

REPORT

DATE ISSUED: July 10, 2025

REPORT NO: HDP25-022

ATTENTION: Members of the Audit Committee of the Board of Directors of
Housing Development Partners of San Diego
For the Agenda of July 18, 2025

SUBJECT: 2024 Housing Development Partners Consolidated Financial Statements

STAFF RECOMMENDATIONS

That the Housing Development Partners (HDP) Audit Committee take the following actions:

- 1) Accept the HDP 2024 Consolidated Financial Statements prepared by CohnReznick LLP, an independent audit firm.
- 2) Authorize HDP's Executive Vice President and Chief Financial Officer, or designee, to engage CohnReznick, LLP for the performance of the 2025 financial audit.
- 3) Find that the foregoing actions are just and reasonable as to HDP for purposes of California Corporations Code 5234.

SUMMARY

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, 2024.

HDP received an "unmodified" ("clean") opinion for the audit period January 1, 2024 – December 31, 2024.

FISCAL CONSIDERATIONS

The sources and uses proposed for this action were included in the approved 2025 Housing Development Partners budget.

Please note a Conflict Disclosure Statement at the end of this report has been included because HDP is the Housing Commission's nonprofit affiliate, and these transactions otherwise involve the Housing Commission.

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 Sean Elo-Rivera, is also a Director of HDP. Councilmember Elo-Rivera 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 Elo-Rivera 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 Elo-Rivera, 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 Elo-Rivera'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 Elo-Rivera 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 2024 Consolidated Financial Statements with Independent Auditor's Report
2) Additional Auditor Required Communication to those charged with Governance.

A printed copy is available for review during business hours at the information desk in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available on HDP's website at www.hdpartners.org

Housing Development Partners of San Diego

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

December 31, 2024 and 2023

Housing Development Partners of San Diego

Index

	<u>Page</u>
Independent Auditor's Report	2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	6
Consolidated Statements of Changes in Net Assets	7
Consolidated Statements of Functional Expenses	8
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	12
Supplementary Information	
Consolidating Statements of Financial Position	27
Consolidating Statements of Activities	35
Consolidating Statements of Changes in Net Assets	43

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, 2024 and 2023, 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, 2024 and 2023, and the changes in their net assets and their 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 27 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.

Sacramento, California
(REPORT DATE)

Housing Development Partners of San Diego

Consolidated Statements of Financial Position December 31, 2024 and 2023

	<u>Assets</u>	
	2024	2023
Current assets		
Cash and cash equivalents	\$ 30,057,820	\$ 27,783,839
Restricted deposits and funded reserves		
Restricted reserves	36,412	58,654
Tenant security deposits	907,160	758,194
Accounts receivable, net	1,071,931	377,190
Deposits	19,500	15,287
Prepaid expenses	528,694	445,397
Total current assets	32,621,517	29,438,561
Noncurrent assets		
Restricted deposits and funded reserves		
Restricted reserves	9,010,811	6,991,540
Escrow deposits	177,994	240,122
Tax credit fees, net	172,625	197,079
Deposits	47,991	55,689
Investment in partnerships	84,525	78,371
Right-of-use asset	3,025,841	3,085,600
Property, equipment and improvements, net	124,291,938	128,980,962
Total noncurrent assets	136,811,725	139,629,363
Total assets	\$ 169,433,242	\$ 169,067,924

Housing Development Partners of San Diego

Consolidated Statements of Financial Position December 31, 2024 and 2023

Liabilities and Net Assets (Deficit)

	2024	2023
Current liabilities		
Accounts payable and accrued expenses	\$ 922,666	\$ 941,704
Accrued interest payable	263,058	212,465
Ground lease payable - affiliate, current portion	886,181	851,195
Mortgages and notes payable, current portion	1,404,582	1,339,883
Prepaid revenue	65,307	37,686
Related party payables	602,626	350,258
Tenant security deposits liability	816,150	758,239
Total current liabilities	4,960,570	4,491,430
Noncurrent liabilities		
Accrued interest payable	6,625,339	6,504,396
Deferred grant revenue	10,849,338	11,186,736
Ground lease payable - affiliate, less current portion	157,518	152,438
Mortgages and notes payable, less current portion	104,759,484	106,428,933
Total noncurrent liabilities	122,391,679	124,272,503
Total liabilities	127,352,249	128,763,933
Commitments and contingencies	-	-
Net assets (deficit)		
Without donor restriction, controlling	(4,659,795)	(6,072,585)
Without donor restriction, noncontrolling	46,740,788	46,376,576
Total net assets (deficit)	42,080,993	40,303,991
Total liabilities and net assets (deficit)	\$ 169,433,242	\$ 169,067,924

See Notes to Consolidated Financial Statements.

Housing Development Partners of San Diego

Consolidated Statements of Activities Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue and support		
Rental income	\$ 22,253,686	\$ 21,037,136
Grant income	337,397	337,397
Interest income	967,245	454,538
Management fees	127,062	124,262
Miscellaneous income	49,408	80,744
Resident services	87,729	83,894
Share of income from partnerships	<u>6,155</u>	<u>6,131</u>
Total revenue and support	<u>23,828,682</u>	<u>22,124,102</u>
Expenses		
Program services	20,176,202	19,491,907
Management and general	<u>2,749,459</u>	<u>2,450,123</u>
Total expenses	<u>22,925,661</u>	<u>21,942,030</u>
Change in net assets - without donor restriction	<u>\$ 903,021</u>	<u>\$ 182,072</u>
Change in net assets, controlling	\$ 1,578,461	\$ 1,030,527
Change in net assets, noncontrolling	<u>(675,440)</u>	<u>(848,455)</u>
Change in net assets - without donor restriction	<u>\$ 903,021</u>	<u>\$ 182,072</u>

See Notes to Consolidated Financial Statements.

Housing Development Partners of San Diego

Consolidated Statements of Changes in Net Assets Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Controlling interest		
Without donor restriction, beginning	\$ (6,072,585)	\$ (6,927,579)
Payment of accrued interest on seller note	(165,671)	(175,533)
Change in net assets	<u>1,578,461</u>	<u>1,030,527</u>
Without donor restriction, controlling ending	<u><u>\$ (4,659,795)</u></u>	<u><u>\$ (6,072,585)</u></u>
Noncontrolling interest		
Without donor restriction, beginning	\$ 46,376,576	\$ 46,250,908
Contributions	1,047,351	1,049,263
Distributions	(7,699)	(75,140)
Change in net assets	<u>(675,440)</u>	<u>(848,455)</u>
Without donor restriction, noncontrolling ending	<u><u>\$ 46,740,788</u></u>	<u><u>\$ 46,376,576</u></u>

See Notes to Consolidated Financial Statements.

Housing Development Partners of San Diego

**Consolidated Statements of Functional Expenses
Year Ended December 31, 2024**

	Program services	Management and general	Total
Salaries	\$ 1,764,918	\$ -	\$ 1,764,918
Payroll taxes	135,053	-	135,053
Employee benefits	282,415	-	282,415
Consultants	769,887	793,354	1,563,241
Office expenses	81,692	74,208	155,900
Training, travel and parking	21,183	2,516	23,699
Property and partnership management	-	1,050,621	1,050,621
Resident services	282,164	-	282,164
Relocation cost	10,519	-	10,519
Repairs and maintenance	2,376,911	-	2,376,911
Supplies	462,689	-	462,689
Utilities and telephone	1,905,944	-	1,905,944
Property tax and insurance	706,475	84,091	790,566
Interest	4,560,468	-	4,560,468
Legal and accounting	183,213	258,015	441,228
Bad debt expense	510,832	-	510,832
Ground lease expense	970,272	-	970,272
Advertising and marketing	3,858	-	3,858
Miscellaneous administrative expense	318,224	482,509	800,733
Depreciation and amortization	4,829,485	4,145	4,833,630
Total functional expenses	<u>\$ 20,176,202</u>	<u>\$ 2,749,459</u>	<u>\$ 22,925,661</u>

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	<u>\$ 19,491,907</u>	<u>\$ 2,450,123</u>	<u>\$ 21,942,030</u>

See Notes to Consolidated Financial Statements.

Housing Development Partners of San Diego

Consolidated Statements of Cash Flows Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Changes in net assets	\$ 903,021	\$ 182,072
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	4,833,630	5,371,995
Amortization of debt issuance costs	129,293	129,292
Amortization of right-of-use asset	59,759	62,458
Deferred grant revenue	(337,397)	(337,397)
Share of income from partnerships	(6,154)	(6,131)
(Increase) decrease in		
Accounts receivable	(694,741)	183,443
Prepaid expenses	(83,297)	(37,929)
Deposits	3,485	(7,875)
Increase (decrease) in		
Accounts payable and accrued expenses	(19,040)	22,821
Right-of-use asset liability	(272,065)	-
Prepaid revenue	27,621	(33,797)
Accrued interest payable	171,536	580,549
Tenant security deposits liability	57,911	89,394
	<u>4,773,562</u>	<u>6,198,895</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Payment of construction costs payable	-	(26,328)
Investment in property and equipment	(120,152)	(245,884)
	<u>(120,152)</u>	<u>(272,212)</u>
Net cash used in investing activities		

Housing Development Partners of San Diego

Consolidated Statements of Cash Flows Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from financing activities		
Principal payments on mortgages and notes payable	(1,734,043)	(1,506,425)
Related party advances received	564,500	228,237
Payment of accrued interest on seller note	(165,671)	(175,533)
Contributions	1,047,351	1,049,263
Distributions	<u>(7,699)</u>	<u>(75,140)</u>
Net cash used in financing activities	<u>(295,562)</u>	<u>(479,598)</u>
Increase in cash, cash equivalents and restricted cash	4,357,848	5,447,085
Cash, cash equivalents and restricted cash, beginning	<u>35,832,349</u>	<u>30,385,264</u>
Cash, cash equivalents and restricted cash, ending	<u><u>\$ 40,190,197</u></u>	<u><u>\$ 35,832,349</u></u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u><u>\$ 4,259,639</u></u>	<u><u>\$ 4,036,782</u></u>

See Notes to Consolidated Financial Statements.

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2024 and 2023

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, 2024 and 2023

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.

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2024 and 2023

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. As of December 31, 2024 and 2023, allowance for credit losses was \$571,092 and \$513,310, respectively.

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, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, 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 \$5,000.

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.

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Predevelopment costs are capitalized until such time as the project is no longer considered 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, 2024 and 2023, \$0 of predevelopment costs were expensed and included in miscellaneous administrative expense on the consolidated statements of functional expenses.

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, 2024 and 2023.

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, 2024 is \$19,575 for 2025, \$12,256 for 2026-2029.

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 \$10,849,338 and \$11,186,736 as of December 31, 2024 and 2023, 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

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2024 and 2023

transaction price, an entity may include variable considerations only to the extent that it is probable 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.

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2024 and 2023

- The range of possible consideration amounts.

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, 2024 and 2023.

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 consolidated 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, 2024 and 2023. 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, 2024 and 2023, 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 2021 remain open for examination.

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2024 and 2023

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.

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.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

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.

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Note 4 - Investment in partnerships

HDP consolidates its ownership interest in certain limited partnerships (see Note 2). As of December 31, 2024 and 2023, the net investment deficit in limited partnership and limited liability companies was \$2,924,533 and \$3,889,708, respectively, which was eliminated in consolidation for the years ended December 31, 2024 and 2023.

The following is condensed financial information as of December 31, 2024 and 2023 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, 2024:

Partnership name	Ownership interest	Total assets	Total liabilities	Partners' equity	Partnership investment
Dawson Avenue Senior Apartments, LP	0.01%	\$ 10,631,974	\$ 9,678,651	\$ 953,323	\$ 87,123
East Village West LP	0.04%	14,733,185	22,512,217	(7,779,032)	(201)
Studio 15 Housing Partners, L.P.	0.01%	21,026,004	31,509,965	(10,483,961)	(2,397)
					<u>\$ 84,525</u>

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>

Note 5 - Property, equipment and improvements, net

Property, equipment and improvements consists of the following as of December 31, 2024 and 2023:

	2024	2023
Land	\$ 4,476,568	\$ 4,476,568
Buildings	143,047,256	143,047,255
Site improvements	7,487,778	7,200,650
Furniture and equipment	8,758,292	8,716,804
Construction in progress	-	208,465
Subtotal	163,769,894	163,649,742
Accumulated depreciation	(39,477,956)	(34,668,780)
Total	<u>\$ 124,291,938</u>	<u>\$ 128,980,962</u>

Depreciation expense totaled \$4,809,176 and \$5,343,164 for the years ended December 31, 2024 and 2023, respectively.

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Note 6 - Mortgages and notes payable

Type of obligations	Interest Rate	Maturity Date	Balance 12/31/2024	Balance 12/31/2023	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			(14,002)	(14,335)	-
Casa Colina, LP:					
Red Mortgage Capital, Inc.	5.68%	2039	2,217,541	2,316,724	104,966
San Diego Housing Commission	3.00%	2059	885,066	972,616	-
Less: Unamortized debt issuance costs			(185,129)	(198,198)	-
Logan Development II, LP:					
Housing Authority of the City of San Diego/serviced by JP	5.58%	2032	2,681,903	2,757,019	79,920
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			(96,345)	(101,427)	-
HDP Broadway, LP:					
Housing Authority of the City of San Diego/serviced by	4.49%	2044	15,172,512	15,494,357	336,597
Less: Unamortized debt issuance costs			(219,031)	(229,983)	-
HDP Churchill, LP:					
San Diego Housing Commission	3.00%	2071	3,800,000	3,800,000	-
Civic San Diego	3.00%	2070	2,939,516	3,000,000	-
California Housing Finance Agency	3.00%	2070	1,766,315	1,800,000	-
San Diego Housing Commission	3.00%	2071	1,790,688	2,022,624	-
Less: Unamortized debt issuance costs			(50,611)	(51,698)	-
HDP New Palace, LP:					
Housing Authority of the City of San Diego/ serviced by					
Citibank N.A. - Series B-1	4.42%	2054	4,568,783	4,641,032	75,508
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			(476,320)	(495,309)	-
HDP Town & Country, LP:					
Housing Authority of the City of San Diego/ serviced by					
Citibank N.A. - Series E-1	4.54%	2034	14,463,247	14,672,910	239,782
Less: Unamortized debt issuance costs			(540,582)	(561,781)	-
HDP Village North, LLC:					
Red Mortgage Capital, LLC	4.54%	2033	8,283,728	8,417,510	141,168
Less: Unamortized debt issuance costs			(118,503)	(123,655)	-
HDP Quality Inn, LLC:					
Citibank, N.A.	4.14%	2035	4,607,567	4,699,913	96,854
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			(255,395)	(267,492)	-
HDP West Park LP:					
Housing Authority of the City of San Diego/ serviced by					
Banner Bank	4.48%	2039	1,384,098	1,403,783	20,585
San Diego Housing Commission	4.00%	2075	3,593,274	3,593,274	-
Less: Unamortized debt issuance costs			(296,848)	(317,679)	-
HDP Mariner's Village, LP:					
Housing Authority of the City of San Diego/ serviced by					
Citibank, N.A.	Variable	2052	18,930,386	19,226,904	309,202
Less: Unamortized debt issuance costs			(379,301)	(399,802)	-
			<u>\$ 106,164,066</u>	<u>\$ 107,768,816</u>	<u>\$ 1,404,582</u>

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2024 and 2023

The annual maturities of long-term debt for each of the next five years and thereafter subsequent to December 31, 2024 are as follows:

2025	\$	1,404,582
2026		1,468,233
2027		1,534,825
2028		1,600,777
2029		1,677,136
Thereafter		<u>101,110,580</u>
Total mortgages and notes payable		108,796,133
Less: unamortized debt issuance costs		<u>(2,632,067)</u>
Total mortgages and notes payable	\$	<u><u>106,164,066</u></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 - Related party transactions

SDHC made payments on behalf of the Corporation. Amounts due to related parties are generally settled in the normal course of business, noninterest bearing and are due on demand. As of December 31, 2024 and 2023, \$602,626 and \$350,258, is payable to related parties.

Note 8 - Leases

Ground leases with SDHC

Ground leases consist of the following at December 31, 2024:

Entity	Lease commencement	Term	Remaining lease term	Ground lease expense	Right-of-use asset	Ground lease payables
Casa Colina, LP	2004	65 years	45 years	\$ 37,224	\$ 597,657	\$ 134,946
HDP Parker Kier, LLC	2013	10 years	0 years	39,974	-	39,974
HDP Broadway, LP	2014	65 years	55 years	285,499	2,428,184	261,203
HDP Churchill, LP	2015	65 years	56 years	80,900	-	80,900
HDP West Park, LP	2019	57 years	52 years	1	-	1
HDP Village North, LLC	2017	65 years	58 years	84,297	-	84,297
HDP Quality Inn, LLC	2017	65 years	58 years	90,402	-	90,402
HDP Mariner's Village, LP	2020	65 years	61 years	314,422	-	314,422
Housing Development Partners of San Diego	2017	65 years	58 years	37,553	-	37,554
				<u>\$ 970,272</u>	<u>\$ 3,025,841</u>	<u>\$ 1,043,699</u>

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2024 and 2023

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

Entity	Lease commencement	Term	Remaining lease term	Ground lease expense	Right-of-use asset	Ground lease payables
Casa Colina, LP	2004	65 years	46 years	\$ 36,997	\$ 613,268	\$ 135,969
HDP Parker Kier, LLC	2013	10 years	0 years	37,915	-	37,915
HDP Broadway, LP	2014	65 years	56 years	275,999	2,472,332	251,042
HDP Churchill, LP	2015	65 years	57 years	78,435	-	78,435
HDP West Park, LP	2019	57 years	53 years	1	-	1
HDP Village North, LLC	2017	65 years	59 years	85,038	-	85,038
HDP Quality Inn, LLC	2017	65 years	59 years	80,184	-	80,184
HDP Mariner's Village, LP	2020	65 years	62 years	302,749	-	302,749
Housing Development Partners of San Diego	2017	65 years	59 years	32,297	-	32,300
				<u>\$ 929,615</u>	<u>\$ 3,085,600</u>	<u>\$ 1,003,633</u>

Commercial lease

Commercial leases consist of the following at December 31, 2024:

Entity	Commercial Tenant	Lease commencement	Term	Remaining lease term	Rental income
HDP Broadway, LP	Community Research Foundation	8/1/2013	16 years	4 years	\$ 84,322
					<u>\$ 84,322</u>

Minimum lease payments for the next five years following December 31, 2024 are as follows:

	Community Research Foundation
2025	\$ 83,075
2026	83,075
2027	83,075
2028	83,075
2029	55,383
Total	<u>\$ 387,683</u>

Note 9 - Consolidated statements of cash flows

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

	2024	2023
Cash and cash equivalents	\$ 30,057,820	\$ 27,783,839
Tenant security deposits	907,160	758,194
Restricted reserves	9,047,223	7,050,194
Escrow deposits	177,994	240,122
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$ 40,190,197</u>	<u>\$ 35,832,349</u>

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2024 and 2023

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 10 - Net assets

As of December 31, 2024, the Corporation's net assets totaled \$42,080,993, of which \$46,740,788 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 11 - 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, 2024 and 2023, 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, 2024 and 2023, no amounts were due under this guaranty.

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, 2024 and 2023, 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, 2024:

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

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2024 and 2023

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, 2024 and 2023, no amounts were due under this guaranty.

Note 12 - Concentration of credit risk

The Corporation maintains cash and cash equivalents 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 and cash equivalents balances at December 31, 2024.

Note 13 - Availability and liquidity

The following represents the Corporation's financial assets at December 31, 2024 and 2023:

	2024	2023
Cash and cash equivalents	\$ 30,057,820	\$ 27,783,839
Receivables, net	1,071,931	377,190
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 31,129,751</u>	<u>\$ 28,161,029</u>

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. Restricted deposits and funded reserves are excluded from availability and liquidity as they are not available for general expenditure (see Note 3).

Note 14 - 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. In addition, the Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules and regulations of federal regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Housing Development Partners of San Diego

Notes to Consolidated Financial Statements December 31, 2024 and 2023

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 15 - Subsequent events

Events that occur after the consolidated 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 consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date, require disclosure in the accompanying notes. Management evaluated all activity of the Corporation through (REPORT DATE), 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, 2024

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	HDP New Palace, LP	Logan Development II, LP	Casa Colina, LP	HDP Churchill, LP	HDP Parker Kier, LLC	HDP Broadway, LP
<u>Assets</u>								
Current assets								
Cash and cash equivalents	\$ 17,544,867	\$ 201,652	\$ 849,236	\$ 71,285	\$ 402,218	\$ 1,060,407	\$ 472,078	\$ 1,032,466
Restricted deposits and funded reserves								
Restricted reserves	-	-	-	-	-	-	-	-
Tenant security deposits	-	15,300	59,646	35,151	103,043	88,669	47,584	51,170
Accounts receivable, net	113,590	736	10,034	17,935	157,014	10,426	2,672	553,042
Deposits	-	-	-	-	-	-	-	-
Prepaid expenses	-	11,000	25,259	33,989	33,192	27,454	13,067	102,465
Related party advances	51,600	-	-	-	-	-	-	-
Total current assets	17,710,057	228,688	944,175	158,360	695,467	1,186,956	535,401	1,739,143
Noncurrent assets								
Restricted deposits and funded reserves								
Restricted reserves	-	95,376	478,947	119,044	458,765	537,158	63,170	1,900,124
Escrow deposits	-	-	5,528	15,394	21,903	-	-	36,926
Tax credit fees, net	-	-	22,358	-	-	-	-	7,318
Deposits	-	2,000	-	-	-	6,000	3,000	-
Developer fees receivable	8,833,313	-	-	-	-	-	-	-
Interest receivable	2,023,424	-	-	-	-	-	-	-
Investment in partnerships	-	-	-	-	-	-	-	-
Notes receivable	13,098,333	-	-	-	-	-	-	-
Right-of-use asset	-	-	-	-	597,657	-	-	2,428,184
Property and equipment, net	8,541	4,232,056	14,786,748	5,896,113	2,647,050	15,194,056	49,553	23,644,658
Other assets	4	-	-	-	-	-	-	-
Total noncurrent assets	23,963,615	4,329,432	15,293,581	6,030,551	3,725,375	15,737,214	115,723	28,017,210
Total assets	\$ 41,673,672	\$ 4,558,120	\$ 16,237,756	\$ 6,188,911	\$ 4,420,842	\$ 16,924,170	\$ 651,124	\$ 29,756,353

Housing Development Partners of San Diego

Consolidating Statement of Financial Position
December 31, 2024

	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
<u>Assets</u>									
Current assets									
Cash and cash equivalents	\$ 420,716	\$ 333,986	\$ 2,990,350	\$ 1,288,588	\$ 3,166,825	\$ 57,269	\$ 165,877	\$ -	\$ 30,057,820
Restricted deposits and funded reserves									
Restricted reserves	-	1,000	35,412	-	-	-	-	-	36,412
Tenant security deposits	131,268	43,706	96,761	95,822	128,230	10,810	-	-	907,160
Accounts receivable, net	28,255	9,239	9,193	22,827	60,622	95,729	105,670	(125,053)	1,071,931
Deposits	-	-	-	19,500	-	-	-	-	19,500
Prepaid expenses	77,302	12,445	57,979	24,367	102,479	7,696	-	-	528,694
Related party advances	-	-	-	-	-	-	-	(51,600)	-
Total current assets	657,541	400,376	3,189,695	1,451,104	3,458,156	171,504	271,547	(176,653)	32,621,517
Noncurrent assets									
Restricted deposits and funded reserves									
Restricted reserves	654,857	282,709	541,477	2,543,578	1,219,001	116,605	-	-	9,010,811
Escrow deposits	28,702	1,979	13,768	7,310	46,484	-	-	-	177,994
Tax credit fees, net	48,643	18,821	-	-	75,485	-	-	-	172,625
Deposits	-	-	11,479	-	25,512	-	-	-	47,991
Developer fees receivable	-	-	-	-	-	-	-	(8,833,313)	-
Interest receivable	-	-	-	-	-	-	-	(2,023,424)	-
Investment in partnerships	-	-	-	-	-	-	361,484	(276,959)	84,525
Notes receivable	-	-	-	-	-	-	-	(13,098,333)	-
Right-of-use asset	-	-	-	-	-	-	-	-	3,025,841
Property and equipment, net	24,213,143	10,930,580	5,107,402	8,947,571	36,765,310	2,077,809	-	(30,208,652)	124,291,938
Other assets	-	-	-	-	-	-	-	(4)	-
Total noncurrent assets	24,945,345	11,234,089	5,674,126	11,498,459	38,131,792	2,194,414	361,484	(54,440,685)	136,811,725
Total assets	\$ 25,602,886	\$ 11,634,465	\$ 8,863,821	\$ 12,949,563	\$ 41,589,948	\$ 2,365,918	\$ 633,031	\$ (54,617,338)	\$ 169,433,242

Housing Development Partners of San Diego

Consolidating Statement of Financial Position
December 31, 2024

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	HDP New Palace, LP	Logan Development 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	\$ 42,694	\$ 22,034	\$ 53,674	\$ 61,738	\$ 46,134	\$ 125,104	\$ 23,153	\$ 139,731
Accrued interest payable	-	-	16,828	12,887	10,496	-	-	56,770
Ground lease payable - affiliate, current	37,554	-	-	-	4,205	80,900	39,974	234,426
Mortgages and notes payable, current	-	-	75,508	79,920	104,966	-	-	336,597
Prepaid revenue	-	337	668	596	1,331	14,177	1,322	3,688
Related party payables, current	563,472	100	14,925	90,381	16,883	12,667	10,000	21,524
Tenant security deposits liability	-	13,903	79,937	35,151	22,711	77,232	40,652	51,169
Total current liabilities	643,720	36,374	241,540	280,673	206,726	310,080	115,101	843,905
Noncurrent liabilities								
Accrued interest payable	-	1,816,158	664,452	1,687,929	48,846	1,087,793	-	126,930
Deferred grant revenue	-	-	-	-	-	7,461,155	-	-
Deferred revenue - subground lease	5,220,000	-	-	-	-	-	-	-
Ground lease payable - affiliate, less current portion	-	-	-	-	130,741	-	-	26,777
Investment in partnerships	2,924,533	-	-	-	-	-	-	-
Mortgages and notes payable, less current portion	-	4,919,832	11,400,132	4,280,638	3,030,828	10,245,908	-	20,281,130
Related party payable, less current portion	8,850,013	-	7,169	-	-	-	-	-
Total noncurrent liabilities	16,994,546	6,735,990	12,071,753	5,968,567	3,210,415	18,794,856	-	20,434,837
Total liabilities	17,638,266	6,772,364	12,313,293	6,249,240	3,417,141	19,104,936	115,101	21,278,742
<u>Net Assets</u>								
Without donor restriction, controlling	24,035,406	(2,214,244)	(699,128)	(222)	1,086,569	(1,383,917)	536,023	(380)
Without donor restriction, noncontrolling	-	-	4,623,591	(60,107)	(82,868)	(796,849)	-	8,477,991
Total net assets	24,035,406	(2,214,244)	3,924,463	(60,329)	1,003,701	(2,180,766)	536,023	8,477,611
Total liabilities and net assets	\$ 41,673,672	\$ 4,558,120	\$ 16,237,756	\$ 6,188,911	\$ 4,420,842	\$ 16,924,170	\$ 651,124	\$ 29,756,353

Housing Development Partners of San Diego

Consolidating Statement of Financial Position
December 31, 2024

	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
<u>Liabilities and Net Assets</u>									
Current liabilities									
Accounts payable and accrued expenses	\$ 90,365	\$ 44,092	\$ 44,386	\$ 88,094	\$ 122,043	\$ 6,300	\$ 13,135	\$ (11)	\$ 922,666
Accrued interest payable	54,719	5,167	32,385	16,426	57,380	-	-	-	263,058
Ground lease payable - affiliate, current	-	1	84,297	90,402	314,422	-	-	-	886,181
Mortgages and notes payable, current	239,782	20,585	141,168	96,854	309,202	-	-	-	1,404,582
Prepaid revenue	21,388	-	3,611	7,345	10,809	35	-	-	65,307
Related party payables, current	10,970	14,322	-	-	22,511	-	1,500	(176,629)	602,626
Tenant security deposits liability	131,266	41,738	96,760	86,593	128,228	10,810	-	-	816,150
Total current liabilities	548,490	125,905	402,607	385,714	964,595	17,145	14,635	(176,640)	4,960,570
Noncurrent liabilities									
Accrued interest payable	-	554,860	-	804,585	-	-	-	(166,214)	6,625,339
Deferred grant revenue	-	-	1,947,245	333,438	-	1,107,500	-	-	10,849,338
Deferred revenue - subground lease	-	-	-	-	-	-	-	(5,220,000)	-
Ground lease payable - affiliate, less current portion	-	-	-	-	-	-	-	-	157,518
Investment in partnerships	-	-	-	-	-	-	-	(2,924,533)	-
Mortgages and notes payable, less current portion	13,682,883	4,659,939	8,024,055	12,199,818	18,241,883	-	-	(6,207,562)	104,759,484
Related party payable, less current portion	3,729,173	-	-	-	5,096,970	-	-	(17,683,325)	-
Total noncurrent liabilities	17,412,056	5,214,799	9,971,300	13,337,841	23,338,853	1,107,500	-	(32,201,634)	122,391,679
Total liabilities	17,960,546	5,340,704	10,373,907	13,723,555	24,303,448	1,124,645	14,635	(32,378,274)	127,352,249
<u>Net Assets</u>									
Without donor restriction, controlling	(2,236,071)	2,907,952	(1,510,086)	(773,992)	(4,038,749)	1,241,273	628,849	(22,239,078)	(4,659,795)
Without donor restriction, noncontrolling	9,878,411	3,385,809	-	-	21,325,249	-	(10,453)	14	46,740,788
Total net assets	7,642,340	6,293,761	(1,510,086)	(773,992)	17,286,500	1,241,273	618,396	(22,239,064)	42,080,993
Total liabilities and net assets	\$ 25,602,886	\$ 11,634,465	\$ 8,863,821	\$ 12,949,563	\$ 41,589,948	\$ 2,365,918	\$ 633,031	\$ (54,617,338)	\$ 169,433,242

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 Development 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, net	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	-	-	-	-	-	-	-
Right-of-use asset	-	-	-	-	613,268	-	-	2,472,333
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	-	-	-	-	-	-	-
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
<u>Assets</u>									
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, net	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)	-
Right-of-use asset	-	-	-	-	-	-	-	(1)	3,085,600
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	-	-	-	-	-	-	-	(3)	-
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 Development 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
Ground lease payable - affiliate, current	32,300	-	-	-	3,384	78,435	37,915	231,189
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	312,126	-	14,491	25,075	16,391	12,299	10,000	21,334
Tenant security deposits liability	-	14,403	65,989	33,030	22,539	70,500	38,605	48,920
Total current liabilities	416,723	39,453	314,566	188,805	183,667	274,999	107,953	780,619
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	-	-	-	-	-	-	-
Ground lease payable - affiliate, less current portion	-	-	-	-	132,585	-	-	19,853
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	-	-	-	-	-
Total noncurrent liabilities	20,008,547	6,716,052	12,586,444	5,728,506	3,382,056	19,391,283	-	21,496,881
Total liabilities	20,425,270	6,755,505	12,901,010	5,917,311	3,565,723	19,666,282	107,953	22,277,500
<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	20,713,255	(2,102,285)	3,781,553	825,598	808,307	(2,314,723)	501,456	7,916,822
Total liabilities and net 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
<u>Liabilities and Net Assets</u>									
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
Ground lease payable - affiliate, current	-	1	85,038	80,184	302,749	-	-	-	851,195
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	13,905	-	75,064	1,826,704	-	-	(1,987,927)	350,258
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)	-
Ground lease payable - affiliate, less current portion	-	-	-	-	-	-	-	-	152,438
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)	-
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
<u>Net Assets</u>									
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 Activities
Year Ended December 31, 2024

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	HDP New Palace, LP	Logan Development II, LP	Casa Colina, LP	HDP Churchill, LP	HDP Parker Kier, LLC	HDP Broadway, LP
Revenue and support								
Rental income	\$ -	\$ 428,877	\$ 1,850,751	\$ 920,622	\$ 1,175,811	\$ 1,810,764	\$ 918,031	\$ 3,924,762
Developer fees	2,048,825	-	-	-	-	-	-	-
Grant income	-	-	-	-	-	241,192	-	-
Interest income	1,155,918	1,569	27,901	3,954	6,846	10,360	255	96,895
Management fees	123,945	-	-	-	-	-	-	-
Miscellaneous income	-	-	41	14,700	345	1,025	-	13,512
Resident services	-	-	-	-	87,729	-	-	-
Share of income from partnerships	2,033,705	-	-	-	-	-	-	-
Total revenue and support	5,362,393	430,446	1,878,693	939,276	1,270,731	2,063,341	918,286	4,035,169
Expenses								
Program services								
Salaries	-	59,657	143,215	123,472	130,776	175,370	80,555	207,439
Payroll taxes	-	4,068	11,937	6,910	12,638	13,746	5,642	17,663
Employee benefits	-	8,031	28,994	9,089	24,448	14,908	10,818	37,763
Consultants	666,992	2,850	3,484	3,029	12,314	-	-	16,517
Office expenses	-	1,565	6,926	1,926	6,764	4,917	2,197	14,300
Training, travel and parking	-	172	1,349	2,880	2,079	744	343	5,255
Resident services	-	1,217	21,134	1,995	95,628	953	1,321	62,327
Relocation cost	-	-	-	-	-	-	-	-
Repairs and maintenance	-	46,605	215,904	767,749	47,834	201,379	138,764	236,440
Supplies	-	23,163	24,640	26,539	44,342	26,147	13,676	73,256
Utilities and telephone	-	54,173	101,620	178,577	94,409	129,313	81,761	326,283
Property tax and insurance	-	16,726	37,857	45,682	52,321	35,528	17,935	134,843
Interest	-	148,348	477,900	249,096	182,894	314,012	-	928,587
Legal and accounting	-	2,364	4,945	55,122	977	9,611	333	213
Bad debt expense	-	12,807	37,335	19,235	-	36,370	26,301	989
Ground lease expense	37,553	-	-	-	37,224	80,900	39,974	285,499
Advertising and marketing	-	-	567	374	555	100	-	784
Miscellaneous administrative expense	-	5,925	31,969	10,494	3,423	23,862	4,236	36,909
Depreciation and amortization	-	122,759	441,998	233,888	111,051	514,650	9,048	867,800
Total program services	704,545	510,430	1,591,774	1,736,057	859,677	1,582,510	432,904	3,252,867

Housing Development Partners of San Diego

Consolidating Statement of Activities
Year Ended December 31, 2024

	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	\$ 2,629,708	\$ 887,358	\$ 1,888,454	\$ 2,106,474	\$ 3,506,790	\$ 205,284	\$ -	\$ -	\$ 22,253,686
Developer fees	-	-	-	-	-	-	-	(2,048,825)	-
Grant income	-	-	57,132	9,073	-	30,000	-	-	337,397
Interest income	3,531	1,674	59,339	104,194	129,423	481	-	(635,095)	967,245
Management fees	-	-	-	-	-	-	113,170	(110,053)	127,062
Miscellaneous income	1,967	1,747	129	-	13,703	-	2,239	-	49,408
Resident services	-	-	-	-	-	-	-	-	87,729
Share of income from partnerships	-	-	-	-	-	-	298,719	(2,326,269)	6,155
Total revenue and support	2,635,206	890,779	2,005,054	2,219,741	3,649,916	235,765	414,128	(5,120,242)	23,828,682
Expenses									
Program services									
Salaries	279,659	90,420	116,737	149,149	207,393	1,076	-	-	1,764,918
Payroll taxes	17,302	7,249	8,809	12,815	16,192	82	-	-	135,053
Employee benefits	35,377	12,160	26,965	19,913	53,861	88	-	-	282,415
Consultants	12,841	1,781	7,002	10,585	24,287	8,205	-	-	769,887
Office expenses	4,464	5,616	10,091	9,745	12,583	598	-	-	81,692
Training, travel and parking	957	600	1,283	3,933	1,389	199	-	-	21,183
Resident services	52,492	3,365	30,159	10,404	196	973	-	-	282,164
Relocation cost	-	4,209	3,680	-	2,630	-	-	-	10,519
Repairs and maintenance	199,367	94,867	87,026	188,653	130,986	21,337	-	-	2,376,911
Supplies	100,452	5,628	50,844	17,507	55,864	631	-	-	462,689
Utilities and telephone	287,060	81,223	116,749	145,937	298,378	10,461	-	-	1,905,944
Property tax and insurance	103,435	15,512	63,685	30,240	137,938	14,773	-	-	706,475
Interest	682,620	226,752	390,353	499,909	702,844	-	-	(242,847)	4,560,468
Legal and accounting	31,577	1,981	19,615	3,214	38,265	14,996	-	-	183,213
Bad debt expense	126,240	57,686	11,053	157,281	18,312	7,223	-	-	510,832
Ground lease expense	-	1	84,297	90,402	314,422	-	-	-	970,272
Advertising and marketing	394	488	-	596	-	-	-	-	3,858
Miscellaneous administrative expense	50,221	19,644	53,629	21,833	56,079	-	-	-	318,224
Depreciation and amortization	812,178	453,013	289,192	402,718	1,650,128	77,471	-	(1,156,409)	4,829,485
Total program services	2,796,636	1,082,195	1,371,169	1,774,834	3,721,747	158,113	-	(1,399,256)	20,176,202

Housing Development Partners of San Diego

Consolidating Statement of Activities
Year Ended December 31, 2024

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	HDP New Palace, LP	Logan Development II, LP	Casa Colina, LP	HDP Churchill, LP	HDP Parker Kier, LLC	HDP Broadway, LP
Management and general								
Consultants	786,710	-	-	-	1,967	-	-	4,677
Office expenses	2,426	4,155	5,753	7,561	3,753	5,164	3,760	5,203
Training, travel and parking	851	1,665	-	-	-	-	-	-
Property and partnership management	-	14,501	122,591	66,744	83,295	102,285	38,640	155,393
Property tax and insurance	13,175	100	2,108	800	1,726	2,654	4,390	26,412
Legal and accounting	45,881	11,554	13,557	14,041	22,150	13,710	4,633	29,828
Miscellaneous administrative expense	482,509	-	-	-	-	-	-	-
Depreciation and amortization	4,145	-	-	-	-	-	-	-
Total management and general	1,335,697	31,975	144,009	89,146	112,891	123,813	51,423	221,513
Total expenses	2,040,242	542,405	1,735,783	1,825,203	972,568	1,706,323	484,327	3,474,380
Change in net assets	<u>\$ 3,322,151</u>	<u>\$ (111,959)</u>	<u>\$ 142,910</u>	<u>\$ (885,927)</u>	<u>\$ 298,163</u>	<u>\$ 357,018</u>	<u>\$ 433,959</u>	<u>\$ 560,789</u>
Change in net assets controlling	\$ 3,322,151	\$ (111,959)	\$ 14	\$ (89)	\$ 298,163	\$ 36	\$ 433,959	\$ 56
Change in net assets noncontrolling	-	-	142,896	(885,838)	-	356,982	-	560,733
Change in net assets	<u>\$ 3,322,151</u>	<u>\$ (111,959)</u>	<u>\$ 142,910</u>	<u>\$ (885,927)</u>	<u>\$ 298,163</u>	<u>\$ 357,018</u>	<u>\$ 433,959</u>	<u>\$ 560,789</u>

Housing Development Partners of San Diego

Consolidating Statement of Activities
Year Ended December 31, 2024

	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	-	-	-	-	-	-	-	-	793,354
Office expenses	9,646	1,707	9,080	4,991	8,511	1,293	1,205	-	74,208
Training, travel and parking	-	-	-	-	-	-	-	-	2,516
Property and partnership management	103,801	63,644	92,052	118,084	185,127	14,517	-	(110,053)	1,050,621
Property tax and insurance	800	1,280	6,800	7,685	800	855	14,506	-	84,091
Legal and accounting	13,297	12,342	8,731	12,283	24,648	4,633	26,727	-	258,015
Miscellaneous administrative expense	-	-	-	-	-	-	-	-	482,509
Depreciation and amortization	-	-	-	-	-	-	-	-	4,145
Total management and general	127,544	78,973	116,663	143,043	219,086	21,298	42,438	(110,053)	2,749,459
Total expenses	2,924,180	1,161,168	1,487,832	1,917,877	3,940,833	179,411	42,438	(1,509,309)	22,925,661
Change in net assets	<u>\$ (288,974)</u>	<u>\$ (270,389)</u>	<u>\$ 517,222</u>	<u>\$ 301,864</u>	<u>\$ (290,917)</u>	<u>\$ 56,354</u>	<u>\$ 371,690</u>	<u>\$ (3,610,933)</u>	<u>\$ 903,021</u>
Change in net assets controlling	\$ (14)	\$ (24)	\$ 517,222	\$ 301,864	\$ (29)	\$ 56,354	\$ 371,690	\$ (3,610,933)	\$ 1,578,461
Change in net assets noncontrolling	<u>(288,960)</u>	<u>(270,365)</u>	<u>-</u>	<u>-</u>	<u>(290,888)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(675,440)</u>
Change in net assets	<u>\$ (288,974)</u>	<u>\$ (270,389)</u>	<u>\$ 517,222</u>	<u>\$ 301,864</u>	<u>\$ (290,917)</u>	<u>\$ 56,354</u>	<u>\$ 371,690</u>	<u>\$ (3,610,933)</u>	<u>\$ 903,021</u>

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 Development 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
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
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 Development 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	\$ (398,532)	\$ (477,731)	\$ (12,878)	\$ 56,289	\$ (557,990)	\$ 71,942	\$ 273,910	\$ (777,405)	\$ 182,072
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	(398,512)	(477,688)	-	-	(557,934)	-	-	-	(848,455)
Change in net assets	\$ (398,532)	\$ (477,731)	\$ (12,878)	\$ 56,289	\$ (557,990)	\$ 71,942	\$ 273,910	\$ (777,405)	\$ 182,072

Housing Development Partners of San Diego

Consolidating Statement of Changes in Net Assets
Year Ended December 31, 2024

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	HDP New Palace, LP	Logan Development II, LP	Casa Colina, LP	HDP Churchill, LP	HDP Parker Kier, LLC	HDP Broadway, LP
Controlling interest								
Unrestricted net assets, beginning	\$ 20,713,255	\$ (2,102,285)	\$ (699,142)	\$ (133)	\$ 891,175	\$ (1,160,892)	\$ 501,456	\$ (436)
Distributions	-	-	-	-	(102,769)	(223,061)	(399,392)	-
Payments of accrued interest on seller note	-	-	-	-	-	-	-	-
Change in unrestricted net assets	3,322,151	(111,959)	14	(89)	298,163	36	433,959	56
Unrestricted net assets, controlling interest, ending	<u>\$ 24,035,406</u>	<u>\$ (2,214,244)</u>	<u>\$ (699,128)</u>	<u>\$ (222)</u>	<u>\$ 1,086,569</u>	<u>\$ (1,383,917)</u>	<u>\$ 536,023</u>	<u>\$ (380)</u>
Noncontrolling interest								
Unrestricted net assets, beginning	\$ -	\$ -	\$ 4,480,695	\$ 825,731	\$ (82,868)	\$ (1,153,831)	\$ -	\$ 7,917,258
Contributions	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-
Change in unrestricted net assets	-	-	142,896	(885,838)	-	356,982	-	560,733
Unrestricted net assets, noncontrolling interest, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,623,591</u>	<u>\$ (60,107)</u>	<u>\$ (82,868)</u>	<u>\$ (796,849)</u>	<u>\$ -</u>	<u>\$ 8,477,991</u>

Housing Development Partners of San Diego

Consolidating Statement of Changes in Net Assets
Year Ended December 31, 2024

	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	\$ (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)
Distributions	-	-	-	(307,596)	-	-	(138,471)	1,171,289	-
Payments of accrued interest on seller note	(123,072)	(114,090)	-	-	-	(42,599)	-	114,090	(165,671)
Change in unrestricted net assets	(14)	(24)	517,222	301,864	(29)	56,354	371,690	(3,610,933)	1,578,461
Unrestricted net assets, controlling interest, ending	<u>\$ (2,236,071)</u>	<u>\$ 2,907,952</u>	<u>\$ (1,510,086)</u>	<u>\$ (773,992)</u>	<u>\$ (4,038,749)</u>	<u>\$ 1,241,273</u>	<u>\$ 628,849</u>	<u>\$ (22,239,078)</u>	<u>\$ (4,659,795)</u>
Noncontrolling interest									
Unrestricted net assets, beginning	\$ 10,167,371	\$ 3,656,174	\$ -	\$ -	\$ 20,568,786	\$ -	\$ (2,747)	\$ 7	\$ 46,376,576
Contributions	-	-	-	-	1,047,351	-	-	-	1,047,351
Distributions	-	-	-	-	-	-	(7,706)	7	(7,699)
Change in unrestricted net assets	(288,960)	(270,365)	-	-	(290,888)	-	-	-	(675,440)
Unrestricted net assets, noncontrolling interest, ending	<u>\$ 9,878,411</u>	<u>\$ 3,385,809</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,325,249</u>	<u>\$ -</u>	<u>\$ (10,453)</u>	<u>\$ 14</u>	<u>\$ 46,740,788</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 Development 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	\$ 19,829,711	\$ (2,046,107)	\$ (699,151)	\$ (109)	\$ 799,280	\$ (1,015,082)	\$ 315,999	\$ (469)	\$ (1,958,133)
Distributions	-	-	-	(7)	(100,249)	(145,844)	(213,762)	-	-
Payments of accrued interest on seller note	-	-	-	-	-	-	-	-	(154,832)
Change in unrestricted net assets	883,544	(56,178)	9	(17)	192,144	34	399,219	33	(20)
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>	<u>\$ (2,112,985)</u>
Noncontrolling interest									
Unrestricted net assets, beginning	\$ -	\$ -	\$ 3,731,199	\$ 1,056,377	\$ (82,868)	\$ (1,494,314)	\$ -	\$ 7,591,982	\$ 10,565,883
Contributions	-	-	664,447	-	-	-	-	-	-
Distributions	-	-	-	(65,517)	-	-	-	-	-
Change in unrestricted net assets	-	-	85,049	(165,129)	-	340,483	-	325,276	(398,512)
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>	<u>\$ 10,167,371</u>

Housing Development Partners of San Diego

Consolidating Statement of Changes in Net Assets
Year Ended December 31, 2023

	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	\$ 3,022,109	\$ (1,089,754)	\$ (666,993)	\$ (4,038,664)	\$ 1,176,277	\$ 270,463	\$ (20,826,956)	\$ (6,927,579)
Distributions	-	(924,676)	(157,556)	-	-	(148,743)	1,690,837	-
Payments of accrued interest on seller note	-	-	-	-	(20,701)	-	-	(175,533)
Change in unrestricted net assets	(43)	(12,878)	56,289	(56)	71,942	273,910	(777,405)	1,030,527
Unrestricted net assets, controlling interest, ending	<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	\$ 3,749,046	\$ -	\$ -	\$ 21,126,720	\$ -	\$ 6,883	\$ -	\$ 46,250,908
Contributions	384,816	-	-	-	-	-	-	1,049,263
Distributions	-	-	-	-	-	(9,630)	7	(75,140)
Change in unrestricted net assets	(477,688)	-	-	(557,934)	-	-	-	(848,455)
Unrestricted net assets, noncontrolling interest, ending	<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>

7/8/2025

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 year ended December 31, 2024, and we have issued our report thereon dated (Report Date). 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 December 4, 2024. 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 consolidated financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2024. 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.
- 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.
- 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 15 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 (2) revenue recognition (3) allocation of functional program expenditures.

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 (Report Date).

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