>93,127</u> | <u>767,818</u> |
| Noncurrent liabilities | | | | | | | | |
| Accrued interest payable | - | 1,597,829 | 668,171 | 1,553,982 | 24,710 | 1,102,514 | - | 155,279 |
| Deferred grant revenue | - | - | - | - | - | 7,943,539 | - | - |
| Deferred revenue - subground lease | 5,220,000 | - | - | - | - | - | - | - |
| Investment in partnerships | 3,423,422 | - | - | - | - | - | - | - |
| Mortgages and notes payable, less current portion | - | 4,919,166 | 11,409,911 | 4,200,509 | 3,383,411 | 10,702,715 | - | 22,318,226 |
| Related party payable, less current portion | 11,233,217 | 122,786 | 833,859 | - | 134,392 | - | - | 19,192 |
| Total noncurrent liabilities | <u>19,876,639</u> | <u>6,639,781</u> | <u>12,911,941</u> | <u>5,754,491</u> | <u>3,542,513</u> | <u>19,748,768</u> | <u>-</u> | <u>22,492,697</u> |
| Total liabilities | <u>20,123,570</u> | <u>6,682,330</u> | <u>13,686,101</u> | <u>5,941,721</u> | <u>3,731,665</u> | <u>20,033,649</u> | <u>93,127</u> | <u>23,260,515</u> |
| <u>Net Assets</u> | | | | | | | | |
| With donor restriction | - | - | - | - | - | - | - | - |
| Without donor restriction, controlling | 19,829,711 | (2,046,107) | (699,151) | (109) | 799,280 | (1,015,082) | 315,999 | (469) |
| Without donor restriction, noncontrolling | - | - | 3,731,199 | 1,056,377 | (82,868) | (1,494,314) | - | 7,591,982 |
| Total net assets | <u>19,829,711</u> | <u>(2,046,107)</u> | <u>3,032,048</u> | <u>1,056,268</u> | <u>716,412</u> | <u>(2,509,396)</u> | <u>315,999</u> | <u>7,591,513</u> |
| Total liabilities and net assets | <u>\$ 39,953,281</u> | <u>\$ 4,636,223</u> | <u>\$ 16,718,149</u> | <u>\$ 6,997,989</u> | <u>\$ 4,448,077</u> | <u>\$ 17,524,253</u> | <u>\$ 409,126</u> | <u>\$ 30,852,028</u> |

Housing Development Partners of San Diego

Consolidating Statement of Financial Position
December 31, 2022

| | HDP Town & Country, LP | HDP West Park LP | HDP Village North, LLC | HDP Quality Inn, LLC | HDP Mariner's Village, LP | HDP ADU, LLC | Other Consolidated Companies | Elimination | Consolidated Total |
|---|---------------------------|----------------------|---------------------------|-------------------------|------------------------------|---------------------|------------------------------------|------------------------|-----------------------|
| Liabilities and Net Assets | | | | | | | | | |
| Current liabilities | | | | | | | | | |
| Accounts payable and accrued expenses | 171,698 | 45,909 | 46,434 | 78,920 | 90,270 | 8,353 | 12,733 | - | 918,883 |
| Construction costs payable | - | - | - | - | - | 8,920 | - | - | 26,328 |
| Accrued interest payable | - | 5,407 | 33,411 | 17,073 | 59,152 | - | - | - | 216,518 |
| Ground lease payable, current | - | - | - | - | - | - | - | - | - |
| Mortgages and notes payable, current | 219,006 | 18,824 | 128,822 | 89,090 | 287,997 | - | - | - | 1,285,741 |
| Prepaid revenue | 5,901 | 4,439 | - | 5,466 | 4,343 | 194 | - | - | 71,483 |
| Related party payables, current | 10,628 | 384,272 | 73,659 | 135,512 | 571,411 | - | 1,200 | (1,358,286) | 972,070 |
| Tenant security deposits liability | 117,189 | 17,930 | 83,968 | 54,899 | 128,613 | 10,663 | - | - | 668,845 |
| Total current liabilities | 524,422 | 476,781 | 366,294 | 380,960 | 1,141,786 | 28,130 | 13,933 | (1,358,286) | 4,159,868 |
| Noncurrent liabilities | | | | | | | | | |
| Accrued interest payable | - | 293,850 | - | 685,788 | - | - | - | (162,329) | 5,919,794 |
| Deferred grant revenue | - | - | 2,061,509 | 351,585 | - | 1,167,500 | - | - | 11,524,133 |
| Deferred revenue - subground lease | - | - | - | - | - | - | - | (5,220,000) | - |
| Investment in partnerships | - | - | - | - | - | - | - | (3,423,422) | - |
| Mortgages and notes payable, less current portion | 14,089,930 | 4,659,336 | 8,288,699 | 12,364,824 | 18,806,601 | - | - | (7,283,120) | 107,860,208 |
| Related party payable, less current portion | 3,852,245 | - | - | - | 8,190,987 | - | - | (24,233,094) | 153,584 |
| Total noncurrent liabilities | 17,942,175 | 4,953,186 | 10,350,208 | 13,402,197 | 26,997,588 | 1,167,500 | - | (40,321,965) | 125,457,719 |
| Total liabilities | 18,466,597 | 5,429,967 | 10,716,502 | 13,783,157 | 28,139,374 | 1,195,630 | 13,933 | (41,680,251) | 129,617,587 |
| Net Assets | | | | | | | | | |
| With donor restriction | - | - | - | - | - | - | - | - | - |
| Without donor restriction, controlling | (1,958,133) | 3,022,109 | (1,089,754) | (666,993) | (4,038,664) | 1,176,277 | 270,463 | (20,826,956) | (6,927,579) |
| Without donor restriction, noncontrolling | 10,565,883 | 3,749,046 | - | - | 21,126,720 | - | 6,883 | - | 46,250,908 |
| Total net assets | 8,607,750 | 6,771,155 | (1,089,754) | (666,993) | 17,088,056 | 1,176,277 | 277,346 | (20,826,956) | 39,323,329 |
| Total liabilities and net assets | \$ 27,074,347 | \$ 12,201,122 | \$ 9,626,748 | \$ 13,116,164 | \$ 45,227,430 | \$ 2,371,907 | \$ 291,279 | \$ (62,507,207) | \$ 168,940,916 |

Housing Development Partners of San Diego

Consolidating Statement of Activities
Year Ended December 31, 2023

| | Housing Development Partners of San Diego | HDP Mason Housing Corporation | HDP New Palace, LP | Logan Dev II, LP | Casa Colina, LP | HDP Churchill, LP | HDP Parker Kier, LLC | HDP Broadway, LP |
|--------------------------------------|--|-------------------------------------|-----------------------|------------------|------------------|----------------------|-------------------------|---------------------|
| Revenue and support | | | | | | | | |
| Rental income | \$ 1 | \$ 393,539 | \$ 1,678,309 | \$ 925,078 | \$ 1,047,406 | \$ 1,813,056 | \$ 834,801 | \$ 3,742,134 |
| Developer fees | 334,379 | - | - | - | - | - | - | - |
| Grant income | - | - | - | - | - | 241,192 | - | - |
| Interest income | 940,889 | 1,099 | 3,230 | 6,200 | 5,486 | 7,195 | 319 | 60,506 |
| Note forgiveness | - | - | - | - | - | - | - | - |
| Management fees | 120,653 | - | - | - | - | - | - | - |
| Miscellaneous income | 19 | 330 | 4,636 | 1,767 | 1,194 | 1,967 | 12,419 | 23,457 |
| Resident services | - | - | - | - | 83,894 | - | - | - |
| Share of income from partnerships | 1,124,306 | - | - | - | - | - | - | - |
| Total revenue and support | 2,520,247 | 394,968 | 1,686,175 | 933,045 | 1,137,980 | 2,063,410 | 847,539 | 3,826,097 |
| Expenses | | | | | | | | |
| Program services | | | | | | | | |
| Salaries | - | 27,839 | 129,915 | 101,311 | 129,570 | 174,314 | 87,048 | 196,532 |
| Payroll taxes | - | 2,487 | 10,665 | 5,734 | 10,756 | 13,595 | 7,262 | 15,782 |
| Employee benefits | - | 3,749 | 28,773 | 5,800 | 22,825 | 17,297 | 10,722 | 35,473 |
| Consultants | 526,760 | - | 3,284 | - | 9,283 | - | - | 19,139 |
| Office expenses | - | 1,191 | 5,264 | 3,155 | 6,672 | 4,243 | 1,966 | 13,794 |
| Training, travel and parking | - | 196 | 1,234 | 778 | 1,974 | 859 | 454 | 2,718 |
| Resident services | - | 1,275 | 18,465 | 1,315 | 86,281 | 2,329 | 1,701 | 56,858 |
| Relocation cost | - | - | 1,296 | - | - | - | - | - |
| Repairs and maintenance | - | 25,404 | 87,868 | 85,642 | 61,445 | 167,545 | 99,440 | 278,971 |
| Supplies | - | 5,133 | 3,138 | 42,242 | 16,602 | 21,520 | 12,630 | 22,705 |
| Utilities and telephone | - | 62,766 | 135,045 | 189,343 | 104,602 | 156,348 | 98,268 | 372,280 |
| Property tax and insurance | - | 14,300 | 32,490 | 43,927 | 47,215 | 29,606 | 14,241 | 106,498 |
| Interest | - | 148,348 | 475,029 | 252,584 | 190,749 | 321,283 | - | 970,559 |
| Legal and accounting | - | 1,748 | 8,579 | 2,116 | 2,640 | 5,050 | 9,716 | 2,773 |
| Bad debt expense | - | 415 | 25,622 | 38,911 | - | 60,834 | 6,031 | - |
| Ground lease expense | 32,297 | - | - | - | 36,997 | 78,435 | 37,915 | 275,999 |
| Advertising and marketing | - | - | 638 | - | 620 | 6,851 | - | 912 |
| Miscellaneous administrative expense | - | 4,959 | 32,629 | 9,346 | 5,015 | 29,715 | 6,798 | 25,594 |
| Depreciation and amortization | - | 122,069 | 466,207 | 233,505 | 107,237 | 514,650 | 7,598 | 857,802 |
| Total program services | 559,057 | 421,879 | 1,466,141 | 1,015,709 | 840,483 | 1,604,474 | 401,790 | 3,254,389 |

Housing Development Partners of San Diego

Consolidating Statement of Activities
Year Ended December 31, 2023

| | HDP Town & Country, LP | HDP West Park LP | HDP Village North, LLC | HDP Quality Inn, LLC | HDP Mariner's Village, LP | HDP ADU, LLC | Other Consolidated Companies | Elimination | Consolidated Total |
|--------------------------------------|---------------------------|---------------------|---------------------------|-------------------------|------------------------------|----------------|------------------------------------|--------------------|-----------------------|
| Revenue and support | | | | | | | | | |
| Rental income | \$ 2,530,805 | \$ 768,141 | \$ 1,891,154 | \$ 1,816,476 | \$ 3,412,101 | \$ 184,135 | \$ - | \$ - | \$ 21,037,136 |
| Developer fees | - | - | - | - | - | - | - | (334,379) | - |
| Grant income | - | - | 57,132 | 9,073 | - | 30,000 | - | - | 337,397 |
| Interest income | 4,162 | 979 | 1,013 | 26,216 | 40,909 | 336 | - | (644,001) | 454,538 |
| Note forgiveness | - | - | - | - | - | - | - | - | - |
| Management fees | - | - | - | - | - | - | 111,622 | (108,013) | 124,262 |
| Miscellaneous income | 3,150 | 194 | 10,792 | 470 | 19,192 | 140 | 1,017 | - | 80,744 |
| Resident services | - | - | - | - | - | - | - | - | 83,894 |
| Share of income from partnerships | - | - | - | - | - | - | 192,834 | (1,311,009) | 6,131 |
| Total revenue and support | 2,538,117 | 769,314 | 1,960,091 | 1,852,235 | 3,472,202 | 214,611 | 305,473 | (2,397,402) | 22,124,102 |
| Expenses | | | | | | | | | |
| Program services | | | | | | | | | |
| Salaries | 263,408 | 93,914 | 109,594 | 150,094 | 201,478 | 1,579 | - | - | 1,666,596 |
| Payroll taxes | 16,524 | 7,178 | 7,774 | 11,572 | 15,437 | 131 | - | - | 124,897 |
| Employee benefits | 31,136 | 19,416 | 22,033 | 30,522 | 51,045 | 138 | - | - | 278,929 |
| Consultants | 4,500 | 741 | 2,090 | 1,792 | 16,185 | 5,915 | 1,000 | - | 590,689 |
| Office expenses | 7,673 | 6,600 | 9,214 | 8,630 | 11,672 | 774 | - | - | 80,848 |
| Training, travel and parking | 1,887 | 1,720 | 1,211 | 2,538 | 861 | 294 | - | - | 16,724 |
| Resident services | 52,710 | 9,357 | 30,415 | (162) | 612 | 1,007 | - | - | 262,163 |
| Relocation cost | - | 5,400 | 4,546 | 4,228 | 1,263 | - | - | - | 16,733 |
| Repairs and maintenance | 175,723 | 147,268 | 58,290 | 233,233 | 138,041 | 3,763 | - | - | 1,562,633 |
| Supplies | 57,451 | 22,484 | 19,179 | 22,689 | 48,439 | 737 | - | - | 294,949 |
| Utilities and telephone | 318,488 | 83,213 | 108,042 | 126,493 | 341,458 | 9,540 | - | - | 2,105,886 |
| Property tax and insurance | 88,087 | 12,106 | 53,847 | 24,068 | 182,286 | 14,309 | - | - | 662,980 |
| Interest | 692,772 | 226,956 | 395,332 | 502,952 | 711,392 | - | - | (270,625) | 4,617,331 |
| Legal and accounting | 28,789 | 7,088 | 22,164 | 2,632 | 22,419 | 5,948 | - | - | 121,662 |
| Bad debt expense | 183,522 | 52,892 | 16,016 | 42,781 | 72,548 | 890 | - | - | 500,462 |
| Ground lease expense | - | 1 | 85,038 | 80,184 | 302,749 | - | - | - | 929,615 |
| Advertising and marketing | - | 969 | 100 | 681 | 100 | - | - | - | 10,871 |
| Miscellaneous administrative expense | 42,239 | 20,165 | 42,657 | 22,053 | 42,027 | - | - | - | 283,197 |
| Depreciation and amortization | 853,795 | 453,013 | 863,993 | 399,162 | 1,649,597 | 77,473 | - | (1,241,359) | 5,364,742 |
| Total program services | 2,818,704 | 1,170,481 | 1,851,535 | 1,666,142 | 3,809,609 | 122,498 | 1,000 | (1,511,984) | 19,491,907 |

Housing Development Partners of San Diego

Consolidating Statement of Activities
Year Ended December 31, 2023

| | Housing Development Partners of San Diego | HDP Mason Housing Corporation | HDP New Palace, LP | Logan Dev II, LP | Casa Colina, LP | HDP Churchill, LP | HDP Parker Kier, LLC | HDP Broadway, LP |
|--------------------------------------|--|-------------------------------------|-----------------------|------------------|-----------------|----------------------|-------------------------|---------------------|
| Management and general | | | | | | | | |
| Consultants | 583,973 | - | 3,496 | - | 3,278 | - | - | 6,817 |
| Office expenses | 10,501 | 2,315 | 3,547 | 3,119 | 214 | 4,875 | 3,472 | 2,797 |
| Training, travel and parking | 5,018 | 1,665 | - | - | - | - | - | - |
| Property and partnership management | - | 11,938 | 114,660 | 65,256 | 76,608 | 99,449 | 33,415 | 156,685 |
| Repairs and maintenance | 3,965 | - | - | - | - | - | - | - |
| Utilities and telephone | 1,289 | - | - | - | - | - | - | - |
| Property tax and insurance | 13,671 | 781 | 502 | 1,029 | 800 | 1,014 | 5,323 | 48,650 |
| Legal and accounting | 45,803 | 12,568 | 12,671 | 13,078 | 21,343 | 13,081 | 4,320 | 31,220 |
| Miscellaneous administrative expense | 409,184 | - | 100 | - | 99 | - | - | 230 |
| Depreciation and amortization | 4,242 | - | - | - | 3,011 | - | - | - |
| Total management and general | 1,077,646 | 29,267 | 134,976 | 82,482 | 105,353 | 118,419 | 46,530 | 246,399 |
| Total expenses | 1,636,703 | 451,146 | 1,601,117 | 1,098,191 | 945,836 | 1,722,893 | 448,320 | 3,500,788 |
| Change in net assets | \$ 883,544 | \$ (56,178) | \$ 85,058 | \$ (165,146) | \$ 192,144 | \$ 340,517 | \$ 399,219 | \$ 325,309 |
| Change in net assets controlling | \$ 883,544 | \$ (56,178) | \$ 9 | \$ (17) | \$ 192,144 | \$ 34 | \$ 399,219 | \$ 33 |
| Change in net assets noncontrolling | - | - | 85,049 | (165,129) | - | 340,483 | - | 325,276 |
| Change in net assets | \$ 883,544 | \$ (56,178) | \$ 85,058 | \$ (165,146) | \$ 192,144 | \$ 340,517 | \$ 399,219 | \$ 325,309 |

Housing Development Partners of San Diego

Consolidating Statement of Activities
Year Ended December 31, 2023

| | HDP Town & Country, LP | HDP West Park LP | HDP Village North, LLC | HDP Quality Inn, LLC | HDP Mariner's Village, LP | HDP ADU, LLC | Other Consolidated Companies | Elimination | Consolidated Total |
|--------------------------------------|------------------------|---------------------|------------------------|----------------------|---------------------------|------------------|------------------------------|---------------------|--------------------|
| Management and general | | | | | | | | | |
| Consultants | - | 2,054 | - | - | - | - | - | - | 599,618 |
| Office expenses | 9,847 | 847 | 12,930 | 4,233 | 11,978 | 2,331 | 1,164 | - | 74,170 |
| Training, travel and parking | - | - | - | - | - | - | - | - | 6,683 |
| Property and partnership management | 95,534 | 58,922 | 94,487 | 106,912 | 190,049 | 12,720 | - | (108,013) | 1,008,622 |
| Repairs and maintenance | - | - | - | - | - | - | - | - | 3,965 |
| Utilities and telephone | - | - | - | - | - | - | - | - | 1,289 |
| Property tax and insurance | 1,014 | 3,077 | 6,800 | 6,818 | 800 | 800 | 14,291 | - | 105,370 |
| Legal and accounting | 11,550 | 11,550 | 7,217 | 11,524 | 17,756 | 4,320 | 15,108 | - | 233,109 |
| Miscellaneous administrative expense | - | 114 | - | 317 | - | - | - | - | 410,044 |
| Depreciation and amortization | - | - | - | - | - | - | - | - | 7,253 |
| Total management and general | 117,945 | 76,564 | 121,434 | 129,804 | 220,583 | 20,171 | 30,563 | (108,013) | 2,450,123 |
| Total expenses | 2,936,649 | 1,247,045 | 1,972,969 | 1,795,946 | 4,030,192 | 142,669 | 31,563 | (1,619,997) | 21,942,030 |
| Change in net assets | <u>\$ (398,532)</u> | <u>\$ (477,731)</u> | <u>\$ (12,878)</u> | <u>\$ 56,289</u> | <u>\$ (557,990)</u> | <u>\$ 71,942</u> | <u>\$ 273,910</u> | <u>\$ (777,405)</u> | <u>\$ 182,072</u> |
| Change in net assets controlling | \$ (20) | \$ (43) | \$ (12,878) | \$ 56,289 | \$ (56) | \$ 71,942 | \$ 273,910 | \$ (777,405) | \$ 1,030,527 |
| Change in net assets noncontrolling | <u>(398,512)</u> | <u>(477,688)</u> | <u>-</u> | <u>-</u> | <u>(557,934)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(848,455)</u> |
| Change in net assets | <u>\$ (398,532)</u> | <u>\$ (477,731)</u> | <u>\$ (12,878)</u> | <u>\$ 56,289</u> | <u>\$ (557,990)</u> | <u>\$ 71,942</u> | <u>\$ 273,910</u> | <u>\$ (777,405)</u> | <u>\$ 182,072</u> |

Housing Development Partners of San Diego

Consolidating Statement of Activities
Year Ended December 31, 2022

| | Housing Development Partners of San Diego | HDP Mason Housing Corporation | HDP New Palace, LP | Logan Dev II, LP | Casa Colina, LP | HDP Churchill, LP | HDP Parker Kier, LLC | HDP Broadway, LP |
|--------------------------------------|--|-------------------------------------|-----------------------|------------------|------------------|----------------------|-------------------------|---------------------|
| Revenue and support | | | | | | | | |
| Rental income | \$ 1 | \$ 268,340 | \$ 1,182,637 | \$ 878,641 | \$ 1,024,476 | \$ 1,312,128 | \$ 607,014 | \$ 3,659,890 |
| Developer fees | 442,268 | - | - | - | - | - | - | - |
| Grant income | - | - | - | - | - | 241,192 | - | - |
| Interest income | 698,908 | 369 | 196 | 1,317 | 612 | 2,132 | 58 | 2,910 |
| Note forgiveness | - | 23,000 | - | - | - | - | - | - |
| Management fees | 123,064 | - | - | - | - | - | - | - |
| Miscellaneous income | 25 | - | 912 | 1,060 | 2,405 | 2,852 | - | 1,369 |
| Resident services | - | - | - | - | 83,193 | - | - | - |
| Share of income from partnerships | (107,491) | - | - | - | - | - | - | - |
| Total revenue and support | 1,156,775 | 291,709 | 1,183,745 | 881,018 | 1,110,686 | 1,558,304 | 607,072 | 3,664,169 0 |
| Expenses | | | | | | | | |
| Program services | | | | | | | | |
| Salaries | - | 37,150 | 122,402 | 95,667 | 118,130 | 186,262 | 85,388 | 199,004 |
| Payroll taxes | - | 3,174 | 4,537 | 2,665 | 5,438 | 2,777 | 2,607 | 9,137 |
| Employee benefits | - | 5,668 | 26,444 | 6,967 | 25,267 | 15,590 | 11,011 | 42,040 |
| Consultants | 271,473 | - | 1,980 | - | 9,747 | - | - | 21,016 |
| Office expenses | - | 1,404 | 6,835 | 3,179 | 9,112 | 3,851 | 2,149 | 15,381 |
| Training, travel and parking | - | 171 | 1,546 | 504 | 3,006 | 622 | 284 | 2,702 |
| Resident services | - | 1,401 | 19,456 | 3,143 | 87,386 | 1,404 | 1,896 | 57,590 |
| Relocation cost | - | - | 1,392 | - | - | - | - | 21 |
| Repairs and maintenance | - | 23,750 | 78,815 | 140,082 | 89,514 | 143,542 | 82,483 | 304,116 |
| Supplies | - | 18,519 | 7,126 | 24,153 | 13,734 | 30,646 | 11,169 | 29,792 |
| Utilities and telephone | - | 48,588 | 121,473 | 124,858 | 97,992 | 112,432 | 96,854 | 333,744 |
| Property tax and insurance | - | 12,500 | 30,702 | 40,600 | 42,823 | 25,584 | 12,068 | 81,391 |
| Interest | - | 148,348 | 478,024 | 256,945 | 192,451 | 324,268 | - | 1,009,063 |
| Legal and accounting | - | 3,125 | 7,284 | 1,568 | 214 | 3,825 | 608 | 3,521 |
| Bad debt expense | - | 7,066 | 1,808 | 17,819 | 12 | 5,476 | 826 | 1,134 |
| Ground lease expense | 25,008 | - | - | - | 34,845 | 59,681 | 26,821 | 271,721 |
| Advertising and marketing | - | - | 738 | - | 720 | 1,086 | - | 1,012 |
| Miscellaneous administrative expense | - | 5,716 | 41,768 | 11,529 | 7,480 | 18,360 | 2,038 | 25,587 |
| Depreciation and amortization | - | 121,156 | 491,334 | 230,519 | 106,093 | 514,650 | 556 | 854,256 |
| Total program services | 296,481 | 437,736 | 1,443,664 | 960,198 | 843,964 | 1,450,056 | 336,758 | 3,262,228 0 |

Housing Development Partners of San Diego

Consolidating Statement of Activities
Year Ended December 31, 2022

| | HDP Town & Country, LP | HDP West Park LP | HDP Village North, LLC | HDP Quality Inn, LLC | HDP Mariner's Village, LP | HDP ADU, LLC | Other Consolidated Companies | Elimination | Consolidated Total |
|--------------------------------------|------------------------|------------------|------------------------|----------------------|---------------------------|----------------|------------------------------|--------------------|--------------------|
| Revenue and support | | | | | | | | | |
| Rental income | \$ 2,366,897 | \$ 617,397 | \$ 1,647,677 | \$ 1,399,442 | \$ 3,064,224 | \$ 162,574 | \$ - | \$ - | \$ 18,191,338 |
| Developer fees | - | - | - | - | - | - | - | (442,268) | - |
| Grant income | - | - | 57,132 | 9,073 | - | 30,000 | - | - | 337,397 |
| Interest income | 401 | 118 | 267 | 129 | 316 | 16 | - | (646,367) | 61,382 |
| Note forgiveness | - | - | - | - | - | - | - | - | 23,000 |
| Management fees | - | - | - | - | - | - | 110,118 | (106,032) | 127,150 |
| Miscellaneous income | 20,883 | 1,907 | 86 | - | 7,586 | - | 3,634 | - | 42,719 |
| Resident services | - | - | - | - | - | - | - | - | 83,193 |
| Share of income from partnerships | - | - | - | - | - | - | 165,112 | (51,896) | 5,725 |
| Total revenue and support | 2,388,181 | 619,422 | 1,705,162 | 1,408,644 | 3,072,126 | 192,590 | 278,864 | (1,246,563) | 18,871,904 |
| Expenses | | | | | | | | | |
| Program services | | | | | | | | | |
| Salaries | 228,992 | 98,678 | 109,743 | 147,346 | 196,009 | - | - | - | 1,624,771 |
| Payroll taxes | 6,480 | 4,826 | 7,947 | 7,254 | 14,367 | - | - | - | 71,209 |
| Employee benefits | 19,403 | 19,676 | 23,870 | 29,863 | 47,458 | - | - | - | 273,257 |
| Consultants | - | 434 | 1,966 | 3,213 | 33,235 | 55,733 | - | - | 398,797 |
| Office expenses | 7,254 | 6,350 | 10,558 | 11,422 | 11,500 | 881 | - | - | 89,876 |
| Training, travel and parking | 1,171 | 577 | 1,744 | 3,704 | 933 | 64 | - | - | 17,028 |
| Resident services | 52,410 | 13,530 | 31,406 | 1,140 | 5,238 | 990 | - | - | 276,990 |
| Relocation cost | - | 4,988 | - | 33,495 | 26,000 | - | - | - | 65,896 |
| Repairs and maintenance | 471,535 | 114,496 | 40,174 | 250,800 | 104,703 | 22,493 | - | - | 1,866,503 |
| Supplies | 15,961 | 14,415 | 14,518 | 10,745 | 19,322 | 595 | - | - | 210,695 |
| Utilities and telephone | 266,144 | 72,057 | 111,969 | 97,517 | 254,228 | 5,333 | - | - | 1,743,189 |
| Property tax and insurance | 77,477 | 10,201 | 50,111 | 20,553 | 115,346 | 26,750 | - | - | 546,106 |
| Interest | 702,475 | 221,219 | 401,139 | 499,320 | 1,017,256 | - | - | (289,965) | 4,960,543 |
| Legal and accounting | 8,324 | 14,753 | 8,006 | 1,271 | 10,534 | 4,989 | - | - | 68,022 |
| Bad debt expense | 146,142 | 68,777 | 14,881 | 40,927 | 24,619 | 3,601 | - | - | 333,088 |
| Ground lease expense | - | 1 | 73,659 | 60,448 | 273,942 | - | - | - | 826,126 |
| Advertising and marketing | 354 | 619 | 1,312 | 1,631 | 330 | - | - | - | 7,802 |
| Miscellaneous administrative expense | 27,396 | 19,610 | 28,625 | 42,558 | 31,680 | 1,500 | - | - | 263,847 |
| Depreciation and amortization | 896,384 | 453,013 | 863,993 | 397,589 | 1,645,491 | 76,782 | - | (1,241,357) | 5,410,459 |
| Total program services | 2,927,902 | 1,138,220 | 1,795,621 | 1,660,796 | 3,832,191 | 199,711 | - | (1,531,322) | 19,054,204 |

Housing Development Partners of San Diego

Consolidating Statement of Activities
Year Ended December 31, 2022

| | Housing Development Partners of San Diego | HDP Mason Housing Corporation | HDP New Palace, LP | Logan Dev II, LP | Casa Colina, LP | HDP Churchill, LP | HDP Parker Kier, LLC | HDP Broadway, LP |
|--------------------------------------|--|-------------------------------------|-----------------------|---------------------|-------------------|----------------------|-------------------------|---------------------|
| Management and general | | | | | | | | |
| Consultants | 836,857 | - | 3,410 | - | 2,497 | - | - | 5,949 |
| Rent | 39,669 | - | - | - | - | - | - | - |
| Office expenses | 37,750 | 3,333 | 3,257 | 5,092 | 131 | 4,360 | 3,375 | 2,928 |
| Training, travel and parking | 10,501 | 2,250 | - | - | - | - | - | - |
| Property and partnership management | - | 11,507 | 84,808 | 63,094 | 74,641 | 78,252 | 32,569 | 153,521 |
| Repairs and maintenance | 1,269 | - | - | - | - | - | - | - |
| Utilities and telephone | 8,364 | - | - | - | - | - | - | - |
| Property tax and insurance | 12,215 | 421 | 2,292 | 855 | 1,250 | 4,843 | 2,101 | 2,596 |
| Legal and accounting | 49,265 | 15,369 | 12,249 | 12,702 | 22,951 | 14,202 | 5,858 | 30,847 |
| Miscellaneous administrative expense | 145,437 | - | 257 | - | 207 | - | - | 466 |
| Depreciation and amortization | 6,540 | - | - | - | - | - | - | - |
| Total management and general | <u>1,147,867</u> | <u>32,880</u> | <u>106,273</u> | <u>81,743</u> | <u>101,677</u> | <u>101,657</u> | <u>43,903</u> | <u>196,307</u> 0 |
| Total expenses | <u>1,444,348</u> | <u>470,616</u> | <u>1,549,937</u> | <u>1,041,941</u> | <u>945,641</u> | <u>1,551,713</u> | <u>380,661</u> | <u>3,458,535</u> 0 |
| Change in net assets | <u>\$ (287,573)</u> | <u>\$ (178,907)</u> | <u>\$ (366,192)</u> | <u>\$ (160,923)</u> | <u>\$ 165,045</u> | <u>\$ 6,591</u> | <u>\$ 226,411</u> | <u>\$ 205,634</u> 0 |
| Change in net assets controlling | <u>\$ (287,573)</u> | <u>\$ (178,907)</u> | <u>\$ (37)</u> | <u>\$ (16)</u> | <u>\$ 165,045</u> | <u>\$ 1</u> | <u>\$ 226,411</u> | <u>\$ 21</u> |
| Change in net assets noncontrolling | <u>-</u> | <u>-</u> | <u>(366,155)</u> | <u>(160,907)</u> | <u>-</u> | <u>6,590</u> | <u>-</u> | <u>205,613</u> |
| Change in net assets | <u>\$ (287,573)</u> | <u>\$ (178,907)</u> | <u>\$ (366,192)</u> | <u>\$ (160,923)</u> | <u>\$ 165,045</u> | <u>\$ 6,591</u> | <u>\$ 226,411</u> | <u>\$ 205,634</u> |

Housing Development Partners of San Diego

Consolidating Statement of Activities
Year Ended December 31, 2022

| | HDP Town & Country, LP | HDP West Park LP | HDP Village North, LLC | HDP Quality Inn, LLC | HDP Mariner's Village, LP | HDP ADU, LLC | Other Consolidated Companies | Elimination | Consolidated Total |
|--------------------------------------|------------------------|---------------------|------------------------|----------------------|---------------------------|--------------------|------------------------------|-------------------|-----------------------|
| Management and general | | | | | | | | | |
| Consultants | - | 2,003 | - | - | - | - | - | - | 850,716 |
| Rent | - | - | - | - | - | - | - | - | 39,669 |
| Office expenses | 8,177 | 866 | 8,882 | 890 | 8,331 | 2,831 | 1,212 | - | 91,415 |
| Training, travel and parking | - | - | - | - | - | - | - | - | 12,751 |
| Property and partnership management | 92,282 | 46,690 | 81,843 | 80,597 | 173,409 | 12,210 | - | (106,055) | 879,368 |
| Repairs and maintenance | - | - | - | - | - | - | - | - | 1,269 |
| Utilities and telephone | - | - | - | - | - | - | - | - | 8,364 |
| Property tax and insurance | 1,523 | 2,655 | 6,800 | 11,404 | 800 | 965 | 14,547 | - | 65,267 |
| Legal and accounting | 11,118 | 13,118 | 8,430 | 12,824 | 19,739 | 8,625 | 12,471 | - | 249,768 |
| Miscellaneous administrative expense | - | 506 | - | 418 | - | - | - | - | 147,291 |
| Depreciation and amortization | - | - | - | - | - | - | - | - | 6,540 |
| Total management and general | 113,100 | 65,838 | 105,955 | 106,133 | 202,279 | 24,631 | 28,230 | (106,055) | 2,352,418 |
| Total expenses | 3,041,002 | 1,204,058 | 1,901,576 | 1,766,929 | 4,034,470 | 224,342 | 28,230 | (1,637,377) | 21,406,622 |
| Change in net assets | <u>\$ (652,821)</u> | <u>\$ (584,636)</u> | <u>\$ (196,414)</u> | <u>\$ (358,285)</u> | <u>\$ (962,344)</u> | <u>\$ (31,752)</u> | <u>\$ 250,634</u> | <u>\$ 390,814</u> | <u>\$ (2,534,718)</u> |
| Change in net assets controlling | \$ (33) | \$ (429,536) | \$ (196,414) | \$ (358,285) | \$ (962,344) | \$ (31,752) | \$ 244,399 | \$ 390,814 | \$ (1,418,206) |
| Change in net assets noncontrolling | <u>(652,788)</u> | <u>(155,100)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,235</u> | <u>-</u> | <u>(1,116,512)</u> |
| Change in net assets | <u>\$ (652,821)</u> | <u>\$ (584,636)</u> | <u>\$ (196,414)</u> | <u>\$ (358,285)</u> | <u>\$ (962,344)</u> | <u>\$ (31,752)</u> | <u>\$ 250,634</u> | <u>\$ 390,814</u> | <u>\$ (2,534,718)</u> |

Housing Development Partners of San Diego
Consolidating Statement of Changes in Net Assets
Year Ended December 31, 2023

| | Housing Development Partners of San Diego | HDP Mason Housing Corporation | HDP New Palace, LP | Logan Dev II, LP | Casa Colina, LP | HDP Churchill, LP | HDP Parker Kier, LLC | HDP Broadway, LP |
|---|--|-------------------------------------|-----------------------|-------------------|--------------------|-----------------------|-------------------------|---------------------|
| Controlling interest | | | | | | | | |
| Unrestricted net assets, beginning | \$ 19,829,711 | \$ (2,046,107) | \$ (699,151) | \$ (109) | \$ 799,280 | \$ (1,015,082) | \$ 315,999 | \$ (469) |
| Excess over carryover basis | - | - | - | - | - | - | - | - |
| Contributions | - | - | - | - | - | - | - | - |
| Distributions | - | - | - | (7) | (100,249) | (145,844) | (213,762) | - |
| Payments of accrued interest on seller note | - | - | - | - | - | - | - | - |
| Syndication costs | - | - | - | - | - | - | - | - |
| Seller note payable | - | - | - | - | - | - | - | - |
| Transfer | - | - | - | - | - | - | - | - |
| Change in unrestricted net assets | <u>883,544</u> | <u>(56,178)</u> | <u>9</u> | <u>(17)</u> | <u>192,144</u> | <u>34</u> | <u>399,219</u> | <u>33</u> |
| Unrestricted net assets, controlling interest, ending | <u>\$ 20,713,255</u> | <u>\$ (2,102,285)</u> | <u>\$ (699,142)</u> | <u>\$ (133)</u> | <u>\$ 891,175</u> | <u>\$ (1,160,892)</u> | <u>\$ 501,456</u> | <u>\$ (436)</u> |
| Noncontrolling interest | | | | | | | | |
| Unrestricted net assets, beginning | \$ - | \$ - | \$ 3,731,199 | \$ 1,056,377 | \$ (82,868) | \$ (1,494,314) | \$ - | \$ 7,591,982 |
| Contributions | - | - | 664,447 | - | - | - | - | - |
| Distributions | - | - | - | (65,517) | - | - | - | - |
| Syndication costs | - | - | - | - | - | - | - | - |
| Transfer | - | - | - | - | - | - | - | - |
| Change in unrestricted net assets | <u>-</u> | <u>-</u> | <u>85,049</u> | <u>(165,129)</u> | <u>-</u> | <u>340,483</u> | <u>-</u> | <u>325,276</u> |
| Unrestricted net assets, noncontrolling interest, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,480,695</u> | <u>\$ 825,731</u> | <u>\$ (82,868)</u> | <u>\$ (1,153,831)</u> | <u>\$ -</u> | <u>\$ 7,917,258</u> |

Housing Development Partners of San Diego
Consolidating Statement of Changes in Net Assets
Year Ended December 31, 2023

| | HDP Town & Country, LP | HDP West Park LP | HDP Village North, LLC | HDP Quality Inn, LLC | HDP Mariner's Village, LP | HDP ADU, LLC | Other Consolidated Companies | Elimination | Consolidated Total |
|--|------------------------|---------------------|------------------------|----------------------|---------------------------|---------------------|------------------------------|------------------------|-----------------------|
| Controlling interest | | | | | | | | | |
| Unrestricted net assets, beginning | \$ (1,958,133) | \$ 3,022,109 | \$ (1,089,754) | \$ (666,993) | \$ (4,038,664) | \$ 1,176,277 | \$ 270,463 | \$ (20,826,956) | \$ (6,927,579) |
| Excess over carryover basis | - | - | - | - | - | - | - | - | - |
| Contributions | - | - | - | - | - | - | - | - | - |
| Distributions | - | - | (924,676) | (157,556) | - | - | (148,743) | 1,690,837 | - |
| Payments of accrued interest on seller note | (154,832) | - | - | - | - | (20,701) | - | - | (175,533) |
| Syndication costs | - | - | - | - | - | - | - | - | - |
| Seller note payable | - | - | - | - | - | - | - | - | - |
| Transfer | - | - | - | - | - | - | - | - | - |
| Change in unrestricted net assets | (20) | (43) | (12,878) | 56,289 | (56) | 71,942 | 273,910 | (777,405) | 1,030,527 |
| Unrestricted net assets, controlling interest, ending | <u>\$ (2,112,985)</u> | <u>\$ 3,022,066</u> | <u>\$ (2,027,308)</u> | <u>\$ (768,260)</u> | <u>\$ (4,038,720)</u> | <u>\$ 1,227,518</u> | <u>\$ 395,630</u> | <u>\$ (19,913,524)</u> | <u>\$ (6,072,585)</u> |
| Noncontrolling interest | | | | | | | | | |
| Unrestricted net assets, beginning | \$ 10,565,883 | \$ 3,749,046 | \$ - | \$ - | \$ 21,126,720 | \$ - | \$ 6,883 | \$ - | \$ 46,250,908 |
| Contributions | - | 384,816 | - | - | - | - | - | - | 1,049,263 |
| Distributions | - | - | - | - | - | - | (9,630) | 7 | (75,140) |
| Syndication costs | - | - | - | - | - | - | - | - | - |
| Transfer | - | - | - | - | - | - | - | - | - |
| Change in unrestricted net assets | (398,512) | (477,688) | - | - | (557,934) | - | - | - | (848,455) |
| Unrestricted net assets, noncontrolling interest, ending | <u>\$ 10,167,371</u> | <u>\$ 3,656,174</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 20,568,786</u> | <u>\$ -</u> | <u>\$ (2,747)</u> | <u>\$ 7</u> | <u>\$ 46,376,576</u> |

Housing Development Partners of San Diego
Consolidating Statement of Changes in Net Assets
Year Ended December 31, 2022

| | Housing Development Partners of San Diego | HDP Mason Housing Corporation | HDP New Palace, LP | Logan Dev II, LP | Casa Colina, LP | HDP Churchill, LP | HDP Parker Kier, LLC | HDP Broadway, LP | HDP Town & Country, LP |
|---|--|-------------------------------------|-----------------------|---------------------|--------------------|-----------------------|-------------------------|-----------------------|---------------------------|
| Controlling interest | | | | | | | | | |
| Unrestricted net assets, beginning | \$ 20,117,284 | \$ (1,867,200) | \$ (699,114) | \$ (93) | \$ 714,001 | \$ (939,537) | \$ 179,731 | \$ (490) | \$ (1,958,100) |
| Excess over carryover basis | - | - | - | - | - | - | - | - | - |
| Contributions | - | - | - | - | - | - | - | - | - |
| Distributions | - | - | - | - | (79,766) | (75,546) | (90,143) | - | - |
| Payments of accrued interest on seller note | - | - | - | - | - | - | - | - | - |
| Seller note payable | - | - | - | - | - | - | - | - | - |
| Transfer | - | - | - | - | - | - | - | - | - |
| Change in unrestricted net assets | <u>(287,573)</u> | <u>(178,907)</u> | <u>(37)</u> | <u>(16)</u> | <u>165,045</u> | <u>1</u> | <u>226,411</u> | <u>21</u> | <u>(33)</u> |
| Unrestricted net assets, controlling interest, ending | | | | | | | | | |
| | <u>\$ 19,829,711</u> | <u>\$ (2,046,107)</u> | <u>\$ (699,151)</u> | <u>\$ (109)</u> | <u>\$ 799,280</u> | <u>\$ (1,015,082)</u> | <u>\$ 315,999</u> | <u>\$ (469) 0</u> | <u>\$ (1,958,133)</u> |
| Noncontrolling interest | | | | | | | | | |
| Unrestricted net assets, beginning | \$ - | \$ - | \$ 4,097,354 | \$ 1,217,284 | \$ (82,868) | \$ (1,500,904) | \$ - | \$ 7,386,369 | \$ 11,218,671 |
| Contributions | - | - | - | - | - | - | - | - | - |
| Distributions | - | - | - | - | - | - | - | - | - |
| Syndication costs | - | - | - | - | - | - | - | - | - |
| Transfer | - | - | - | - | - | - | - | - | - |
| Change in unrestricted net assets | <u>-</u> | <u>-</u> | <u>(366,155)</u> | <u>(160,907)</u> | <u>-</u> | <u>6,590</u> | <u>-</u> | <u>205,613</u> | <u>(652,788)</u> |
| Unrestricted net assets, noncontrolling interest, ending | | | | | | | | | |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,731,199</u> | <u>\$ 1,056,377</u> | <u>\$ (82,868)</u> | <u>\$ (1,494,314)</u> | <u>\$ -</u> | <u>\$ 7,591,982 0</u> | <u>\$ 10,565,883</u> |

Housing Development Partners of San Diego
Consolidating Statement of Changes in Net Assets
Year Ended December 31, 2022

| | HDP West Park LP | HDP Village North, LLC | HDP Quality Inn, LLC | HDP Mariner's Village, LP | HDP ADU, LLC | Other Consolidated Companies | Elimination | Consolidated Total |
|--|---------------------|------------------------|----------------------|---------------------------|---------------------|------------------------------|------------------------|-----------------------|
| Controlling interest | | | | | | | | |
| Unrestricted net assets, beginning | \$ 3,451,645 | \$ (893,340) | \$ (232,832) | \$ (3,076,320) | \$ 1,187,313 | \$ 85,335 | \$ (21,548,372) | \$ (5,480,089) |
| Excess over carryover basis | - | - | - | - | - | - | - | - |
| Contributions | - | - | - | - | 50,000 | - | (50,000) | - |
| Distributions | - | - | (75,876) | - | - | (59,271) | 380,602 | - |
| Payments of accrued interest on seller note | - | - | - | - | (29,284) | - | - | (29,284) |
| Seller note payable | - | - | - | - | - | - | - | - |
| Transfer | - | - | - | - | - | - | - | - |
| Change in unrestricted net assets | (429,536) | (196,414) | (358,285) | (962,344) | (31,752) | 244,399 | 390,814 | (1,418,206) |
| Unrestricted net assets, controlling interest, ending | <u>\$ 3,022,109</u> | <u>\$ (1,089,754)</u> | <u>\$ (666,993)</u> | <u>\$ (4,038,664)</u> | <u>\$ 1,176,277</u> | <u>\$ 270,463</u> | <u>\$ (20,826,956)</u> | <u>\$ (6,927,579)</u> |
| Noncontrolling interest | | | | | | | | |
| Unrestricted net assets, beginning | \$ 3,904,146 | \$ - | \$ - | \$ 1,072,260 | \$ - | \$ 8,145 | \$ - | \$ 27,320,457 |
| Contributions | - | - | - | 20,054,460 | - | - | - | 20,054,460 |
| Distributions | - | - | - | - | - | (7,497) | - | (7,497) |
| Syndication costs | - | - | - | - | - | - | - | - |
| Transfer | - | - | - | - | - | - | - | - |
| Change in unrestricted net assets | (155,100) | - | - | - | - | 6,235 | - | (1,116,512) |
| Unrestricted net assets, noncontrolling interest, ending | <u>\$ 3,749,046</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 21,126,720</u> | <u>\$ -</u> | <u>\$ 6,883</u> | <u>\$ -</u> | <u>\$ 46,250,908</u> |



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