



SAN DIEGO  
HOUSING  
COMMISSION

# San Diego Housing Commission Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2013

San Diego Housing Commission  
Financial Services Department  
1122 Broadway, Suite 300  
San Diego, CA 92101  
[www.sdhc.org](http://www.sdhc.org)



**SAN DIEGO HOUSING COMMISSION**

A Component Unit of the  
City of San Diego, California

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended  
June 30, 2013

Prepared by:  
**FINANCE DEPARTMENT**

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SAN DIEGO  
HOUSING  
COMMISSION

# Introductory Section



## *We're About People*

Established in 1979, the San Diego Housing Commission (SDHC) is an award-winning public agency that serves the City of San Diego in a variety of roles including as a provider of federal rental assistance to more than 14,000 families; a partner in addressing homelessness; and an affordable housing developer.





October 30, 2013

Council President, Interim Mayor Todd Gloria,  
Members of the San Diego City Council,  
The Board of Commissioners of the San Diego Housing Commission,  
Citizens of the City of San Diego, California and other interested parties

California State law requires that all general purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. As a component unit of the City of San Diego, and pursuant to the above stated requirement, we hereby issue the comprehensive annual financial report (CAFR) of the San Diego Housing Commission (SDHC) for the fiscal year ended June 30, 2013.

This report consists of SDHC management's representations concerning SDHC finances. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, SDHC management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of SDHC's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, SDHC's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As SDHC management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

SDHC's financial statements have been audited by CohnReznick LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that SDHC's financial statements for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that SDHC's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of SDHC's financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in SDHC's separately issued Single Audit Report.

The CAFR includes the U.S. Department of Housing and Urban Development (HUD)-required Financial Data Schedule (FDS) created to standardize financial information reported by Public Housing Authorities (PHAs). The HUD Real Estate Assessment Center (REAC) requires that PHA accounting information be reported in accordance with GAAP, using either governmental or enterprise fund accounting. REAC analyzes FDS to assess the financial condition, viability, and effectiveness of overall resource management of PHAs compared to industry peers. The FDS discloses federal, state and locally funded activities reported to HUD. These activities are the basis of SDHC's enterprise fund program schedules, which are combined in the basic financial statements.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SDHC for its CAFR for the fiscal year ended June 30, 2012. This was the fifth consecutive year that SDHC has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA has also given an award for Outstanding Achievement in Popular Annual Financial Reporting to SDHC for its Popular Annual Financial Report for fiscal year 2012. This was the third consecutive year that SDHC has received this prestigious award.

In addition, Standard & Poor's Ratings Services on January 11, 2013, issued an AA credit rating for the SDHC, up from a previous rating of A+. An "AA" rating from Standard & Poor's is its second-highest and indicates that SDHC has a "very strong capacity to meet financial commitments."

Established in 1979, SDHC is an award-winning public agency dedicated to providing affordable, safe and quality homes for low- and moderate-income families and individuals in the City of San Diego, while also increasing choices in the neighborhoods where they wish to live and improving the quality of their lives.

### **Providing Rental Assistance**

SDHC administers a variety of federally funded affordable housing programs and services, including the Housing Choice Voucher (Section 8) Program, which provides rent subsidies to more than 14,000 low-income families in the City of San Diego.

SDHC's Rental Assistance Division manages the program and is also dedicated to assisting families with supportive services and individualized case management to encourage economic independence.

SDHC is one of only 39 public housing authorities nationwide (out of 3,400) to earn a "Moving to Work" (MTW) designation from HUD. This designation allows SDHC certain regulatory exemptions from the Housing Choice Voucher and public housing programs. It permits SDHC to combine operating, capital and rental assistance funds. This provides flexibility to create and test innovative programs that address San Diego's unique housing needs and to further assist our more than 14,000 Housing Choice Voucher households.

The three statutory objectives for MTW are:

- Reduce administrative costs to more efficiently allocate federal funds
- Provide incentives for low-income families to become self-sufficient
- Increase housing choices for low-income families and address homelessness

SDHC's MTW operating budget in Fiscal Year 2013 was \$199,939,670. Examples of MTW initiatives implemented by SDHC are:

- **Choice Communities.** Nearly 180 low-income families in the City of San Diego have been able to move to areas with better transportation, schools and employment opportunities. This MTW program helps Housing Choice Voucher (Section 8) participants move to low-poverty neighborhoods in the City of San Diego and allows participating families to increase the percentage of monthly adjusted income they pay toward rent so they can move to these communities of enhanced opportunities.
- **The Sponsor-Based Housing Voucher Program.** As an MTW agency, SDHC on July 1, 2010, became one of the first housing agencies in the nation to receive approval from HUD to direct federal Sponsor-Based Housing Vouchers to make housing available for homeless San Diegans. These housing opportunities are combined with supportive services from nonprofit groups that partner with SDHC. SDHC has committed 347 Sponsor-Based Housing Vouchers with an estimated annual value of \$2,481,744 to this important effort.
- **Project-Based Housing Voucher Program.** SDHC also awards Project-Based Housing Vouchers to help address homelessness in the City of San Diego and support housing for low-income San Diegans. Project-Based Housing Vouchers link rental assistance to a specific housing program, including transitional housing. SDHC has committed 233 Project-Based Housing Vouchers with an estimated annual value of \$1,966,753 to address homelessness.
- **SDHC's Graduation Incentive Program.** This program encourages families to pursue and complete higher education by offering a monetary award upon graduation from an eligible institution of higher learning.
- **The SDHC Achievement Academy.** Located at SDHC's downtown San Diego headquarters, the 9,600-square-foot SDHC Achievement Academy is a state-of-the-art learning and resource center and computer lab available at no charge to families receiving federal Housing Choice Vouchers (Section 8) and public housing residents. The SDHC Achievement Academy emphasizes career planning and improving job skills to achieve self-sufficiency.
- **Path to Success.** This SDHC program sets minimum monthly rent payment amounts for Housing Choice Voucher (Section 8) and public housing participants who are able to work (Work-Able). The minimum monthly rent payment amounts are based on California's minimum wage standards.

As this Work-Able population contributes more toward their rents, SDHC will be able to expand the program and provide more Housing Choice Voucher (Section 8) assistance to others on the waiting list.



SDHC will guide Work-Able families to become more financially self-reliant through enrollment at the SDHC Achievement Academy.

In addition, Work-Able households may apply for a temporary hardship exemption from the minimum rent standards under Path to Success. During the hardship period, however, the household must participate in the SDHC Achievement Academy work readiness programs.

The minimum rent for Elderly/Disabled households is reduced to zero.

SDHC implemented Path to Success on July 1, 2013.

### **Addressing Homelessness**

SDHC also supports programs designed to address homelessness in the City of San Diego and lessen its impact on our community. Populations served include chronically homeless individuals, families, veterans and seniors. The 2013 Point-in-Time Count conducted the morning of January 25, 2013, by the Regional Task Force on the Homeless identified 8,897 homeless people in San Diego County, including 5,733 homeless individuals in the City of San Diego. About 54 percent of the City of San Diego's homeless residents lacked shelter, living on the streets or in canyons, riverbeds, parks and beaches. The rest had roofs over their heads temporarily at emergency shelters, hotels and motels, safe havens or transitional housing.

In addition to the Sponsor-Based and Project Based Housing Voucher Programs that are part of MTW, SDHC administers HUD-Veterans Affairs Supportive Housing (VASH) Vouchers, which help homeless veterans rebuild their lives. HUD has awarded 620 VASH vouchers, with an estimated annual value of \$5,843,500, to SDHC.

SDHC also administers the City of San Diego's (City) homeless shelter program. The City's shelter program has historically included two temporary structures to provide shelter for San Diego's homeless population during the winter months. The Single Adult Shelter, located in downtown San Diego, provides 220 beds and is operated by Alpha Project for the Homeless. The Veterans Shelter, located in the Midway area, provides 150 beds and is operated by Veterans Village of San Diego. On March 11, 2013, the San Diego City Council approved Mayor Bob Filner's request for additional funding to keep the Single Adult Shelter open through June 30, 2013. On April 23, 2013, at Mayor Filner's request, the San Diego City Council approved additional funding to keep the veterans shelter open through July 7, 2013.

SDHC also administers the City's family shelter program, Cortez Hill Family Center, which assists about 45 homeless families per night, and Neil Good Day Center, which provides case management, medical and counseling services, legal assistance, a computer lab, free storage for belongings and additional assistance to homeless San Diegans.

In fiscal year 2013, SDHC also supported more than 500 transitional housing units with San Diego Housing Trust Funds. With federal Emergency Solutions Grant funds, SDHC is also providing a San Diego Rapid Re-housing Program from September 15, 2013, to July 31, 2014. SDHC is contracting with Alpha Project for the Homeless to operate the program, which helps to pay security deposits and short-term rents. The program also provides services to help clients find housing and not return to homelessness.

## **Creating Affordable Housing**

September 10, 2012, marked the fifth anniversary of a landmark agreement between SDHC and HUD that transferred full ownership and operating authority for 1,366 public housing units to SDHC. It was the largest public housing conversion at the time. In exchange, SDHC committed to create 350 additional affordable rental housing units—a number SDHC far surpassed.

On September 11, 2009, an innovative Finance Plan to leverage the equity from this new portfolio to generate additional housing was approved unanimously by the SDHC Board of Commissioners. It subsequently was approved by the Housing Authority of the City of San Diego on October 13, 2009. SDHC raised \$95.3 million in total loan proceeds and created 810 additional affordable rental housing units that will remain affordable for 55 years or more.

SDHC exceeded the terms of the HUD agreement that called for 350 additional units.

To generate the \$95.3 million of loan proceeds, 33 of SDHC's larger properties were leveraged with three loans from Fannie Mae under the conventional multifamily loan program, generating \$37.1 million in loan proceeds. These loans closed in December 2009. Another portion of SDHC's portfolio, 44 properties, was leveraged under the Federal Housing Administration's (FHA) 223(f) program and generated \$58.2 million in loan proceeds. Two of the FHA loans closed in August 2010 and one in September 2010. The loans were obtained by grouping the properties into six SDHC wholly owned Limited Liability Companies (LLCs). The LLCs were primarily based on property location. All of the LLC loans are non-recourse obligations.

As a result of this entrepreneurial real estate finance strategy, SDHC rescued a foreclosed property, preserved senior housing, built multifamily developments that reduce energy costs, and renovated aging properties.

Utilizing these loan proceeds, SDHC purchased four properties:

1. Hotel Sandford, 129 affordable units and one manager's unit, \$6.46 million, closed March 2010.
2. Courtyard Apartments, 37 affordable units, \$7.85 million, closed September 2010.
3. Mariner's Village, 171 affordable units and one manager's unit, \$34.8 million, closed October 2010.
4. Park Crest Apartments, 70 affordable units and one manager's unit, \$8.91 million, closed September 2012.

Courtyard and Mariner's Village are affordable to individuals and families with incomes at or below 80 percent of the San Diego Area Median Income (AMI). Park Crest serves seniors with incomes at or below 80 percent of AMI. Hotel Sandford serves senior individuals with incomes at or below 60 percent of AMI.

SDHC also created an additional 403 affordable housing units through public-private partnerships that make-up the remainder of 810 housing units. SDHC invested in six public-private partnerships in which the SDHC purchased the land and provided a loan and ground lease to the developer:

1. Arbor Village, 111 affordable units and one manager's unit, \$7.98 million, closed March 2010.

2. Riverwalk Apartments, 49 affordable units and one manager's unit, \$4.52 million, closed March 2010.
3. Vista Grande Apartments, 48 affordable units and one manager's unit, \$3.85 million, closed October 2010.
4. Estrella del Mercado Apartments, 91 affordable units and one manager's unit, \$7.11 million, closed March 2011.
5. Mission Apartments, 84 affordable units and one manager's unit, \$6.03 million, closed May 2011.
6. Park Terramar Apartments, 20 affordable units and one manager's unit, \$2.15 million, closed July 2011.

Vista Grande Apartments is affordable to families with incomes at or below 50 percent of AMI. The other five properties serve families with incomes at or below 60 percent of AMI.

SDHC owns and operates more than 3,000 affordable housing units in the City of San Diego including units owned by SDHC's nonprofit affiliate, Housing Development Partners.

SDHC's affordable housing units comprise:

- 1,366 former public housing/local units (including 10 manager's units)
- 407 units in new acquisitions (Part of the 810 new housing units)
- 261 units in properties previously owned by SDHC
- 789 units owned by SDHC non-profit affiliate Housing Development Partners
- 113 SDHC-owned properties recently transferred from the state into the PH program and undergoing rehabilitation
- 75 Public Housing Units

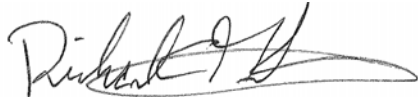
In addition, on August, 16, 2011, SDHC acquired the historic Hotel Churchill and an adjacent lot, through a court settlement in a foreclosure proceeding. The rehabilitation of the vacant Hotel Churchill (827 C Street) will create affordable housing in the City of San Diego while preserving a historic downtown building. The Hotel Churchill has been vacant since 2005.

On May 10, 2013, the SDHC Board of Commissioners approved a \$12 million plan by SDHC and Housing Development Partners of San Diego (HDP) to rehabilitate the 99-year-old historical downtown Hotel Churchill to create permanent affordable housing for low-income residents such as seniors and veterans. The Housing Authority of the City of San Diego approved the development plan on June 11, 2013. Rehabilitation is expected to begin in late spring 2014.

Furthermore, in May 2013, SDHC received approval from HUD to transition 113 units (among six scattered sites) to the federal public housing program. These units were formerly part of the State of California's Rental Housing Construction Program (RHCP). Built in the early 1980's, the 113 units will undergo major rehabilitation (unit interior, building exterior and site improvements) as part of the transition to the public housing program. Rental Housing Factor (RHF), MTW and Community Development Block Grant (CDBG) funds will be used to pay for the rehabilitation. In addition, the outstanding RHCP loans will be deferred for an additional 55 years, matching the length of the new affordability restrictions as a result of this transaction. SDHC anticipates completing all of the rehabilitation work and fully transitioning all 113 units by fall 2014.

In addition to the above discussion, the Government Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. SDHC's MD&A can be found immediately following the report of the independent auditors in the financial section of this report.

The preparation of this report is made possible through the efficient and dedicated services of the entire staff of the Financial Services Department. Credit also must be given to management and the governing boards for their support for maintaining the highest standards of professionalism in the management of SDHC's finances.



Richard C. Gentry  
President and Chief Executive Officer



Nicole DeBerg  
Vice President and Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

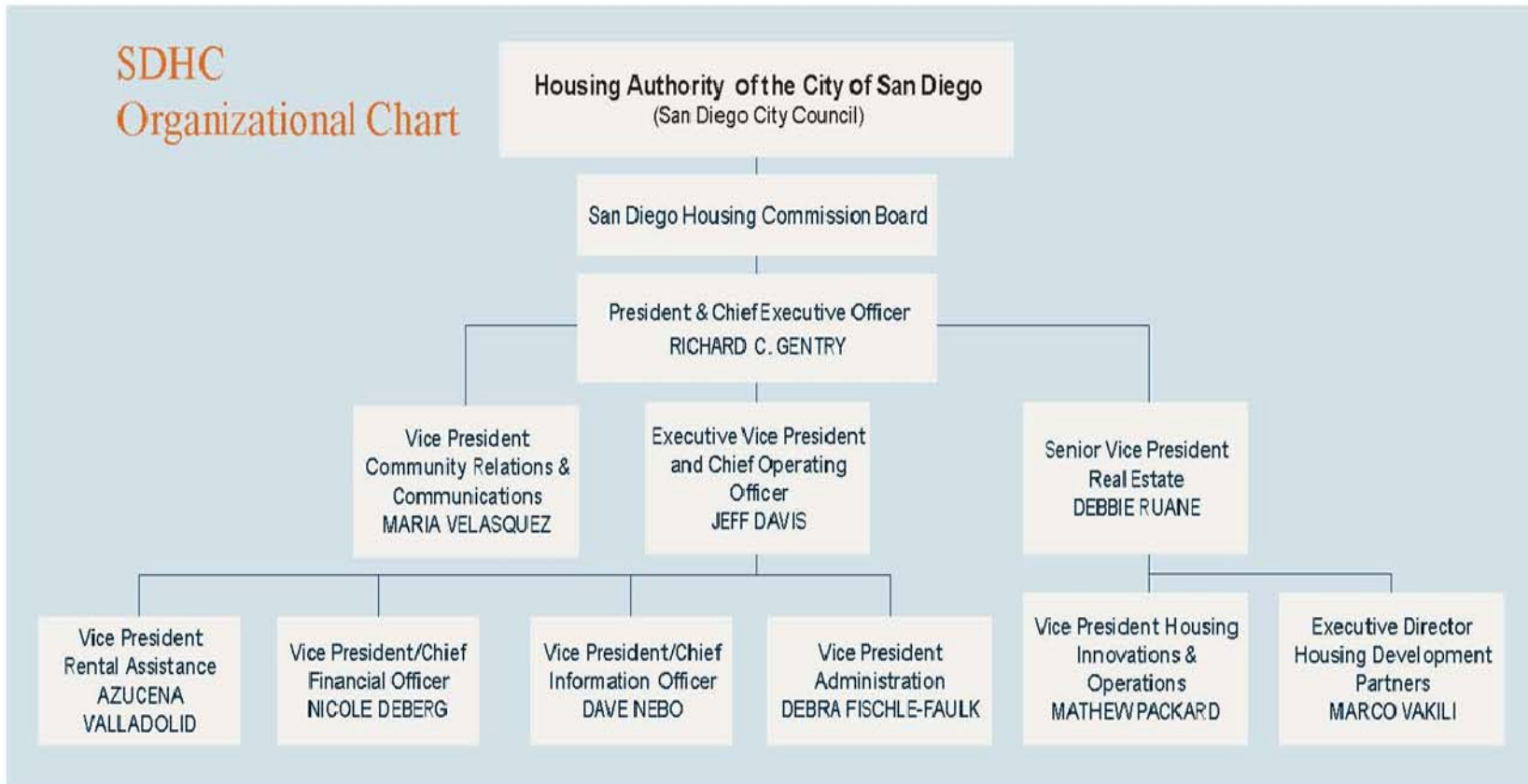
Presented to

**San Diego Housing Commission  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO





SAN DIEGO HOUSING COMMISSION  
ROSTER OF OFFICIALS

SDHC was formed by the City of San Diego in accordance with the Housing Authority Law of the State of California. The City Council, acting in its capacity as the Housing Authority, exercises oversight responsibility over the operations of SDHC.

HOUSING AUTHORITY

|   |                 |
|---|-----------------|
| Council President Pro Term – District 1 | Sherri Lightner |
| Council Member – District 2             | Kevin Faulconer |
| Council President – District 3          | Todd Gloria     |
| Council Member – District 4             | Myrtle Cole     |
| Council Member – District 5             | Mark Kersey     |
| Council Member – District 6             | Lorie Zapf      |
| Council Member – District 7             | Scott Sherman   |
| Council Member – District 8             | David Alvarez   |
| Council Member – District 9             | Marti Emerald   |

Members of the Board of Commissioners are appointed by the Mayor and confirmed by the City Council. Two commissioners must be residents of assisted housing, and one of the resident commissioners must be age 62 or older.

BOARD OF COMMISSIONERS

|              |                 |
|--------------|-----------------|
| Chair        | Gary Gramling   |
| Vice Chair   | Roberta Spoon   |
| Commissioner | Khadija Basir   |
| Commissioner | Ben Moraga      |
| Commissioner | Allen Sims      |
| Commissioner | Frank Urtasun   |
| Commissioner | James T. Waring |



# Financial Section



## *We're About People*

For the fifth consecutive year, SDHC's Financial Services Department has been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) of the United States and Canada. SDHC earned the recognition for its annual financial report for fiscal year 2012. The award was received on June 18, 2013.





## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
of the San Diego Housing Commission

### Report on the Financial Statements

We have audited the accompanying financial statements of the San Diego Housing Commission (SDHC), a component unit of the City of San Diego, California, and its discretely presented component units as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise SDHC's basic financial statements as listed in the table of contents. We did not audit the financial statements of the aggregate discretely presented component units of SDHC. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the report of the other auditor.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SDHC's preparation and fair presentation of the financial statements in order design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SDHC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

### *Opinion*

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of the San Diego Housing Commission and its discretely presented component units as of June 30, 2013, and the changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 20 through 30 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise SDHC's financial statements. The introductory section and the combining schedules listed in the table of contents as supplementary information, the Financial Data Schedule required by the U.S. Department of Housing and Urban Development, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules listed in the table of contents as supplementary information and the Financial Data Schedule required by the U.S. Department of Housing and Urban Development are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditor in

the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of the other auditor, the combining schedules listed in the table of contents as supplementary information and the Financial Data Schedule required by the U.S. Department of Housing and Urban Development are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2013 on our consideration of SDHC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SDHC's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Sacramento, California  
October 30, 2013



## **San Diego Housing Commission**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013

This section of the San Diego Housing Commission's (SDHC) component unit financial statements presents an analysis of SDHC's financial performance for the fiscal year ended June 30, 2013. As such, it should be read in conjunction with the letter of transmittal preceding this section and the financial statements and related notes following this section.

### **FINANCIAL HIGHLIGHTS**

The following represents a brief discussion highlighting selected changes in net position, comparing fiscal year 2013 to the previous fiscal year 2012:

- SDHC's net position improved 5% to \$444.1 million at the end of fiscal year 2013, mostly due to a \$21.4 million surplus.
- As a result of the aforementioned surplus, total assets increased by \$18.8 million. Current assets decreased by \$30.4 million, mainly due to the reclassification of \$23.3 million of short-term investments to long-term investments and the utilization of short-term investments to purchase affordable housing units and to finance developer loans.
- Operating revenues increased 5% or \$1.5 million, from \$30.2 million in fiscal year 2012 to \$31.7 million in fiscal year 2013. This increase is primarily due to additional dwelling rental and program income.
- Operating expenses increased 2% or \$4.3 million, from \$192.9 million in fiscal year 2012 to \$197.2 million in fiscal year 2013. This increase is primarily due to an increase in administrative and housing assistance payments.
- Other non-operating income and expenses, net, increased 3% or \$6.2 million, from \$184.8 million in fiscal year 2012 to \$191.0 million in fiscal year 2013. This increase is mostly due to increased grant revenue.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

SDHC provides a variety of affordable housing and supportive services to individuals within the City of San Diego. The component unit financial statements include the Independent Auditors' Report, Management's Discussion & Analysis (MD&A), basic financial statements, accompanying notes and required supplemental information.

### **REQUIRED FINANCIAL STATEMENTS**

SDHC financial statements report information using accounting methods similar to those used by private sector companies. These statements offer both short-term and long-term financial information about SDHC activities.



The ***Statement of Net Position*** includes all of SDHC's assets and liabilities for the year ended June 30, 2013, and provides information about the nature and amounts of investments in resources (assets) and the obligations to SDHC's creditors (liabilities). It also provides the basis for computing rates of return, evaluating the capital structure of SDHC and assessing the liquidity and financial flexibility of SDHC.

The ***Statement of Revenues, Expenses and Changes in Net Position*** accounts for all of SDHC's revenue and expenses for the year ended June 30, 2013. The statement reflects the results of SDHC's operations over the year and can be used to determine SDHC's credit worthiness and its ability to successfully recover all its costs through grants, tenant charges and other income.

The ***Statement of Cash Flows*** provides information about SDHC's cash receipts and cash payments during the year ended June 30, 2013. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, capital and related financing noncapital financing and investment activities. The statement provides answers to questions of where cash came from, what cash was used for and what caused changes in cash for the reporting periods covered.

The accompanying ***Notes to the financial statements*** provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements and accompanying notes, the final section in this report also presents certain ***supplementary information***. This supplementary information section contains the Combining Schedules of Net Position; Combining Schedules of Revenues, Expenses and Change in Net Position and Cash Flows along with the annual Financial Data Submission Summary (FDS) report electronically submitted to HUD.



## FINANCIAL ANALYSIS OF SDHC AS A WHOLE

The following analysis summarizes SDHC's net position (Table 1) and changes in net position (Table 2) during the fiscal years ended June 30, 2013 and 2012.

**TABLE 1**  
Net Position  
(in thousands of dollars)

|   | <u>June 30,</u><br><u>2013</u> | <u>June 30,</u><br><u>2012</u> | <u>Change</u><br><u>\$</u> | <u>Change</u><br><u>%</u> |
|---|--------------------------------|--------------------------------|----------------------------|---------------------------|
| <b>ASSETS</b>                             |                                |                                |                            |                           |
| Current assets                            | \$ 44,002                      | \$ 74,360                      | \$ (30,358)                | -41%                      |
| Non current assets                        | 360,973                        | 319,768                        | 41,205                     | 13%                       |
| Capital assets net of depreciation        | 165,796                        | 157,891                        | 7,905                      | 5%                        |
| <b>Total assets</b>                       | <b>\$ 570,771</b>              | <b>\$ 552,019</b>              | <b>\$ 18,752</b>           | <b>3%</b>                 |
| <b>LIABILITIES</b>                        |                                |                                |                            |                           |
| Current liabilities                       | \$ 12,447                      | \$ 13,039                      | \$ (592)                   | -5%                       |
| Notes Payable and non-current liabilities | 114,270                        | 116,285                        | (2,015)                    | -2%                       |
| <b>Total liabilities</b>                  | <b>126,717</b>                 | <b>129,324</b>                 | <b>(2,607)</b>             | <b>-2%</b>                |
| <b>NET POSITION</b>                       |                                |                                |                            |                           |
| Net investment in capital assets          | 55,291                         | 54,769                         | 522                        | 1%                        |
| Restricted                                | 151,444                        | 142,431                        | 9,013                      | 6%                        |
| Unrestricted                              | 237,319                        | 225,495                        | 11,824                     | 5%                        |
| <b>Total net position</b>                 | <b>444,054</b>                 | <b>422,695</b>                 | <b>21,359</b>              | <b>5%</b>                 |
| <b>Total liabilities and net position</b> | <b>\$ 570,771</b>              | <b>\$ 552,019</b>              | <b>\$ 18,752</b>           | <b>3%</b>                 |

Net position is a useful indicator of an entity's financial position and as of June 30, 2013, the total assets of SDHC exceeded total liabilities by \$444.1 million. During the fiscal year, SDHC generated an operating surplus of \$21.4 million.

Total assets increased by \$18.8 million. Current assets decreased by \$30.4 million, mainly due to the aforementioned reclassification of short-term investments to long-term investments and the use of short-term investments to purchase affordable housing units and to finance developer loans.

Non-current assets increased by \$41.2 million, partially due to the reclassification of investments from current to non-current assets as mentioned above and the recording of new developer and other loans made as notes receivable. Capital assets net of depreciation increased \$7.9 million, mostly due to the purchase of Park Crest Apartments and offset by \$4.1 million in depreciation.



Total liabilities decreased by \$2.6 million, or 2%. Current liabilities decreased by \$0.6 million mainly due to the payment of current debt. Notes Payable and non-current liabilities decreased by \$2 million, mainly due to the optional pay down of \$1.5 million in loan principal payment for the Smart Corner office building.

Net position increased a total of \$21.4 million, due to the aforementioned operating surplus. Net investment in capital assets increased \$0.5 million due to a \$7.9 million increase in capital assets and a \$1.8 million decrease in notes payable, offset by spending \$9.2 million of loan proceeds.

Restricted net position increased \$9.0 million, primarily due to an additional \$9.8 million in reserves for HOME notes receivable and related accrued interest. Payments received by SDHC, including interest, net of administrative expenses allowance, are required to be recycled and used for future HOME program and Neighborhood Stabilization Program (NSP) program purposes, and therefore, must continue to meet the restrictions criteria. Restricted net position includes 90% of the principal amount of loans made and accrued notes receivable interest.

Restricted net position also includes \$2.8 million in replacement reserves due to lender requirements for the debts of the six LLCs.

Other activity in restricted net position includes unspent Veterans Affairs Supportive Housing (VASH) funds. Additional information can be found in Note 14 to the Basic Financial Statements.

Unrestricted net position increased \$11.8 million to \$237.3 million as of June 30, 2013. Unrestricted net position includes funds that will be spent for future years' contractual, grant and other obligations, funds invested in notes receivable, public housing funds, capital funds needed for future property maintenance and improvements, available FHA and Fannie Mae loan proceeds, funds reserved for future MTW program initiatives and unrestricted funds available for operations and contingencies. The increase in restricted net position is mostly due to the issuance of additional notes receivable under various grant programs.



**TABLE 2**  
Changes in Net Position  
(in thousands of dollars)

|   | <u>June 30,</u><br><u>2013</u> | <u>June 30,</u><br><u>2012</u> | <u>Change</u><br><u>\$</u> | <u>Change</u><br><u>%</u> |
|---|--------------------------------|--------------------------------|----------------------------|---------------------------|
| Operating revenues  |                                |                                |                            |                           |
| Dwelling rental income  | \$ 25,670                      | \$ 25,083                      | \$ 587                     | 2%                        |
| Land lease and other<br>rental income   | 2,023                          | 1,892                          | 131                        | 7%                        |
| Fee revenue   | 2,030                          | 1,886                          | 144                        | 8%                        |
| Other revenue   | 1,927                          | 1,292                          | 635                        | 49%                       |
| Total Operating<br>revenues   | 31,650                         | 30,153                         | 1,497                      | 5%                        |
| Operating expenses  | 197,181                        | 192,868                        | 4,313                      | 2%                        |
| Deficit before depreciation<br>and other non-operating<br>income and expenses | (165,531)                      | (162,715)                      | (2,816)                    | 2%                        |
| Depreciation  | 4,113                          | 3,920                          | 193                        | 5%                        |
| Deficit before other non-<br>operating income<br>and expenses                 | (169,644)                      | (166,635)                      | (3,009)                    | 2%                        |
| Other non-operating income<br>and expenses, net                               | 191,003                        | 184,815                        | 6,188                      | 3%                        |
| Change in net position  | <u>\$ 21,359</u>               | <u>\$ 18,180</u>               | <u>\$ 3,179</u>            | <u>17%</u>                |

This year's overall surplus of \$21.4 million represents an increase 17% or \$3.2 million, increase from fiscal year 2012, mainly due to a \$6.2 million increase in other non-operating income and expenses, net.

Other non-operating income and expenses, net, increased \$6.2 million, from \$184.8 million in fiscal year 2012 to \$191.0 million in fiscal year 2013, mainly due to a \$3.9 million increase of HOME program revenue, a \$2.4 million increase in Affordable Housing Trust funds, a \$1.0 million increase in City General funds, offset by a \$1.2 million decrease from the closure of the Homelessness Prevention and Rapid Re-Housing Program (HPRP) and a \$1.1 million decrease of Community Development Block Grant Housing Finance grant revenues.

Operating revenues increased by \$1.5 million, mostly due to increased program income from the NSP and additional rental income from Park Crest Apartments, which was acquired on October 10, 2012 in fiscal year 2013.





Operating expenditures increased by \$4.3 million due to an increase in property maintenance expenses, housing assistance payments and the expansion of the SDHC internal infrastructure and enterprise resources systems.

## CAPITAL ASSETS

SDHC's investment in capital assets, net of depreciation as of June 30, 2013 amounted to \$165.8 million. This includes land, building, building improvements, vehicles, equipment and construction-in-progress.

The \$15.8 million increase in land and building is primarily due to the purchase of Park Crest Apartments for \$6.6 million and the completion of the building rehabilitations of Hotel Sandford for \$4.2 million, Parker Kier for \$3.5 million, Picardo for \$3.0 million and Maya Apartments for \$2.3 million, less depreciation expenses of \$4.1 million.

The following summarizes SDHC's capital assets, net of accumulated depreciation, and changes therein, (Table 3) for the years ended June 30, 2013 and 2012.

**TABLE 3**  
Net Capital Assets  
(in thousands of dollars)

|                          | <b>June 30,<br/>2013</b> | <b>June 30,<br/>2012</b> | <b>Change<br/>\$</b> | <b>Change<br/>%</b> |
|--------------------------|--------------------------|--------------------------|----------------------|---------------------|
| Land and buildings       | \$ 163,128               | \$ 147,297               | \$ 15,831            | 11%                 |
| Construction-in-progress | 1,854                    | 9,831                    | (7,977)              | -81%                |
| Equipment                | 815                      | 763                      | 52                   | 7%                  |
| <b>Total</b>             | <b>\$ 165,797</b>        | <b>\$ 157,891</b>        | <b>\$ 7,906</b>      | <b>5%</b>           |

Additional information on SDHC's capital assets can be found in Note 7 to the Basic Financial Statements.

## CURRENT AND LONG-TERM DEBT

On June 30, 2013, notes payable totaled \$115.5 million.

\$91.7 million of this balance is comprised of Fannie Mae and FHA loans. These loans are described in further detail in the LLC Debt section below. These loans are non-recourse obligations of the LLCs and not of SDHC.

In May 2013, two State of California loans, originally made to finance the acquisition of the Otay Villas and Scattered Sites properties were renegotiated through the Housing Loan Conversion Program and extended for 55 years to 2068. These two loans, totaling \$4.6 million, now bear an interest rate of 3% with required annual interest payments and potential residual receipt requirements.



\$13.1 million of this balance is comprised of the GE Capital loan for the Smart Corner Building located at 1122 Broadway, San Diego California 92101. The loan is for 15 years, amortized over 25 years with a fixed interest rate of 6.08% for 10 years. In November 2012, SDHC exercised the annual option to pay down the loan in the amount of \$1.5 million.

\$6.1 million of this balance is comprised of two loans from the Successor Agency of the Redevelopment Agency of the City of San Diego. One of these loans, with a balance on June 30, 2013, of \$5.4 million is forgivable in 2065. The other loan with the remaining balance of \$0.7 million is forgivable in 2022.

Debt additions and payments during the fiscal year and further detail related to these debt obligations can be found in Note 9 to the Basic Financial Statements.

### **LLC Debt**

On September 11, 2009 the SDHC Board of Commissioners approved the Finance Plan for Acquisition of New Affordable Housing Units. The Housing Authority of the City of San Diego approved the Finance Plan on October 13, 2009. Finance Plan was created to structure and monitor the usage of equity from a portion of SDHC's real estate portfolio to acquire additional affordable housing in the City of San Diego. As outlined in the Letter of Transmittal, SDHC leveraged 33 properties in fiscal year 2010, with three Fannie Mae loans generating \$37.1 million. In fiscal year 2011, SDHC leveraged an additional 44 properties under the FHA's 223(f) program and received three additional loans for \$58.2 million. This resulted in a total borrowing amount for the LLCs of \$95.3 million.

SDHC was eligible for the Build America Bonds (BABs) program that was offered by the federal government. The BABs program provides a 35 percent interest rebate, for the life of the loan, of the interest paid on debt used by a municipality to construct, acquire or rehabilitate facilities or other qualified capital expenditures. The Belden SDHC FNMA LLC, the Northern SDHC FHA LLC and the Southern SDHC FHA LLC loans have been approved as qualified direct subsidy BABs loans. SDHC has received \$815,646 in fiscal year 2013 BABs subsidy payments.



SDHC has created 810 new units of affordable housing for a total investment of \$88.3 million, as listed below. These acquisitions include to-be-constructed properties as well as the acquisition and rehabilitation of existing properties.

| <b>Partnerships</b>          | <b># of Affordable Units</b> | <b>Investment</b> | <b>Closing Date</b> |
|------------------------------|------------------------------|-------------------|---------------------|
| Riverwalk Apartmnets         | 49                           | \$ 4,475          | 04/2010             |
| Arbor Village Apartments     | 111                          | 7,900             | 04/2010             |
| Vista Grande Apartments      | 48                           | 3,812             | 10/2010             |
| Estrella de Mercado          | 91                           | 7,000             | 03/2011             |
| Mission Apartments           | 84                           | 6,000             | 05/2011             |
| Park Terramar                | 20                           | 2,150             | 07/2011             |
| <b>Sub-total</b>             | <b>403</b>                   | <b>\$ 31,337</b>  |                     |
| <b>Publicly Owned</b>        |                              |                   |                     |
| Hotel Sandford               | 129                          | \$ 6,095          | 03/2010             |
| Mariner's Village Apartments | 171                          | 34,331            | 10/2010             |
| Courtyard Apartments         | 37                           | 7,686             | 09/2010             |
| Park Crest                   | 70                           | 8,827             | 10/2012             |
| <b>Sub-total</b>             | <b>407</b>                   | <b>\$ 56,939</b>  |                     |
| <b>Total</b>                 | <b>810</b>                   | <b>\$ 88,276</b>  |                     |

The amount available for future acquisition of affordable housing is calculated as follows:

|  |                  |
|--|------------------|
| <b>Total loan amount</b>                             | <b>\$ 95,383</b> |
| Less: financing fees                                 | (2,120)          |
| Less: completion/repair reserves                     | (2,910)          |
|  | <hr/>            |
| <b>Amount available for investment</b>               | <b>90,353</b>    |
| Less: amount committed                               | (88,276)         |
| Less: asset/development fees and legal fees          | (2,038)          |
| Add: project budget savings                          | 823              |
|  | <hr/>            |
| <b>Uncommitted amount available as of 06/30/2013</b> | <b>\$ 862</b>    |

The net operating income generated by the LLC-owned assets provides sufficient cash flow to cover debt service. Note 17 to the Basic Financial Statements outline the revenue and expense activity of the properties owned by the LLCs.

### Financial Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statement 14, Housing Development Partners (HDP) is incorporated into the accompanying financial statements. HDP is a nonprofit public benefit corporation established by SDHC in 1990. Its primary mission is to facilitate the development of affordable housing for low and moderate-income persons by pursuing opportunities in collaboration with other affordable housing



developers or by pursuing unique opportunities that require a public/private partnership. HDP has been audited by Leaf & Cole LLP.

### **ECONOMIC FACTORS, SEQUESTRATION AND NEXT YEAR'S BUDGET**

The majority of SDHC's programs depend on federal financial assistance from U.S. Department of Housing and Urban Development (HUD) to continue operations. SDHC's largest funding source is grant income from HUD initiatives. In fiscal year 2013, SDHC received 81 percent of its operating revenue from HUD, most of which was awarded to SDHC for Moving to Work initiatives. SDHC's budget and financial condition are greatly affected by the financial condition of the federal government and Congress's annual appropriation to HUD.

As such, SDHC is affected by the federal budget-balancing challenge now widely referred to as the "fiscal cliff" or "sequestration." Sequestration is a policy adopted by Congress to deal with the federal budget deficit. It first appeared in the Gramm-Rudman-Hollings Deficit Reduction Act of 1985. Sequestration is the cancellation of budgetary resources which results in an "automatic" form of spending cuts.

The Budget Control Act of 2011 (BCA) established a 12-member Joint Select Committee on Deficit Reduction (or "supercommittee") charged with reducing the deficit by an additional \$1.2 - \$1.5 trillion over 10 years. On November 21, 2011, the supercommittee announced its inability to reach an agreement on a deficit reduction deal. Per the stipulations of the BCA, the supercommittee's failure to agree triggered the automatic sequestration spending cuts.

Sequestration generates automatic federal spending cuts for each of nine years, thus affecting fiscal years 2013-21, totaling \$1.2 trillion. Due to lack of Congressional action to ward off the fiscal cliff, the first round of cuts took place on January 2, 2013.

The \$1.2 trillion in cuts are almost evenly split between defense and nondefense spending. About \$109 billion of this will hit in fiscal year 2013, resulting in a cut of \$55 billion or 8.2% for federal nondefense spending. This includes 8.2% in spending cuts to the nation's poverty programs and subsidized housing programs, such as public housing and the Housing Choice Voucher (Section 8) Program, including the nation's homeless programs.

HUD has granted SDHC considerable flexibility in allocating its available funding by designating it as a "Moving to Work" agency. Over the years, SDHC has managed its programs in a cost-effective and efficient manner, and consequently, has programmatic reserves available that can now be used to prevent SDHC from having to remove existing families from its' programs, at least initially, despite future funding cuts.

SDHC will accomplish this by using reserves and new savings generated by its innovative "Path-to Success" program to offset federal funding cuts.



If the budget issues are not addressed over a longer period of time, there could be dire effects on SDHC. In the interim and until the final fate of sequestration is known, SDHC has ceased replacing families who leave rental assistance programs as a result of natural attrition. However, due to its innovative leadership, SDHC has taken steps to maintain service to its existing clients through these uncertain economic times. A long-term disruption to SDHC funding, however, could present more challenging issues.

In summary, although there is an expectation that, due to the current national economic and political climate, HUD grants for housing programs and program administration funding may remain at the currently sequestered levels, SDHC believes that through a combination of expense reduction and the prudent utilization of available programmatic reserves, SDHC will be able to balance its budget for the upcoming fiscal year.

MTW plans are prepared and submitted to HUD on an annual basis. Each annual plan describes initiatives to be implemented over the next fiscal year, and the related reports give an accounting of activities put into action over the previous fiscal year. SDHC's fiscal year 2013 MTW plan was approved by HUD on June 13, 2013, and can be viewed at <http://www.sdhc.org/Rental-Assistance.aspx?id=5424>. As HUD's fiscal year runs from October to September annually, more information on HUD appropriations levels for SDHC's fiscal year 2015 will likely become available in the spring and summer of 2014.

The local economic conditions in the City of San Diego have improved over the past year. This is indicated by the increase in local housing market values, lower rental vacancies and higher rental rates. According to the San Diego County Apartment Association, the rental housing market in San Diego continues to remain low, with a vacancy rate of 4.5% with average rental rates increasing to \$1,330 in May 2013, compared to \$1,232 12-months earlier.<sup>1</sup> On one hand, this trend results in low vacancy rates in SDHC-owned and operated units; on the other hand, low vacancy rates and higher rental costs could result in higher rental subsidy payments required on behalf of SDHC's Housing Choice Voucher (section 8) clients.

San Diego County Residential home values rose by 19.26 percent in June 2013, compared to 12-months earlier, according to Standard and Poor's Case-Shiller House Price Index.<sup>2</sup> This sharp increase is due to the combination of continued high housing demand and low mortgage rates. The low mortgage rates may continue to provide additional opportunities for low- and moderate-income homebuyers to purchase a home with assistance from SDHC's First Time Homebuyer Program.

Other factors affecting housing needs in the City of San Diego are job growth, home foreclosures and homelessness. Foreclosure and short sales will continue to be part of the market realities for San Diego in the near future especially with the mortgage rates continuing to remain low. FMI, a management consulting and investment banking corporation, forecast

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<sup>1</sup>R. Showley, Apartment Rents Up, Vacancies Steady, Survey Shows, <http://www.utsandiego.com> June 4, 2013

<sup>2</sup>McGraw Hill Financial, S&P Case-Shiller San Diego Home Price Index, <http://www.spindices.com> August 27, 2013



7% growth in construction nationwide with residential leading the way at 12 percent in 2014,<sup>3</sup> which is an indicator that the overall economic conditions in the United States are continuing to improve. Additionally, local unemployment fell to 7.8% in July 2013, compared to 9.5% in July 2012,<sup>4</sup> which is an additional indicator of economic progress.

Although homelessness throughout San Diego County has decreased to 8,897 homeless persons, a decline of approximately 7.9%<sup>5</sup> from May 2012 to May 2013, the total homeless population still remains 4.5% higher than 2010.<sup>6</sup>

SDHC has committed more than 1,200 federal housing vouchers toward addressing homelessness.

SDHC also administers the City of San Diego's homeless shelter program.

Despite the potential future funding decreases and the federal government sequestration, SDHC is committed to providing affordable, safe and quality homes for low- and moderate-income families and individuals in the City of San Diego. The need for affordable housing in the San Diego area remains very high in comparison to the rest of the nation. The number of people served and the level of service SDHC provides are constrained only by the amount of resources available for those services. SDHC's Board-approved fiscal year 2014 budget of \$304.3 million will continue to provide a high level of services for its clients.

The ultimate goal for SDHC is to continue to provide the highest quality services to clients and the community, delivered in a rational and fiscally prudent manner, well into the future.

### **CONTACTING COMMISSION'S FINANCIAL MANAGEMENT**

This financial report was designed to provide a general overview of SDHC's financial position and is intended for distribution to a wide variety of interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Nicole DeBerg, Chief Financial Officer and Vice President of Financial Services, San Diego Housing Commission, 1122 Broadway, Suite 300, San Diego, California 92101.

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<sup>3</sup>FMI Corporation, SFMI Forecasts 7% Growth in 2014 Construction Put in Place, <http://www.forconstructionpros.com> September 17, 2013

<sup>4</sup> CA Employment Development Department, Unemployment Rate & Labor Force, <http://www.labormarketinfo.edd.ca.gov>,

<sup>5</sup> 2013 WeALLCount Data & Results, <http://www.rtfhsd.org>

<sup>6</sup> Gary Warth, County's Homeless Population Drops, <http://www.utsandiego.com>, April 18, 2013



SAN DIEGO  
HOUSING  
COMMISSION

# Basic Financial Statements



## *We're About People – SDHC Programs*

At King-Chavez Primary Academy, 79 children were tested for lead in their blood on February 26, 2013, at a screening event sponsored by the SDHC. It was part of SDHC's "Home Safe Home" program to protect low-income families in the City of San Diego from lead-based paint and other home health hazards. One child tested positive for lead and was referred for additional evaluation and treatment.





## San Diego Housing Commission

## STATEMENT OF NET POSITION

June 30, 2013

|   | <u>Primary<br/>Government</u> | <u>Component<br/>Units</u> |
|---|-------------------------------|----------------------------|
| ASSETS  |                               |                            |
| Current assets  |                               |                            |
| Cash and cash equivalents   | \$ 16,086,416                 | \$ 1,993,812               |
| Restricted cash and cash equivalents                                | 3,601,467                     | 49,108                     |
| Short-term investments  | 14,042,187                    | -                          |
| Accounts receivable - tenants, net                                  | 529,079                       | 89,250                     |
| Accounts receivable - funding sources                               | 7,245,053                     | -                          |
| Accounts receivable - other   | 1,198,097                     | -                          |
| Notes and mortgages receivable, current portion                     | 287,915                       | -                          |
| Accrued interest receivable - investments                           | 96,273                        | -                          |
| Prepaid items and other assets                                      | 915,035                       | 31,078                     |
|   | <u>44,001,522</u>             | <u>2,163,248</u>           |
| Noncurrent assets   |                               |                            |
| Long-term investments   | 84,263,628                    | -                          |
| Accrued interest receivable - notes and mortgages<br>receivable     | 30,691,536                    | -                          |
| Notes and mortgages receivable, net of allowance for<br>loan losses | 244,109,558                   | -                          |
| Accounts receivable - other, net                                    | -                             | 273,066                    |
| Investment in partnerships  | -                             | 28,801                     |
| Other assets  | 1,907,969                     | 1,368,432                  |
| Capital assets not being depreciated                                | 64,890,342                    | 2,423,662                  |
| Capital assets, net of accumulated depreciation                     | 100,906,105                   | 11,790,892                 |
|   | <u>526,769,138</u>            | <u>15,884,853</u>          |
| Total noncurrent assets   | <u>526,769,138</u>            | <u>15,884,853</u>          |
| Total assets  | <u>\$ 570,770,660</u>         | <u>\$ 18,048,101</u>       |
| Deferred outflows of resources                                      | <u>\$ -</u>                   | <u>\$ -</u>                |

(continued)





## San Diego Housing Commission

## STATEMENT OF NET POSITION - CONTINUED

June 30, 2013

|   | Primary<br>Government | Component<br>Units   |
|---|-----------------------|----------------------|
| <b>LIABILITIES</b>                          |                       |                      |
| Current liabilities                         |                       |                      |
| Accounts payable                            | \$ 3,164,910          | \$ 1,343,787         |
| Accounts payable - funding sources          | 559,560               | -                    |
| Accrued payroll and benefits                | 1,398,570             | -                    |
| Accrued compensated absences                | 1,648,925             | -                    |
| Accrued interest payable                    | 608,126               | 14,701               |
| Notes payable, current portion              | 1,750,586             | 76,178               |
| Deposits payable                            | 1,277,591             | 55,296               |
| Unearned revenue                            | 1,848,179             | 3,655                |
| Other current liabilities                   | 190,511               | -                    |
| Total current liabilities                   | <u>12,446,958</u>     | <u>1,493,617</u>     |
| Noncurrent liabilities                      |                       |                      |
| Notes payable, net of current portion       | 113,749,823           | 12,977,791           |
| Other liabilities                           | 520,095               | 1,620,297            |
| Total noncurrent liabilities                | <u>114,269,918</u>    | <u>14,598,088</u>    |
| Total liabilities                           | <u>\$ 126,716,876</u> | <u>\$ 16,091,705</u> |
| Deferred inflows of resources               | <u>\$ -</u>           | <u>\$ -</u>          |
| <b>NET POSITION</b>                         |                       |                      |
| Net investment in capital assets            | <u>\$ 55,290,545</u>  | <u>\$ -</u>          |
| Restricted                                  |                       |                      |
| Reserve for HOME notes receivable           | 140,982,267           | -                    |
| Reserve for NSP notes receivable            | 7,093,655             | -                    |
| Reserve for replacement reserves            | 2,848,103             | -                    |
| Reserve for VASH and FUP housing assistance | 520,131               | -                    |
| Total restricted                            | <u>151,444,156</u>    | <u>-</u>             |
| Unrestricted                                | <u>237,319,083</u>    | <u>1,956,396</u>     |
| Total net position                          | <u>\$ 444,053,784</u> | <u>\$ 1,956,396</u>  |

See notes to financial statements



## San Diego Housing Commission

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2013

|   | Primary<br>Government | Component<br>Units  |
|---|-----------------------|---------------------|
| <b>OPERATING REVENUES</b>                           |                       |                     |
| Dwelling rental income                              | \$ 25,669,589         | \$ 1,595,531        |
| Land lease and other rental income                  | 2,023,344             | -                   |
| Fee revenue   | 2,030,042             | 65,657              |
| Other revenue                                       | 1,927,430             | 69,799              |
|   | <u>31,650,405</u>     | <u>1,730,987</u>    |
| <b>OPERATING EXPENSES</b>                           |                       |                     |
| Administrative expenses                             | 28,713,564            | 451,999             |
| Tenant services                                     | 1,919,200             | -                   |
| Asset management                                    | 7,790,710             | 968,396             |
| General expenses                                    | 1,201,718             | 72,959              |
| Grant expense                                       | 6,650,674             | -                   |
| Housing assistance                                  | 150,905,154           | -                   |
| Depreciation  | 4,113,552             | 356,086             |
|   | <u>201,294,572</u>    | <u>1,849,440</u>    |
| Operating loss                                      | <u>(169,644,167)</u>  | <u>(118,453)</u>    |
| <b>NONOPERATING REVENUES (EXPENSES)</b>             |                       |                     |
| Grant revenue                                       | 188,240,947           | -                   |
| Interest income on investments and notes receivable | 8,637,551             | 6,520               |
| Interest expense                                    | (5,913,243)           | (465,869)           |
| Share in income from partnerships                   | -                     | 6,340               |
| Gain on sale of capital assets                      | 38,220                | -                   |
|   | <u>191,003,475</u>    | <u>(453,009)</u>    |
| Total nonoperating revenues (expenses)              | <u>191,003,475</u>    | <u>(453,009)</u>    |
| Change in net position before capital transactions  | 21,359,308            | (571,462)           |
| Contributions, net of distributions                 | <u>-</u>              | <u>383,978</u>      |
| Change in net position                              | 21,359,308            | (187,484)           |
| <b>NET POSITION</b>                                 |                       |                     |
| Beginning of year                                   | <u>422,694,476</u>    | <u>2,143,880</u>    |
| End of year   | <u>\$ 444,053,784</u> | <u>\$ 1,956,396</u> |

See notes to financial statements



## San Diego Housing Commission

## STATEMENT OF CASH FLOWS

Year ended June 30, 2013

|  | Primary<br>Government |
|--|-----------------------|
| Cash flows from operating activities                       |                       |
| Cash received from tenants and operations                  | \$ 33,417,781         |
| Cash payments to suppliers for operations                  | (168,534,483)         |
| Cash payments for general and administrative expenses      | (32,799,249)          |
| Net cash used for operating activities                     | <u>(167,915,951)</u>  |
| Cash flows from capital and related financing activities   |                       |
| Principal paid on notes payable                            | (3,091,553)           |
| Acquisition and construction of capital assets             | (12,023,059)          |
| Proceeds from new debt financings                          | 1,265,860             |
| Interest expense paid                                      | (5,857,170)           |
| Net cash used for capital and related financing activities | <u>(19,663,325)</u>   |
| Cash flows from noncapital financing activities            |                       |
| Cash received from grants                                  | <u>188,224,807</u>    |
| Net cash provided by noncapital financing activities       | <u>188,224,807</u>    |
| Cash flows from investing activities                       |                       |
| Interest on investments and notes receivable               | 3,621,285             |
| Collections of notes receivable                            | 1,049,923             |
| Cash loaned on notes receivable                            | (13,361,757)          |
| Purchases of investments                                   | (76,309,953)          |
| Proceeds from sale of investments                          | <u>92,374,203</u>     |
| Net cash provided by investing activities                  | <u>7,373,701</u>      |
| Net increase in cash and cash equivalents                  | 8,019,232             |
| Cash and cash equivalents                                  |                       |
| Beginning of year  | <u>11,668,651</u>     |
| End of year  | <u>\$ 19,687,883</u>  |
| Financial statement presentation                           |                       |
| Cash and cash equivalents                                  | \$ 16,086,416         |
| Restricted cash and cash equivalents                       | <u>3,601,467</u>      |
| Total cash and cash equivalents                            | <u>\$ 19,687,883</u>  |

(continued)



## San Diego Housing Commission

## STATEMENT OF CASH FLOWS - CONTINUED

Year ended June 30, 2013

|   | <u>Primary<br/>Government</u> |
|---|-------------------------------|
| Reconciliation of operating loss to net cash used in operating activities             |                               |
| Operating loss  | \$ (169,644,167)              |
| Adjustments to reconcile operating loss<br>to net cash used for operating activities: |                               |
| Depreciation  | 4,113,552                     |
| Amortization  | 331,719                       |
| Provision for loan losses   | (625,557)                     |
| Changes in operating assets and liabilities:  |                               |
| (Increase) decrease in tenant receivables   | (180,923)                     |
| (Increase) decrease in other receivables  | (1,119,711)                   |
| (Increase) decrease in prepaid items and other assets                                 | (155,922)                     |
| Increase (decrease) in accounts payable   | (338,798)                     |
| Increase (decrease) in accrued payroll and benefits                                   | 258,790                       |
| Increase (decrease) in deposits payable   | (397,700)                     |
| Increase (decrease) in deferred revenues  | 8,246                         |
| Increase (decrease) in other liabilities  | (165,480)                     |
| Net cash used in operating activities   | <u>\$ (167,915,951)</u>       |
| Supplemental disclosure of noncash investing and noncapital financing activities      |                               |
| Accrued interest on notes receivable converted to principal                           | <u>\$ 1,487,461</u>           |

See notes to financial statements



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 - THE FINANCIAL REPORTING ENTITY

Primary Government

The San Diego Housing Commission (SDHC), a governmental agency, was formed by the City of San Diego (the City), under ordinance No. 2515 on December 5, 1978, in accordance with the Housing Authority Law of the State of California. SDHC primarily serves low income families by providing rental assistance payments, rental housing, loans and grants to individuals and not-for-profit organizations and other services.

SDHC is an integral part (component unit) of the reporting entity of the City. The accounts of SDHC have been included within the scope of the basic financial statements of the City. SDHC is governed by the San Diego Housing Authority, which is composed of the eight members of the San Diego City Council. The Housing Authority has final authority over SDHC's budget and major policy changes.

Component Units

The governmental reporting entity consists of SDHC (the Primary Government) and its component units. Component units are legally separate organizations for which the Board of Commissioners is financially accountable or other organizations whose nature and significant relationships with SDHC are such that exclusion would cause SDHC's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either SDHC's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on SDHC. The basic financial statements include both blended and discretely presented component units. Although the component units (the LLCs and HPD) do not follow government accounting for presentation purposes, certain transactions may be reflected differently in these statements than in the separately issued information in order to conform to the presentation of the primary government.

Blended Component Units

The blended component units are legally separate entities, and should be, in substance, part of SDHC's operations, therefore the financial information of these entities is combined with the financial information of SDHC.

SDHC has seven blended component units which are Belden SDHC FNMA LLC, Northern SDHC FNMA LLC, Central SDHC FNMA LLC, Northern SDHC FHA LLC, Southern SDHC FHA LLC, Central SDHC FHA LLC and Mercado SDHC LLC together collectively referred to as the "LLCs". With the exception of Mercado SDHC LLC, the titles of 77



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

properties were transferred from SDHC to the LLCs. SDHC includes its blended component units in its business-type activities' financial statements.

Discretely Presented Component Units

The discretely presented component units are reported in a separate column in the basic financial statements to emphasize they are legally separate from the primary government.

In accordance with Governmental Accounting Standards Board (GASB) Statement 14, Housing Development Partners (HDP) is incorporated into the accompanying financial statements. HDP is a nonprofit public benefit corporation established by SDHC in 1990. HDP has been audited by Leaf & Cole LLP.

SDHC has five discretely presented component units which are financially and legally separate entities from SDHC. HDP is a California Nonprofit Public Benefit Corporation. Its mission is to preserve and increase affordable housing opportunities for low and moderate income residents. The corporation shares staff and board of directors with the SDHC. The corporation's by-laws state that two of HDP's board members are also SDHC's board members and a third member is the Chief Executive Officer of SDHC. HDP Mason Housing Corporation (HDP Mason) is a California nonprofit public benefit corporation which is controlled by HDP. HDP also controls Casa Colina, LP (Casa Colina), a tax credit limited partnership of which HDP is the sole general partner. HDP and HDP Mason share the same board members and purpose. Logan Development II, L.P. (Logan) and Logan Development Management, LLC were established in October 2012. The financial statements of HDP, HDP Mason, Casa Colina, Logan Development Management and Logan Development II, LP have been consolidated under HDP and are presented in a separate column from the financial information of SDHC. All discretely presented component units have a December 31, 2012 year end. See Note 18 for additional information about HDP.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The government-wide financial statements report information of the primary government and its component units. The primary government is reported separately from certain legally separate discrete component units for which the primary government is financially accountable. For financial reporting purposes, SDHC reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and fund financial statements are the same.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

Basic Financial Statements

The basic financial statements (i.e. the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows) report information on all of the business-type activities of SDHC and its wholly owned LLCs, and its discretely presented component units. These basic financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB) standards.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Accordingly, all assets and deferred outflows of resources and liabilities and the deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

SDHC distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services. Operating expenses include the cost of sales and services, general and administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In accordance with GASB standards, SDHC has elected to apply all Financial Accounting Standards Board (FASB) pronouncements issued prior to November 30, 1989, which are not inconsistent with GASB pronouncements. Subsequent to this date, SDHC accounts for its proprietary funds as required by GASB.

New Accounting Pronouncements

During the fiscal year ending June 30, 2013, SDHC has implemented the following new accounting standards issued by the GASB:

Statement No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34." GASB Statement No. 61 results in the financial reporting entity's financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The adoption of this Statement had no effect on SDHC's financial statements for the year ended June 30, 2013.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

Statement No. 62, “Codification of Accounting and Financial Reporting: Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” GASB Statement No. 62 improves financial reporting by contributing to the GASB’s efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. The adoption of this Statement had no effect on SDHC’s financial statements for the year ended June 30, 2013.

Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.” GASB Statement No.63 improves financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government’s net position. The adoption of this Statement resulted in presentation changes through the basic financial statements and notes to the basic financial statements. The Statement of Net Assets has now been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position.

Statement No. 65, “Items Previously Reported as Assets and Liabilities”. GASB Statement No. 65 improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. SDHC early adopted this Statement which resulted in the write-off of financing costs and deferred charges previously carried by SDHC. SDHC does not have any Deferred Outflows of Resources or Deferred Inflows of Resources as of June 30, 2013.

Cash and Cash Equivalents

SDHC’s cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits and bonds with original maturities of three months or less from the date of acquisition that are not specifically restricted as to use.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represents deposits that are used as collateral for loans made by a bank, used for replacement reserve and impound accounts, insurance reserve, security deposit and residual receipt accounts.

Investments

All investments are stated at fair value, except for money market investments which have a remaining maturity of less than one year when purchased, which are stated at amortized cost. Money market investments are short-term highly-liquid debt securities, such as bankers’





San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

acceptances, commercial paper, repurchase agreements, negotiable certificates of deposit and U.S. Treasury obligations. Fair value is the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Interfund Receivables and Payables

SDHC operates a revolving fund which provides for the pooling of cash to provide a convenient method for the payment of items chargeable to multiple sources and to maximize investment opportunities. The majority of receipts of cash are deposited to the revolving fund with an appropriate payable to the subsidiary general ledger which has provided the cash. The majority of disbursements are made from the revolving fund with an appropriate receivable from the subsidiary general ledger whose costs are being paid.

As all programs of SDHC are ongoing in nature with continuous receipts and expenditures, the daily status of individual funds undergoes constant change. Interfund receivables and payables are eliminated as expeditiously as possible.

Interprogram due from/to have been eliminated as prescribed by GASB standards in regards to interfund activities, payables and receivables.

Notes and Interest Receivable

Funds loaned by SDHC are recorded as notes receivable. Interest on notes receivable is accrued annually. A contra-asset account, allowance for loan and interest losses, represents the current estimates of the amount of loans and interest that will become uncollectible.

Capital Assets

Capital assets are stated at cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Net interest costs are capitalized on projects during the construction period. The capitalization threshold for all capital assets is \$5,000.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

Depreciation is charged to operations using the straight-line method based on the estimated useful life of the related asset. The estimated useful life of the assets is as follows:

|                       | <u>Years</u> |
|-----------------------|--------------|
| Buildings             | 40           |
| Building improvements | 15           |
| Office equipment      | 5            |
| Dwelling equipment    | 5            |
| Vehicles              | 5            |
| Computers/software    | 3            |

Property acquired with HUD funds is considered to be owned by SDHC while used in the program for which it was purchased. However, HUD may have a reversionary interest in the property and ownership of any proceeds from disposition thereof.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

Impairment of Capital Assets

SDHC reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of June 30, 2013, there has been no impairment of the capital assets.

Accrued Compensated Absences

It is SDHC's policy to permit employees hired prior to July 1, 1994 to accumulate up to 650 hours of annual leave. Employees hired after July 1, 1994 are permitted to accumulate a maximum of 380 hours. All employees whose service is terminated shall be entitled to receive the equivalent amount of pay for the balance in their annual leave account at the time of termination.

In accordance with GASB standards, vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if the leave is attributable to past service and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. The change in liability for compensated absences increased \$54,737 from June 30, 2012 to June, 30 2013.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

Permanent employees are entitled to receive compensation at their current base salary for all unused annual leave upon termination or retirement.

In providing direction for conversion to the GAAP basis of accounting, HUD's Accounting Brief No. 6 discusses the conflicting direction given in HUD grant handbooks, which are not considered GAAP, and the cost principles of GAAP. In its final analysis, HUD opines that "Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under federal awards, including but not necessarily limited to wages, salaries, and fringe benefits." Since federal awards extend for a limited time period, and accrued benefits may not be paid out during the term of the award, the above analysis can be reasonably interpreted to mean that costs may be drawn down at the close of the award period to fund unpaid compensated absences.

As a matter of convenience, to allow SDHC to close inactive funds and to lessen the administrative burden, SDHC tracks all compensated absence liabilities in the business activities fund.

Notes Payable and Interest Payable

Notes payable consists of notes from banks, the City, State and Federal agencies. Interest on these notes is accrued at year end.

Unearned Revenue

Unearned revenue includes rents received in advance from tenants, unearned interest income, and grant funds received from other governmental agencies, which are conditioned upon incurring certain qualifying costs or meeting other conditions. The rents from tenants will be recognized as revenue when earned and the grant funds will be recognized as revenue when the qualifying costs are incurred and the possibility of not meeting the conditions are remote.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The Authority does not have any items that currently meet this criterion as of June 30, 2013.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

not be recognized as revenue until then. The Authority does not have any items that meet this criterion as of June 30, 2013.

Net Position

In the Statement of Net Position, net assets are classified in the following categories:

*Net Investment in Capital Assets* - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

*Restricted* - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted* - This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments at June 30, 2013 consist of the following:

|                                      |                       |
|--------------------------------------|-----------------------|
| Deposits                             | \$ 16,066,078         |
| Petty cash                           | 20,335                |
| Cash held in investment account      | 3                     |
| Local Agency Investment Fund         | 10,908,514            |
| San Diego County Investment Pool     | 2,389,204             |
| Certificate of Deposit               | 2,941,999             |
| Agency bonds                         | 71,172,528            |
| Corporate bonds                      | 10,893,570            |
|                                      | <hr/>                 |
| Total cash and investments           | 114,392,231           |
|                                      | <br>                  |
| Restricted cash and cash equivalents | 3,601,467             |
|                                      | <hr/>                 |
| Total                                | <u>\$ 117,993,698</u> |



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

Deposits

The carrying amounts of SDHC's cash deposits are \$16,066,078 at June 30, 2013. Bank balances are fully insured and/or collateralized with securities held by the pledging financial institutions in SDHC's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure SDHC's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in SDHC's name.

The fair value of pledged securities must equal at least 110% of SDHC's cash deposits. California law also allows institutions to secure Commission deposits by pledging first trust deed mortgage notes having a value of 150% of SDHC's total cash deposits. SDHC may waive collateral requirements for cash deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC).

Investment Policy

In accordance with State statutes and HUD regulations, SDHC has authorized the Chief Financial Officer or designee to invest in obligations of the U.S. Treasury, U.S. Government agencies or other investments as outlined in Commission Investment Policy. An Investment Committee, consisting of two Commission Board members, monitors the management of funds and compliance with SDHC Investment Policy.

SDHC utilizes the services of an experienced financial advisor to aid in making investment decisions. Working with the investment committee and staff, the advisor provides guidance on creating a diversified portfolio and a secure investment mix. The advisor's ongoing role is to provide staff with sound investment opportunities that will maximize liquidity and yield without sacrificing principal value and safety of the investment securities.

Investments in the State's Local Agency Investment Fund (LAIF) and the San Diego County Investment Pool (SDCIP) represent SDHC's equity in pooled investments. Other investments such as CDs, bonds, repurchase agreements, bankers acceptance notes and checking accounts are safe kept with commercial banking and investing institutions.

Local Agency Investment Fund Investments

SDHC participates in the State's LAIF that is regulated by California Government Code. LAIF is part of the State of California Pooled Money Investment Account (P.M.I.A.) and is protected by statute ensuring invested funds remain Commission assets. The balance of the



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

investment portfolio of P.M.I.A. at June 30, 2013 was \$58,803 million. P.M.I.A. is not registered with the Securities and Exchange Commission (SEC) but is required to invest in accordance with California State Code. The average maturity of P.M.I.A. investments was 278 days as of June 30, 2013.

As of June 30, 2013, SDHC had \$10,908,514 invested in LAIF and at which time, the LAIF fair value factor of 1.000273207 was used to calculate the fair value of the investments in LAIF. More information on LAIF investment pool can be found at <http://www.treasurer.ca.gov/pmia-laif/>.

San Diego County Investment Pool Investments

SDHC participates in the SDCIP. SDCIP is a Standard & Poor's AAA rated fund managed by the San Diego County Treasurer - Tax Collector. The fair value of the investment portfolio of SDCIP at June 30, 2013 was \$6,663 million and had weighted average yield to maturity of 0.40%, a weighted average days to maturity of 393 days and an effective duration of 0.870 years.

In addition to voluntary participants such as SDHC, the pool is largely made up of mandatory participants such as the County of San Diego 35.94%, schools 42.99%, community colleges 8.27% and non-County funds of 4.03%. Voluntary depositors make up only 8.77% of the invested funds as of June 30, 2013.

As of June 30, 2013, SDHC had \$2,389,204 invested in SDCIP. More information on SDCIP can be found at <http://www.sdtreastax.com/investment-results.html>.

Certificates of Deposits

As of June 30, 2013, SDHC had \$2,941,999 in negotiable certificates of deposits in the investment portfolio. Each certificate of deposit is issued through a separate legal entity and purchased in an amount under the \$250,000 Federal Deposit Insurance Corporation (FDIC) federally insured limits.

Bankers Acceptance Notes

Bankers acceptance notes are short-term debt instruments guaranteed by both a borrowing firm and a commercial bank. They are issued at a discount with maturities of up to 180 days. As of June 30, 2013, SDHC had no funds invested in bankers acceptance notes.

Agency Bonds

SDHC's investments under U.S. Government Agency bonds are made up of Mortgage-Backed Security (MBS) bonds traded on an active secondary market. MBS Bonds are a



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

security or debt obligation that represents a claim on the monthly cash flows from mortgage loans. They represent investments in securities that are backed by pools of high quality consumer or commercial mortgages guaranteed by a government agency or Government Sponsored Enterprises. While Standard & Poor's and Moody's does not specifically rate MBS, they carry an implied rating based on the high quality collateral that backs the bonds and the AAA rating by Moody's (AA+ by Standard & Poor) of the GSE (Fannie/Freddie) that issues/guarantees them. At June 30, 2013, SDHC had \$71,172,528 invested in Agency MBS.

Corporate Bonds

Corporate bonds represent an investment in highly rated corporate senior debt with a minimum Standard & Poor rating of A+. These bonds consist of fixed and floating-rate securities. On corporate floating-rate securities, the coupon rate of return is based on the 90-day London Inter-Bank Offer Rate (LIBOR) index plus a margin or basis points. At June 30, 2013, SDHC had \$10,893,570 invested in corporate fixed and floating rate bonds with an average yield to maturity of 1.36% on an average days-to-maturity of 606.

## NOTE 4 - INVESTMENT RISK FACTORS

There are many factors that can affect the value of investments. Some, such as credit risk, custodial risk, concentration of credit risk and market risk, may affect both equity and fixed income securities. Equity and debt securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities are particularly sensitive to credit risk and changes in interest rates. It is the investment policy of SDHC to invest substantially all of its funds in fixed income securities which limits SDHC's exposure to most types of risk.

Credit Risk

Fixed income securities are subject to credit risk, which is the risk that an issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. Certain fixed income securities, including obligations of the U.S. Government or those explicitly guaranteed by the U.S. Government are considered to have minimal credit risk. SDHC minimizes credit risk by limiting investments to those listed in the Investment Policy. In addition, SDHC pre-qualifies the financial institutions, broker/dealers, intermediaries and advisors with which SDHC will do business in accordance with the Investment Policy and SDHC diversifies the portion of the investment portfolio not invested in US Treasury Bills, Notes, Bonds and collateralized certificates of deposit to minimize potential losses from any one type of security or issuer.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

Custodial Risk

Custodial risk is the risk that, in the event of the failure of the custodian, the investments may not be returned. Bonds are purchased through a Merrill Lynch account in SDHC's name. All securities are held in safekeeping by Merrill Lynch and are covered by Securities Investor Protection Corporation (SIPC) and a separate Lloyd's of London policy for a combined aggregate limit of \$600 million.

The exposure of SDHC's debt securities to credit risk and custodial risk as of June 30, 2013 is as follows:

|   | Total fair value     | Standard & Poor's Credit Rating as of June 30, 2013 |                     |                     | Not subject to rating |
|---|----------------------|---|---------------------|---------------------|-----------------------|
|   |                      | AAA   | AA                  | A                   |                       |
| <b>Cash and cash equivalents</b>        |                      |   |                     |                     |                       |
| Cash and cash equivalents               | \$ 16,086,416        | \$ -  | \$ -                | \$ -                | \$ 16,086,416         |
| Restricted cash and cash equivalents    | 3,601,467            | -   | -                   | -                   | 3,601,467             |
| <b>Total cash and cash equivalents</b>  | <b>\$ 19,687,883</b> | <b>\$ -</b>   | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 19,687,883</b>  |
| <b>Short-term investments</b>           |                      |   |                     |                     |                       |
| Local agency investment fund            | \$ 10,908,514        | \$ -  | \$ -                | \$ -                | \$ 10,908,514         |
| County Investment Pool                  | 2,389,204            | 2,389,204   | -                   | -                   | -                     |
| U.S. Government Agency securities       | 744,469              | -   | -                   | -                   | 744,469               |
| <b>Total short-term investments</b>     | <b>\$ 14,042,187</b> | <b>\$ 2,389,204</b>                                 | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 11,652,983</b>  |
| <b>Long-term investment securities:</b> |                      |   |                     |                     |                       |
| Certificate of Deposit                  | \$ 2,941,999         | \$ -  | \$ -                | \$ -                | \$ 2,941,999          |
| U.S. Government Agency securities       | 70,428,059           | -   | -                   | -                   | 70,428,059            |
| Corporate Bonds                         | 10,893,570           | -   | 7,296,625           | 3,596,945           | -                     |
| <b>Total long-term investments</b>      | <b>\$ 84,263,628</b> | <b>\$ -</b>   | <b>\$ 7,296,625</b> | <b>\$ 3,596,945</b> | <b>\$ 73,370,058</b>  |

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing SDHC to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Investments issued or guaranteed by the U.S. Government and investments in external investment pools such as the California LAIF are not considered subject to concentration of credit risk.

The U.S. Government Agency securities in SDHC's portfolio include Fannie Mae issued by the Federal National Mortgage Association (FNMA), Freddie Mac issued by the Federal Home Loan Mortgage Corporation (FHLMC) and Federal Home Loan Bank (FHLB). Of the \$71,172,528 invested in Agency Mortgage Backed Securities (MBS) as of June 30, 2013, all are issued either by FNMA or FHLMC. Both of these Agencies are currently under conservatorship by the U.S. Government giving them an additional level of security.





San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

Investments in Agency MBS are not subject to ratings by Standard and Poor's. While Standard & Poor's and Moody's does not specifically rate MBS, they carry an implied AAA rating based on the collateral that backs the bond and the AAA/AA+ rating of the Agency that issues/guarantees them. MBS are not considered subject to concentration of credit risk.

SDHC may choose to maintain 100% of its investment portfolio in US Treasury Bills, Notes, Bonds and collateralized certificates of deposit. Certificates of deposits are, according to SDHC's Investment Policy, to be collateralized at least 100% of the amount that is not federally insured. Securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to SDHC. The security cannot be released, substituted or sold without the approval of SDHC. As of June 30, 2013, SDHC had \$2,941,999 investments in certificates of deposits. Of these certificates of deposits, all were covered under FDIC insurance limits.

Market Risk

Market risk is the risk that the value of an investment will change due to changes in the financial market. Changes in market conditions can increase Interest Rate Risk, Liquidity Risk and Reinvestment Risk.

*Interest Rate Risk* is the risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes.

*Liquidity Risk* is the risk of being unable to liquidate an investment prior to maturity. Related to liquidity risk is the concept of marketability, or the ability to sell an instrument on short notice without incurring a meaningful loss in price.

*Reinvestment Risk* is the risk that the proceeds from a fixed-income security cannot be reinvested at less than the same rate of return currently generated by that holding. This risk is common with securities that are callable.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

In accordance with its Investment Policy, SDHC manages market risk by matching portfolio maturities to projected liabilities and monitoring the weighted average maturity of its portfolio. This is done by maintaining a portion of the portfolio in readily available funds and investing in securities with limited call features and an active secondary market. These measures ensure that appropriate liquidity is maintained in order to meet ongoing operations, maximize return and limit exposure to changing market conditions. SDHC's exposure to market risk as of June 30, 2013 is as follows:

|                                      | Total fair value     | Investment maturities as of<br>June 30, 2013 |                   |                      |
|--------------------------------------|----------------------|--|-------------------|----------------------|
|                                      |                      | Less than 3<br>months                        | 4 - 12 months     | 1 - 5 years          |
| Cash and cash equivalents            |                      |  |                   |                      |
| Deposits                             | \$ 16,066,078        | \$ 16,066,078                                | \$ -              | \$ -                 |
| Investment other                     | 3                    | 3  | -                 | -                    |
| Petty cash                           | 20,335               | 20,335                                       | -                 | -                    |
| Total cash and cash equivalents      | <u>\$ 16,086,416</u> | <u>\$ 16,086,416</u>                         | <u>\$ -</u>       | <u>\$ -</u>          |
| Restricted cash and cash equivalents | <u>\$ 3,601,467</u>  | <u>\$ 3,601,467</u>                          | <u>\$ -</u>       | <u>\$ -</u>          |
| Short-term investments               |                      |  |                   |                      |
| Local Agency Investment Fund         | \$ 10,908,514        | \$ 10,908,514                                | \$ -              | \$ -                 |
| San Diego County Investment Pool     | 2,389,204            | 2,389,204                                    | -                 | -                    |
| U.S. Government Agency               | 744,469              | 64,667                                       | 679,802           | -                    |
| Total short-term investments         | <u>\$ 14,042,187</u> | <u>\$ 13,362,385</u>                         | <u>\$ 679,802</u> | <u>\$ -</u>          |
| Long-term investments:               |                      |  |                   |                      |
| Certificate of Deposit               | \$ 2,941,999         | \$ -   | \$ -              | \$ 2,941,999         |
| U.S. Government Agency               | 70,428,059           | -  | -                 | 70,428,059           |
| Corporate Bonds                      | 10,893,570           | -  | -                 | 10,893,570           |
| Total long-term investments          | <u>\$ 84,263,628</u> | <u>\$ -</u>                                  | <u>\$ -</u>       | <u>\$ 84,263,628</u> |



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

## NOTE 5 - ACCOUNTS RECEIVABLE - FUNDING SOURCES

At June 30, 2013, due from funding sources consist of the following:

| <u>Source</u>       | <u>Program</u>                       | <u>Amount</u>              |
|---------------------|--------------------------------------|----------------------------|
| Federal             | Moving to Work Demonstration Program | \$ 1,096,563               |
| Federal             | HOME                                 | 886,736                    |
| Federal             | CDBG                                 | 610,418                    |
| Federal             | Emergency Shelter Grant              | 554,993                    |
| Federal             | Family Unification Program           | 471,305                    |
| Federal             | Shelter Plus Care                    | 282,126                    |
| Federal             | Capital Fund                         | 228,170                    |
| Federal             | Lead Programs                        | 149,998                    |
| Federal             | Section 8 Moderate Rehabilitation    | 112,729                    |
| Federal             | Healthy Homes Production             | 48,061                     |
| Federal             | Social Innovation Fund               | 4,929                      |
| State               | Various                              | 105,713                    |
| Business activities | Various                              | 2,693,312                  |
| Total               |                                      | <u><u>\$ 7,245,053</u></u> |

All amounts are expected to result in payment in the next fiscal year.

## NOTE 6 - NOTES, MORTGAGES AND INTEREST RECEIVABLE

Loans made by SDHC are of three types:

1. Notes requiring periodic payments of principal and interest with interest rates ranging from 0% to 10% and lengths of maturity ranging from 3 years to 55 years;
2. Deferred payment notes with interest rates ranging from 0% to 10% and lengths of maturity ranging from 3 to 55 years; and
3. Subsidy loans to reduce the effective interest rate to recipients on loans made by a commercial bank.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

Notes, mortgages and interest receivable at June 30, 2013 consist of the following:

| Borrower                           | Project address          | Interest rate | Maturity date | Principal amount |
|------------------------------------|--------------------------|---------------|---------------|------------------|
| 15th & Commercial LP               | 1501 Imperial Avenue     | 3.00%         | 01/01/66      | \$ 3,463,813     |
| 34th St Project LLC                | 4637 34th Street         | 3.00%         | 02/24/77      | 2,920,000        |
| Affirmed Family Housing            | 2170 Coronado Ave        | 5.20%         | 06/30/35      | 2,938,648        |
| Affirmed Family Housing            | 2125-55 Coronado Avenue  | 4.79%         | 06/30/35      | 794,350          |
| Alabama Manor                      | 3822-36 Alabama Street   | 0.00%         | 12/31/63      | 3,793,128        |
| AMCAL Mission Fund LP              | 1815-75 Hancock St       | 3.00%         | 01/01/68      | 2,599,756        |
| Arbor Terrace                      | 3693-3741 Florida Street | 4.86%         | 07/01/62      | 8,907,533        |
| Bayview CDC                        | 1440-1516 So. 40th St    | 3.00%         | 02/01/56      | 696,000          |
| Beyer Blvd Apts LP                 | 920 Beyer Blvd           | 3.00%         | 10/22/59      | 4,200,000        |
| Bolt Housing Partners, LP          | 4010-50 Park Haven Ct    | 3.00%         | 04/01/56      | 1,418,838        |
| Canyon Rim LP                      | 10931 Gerana St          | 3.00%         | 06/20/55      | 1,495,643        |
| Carmel Valley Housing              | 13875 Carmel Valley Road | 3.00%         | 01/01/57      | 892,111          |
| Casa Colina LP                     | 5207 52nd St             | 3.00%         | 02/01/59      | 1,600,000        |
| Catholic Charities 07-075          | 798 Ninth Ave            | 0.00%         | 10/31/58      | 927,500          |
| Chicano Federation                 | 4033 33rd St             | 3.00%         | 12/01/52      | 596,442          |
| Chicano Federation                 | 5222 Trojan Avenue       | 3.00%         | 07/01/53      | 1,144,817        |
| Chicano Federation                 | 5052 Wightman St         | 3.00%         | 07/01/54      | 1,536,750        |
| Chicano Federation                 | 4420 Delta Street        | 3.00%         | 11/01/54      | 1,485,943        |
| City Heights Community Dev         | 4048-64 1 / 2 48th St    | 3.00%         | 12/01/55      | 778,500          |
| City Heights Community Dev         | 3816-32 43rd St          | 3.00%         | 05/01/53      | 808,976          |
| City Heights Community Dev         | 3535-45 43rd St          | 3.00%         | 03/31/65      | 702,686          |
| City Heights Community Dev         | 4165-4175 Highland       | 3.00%         | 03/31/65      | 852,771          |
| City Heights Community Dev         | 4217-4231 Euclid         | 3.00%         | 03/31/65      | 580,458          |
| Community Housing Works            | 3783-3825 Florida Street | 3.00%         | 02/01/67      | 6,025,067        |
| Connections Housing Downtown       | 1250 Sixth Avenue        | 3.00%         | 06/01/69      | 1,600,000        |
| Coronado Terrace Preservation L.P. | 1183 25th St             | 3.00%         | 03/01/57      | 1,271,836        |
| Dawson Senior Apt LP               | 4310 Dawson Avenue       | 2.00%         | 12/01/63      | 6,294,377        |
| Del Sol Apts LP                    | 3606-90 Del Sol Blvd.    | 3.00%         | 08/31/61      | 4,126,000        |
| Delta Village Housing              | 4316-4368 Delta St.      | 3.00%         | 05/01/36      | 6,100,000        |
| El Cajon Boulevard LP              | 3137 El Cajon Blvd       | 3.00%         | 12/31/63      | 600,000          |
| Georgia St LP                      | 4105 Georgia St          | 3.00%         | 07/01/66      | 5,110,753        |
| Golden Age Garden Housing          | 740 S 36th St            | 3.00%         | 12/31/67      | 3,661,000        |
| Hacienda Townhomes, LTD            | 350 17th St              | 4.50%         | 07/01/48      | 1,874,018        |
| Harbor View Associates LP          | 404-24 N 47th St         | 3.00%         | 04/01/34      | 900,000          |
| Hope CCDC                          | 4910-20 Ocean View Blvd  | 3.00%         | 12/22/48      | 647,056          |
| Housing Development Partners       | 1337-1345 Fifth Avenue   | 3.00%         | 02/28/68      | 2,353,284        |
| Island Palms Apt. L.P.             | 1225 Market St           | 3.00%         | 12/01/56      | 4,400,000        |
| Juniper Gardens, LLP               | 4251 Juniper Street      | 3.00%         | 12/31/68      | 2,834,132        |



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

| Borrower                        | Project address                 | Interest rate | Maturity date | Principal amount |
|---------------------------------|---------------------------------|---------------|---------------|------------------|
| Lillian Place LP                | 1401 & 1437 J Street            | 3.00%         | 12/31/60      | 731,000          |
| LINC Arbor Village Apts         | 4914-98 Logan Avenue            | 3.00%         | 05/01/67      | 5,460,000        |
| Logan Development LP            | 4720-67 Logan Avenue            | 6.00%         | 11/30/50      | 1,400,000        |
| Logan Square Housing Partners   | 4742 Solola Avenue              | 3.00%         | 03/01/48      | 1,000,000        |
| Market Square Manor L.P.        | 525 14th St                     | 5.60%         | 03/01/57      | 2,771,270        |
| Mayberry Townhomes, CA LP       | 4328-90 Mayberry St             | 3.00%         | 03/01/29      | 670,000          |
| Mercado CIC LP                  | Barrio Logan Lot 2,6 & 7        | 5.00%         | 05/01/68      | 7,000,000        |
| Mesa Family Villas              | 2061-73 Avenida del Mexico      | 5.60%         | 05/01/57      | 2,279,470        |
| Metro Villa Housing Partners    | Metro Villas 3900 Block of 39th | 4.85%         | 02/01/58      | 1,581,698        |
| Metropolitan Area Advisory Com  | 2001-97 Newton, 2008-2094 M     | 6.00%         | 12/01/47      | 1,425,000        |
| Mission Terrace Associates, LP  | 10210 San Diego Mission Road    | 3.00%         | 09/01/49      | 2,055,000        |
| Mountain View Prop. LP          | 4066 Messina Drive              | 6.00%         | 04/01/33      | 2,065,897        |
| Nestor Family Housing           | 1150 Tesoro Grove Way           | 5.60%         | 02/01/57      | 3,443,230        |
| New Palace Associates           | 1814 5th Avenue                 | 8.44%         | 03/01/21      | 1,528,151        |
| Palm Terrace Interfaith Housing | 2885 Palm Avenue                | 3.00%         | 04/30/53      | 2,079,740        |
| Pathfinders of San Diego Inc    | 2621-2625 University Avenue     | 3.00%         | 07/15/65      | 2,050,000        |
| Renaissance Senior Housing      | El Cajon Blvd & 30th St         | 4.65%         | 04/12/59      | 3,009,679        |
| Riverwalk Apts LP               | 1194 Hollister St               | 3.00%         | 03/01/65      | 2,275,145        |
| San Diego Commons, LLP          | 6456 El Cajon                   | 3.00%         | 04/30/69      | 1,471,500        |
| Santa Luz Family Apts           | 16775 Sainsbury Glen            | 3.00%         | 04/01/60      | 500,000          |
| SD Fox Hollow LP                | 4366 Home Ave                   | 3.00%         | 04/01/32      | 2,200,000        |
| SD LGBT Community Center        | 1640 Broadway                   | 0.00%         | 11/01/60      | 934,000          |
| So Bay Community Svcs           | 135 Averil Road                 | 3.00%         | 12/16/53      | 630,700          |
| St Stephens Housing             | 5641 Imperial Avenue            | 4.79%         | 05/01/36      | 1,280,055        |
| Steadfast Villa Nueva 07-113    | 3604 Beyer Blvd                 | 3.00%         | 05/01/62      | 9,200,000        |
| Stratton Apts LP                | 5765 Mount Alifan Drive         | 3.00%         | 06/20/22      | 1,494,183        |
| TACHS                           | 1851-1865 Titus St              | 3.00%         | 06/25/22      | 572,781          |
| Tachs-The Cove 06-060           | 5288 El Cajon Blvd              | 3.00%         | 05/01/62      | 982,000          |
| Terramar CIC LP                 | 13481-83 Silver Lane            | 3.00%         | 05/01/66      | 2,035,000        |
| Townspople                      | 4242-60 51st Street             | 3.00%         | 05/01/61      | 1,570,000        |
| Urban Council Development Inc   | 5202 Orange Avenue              | 3.00%         | 07/01/52      | 741,884          |
| Urban Housing Dev Corp          | 2651-63 J St                    | 3.00%         | 02/01/57      | 867,279          |
| Veterans Village 07-056         | 4141 Pacific Highway            | 3.00%         | 06/01/72      | 6,972,296        |
| Vietnam Veterans of San Diego   | 4141 Pacific Highway            | 3.00%         | 05/15/70      | 675,000          |
| Villa Harvey Mandel L.P.        | 72 17th St                      | 5.60%         | 02/01/57      | 3,212,966        |



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

| Borrower   | Project address       | Interest rate | Maturity date | Principal amount             |
|--|-----------------------|---------------|---------------|------------------------------|
| Vista Terrace Hills  | 1606 Del Sur Blvd     | 3.00%         | 12/31/56      | 1,078,470                    |
| Wakeland Village Green Apts LP                               | 4140-55 Bonillo Drive | 3.00%         | 04/01/65      | 2,165,067                    |
| Wakeland Vista Grande Apt                                    | 5421 Sta Margarita St | 3.00%         | 05/01/67      | 2,967,000                    |
| Winona Gardens Housing Assoc                                 | 3810 Winona Avenue    | 3.00%         | 07/01/55      | 2,100,000                    |
| YWCA Transitional Housing                                    | Becky's House         | 0.00%         | 03/01/61      | 1,786,000                    |
| Development loans with rehab / acquisition (Under \$500,000) |                       |               |               | 3,408,422                    |
| Rehab loans (Under \$500,000)                                |                       |               |               | 5,790,195                    |
| Home ownership loans   |                       |               |               | 43,719,620                   |
| Housing rehabilitation loans                                 |                       |               |               | 15,556,875                   |
| Allowance for Loan Losses                                    |                       |               |               | <u>(5,271,286)</u>           |
| Total notes receivable at June 30, 2013                      |                       |               |               | 244,397,473                  |
| Deferred cumulative interest receivable at June 30, 2013     |                       |               |               | <u>30,691,536</u>            |
| Total notes and interest receivable at June 30, 2013         |                       |               |               | <u><u>\$ 275,089,009</u></u> |

Notes and mortgages receivable due in less than one year amounted to \$287,915 at June 30, 2013.

The changes in allowance for loan and interest losses consist of the following:

| Balance,<br>June 30, 2012 | Losses/<br>write-offs | Adjustments           | Balance,<br>June 30, 2013 |
|---------------------------|-----------------------|-----------------------|---------------------------|
| <u>\$ 7,254,825</u>       | <u>\$ (350,312)</u>   | <u>\$ (1,633,227)</u> | <u>\$ 5,271,286</u>       |

SDHC had a line-of-credit agreement with Wells Fargo Bank. This agreement provided for SDHC to deposit funds which earn interest as collateral to sustain the leveraging of bank funds used for rehabilitating housing units. The agreement further provided that in the event of default by the borrower on a previous loan made by the bank, the bank may, at its option, withdraw funds from the collateral to the extent of the outstanding principal and interest on a loan in default. The loans guaranteed by the Wells Fargo Bank account have been paid in full and in February 2013 the account was closed.

SDHC makes affordable housing loans to individuals in which the borrower is not required to repay the loan during the compliance period as long as the compliance covenants are met. The compliance periods differ by program between 10 to 55 years. SDHC monitors the compliance. There is no cash disbursements associated with these loans and the loans do not bear interest. The notes are originated through noncash transactions having a net effect of zero to the Statement of Net Position and SDHC does not record them in the Statement of Net Position. Any payment received during the compliance period is recorded as revenue in



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

the fiscal year of receipt. Notes represented by affordable housing loans outstanding as of June 30, 2013, total \$60,307,114.

## NOTE 7 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2013 is as follows:

|  | Balance,<br>June 30, 2012 | Additions           | Transfers /<br>Retirements | Balance,<br>June 30, 2013 |
|--|---------------------------|---------------------|----------------------------|---------------------------|
| Capital assets, not being depreciated        |                           |                     |                            |                           |
| Land   | \$ 60,563,276             | \$ 2,472,856        | \$ -                       | \$ 63,036,132             |
| Construction in progress                     | 9,831,387                 | 3,117,597           | (11,094,774)               | 1,854,210                 |
| Total capital assets, not being depreciated  | 70,394,663                | 5,590,453           | (11,094,774)               | 64,890,342                |
| Capital assets, being depreciated            |                           |                     |                            |                           |
| Buildings                                    | 84,722,349                | 4,089,064           | -                          | 88,811,413                |
| Building improvements                        | 17,719,475                | 2,295,590           | 10,796,148                 | 30,811,213                |
| Office furniture and equipment               | 3,494,073                 | 47,952              | 239,527                    | 3,781,552                 |
| Total capital assets, being depreciated      | 105,935,897               | 6,432,606           | 11,035,675                 | 123,404,178               |
| Less accumulated depreciation for:           |                           |                     |                            |                           |
| Buildings                                    | (11,620,965)              | (2,231,130)         | -                          | (13,852,095)              |
| Building improvements                        | (4,087,090)               | (1,591,885)         | -                          | (5,678,975)               |
| Office furniture and equipment               | (2,731,189)               | (290,537)           | 54,723                     | (2,967,003)               |
| Total accumulated depreciation               | (18,439,244)              | (4,113,552)         | 54,723                     | (22,498,073)              |
| Total capital assets, being depreciated, net | 87,496,653                | 2,319,054           | 11,090,398                 | 100,906,105               |
| Total capital assets, net                    | <u>\$ 157,891,316</u>     | <u>\$ 7,909,507</u> | <u>\$ (4,376)</u>          | <u>\$ 165,796,447</u>     |

In October 2012 SDHC acquired Park Crest Senior Apartments. The complex consists of 71 units located on a 0.652 acre site at 5330 Orange Avenue. This resulted in an addition of land in the amount of \$2.5 million and buildings of \$4.1 million.

The increase in building improvements is primarily related to the completion of prior year construction projects. The improvements completed in fiscal year 2013 included \$4.2 million for Hotel Sandford; \$3.5 million for Parker Kier and \$3.0 million for Picador. In addition, there were building improvements of \$2.3 million for the Maya Apartments.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

Construction in progress decreased by a net of \$8.0 million to \$1.9 million primarily related to the completion of the development and modernization projects mentioned above. The remaining major project in progress includes Vista Verde at \$1.1 million, Mariners Village at \$0.2 million and Hotel Churchill at \$0.2 million.

Depreciation expense for the year ended June 30, 2013 was \$4,113,552.

## NOTE 8 - PREPAID ITEMS AND OTHER ASSETS

As of June 30, 2013, prepaid items and other assets include prepaid insurance of \$173,987, prepaid mortgage insurance premiums of \$96,150, property management deposits of \$33,171, deposit of \$25,000 for future refinancing equity loans, escrow deposits for mortgage insurance premiums of \$209,755, escrow deposits for Hotel Sandford of \$370,057, escrow deposits for Mariners Village of \$4,443, and \$2,472 of other escrow deposits.

Other assets

The LLCs obtained financing from Fannie Mae in fiscal year 2010 in the amount of \$37.1 million. The financing cost associated with these loans were \$495,384. In fiscal year 2011, the LLCs obtained financing from FHA in the amount of \$58.3 million. The financing costs associated with these loans were \$1,624,449. Because the LLCs are not following governmental accounting, the loan fees are carried as other assets and are amortized over the 30 and 35 years respectively using the effective yield method.

Estimated annual amortization expense for each of the next five years for the LLC's is:

|               |    |        |
|---------------|----|--------|
| June 30, 2014 | \$ | 73,485 |
| 2015          |    | 74,419 |
| 2016          |    | 75,285 |
| 2017          |    | 76,074 |
| 2018          |    | 76,776 |





## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

## NOTE 9 - NOTES PAYABLE

A summary of notes payable at June 30, 2013 is as follows:

| Type of obligations  | Interest rates   | Maturity date | Balance, 6/30/2012    | Additions           | Payments              | Balance, 6/30/2013    |
|--|------------------|---------------|-----------------------|---------------------|-----------------------|-----------------------|
| <u>Debts of the Commission</u>   |                  |               |                       |                     |                       |                       |
| State of California (RHCP)   | 0.00%            | 2013          | \$ 1,404,934          | \$ -                | \$ (1,404,934)        | \$ -                  |
| State of California (RHCP)   | 0.00%            | 2015          | 3,149,077             | -                   | (3,149,077)           | -                     |
| GE Capital,<br>(Smart Corner & Maya)<br>dated November 2011  | 6.08%            | 2026          | 14,847,690            | -                   | (1,789,826)           | 13,057,864            |
| Successor Agency of the<br>Redevelopment Agency of the City<br>of San Diego,<br>dated March 1992     | 0%<br>forgivable | 2022          | 695,628               | -                   | -                     | 695,628               |
| Successor Agency of the<br>Redevelopment Agency of the City<br>of San Diego,<br>dated March 18, 2010 | 1%<br>forgivable | 2065          | 4,191,482             | 1,265,022           | -                     | 5,456,504             |
| State of California - Housing Loan<br>Conversion Program 12-HLCP-0004<br>dated May 10, 2013          | 3.00%            | 2068          | -                     | 1,404,849           | -                     | 1,404,849             |
| State of California - Housing Loan<br>Conversion Program 12-HLCP-0003<br>dated May 10, 2013          | 3.00%            | 2068          | -                     | 3,150,000           | -                     | 3,150,000             |
| <u>Debts of the LLCs</u>   |                  |               |                       |                     |                       |                       |
| Greystone Servicing Corp, Inc.<br>Fannie Mae (Belden)  | 7.32%            | 2040          | 12,020,328            | -                   | (140,316)             | 11,880,012            |
| Greystone Servicing Corp, Inc.<br>Fannie Mae (Northern)  | 7.32%            | 2040          | 10,547,057            | -                   | (123,118)             | 10,423,939            |
| Greystone Servicing Corp, Inc.<br>Fannie Mae (Central)   | 7.32%            | 2040          | 13,669,220            | -                   | (159,563)             | 13,509,657            |
| PNC Bank, NA FHA (Southern)  | 3.76%            | 2046          | 24,392,749            | -                   | (375,626)             | 24,017,123            |
| PNC Bank, NA FHA (Northern)  | 3.76%            | 2046          | 17,063,448            | -                   | (262,761)             | 16,800,687            |
| PNC Bank, NA FHA (Central)   | 3.65%            | 2046          | 15,344,489            | -                   | (240,343)             | 15,104,146            |
| Total  |                  |               | <u>\$ 117,326,102</u> | <u>\$ 5,819,871</u> | <u>\$ (7,645,564)</u> | <u>\$ 115,500,409</u> |

At June 30, 2013, the current portion of notes payable was \$1,750,586 and the noncurrent portion of notes payable was \$113,749,823.

In November 2011, SDHC entered into a loan agreement with GE Commercial Finance to re-finance the Smart Corner Building which houses the administrative offices of SDHC. The term of the loan is for 15 years, amortized over 25 years with a fixed interest rate of 6.08%



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

for ten years. In November 2012 SDHC exercised the annual option to pay down the loan in the amount of \$1.5 million.

In May 2013 the two State of California loans were renegotiated through the Housing Loan Conversion Program and extended for 55 years to 2068. They now bear an interest rate of 3% with required annual interest payments and potential residual receipt requirements.

SDHC entered into a loan agreement with the Redevelopment Agency of the City of San Diego (Redevelopment Agency) as of March 18, 2010, for the acquisition and rehabilitation of the Hotel Sandford. On January 12, 2012, the City Council adopted resolution number 307238, designating the City to serve as the Successor Agency for the former redevelopment agency thus have changed the obligation from Redevelopment Agency to the Successor Agency of the City of San Diego. The loan is a forgivable loan, with a term of 55 years and 1% simple interest. The total approved loan amount is \$6,095,000 with \$5,456,504 disbursed as of June 30, 2013.

On December 30, 2009, Belden SDHC FNMA LLC, Central SDHC FNMA LLC and Northern SDHC FNMA LLC entered into debt agreements with Greystone Servicing Corp. Inc. in the amount of \$37.1 million. The debt agreement is to obtain financing towards acquiring over 350 affordable housing units in the City of San Diego. The FNMA loans were the LLCs not SDHC. Each one of these loans are nonrecourse obligations of the LLCs. Under the terms of the loan agreements, the LLCs agree to pay a fixed interest rate of 7.32% on the life of the loan through the maturity date January 1, 2040.

On August 31, 2010, Northern SDHC FHA LLC, and Southern SDHC FHA LLC entered into debt agreements with PNC Bank, N. A. On September 20, 2010, Central SDHC FHA LLC entered into debt agreement with PNC Bank, N. A. for the combined total amount of \$58.3 million. The debt agreements are to obtain financing towards acquiring additional affordable housing units in the City of San Diego. The FHA loans were the LLCs not SDHC. Each one of these loans are nonrecourse obligations of the LLCs. Under the terms of the loan agreements, the LLCs agree to pay a fixed interest rate not to exceed 4.0% on the life of the loan through the maturity dates of September 1, 2045 and October 1, 2045 respectively.

The American Recovery and Reinvestment Act of 2009 created the new Build America Bond (BABs) program. State and local governments receive directly from the U.S. Treasury subsidy payments for a portion of their borrowing costs on Build America Bonds equal to 35 percent of the total coupon interest paid. The Subsidy stream is paid for the full term of the bonds. The Belden SDHC FNMA LLC, the Northern SDHC FHA LLC and the Southern SDHC FHA LLC loans have been approved as qualified direct subsidy BAB's loans. SDHC has received \$815,646 in fiscal year 2013 subsidy payments.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

The projected annual principal and interest payment requirements for all of SDHC's notes payable are as follows:

|                           | Notes payable         |                       |                       |
|---------------------------|-----------------------|-----------------------|-----------------------|
|                           | Principal             | Interest              | Total                 |
| Year ending June 30, 2014 | \$ 1,750,586          | \$ 5,656,941          | \$ 7,407,527          |
| 2015                      | 1,843,962             | 5,563,248             | 7,407,210             |
| 2016                      | 1,940,745             | 5,466,127             | 7,406,872             |
| 2017                      | 2,047,317             | 5,359,196             | 7,406,513             |
| 2018                      | 2,158,133             | 5,247,998             | 7,406,131             |
| 2019-2023                 | 13,391,662            | 24,327,980            | 37,719,642            |
| 2024-2028                 | 20,557,295            | 19,903,453            | 40,460,748            |
| 2029-2033                 | 16,510,165            | 14,591,651            | 31,101,816            |
| 2034-2038                 | 21,753,513            | 9,321,586             | 31,075,099            |
| 2039-2043                 | 17,047,295            | 3,602,688             | 20,649,983            |
| 2044-2068                 | 16,499,736            | 4,852,791             | 21,352,527            |
| Total                     | <u>\$ 115,500,409</u> | <u>\$ 103,893,659</u> | <u>\$ 219,394,068</u> |

## NOTE 10 - LEASE COMMITMENTS

SDHC accounts for all lease arrangements as operating leases. Under this method, rentals are recorded as either expenditures or income as they become due.

SDHC receives income from various long-term land leases that it maintains upon which housing is located. Lease terms include annual payments ranging from \$1 to \$511,988 for periods of one to 55 years and additional payments based upon surplus cash generated by certain housing projects. For fiscal year 2013, the amount of Land Lease Income is \$663,066 and is comprised of the following leases:

|                                     |                   |
|-------------------------------------|-------------------|
| Mariner's Cove                      | \$ 511,988        |
| Talmadge Senior Village             | 74,625            |
| Villa Merced                        | 33,548            |
| Jones - 229 16th Street Parking Lot | 19,616            |
| Casa Colina                         | 19,644            |
| Golden Villa                        | 3,641             |
| Father Joes                         | 4                 |
|                                     | <u>\$ 663,066</u> |

SDHC also receives income from commercial leases at the Smart Corner building for the first and second floor rental space. In fiscal year 2010 Housing Opportunities Collaborative



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

entered into a five-year lease for the first floor at the Smart Corner building. As well Family Justice Center entered into a 10-year lease agreement for the Smart Corner second floor retail space.

In addition, as part of the Hotel Sandford acquisition, SDHC acquired 7,663 square feet of first floor retail. The first floor is leased to BB’s Delicatessen, Associated Barber College of San Diego, Alvarez Construction and P5 Academy, a martial arts academy.

Lease terms include annual payments ranging from \$1 to \$482,228. The lease terms are up to 10 years with options of five year renewals as defined in the lease agreements.

For fiscal year 2013, commercial lease income was \$741,953 from the following leases:

**Commercial Leases Smart Corner**

|                                      |            |
|--------------------------------------|------------|
| Family Justice Center                | \$ 482,228 |
| 7-Eleven, Inc.                       | 124,592    |
| K&A Pacific, Inc.                    | 53,081     |
| Housing Opportunitites Collaborative | 18,000     |

**Commercial Leases Sandford Hotel**

|                           |            |
|---------------------------|------------|
| Associated Barber College | 26,082     |
| P5 Academy                | 22,324     |
| BB Delicatessen           | 10,048     |
| PATH                      | 3,198      |
| Alvarez Construction      | 2,400      |
|                           | 741,953    |
|                           | \$ 741,953 |



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

Aggregate future collections of minimum lease payments are as follows:

|                           |    |                   |
|---------------------------|----|-------------------|
| Year ending June 30, 2014 | \$ | 1,065,045         |
| 2015                      |    | 1,101,499         |
| 2016                      |    | 1,097,259         |
| 2017                      |    | 1,096,786         |
| 2018                      |    | 1,130,755         |
| 2019 - 2023               |    | 3,781,233         |
| 2024 - 2028               |    | 2,389,396         |
| 2029 - 2033               |    | 2,269,130         |
| 2034 - 2038               |    | 1,288,494         |
| 2039 - 2043               |    | 553,138           |
| 2044 - 2047               |    | <u>432,542</u>    |
|                           | \$ | <u>16,205,276</u> |

SDHC does not hold any leases payable at June 30, 2013.

## NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN

SDHC provides pension benefits for all its full-time employees through a defined contribution plan. The Plan is a qualified pension plan under Section 401 of the Internal Revenue Service (IRS) Code and is therefore exempt from all Federal income and California franchise taxes. The plan is an alternative to Social Security under the Omnibus Budget Reconciliation Act of 1991. The Plan includes both a pension provision and a voluntary tax sheltered annuity provision under §401(a) (1) and §401(a) (4) of the IRS code.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate on the first day of their employment. SDHC's contributions for each employee (and interest allocated to the employee's account) are fully vested after four years of continuous service. SDHC's contributions for, and interest forfeited by, employees who leave employment before four years of service are used to reduce SDHC's current-period contribution requirement.

The Plan is administered by SDHC and the outside recordkeeping is done by Diversified. SDHC has the authority to establish and amend the provisions of the Plan including the contribution requirements with the approval of the Board of Commissioners. The Plan is audited by an outside firm and a copy of the report can be obtained by contacting the San Diego Housing Commission at 1122 Broadway, Suite 300, San Diego, California 92101.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

SDHC's covered payroll in fiscal year 2013 was \$15,691,455. SDHC made the required 14% contribution, amounting to \$2,196,804 and plan members contributed \$116,038 for the fiscal year ended June 30, 2013.

As of June 30, 2013 the accrued salary and benefits was \$1,398,570 which consisted of a nine working days from June 15, 2013 to June 28, 2013 in the amount of \$733,056 and a performance incentive in the amount of \$650,870. The accrued payroll was paid on July 5, 2013, the first payroll in fiscal year 2014. The performance incentive was paid on September 6, 2013. In addition, there was \$14,644 of accrued salary and benefits related to a property management company.

NOTE 12 - DEFERRED COMPENSATION PLAN

SDHC offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, *State and Local Government Deferred Compensation Plans*. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, disability or an unforeseeable emergency.

SDHC contributes 1% of earnings for qualified employees. An additional employer match of up to a maximum of 1.5% is available for similarly qualified employees at a matching rate of one to one.

SDHC funds the deferred compensation through investments in various mutual funds administered by an insurance company. Since the plan is managed and assets are held in trust by a third party administrator, the assets are not included in SDHC's basic financial statements. The assets held by the plan administrator had a market value of \$10,776,820 at June 30, 2013.

NOTE 13 - RISK MANAGEMENT

Workers Compensation Insurance

SDHC is a member of the California Housing Workers Compensation Authority (CHWCA), which is a self-insurance pool that provides workers compensation insurance, including employer's liability coverage, to its members with limits of \$550,000 per occurrence. CHWCA also procures excess workers compensation insurance coverage for all of its members, which provides additional coverage above the self-insurance pool's \$550,000 limit up to the statutory requirements.

CHWCA is a joint powers authority consisting of 33 public housing authorities, housing commissions, and redevelopment agencies organized under a joint powers agreement to fund



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

a self-insurance program for worker's compensation. Each member has equal representation (one seat) on the Board of Directors. The Board elects a seven-member Executive Committee, with members sitting two-year terms, which has the responsibility for conducting the business of the joint powers authority. Day-to-day operations of CHWCA are carried out by Bickmore Risk Services, under contract to CHWCA.

Annual premiums for CHWCA members are approved by the Board of Directors and are determined each year based on the following components:

- Rates per \$100 of payroll for CHWCA's four class codes, as determined annually by CHWCA's independent actuary, are multiplied by each member's payroll by class code to calculate the pure loss premium;
- An experience modification factor (ex-mod) is applied to each member's pure loss premium, causing total pure loss premium to change according to the pool's average ex-mod;
- An off-balance factor is applied proportionately to each member's pure loss premium to return total premium to the actuarially-determined total; and
- Each member is allocated their proportionate share of administrative costs, claims servicing, and excess insurance coverage premium.

If CHWCA is dissolved by a vote of three-quarters or more of its members, the remaining assets of the joint powers authority, after all premiums and assessments have been paid and final disposition of all claims has been determined, will be distributed to members in proportion to each member's cash contributions (including premiums paid and property contributed, less incurred losses) made during the life of CHWCA. Until dissolution, however, no member has identifiable equity.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

Property, General Liability and Other Liability Insurance

SDHC retained the services of various brokers and direct insurers to provide coverage for other identified risks. Types of coverage held and the broker and insurer for each coverage are as follows:

| Type of Coverage   | Broker             | Carrier                                |
|--|--------------------|--|
| Primary & Excess Property incl. Flood,<br>Earthquake and Terrorism | Alliant Ins. Svcs  | CSAC Excess Insurance Authority        |
| Cyber Liability  | Alliant Ins. Svcs  | CSAC Excess Insurance Authority        |
| Crime & Honesty Bond   | Alliant Ins. Svcs  | National Union/Chartis                 |
| Pollution Liability  | Alliant Ins. Svcs  | CSAC Excess Insurance Authority        |
| Fiduciary Liability  | Alliant Ins. Svcs  | RLI                                    |
| Smart Corner General Liability                                     | Alliant Ins. Svcs. | Travelers                              |
| Smart Corner Excess Liability                                      | Alliant Ins. Svcs. | Travelers                              |
| Flood Insurance (Lender Required)                                  | Barney & Barney    | The Hartford                           |
| FNMA LLCs Crime Bond   | Barney & Barney    | The Hartford                           |
| FHA LLCs Crime Bond  | Barney & Barney    | The Hartford                           |
| Executive Professional Liability incl.<br>Employment Practices     | HAI Group          | National Union/Chartis                 |
| Auto Physical Damage   | HAI Group          | Travelers                              |
| Lead & Asbestos Professional Liability                             | HAI Group          | American Safety                        |
| Commercial General Liability                                       | N/A                | Housing Authority Risk Retention Group |
| Vehicle Liability  | N/A                | Housing Authority Risk Retention Group |

Deductibles under the policies listed above vary. Claims and deductibles payable were \$0 at June 30, 2013. The amount of claims has not exceeded the insurance coverage purchased; accordingly, no liability is reported for these claims. Settlements have not exceeded coverage for each of the past five fiscal years.

## NOTE 14 - RESTRICTED NET POSITION

Restricted net position includes \$140,982,267 representing 90% of the balance of HOME funded notes receivable and \$7,093,655 for Neighborhood Stabilization Program (NSP) funded notes receivable and accrued interest receivable net of the related allowance for loan losses.

The HOME loans are made to qualified applicants using grant proceeds received by SDHC under the HOME provisions of the 1990 National Affordable Housing Act. These HOME loans are nonrecourse and are collateralized by a subordinated mortgage on the underlying property of the borrower. Any repayments received by SDHC on these loans (including principal and interest) are treated as program income and must be used for future HOME program purposes, with the exclusion of 10% that SDHC can retain to cover its administrative costs. As such, the net assets associated with the HOME loans are treated as





San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

restricted net assets because of the perpetual purpose restriction to continue to recycle these resources into eligible uses under the HOME program.

The NSP funds are a result of President Obama's economic stimulus plan under Housing Economic Recovery Act of 2008. These loans are made to provide emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become source of abandonment and blight within their communities. These NSP loans are nonrecourse and are collateralized by a subordinated mortgage on the underlying property of the borrower. Any repayments received by SDHC on these loans (including principal and interest) are treated as program income and must be used for future NSP program purposes, with the exclusion of 10% that SDHC can retain to cover its administrative costs. As such, the net assets associated with the NSP loans are treated as restricted because of the perpetual purpose restriction to continue to recycle these resources into eligible uses under the NSP program.

In addition, \$2,848,103 is restricted for the replacement reserves required by the obligations on the LLC's.

The remaining restricted balance amounting to \$520,131 consisting of \$349,206 representing restricted funds of the HUD Veteran Affairs Supportive Housing (VASH) operating reserve and \$170,925 of the Family Unification Program reserves. These restricted balances are administered in accordance with regular HCV program requirements.

NOTE 15 - ECONOMIC DEPENDENCY

SDHC receives the majority of its funding from HUD. HUD is subject to the federal budget allocation process each year. For the fiscal year ended June 30, 2013, SDHC's original budget included \$243,329,956 of estimated HUD funding. A reduction in funding from HUD could significantly change the services provided by SDHC.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Grants

SDHC has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Commission management believes such disallowances, if any, would not have a material effect on SDHC's financial statements.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

Loan Commitments

SDHC has committed funds for loans and grants to various individuals and entities as of June 30, 2013. The amount of loans and grants SDHC has committed to fund, but has not funded as of June 30, 2013, is \$15,283,124.

Lawsuits and Claims

SDHC 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 SDHC.

Other Matters and Contingencies

On September 13, 2013 SDHC received a water bill from City of San Diego Public Utilities Department related to meters located at 2098 Via Las Cumbres. SDHC is not in agreement with the rate and the methodology that determined the assessed amount. SDHC is working with the City of San Diego Public Utilities Department to reconcile the actual use. As of the date of this report the matter is still ongoing. The agreed amount owed will be reflected in the financial statements of the year of resolution.

The commission has engaged a retirement plan consultant to monitor compliance with the agency's retirement plan documents and all applicable laws and regulations. The consultant held a preliminary plan and contribution review meeting with SDHC staff and SDHC is studying the impact of the review on the SHDC's obligations to the plan. SDHC believes that any potential impact is not significant to the financial statements of SDHC as a whole.

NOTE 17 - BLENDED COMPONENT UNITS

In September 2007, SDHC received HUD approval to transition out of the Public Housing Program and to own and operate those same 134 properties (1,366 units) of rental housing. In October 2009, the Housing Authority of the City of San Diego approved SDHC's Finance Plan for the Acquisition of New Affordable Housing Units (HAR 09-030). SDHC leveraged the equity in a portion of those 150 properties through two financing sources, Fannie Mae and FHA.

A portion of SDHC's larger properties (33 properties) were leveraged with three loans from Fannie Mae under the conventional multifamily loan program and generated \$37,140,000 in total loan proceeds. Another portion of SDHC's portfolio (44 properties) was leveraged under FHA's 223(f) program and generated \$58,243,400 in total loan proceeds. The Fannie Mae loans closed in December 2009; two of the FHA loans closed in August 2010 and one FHA loan closed in September 2010. The loans were obtained by grouping the properties



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

into six Limited Liability Companies (LLCs). The groupings were primarily based on property location. Each of these LLC loans are nonrecourse.

On January 31, 2011 SDHC established its' seventh wholly-owned LLC, Mercado SDHC LLC. Mercado SDHC LLC was created to take title to the land and for the execution of the ground agreement to the developer due to the environmental remediation needed on the site. Once soil remediation and construction is completed, Mercado SDHC LLC may transfer the land and ground lease to SDHC. As part of the project, SDHC acquired land for \$100 and executed a loan for \$7 million to Chelsea Development Corporation for the development of the project.

The following table reflects the financial statements of the Blended Component Units of the San Diego Housing Commission as of and for the year ended June 30, 2013:



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

San Diego Housing Commission - Blended Component Units  
Balance Sheet  
June 30, 2013

|                                 | <b>Belden SDHC<br/>FNMA LLC</b> | <b>Northern<br/>SDHC FNMA<br/>LLC</b> | <b>Central SDHC<br/>FNMA LLC</b> | <b>Northern<br/>SDHC FHA<br/>LLC</b> | <b>Southern<br/>SDHC FHA<br/>LLC</b> | <b>Central SDHC<br/>FHA LLC</b> | <b>Mercado<br/>SDHC LLC</b> | <b>Total</b>         |
|---------------------------------|---------------------------------|---------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|---------------------------------|-----------------------------|----------------------|
| <b>ASSETS</b>                   |                                 |                                       |                                  |                                      |                                      |                                 |                             |                      |
| <i>Current Assets</i>           |                                 |                                       |                                  |                                      |                                      |                                 |                             |                      |
| Operating Cash                  | \$ 164,781                      | \$ 137,147                            | \$ 135,543                       | \$ 2,859,688                         | \$ 3,762,000                         | \$ 2,467,182                    | \$ -                        | \$ 9,526,341         |
| Security Deposit Account        | 88,504                          | 75,326                                | 104,307                          | 89,112                               | 164,966                              | 128,917                         | -                           | 651,132              |
| Restricted Cash                 | 197,829                         | 128,864                               | 196,845                          | 712,086                              | 551,174                              | 1,061,305                       | -                           | 2,848,103            |
| Accounts Receivable             | 32,566                          | 23,302                                | 68,964                           | 58,210                               | 39,874                               | 80,081                          | -                           | 302,997              |
| Allowance for Doubtful Accounts | -                               | (4,875)                               | (20,687)                         | (3,001)                              | (6,045)                              | (21,005)                        | -                           | (55,613)             |
| Related Party Receivable        | 81,128                          | 89,151                                | 99,258                           | 24                                   | 44                                   | -                               | 18,355                      | 287,960              |
| Prepaid Mortgage Insurance      | -                               | -                                     | -                                | 26,241                               | 38,110                               | 31,799                          | -                           | 96,150               |
| Escrow Account - MIP            | -                               | -                                     | -                                | 63,209                               | 90,360                               | 56,086                          | -                           | 209,655              |
| <b>Total Current Assets</b>     | <b>564,808</b>                  | <b>448,915</b>                        | <b>584,230</b>                   | <b>3,805,569</b>                     | <b>4,640,483</b>                     | <b>3,804,365</b>                | <b>18,355</b>               | <b>13,866,725</b>    |
| <i>Fixed Assets</i>             |                                 |                                       |                                  |                                      |                                      |                                 |                             |                      |
| Land                            | \$ 2,226,253                    | \$ 2,984,726                          | \$ 3,217,419                     | \$ 3,690,974                         | \$ 3,682,655                         | \$ 3,852,360                    | \$ 29,897                   | \$ 19,684,284        |
| Building                        | 1,815,264                       | 3,251,837                             | 3,928,724                        | 5,097,807                            | 3,901,237                            | 3,857,391                       | -                           | 21,852,260           |
| Building Improvements           | 302,843                         | 543,403                               | 2,440,072                        | 2,209,932                            | 2,636,664                            | 1,675,719                       | -                           | 9,808,633            |
| Accumulated Depreciation        | (236,490)                       | (432,110)                             | (1,019,900)                      | (901,430)                            | (909,402)                            | (668,200)                       | -                           | (4,167,532)          |
| <b>Total Fixed Assets</b>       | <b>4,107,870</b>                | <b>6,347,856</b>                      | <b>8,566,315</b>                 | <b>10,097,283</b>                    | <b>9,311,154</b>                     | <b>8,717,270</b>                | <b>29,897</b>               | <b>47,177,645</b>    |
| <i>Intangible Assets</i>        |                                 |                                       |                                  |                                      |                                      |                                 |                             |                      |
| Loan Fees                       | 123,320                         | 111,252                               | 209,751                          | 445,647                              | 610,784                              | 407,215                         | -                           | 1,907,969            |
| <b>TOTAL ASSETS</b>             | <b>\$ 4,795,998</b>             | <b>\$ 6,908,023</b>                   | <b>\$ 9,360,296</b>              | <b>\$ 14,348,499</b>                 | <b>\$ 14,562,421</b>                 | <b>\$ 12,928,850</b>            | <b>\$ 48,252</b>            | <b>\$ 62,952,339</b> |



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

San Diego Housing Commission - Blended Component Units  
Balance Sheet - Continued  
June 30, 2013

|   | <b>Belden SDHC<br/>FNMA LLC</b> | <b>Northern<br/>SDHC FNMA<br/>LLC</b> | <b>Central SDHC<br/>FNMA LLC</b> | <b>Northern<br/>SDHC FHA<br/>LLC</b> | <b>Southern<br/>SDHC FHA<br/>LLC</b> | <b>Central SDHC<br/>FHA LLC</b> | <b>Mercado<br/>SDHC LLC</b> | <b>Total</b>         |
|---|---------------------------------|---------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|---------------------------------|-----------------------------|----------------------|
| <b>LIABILITIES</b>                                |                                 |                                       |                                  |                                      |                                      |                                 |                             |                      |
| <i>Current Liabilities</i>                        |                                 |                                       |                                  |                                      |                                      |                                 |                             |                      |
| Accounts Payable                                  | \$ 51,904                       | \$ 28,788                             | \$ 66,993                        | \$ 45,945                            | \$ 67,668                            | \$ 37,341                       | \$ 18,255                   | \$ 316,894           |
| Related Party Payable                             | -                               | -                                     | -                                | 50,369                               | 159,222                              | 112,386                         | -                           | 321,977              |
| Interest Payable                                  | 72,468                          | 63,586                                | 82,409                           | 52,642                               | 75,254                               | 45,942                          | -                           | 392,301              |
| First Mortgage - Current Portion                  | 150,939                         | 132,439                               | 171,644                          | 272,813                              | 389,996                              | 249,264                         | -                           | 1,367,095            |
| Unearned Income                                   | 15,492                          | 4,461                                 | 2,403                            | 5,197                                | 12,422                               | 5,395                           | -                           | 45,370               |
| Tenant Security Deposits                          | 88,214                          | 76,026                                | 104,617                          | 88,474                               | 163,516                              | 127,681                         | -                           | 648,528              |
| <b>Total Current Liabilities</b>                  | <b>379,017</b>                  | <b>305,300</b>                        | <b>428,066</b>                   | <b>515,440</b>                       | <b>868,078</b>                       | <b>578,009</b>                  | <b>18,255</b>               | <b>3,092,165</b>     |
| <i>Long-term Liabilities</i>                      |                                 |                                       |                                  |                                      |                                      |                                 |                             |                      |
| First Mortgage Payable                            | 11,729,074                      | 10,291,501                            | 13,338,013                       | 16,527,873                           | 23,627,128                           | 14,854,882                      | -                           | 90,368,471           |
| <b>Total liabilities</b>                          | <b>12,108,091</b>               | <b>10,596,801</b>                     | <b>13,766,079</b>                | <b>17,043,313</b>                    | <b>24,495,206</b>                    | <b>15,432,891</b>               | <b>18,255</b>               | <b>93,460,636</b>    |
| <b>EQUITY</b>                                     |                                 |                                       |                                  |                                      |                                      |                                 |                             |                      |
| Invested in Capital Assets Net<br>of Related Debt | (7,772,143)                     | (4,076,084)                           | (4,943,342)                      | (6,703,403)                          | (10,585,335)                         | (5,512,901)                     | 29,897                      | (39,563,311)         |
| Restricted Net Assets                             | 197,829                         | 128,864                               | 196,845                          | 712,086                              | 551,174                              | 1,061,305                       | -                           | 2,848,103            |
| Unrestricted Net Assets                           | 262,221                         | 258,442                               | 340,714                          | 3,296,503                            | 101,376                              | 1,947,555                       | 100                         | 6,206,911            |
| <b>Total equity</b>                               | <b>(7,312,093)</b>              | <b>(3,688,778)</b>                    | <b>(4,405,783)</b>               | <b>(2,694,814)</b>                   | <b>(9,932,785)</b>                   | <b>(2,504,041)</b>              | <b>29,997</b>               | <b>(30,508,297)</b>  |
| <b>Total liabilities and equity</b>               | <b>\$ 4,795,998</b>             | <b>\$ 6,908,023</b>                   | <b>\$ 9,360,296</b>              | <b>\$ 14,348,499</b>                 | <b>\$ 14,562,421</b>                 | <b>\$ 12,928,850</b>            | <b>\$ 48,252</b>            | <b>\$ 62,952,339</b> |



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

San Diego Housing Commission - Blended Component Units  
Statement of Operations  
For the period ended June 30, 2013

|   | <b>Belden<br/>SDHC<br/>FNMA LLC</b> | <b>Northern<br/>SDHC FNMA<br/>LLC</b> | <b>Central<br/>SDHC FNMA<br/>LLC</b> | <b>Northern SDHC<br/>FHA LLC</b> | <b>Southern SDHC<br/>FHA LLC</b> | <b>Central<br/>SDHC FHA<br/>LLC</b> | <b>Mercado<br/>SDHC LLC</b> | <b>TOTAL</b>        |
|---|-------------------------------------|---------------------------------------|--------------------------------------|----------------------------------|----------------------------------|-------------------------------------|-----------------------------|---------------------|
| <b>INCOME</b>   |                                     |                                       |                                      |                                  |                                  |                                     |                             |                     |
| Rental Income   | \$ 2,299,853                        | \$ 1,918,442                          | \$ 2,469,988                         | \$ 2,615,019                     | \$ 3,930,524                     | \$ 3,158,129                        | \$ -                        | \$ 16,391,955       |
| Other Income  | 300,825                             | 28,005                                | 18,262                               | 254,581                          | 375,438                          | 33,554                              | -                           | 1,010,665           |
| <b>TOTAL INCOME</b>                                   | <b>2,600,678</b>                    | <b>1,946,447</b>                      | <b>2,488,250</b>                     | <b>2,869,600</b>                 | <b>4,305,962</b>                 | <b>3,191,683</b>                    | <b>-</b>                    | <b>17,402,620</b>   |
| <b>EXPENSES</b>                                       |                                     |                                       |                                      |                                  |                                  |                                     |                             |                     |
| <i>Operating</i>                                      |                                     |                                       |                                      |                                  |                                  |                                     |                             |                     |
| Salaries & Benefits                                   | 108,027                             | 119,635                               | 137,599                              | 135,666                          | 292,677                          | 236,516                             | -                           | 1,030,120           |
| Management Fee  | 115,017                             | 95,922                                | 123,499                              | 130,758                          | 196,526                          | 157,906                             | -                           | 819,628             |
| Other Admin   | 37,479                              | 32,753                                | 61,184                               | 75,141                           | 93,857                           | 132,926                             | 10,536                      | 443,876             |
| Utilities   | 166,238                             | 131,865                               | 187,515                              | 188,845                          | 345,334                          | 275,571                             | -                           | 1,295,368           |
| Repairs & Maintenance                                 | 187,838                             | 198,590                               | 345,682                              | 258,381                          | 403,908                          | 425,601                             | -                           | 1,820,000           |
| Protective Services                                   | 19,035                              | 1,155                                 | 4,025                                | 1,670                            | 53,627                           | 28,710                              | -                           | 108,222             |
| Equipment   | 12,680                              | 1,440                                 | 7,564                                | 4,590                            | 10,517                           | 8,133                               | -                           | 44,924              |
| Insurance   | 17,705                              | 15,884                                | 17,609                               | 15,261                           | 30,908                           | 21,939                              | 421                         | 119,727             |
| <b>Total Operating Expenses</b>                       | <b>664,019</b>                      | <b>597,244</b>                        | <b>884,677</b>                       | <b>810,312</b>                   | <b>1,427,354</b>                 | <b>1,287,302</b>                    | <b>10,957</b>               | <b>5,681,865</b>    |
| <i>Other Expenses</i>                                 |                                     |                                       |                                      |                                  |                                  |                                     |                             |                     |
| Interest Expense                                      | 874,387                             | 767,217                               | 994,331                              | 636,265                          | 909,561                          | 555,349                             | -                           | 4,737,110           |
| Mortgage Insurance                                    | -                                   | -                                     | -                                    | 76,047                           | 108,711                          | 68,286                              | -                           | 253,044             |
| Depreciation  | 69,393                              | 125,719                               | 292,575                              | 318,166                          | 320,983                          | 242,178                             | -                           | 1,369,014           |
| Amortization  | 4,250                               | 3,834                                 | 7,204                                | 17,415                           | 23,882                           | 15,909                              | -                           | 72,494              |
| Bad Debt Expense                                      | 14,529                              | 11,574                                | 44,186                               | 24,575                           | 26,733                           | 33,259                              | -                           | 154,856             |
| Other Expenses  | 11,147                              | 8,726                                 | 7,928                                | 9,187                            | 7,416                            | 11,010                              | 879                         | 56,293              |
| <b>Total Other Expenses</b>                           | <b>973,706</b>                      | <b>917,070</b>                        | <b>1,346,224</b>                     | <b>1,081,655</b>                 | <b>1,397,286</b>                 | <b>925,990</b>                      | <b>879</b>                  | <b>6,642,810</b>    |
| <b>TOTAL EXPENSES</b>                                 | <b>1,637,725</b>                    | <b>1,514,314</b>                      | <b>2,230,901</b>                     | <b>1,891,967</b>                 | <b>2,824,640</b>                 | <b>2,213,292</b>                    | <b>11,836</b>               | <b>12,324,675</b>   |
| <b>NET INCOME (LOSS)</b>                              | <b>\$ 962,953</b>                   | <b>\$ 432,133</b>                     | <b>\$ 257,349</b>                    | <b>\$ 977,633</b>                | <b>\$ 1,481,322</b>              | <b>\$ 978,391</b>                   | <b>\$ (11,836)</b>          | <b>\$ 5,077,945</b> |
| Operating Transfer In                                 | -                                   | -                                     | -                                    | -                                | -                                | -                                   | 41,733                      | 41,733              |
| Operating Transfer Out                                | (805,010)                           | (304,396)                             | (325,697)                            | -                                | -                                | -                                   | -                           | (1,435,103)         |
| <b>Total Operating Transfer</b>                       | <b>(805,010)</b>                    | <b>(304,396)</b>                      | <b>(325,697)</b>                     | <b>-</b>                         | <b>-</b>                         | <b>-</b>                            | <b>41,733</b>               | <b>(1,393,370)</b>  |
| <b>Net Income (Loss) Net of<br/>Financing Sources</b> | <b>\$ 157,943</b>                   | <b>\$ 127,737</b>                     | <b>\$ (68,348)</b>                   | <b>\$ 977,633</b>                | <b>\$ 1,481,322</b>              | <b>\$ 978,391</b>                   | <b>\$ 29,897</b>            | <b>\$ 3,684,575</b> |



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 18 - DISCRETELY PRESENTED COMPONENT UNITS

The discretely presented component units include the consolidated financial statements of Housing Development Partners of San Diego (HDP). The financial statements include the accounts and transactions of HDP, HDP Mason Housing Corporation, Casa Colina, L.P., Logan Development II, L.P., and Logan Development Management, LLC. All intercompany transactions have been eliminated in consolidation. A detail of the consolidated financial statements of the discretely presented component units as of December 31, 2012 is presented below along with the Notes to the Financial Statements for Housing Development Partners of San Diego Consolidated Financial Statements.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

San Diego Housing Commission - Discretely Presented Component Units  
Consolidating Schedule of Financial Position  
December 31, 2012

|                             | Housing<br>Development<br>Partners of San<br>Diego | HDP Mason Housing<br>Corporation | Casa Colina. L.P.   | Logan Development<br>II, L.P. | Logan Development<br>Management, LLC | Eliminations          | Consolidated         |
|-----------------------------|--|----------------------------------|---------------------|-------------------------------|--------------------------------------|-----------------------|----------------------|
| <b>ASSETS</b>               |  |                                  |                     |                               |                                      |                       |                      |
| <b>Current Assets:</b>      |  |                                  |                     |                               |                                      |                       |                      |
| Cash and cash equivalents   | \$ 1,613,661                                       | \$ 794                           | \$ 117,828          | \$ 261,529                    | \$ -                                 | \$ -                  | \$ 1,993,812         |
| Tenant security deposits    | -  | 100                              | 23,635              | 25,373                        | -                                    | -                     | 49,108               |
| Accounts receivable, net    | 63,992   | 19,279                           | 9,822               | 11,580                        | -                                    | (15,423)              | 89,250               |
| Related party advances      | 135,144  | -                                | -                   | -                             | -                                    | (135,144)             | -                    |
| Prepaid expenses            | 2,431  | -                                | 12,511              | 5,338                         | -                                    | -                     | 20,280               |
| Prepaid ground lease        | -  | -                                | 10,798              | -                             | -                                    | -                     | 10,798               |
| Total Current Assets        | <u>1,815,228</u>                                   | <u>20,173</u>                    | <u>174,594</u>      | <u>303,820</u>                | <u>-</u>                             | <u>(150,567)</u>      | <u>2,163,248</u>     |
| <b>Noncurrent Assets:</b>   |  |                                  |                     |                               |                                      |                       |                      |
| Accounts receivable, net    | 609,827  | -                                | -                   | -                             | -                                    | (336,761)             | 273,066              |
| Deposits                    | 1,680  | 23                               | -                   | 6,500                         | -                                    | -                     | 8,203                |
| Note receivable             | 601,589  | -                                | -                   | -                             | -                                    | (601,589)             | -                    |
| Interest receivable         | 2,707  | -                                | -                   | -                             | -                                    | (2,707)               | -                    |
| Escrow deposits             | -  | -                                | 22,869              | -                             | -                                    | -                     | 22,869               |
| Replacement reserve         | -  | -                                | 177,691             | 54,012                        | -                                    | -                     | 231,703              |
| Operating reserve           | -  | -                                | 117,398             | -                             | -                                    | -                     | 117,398              |
| Operating expense reserve   | -  | 27,505                           | -                   | -                             | -                                    | -                     | 27,505               |
| Investment in partnerships  | 28,821   | -                                | -                   | -                             | 98                                   | (118)                 | 28,801               |
| Prepaid ground lease        | -  | -                                | 593,875             | -                             | -                                    | -                     | 593,875              |
| Property and equipment, net | 83,045   | 5,750,041                        | 4,174,544           | 6,380,396                     | -                                    | (2,173,472)           | 14,214,554           |
| Capitalized costs, net      | -  | 17,999                           | 348,880             | -                             | -                                    | -                     | 366,879              |
| Total Noncurrent Assets     | <u>1,327,669</u>                                   | <u>5,795,568</u>                 | <u>5,435,257</u>    | <u>6,440,908</u>              | <u>98</u>                            | <u>(3,114,647)</u>    | <u>15,884,853</u>    |
| <b>TOTAL ASSETS</b>         | <u>\$ 3,142,897</u>                                | <u>\$ 5,815,741</u>              | <u>\$ 5,609,851</u> | <u>\$ 6,744,728</u>           | <u>\$ 98</u>                         | <u>\$ (3,265,214)</u> | <u>\$ 18,048,101</u> |





## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

San Diego Housing Commission - Discretely Presented Component Units  
 Consolidating Schedule of Financial Position - Continued  
 December 31, 2012

| LIABILITIES AND NET ASSETS                           | Housing<br>Development<br>Partners of San<br>Diego | HDP Mason Housing<br>Corporation | Casa Colina. L.P.   | Logan Development<br>II, L.P. | Logan Development<br>Management, LLC | Eliminations          | Consolidated         |
|--|--|----------------------------------|---------------------|-------------------------------|--------------------------------------|-----------------------|----------------------|
| <b><u>Current Liabilities:</u></b>                   |  |                                  |                     |                               |                                      |                       |                      |
| Accounts payable and accrued expenses                | \$ 28,626  | \$ 30,401                        | \$ 24,208           | \$ 18,734                     | \$ -                                 | \$ (8,797)            | \$ 93,172            |
| Construction costs payable                           | -  | -                                | -                   | 961,421                       | -                                    | -                     | 961,421              |
| Accrued interest payable                             | -  | -                                | 14,701              | -                             | -                                    | -                     | 14,701               |
| Due to related parties                               | 294,617  | 579,370                          | 10,000              | 76,877                        | 100                                  | (671,770)             | 289,194              |
| Prepaid revenue                                      | 660  | 639                              | 328                 | 2,028                         | -                                    | -                     | 3,655                |
| Tenant security deposits                             | -  | 8,000                            | 22,518              | 24,778                        | -                                    | -                     | 55,296               |
| Current portion of notes payable                     | -  | 23,000                           | 53,178              | -                             | -                                    | -                     | 76,178               |
| Total Current Liabilities                            | <u>323,903</u>                                     | <u>641,410</u>                   | <u>124,933</u>      | <u>1,083,838</u>              | <u>100</u>                           | <u>(680,567)</u>      | <u>1,493,617</u>     |
| <b><u>Noncurrent Liabilities:</u></b>                |  |                                  |                     |                               |                                      |                       |                      |
| Accrued interest payable                             | -  | 119,734                          | 118,521             | 1,384,749                     | -                                    | (2,707)               | 1,620,297            |
| Notes payable, less current portion                  | -  | 5,113,383                        | 4,652,631           | 3,813,366                     | -                                    | (601,589)             | 12,977,791           |
| Total Noncurrent Liabilities                         | <u>-</u>   | <u>5,233,117</u>                 | <u>4,771,152</u>    | <u>5,198,115</u>              | <u>-</u>                             | <u>(604,296)</u>      | <u>14,598,088</u>    |
| Total Liabilities                                    | <u>323,903</u>                                     | <u>5,874,527</u>                 | <u>4,896,085</u>    | <u>6,281,953</u>              | <u>100</u>                           | <u>(1,284,863)</u>    | <u>16,091,705</u>    |
| Unrestricted Net Assets,<br>Non-Controlling Interest | <u>-</u>   | <u>-</u>                         | <u>713,746</u>      | <u>462,677</u>                | <u>-</u>                             | <u>-</u>              | <u>1,176,423</u>     |
| Unrestricted Net Assets                              | <u>2,818,994</u>                                   | <u>(58,786)</u>                  | <u>20</u>           | <u>98</u>                     | <u>(2)</u>                           | <u>(1,980,351)</u>    | <u>779,973</u>       |
| <b>TOTAL LIABILITIES AND<br/>NET ASSETS</b>          | <u>\$ 3,142,897</u>                                | <u>\$ 5,815,741</u>              | <u>\$ 5,609,851</u> | <u>\$ 6,744,728</u>           | <u>\$ 98</u>                         | <u>\$ (3,265,214)</u> | <u>\$ 18,048,101</u> |



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

 San Diego Housing Commission - Discretely Presented Component Units  
 Consolidating Schedule of Activities  
 For the Year Ended December 31, 2012

|   | Housing<br>Development<br>Partners of San<br>Diego | HDP Mason<br>Housing<br>Corporation | Casa Colina, L.P. | Logan Development<br>II, L.P. | Logan Development<br>Management, LLC | Elimination s         | Consolidated      |
|---|--|-------------------------------------|-------------------|-------------------------------|--------------------------------------|-----------------------|-------------------|
| <b>Revenue and Support:</b>   |  |                                     |                   |                               |                                      |                       |                   |
| Rental income   | \$ 574,709   | \$ 34,225                           | \$ 882,394        | \$ 104,203                    | \$ -                                 | \$ -                  | \$ 1,595,531      |
| Resident services   | -  | -                                   | 68,530            | -                             | -                                    | -                     | 68,530            |
| Management fees   | 75,657   | -                                   | -                 | -                             | -                                    | (10,000)              | 65,657            |
| Interest income   | 5,456  | 65                                  | 987               | 12                            | -                                    | -                     | 6,520             |
| Share of income from partnerships   | 6,337  | -                                   | -                 | -                             | (2)                                  | 5                     | 6,340             |
| Miscellaneous income  | 12,717   | -                                   | -                 | -                             | -                                    | (11,448)              | 1,269             |
| Developer fees  | 371,761  | -                                   | -                 | -                             | -                                    | (371,761)             | -                 |
| Gain on disposal of property and equipment  | 48,465   | -                                   | -                 | -                             | -                                    | (48,465)              | -                 |
| Total Revenue and Support   | <u>1,095,102</u>                                   | <u>34,290</u>                       | <u>951,911</u>    | <u>104,215</u>                | <u>(2)</u>                           | <u>(441,669)</u>      | <u>1,743,847</u>  |
| <b>Expenses:</b>  |  |                                     |                   |                               |                                      |                       |                   |
| <b>Program Services:</b>  |  |                                     |                   |                               |                                      |                       |                   |
| Program services  | 952,537  | 71,606                              | 775,864           | 84,750                        | -                                    | (21,447)              | 1,863,310         |
| Total Program Services  | <u>952,537</u>                                     | <u>71,606</u>                       | <u>775,864</u>    | <u>84,750</u>                 | <u>-</u>                             | <u>(21,447)</u>       | <u>1,863,310</u>  |
| <b>Supporting Services:</b>   |  |                                     |                   |                               |                                      |                       |                   |
| Management and general  | 197,069  | 21,470                              | 198,365           | 35,095                        | -                                    | -                     | 451,999           |
| Total Supporting Services   | <u>197,069</u>                                     | <u>21,470</u>                       | <u>198,365</u>    | <u>35,095</u>                 | <u>-</u>                             | <u>-</u>              | <u>451,999</u>    |
| Total Expenses  | <u>1,149,606</u>                                   | <u>93,076</u>                       | <u>974,229</u>    | <u>119,845</u>                | <u>-</u>                             | <u>(21,447)</u>       | <u>2,315,309</u>  |
| Change in Unrestricted Net Assets Before<br>Loss Attributable to Non-Controlling Interest | (54,504)   | (58,786)                            | (22,318)          | (15,630)                      | (2)                                  | (420,222)             | (571,462)         |
| Loss Attributable to Non-Controlling Interest   | -  | -                                   | 22,316            | 15,628                        | -                                    | -                     | 37,944            |
| Change in Unrestricted Net Assets   | (54,504)   | (58,786)                            | (2)               | (2)                           | (2)                                  | (420,222)             | (533,518)         |
| Unrestricted Net Assets at Beginning of Year  | 2,873,498  | -                                   | 31                | -                             | -                                    | (1,560,038)           | 1,313,491         |
| Contributions   | -  | -                                   | -                 | 100                           | -                                    | (100)                 | -                 |
| Distributions   | -  | -                                   | (9)               | -                             | -                                    | 9                     | -                 |
| <b>UNRESTRICTED NET ASSETS<br/>AT END OF YEAR</b>   | <u>\$ 2,818,994</u>                                | <u>\$ (58,786)</u>                  | <u>\$ 20</u>      | <u>\$ 98</u>                  | <u>\$ (2)</u>                        | <u>\$ (1,980,351)</u> | <u>\$ 779,973</u> |



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

**HDP - Note 1 - Organization and Significant Accounting Policies:**

**Organization**

The consolidated financial statements of the Corporation include the following entities:

**Housing Development Partners of San Diego**

Housing Development Partners of San Diego (HDP) is a California Nonprofit Corporation. Its mission is to preserve and increase affordable housing opportunities for low and moderate income residents.

HDP manages 644 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 shares staff and Board of Directors with the San Diego Housing Commission (Commission). The Corporation's by-laws state that two of the Corporation's board members are also Commission board members and a third Corporation board member is the Chief Executive Officer of the Commission. Therefore, the Commission can exercise considerable influence over the Corporation.

**HDP Mason Housing Corporation**

HDP Mason Housing Corporation (HDP Mason) is a California Nonprofit Benefit Corporation formed by HDP in September 2011 to provide low and moderate income persons with affordable housing and facilities and services related to housing. HDP Mason owns and operates the Mason Hotel, a 17 unit rental housing project located in San Diego, California.

**Casa Colina, L.P.**

Casa Colina, L.P. (Casa Colina) was formed as a limited partnership under the laws of the State of California on February 18, 2004 for the purpose of constructing and operating a 75 unit low-income rental housing project located in San Diego, California. HDP has a .01% general partnership interest in the Partnership. All profits and losses are allocated .01% to HDP and 99.99% to the Limited Partner.

**Logan Development Management, LLC**

Logan Development Management, LLC was established as a limited liability company under the laws of the State of California on October 25, 2012 to serve as the managing general partner of Logan Development II, L.P. to acquire, operate, develop, manage,



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

finance, refinance, hold and sell real property and participate in partnerships, corporations, limited liabilities companies, or other legal entities engaged in rental housing projects. Logan Development Management, LLC owns 0.01% of Logan Development II, L.P. HDP is the 79% managing member of Logan Development Management, LLC.

**Logan Development II, L.P.**

Logan Development II, L.P. (Logan) was formed as a limited partnership under the laws of the state of California on October 29, 2012 to acquire, hold, invest in, secure financing for, construct, rehabilitate, develop, improve, maintain, operate, lease and otherwise deal with a rental housing project. The project consists of 54 units located in San Diego, California, and is currently operating under the name Knox Glen Townhomes. Logan Development Management, LLC has a .01% general partnership interest in the Partnership. All profits and losses are allocated .01% to Logan Development Management, LLC and 99.99% to the Limited Partner and 0.00% to the Special Limited Partner.

**Significant Accounting Policies**

**Consolidated Financial Statements**

The accompanying consolidated financial statements of the Corporation include the accounts of HDP, HDP Mason, Casa Colina, Logan, and Logan Development Management, LLC. All material intercompany transactions have been eliminated in consolidation.

**Method of Accounting**

The consolidated financial statements of the Corporation have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (GAAP) and, accordingly, reflects all significant receivables, payables, and other liabilities.

**Financial Statement Presentation**

The consolidated financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Fair Value Measurements**

The Corporation has adopted the fair value standards for financial assets and liabilities that are required to be measured at fair value on a recurring basis. The Fair Value Measurement standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). These standards do not change existing guidance as to whether or not an instrument is carried at fair value. The Corporation has no financial instruments at December 31, 2012.

**Allowance for Doubtful Accounts**

Bad debt are recognized on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. The allowance for doubtful accounts totaled \$220,335 at December 31, 2012.

**Capitalization and Depreciation**

The Corporation capitalizes all expenditures in excess of \$2,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted. Absent donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line and accelerated methods over the estimated useful asset lives as follows:

|                         |                 |
|-------------------------|-----------------|
| Buildings               | 27.5 - 40 years |
| Furniture and equipment | 5 - 7 years     |
| Furnishings             | 5 years         |

Depreciation expense totaled \$313,678 for the year ended December 31, 2012.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

**Impairment of Real Estate**

The Corporation reviews its property for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted net cash flows expected to be generated by the property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2012.

**Amortization**

Capitalized costs are amortized over the term of the related assets using the straight-line method. Amortization aggregated \$16,864 for the year ended December 31, 2012.

**Related Party Advances**

The Commission has advanced funds to HDP for the payment of operating expenses. Related party advances are non-interest bearing, due upon demand and totaled \$289,194 at December 31, 2012.

**Prepaid Revenue**

Prepaid revenue is defined as income received prior to the performance or to which the income is earned and is recorded as a liability. Prepaid revenue is reduced and recorded as income as the income is earned. Advance receipts of rental income are deferred or classified as liabilities until earned.

**Tenant Security Deposits**

Tenant security deposits are held in separate bank accounts in the name of HDP Mason, Casa Colina and Logan. These funds are restricted to the extent of the tenant security deposit liability of \$55,296 at December 31, 2012.

**Revenue Recognition**

Rental revenue attributable to residential leases is recorded when due from residents,



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue includes fees for late payments, cleaning, damages, laundry facilities and other charges and is recorded when earned. Developer fees are recognized when earned based on collectability and performance of the project.

**Housing Assistance Payments Contract**

Casa Colina entered into a housing assistance payment contract with the Department of Housing and Urban Development (“HUD”). Contract #CA160006009 expires February 28, 2014, and Casa Colina has requested and expects an extension of the contract. The amount earned on the contract totaled \$629,913 for the year ended December 31, 2012 and is included in rental income.

**Capitalized Operating Subsidy Reserve Agreement**

HDP Mason entered into a Capitalized Operating Subsidy Reserve Agreement with the California Housing Finance Agency (CalHFA) for the purpose of subsidizing operating costs of the Mental Health Services Act units through October 2042. CalHFA has agreed to set aside a capitalized operating subsidy reserve in the amount of \$1,838,720, subject to the provisions of the agreement. The operating subsidy earned totaled \$19,253 for the year ended December 31, 2012 and is included in rental income.

**Allocated Expenses**

Expenses by function have been allocated among supporting services classifications on the basis of internal records and estimates made by the Corporation’s management.

**Income Taxes**

HDP and HDP Mason are public charities and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. HDP and HDP Mason believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements. HDP and HDP Mason are not private foundations.

HDP and HDP Mason’s Return of Organization Exempt from Income Tax for the years ended December 31, 2012, 2011, 2010 and 2009 are subject to examination by the Internal Revenue Service and State taxing authorities, generally the three to four years after the returns were filed.

Casa Colina and Logan were formed as limited partnerships and Logan Development Management, LLC was established as a limited liability company under the laws of the State of California. Casa Colina, Logan and Logan Development Management, LLC believe that



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements. No provisions or benefit for income taxes has been included in these consolidated financial statements since taxable income (loss) passes through to, and is reportable by, the partners and members individually.

Casa Colina, Logan and Logan Development Management, LLC's tax returns for the years ended December 31, 2012, 2011, 2010 and 2009 are subject to examination by the Internal Revenue Service and State taxing authorities, generally the three to four years after the returns were filed.

**Concentration of Credit Risk**

The Corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk on cash and cash equivalents.

HDP Mason, Casa Colina and Logans's operations are concentrated in the multi-family real estate market. In addition, HDP Mason and Casa Colina operate in a heavily regulated environment. The operations of HDP Mason and Casa Colina are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, CalHFA and HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by CalHFA and HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with a change.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Subsequent Events**

In preparing these consolidated financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through July 3, 2013, the date the financial statements were available to be issued.





San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

**HDP - Note 2 - Accounts Receivable:**

Accounts receivable consist of the following at December 31, 2012:

|  |                          |
|--|--------------------------|
| <b>Related Parties:</b>                  |                          |
| Studio 15 Housing Partners, LLC          | \$ 273,066               |
| Island Palm Apartments, LP               | 220,335                  |
| Dawson Avenue Senior Apartments, LP      | 26,207                   |
| Less: Allowance for doubtful accounts    | <u>(220,335)</u>         |
| Subtotal                                 | <u>299,273</u>           |
| <b>Other:</b>                            |                          |
| Logan construction costs                 | 35,999                   |
| Rent receivable                          | 22,645                   |
| Resident services                        | <u>4,399</u>             |
| Subtotal                                 | <u>63,043</u>            |
| Total accounts receivable                | <u><u>\$ 362,316</u></u> |
| <b>Financial Statement Presentation:</b> |                          |
| Current                                  | \$ 89,250                |
| Noncurrent                               | <u>273,066</u>           |
|  | <u><u>\$ 362,316</u></u> |



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

**HDP - Note 3 - Escrow Deposits:****Casa Colina**

Restricted funds are held by Red Mortgage Capital, Inc. to be used for the payment of mortgage and property insurance:

|                              |                         |
|------------------------------|-------------------------|
| Balance at beginning of year | \$ 23,138               |
| Add: Monthly deposits        | 34,656                  |
| Less: Withdrawals:           |                         |
| Mortgage insurance           | (14,910)                |
| Property Insurance           | (15,603)                |
| Refund                       | (4,412)                 |
|                              | <hr/>                   |
| Balance at end of year       | <u><u>\$ 22,869</u></u> |

**HDP - Note 4 - Replacement Reserve:****Casa Colina**

Casa Colina is required to maintain a replacement reserve account in accordance with the partnership and regulatory agreements. Restricted funds are held by Red Mortgage Capital, Inc. to be used for replacement of property with the approval of HUD.

|                              |                          |
|------------------------------|--------------------------|
| Balance at beginning of year | \$ 149,093               |
| Add: Monthly deposits        | 14,304                   |
| Interest income              | 96                       |
| Additional deposits          | 14,198                   |
|                              | <hr/>                    |
| Balance at end of year       | <u><u>\$ 177,691</u></u> |



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

**Logan**

Logan is required to maintain a replacement reserve account in accordance with the partnership agreement and the promissory notes payable with the Housing Authority of the City of San Diego. The replacement reserve is held by JP Morgan Chase Bank, N.A. to be used for replacement of property.

|  |                  |
|--|------------------|
| Balance at beginning of year                           | \$ -             |
| Add: Transfer from acquisition of Knox Glen Apartments | 54,000           |
| Interest income  | 12               |
|  | <hr/>            |
| Balance at end of year                                 | <u>\$ 54,012</u> |

**HDP Mason**

HDP Mason is required to fund a replacement reserve in accordance with the regulatory agreement with CalHFA in the initial amount of \$17,000 and \$500 per unit/per year to be used for the replacement of property and equipment as approved by CalHFA. The replacement reserve had not been funded at December 31, 2012.

**HDP - Note 5 - Operating Reserve:****Casa Colina**

Casa Colina is required to maintain an operating reserve account in accordance with the partnership agreement.

|                              |                   |
|------------------------------|-------------------|
| Balance at beginning of year | \$ 116,835        |
| Add: Interest                | 563               |
|                              | <hr/>             |
| Balance at end of year       | <u>\$ 117,398</u> |

**Logan**

Logan is required to fund an operating reserve in accordance with the partnership agreement in an initial amount of \$305,236 at conversion to the permanent loan. The loan did not convert and the operating reserve had not been funded at December 31, 2012.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

**HDP - Note 6 - Operating Expense Reserve:****HDP Mason Hotel**

HDP Mason is required to maintain an operating expense reserve account in accordance with the note payable with California Housing Finance Agency.

|                              |                         |
|------------------------------|-------------------------|
| Balance at beginning of year | \$ 27,440               |
| Add: Initial deposit         | <u>65</u>               |
| Balance at end of year       | <u><u>\$ 27,505</u></u> |

**HDP - Note 7 - Investment in Limited Partnerships:**

The Corporation owns a general partner interest in limited partnerships accounted for using the equity method. The following are the balances in the Corporation's partnership capital accounts as of December 31, 2012:

**Investment in Partnerships:**

|                                     |                         |
|-------------------------------------|-------------------------|
| Dawson Avenue Senior Apartments, LP | \$ 32,120               |
| Island Palms Apartments, LP         | (2,419)                 |
| Studio 15 Housing Partners, LLC     | <u>(900)</u>            |
| Total investment in partnerships    | <u><u>\$ 28,801</u></u> |

The Corporation provided management services to these partnerships for which it earned the following amounts for the year ended December 31, 2012:

|                                     |                         |
|-------------------------------------|-------------------------|
| Dawson Avenue Senior Apartments, LP | \$ 26,207               |
| Island Palms Apartments, LP         | 19,798                  |
| Studio 15 Housing Partners, LLC     | <u>19,652</u>           |
| Total management fees               | <u><u>\$ 65,657</u></u> |



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

**HDP - Note 8 - Property and Equipment:**

Property and equipment consist of the following at December 31, 2012:

|                               |                             |
|-------------------------------|-----------------------------|
| Land                          | \$ 2,423,662                |
| Buildings                     | 11,467,969                  |
| Furniture and equipment       | 163,003                     |
| Furnishings                   | 96,463                      |
| Construction in progress      | <u>1,890,361</u>            |
| Subtotal                      | 16,041,458                  |
| Less accumulated depreciation | <u>(1,826,904)</u>          |
| Property and equipment, net   | <u><u>\$ 14,214,554</u></u> |

Interest totaling \$76,299 was capitalized and is included in buildings for the year ended December 31, 2012.

**HDP - Note 9 - Capitalized Costs:**

The costs incurred to obtain financing of Casa Colina and HDP Mason have been capitalized and are being amortized as described below as of December 31, 2012:

|                               | <u>Amortization<br/>Period</u> |                          |
|-------------------------------|--------------------------------|--------------------------|
| Financing fees                | 35 years                       | \$ 475,731               |
| Tax credit fees               | 10 years                       | <u>34,619</u>            |
| Subtotal                      |                                | 510,350                  |
| Less accumulated depreciation |                                | <u>(143,471)</u>         |
| Capitalized costs, net        |                                | <u><u>\$ 366,879</u></u> |



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

**HDP - Note 10 - Notes Payable:**

Notes payable consist of the following at December 31, 2012:

|  |              |
|--|--------------|
| <p>Note payable is held by the San Diego Housing Commission in the original amount of \$2,365,284. The note bears interest at 3% per annum. Beginning May 1, 2014 and annually on May 1 of each year thereafter, principal and interest are due and payable from 47.8% of “residual receipts” as defined in the loan agreement through February 2068. The note is secured by a deed of trust on the Mason Hotel. Accrued interest totaled \$44,972 at December 31, 2012.</p> | \$ 2,338,284 |
| <p>Note payable is held by the Successor Agency to the former Redevelopment Agency of the City of San Diego in the original amount of \$1,318,964. The note bears interest at 5% per annum. Principal and interest are due and payable from 26.6% of “residual receipts” each operating year as defined in the loan agreement note through May 2057. The note is secured by a deed of trust on the Mason Hotel. Accrued interest totaled \$41,987 at December 31, 2012.</p>  | 1,318,964    |
| <p>Note payable is held by California Housing Finance Agency in the original amount of \$1,180,727. The note bears interest at 3% per annum. Annual payments of principal and interest are payable from 23.9% of the Development’s “residual receipts,” as defined in the loan agreement through December 2066. The note is secured by a deed of trust on the Mason Hotel. Accrued interest totaled \$13,970 at December 31, 2012.</p>                                       | 1,180,277    |
| <p>Note payable is held by the San Diego Housing Commission in the original amount of \$226,000. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from 1.7% of “residual receipts,” as defined in the loan agreement through May 2057. The note is secured by a deed of trust on the Mason Hotel. Accrued interest totaled \$18,805 at December 31, 2012.</p>   | 68,858       |
| <p>Note payable is held by the San Diego Housing Commission in the original amount of \$230,000. The note is noninterest bearing. The note shall be incrementally forgiven beginning May 2013 at 10% per year provided the Corporation has complied with all provisions of the note. The note is secured by a deed of trust on the Mason Hotel.</p>  | 230,000      |



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

|  |           |
|--|-----------|
| <p>Note payable is held by Red Mortgage Capital, Inc. in the original amount of \$3,465,000. Monthly payments of \$19,018 including principal and interest at 5.68% are due through February 1, 2039. The note is secured by a deed of trust on Casa Colina. Accrued interest totaled \$14,701 at December 31, 2012.</p>   | 3,105,809 |
| <p>Note payable is held by the San Diego Housing Commission in the original amount of \$1,600,000. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from 50% of “residual Receipts,” as defined in the loan agreement through February 2059. The note is secured by a deed of trust on Casa Colina. Accrued interest totaled \$118,521 at December 31, 2012.</p>  | 1,600,000 |
| <p>The Series A-1 and Series A-2 promissory notes payable to the Housing Authority of the City of San Diego (Housing Authority) totaling \$5,025,000 were originated on November 7, 2012 in connection with the Housing Authority’s issuance of Multifamily Housing Revenue Bonds in the amount of \$5,300,000. The Series A-1 note in the amount of \$3,311,103 and the Series A-2 note in the amount of \$1,713,897 are being serviced by JP Morgan Chase Bank, N.A. Interest on the notes is payable monthly at a variable rate of one-month LIBOR rate quoted by JP Morgan Chase Bank, N.A. plus 2.17% (2.35% at December 31, 2012) through May 1, 2014. Principal and interest on the Series A-2 note is due May 1, 2014 at which time the Series A-1 note converts to a permanent loan. The permanent loan will bear interest at a fixed rate of 5.58% and will be payable in monthly installments of principal and interest through May 1, 2044. The note is secured by a deed of trust on Knox Glen Townhomes. Advances on the notes payable totaled \$1,661,777 at December 31, 2012.</p> | 1,661,777 |
| <p>The mortgage note which was originated on November 30, 1995 is held by the San Diego Housing Commission in the original amount of \$1,400,000 and bears interest at 6% per annum. Payments of principal and interest are payable annually from residual receipts, as defined in the note. Principal and accrued interest are due November 20, 2050. The note is secured by a deed of trust on Knox Glen Townhomes. Accrued interest totaled \$1,306,233 at December 31, 2012.</p>   | 1,400,000 |



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

The mortgage note which was originated on December 1, 1995 is held by the Successor Agency to the former Redevelopment Agency of the City of San Diego in the original amount of \$150,000. The note bears interest at 3% per annum. Principal and accrued interest are due in December, 2050. The note is secured by a deed of trust on Knox Glen Townhomes. Accrued interest totaled \$75,809 at December 31, 2012.

|                                       |                      |
|---------------------------------------|----------------------|
|                                       | 150,000              |
|                                       | <hr/>                |
| Total notes payable                   | 13,053,969           |
| Less current portion                  | (76,178)             |
|                                       | <hr/>                |
| Notes payable, net of current portion | <u>\$ 12,977,791</u> |

The future principal payments on the notes payable for each of the next five years and thereafter following December 31, 2013 is as follows:

|            |                      |
|------------|----------------------|
| 2013       | \$ 76,178            |
| 2014       | 91,996               |
| 2015       | 105,347              |
| 2016       | 110,124              |
| 2017       | 115,178              |
| Thereafter | <u>12,555,146</u>    |
| Total      | <u>\$ 13,053,969</u> |

**HDP - Note 11 - Ground Lease:**

Casa Colina entered into a ground lease with the San Diego Housing Commission on February 18, 2004. The lease agreement is for the term of 65 years with monthly rent of \$375 plus additional rent in the amount by which 21/4% of the gross rents received for the prior month exceeds \$375. Casa Colina prepaid additional rent of \$700,000, as defined in the agreement during the year ended December 31, 2006. During this term, the property is required to be used exclusively as a residential apartment building containing 75 units of affordable rental housing for low income seniors. Casa Colina is responsible for all real estate taxes and maintenance of any improvements during the term of the lease. Prepaid ground lease totaled \$604,673 at December 31, 2012. The ground lease expense totaled \$30,452 for the year ended December 31, 2012.





## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

**HDP - Note 12 - Unrestricted Net Assets, Non-Controlling Interest:**

The following is a reconciliation of the changes in partners' equity of Casa Colina and Logan included in the accompanying consolidated financial statements as of and for the year ended December 31, 2012:

**Casa Colina**

|                                     | HDP<br>(General<br>Partner) | Non-controlling<br>Interest<br>(Limited) |
|-------------------------------------|-----------------------------|--|
|                                     | <u>          </u>           | <u>          </u>                        |
| Partners' equity, December 31, 2012 | \$ 31                       | \$ 830,389                               |
| Partner distributions               | (9)                         | (94,327)                                 |
| Net loss                            | (2)                         | (22,316)                                 |
|                                     | <u>          </u>           | <u>          </u>                        |
| Partners' equity, December 31, 2013 | <u>\$ 20</u>                | <u>\$ 713,746</u>                        |

**Logan**

|                                     | Logan<br>Development<br>Management<br>LLC (General<br>Partner) | Non-controlling<br>Interest<br>(Limited<br>Partner) |
|-------------------------------------|--|---|
|                                     | <u>          </u>  | <u>          </u>                                   |
| Partners' equity, December 31, 2012 | \$ -   | \$ -  |
| Partner distributions               | 100  | 478,305   |
| Net loss                            | (2)  | (15,628)  |
|                                     | <u>          </u>  | <u>          </u>                                   |
| Partners' equity, December 31, 2013 | <u>\$ 98</u>   | <u>\$ 462,677</u>                                   |

## NOTE 19 - AFFORDABLE HOUSING

The San Diego Housing Trust Fund has been in existence since 1990. On June 3, 2003 the Housing Trust Fund Ordinance was amended to create the Affordable Housing Fund (AHF). The AHF is a permanent, annually renewable source of funds to help meet the City of San Diego housing assistance needs for very low, low and median income households.

The AHF contains two main revenue accounts: Housing Trust Fund (HTF) and the Inclusionary Fund (IHF). The HTF revenues are generated from commercial linkage fees and fees assessed on non-residential developments on a square foot bases. IHF revenues are



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

generated when developers satisfy the affordable housing requirements through payment of an “in-lieu” fee. The IHF program requires that 10% of the new construction resident units be set aside as affordable housing for families earning no more than 65 percent of area median income (AMI) for rental units or 100 percent AMI for-sale properties.

The following table reflects the condensed statement of revenues, expenses and changes in net assets as of the fiscal year ended June 30, 2013 for IHF and HTF as required by the AHF Ordinance (San Diego Municipal Code section 98.0515).

|                                     | <b>Inclusionary<br/>Housing Fund</b> | <b>Housing Trust<br/>Fund</b> |
|-------------------------------------|--------------------------------------|-------------------------------|
| <b>OPERATING REVENUES</b>           |                                      |                               |
| Fee revenue                         | \$ 1,395                             | \$ 2,233                      |
| Other revenue                       | 793                                  | 2,032                         |
|                                     | <hr/>                                | <hr/>                         |
| Total operating revenues            | 2,188                                | 4,265                         |
| <b>OPERATING EXPENSES</b>           |                                      |                               |
| Administrative expenses             | 287,771                              | 110,667                       |
| General expenses                    | 104,939                              | 74,742                        |
| Grant expense                       | 79,169                               | 1,079,969                     |
|                                     | <hr/>                                | <hr/>                         |
| Total operating expenses            | 471,879                              | 1,265,378                     |
| Operating loss                      | <hr/> (469,691)                      | <hr/> (1,261,113)             |
| <b>NON-OPERATING REVENUES</b>       |                                      |                               |
| Grant revenue                       | 5,987,695                            | 719,698                       |
| Interest income on notes receivable | 469,364                              | 648,698                       |
| Investment income                   | 130,851                              | 26,058                        |
|                                     | <hr/>                                | <hr/>                         |
| Total non-operating revenues        | 6,587,910                            | 1,394,454                     |
| Change in net assets                | <hr/> <hr/> \$ 6,118,219             | <hr/> <hr/> \$ 133,341        |

## NOTE 20 - SUBSEQUENT EVENTS

Management evaluated all activity of SDHC through October 30, 2013 and concluded that no subsequent event has occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.



SAN DIEGO  
HOUSING  
COMMISSION

# Supplementary Information



## *We're About People – SDHC Programs*

SDHC is the lead organizer for the annual Project Homeless Connect, a one-day resource fair for homeless San Diegans. On January 30, 2013, 1,143 homeless San Diegans were helped at Golden Hall at the San Diego Concourse in downtown San Diego.





San Diego Housing Commission

COMBINING SCHEDULE OF NET POSITION - ENTERPRISE FUNDS

June 30, 2013

|  | <u>Business activities</u> | <u>Federal funds</u>  | <u>State funds</u>   | <u>Eliminations</u>    | <u>Primary Government</u> |
|--|----------------------------|-----------------------|----------------------|------------------------|---------------------------|
| <b>ASSETS</b>  |                            |                       |                      |                        |                           |
| Cash and cash equivalents  | \$ 16,086,416              | \$ -                  | \$ -                 | \$ -                   | \$ 16,086,416             |
| Restricted cash and cash equivalents                             | 3,596,469                  | 4,998                 | -                    | -                      | 3,601,467                 |
| Short-term investments   | 7,913,127                  | 5,965,564             | 163,496              | -                      | 14,042,187                |
| Accounts receivable - tenants, net                               | 418,368                    | 92,845                | 17,866               | -                      | 529,079                   |
| Accounts receivable - funding sources                            | 94,284,741                 | 4,446,029             | 105,713              | (91,591,430)           | 7,245,053                 |
| Accounts receivable - other                                      | 2,331,840                  | 116,570               | -                    | (1,250,313)            | 1,198,097                 |
| Notes and mortgages receivable, current portion                  | 167,455                    | 120,460               | -                    | -                      | 287,915                   |
| Accrued interest receivable - investments                        | 75,548                     | 20,166                | 559                  | -                      | 96,273                    |
| Prepaid items and other assets                                   | 912,565                    | 2,470                 | -                    | -                      | 915,035                   |
|  | <u>125,786,529</u>         | <u>10,769,102</u>     | <u>287,634</u>       | <u>(92,841,743)</u>    | <u>44,001,522</u>         |
| Noncurrent assets  |                            |                       |                      |                        |                           |
| Long-term investments  | 47,484,685                 | 35,797,845            | 981,098              | -                      | 84,263,628                |
| Accrued interest receivable - notes and mortgages receivable     | 12,237,165                 | 17,833,294            | 621,077              | -                      | 30,691,536                |
| Notes and mortgages receivable, net of allowance for loan losses | 88,236,028                 | 148,905,549           | 6,967,981            | -                      | 244,109,558               |
| Other assets   | 1,907,969                  | -                     | -                    | -                      | 1,907,969                 |
| Capital assets not being depreciated                             | 60,966,260                 | 2,351,983             | 1,572,099            | -                      | 64,890,342                |
| Capital assets, net of accumulated depreciation                  | 94,885,914                 | 2,209,501             | 3,810,690            | -                      | 100,906,105               |
|  | <u>\$ 431,504,550</u>      | <u>\$ 217,867,274</u> | <u>\$ 14,240,579</u> | <u>\$ (92,841,743)</u> | <u>\$ 570,770,660</u>     |
| Deferred outflows of resources                                   | <u>\$ -</u>                | <u>\$ -</u>           | <u>\$ -</u>          | <u>\$ -</u>            | <u>\$ -</u>               |



## San Diego Housing Commission

## COMBINING SCHEDULE OF NET POSITION - ENTERPRISE FUNDS - CONTINUED

June 30, 2013

|   | <u>Business<br/>activities</u> | <u>Federal funds</u> | <u>State funds</u> | <u>Eliminations</u> | <u>Primary<br/>Government</u> |
|---|--------------------------------|----------------------|--------------------|---------------------|-------------------------------|
| <b>LIABILITIES</b>                          |                                |                      |                    |                     |                               |
| Current liabilities                         |                                |                      |                    |                     |                               |
| Accounts payable                            | \$ 92,292,780                  | \$ 3,262,887         | \$ 450,986         | \$ (92,841,743)     | \$ 3,164,910                  |
| Accounts payable - funding sources          | 504,264                        | 55,296               | -                  | -                   | 559,560                       |
| Accrued payroll and benefits                | 1,398,570                      | -                    | -                  | -                   | 1,398,570                     |
| Accrued compensated absences                | 1,648,925                      | -                    | -                  | -                   | 1,648,925                     |
| Accrued interest payable                    | 589,147                        | -                    | 18,979             | -                   | 608,126                       |
| Notes payable, current portion              | 1,750,586                      | -                    | -                  | -                   | 1,750,586                     |
| Deposits payable                            | 1,214,007                      | 28,637               | 34,947             | -                   | 1,277,591                     |
| Unearned revenue                            | 1,454,253                      | 174,621              | 219,305            | -                   | 1,848,179                     |
| Other current liabilities                   | -                              | 190,511              | -                  | -                   | 190,511                       |
| Total current liabilities                   | 100,852,532                    | 3,711,952            | 724,217            | (92,841,743)        | 12,446,958                    |
| Noncurrent liabilities                      |                                |                      |                    |                     |                               |
| Notes payable, net of current portion       | 109,194,974                    | -                    | 4,554,849          | -                   | 113,749,823                   |
| Other liabilities                           | 87,549                         | 432,546              | -                  | -                   | 520,095                       |
| Total liabilities                           | 210,135,055                    | 4,144,498            | 5,279,066          | (92,841,743)        | 126,716,876                   |
| Deferred inflows of resources               | \$ -                           | \$ -                 | \$ -               | \$ -                | \$ -                          |
| <b>NET POSITION</b>                         |                                |                      |                    |                     |                               |
| Net investment in capital assets            | 49,901,121                     | 4,561,484            | 827,940            | -                   | 55,290,545                    |
| Restricted                                  |                                |                      |                    |                     |                               |
| Reserve for HOME notes receivable           | -                              | 140,982,267          | -                  | -                   | 140,982,267                   |
| Reserve for NSP notes receivable            | -                              | 7,093,655            | -                  | -                   | 7,093,655                     |
| Reserve for replacement reserves            | 2,848,103                      | -                    | -                  | -                   | 2,848,103                     |
| Reserve for VASH and FUP housing assistance | -                              | 520,131              | -                  | -                   | 520,131                       |
| Unrestricted                                | 168,620,271                    | 60,565,239           | 8,133,573          | -                   | 237,319,083                   |
| Total net position                          | 221,369,495                    | 213,722,776          | 8,961,513          | -                   | 444,053,784                   |
| Total liabilities and net position          | \$ 431,504,550                 | \$ 217,867,274       | \$ 14,240,579      | \$ (92,841,743)     | \$ 570,770,660                |



San Diego Housing Commission

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ENTERPRISE FUNDS

Year ended June 30, 2013

|                                    | <u>Business activities</u> | <u>Federal funds</u> | <u>State funds</u> | <u>Eliminations</u> | <u>Primary Government</u> |
|------------------------------------|----------------------------|----------------------|--------------------|---------------------|---------------------------|
| Operating revenues                 |                            |                      |                    |                     |                           |
| Dwelling rental income             | \$ 25,233,360              | \$ 322,459           | \$ 433,890         | \$ (320,120)        | \$ 25,669,589             |
| Land lease and other rental income | 1,948,719                  | 74,625               | -                  | -                   | 2,023,344                 |
| Fee revenue                        | 2,768,125                  | 124,459              | -                  | (862,542)           | 2,030,042                 |
| Other revenue                      | 2,836,869                  | 957,461              | 10,202             | (1,877,102)         | 1,927,430                 |
| Total operating revenues           | <u>32,787,073</u>          | <u>1,479,004</u>     | <u>444,092</u>     | <u>(3,059,764)</u>  | <u>31,650,405</u>         |
| Operating expenses                 |                            |                      |                    |                     |                           |
| Administrative expenses            | 15,173,215                 | 16,325,956           | 274,157            | (3,059,764)         | 28,713,564                |
| Tenant services                    | 824,509                    | 1,094,094            | 597                | -                   | 1,919,200                 |
| Asset management                   | 6,914,888                  | 514,477              | 361,345            | -                   | 7,790,710                 |
| General expenses                   | 1,366,133                  | (388,318)            | 223,903            | -                   | 1,201,718                 |
| Grant expense                      | 3,409,562                  | 3,241,112            | -                  | -                   | 6,650,674                 |
| Housing assistance                 | -                          | 150,905,154          | -                  | -                   | 150,905,154               |
| Depreciation                       | 3,948,524                  | 75,109               | 89,919             | -                   | 4,113,552                 |
| Total operating expenses           | <u>31,636,831</u>          | <u>171,767,584</u>   | <u>949,921</u>     | <u>(3,059,764)</u>  | <u>201,294,572</u>        |
| Net operating income (loss)        | <u>1,150,242</u>           | <u>(170,288,580)</u> | <u>(505,829)</u>   | <u>-</u>            | <u>(169,644,167)</u>      |



San Diego Housing Commission

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ENTERPRISE FUNDS - CONTINUED

Year ended June 30, 2013

|   | <u>Business activities</u> | <u>Federal funds</u>  | <u>State funds</u>  | <u>Eliminations</u> | <u>Primary Government</u> |
|---|----------------------------|-----------------------|---------------------|---------------------|---------------------------|
| Nonoperating revenues (expenses)                    |                            |                       |                     |                     |                           |
| Grant revenue                                       | 8,428,420                  | 178,271,345           | 1,541,182           | -                   | 188,240,947               |
| Interest income on investments and notes receivable | 4,186,850                  | 4,320,106             | 130,595             | -                   | 8,637,551                 |
| Interest expense                                    | (5,894,264)                | -                     | (18,979)            | -                   | (5,913,243)               |
| Gain on sale of capital assets                      | 1,975                      | 36,245                | -                   | -                   | 38,220                    |
| Total nonoperating revenues                         | <u>6,722,981</u>           | <u>182,627,696</u>    | <u>1,652,798</u>    | <u>-</u>            | <u>191,003,475</u>        |
| Net income before operating transfers               | 7,873,223                  | 12,339,116            | 1,146,969           | -                   | 21,359,308                |
| Operating transfers in                              | 14,235,188                 | 575,196               | 2,250,209           | -                   | 17,060,593                |
| Operating transfers out                             | <u>(16,241,343)</u>        | <u>(819,250)</u>      | <u>-</u>            | <u>-</u>            | <u>(17,060,593)</u>       |
| Change in net position                              | 5,867,068                  | 12,095,062            | 3,397,178           | -                   | 21,359,308                |
| Net position - beginning of year                    | <u>215,502,427</u>         | <u>201,627,714</u>    | <u>5,564,335</u>    | <u>-</u>            | <u>422,694,476</u>        |
| Net position - end of year                          | <u>\$ 221,369,495</u>      | <u>\$ 213,722,776</u> | <u>\$ 8,961,513</u> | <u>\$ -</u>         | <u>\$ 444,053,784</u>     |



San Diego Housing Commission  
 COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS  
 Year ended June 30, 2013

|  | <u>Business<br/>activities</u> | <u>Federal funds</u> | <u>State funds</u> | <u>Primary<br/>Government</u> |
|--|--------------------------------|----------------------|--------------------|-------------------------------|
| <b>Cash flows from operating activities</b>                              |                                |                      |                    |                               |
| Cash received from tenants   | \$ 31,396,388                  | \$ 1,509,215         | \$ 512,178         | \$ 33,417,781                 |
| Cash payments to suppliers for operations                                | (10,885,285)                   | (157,631,878)        | (17,320)           | (168,534,483)                 |
| Cash payments for general and administrative expenses                    | <u>(16,363,551)</u>            | <u>(15,937,638)</u>  | <u>(498,060)</u>   | <u>(32,799,249)</u>           |
| Net cash provided by (used for) operating activities                     | <u>4,147,552</u>               | <u>(172,060,301)</u> | <u>(3,202)</u>     | <u>(167,915,951)</u>          |
| <b>Cash flows from capital and related financing activities</b>          |                                |                      |                    |                               |
| Principal paid on notes payable  | (3,091,553)                    | -                    | -                  | (3,091,553)                   |
| Acquisition and construction of capital assets                           | (9,772,850)                    | -                    | (2,250,209)        | (12,023,059)                  |
| Proceeds from additional borrowings                                      | 1,265,022                      | -                    | 838                | 1,265,860                     |
| Proceeds from sale of capital assets                                     | 6,352                          | 36,245               | -                  | 42,597                        |
| Interest payments  | <u>(5,857,170)</u>             | <u>-</u>             | <u>-</u>           | <u>(5,857,170)</u>            |
| Net cash provided by (used for) capital and related financing activities | <u>(17,450,199)</u>            | <u>36,245</u>        | <u>(2,249,371)</u> | <u>(19,663,325)</u>           |
| <b>Cash flows from noncapital financing activities</b>                   |                                |                      |                    |                               |
| Cash received from grants  | 8,413,151                      | 178,309,772          | 1,501,884          | 188,224,807                   |
| Transfers in (out)   | <u>(2,006,155)</u>             | <u>(244,054)</u>     | <u>2,250,209</u>   | <u>-</u>                      |
| Net cash provided by noncapital financing activities                     | <u>6,406,996</u>               | <u>178,065,718</u>   | <u>3,752,093</u>   | <u>188,224,807</u>            |





## San Diego Housing Commission

## COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED

Year ended June 30, 2013

|  | <u>Business<br/>activities</u> | <u>Federal funds</u> | <u>State funds</u> | <u>Primary<br/>Government</u> |
|--|--------------------------------|----------------------|--------------------|-------------------------------|
| <b>Cash flows from investing activities</b>                  |                                |                      |                    |                               |
| Interest on investments and notes receivable                 | 2,184,678                      | 1,420,225            | 16,382             | 3,621,285                     |
| Collection of notes receivable                               | 943,981                        | 80,092               | 25,850             | 1,049,923                     |
| Cash loaned on notes receivable                              | (3,624,133)                    | (8,291,528)          | (1,446,096)        | (13,361,757)                  |
| Purchases of investments                                     | (43,002,588)                   | (32,418,873)         | (888,492)          | (76,309,953)                  |
| Proceeds from sale of investments                            | 58,412,079                     | 33,169,288           | 792,836            | 92,374,203                    |
| Net cash used for investing activities                       | <u>14,914,017</u>              | <u>(6,040,796)</u>   | <u>(1,499,520)</u> | <u>7,373,701</u>              |
| Net increase (decrease) in cash and cash equivalents         | 8,018,366                      | 866                  | -                  | 8,019,232                     |
| <b>Cash and cash equivalents</b>                             |                                |                      |                    |                               |
| Beginning of year  | <u>11,664,519</u>              | <u>4,132</u>         | <u>-</u>           | <u>11,668,651</u>             |
| End of year  | <u>\$ 19,682,885</u>           | <u>\$ 4,998</u>      | <u>\$ -</u>        | <u>\$ 19,687,883</u>          |
| <b>Noncash investing and noncapital financing activities</b> |                                |                      |                    |                               |
| Interest on notes receivable converted to principal          | <u>\$ 530,458</u>              | <u>\$ 957,003</u>    | <u>\$ -</u>        | <u>\$ 1,487,461</u>           |



San Diego Housing Commission

COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED

Year ended June 30, 2013

|  | <u>Business activities</u> | <u>Federal funds</u>    | <u>State funds</u> | <u>Primary Government</u> |
|--|----------------------------|-------------------------|--------------------|---------------------------|
| <b>Reconciliation of operating loss to net cash provided by (used in) operating activities</b>           |                            |                         |                    |                           |
| Operating income (loss)  | \$ 1,150,242               | \$ (170,288,580)        | \$ (505,829)       | \$ (169,644,167)          |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                            |                         |                    |                           |
| Depreciation   | 3,948,524                  | 75,109                  | 89,919             | 4,113,552                 |
| Amortization   | 331,719                    | -                       | -                  | 331,719                   |
| Provision for loan losses  | (392,396)                  | (417,001)               | 183,840            | (625,557)                 |
| Changes in operating assets and liabilities:   |                            |                         |                    |                           |
| Increase in tenant receivables   | (163,905)                  | (7,976)                 | (9,042)            | (180,923)                 |
| Increase in other receivables  | (1,086,215)                | (33,496)                | -                  | (1,119,711)               |
| Increase in prepaid items and other assets   | (155,922)                  | -                       | -                  | (155,922)                 |
| Increase in accounts payable   | (2,610,002)                | 1,869,959               | 401,245            | (338,798)                 |
| Increase in accrued payroll and benefits   | 258,790                    | -                       | -                  | 258,790                   |
| Decrease in deposits payable   | (197,486)                  | (198,930)               | (1,284)            | (397,700)                 |
| Increase (decrease) in unearned revenues   | (140,565)                  | 71,683                  | 77,128             | 8,246                     |
| Decrease in other liabilities  | (73,831)                   | (91,649)                | -                  | (165,480)                 |
| Increase (decrease) in interprogram from/to  | 3,278,599                  | (3,039,420)             | (239,179)          | -                         |
| Net cash provided by (used in) operating activities  | <u>\$ 4,147,552</u>        | <u>\$ (172,060,301)</u> | <u>\$ (3,202)</u>  | <u>\$ (167,915,951)</u>   |

**FINANCIAL DATA SCHEDULE**

San Diego Housing Commission (CA063)

SAN DIEGO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

|   | Project Total | 14.901 Healthy Homes Initiative Grants | 14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.DVP Disaster Voucher Program | 14.OPS MTW Demonstration Program for Low Rent | 14.CFP MTW Demonstration Program for Capital Fund | 14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF) | 14.218 Community Development Block Grants/Entitlement Grants | 14.HCV MTW Demonstration Program for HCV program | 14.880 Family Unification Program (FUP) | 14.881 Moving to Work Demonstration Program | 14.231 Emergency Shelter Grants Program |
|---|---------------|--|---|---------------------------------|---|---|---|--|--|---|---|---|
| 111 Cash - Unrestricted   |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 112 Cash - Restricted - Modernization and Development             |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 113 Cash - Other Restricted                                       |               |  |   |                                 |   |   |   |  |  |   | \$1,000                                     |   |
| 114 Cash - Tenant Security Deposits                               |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 115 Cash - Restricted for Payment of Current Liabilities          |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 100 Total Cash  | \$0           | \$0                                    | \$0   | \$0                             | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                                     | \$1,000                                     | \$0                                     |
| 121 Accounts Receivable - PHA Projects                            |               |  |   |                                 |   |   |   |  |  |   | \$43,973                                    |   |
| 122 Accounts Receivable - HUD Other Projects                      | \$228,170     | \$48,061                               | \$149,998   |                                 |   |   |   | \$610,418  |  | \$471,305                               | \$1,096,563                                 | \$554,993                               |
| 124 Accounts Receivable - Other Government                        |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 125 Accounts Receivable - Miscellaneous                           |               |  |   |                                 |   |   |   | \$10,387   |  |   | \$58,049                                    |   |
| 126 Accounts Receivable - Tenants                                 | \$10,503      |  |   |                                 |   |   |   |  |  |   | \$84,229                                    |   |
| 126.1 Allowance for Doubtful Accounts - Tenants                   | -\$1,887      |  |   |                                 |   |   |   |  | \$0  |   | \$0   |   |
| 126.2 Allowance for Doubtful Accounts - Other                     | \$0           | \$0                                    | \$0   |                                 |   |   |   | \$0  |  | \$0                                     | -\$14,588                                   | \$0                                     |
| 127 Notes, Loans, & Mortgages Receivable - Current                |               |  |   |                                 |   |   |   | \$6,138  |  |   |   |   |
| 128 Fraud Recovery  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 128.1 Allowance for Doubtful Accounts - Fraud                     |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 129 Accrued Interest Receivable                                   | \$7,011       |  |   |                                 |   |   |   | \$322,759  |  |   | \$12,335                                    |   |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts    | \$243,797     | \$48,061                               | \$149,998   | \$0                             | \$0   | \$0   | \$0   | \$949,702  | \$0  | \$471,305                               | \$1,280,561                                 | \$554,993                               |
| 131 Investments - Unrestricted                                    | \$14,216,596  |  |   |                                 |   |   |   |  |  |   | \$25,084,226                                |   |
| 132 Investments - Restricted                                      |               |  |   |                                 |   |   |   | \$1,421,751  |  |   | \$548,315                                   |   |
| 135 Investments - Restricted for Payment of Current Liability     |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 142 Prepaid Expenses and Other Assets                             |               |  |   |                                 |   |   |   | \$2,470  |  |   |   |   |
| 143 Inventories   |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 143.1 Allowance for Obsolete Inventories                          |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 144 Inter Program Due From  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 145 Assets Held for Sale  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 150 Total Current Assets  | \$14,460,393  | \$48,061                               | \$149,998   | \$0                             | \$0   | \$0   | \$0   | \$2,373,923  | \$0  | \$471,305                               | \$26,914,102                                | \$554,993                               |
| 161 Land  | \$1,240,000   |  |   |                                 |   |   |   |  |  |   |   |   |
| 162 Buildings   | \$2,397,683   |  |   |                                 |   |   |   |  |  |   |   |   |
| 163 Furniture, Equipment & Machinery - Dwellings                  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 164 Furniture, Equipment & Machinery - Administration             | \$193,605     |  |   |                                 |   |   |   |  |  |   | \$29,710                                    |   |
| 165 Leasehold Improvements  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 166 Accumulated Depreciation                                      | -\$381,788    |  |   |                                 |   |   |   |  |  |   | -\$29,710                                   |   |
| 167 Construction in Progress                                      | \$1,111,983   |  |   |                                 |   |   |   |  |  |   |   |   |
| 168 Infrastructure  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 160 Total Capital Assets, Net of Accumulated Depreciation         | \$4,561,483   | \$0                                    | \$0   | \$0                             | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                                     | \$0   | \$0                                     |
| 171 Notes, Loans and Mortgages Receivable - Non-Current           |               |  |   |                                 |   |   |   | \$9,884,142  |  |   |   |   |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 173 Grants Receivable - Non Current                               |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 174 Other Assets  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 176 Investments in Joint Ventures                                 |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 180 Total Non-Current Assets                                      | \$4,561,483   | \$0                                    | \$0   | \$0                             | \$0   | \$0   | \$0   | \$9,884,142  | \$0  | \$0                                     | \$0   | \$0                                     |
| 190 Total Assets  | \$19,021,876  | \$48,061                               | \$149,998   | \$0                             | \$0   | \$0   | \$0   | \$12,258,065   | \$0  | \$471,305                               | \$26,914,102                                | \$554,993                               |

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End:

06/30/2013

|   | Project Total | 14.901 Healthy Homes Initiative Grants | 14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.DVP Disaster Voucher Program | 14.OPS MTW Demonstration Program for Low Rent | 14.CFP MTW Demonstration Program for Capital Fund | 14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF) | 14.218 Community Development Block Grants/Entitlement Grants | 14.HCV MTW Demonstration Program for HCV program | 14.880 Family Unification Program (FUP) | 14.881 Moving to Work Demonstration Program | 14.231 Emergency Shelter Grants Program |
|---|---------------|--|---|---------------------------------|---|---|---|--|--|---|---|---|
| 311 Bank Overdraft  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 312 Accounts Payable <= 90 Days   | \$44,633      | \$4,045                                | \$30,570  |                                 |   |   |   | \$103,873  |  | \$9,982                                 | \$364,621                                   | \$113,100                               |
| 313 Accounts Payable >90 Days Past Due  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 321 Accrued Wage/Payroll Taxes Payable  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 322 Accrued Compensated Absences - Current Portion                              |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 324 Accrued Contingency Liability   |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 325 Accrued Interest Payable  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 331 Accounts Payable - HUD PHA Programs   | \$54,477      |  |   |                                 |   |   |   |  |  |   |   |   |
| 332 Account Payable - PHA Projects  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 333 Accounts Payable - Other Government   | \$258,725     | \$44,016                               | \$119,428   |                                 |   |   |   | \$517,183  |  | \$231,261                               | \$596,304                                   | \$441,893                               |
| 341 Tenant Security Deposits  | \$28,637      |  |   |                                 |   |   |   |  |  |   |   |   |
| 342 Deferred Revenues   | \$598         |  |   |                                 |   |   |   |  |  |   | \$51,822                                    |   |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 344 Current Portion of Long-term Debt - Operating Borrowings                    |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 345 Other Current Liabilities   |               |  |   |                                 |   |   |   |  |  |   | \$481,807                                   |   |
| 346 Accrued Liabilities - Other   |               |  |   |                                 |   |   |   |  |  |   | \$67,508                                    |   |
| 347 Inter Program - Due To  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 348 Loan Liability - Current  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 310 Total Current Liabilities   | \$387,070     | \$48,061                               | \$149,998   | \$0                             | \$0   | \$0   | \$0   | \$621,056  | \$0  | \$241,243                               | \$1,562,062                                 | \$554,993                               |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue          |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 352 Long-term Debt, Net of Current - Operating Borrowings                       |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 353 Non-current Liabilities - Other   |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 354 Accrued Compensated Absences - Non Current                                  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 355 Loan Liability - Non Current  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 356 FASB 5 Liabilities  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 357 Accrued Pension and OPEB Liabilities  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 350 Total Non-Current Liabilities   | \$0           | \$0                                    | \$0   | \$0                             | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                                     | \$0   | \$0                                     |
| 300 Total Liabilities   | \$387,070     | \$48,061                               | \$149,998   | \$0                             | \$0   | \$0   | \$0   | \$621,056  | \$0  | \$241,243                               | \$1,562,062                                 | \$554,993                               |
| 508.1 Invested In Capital Assets, Net of Related Debt                           | \$4,561,484   |  |   | \$0                             | \$0   | \$0   |   |  |  |   |   |   |
| 509.2 Fund Balance Reserved   |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 511.2 Unreserved, Designated Fund Balance                                       |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 511.1 Restricted Net Assets   | \$0           |  |   |                                 | \$0   | \$0   |   | \$7,093,655  |  | \$170,925                               | \$349,206                                   |   |
| 512.1 Unrestricted Net Assets   | \$14,073,322  | \$0                                    | \$0   | \$0                             | \$0   | \$0   | \$0   | \$4,543,354  | \$0  | \$59,137                                | \$25,002,834                                | \$0                                     |
| 512.2 Unreserved, Undesignated Fund Balance                                     |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 513 Total Equity/Net Assets   | \$18,634,806  | \$0                                    | \$0   | \$0                             | \$0   | \$0   | \$0   | \$11,637,009   | \$0  | \$230,062                               | \$25,352,040                                | \$0                                     |
| 600 Total Liabilities and Equity/Net Assets                                     | \$19,021,876  | \$48,061                               | \$149,998   | \$0                             | \$0   | \$0   | \$0   | \$12,258,065   | \$0  | \$471,305                               | \$26,914,102                                | \$554,993                               |

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

|   | 14.238 Shelter Plus Care | 14.239 HOME Investment Partnerships Program | 93.602 New Assets for Independence Demonstration Program | 6 Component Units | 8 Other Federal Program 1 | 9 Other Federal Program 2 | 2 State/Local | 1 Business Activities | 14.856 Lower Income Housing Assistance Program_Section 8: Moderate Rehabilitat | Subtotal      | ELIM          | Total         |
|---|--------------------------|---|--|-------------------|---------------------------|---------------------------|---------------|-----------------------|--|---------------|---------------|---------------|
| 111 Cash - Unrestricted   |                          |   |  | \$1,993,812       |                           |                           |               | \$16,086,415          | \$0  | \$18,080,227  |               | \$18,080,227  |
| 112 Cash - Restricted - Modernization and Development             |                          |   | \$0  |                   |                           |                           |               | \$0                   | \$0  | \$0           |               | \$0           |
| 113 Cash - Other Restricted                                       |                          |   | \$3,998  | \$259,208         |                           |                           |               | \$2,849,093           | \$0  | \$3,113,299   |               | \$3,113,299   |
| 114 Cash - Tenant Security Deposits                               |                          |   |  | \$49,108          |                           |                           |               | \$747,376             | \$0  | \$796,484     |               | \$796,484     |
| 115 Cash - Restricted for Payment of Current Liabilities          |                          |   |  |                   |                           |                           |               | \$0                   | \$0  | \$0           |               | \$0           |
| 100 Total Cash  | \$0                      | \$0   | \$3,998  | \$2,302,128       | \$0                       | \$0                       | \$0           | \$19,682,884          | \$0  | \$21,990,010  | \$0           | \$21,990,010  |
| 121 Accounts Receivable - PHA Projects                            |                          |   |  |                   |                           |                           |               | \$17,325              | \$0  | \$61,298      |               | \$61,298      |
| 122 Accounts Receivable - HUD Other Projects                      | \$282,126                | \$886,735                                   |  |                   |                           |                           |               |                       | \$112,729  | \$4,441,098   |               | \$4,441,098   |
| 124 Accounts Receivable - Other Government                        |                          |   |  |                   | \$4,929                   |                           | \$105,713     | \$94,266,041          | \$0  | \$94,376,683  | -\$91,591,430 | \$2,785,253   |
| 125 Accounts Receivable - Miscellaneous                           |                          | \$18,749                                    |  | \$560,006         |                           |                           |               | \$2,333,214           | \$0  | \$2,980,405   | -\$1,250,313  | \$1,730,092   |
| 126 Accounts Receivable - Tenants                                 |                          |   |  | \$22,645          |                           |                           | \$18,198      | \$490,502             | \$0  | \$626,077     |               | \$626,077     |
| 126.1 Allowance for Doubtful Accounts - Tenants                   |                          |   |  | \$0               |                           |                           | -\$332        | -\$72,134             | \$0  | -\$74,353     |               | -\$74,353     |
| 126.2 Allowance for Doubtful Accounts - Other                     | \$0                      | \$0   |  | -\$220,335        | \$0                       |                           | \$0           | \$0                   | \$0  | -\$234,923    |               | -\$234,923    |
| 127 Notes, Loans, & Mortgages Receivable - Current                |                          | \$114,322                                   |  |                   |                           |                           |               | \$167,455             | \$0  | \$287,915     |               | \$287,915     |
| 128 Fraud Recovery  |                          |   |  |                   |                           |                           |               | \$0                   | \$0  | \$0           |               | \$0           |
| 128.1 Allowance for Doubtful Accounts - Fraud                     |                          |   |  |                   |                           |                           |               | \$0                   | \$0  | \$0           |               | \$0           |
| 129 Accrued Interest Receivable                                   |                          | \$17,511,237                                | \$96   |                   |                           | \$11                      | \$621,635     | \$12,312,713          | \$11   | \$30,787,808  |               | \$30,787,808  |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts    | \$282,126                | \$18,531,043                                | \$96   | \$362,316         | \$4,929                   | \$11                      | \$745,214     | \$109,515,116         | \$112,740  | \$133,252,008 | -\$92,841,743 | \$40,410,265  |
| 131 Investments - Unrestricted                                    |                          | \$252,780                                   | \$195,033  |                   |                           | \$21,614                  | \$1,144,594   | \$55,397,813          | \$23,094   | \$97,757,501  |               | \$97,757,501  |
| 132 Investments - Restricted                                      |                          |   |  |                   |                           |                           |               | \$0                   | \$0  | \$548,315     |               | \$548,315     |
| 135 Investments - Restricted for Payment of Current Liability     |                          |   |  |                   |                           |                           |               | \$0                   | \$0  | \$0           |               | \$0           |
| 142 Prepaid Expenses and Other Assets                             |                          |   |  | \$62,150          |                           |                           |               | \$912,565             | \$0  | \$977,185     |               | \$977,185     |
| 143 Inventories   |                          |   |  |                   |                           |                           |               | \$0                   | \$0  | \$0           |               | \$0           |
| 143.1 Allowance for Obsolete Inventories                          |                          |   |  |                   |                           |                           |               | \$0                   | \$0  | \$0           |               | \$0           |
| 144 Inter Program Due From  |                          |   |  |                   |                           |                           |               | \$0                   | \$0  | \$0           |               | \$0           |
| 145 Assets Held for Sale  |                          |   |  |                   |                           |                           |               | \$0                   | \$0  | \$0           |               | \$0           |
| 150 Total Current Assets  | \$282,126                | \$18,783,823                                | \$199,127  | \$2,726,594       | \$4,929                   | \$21,625                  | \$1,889,808   | \$185,508,378         | \$135,834  | \$254,525,019 | -\$92,841,743 | \$161,683,276 |
| 161 Land  |                          |   |  | \$2,423,662       |                           |                           | \$1,572,099   | \$60,224,034          | \$0  | \$65,459,795  |               | \$65,459,795  |
| 162 Buildings   |                          |   |  | \$11,467,969      |                           |                           | \$5,966,827   | \$111,258,117         | \$0  | \$131,090,596 |               | \$131,090,596 |
| 163 Furniture, Equipment & Machinery - Dwellings                  |                          |   |  | \$257,316         |                           |                           |               | \$300,832             | \$0  | \$558,148     |               | \$558,148     |
| 164 Furniture, Equipment & Machinery - Administration             |                          |   |  | \$2,150           |                           |                           |               | \$3,257,405           | \$0  | \$3,482,870   |               | \$3,482,870   |
| 165 Leasehold Improvements  |                          |   |  |                   |                           |                           |               | \$0                   | \$0  | \$0           |               | \$0           |
| 166 Accumulated Depreciation                                      |                          |   |  | -\$1,826,904      |                           |                           | -\$2,156,137  | -\$19,930,440         | \$0  | -\$24,324,979 |               | -\$24,324,979 |
| 167 Construction in Progress                                      |                          |   |  | \$1,890,361       |                           |                           |               | \$742,226             | \$0  | \$3,744,570   |               | \$3,744,570   |
| 168 Infrastructure  |                          |   |  |                   |                           |                           |               | \$0                   | \$0  | \$0           |               | \$0           |
| 160 Total Capital Assets, Net of Accumulated Depreciation         | \$0                      | \$0   | \$0  | \$14,214,554      | \$0                       | \$0                       | \$5,382,789   | \$155,852,174         | \$0  | \$180,011,000 | \$0           | \$180,011,000 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current           |                          | \$139,021,405                               |  | \$117,398         |                           |                           | \$6,967,981   | \$88,236,031          | \$0  | \$244,226,957 |               | \$244,226,957 |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due |                          |   |  |                   |                           |                           |               | \$0                   | \$0  | \$0           |               | \$0           |
| 173 Grants Receivable - Non Current                               |                          |   |  |                   |                           |                           |               | \$0                   | \$0  | \$0           |               | \$0           |
| 174 Other Assets  |                          |   |  | \$960,754         |                           |                           |               | \$1,907,969           | \$0  | \$2,868,723   |               | \$2,868,723   |
| 176 Investments in Joint Ventures                                 |                          |   |  | \$28,801          |                           |                           |               | \$0                   | \$0  | \$28,801      |               | \$28,801      |
| 180 Total Non-Current Assets                                      | \$0                      | \$139,021,405                               | \$0  | \$15,321,507      | \$0                       | \$0                       | \$12,350,770  | \$245,996,174         | \$0  | \$427,135,481 | \$0           | \$427,135,481 |
| 190 Total Assets  | \$282,126                | \$157,805,228                               | \$199,127  | \$18,048,101      | \$4,929                   | \$21,625                  | \$14,240,578  | \$431,504,552         | \$135,834  | \$681,660,500 | -\$92,841,743 | \$588,818,757 |

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

|   | 14.238 Shelter Plus Care | 14.239 HOME Investment Partnerships Program | 93.602 New Assets for Independence Demonstration Program | 6 Component Units | 8 Other Federal Program 1 | 9 Other Federal Program 2 | 2 State/Local | 1 Business Activities | 14.856 Lower Income Housing Assistance Program_Section 8: Moderate Rehabilitat | Subtotal      | ELIM          | Total         |
|---|--------------------------|---|--|-------------------|---------------------------|---------------------------|---------------|-----------------------|--|---------------|---------------|---------------|
| 311 Bank Overdraft  |                          |   |  |                   |                           |                           |               |                       | \$0  |               |               |               |
| 312 Accounts Payable <= 90 Days   | \$178,388                | \$89,078                                    | \$3,284  | \$1,054,593       | \$61                      |                           | \$19,952      | \$3,453,633           | \$0  | \$5,469,813   | -\$1,250,313  | \$4,219,500   |
| 313 Accounts Payable >90 Days Past Due  |                          |   |  |                   |                           |                           |               |                       | \$0  |               |               |               |
| 321 Accrued Wage/Payroll Taxes Payable  |                          |   |  | \$289,194         |                           |                           |               | \$1,398,570           | \$0  | \$1,687,764   |               | \$1,687,764   |
| 322 Accrued Compensated Absences - Current Portion                              |                          |   |  |                   |                           |                           |               | \$1,648,926           | \$0  | \$1,648,926   |               | \$1,648,926   |
| 324 Accrued Contingency Liability   |                          |   |  |                   |                           |                           |               |                       | \$0  |               |               |               |
| 325 Accrued Interest Payable  |                          |   |  | \$1,634,998       |                           |                           | \$18,979      | \$589,147             | \$0  | \$2,243,124   |               | \$2,243,124   |
| 331 Accounts Payable - HUD PHA Programs   | \$819                    |   |  |                   |                           |                           |               |                       | \$0  | \$55,296      |               | \$55,296      |
| 332 Account Payable - PHA Projects  |                          |   |  |                   |                           |                           |               |                       | \$0  |               |               |               |
| 333 Accounts Payable - Other Government   | \$102,919                |   |  |                   | \$4,868                   |                           | \$431,034     | \$89,343,411          | \$4,651  | \$92,095,693  | -\$91,591,430 | \$504,263     |
| 341 Tenant Security Deposits  |                          |   |  | \$55,296          |                           |                           | \$34,946      | \$985,338             | \$0  | \$1,104,217   |               | \$1,104,217   |
| 342 Deferred Revenues   |                          |   | \$122,201  | \$3,655           |                           |                           | \$219,305     | \$1,454,253           | \$0  | \$1,851,834   |               | \$1,851,834   |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds |                          |   |  | \$76,178          |                           |                           |               | \$1,750,586           | \$0  | \$1,826,764   |               | \$1,826,764   |
| 344 Current Portion of Long-term Debt - Operating Borrowings                    |                          |   |  |                   |                           |                           |               |                       | \$0  |               |               |               |
| 345 Other Current Liabilities   |                          |   | \$73,742   |                   |                           |                           |               | \$315,766             | \$0  | \$871,315     |               | \$871,315     |
| 346 Accrued Liabilities - Other   |                          |   |  |                   |                           |                           |               |                       | \$0  | \$67,508      |               | \$67,508      |
| 347 Inter Program - Due To  |                          |   |  |                   |                           |                           |               |                       | \$0  |               |               |               |
| 348 Loan Liability - Current  |                          |   |  |                   |                           |                           |               |                       | \$0  |               |               |               |
| 310 Total Current Liabilities   | \$282,126                | \$89,078                                    | \$199,227  | \$3,113,914       | \$4,929                   | \$0                       | \$724,216     | \$100,939,630         | \$4,651  | \$108,922,254 | -\$92,841,743 | \$16,080,511  |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue          |                          |   |  | \$12,977,791      |                           |                           | \$4,554,849   | \$109,194,974         | \$0  | \$126,727,614 |               | \$126,727,614 |
| 352 Long-term Debt, Net of Current - Operating Borrowings                       |                          |   |  |                   |                           |                           |               |                       | \$0  |               |               |               |
| 353 Non-current Liabilities - Other   |                          |   |  |                   |                           |                           |               | \$453                 | \$0  | \$453         |               | \$453         |
| 354 Accrued Compensated Absences - Non Current                                  |                          |   |  |                   |                           |                           |               |                       | \$0  |               |               |               |
| 355 Loan Liability - Non Current  |                          |   |  |                   |                           |                           |               |                       | \$0  |               |               |               |
| 356 FASB 5 Liabilities  |                          |   |  |                   |                           |                           |               |                       | \$0  |               |               |               |
| 357 Accrued Pension and OPEB Liabilities  |                          |   |  |                   |                           |                           |               |                       | \$0  |               |               |               |
| 350 Total Non-Current Liabilities   | \$0                      | \$0   | \$0  | \$12,977,791      | \$0                       | \$0                       | \$4,554,849   | \$109,195,427         | \$0  | \$126,728,067 | \$0           | \$126,728,067 |
| 300 Total Liabilities   | \$282,126                | \$89,078                                    | \$199,227  | \$16,091,705      | \$4,929                   | \$0                       | \$5,279,065   | \$210,135,057         | \$4,651  | \$235,650,321 | -\$92,841,743 | \$142,808,578 |
| 508.1 Invested In Capital Assets, Net of Related Debt                           |                          |   |  | \$0               |                           | \$0                       | \$827,940     | \$49,901,122          | \$0  | \$55,290,546  |               | \$55,290,546  |
| 509.2 Fund Balance Reserved   |                          |   |  |                   |                           |                           |               |                       | \$0  |               |               |               |
| 511.2 Unreserved, Designated Fund Balance                                       |                          |   |  |                   |                           |                           |               |                       | \$0  |               |               |               |
| 511.1 Restricted Net Assets   |                          | \$140,982,267                               | \$0  | \$0               |                           | \$0                       |               | \$2,848,103           | \$0  | \$151,444,156 |               | \$151,444,156 |
| 512.1 Unrestricted Net Assets   | \$0                      | \$16,733,883                                | -\$100   | \$1,956,396       | \$0                       | \$21,625                  | \$8,133,573   | \$168,620,270         | \$131,183  | \$239,275,477 | \$0           | \$239,275,477 |
| 512.2 Unreserved, Undesignated Fund Balance                                     |                          |   |  |                   |                           |                           |               |                       | \$0  |               |               |               |
| 513 Total Equity/Net Assets   | \$0                      | \$157,716,150                               | -\$100   | \$1,956,396       | \$0                       | \$21,625                  | \$8,961,513   | \$221,369,495         | \$131,183  | \$446,010,179 | \$0           | \$446,010,179 |
| 600 Total Liabilities and Equity/Net Assets                                     | \$282,126                | \$157,805,228                               | \$199,127  | \$18,048,101      | \$4,929                   | \$21,625                  | \$14,240,578  | \$431,504,552         | \$135,834  | \$681,660,500 | -\$92,841,743 | \$588,818,757 |

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End:

06/30/2013

|   | Project Total | 14.901 Healthy Homes Initiative Grants | 14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.DVP Disaster Voucher Program | 14.OPS MTW Demonstration Program for Low Rent | 14.CFP MTW Demonstration Program for Capital Fund | 14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF) | 14.218 Community Development Block Grants/Entitlement Grants | 14.HCV MTW Demonstration Program for HCV program | 14.880 Family Unification Program (FUP) | 14.881 Moving to Work Demonstration Program | 14.231 Emergency Shelter Grants Program |
|---|---------------|--|---|---------------------------------|---|---|---|--|--|---|---|---|
| 70300 Net Tenant Rental Revenue                         | \$321,235     |  |   |                                 |   |   |   |  |  |   |   |   |
| 70400 Tenant Revenue - Other                            | \$1,225       |  |   |                                 |   |   |   |  |  |   |   |   |
| 70500 Total Tenant Revenue                              | \$322,460     | \$0                                    | \$0   | \$0                             | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                                     | \$0   | \$0                                     |
| 70600 HUD PHA Operating Grants                          | \$0           | \$422,537                              | \$1,766,115   |                                 | \$75,000                                      | \$671,888   | \$165,187   | \$2,287,719  | \$159,972,785                                    | \$1,287,501                             |   | \$788,005                               |
| 70610 Capital Grants                                    |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 70710 Management Fee                                    |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 70720 Asset Management Fee                              |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 70730 Book Keeping Fee                                  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 70740 Front Line Service Fee                            |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 70750 Other Fees  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 70700 Total Fee Revenue                                 |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 70800 Other Government Grants                           |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 71100 Investment Income - Unrestricted                  | \$129,733     |  |   |                                 |   |   |   | \$4,361  |  | \$672                                   | \$234,442                                   |   |
| 71200 Mortgage Interest Income                          |               |  |   |                                 |   |   |   | \$230,162  |  |   |   |   |
| 71300 Proceeds from Disposition of Assets Held for Sale |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 71310 Cost of Sale of Assets                            |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 71400 Fraud Recovery                                    |               |  |   |                                 |   |   |   |  |  |   | \$122,915                                   |   |
| 71500 Other Revenue                                     | \$13,246      |  |   |                                 |   |   |   | \$569,072  |  |   | \$255,739                                   |   |
| 71600 Gain or Loss on Sale of Capital Assets            |               |  |   |                                 |   |   |   | \$36,246   |  |   |   |   |
| 72000 Investment Income - Restricted                    | \$0           |  |   |                                 |   |   |   |  |  | \$1,788                                 | \$19,967                                    |   |
| 70000 Total Revenue                                     | \$465,439     | \$422,537                              | \$1,766,115   | \$0                             | \$75,000                                      | \$671,888   | \$165,187   | \$3,127,560  | \$159,972,785                                    | \$1,289,961                             | \$633,063                                   | \$788,005                               |
| 91100 Administrative Salaries                           | \$120,636     | \$170,639                              | \$360,474   |                                 |   |   | \$29,400  | \$100,911  |  | \$18,872                                | \$7,915,045                                 | \$58,083                                |
| 91200 Auditing Fees                                     | -\$17,156     |  |   |                                 |   |   |   | \$0  |  |   | \$43,442                                    |   |
| 91300 Management Fee                                    |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 91310 Book-keeping Fee                                  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 91400 Advertising and Marketing                         | \$638         |  |   |                                 |   |   |   | \$70   |  | \$244                                   | \$41,224                                    |   |
| 91500 Employee Benefit contributions - Administrative   | \$41,222      | \$47,829                               | \$115,102   |                                 |   |   | \$10,640  | \$34,362   |  | \$7,500                                 | \$2,666,856                                 | \$22,666                                |
| 91600 Office Expenses                                   | \$27,558      | \$13,196                               | \$64,104  |                                 |   |   | \$5,403   | \$1,305  |  | \$4,923                                 | \$2,220,689                                 |   |
| 91700 Legal Expense                                     | \$4,713       |  |   |                                 |   |   |   | \$519  |  | \$646                                   | \$316,353                                   |   |
| 91800 Travel  | \$754         | \$556                                  | \$11,277  |                                 |   |   |   | \$22   |  | \$292                                   | \$57,507                                    |   |
| 91810 Allocated Overhead                                |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 91900 Other   | \$48,450      | \$65,224                               | \$266,437   |                                 |   |   | \$3,194   | \$281  |  | \$1,164                                 | \$328,731                                   |   |
| 91000 Total Operating - Administrative                  | \$226,815     | \$297,444                              | \$817,394   | \$0                             | \$0   | \$0   | \$48,637  | \$137,470  | \$0  | \$33,641                                | \$13,589,847                                | \$80,749                                |
| 92000 Asset Management Fee                              |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 92100 Tenant Services - Salaries                        |               |  |   |                                 |   |   |   | \$6,307  |  | \$0                                     | \$489,251                                   |   |
| 92200 Relocation Costs                                  |               | \$4,013                                | \$66,764  |                                 |   |   |   |  |  |   |   |   |
| 92300 Employee Benefit Contributions - Tenant Services  |               |  |   |                                 |   |   |   | \$2,084  |  | \$0                                     | \$169,097                                   |   |
| 92400 Tenant Services - Other                           |               | \$225                                  |   |                                 |   |   |   | \$48,792   |  |   | \$100,656                                   |   |
| 92500 Total Tenant Services                             | \$0           | \$4,238                                | \$66,764  | \$0                             | \$0   | \$0   | \$0   | \$57,183   | \$0  | \$0                                     | \$759,004                                   | \$0                                     |
| 93100 Water   | \$21,896      |  |   |                                 |   |   |   | \$83   |  |   |   |   |
| 93200 Electricity                                       | \$9,687       |  |   |                                 |   |   |   | \$73   |  |   |   |   |
| 93300 Gas   | \$1,311       |  |   |                                 |   |   |   | \$18   |  |   |   |   |



Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End:

06/30/2013

|   | Project Total | 14.901 Healthy Homes Initiative Grants | 14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.DVP Disaster Voucher Program | 14.OPS MTW Demonstration Program for Low Rent | 14.CFP MTW Demonstration Program for Capital Fund | 14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF) | 14.218 Community Development Block Grants/Entitlement Grants | 14.HCV MTW Demonstration Program for HCV program | 14.880 Family Unification Program (FUP) | 14.881 Moving to Work Demonstration Program | 14.231 Emergency Shelter Grants Program |
|---|---------------|--|---|---------------------------------|---|---|---|--|--|---|---|---|
| 93400 Fuel  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 93500 Labor   |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 93600 Sewer   | \$19,826      |  |   |                                 |   |   |   | \$119  |  |   |   |   |
| 93700 Employee Benefit Contributions - Utilities                |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 93800 Other Utilities Expense                                   |               |  |   |                                 |   |   |   | \$0  |  |   |   |   |
| 93000 Total Utilities   | \$52,720      | \$0                                    | \$0   | \$0                             | \$0   | \$0   | \$0   | \$293  | \$0  | \$0                                     | \$0   | \$0                                     |
| 94100 Ordinary Maintenance and Operations - Labor               | \$45,944      |  |   |                                 |   |   |   |  |  |   |   |   |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$3,525       |  |   |                                 |   |   |   |  |  |   |   |   |
| 94300 Ordinary Maintenance and Operations Contracts             | \$378,547     |  |   |                                 |   |   |   |  |  |   |   |   |
| 94500 Employee Benefit Contributions - Ordinary Maintenance     | \$25,634      |  |   |                                 |   |   |   |  |  |   |   |   |
| 94000 Total Maintenance   | \$453,650     | \$0                                    | \$0   | \$0                             | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                                     | \$0   | \$0                                     |
| 95100 Protective Services - Labor                               |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 95200 Protective Services - Other Contract Costs                | \$1,259       |  |   |                                 |   |   |   |  |  |   |   |   |
| 95300 Protective Services - Other                               |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 95500 Employee Benefit Contributions - Protective Services      |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 95000 Total Protective Services                                 | \$1,259       | \$0                                    | \$0   | \$0                             | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                                     | \$0   | \$0                                     |
| 96110 Property Insurance  | \$2,805       |  |   |                                 |   |   |   | \$98   |  |   |   |   |
| 96120 Liability Insurance                                       | \$1,473       |  | \$3,250   |                                 |   |   |   | \$40   |  | \$102                                   | \$30,732                                    |   |
| 96130 Workmen's Compensation                                    |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 96140 All Other Insurance                                       | \$2,667       |  |   |                                 |   |   |   | \$26   |  | \$250                                   | \$43,458                                    |   |
| 96100 Total Insurance Premiums                                  | \$6,945       | \$0                                    | \$3,250   | \$0                             | \$0   | \$0   | \$0   | \$164  | \$0  | \$352                                   | \$74,190                                    | \$0                                     |
| 96200 Other General Expenses                                    | \$136,763     | \$120,855                              | \$873,289   |                                 |   |   | \$23,940  | \$1,340,683  |  |   | \$172,517                                   | \$707,256                               |
| 96210 Compensated Absences                                      | \$2,565       |  | \$5,403   |                                 |   |   |   |  |  | \$369                                   | \$101,570                                   |   |
| 96300 Payments in Lieu of Taxes                                 | \$1,344       |  |   |                                 |   |   |   |  |  |   |   |   |
| 96400 Bad debt - Tenant Rents                                   | \$10,137      |  |   |                                 |   |   |   |  |  |   | \$47,716                                    |   |
| 96500 Bad debt - Mortgages                                      |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 96600 Bad debt - Other  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 96800 Severance Expense   |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 96000 Total Other General Expenses                              | \$150,809     | \$120,855                              | \$878,692   | \$0                             | \$0   | \$0   | \$23,940  | \$1,340,683  | \$0  | \$369                                   | \$321,803                                   | \$707,256                               |
| 96710 Interest of Mortgage (or Bonds) Payable                   |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 96720 Interest on Notes Payable (Short and Long Term)           |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 96730 Amortization of Bond Issue Costs                          |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 96700 Total Interest Expense and Amortization Cost              | \$0           | \$0                                    | \$0   | \$0                             | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                                     | \$0   | \$0                                     |
| 96900 Total Operating Expenses                                  | \$892,198     | \$422,537                              | \$1,766,100   | \$0                             | \$0   | \$0   | \$72,577  | \$1,535,793  | \$0  | \$34,362                                | \$14,744,844                                | \$788,005                               |
| 97000 Excess of Operating Revenue over Operating Expenses       | -\$426,759    | \$0                                    | \$15  | \$0                             | \$75,000                                      | \$671,888   | \$92,610  | \$1,591,767  | \$159,972,785                                    | \$1,255,599                             | -\$14,111,781                               | \$0                                     |
| 97100 Extraordinary Maintenance                                 |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 97200 Casualty Losses - Non-capitalized                         |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 97300 Housing Assistance Payments                               |               |  |   |                                 |   |   | \$92,610  |  |  | \$1,273,984                             | \$146,377,371                               |   |
| 97350 HAP Portability-In  |               |  |   |                                 |   |   |   |  |  |   | \$46,381                                    |   |

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

|   | Project Total | 14.901 Healthy Homes Initiative Grants | 14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.DVP Disaster Voucher Program | 14.OPS MTW Demonstration Program for Low Rent | 14.CFP MTW Demonstration Program for Capital Fund | 14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF) | 14.218 Community Development Block Grants/Entitlement Grants | 14.HCV MTW Demonstration Program for HCV program | 14.880 Family Unification Program (FUP) | 14.881 Moving to Work Demonstration Program | 14.231 Emergency Shelter Grants Program |
|---|---------------|--|---|---------------------------------|---|---|---|--|--|---|---|---|
| 97400 Depreciation Expense  | \$75,110      |  |   |                                 |   |   |   |  |  |   |   |   |
| 97500 Fraud Losses  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 97600 Capital Outlays - Governmental Funds                                |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 97700 Debt Principal Payment - Governmental Funds                         |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 97800 Dwelling Units Rent Expense   |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 90000 Total Expenses  | \$967,308     | \$422,537                              | \$1,766,100   | \$0                             | \$0   | \$0   | \$165,187   | \$1,535,793  | \$0  | \$1,308,346                             | \$161,168,596                               | \$788,005                               |
| 10010 Operating Transfer In   | \$913,607     |  |   | \$109                           |   |   |   | \$19,341   |  |   | \$160,005,101                               |   |
| 10020 Operating transfer Out  | -\$166,719    |  | -\$15   |                                 | -\$75,000                                     | -\$671,888  |   | -\$591,723   | -\$159,972,785                                   |   | -\$32,425                                   |   |
| 10030 Operating Transfers from/to Primary Government                      |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 10040 Operating Transfers from/to Component Unit                          |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 10050 Proceeds from Notes, Loans and Bonds                                |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 10060 Proceeds from Property Sales  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 10070 Extraordinary Items, Net Gain/Loss                                  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 10080 Special Items (Net Gain/Loss)                                       |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 10091 Inter Project Excess Cash Transfer In                               |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 10092 Inter Project Excess Cash Transfer Out                              |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 10093 Transfers between Program and Project - In                          | \$0           |  |   |                                 |   |   |   |  |  |   |   |   |
| 10094 Transfers between Project and Program - Out                         |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 10100 Total Other financing Sources (Uses)                                | \$746,888     | \$0                                    | -\$15   | \$109                           | -\$75,000                                     | -\$671,888  | \$0   | -\$572,382   | -\$159,972,785                                   | \$0                                     | \$159,972,676                               | \$0                                     |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses    | \$245,019     | \$0                                    | \$0   | \$109                           | \$0   | \$0   | \$0   | \$1,019,385  | \$0  | -\$18,385                               | -\$562,857                                  | \$0                                     |
| 11020 Required Annual Debt Principal Payments                             | \$0           | \$0                                    | \$0   | \$0                             | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                                     | \$0   | \$0                                     |
| 11030 Beginning Equity  | \$18,392,389  | \$0                                    | \$0   | \$25,659                        | \$0   | \$0   | \$0   | \$10,617,624   | \$0  | \$248,447                               | \$25,914,897                                | \$0                                     |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | -\$2,602      |  |   | -\$25,768                       |   |   |   |  |  |   |   |   |
| 11050 Changes in Compensated Absence Balance                              |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 11060 Changes in Contingent Liability Balance                             |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 11070 Changes in Unrecognized Pension Transition Liability                |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 11080 Changes in Special Term/Severance Benefits Liability                |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents         |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 11100 Changes in Allowance for Doubtful Accounts - Other                  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 11170 Administrative Fee Equity   |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 11180 Housing Assistance Payments Equity                                  |               |  |   |                                 |   |   |   |  |  |   |   |   |
| 11190 Unit Months Available   | 912           |  |   |                                 |   |   | 45  |  | 169548   | 1200                                    |   | 2700                                    |
| 11210 Number of Unit Months Leased  | 889           |  |   |                                 |   |   | 45  |  | 167821   | 1076                                    |   | 2700                                    |
| 11270 Excess Cash   | \$14,041,072  |  |   |                                 |   |   |   |  |  |   |   |   |
| 11610 Land Purchases  | \$0           |  |   |                                 |   |   |   |  |  |   |   |   |
| 11620 Building Purchases  | \$0           |  |   |                                 |   |   |   |  |  |   |   |   |
| 11630 Furniture & Equipment - Dwelling Purchases                          | \$0           |  |   |                                 |   |   |   |  |  |   |   |   |
| 11640 Furniture & Equipment - Administrative Purchases                    | \$0           |  |   |                                 |   |   |   |  |  |   |   |   |
| 11650 Leasehold Improvements Purchases                                    | \$0           |  |   |                                 |   |   |   |  |  |   |   |   |
| 11660 Infrastructure Purchases  | \$0           |  |   |                                 |   |   |   |  |  |   |   |   |
| 13510 CFFP Debt Service Payments  | \$0           |  |   |                                 |   |   |   |  |  |   |   |   |
| 13901 Replacement Housing Factor Funds                                    | \$0           |  |   |                                 |   |   |   |  |  |   |   |   |

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

|   | 14.238 Shelter Plus Care | 14.239 HOME Investment Partnerships Program | 93.602 New Assets for Independence Demonstration Program | 6 Component Units | 8 Other Federal Program 1 | 9 Other Federal Program 2 | 2 State/Local | 1 Business Activities | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat | Subtotal      | ELIM         | Total         |
|---|--------------------------|---|--|-------------------|---------------------------|---------------------------|---------------|-----------------------|---|---------------|--------------|---------------|
| 70300 Net Tenant Rental Revenue                         |                          |   |  | \$1,595,531       |                           |                           | \$428,640     | \$25,034,655          | \$0   | \$27,380,061  | -\$320,120   | \$27,059,941  |
| 70400 Tenant Revenue - Other                            |                          |   |  | \$68,530          |                           |                           | \$5,250       | \$198,705             | \$0   | \$273,710     |              | \$273,710     |
| 70500 Total Tenant Revenue                              | \$0                      | \$0   | \$0  | \$1,664,061       | \$0                       | \$0                       | \$433,890     | \$25,233,360          | \$0   | \$27,653,771  | -\$320,120   | \$27,333,651  |
| 70600 HUD PHA Operating Grants                          | \$2,463,935              | \$7,799,137                                 |  |                   |                           |                           |               |                       | \$513,606   | \$178,213,415 |              | \$178,213,415 |
| 70610 Capital Grants                                    |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 70710 Management Fee                                    |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 70720 Asset Management Fee                              |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 70730 Book Keeping Fee                                  |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 70740 Front Line Service Fee                            |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 70750 Other Fees  |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 70700 Total Fee Revenue                                 |                          |   |  |                   |                           |                           |               |                       | \$0   | \$0           | \$0          | \$0           |
| 70800 Other Government Grants                           |                          |   | \$9,628  |                   | \$48,301                  |                           | \$1,541,182   | \$8,343,604           | \$0   | \$9,942,715   |              | \$9,942,715   |
| 71100 Investment Income - Unrestricted                  |                          | \$2,341                                     | \$2,123  | \$6,520           |                           | \$180                     | \$5,583       | \$815,272             | \$0   | \$1,201,227   |              | \$1,201,227   |
| 71200 Mortgage Interest Income                          |                          | \$3,694,335                                 |  |                   |                           |                           | \$124,265     | \$2,553,961           | \$0   | \$6,602,723   |              | \$6,602,723   |
| 71300 Proceeds from Disposition of Assets Held for Sale |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 71310 Cost of Sale of Assets                            |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 71400 Fraud Recovery                                    |                          |   |  |                   |                           |                           |               |                       | \$0   | \$122,915     |              | \$122,915     |
| 71500 Other Revenue                                     |                          | \$195,574                                   |  | \$73,266          |                           |                           | \$10,202      | \$7,638,528           | \$0   | \$8,755,627   | -\$2,739,645 | \$6,015,982   |
| 71600 Gain or Loss on Sale of Capital Assets            |                          |   |  |                   |                           |                           |               | \$1,975               | \$0   | \$38,221      |              | \$38,221      |
| 72000 Investment Income - Restricted                    |                          |   |  |                   |                           |                           | \$747         | \$817,617             | \$0   | \$840,119     |              | \$840,119     |
| 70000 Total Revenue                                     | \$2,463,935              | \$11,691,387                                | \$11,751   | \$1,743,847       | \$48,301                  | \$180                     | \$2,115,869   | \$45,404,317          | \$513,606   | \$233,370,733 | -\$3,059,765 | \$230,310,968 |
| 91100 Administrative Salaries                           | \$56,301                 | \$409,936                                   |  | \$576,461         |                           |                           | \$138,521     | \$6,210,628           | \$15,973  | \$16,181,880  |              | \$16,181,880  |
| 91200 Auditing Fees                                     |                          | \$1,598                                     |  | \$38,966          |                           |                           | \$2,445       | \$115,574             | \$57  | \$184,926     |              | \$184,926     |
| 91300 Management Fee                                    |                          |   |  | \$98,767          |                           |                           |               | \$819,629             | \$0   | \$918,396     | -\$819,629   | \$98,767      |
| 91310 Book-keeping Fee                                  |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 91400 Advertising and Marketing                         |                          | \$1,684                                     |  | \$220             |                           |                           | \$1,077       | \$66,555              | \$62  | \$111,774     |              | \$111,774     |
| 91500 Employee Benefit contributions - Administrative   | \$16,822                 | \$125,651                                   |  |                   |                           |                           | \$52,165      | \$1,941,904           | \$6,476   | \$5,089,195   |              | \$5,089,195   |
| 91600 Office Expenses                                   |                          | \$115,132                                   |  | \$52,726          | \$1,546                   |                           | \$48,707      | \$1,839,230           | \$5,448   | \$4,399,967   | -\$1,951,434 | \$2,448,533   |
| 91700 Legal Expense                                     |                          | \$81,813                                    |  | \$38,328          |                           |                           | \$6,510       | \$562,653             | \$484   | \$1,012,019   |              | \$1,012,019   |
| 91800 Travel  |                          | \$5,732                                     |  | \$11,593          | \$863                     |                           | \$1,275       | \$47,424              | \$114   | \$137,409     |              | \$137,409     |
| 91810 Allocated Overhead                                |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 91900 Other   | \$22,937                 | \$129,931                                   | \$21   | \$55,556          | \$313                     |                           | \$27,460      | \$3,540,442           | -\$123  | \$4,490,018   | -\$288,702   | \$4,201,316   |
| 91000 Total Operating - Administrative                  | \$96,060                 | \$871,477                                   | \$21   | \$872,617         | \$2,722                   | \$0                       | \$278,160     | \$15,144,039          | \$28,491  | \$32,525,584  | -\$3,059,765 | \$29,465,819  |
| 92000 Asset Management Fee                              |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 92100 Tenant Services - Salaries                        |                          |   | \$34   |                   | \$19,739                  |                           |               | \$133,261             | \$0   | \$648,592     |              | \$648,592     |
| 92200 Relocation Costs                                  |                          |   |  |                   |                           |                           | \$405         | \$231,218             | \$0   | \$302,400     |              | \$302,400     |
| 92300 Employee Benefit Contributions - Tenant Services  |                          |   | \$38   |                   | \$6,740                   |                           |               | \$47,641              | \$0   | \$225,600     |              | \$225,600     |
| 92400 Tenant Services - Other                           |                          |   | \$138,974  | \$54,131          | \$19,100                  |                           |               | \$409,931             | \$0   | \$771,809     |              | \$771,809     |
| 92500 Total Tenant Services                             | \$0                      | \$0   | \$139,046  | \$54,131          | \$45,579                  | \$0                       | \$405         | \$822,051             | \$0   | \$1,948,401   | \$0          | \$1,948,401   |
| 93100 Water   |                          |   |  | \$58,415          |                           |                           | \$30,320      | \$1,377,372           | \$0   | \$1,488,086   |              | \$1,488,086   |
| 93200 Electricity                                       |                          |   |  | \$26,302          |                           |                           | \$19,119      | \$572,792             | \$0   | \$627,973     |              | \$627,973     |
| 93300 Gas   |                          |   |  | \$8,122           |                           |                           | \$17,185      | \$214,834             | \$0   | \$241,470     |              | \$241,470     |

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

|   | 14.238 Shelter Plus Care | 14.239 HOME Investment Partnerships Program | 93.602 New Assets for Independence Demonstration Program | 6 Component Units | 8 Other Federal Program 1 | 9 Other Federal Program 2 | 2 State/Local | 1 Business Activities | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat | Subtotal      | ELIM         | Total         |
|---|--------------------------|---|--|-------------------|---------------------------|---------------------------|---------------|-----------------------|---|---------------|--------------|---------------|
| 93400 Fuel  |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 93500 Labor   |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 93600 Sewer   |                          |   |  | \$60,719          |                           |                           | \$30,824      | \$133,374             | \$0   | \$244,862     |              | \$244,862     |
| 93700 Employee Benefit Contributions - Utilities                |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 93800 Other Utilities Expense                                   |                          |   |  | \$0               |                           |                           |               | \$24,621              | \$0   | \$24,621      |              | \$24,621      |
| 93000 Total Utilities   | \$0                      | \$0   | \$0  | \$153,558         | \$0                       | \$0                       | \$97,448      | \$2,322,993           | \$0   | \$2,627,012   | \$0          | \$2,627,012   |
| 94100 Ordinary Maintenance and Operations - Labor               |                          |   |  | \$75,567          |                           |                           | \$38,836      | \$514,702             | \$0   | \$675,049     |              | \$675,049     |
| 94200 Ordinary Maintenance and Operations - Materials and Other |                          |   |  | \$19,001          |                           |                           | \$9,966       | \$293,069             | \$0   | \$325,561     |              | \$325,561     |
| 94300 Ordinary Maintenance and Operations Contracts             |                          |   |  | \$131,610         |                           |                           | \$180,851     | \$2,994,668           | \$0   | \$3,685,676   |              | \$3,685,676   |
| 94500 Employee Benefit Contributions - Ordinary Maintenance     |                          |   |  |                   |                           |                           | \$25,445      | \$294,033             | \$0   | \$345,112     |              | \$345,112     |
| 94000 Total Maintenance   | \$0                      | \$0   | \$0  | \$226,178         | \$0                       | \$0                       | \$255,098     | \$4,096,472           | \$0   | \$5,031,398   | \$0          | \$5,031,398   |
| 95100 Protective Services - Labor                               |                          |   |  |                   |                           |                           | \$0           |                       | \$0   | \$0           |              | \$0           |
| 95200 Protective Services - Other Contract Costs                |                          |   |  | \$0               |                           |                           | \$4,990       | \$441,961             | \$0   | \$448,210     |              | \$448,210     |
| 95300 Protective Services - Other                               |                          |   |  |                   |                           |                           |               | \$13,304              | \$0   | \$13,304      |              | \$13,304      |
| 95500 Employee Benefit Contributions - Protective Services      |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 95000 Total Protective Services                                 | \$0                      | \$0   | \$0  | \$0               | \$0                       | \$0                       | \$4,990       | \$455,265             | \$0   | \$461,514     | \$0          | \$461,514     |
| 96110 Property Insurance  |                          |   |  | \$9,825           |                           |                           | \$1,294       | \$126,910             | \$0   | \$140,932     |              | \$140,932     |
| 96120 Liability Insurance                                       |                          | \$14  |  | \$18,649          |                           |                           | \$1,703       | \$83,761              | \$90  | \$139,814     |              | \$139,814     |
| 96130 Workmen's Compensation                                    |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 96140 All Other Insurance                                       |                          | \$1,437                                     |  | \$24,371          |                           |                           | \$4,332       | \$124,898             | \$71  | \$201,510     |              | \$201,510     |
| 96100 Total insurance Premiums                                  | \$0                      | \$1,451                                     | \$0  | \$52,845          | \$0                       | \$0                       | \$7,329       | \$335,569             | \$161   | \$482,256     | \$0          | \$482,256     |
| 96200 Other General Expenses                                    | \$88,435                 | -\$756,654                                  |  | \$133,525         |                           |                           | \$215,790     | \$4,380,417           | \$0   | \$7,436,816   |              | \$7,436,816   |
| 96210 Compensated Absences                                      |                          | \$13,806                                    | \$12   |                   |                           |                           |               | \$49,519              | \$297   | \$173,541     |              | \$173,541     |
| 96300 Payments in Lieu of Taxes                                 |                          |   |  |                   |                           |                           | \$32          | \$95,569              | \$0   | \$96,945      |              | \$96,945      |
| 96400 Bad debt - Tenant Rents                                   |                          |   |  | \$500             |                           |                           | \$751         | \$239,262             | \$0   | \$298,366     |              | \$298,366     |
| 96500 Bad debt - Mortgages                                      |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 96600 Bad debt - Other  |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 96800 Severance Expense   |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 96000 Total Other General Expenses                              | \$88,435                 | -\$742,848                                  | \$12   | \$134,025         | \$0                       | \$0                       | \$216,573     | \$4,764,767           | \$297   | \$8,005,668   | \$0          | \$8,005,668   |
| 96710 Interest of Mortgage (or Bonds) Payable                   |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 96720 Interest on Notes Payable (Short and Long Term)           |                          |   |  | \$465,869         |                           |                           | \$18,978      | \$5,641,415           | \$0   | \$6,126,262   |              | \$6,126,262   |
| 96730 Amortization of Bond Issue Costs                          |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 96700 Total Interest Expense and Amortization Cost              | \$0                      | \$0   | \$0  | \$465,869         | \$0                       | \$0                       | \$18,978      | \$5,641,415           | \$0   | \$6,126,262   | \$0          | \$6,126,262   |
| 96900 Total Operating Expenses                                  | \$184,495                | \$130,080                                   | \$139,079  | \$1,959,223       | \$48,301                  | \$0                       | \$878,981     | \$33,582,571          | \$28,949  | \$57,208,095  | -\$3,059,765 | \$54,148,330  |
| 97000 Excess of Operating Revenue over Operating Expenses       | \$2,279,440              | \$11,561,307                                | -\$127,328   | -\$215,376        | \$0                       | \$180                     | \$1,236,888   | \$11,821,746          | \$484,657   | \$176,162,638 | \$0          | \$176,162,638 |
| 97100 Extraordinary Maintenance                                 |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 97200 Casualty Losses - Non-capitalized                         |                          |   |  |                   |                           |                           |               |                       | \$0   |               |              |               |
| 97300 Housing Assistance Payments                               | \$2,279,440              | \$380,440                                   |  |                   |                           |                           |               |                       | \$454,928   | \$150,858,773 |              | \$150,858,773 |
| 97350 HAP Portability-In  |                          |   |  |                   |                           |                           |               |                       | \$0   | \$46,381      |              | \$46,381      |

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

|   | 14.238 Shelter Plus Care | 14.239 HOME Investment Partnerships Program | 93.602 New Assets for Independence Demonstration Program | 6 Component Units | 8 Other Federal Program 1 | 9 Other Federal Program 2 | 2 State/Local | 1 Business Activities | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat | Subtotal       | ELIM           | Total         |
|---|--------------------------|---|--|-------------------|---------------------------|---------------------------|---------------|-----------------------|---|----------------|----------------|---------------|
| 97400 Depreciation Expense  |                          |   |  | \$356,086         |                           |                           | \$89,919      | \$3,948,524           | \$0   | \$4,469,639    |                | \$4,469,639   |
| 97500 Fraud Losses  |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 97600 Capital Outlays - Governmental Funds                                |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 97700 Debt Principal Payment - Governmental Funds                         |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 97800 Dwelling Units Rent Expense   |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 90000 Total Expenses  | \$2,463,935              | \$510,520                                   | \$139,079  | \$2,315,309       | \$48,301                  | \$0                       | \$968,900     | \$37,531,095          | \$483,877   | \$212,582,888  | -\$3,059,765   | \$209,523,123 |
| 10010 Operating Transfer In   |                          | \$356,711                                   |  |                   |                           |                           | \$2,250,209   | \$14,206,820          | \$0   | \$177,751,898  | -\$177,751,898 | \$0           |
| 10020 Operating transfer Out  |                          |   |  |                   |                           |                           |               | -\$16,241,343         | \$0   | -\$177,751,898 | \$177,751,898  | \$0           |
| 10030 Operating Transfers from/to Primary Government                      |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 10040 Operating Transfers from/to Component Unit                          |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 10050 Proceeds from Notes, Loans and Bonds                                |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 10060 Proceeds from Property Sales  |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 10070 Extraordinary Items, Net Gain/Loss                                  |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 10080 Special Items (Net Gain/Loss)                                       |                          |   |  | \$383,978         |                           |                           |               |                       | \$0   | \$383,978      |                | \$383,978     |
| 10091 Inter Project Excess Cash Transfer In                               |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 10092 Inter Project Excess Cash Transfer Out                              |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 10093 Transfers between Program and Project - In                          |                          |   |  |                   |                           |                           |               |                       | \$0   | \$0            |                | \$0           |
| 10094 Transfers between Project and Program - Out                         |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 10100 Total Other financing Sources (Uses)                                | \$0                      | \$356,711                                   | \$0  | \$383,978         | \$0                       | \$0                       | \$2,250,209   | -\$2,034,523          | \$0   | \$383,978      | \$0            | \$383,978     |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses    | \$0                      | \$11,537,578                                | -\$127,328   | -\$187,484        | \$0                       | \$180                     | \$3,397,178   | \$5,838,699           | \$29,729  | \$21,171,823   | \$0            | \$21,171,823  |
| 11020 Required Annual Debt Principal Payments                             | \$0                      | \$0   | \$0  | \$0               | \$0                       | \$0                       | \$0           | \$1,617,675           | \$0   | \$1,617,675    |                | \$1,617,675   |
| 11030 Beginning Equity  | \$0                      | \$146,178,572                               | \$127,228  | \$2,143,880       | \$0                       | \$21,445                  | \$5,564,335   | \$215,502,426         | \$101,454   | \$424,838,356  |                | \$424,838,356 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors |                          |   |  |                   |                           |                           |               | \$28,370              | \$0   | \$0            |                | \$0           |
| 11050 Changes in Compensated Absence Balance                              |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 11060 Changes in Contingent Liability Balance                             |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 11070 Changes in Unrecognized Pension Transition Liability                |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 11080 Changes in Special Term/Severance Benefits Liability                |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents         |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 11100 Changes in Allowance for Doubtful Accounts - Other                  |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 11170 Administrative Fee Equity   |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 11180 Housing Assistance Payments Equity                                  |                          |   |  |                   |                           |                           |               |                       | \$0   |                |                |               |
| 11190 Unit Months Available   |                          | 576   |  | 1594              |                           |                           | 1356          | 24303                 | 612   | 202846         |                | 202846        |
| 11210 Number of Unit Months Leased  |                          | 568   |  | 1581              |                           |                           | 972           | 22872                 | 602   | 199226         |                | 199226        |
| 11270 Excess Cash   |                          |   |  |                   |                           |                           |               |                       | \$0   | \$14,041,072   |                | \$14,041,072  |
| 11610 Land Purchases  |                          |   |  |                   |                           |                           |               |                       | \$0   | \$0            |                | \$0           |
| 11620 Building Purchases  |                          |   |  |                   |                           |                           |               |                       | \$0   | \$0            |                | \$0           |
| 11630 Furniture & Equipment - Dwelling Purchases                          |                          |   |  |                   |                           |                           |               |                       | \$0   | \$0            |                | \$0           |
| 11640 Furniture & Equipment - Administrative Purchases                    |                          |   |  |                   |                           |                           |               |                       | \$0   | \$0            |                | \$0           |
| 11650 Leasehold Improvements Purchases                                    |                          |   |  |                   |                           |                           |               |                       | \$0   | \$0            |                | \$0           |
| 11660 Infrastructure Purchases  |                          |   |  |                   |                           |                           |               |                       | \$0   | \$0            |                | \$0           |
| 13510 CFFP Debt Service Payments  |                          |   |  |                   |                           |                           |               |                       | \$0   | \$0            |                | \$0           |
| 13901 Replacement Housing Factor Funds                                    |                          |   |  |                   |                           |                           |               |                       | \$0   | \$0            |                | \$0           |



SAN DIEGO  
HOUSING  
COMMISSION

# Statistical Section (Unaudited)



## *We're About People – SDHC Programs*

A single mother of two, Kym saw herself as “the neighbor on the street that had the worst home.” A home rehabilitation loan from SDHC enabled her to make a few changes, among them: removing mold from her master bathroom, repainting her house, and replacing an unstable fence.





San Diego Housing Commission

Statistical Section (Unaudited)

This part of the Comprehensive Annual Financial Report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about SDHC's overall financial health. The following are the categories of the schedules that are included in this Section:

**Financial Trends**

These schedules contain trend information to help the reader understand how SDHC's financial performance and well-being have changed over time. These schedules can be viewed on pages 113 - 115.

**Revenue Capacity**

This schedule contains information to help the reader assess SDHC's most significant revenue source. This schedule can be viewed on page 117.

**Debt Capacity**

This schedule presents information to help the reader assess the affordability of SDHC's current level of outstanding debt. This schedule can be viewed on page 119.

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which SDHC's financial activities take place. These schedules can be viewed on pages 121 - 126.

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in SDHC's financial report relates to the services SDHC provides and the activities it performs. These schedules can be viewed on pages 128 - 134.

## **FINANCIAL TRENDS**





San Diego Housing Commission

Net Position by Component (Unaudited)

Ten Years Ending June 30, 2013

| Fiscal Year | Net Investment<br>in Capital<br>Assets | Restricted  | Unrestricted   | Total Net<br>Position |
|-------------|--|-------------|----------------|-----------------------|
| 2004        | \$ 74,834,496                          | \$ -        | \$ 134,854,332 | \$ 209,688,828        |
| 2005        | 68,018,419                             | 72,050,540  | 103,729,782    | 243,798,741           |
| 2006        | 67,288,827                             | 74,995,714  | 127,911,849    | 270,196,390           |
| 2007        | 67,893,139                             | 86,943,780  | 141,958,499    | 296,795,418           |
| 2008        | 68,982,385                             | 122,520,904 | 137,314,102    | 328,817,391           |
| 2009        | 69,458,302                             | 128,863,010 | 152,042,313    | 350,363,625           |
| 2010        | 39,788,284                             | 129,062,731 | 213,986,961    | 382,837,976           |
| 2011        | 43,092,084                             | 137,161,661 | 224,260,898    | 404,514,643           |
| 2012        | 54,768,792                             | 142,430,835 | 225,494,849    | 422,694,476           |
| 2013        | 55,290,545                             | 151,444,156 | 237,319,083    | 444,053,784           |



San Diego Housing Commission

Revenues, Expenses and Changes in Net Position (Unaudited)

Last Ten Years Ending June 30, 2013

|  | 2013          | 2012          | 2011          | 2010          | 2009          | 2008          | 2007          | 2006          | 2005          | 2004          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>OPERATING REVENUES:</b>                 |               |               |               |               |               |               |               |               |               |               |
| Dwelling rental income                     | \$ 25,669,589 | \$ 25,082,830 | \$ 24,309,910 | \$ 21,193,199 | \$ 21,431,650 | \$ 15,001,921 | \$ 9,214,737  | \$ 9,246,138  | \$ 8,784,442  | \$ 8,435,150  |
| Land lease and other rental income         | 2,023,344     | 1,892,027     | 1,970,080     | 1,233,941     | 1,368,541     | 1,292,869     | 893,008       | 1,420,994     | 686,927       | 660,753       |
| Fee revenue                                | 2,030,042     | 1,886,252     | 2,867,606     | 1,813,413     | 1,648,597     | 2,085,358     | 2,423,510     | 3,445,605     | 1,863,034     | 1,736,638     |
| Shared equity income                       | -             | 171,422       | 158,270       | 181,535       | 206,068       | 694,263       | 1,335,361     | 3,332,144     | -             | -             |
| Other revenue                              | 1,927,430     | 1,120,603     | 2,076,205     | 3,365,390     | 1,439,749     | 845,374       | 786,219       | 783,850       | 7,037,417     | 6,501,631     |
| Total operating revenues                   | 31,650,405    | 30,153,134    | 31,382,071    | 27,787,478    | 26,094,605    | 19,919,785    | 14,652,835    | 18,228,731    | 18,371,820    | 17,334,172    |
| <b>OPERATING EXPENSES:</b>                 |               |               |               |               |               |               |               |               |               |               |
| Administrative expenses                    | 28,713,564    | 26,870,807    | 24,686,591    | 23,208,287    | 19,959,913    | 18,974,670    | 18,869,659    | 17,440,943    | 16,977,386    | 17,790,327    |
| Tenant services                            | 1,919,200     | 2,207,747     | 2,450,010     | 1,862,540     | 1,687,646     | 1,809,223     | 1,701,047     | 1,699,413     | 1,748,554     | 1,965,756     |
| Asset management                           | 7,790,710     | 7,470,695     | 10,130,088    | 7,074,276     | 6,664,735     | 7,779,665     | 7,950,607     | 6,564,833     | 6,023,949     | 6,152,656     |
| General expenses                           | 1,201,718     | 2,615,886     | 3,840,050     | 4,587,653     | 3,286,471     | 2,428,251     | 2,627,940     | 1,116,232     | 1,049,149     | 1,001,111     |
| Grant expense                              | 6,650,674     | 5,879,572     | 4,698,932     | 5,065,696     | 4,561,061     | 5,618,803     | 6,461,210     | 4,541,016     | 5,081,507     | 6,370,189     |
| Housing assistance                         | 150,905,154   | 147,823,240   | 145,876,110   | 144,790,881   | 139,234,699   | 126,587,352   | 113,252,745   | 114,717,876   | 106,562,142   | 105,458,951   |
| Depreciation                               | 4,113,552     | 3,920,321     | 4,047,879     | 2,595,635     | 2,367,288     | 2,980,926     | 3,628,646     | 2,954,643     | 3,219,855     | 3,124,891     |
| Total operating expenses                   | 201,294,572   | 196,788,268   | 195,729,660   | 189,184,968   | 177,761,813   | 166,178,890   | 154,491,854   | 149,034,956   | 140,662,542   | 141,863,881   |
| Operating loss                             | (169,644,167) | (166,635,134) | (164,347,589) | (161,397,490) | (151,667,208) | (146,259,106) | (139,839,019) | (130,806,225) | (122,290,722) | (124,529,709) |
| <b>Non-operating revenues (expenses):</b>  |               |               |               |               |               |               |               |               |               |               |
| Grant revenue                              | 188,240,947   | 182,353,583   | 184,749,521   | 189,101,021   | 169,455,958   | 172,108,621   | 156,165,071   | 150,529,900   | 152,817,247   | 129,175,119   |
| Investment income                          | 8,637,551     | 8,774,498     | 6,974,862     | 7,312,333     | 6,374,263     | 6,858,050     | 7,339,612     | 5,739,847     | 3,636,566     | 3,643,183     |
| Gain/loss on sale of capital assets        | 38,220        | (49,695)      | (683)         | -             | -             | (132,480)     | 3,560,143     | 11,504        | 3,527,602     | 117,900       |
| Gain on fair market value of interest swap | -             | -             | 859,125       | 459,836       | (831,228)     | -             | -             | -             | -             | -             |
| Interest expense                           | (5,913,243)   | (6,263,419)   | (6,558,569)   | (3,001,349)   | (1,785,551)   | (1,772,989)   | (1,278,512)   | (383,624)     | (355,007)     | (475,942)     |
| Total nonoperating revenues (expenses)     | 191,003,475   | 184,814,967   | 186,024,256   | 193,871,841   | 173,213,442   | 177,061,202   | 165,786,314   | 155,897,627   | 159,626,408   | 132,460,260   |
| Total revenues and expenses                | 21,359,308    | 18,179,833    | 21,676,667    | 32,474,351    | 21,546,234    | 30,802,096    | 25,947,295    | 25,091,402    | 37,335,686    | 7,930,551     |
| Capital grants                             | -             | -             | -             | -             | -             | 1,219,877     | 651,733       | 1,306,247     | 1,328,236     | -             |
| Change in net assets                       | \$ 21,359,308 | \$ 18,179,833 | \$ 21,676,667 | \$ 32,474,351 | \$ 21,546,234 | \$ 32,021,973 | \$ 26,599,028 | \$ 26,397,649 | \$ 38,663,922 | \$ 7,930,551  |



San Diego Housing Commission  
 Capital Assets by Category (Unaudited)  
 Last Ten Years Ending June 30, 2013

| CATEGORY   | 2013                 | 2012                 | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 | 2005                 | 2004                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Land   | \$ 63,036,133        | \$ 60,440,951        | \$ 60,440,951        | \$ 39,022,937        | \$ 29,543,943        | \$ 29,651,723        | \$ 29,436,163        | \$ 30,543,943        | \$ 30,543,943        | \$ 27,798,657        |
| Construction in progress                               | 1,854,210            | 465,800              | 465,800              | 4,319,426            | 7,000,730            | 11,611,732           | 10,607,415           | 9,942,951            | 8,636,704            | 7,308,470            |
| Buildings  | 88,811,413           | 84,722,349           | 84,722,349           | 60,954,269           | 56,403,458           | 56,372,153           | 79,665,542           | 58,874,458           | 58,874,458           | 59,881,038           |
| Building improvements                                  | 30,811,213           | 17,719,475           | 17,719,475           | 12,227,363           | 12,368,642           | 7,901,115            | 24,396,791           | 24,270,847           | 24,270,847           | 25,121,440           |
| Furniture and equipment                                | 3,781,552            | 3,133,552            | 3,213,224            | 2,930,854            | 2,844,786            | 2,463,141            | 3,282,749            | 986,424              | 914,750              | 915,231              |
| <b>Total capital assets</b>                            | <b>188,294,521</b>   | <b>166,482,127</b>   | <b>166,561,799</b>   | <b>119,454,849</b>   | <b>108,161,559</b>   | <b>107,999,864</b>   | <b>147,388,660</b>   | <b>124,618,623</b>   | <b>123,240,702</b>   | <b>121,024,836</b>   |
| Less accumulated depreciation                          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Buildings  | 13,852,095           | 9,464,032            | 9,464,032            | 8,059,821            | 7,521,776            | 6,105,932            | 28,012,583           | 26,885,994           | 25,414,132           | 24,418,902           |
| Building improvements                                  | 5,678,975            | 2,774,997            | 2,774,997            | 2,233,130            | 2,048,503            | 1,521,762            | 17,140,068           | 15,682,539           | 14,225,824           | 13,031,720           |
| Furniture and equipment                                | 2,967,003            | 2,279,894            | 2,309,871            | 1,904,844            | 1,363,573            | 938,870              | 1,128,894            | 870,169              | 861,347              | 860,875              |
| <b>Total accumulated depreciation</b>                  | <b>22,498,073</b>    | <b>14,518,923</b>    | <b>14,548,900</b>    | <b>12,197,795</b>    | <b>10,933,852</b>    | <b>8,566,564</b>     | <b>46,281,545</b>    | <b>43,438,702</b>    | <b>40,501,303</b>    | <b>38,311,497</b>    |
| <b>Net capital assets</b>                              | <b>165,796,448</b>   | <b>157,891,317</b>   | <b>152,012,899</b>   | <b>107,257,054</b>   | <b>97,227,707</b>    | <b>99,433,300</b>    | <b>101,107,115</b>   | <b>81,179,921</b>    | <b>82,739,399</b>    | <b>82,713,339</b>    |
| Related debt   | 110,505,903          | 103,122,525          | 108,920,815          | 67,468,770           | 27,769,404           | 30,450,915           | 33,213,976           | 13,891,094           | 14,720,979           | 7,878,843            |
| <b>Invested in capital assets, net of related debt</b> | <b>\$ 55,290,545</b> | <b>\$ 54,768,792</b> | <b>\$ 43,092,084</b> | <b>\$ 39,788,284</b> | <b>\$ 69,458,303</b> | <b>\$ 68,982,385</b> | <b>\$ 67,893,139</b> | <b>\$ 67,288,827</b> | <b>\$ 68,018,420</b> | <b>\$ 74,834,496</b> |

## **REVENUE CAPACITY**



San Diego Housing Commission  
 Revenue on a Gross Basis (Unaudited)  
 Last Ten Years Ending June 30, 2013

| DESCRIPTION                         | 2013                  | 2012                  | 2011                  | 2010                  | 2009                  | 2008                  | 2007                  | 2006                  | 2005                  | 2004                  |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenues (gross):                   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Operating revenues                  | \$ 31,650,405         | \$ 30,153,134         | \$ 31,382,071         | \$ 27,787,478         | \$ 26,094,605         | \$ 19,919,784         | \$ 14,652,835         | \$ 18,228,731         | \$ 18,371,820         | \$ 17,334,172         |
| Subsidies and grants                | 188,240,947           | 182,353,583           | 184,749,521           | 189,101,021           | 169,455,958           | 173,328,498           | 156,816,804           | 151,836,147           | 154,145,483           | 129,175,119           |
| Investment income                   | 8,637,551             | 8,774,498             | 6,974,862             | 7,312,333             | 6,374,263             | 6,858,080             | 7,339,612             | 5,739,847             | 3,636,566             | 3,643,183             |
| Gain/loss on sale of capital assets | 38,220                | (49,695)              | (683)                 |                       |                       | (132,480)             | 3,560,143             | 11,504                | 3,527,602             | 117,900               |
| Other                               |                       |                       | 859,125               | 459,836               | -                     | -                     | -                     | -                     | -                     | -                     |
| <b>Total revenues</b>               | <b>\$ 228,567,123</b> | <b>\$ 221,231,520</b> | <b>\$ 223,964,896</b> | <b>\$ 224,660,668</b> | <b>\$ 201,924,826</b> | <b>\$ 199,973,882</b> | <b>\$ 182,369,394</b> | <b>\$ 175,816,229</b> | <b>\$ 179,681,471</b> | <b>\$ 150,270,374</b> |

## **DEBT CAPACITY**



San Diego Housing Commission

Outstanding Debt Related to Capital Assets (Unaudited)

Last Ten Years Ending June 30, 2013

| <u>Fiscal year</u> | <u>Notes Payable</u> |      | <u>Capital Assets less<br/>Accumulated<br/>Depreciation</u> | <u>Ratio of total debt to<br/>capital assets*</u> |
|--------------------|----------------------|------|---|---|
| 2004               | \$ 7,878,843         |      | \$ 82,713,339   | 9.53%   |
| 2005               | 14,720,979           |      | 82,739,399  | 17.79%  |
| 2006               | 13,891,094           |      | 81,179,921  | 17.11%  |
| 2007               | 33,213,976           |      | 101,107,115   | 32.85%  |
| 2008               | 30,450,915           |      | 99,433,300  | 30.62%  |
| 2009               | 27,769,404           |      | 97,227,707  | 28.56%  |
| 2010               | 67,468,770           |      | 107,257,057   | 62.90%  |
| 2011               | 125,321,940          | **   | 152,012,899   | 71.65%  |
| 2012               | 117,326,102          | ***  | 157,891,317   | 67.86%  |
| 2013               | 115,500,409          | **** | 165,796,448   | 69.66%  |

Source: Annual Financial Statements

\* Percentage of personal income is not available

\*\* The total notes payable of \$125 million includes \$16 million of unspent loan proceeds.

\*\*\* The total notes payable of \$117 million includes \$14 million of unspent loan proceeds.

\*\*\*\* The total notes payable of \$115 million includes \$5 million of unspent loan proceeds

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**





**San Diego Housing Commission  
Demographic Statistics - Ten Year Trend**

**Population**

| <u>Year</u> | <u>United States</u> | <u>Change<br/>from<br/>Prior Period</u> | <u>City of<br/>San Diego</u> | <u>Change<br/>from<br/>Prior Period</u> |
|-------------|----------------------|---|------------------------------|---|
| 2003-04     | 293,191,511          | 2.83 %                                  | 1,294,000                    | 3.46%                                   |
| 2004-05     | 296,895,897          | 1.26 %                                  | 1,306,000                    | 0.93%                                   |
| 2005-06     | 298,754,819          | 0.63 %                                  | 1,305,625                    | -0.03%                                  |
| 2006-07     | 301,621,157          | 0.96 %                                  | 1,316,837                    | 0.86%                                   |
| 2007-08     | 304,059,724          | 0.81 %                                  | 1,336,865                    | 1.52%                                   |
| 2008-09     | 307,006,550          | 0.97 %                                  | 1,333,617                    | -0.24%                                  |
| 2009-10     | 308,745,538          | 0.57 %                                  | 1,359,132                    | 1.91%                                   |
| 2010-11     | 311,591,917          | 0.92 %                                  | 1,311,882                    | -3.48%                                  |
| 2011-12     | 312,780,968          | 0.38 %                                  | 1,321,315                    | 0.72%                                   |
| 2012-13     |                      |   | 1,326,238                    | 0.37%                                   |

Source: U.S. Department of Commerce, Bureau of Economic Analysis  
MuniServices, LLC, and Comprehensive Annual Financial Reports

2013 United States population not available



**San Diego Housing Commission**  
**Demographic and Economic Statistics for the City of San Diego**  
**Ten Years Ended June 30, 2013**

**Population and Personal Income - City of San Diego**

| <b>Year</b> | <b>Population<sup>1</sup></b> | <b>Personal Income<sup>2</sup><br/>(1,000s)</b> | <b>Per Capita<br/>Personal Income</b> | <b>Unemployment<br/>Rate<sup>3</sup>(%)</b> |
|-------------|-------------------------------|---|---------------------------------------|---|
| 2003-04     | 1,294,000                     | 35,896,854                                      | 27,741                                | 5.0   |
| 2004-05     | 1,306,000                     | 38,523,082                                      | 29,497                                | 4.5   |
| 2005-06     | 1,305,625                     | 37,749,536                                      | 28,791                                | 4.3   |
| 2006-07     | 1,316,837                     | 39,302,317                                      | 29,846                                | 4.0   |
| 2007-08     | 1,336,865                     | 42,678,078                                      | 31,924                                | 4.6   |
| 2008-09     | 1,333,617                     | 42,857,116                                      | 32,136                                | 6.0   |
| 2009-10     | 1,376,173                     | 43,522,125                                      | 31,625                                | 9.7   |
| 2010-11     | 1,311,882                     | 40,336,435                                      | 30,747                                | 10.2  |
| 2011-12     | 1,321,315                     | 42,754,529                                      | 32,358                                | 9.5   |
| 2012-13     | 1,326,238                     | 43,540,765                                      | 32,830                                | 8.9   |

Footnotes:

<sup>1</sup>Population projections are provided by the California Department of Financial Projections

<sup>2</sup>Income data is provided by the United States Census Data and is adjusted for inflation

<sup>3</sup>Unemployment data is provided by the EDD's Bureau of Labor Statistics Department

Sources: MuniServices, LLC, and City of San Diego Comprehensive Annual Financial Reports

# Statistical Section (Unaudited)



**San Diego Housing Commission  
Demographic Statistics -  
Principal Employers - City of San Diego  
Current Year and last three years \*\***

| Business Name                           | 2012-13             |      |                                 | 2011-12             |      |                                 | 2010-11             |      |                                 | 2009-10             |      |                                 |
|---|---------------------|------|---------------------------------|---------------------|------|---------------------------------|---------------------|------|---------------------------------|---------------------|------|---------------------------------|
|   | Number of Employees | Rank | Percent of Total Employment (%) | Number of Employees | Rank | Percent of Total Employment (%) | Number of Employees | Rank | Percent of Total Employment (%) | Number of Employees | Rank | Percent of Total Employment (%) |
| Unites States Navy (1)                  | 30,664              | 1    | 4.30%                           | 27,869              | 2    | 3.92%                           | 54,000              | 1    | 7.71%                           | 54,415              | 1    | 7.83%                           |
| University of California San Diego (2)  | 28,071              | 2    | 3.93%                           | 28,071              | 1    | 3.95%                           | 27,406              | 2    | 3.91%                           | 20,408              | 2    | 2.94%                           |
| Sharp Healthcare (3)                    | 15,906              | 3    | 2.23%                           | 15,366              | 3    | 2.16%                           | 14,924              | 5    | 2.13%                           | 14,700              | 5    | 2.11%                           |
| San Diego County                        | 15,727              | 4    | 2.20%                           | 15,171              | 4    | 2.13%                           | 15,063              | 4    | 2.15%                           | 15,164              | 4    | 2.18%                           |
| San Diego Unified School District       | 13,633              | 5    | 1.91%                           | 13,633              | 5    | 1.92%                           | 16,158              | 3    | 2.31%                           | 17,024              | 3    | 2.45%                           |
| Qualcomm Inc                            | 13,524              | 6    | 1.89%                           | 11,877              | 6    | 1.67%                           | 11,500              | 6    | 1.64%                           | 6,000               | 8    | 0.86%                           |
| City of San Diego                       | 10,295              | 7    | 1.44%                           | 10,090              | 7    | 1.42%                           | 10,247              | 7    | 1.46%                           | 10,499              | 6    | 1.51%                           |
| Kaiser Permanente                       | 8,800               | 8    | 1.23%                           | 7,425               | 8    | 1.04%                           | 7,101               | 8    | 1.01%                           | 7,028               | 7    | 1.01%                           |
| UC San Diego Medical Center             | 6,235               | 9    | 0.87%                           | 6,039               | 9    | 0.85%                           | 5,799               | 9    | 0.83%                           | 5,549               | 9    | 0.80%                           |
| San Diego Gas & Electric (4)<br>Scripps | 4,753               | 10   | 0.67%                           | 5,028               | 10   | 0.71%                           | 4,643               | 10   | 0.66%                           | 5,075               | 10   | 0.73%                           |
| <b>Total Top Employers</b>              | <b>147,608</b>      |      | <b>20.68%</b>                   | <b>140,569</b>      |      | <b>19.76%</b>                   | <b>166,841</b>      |      | <b>23.81%</b>                   | <b>155,862</b>      |      | <b>22.42%</b>                   |
| <b>Total City Employment</b>            | <b>713,900</b>      |      |                                 | <b>711,500</b>      |      |                                 | <b>700,600</b>      |      |                                 | <b>695,200</b>      |      |                                 |

Source: MuniServices, LLC

Results based on direct correspondence with city's local businesses.

(1) Includes Navy personnel only (civilian/military)

(2) Includes full and part time, academic and support staff

(3) Count is companywide

(4) Does not include Sempra Energy or other affiliate companies

\*\* only have 4 years of history



**San Diego Housing Commission  
Resident Household Information - Unaudited  
Housing Choice Voucher Program**

| <u>Resident Members Per Household</u> |               |               | <u>Number Bedrooms Per Household</u> |               |               |
|---------------------------------------|---------------|---------------|--------------------------------------|---------------|---------------|
| Categories                            | Households    | Percent       | Categories                           | Households    | Percent       |
| 1 Member                              | 5,091         | 35.5%         | Studio                               | 547           | 3.8%          |
| 2 Members                             | 3,284         | 22.9%         | 1 Bedroom                            | 3337          | 23.3%         |
| 3 Members                             | 2,101         | 14.6%         | 2 Bedrooms                           | 5515          | 38.4%         |
| 4 Members                             | 1,665         | 11.6%         | 3 Bedrooms                           | 3536          | 24.6%         |
| 5 Members                             | 1,102         | 7.7%          | 4 Bedrooms                           | 1200          | 8.4%          |
| 6 Member                              | 580           | 4.0%          | 5 Bedrooms                           | 188           | 1.3%          |
| 7 Members                             | 259           | 1.8%          | 6 Bedrooms                           | 21            | 0.1%          |
| 8 Members                             | 128           | 0.9%          | 7 Bedrooms                           | 1             | 0.0%          |
| 9 Member                              | 73            | 0.5%          | Waiting list                         | 0             | 0.0%          |
| 10 + Members                          | 62            | 0.4%          |                                      |               |               |
| <b>Total</b>                          | <b>14,345</b> | <b>100.0%</b> | <b>Total</b>                         | <b>14,345</b> | <b>100.0%</b> |

Source: San Diego Housing Commission Statistics



**San Diego Housing Commission  
Resident Income Information - Unaudited  
Housing Choice Voucher Programs**

**Income Ranges (All Sources)**

| <b>Annual Income<br/>Ranges</b> | <b>No. of Households</b> | <b>Percentage</b> |
|---------------------------------|--------------------------|-------------------|
| \$ 0-.99                        | 493                      | 3.4%              |
| \$ 1-9,999                      | 2,725                    | 19.0%             |
| \$ 10,000-19,999                | 7,583                    | 52.9%             |
| \$ 20,000-29,999                | 2,087                    | 14.5%             |
| \$ 30,000-39,999                | 923                      | 6.4%              |
| \$ 40,000-49,999                | 364                      | 2.5%              |
| \$ 50,000 +                     | 170                      | 1.2%              |
| <b>Total</b>                    | <b>14,345</b>            | <b>100.0%</b>     |

Source: San Diego Housing Commission Statistics



**San Diego Housing Commission  
Years in Housing Choice Voucher Program**

**Length of Residency - Current**

| <b>Years in<br/>Housing</b> | <b>Households</b> | <b>Quantity</b> |
|-----------------------------|-------------------|-----------------|
| <1                          | 284               | 2.0%            |
| 1                           | 1002              | 7.0%            |
| 2                           | 1052              | 7.3%            |
| 3                           | 402               | 2.8%            |
| 4                           | 628               | 4.4%            |
| 5                           | 580               | 4.0%            |
| 6                           | 2137              | 14.9%           |
| 7                           | 486               | 3.4%            |
| 8                           | 1027              | 7.2%            |
| 9                           | 634               | 4.4%            |
| 10                          | 364               | 2.5%            |
| 11                          | 1121              | 7.8%            |
| 12                          | 1525              | 10.6%           |
| 13                          | 434               | 3.0%            |
| 14                          | 465               | 3.2%            |
| 15                          | 347               | 2.4%            |
| 16                          | 311               | 2.2%            |
| 17                          | 103               | 0.7%            |
| 18                          | 253               | 1.8%            |
| 19                          | 75                | 0.5%            |
| 20+                         | 1115              | 7.8%            |
| <b>Total</b>                | <b>14,345</b>     | <b>100.0%</b>   |

Source: San Diego Housing Commission Statistics

## **OPERATING INFORMATION**



### San Diego Housing Commission Local Units

| <u>Address</u>                   | <u>No. Units</u> | <u>Year Built</u> |
|----------------------------------|------------------|-------------------|
| 4720 - 4722 34TH STREET          | 3                | 1982              |
| 4756 - 4758 35TH STREET          | 4                | 1982              |
| 3010 #A - B 39TH STREET          | 2                | 1975              |
| 3617 - 3619 42ND STREET          | 4                | 1984              |
| 2716 - 2718 44TH STREET          | 4                | 1983              |
| 2734 - 2736 44TH STREET          | 4                | 1983              |
| 4078 #A - D 47TH STREET          | 4                | 1964              |
| 4286 - 4292 48TH STREET          | 4                | 1960              |
| 3280 A STREET                    | 2                | 1982              |
| 4207 - 4209 ALTADENA AVENUE      | 2                | 1984              |
| 4123 AREY DRIVE                  | 1                | 1970              |
| 4080 ARIZONA STREET              | 4                | 1987              |
| 2766 CARDINAL ROAD               | 2                | 1982              |
| 4314 DARWIN WAY                  | 1                | 1970              |
| 2326 - 2332 E. JEWETT STREET     | 4                | 1944              |
| 4334 EBERSOLE DRIVE              | 1                | 1970              |
| 4181 ENERO STREET                | 1                | 1970              |
| 2477 - 2477 1/2 FAIRMOUNT AVENUE | 4                | 1967              |
| 2479 - 2481                      |                  |                   |
| 3081 - 3083 HAWTHORN STREET      | 4                | 1983              |
| 1170 ILEXEY AVENUE               | 1                | 1970              |
| 1366 ILEXEY AVENUE               | 1                | 1970              |
| 4230 KIMSUE WAY                  | 1                | 1970              |
| 1255 KOSTNER DRIVE               | 1                | 1970              |
| 4259 LAYLA COURT                 | 1                | 1970              |
| 4276 LAYLA COURT                 | 1                | 1970              |
| 4256 LAYLA WAY                   | 1                | 1970              |
| 4269 LAYLA WAY                   | 1                | 1970              |
| 4274 LAYLA WAY                   | 1                | 1970              |





**San Diego Housing Commission Local Units - Continued**

| <b>Address</b>               | <b>No. Units</b> | <b>Year Built</b> |
|------------------------------|------------------|-------------------|
| 4339 MARCIA COURT            | 1                | 1970              |
| 4074 MARCWADE DRIVE          | 1                | 1970              |
| 4150 MARCWADE DRIVE          | 1                | 1970              |
| 4186 MARCWADE DRIVE          | 1                | 1970              |
| 4293 MARCWADE DRIVE          | 1                | 1970              |
| 4239 MARGE WAY               | 1                | 1971              |
| 4331 MARGE WAY               | 1                | 1970              |
| 4334 MARGE WAY               | 1                | 1970              |
| 4890 NAPLES STREET           | 4                | 1982              |
| 1152 NEVIN STREET            | 1                | 1970              |
| 8505 NOELINE AVENUE          | 1                | 1975              |
| 4050 - 4056 OAKCREST DRIVE   | 4                | 1960              |
| 5974 OLD MEMORY LANE         | 1                | 1941              |
| 4034 PETERLYNN COURT         | 1                | 1970              |
| 1232 PETERLYNN DRIVE         | 1                | 1970              |
| 1327 PETERLYNN DRIVE         | 1                | 1970              |
| 1405 PETERLYNN DRIVE         | 1                | 1970              |
| 1506 PETERLYNN DRIVE         | 1                | 1970              |
| 1530 PETERLYNN DRIVE         | 1                | 1970              |
| 4024 PETERLYNN WAY           | 1                | 1970              |
| 2325 RACHEL AVENUE           | 3                | 1982              |
| 1128 RANSOM STREET           | 1                | 1970              |
| 1145 RANSOM STREET           | 1                | 1970              |
| 1169 RANSOM STREET           | 1                | 1970              |
| 5955 #1 - 4 STREAMVIEW DRIVE | 4                | 1963              |
| 4233 STU COURT               | 1                | 1970              |
| 3755 - 3757 SWIFT AVENUE     | 4                | 1997              |
| 6511 - 6517 TAIT STREET      | 4                | 1952              |
| 1041 TWINING AVENUE          | 1                | 1970              |
| 1144 TWINING AVENUE          | 1                | 1970              |
| 1250 TWINING AVENUE          | 1                | 1970              |
| 1317 TWINING AVENUE          | 1                | 1970              |
| 3630 - 3632 VANDYKE AVENUE   | 4                | 1982              |
| <b>Total Local Units</b>     | <b>117</b>       |                   |



**Belden SDHC FNMA LLC**

| <b>Address</b>                 | <b>No. Units</b> | <b>Year Built</b> |
|--------------------------------|------------------|-------------------|
| 7705 - 7795 BELDEN STREET      | 243              | 1983              |
| <b>Total Belden FNMA Units</b> | <b>243</b>       |                   |

**Northern SDHC FNMA LLC**

| <b>Address</b>                   | <b>No. Units</b> | <b>Year Built</b> |
|----------------------------------|------------------|-------------------|
| 3501 1ST AVENUE                  | 22               | 1976              |
| 7105 - 7120 EASTMAN STREET       | 36               | 1989              |
| 7085 - 7095 LEVANT STREET        | 14               | 1989              |
| 7526 - 7580 FULTON STREET        | 31               | 1996              |
| 2615 - 2665 GENESEE AVENUE       | 11               | 1983              |
| 4131 MARYLAND STREET             | 24               | 1982              |
| <b>Total Northern FNMA Units</b> | <b>138</b>       |                   |

**Central SDHC FNMA LLC**

| <b>Address</b>                  | <b>No. Units</b> | <b>Year Built</b> |
|---------------------------------|------------------|-------------------|
| 2932 30TH STREET                | 5                | 1986              |
| 3012 30TH STREET                | 5                | 1986              |
| 3030 30TH STREET                | 5                | 1988              |
| 3217 30TH STREET                | 5                | 1986              |
| 4729 32ND STREET                | 5                | 1985              |
| 4541 #1 - 8 33RD STREET         | 8                | 1965              |
| 4632 33RD STREET                | 5                | 1986              |
| 4751 33RD STREET                | 8                | 1968              |
| 4254 36TH STREET                | 5                | 1988              |
| 4164 #1 - 8 37TH STREET         | 8                | 1962              |
| 4343 38TH STREET                | 5                | 1989              |
| 4575 - 4579 38TH STREET         | 8                | 1985              |
| 3755 - 3761 ALABAMA STREET      | 8                | 1985              |
| 3974 - 3984 BANCROFT STREET     | 14               | 1988              |
| 3850 CHEROKEE AVENUE            | 5                | 1986              |
| 4054 - 4060 1/2 CHEROKEE AVENUE | 8                | 1961              |
| 4360 CHEROKEE AVENUE            | 5                | 1986              |
| 4081 - 4087 1/2 FLORIDA STREET  | 8                | 1960              |
| 4450 - 4456 1/2 GEORGIA STREET  | 8                | 1966              |



**Central SDHC FNMA LLC - Continued**

| <b>Address</b>                  | <b>No. Units</b> | <b>Year Built</b> |
|---------------------------------|------------------|-------------------|
| 7891 - 7899 GOLFCREST DRIVE     | 9                | 1997              |
| 3350 - 3356 1/2 GRIM AVENUE     | 8                | 1959              |
| 4637 - 4643 1/2 HAMILTON STREET | 8                | 1956              |
| 3125 IVY STREET                 | 5                | 1988              |
| 4381 - 4387 LOUISIANA STREET    | 8                | 1968              |
| 2727 - 2729 MEADE AVENUE        | 6                | 1964              |
| 2739 - 2745                     | 6                | 1954              |
| 4352 #1 - 8 OREGON STREET       | 8                | 1960              |
| 4043 WILSON AVENUE              | 5                | 1986              |
| <b>Total Central FNMA Units</b> | <b>185</b>       |                   |

**Northern SDHC FHA, LLC**

| <b>Address</b>                  | <b>No. Units</b> | <b>Year Built</b> |
|---------------------------------|------------------|-------------------|
| 12643 - 12687 EL CAMINO REAL    | 45               | 1995              |
| 2701 - 2711 FIGUEROA BOULEVARD  | 6                | 1966              |
| 8637 - 8643 GLENHAVEN STREET    | 4                | 1971              |
| 8649 - 8655 GLENHAVEN STREET    | 4                | 1962              |
| 8661 - 8667 GLENHAVEN STREET    | 4                | 1962              |
| 8701 - 8707 GLENHAVEN STREET    | 4                | 1962              |
| 2045 - 2049 GRAND AVENUE        | 6                | 1990              |
| 2644 HORNBLEND STREET           | 5                | 1989              |
| 8714 - 8720 HURLBUT STREET      | 4                | 1962              |
| 8726 - 8732 HURLBUT STREET      | 4                | 1971              |
| 8792 MIRA MESA BOULEVARD        | 5                | 1978              |
| 8816 MIRA MESA BOULEVARD        | 5                | 1978              |
| 5071 - 5077 1/2 MUIR AVENUE     | 8                | 1960              |
| 4055 - 4083 PULITZER PLACE      | 50               | 1985              |
| <b>Total Northern FHA Units</b> | <b>154</b>       |                   |



**Southern SDHC FHA, LLC**

| <b>Address</b>                  | <b>No. Units</b> | <b>Year Built</b> |
|---------------------------------|------------------|-------------------|
| 2005 - 2065 ALAQUINAS DRIVE     | 66               | 1983              |
| 121-125 AVERIL ROAD             | 14               | 1993              |
| 178 - 190 CALLE PRIMERA         | 71               | 1984              |
| 2381 - 2389 GROVE AVENUE        | 41               | 1985              |
| 1351 - 1359 HOLLISTER STREET    | 20               | 1983              |
| 402 - 412 SYCAMORE ROAD (EAST)  | 24               | 1985              |
| 281 - 289 SYCAMORE ROAD (NORTH) | 24               | 1985              |
| 391 - 417 SYCAMORE ROAD (WEST)  | 41               | 1985              |
| <b>Total Southern FHA Units</b> | <b>301</b>       |                   |

**Central SDHC FHA, LLC**

| <b>Address</b>                 | <b>No. Units</b> | <b>Year Built</b> |
|--------------------------------|------------------|-------------------|
| 2628 - 2630 44TH STREET        | 8                | 1983              |
| 4225 44TH STREET               | 6                | 1990              |
| 4261 45TH STREET               | 6                | 1989              |
| 4566 51ST STREET               | 5                | 1988              |
| 3051 54TH STREET               | 7                | 1989              |
| 4164 ALTADENA AVENUE           | 6                | 1961              |
| 4479 - 4481 ALTADENA AVENUE    | 8                | 1989              |
| 4560 ALTADENA AVENUE           | 8                | 1960              |
| 2883 BOSTON AVENUE             | 5                | 1993              |
| 2955 BOSTON AVENUE             | 5                | 1993              |
| 4147 - 4157 CHAMOUNE AVENUE    | 6                | 1983              |
| 4416#1 - 8 HIGHLAND AVENUE     | 8                | 1980              |
| 4205 - 4215 JUNIPER STREET     | 20               | 1983              |
| 4273 - 4283 JUNIPER STREET     | 24               | 1982              |
| 4390 MAPLE STREET              | 6                | 1983              |
| 4451 - 4459 MARKET STREET      | 20               | 1989              |
| 5316 MEADE AVENUE              | 30               | 1981              |
| 4180 - 4182 POPLAR STREET      | 9                | 1985              |
| 5326 - 5328 REX AVENUE         | 4                | 1984              |
| 5330 - 5332 1/2 REX AVENUE     | 4                | 1967              |
| 5359 - 5389 SANTA MARGARITA    | 32               | 1983              |
| 7281 - 7289 SARANAC STREET     | 7                | 1996              |
| <b>Total Central FHA Units</b> | <b>234</b>       |                   |



**Other Program Housing Units**

| Address                                  | No. Units  | Year Built | Status          |
|--|------------|------------|-----------------|
| 904 33RD STREET                          | 1          |            | City            |
| 7021 - 7023 FAY AVENUE                   | 2          |            | City            |
| 540 LAUREL STREET (WEST)                 | 1          |            | City            |
| 7410 - 7412 CUVIER STREET                | 8          | 1980       | SDHC Mngt Units |
| 2420 #A - H 44TH STREET                  | 8          | 1982       | Scattered Sites |
| 3222 - 24 CAMULOS STREET                 | 12         | 1982       | Scattered Sites |
| 3919 #1 - 8 MASON STREET                 | 8          | 1982       | Scattered Sites |
| 5385 - 5389 TROJAN AVENUE                | 3          | 1982       | Scattered Sites |
| 4095 #A - D VALETA STREET                | 4          | 1982       | Scattered Sites |
| 605 - 695 PICADOR BOULEVARD              | 78         | 1984       | State Otay      |
| 325-415 SOUTH 33rd STREET                | 40         | 1999       | Public Housing  |
| 2055 - 2095 VIA LAS CUMBRES              | 36         | 1984       | Public Housing  |
| 2170 - 2172 FRONT STREET                 | 34         | 1913       | SDHC Mngt Units |
| 10101 - 10191 MAYA LINDA ROAD            | 132        | 1978       | SDHC Mngt Units |
| 2052 - 2098 VIA LAS CUMBRES              | 84         | 1984       | SDHC Mngt Units |
| 4262-4268 44th STREET                    | 4          | 2009       | SDHC Mngt Units |
| 4395 EL CAJON BOULEVARD                  | 33         | 2009       | SDHC Mngt Units |
| 6847 POTOMAC STREET                      | 172        | 1989       | SDHC Mngt Units |
| 1301 FIFTH AVENUE                        | 130        | 1914       | SDHC Mngt Units |
| 5330 ORANGE AVENUE                       | 71         | 1985       | SDHC Mngt Units |
| <b>Total Other Program Housing Units</b> | <b>861</b> |            |                 |

**Total Commission and LLC units 2,233**

**Other Program Housing Units - Partnerships\***

| Address                           | No. Units  | Development/Partner                         |
|-----------------------------------|------------|---|
| 4914-98 Logan Avenue              | 112        | Arbor Village - LINC Housing                |
| 4321 52nd Street**                | 88         | Dawson Avenue/Chelsea/HDP                   |
| 3783 Florida Street               | 83         | Kalos/Community Housing Works               |
| 1194 Hollister St                 | 50         | Riverwalk/Affirmed Housing Group            |
| 5391 & 5411-25 Santa Margarita St | 49         | Vista Grande/Wakeland                       |
| Barrio Logan Lot 2, 6 & 7         | 92         | Mercardo del Barrio/Chelsea                 |
| 1815-1874 Hancock Street          | 85         | Mission Apartments/AMCAL Multi Housing Inc. |
| 13481-13483 Silver Ivy Lane       | 21         | Park Terramar                               |
| <b>Total Partnership Units</b>    | <b>580</b> |   |

**Combined total units 2,813**

\* SDHC owns the land and has the option to purchase the building at the end of the tax credit compliance period

\*\* SDHC is in partnership with HDP on the 88 unit Dawson Avenue property



**San Diego Housing Commission  
Employee Demographics - Unaudited  
June 30, 2013**

Seniority of Employees

| <u>Categories</u> | <u>Number</u>     | <u>Percent</u>     |
|-------------------|-------------------|--------------------|
| Less than 3 years | 82                | 30%                |
| 3 to 5 years      | 64                | 23%                |
| 6 to 9 years      | 41                | 15%                |
| 10 to 19 years    | 45                | 16%                |
| 20 to 29 years    | 35                | 13%                |
| 30 years and over | <u>6</u>          | <u>2%</u>          |
| Grand Total       | <u><u>273</u></u> | <u><u>100%</u></u> |

Racial Composition

| <u>Categories</u>                         | <u>Number</u>     | <u>Percent</u>     |
|---|-------------------|--------------------|
| American Indian or Alaska Native, White   | 3                 | 1%                 |
| Asian                                     | 22                | 8%                 |
| Black or African American                 | 34                | 12%                |
| Hispanic or Latino                        | 102               | 37%                |
| Native Hawaiian or Other Pacific Islander | 2                 | 1%                 |
| Two or More Races                         | 7                 | 3%                 |
| White                                     | 97                | 36%                |
| Other                                     | <u>6</u>          | <u>2%</u>          |
| Grand Total                               | <u><u>273</u></u> | <u><u>100%</u></u> |

*Source: ADP Employees HRMS, Information provided by San Diego Housing Commission HR Department includes interns and Direct hires*



**San Diego Housing Commission  
Number of Employees by Department**

| <b>Department:</b>                   | <b>2013</b> | <b>2012</b> | <b>2011</b> | <b>2010</b> | <b>2009</b> | <b>2008</b> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Board & Executive Functions          | 5           | 4           | 17          | 16          | 8           | 3           |
| Business Services                    | 35          | 26          | 23          | 23          | 23          | 18          |
| Community Relations & Communications | 5           | 7           | 4           | 4           | 4           | 0           |
| Development & Asset Management       | 0           | 0           | 0           | 0           | 0           | 60          |
| External Affairs                     | 12          | 11          | 0           | 0           | 0           | 0           |
| Financial Services                   | 24          | 25          | 21          | 20          | 19          | 17          |
| Housing Finance                      | 0           | 0           | 0           | 0           | 0           | 40          |
| Housing Development Partners Count   | 3           | 3           | 0           | 0           | 0           | 0           |
| Policy & Public Affairs              | 0           | 5           | 0           | 0           | 0           | 7           |
| Real Estate Development              | 80          | 77          | 92          | 90          | 87          | 0           |
| Rental Assistance Program            | 109         | 110         | 105         | 106         | 109         | 91          |
|                                      | <b>273</b>  | <b>268</b>  | <b>262</b>  | <b>259</b>  | <b>250</b>  | <b>236</b>  |

Source: Information provided by San Diego Housing Commission HR Department ADP Employees HRMS  
Beginning with fiscal year 2008, the San Diego Housing Commission will accumulate ten years of data