



SAN DIEGO
HOUSING
COMMISSION

San Diego Housing Commission Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2014

San Diego Housing Commission
Financial Services Department
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San Diego, CA 92101
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, 2014**

**Prepared by:
Financial Services Department**

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SAN DIEGO
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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, 2014

Mayor Kevin Faulconer,
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, 2014.

This report consists of SDHC management's representations concerning SDHC's finances. Consequently, SDHC 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 that ended on June 30, 2014, 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 their audit, that there was a reasonable basis for rendering an unmodified opinion that SDHC's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's 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 the 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.

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 providing opportunities for them to improve the quality of their lives.

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, 2013. This was the sixth 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 2013. This was the fourth consecutive year that SDHC has received this prestigious award.

In addition, on January 8, 2014, Standard & Poor's Ratings Services re-affirmed its AA credit rating for SDHC. An "AA" rating from Standard & Poor's is its second-highest and indicates that SDHC has a "very strong capacity to meet financial commitments."

During fiscal year 2014, the SDHC Achievement Academy received an Award of Merit in Housing and Community Development from the National Association of Housing and Redevelopment Officials (NAHRO). The award was presented at the NAHRO Summer Conference in Tampa, Florida, on July 17, 2014. This award recognizes innovative solutions to addressing community needs and the lives of the people which NAHRO member organizations serve. SDHC was recognized for its revamp of the programs and services offered at the SDHC Achievement Academy and its redesign of the Family

Self-Sufficiency Program that increased the number of participants and provides financial incentives for achieving education or employment goals.

Governing Body and Strategic Guidance

A seven-member Board of Commissioners (Board) is appointed by the Mayor. The San Diego City Council confirms them.

The Board reviews proposed changes to housing policy, property acquisitions and other financial commitments. The Board offers policy guidance to SDHC staff through its communications with the agency's President & Chief Executive Officer. The Board's actions are advisory to the Housing Authority.

On January 17, 2014, the Board adopted the SDHC 2014-2016 Strategic Plan.

SDHC Mission

Provide affordable, safe and quality homes for low- and moderate-income families and individuals in the City of San Diego and to provide opportunities to improve the quality of life for the families that SDHC serves.

SDHC Strategic Plan

SDHC's 2014-2016 Strategic Plan identifies three major Goals:

- Create and Preserve Quality Affordable Housing;
- Provide Housing Choice Voucher families with Opportunities for Them to Become More Financially Self-reliant; and
- Foster a Culture of Excellence and Innovation

This Strategic Plan is intended to provide SDHC with a framework to identify how it can have the greatest possible impact with limited financial resources in the years ahead.

SDHC will develop an implementation plan that incorporates the objectives and strategies identified for each goal in the two-year Strategic Plan, and will regularly evaluate progress and measure results.

Business Activities

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 receive a “Moving to Work” (MTW) designation from HUD. As an MTW agency, SDHC designs innovative, cost-effective ways of providing housing assistance to low-income families, using a combination of federal funding allocated to SDHC for public housing and Housing Choice Voucher (Section 8) rental assistance.

The three statutory objectives for MTW are:

- Use federal dollars more efficiently;
- Help residents on their path to economic independence; and
- Improve housing choices for low-income families.

SDHC's MTW operating budget in Fiscal Year 2014 was \$174,791,062. Examples of MTW initiatives implemented by SDHC are:

- **Choice Communities.** Approximately 230 low-income families in the City of San Diego have been able to move to areas with more transportation, school 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.
- **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 use federal Sponsor-Based Housing Vouchers to provide long-term housing for chronically homeless individuals. SDHC awards federal Sponsor-Based Housing Vouchers to nonprofit organizations, or “sponsors,” that provide supportive services to homeless San Diegans. Since January 1, 2010, SDHC has committed 371 Sponsor-Based Housing Vouchers with an estimated annual value of \$3,690,708.
- **Project-Based Housing Voucher Program.** SDHC also awards federal Project-Based Housing Vouchers to help address homelessness in the City of San Diego and support housing for low-income San Diegans. Federal Project-Based Housing Vouchers link rental assistance to specific housing programs, including transitional housing. SDHC has committed 404 Project-Based Housing Vouchers with an estimated annual value of \$4,018,992.
- **SDHC 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.
- **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 provides programs that

emphasize career planning, job skills and personal financial education. In Fiscal Year 2014, more than 1,200 SDHC Achievement Academy participants attended 252 workshops addressing various topics, such as Financial Education, Life Skills, Workforce Readiness, Computer Literacy and Job Recruitments. In addition to attending workshops, 975 participants received core services, including benefits screening and meeting with a certified financial counselor; 161 participants were placed in jobs; and 227 increased their earnings. In Fiscal Year 2014 the average hourly wage earned by SDHC Achievement Academy participants was \$10.70. From recruitment fairs and employer presentations to small business classes to industry-specific trainings, the SDHC Achievement Academy offers an array of services to meet the varying need levels of its participants.

- **Path to Success.** This SDHC program modifies the monthly rent payment amounts for Housing Choice Voucher (Section 8) and public housing participants. Implemented on July 1, 2013, Path to Success also sets minimum monthly rent payment amounts for Housing Choice Voucher (Section 8) and public housing participants who are able to work (Work-Able). The initial minimum monthly rent payment amounts are based on California's minimum wage standards - \$8/hour at the time the program was implemented. SDHC guides Work-Able families to become more financially self-reliant through enrollment at the SDHC Achievement Academy. As this Work-Able population contributes more toward their rents, SDHC's goal is to expand the Housing Choice Voucher (Section 8) program to those families on the waiting list if it is financially feasible to do so.

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 is not applicable for Elderly/Disabled households.

Addressing Homelessness

SDHC also supports programs to address homelessness in the City of San Diego. These programs serve single adults, families, youth, veterans and seniors. The 2014 Point-in-Time Count conducted the morning of January 24, 2014, by the Regional Task Force on the Homeless identified 8,506 homeless people in San Diego County, including 5,199 homeless individuals in the City of San Diego. About 47% of the City of San Diego's homeless residents lacked shelter, living on the streets or in canyons, riverbeds, parks and beaches. Approximately 53% had roofs over their heads temporarily at emergency shelters, hotels and motels, safe havens or transitional housing.

In addition to the federal Sponsor-Based and Project Based Housing Voucher Programs that are part of MTW, SDHC administers HUD-Veterans Affairs Supportive Housing (VASH) Vouchers, which help chronically homeless veterans rebuild their lives. HUD has allocated 842 VASH vouchers, with an estimated annual value of \$7,204,152, to SDHC since 2008.

SDHC also supports Connections Housing Downtown, the City of San Diego's first-ever collaborative venture into the Housing First model for addressing homelessness. Connections Housing Downtown celebrated its grand opening on March 11, 2013. After one year of operation, nearly 400 formerly homeless individuals who received help in stabilizing their lives at Connections Housing Downtown had moved into permanent or longer-term housing. SDHC supports Connections Housing Downtown with federal Project-Based Housing Vouchers that provide rental assistance for 73 studio apartments and 16 interim special needs units. A year-round facility, Connections Housing Downtown is part of an innovative approach to ending homelessness that combines housing with an array of support services for men and women who previously lived on the streets of Downtown San Diego. Connections Housing Downtown helps its residents with substance abuse counseling, employment services and additional services. A health clinic operated by Family Health Centers of San Diego to serve the public is also located on the first floor of Connections Housing Downtown. SDHC contracts with People Assisting the Homeless (PATH) San Diego to operate a total of 150 interim housing beds at Connections Housing Downtown on behalf of the City of San Diego. The interim bed program served 586 clients in fiscal year 2014, funded through federal Community Development Block Grant (CDBG), federal Emergency Solutions Grant (ESG), and SDHC locally generated funds, such as lease or rental revenue, totaling \$438,913.

In addition, SDHC administers the City of San Diego's Homeless Shelters and Services Programs based on a Memorandum of Understanding between SDHC and the City of San Diego that first took effect on July 1, 2010. Historically, this has included the Single Adult Emergency Winter Shelter and the Veterans Emergency Winter Shelter, temporary structures providing shelter for San Diego's homeless men and women during the winter months. The Single Adult Emergency Winter Shelter, located in downtown San Diego, provides 200 beds and is operated by Alpha Project for the Homeless. The Veterans Emergency Winter Shelter, located in the Midway area, provides 150 beds and is operated by Veterans Village of San Diego. On June 25, 2013, the San Diego City Council authorized the payment of \$1.9 million in City General Funds, in addition to CDBG and ESG, dollars to operate both shelter programs for a consecutive nine-month period (July 1, 2013 to March 31, 2014). On March 3, 2014, the San Diego City Council approved \$1.0 million in additional City General Funds to keep both shelter programs open through June 30, 2014.

SDHC also administers the City's family shelter program, Cortez Hill Family Center, which assists approximately 45 homeless families per night, and Neil Good Day Center, which provides showers, laundry facilities, mail services, a computer lab, free storage for belongings, assessment, counseling, information and referral services and additional assistance to homeless San Diegans.

In fiscal year 2014, SDHC also supported more than 600 transitional housing beds with San Diego Housing Trust Funds. With federal ESG funds, SDHC also partnered with five local nonprofit agencies to provide a Rapid Re-housing Program. The program helps to pay security deposits and short-term rents. Additionally, it provides services to help clients find housing and not return to homelessness.

Creating Affordable Housing

SDHC owns and operates more than 3,000 affordable housing units in the City of San Diego, including 945 units developed by SDHC's nonprofit affiliate, Housing Development Partners (HDP), through partnerships or direct acquisition.

SDHC is also collaborating with HDP to preserve affordable housing at the historical Hotel Churchill in Downtown San Diego, which will be renamed The Churchill. The \$17 million rehabilitation project will set aside 56 units for homeless veterans and 16 units for transitional age youth. SDHC has directed 72 federal Sponsor-Based Housing Vouchers, with an estimated annual value of \$813,888, to support the housing at The Churchill. Interior demolition started in July 2014 and rehabilitation is expected to begin in late Fall 2014, with full project completion and occupancy in early 2016.

In addition, SDHC added an apartment complex of 77 affordable units and one manager's unit to its federal public housing on October 31, 2013. The conversion preserved the long-term affordability of Otay Villas Apartments in the Otay Mesa/Nestor community for low-income San Diegans. Converting the apartments to federal public housing also provided SDHC with federal funds toward performing needed renovations, which were completed on December 5, 2013. Otay Villas Apartments are affordable to families with incomes up to 60% of San Diego's Area Median Income.

An additional 35 apartments at five locations in City Heights and Old Town are expected to become part of SDHC's federal public housing by March 31, 2015, after renovations with an estimated cost of \$3.9 million are completed. The California Department of Housing and Community Development is deferring payments due on loans for the original construction of these apartments for an additional 55 years.

Management's Discussion & Analysis

In addition to 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 auditor in the financial section of this report.

The preparation of this report is made possible through the ongoing and dedicated service 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



Tracey McDermott
Interim 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**

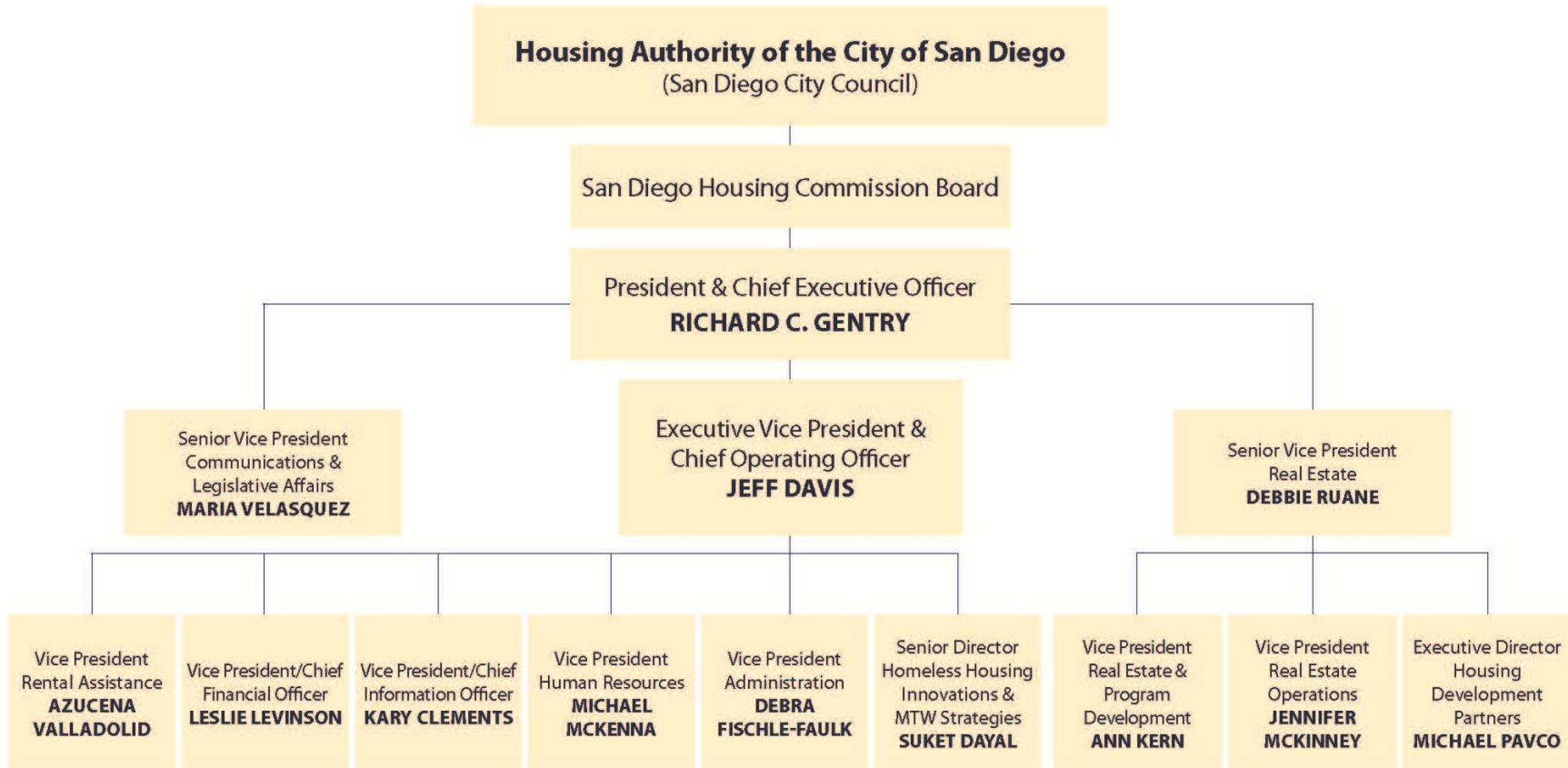
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



SDHC Organizational Chart





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 of the City of San Diego, has final authority over SDHC's budget and major policy decisions.

Housing Authority of the City of San Diego

Council President – District 3	Todd Gloria
Council President Pro Tem – District 1	Sherri Lightner
Councilmember – District 2	Ed Harris
Councilmember – District 4	Myrtle Cole
Councilmember – District 5	Mark Kersey
Councilmember – District 6	Lorie Zapf
Councilmember – District 7	Scott Sherman
Councilmember – District 8	David Alvarez
Councilmember – District 9	Marti Emerald

Members of the SDHC 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.

SDHC Board of Commissioners

Chair	Gary Gramling
Vice Chair	Roberta Spoon
Commissioner	Margaret Davis
Commissioner	Kellee Hubbard
Commissioner	Ben Moraga
Commissioner	Frank Urtasun
Commissioner	James T. Waring



SAN DIEGO
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Financial Section



We're About People

For the sixth consecutive year, SDHC's Financial Services Department has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA).

The certificate recognizes "transparency and full disclosure" in government agencies' annual financial reports.



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, 2014, 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 an opinion 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, 2014, 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 21 to 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, 2014 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, 2014



San Diego Housing Commission

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

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 that ended on June 30, 2014. 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 SDHC's net position, comparing fiscal year 2014 to the previous fiscal year 2013:

- SDHC's net position increased from \$444.1 million to \$457.0 million (3%) due to a \$12.9 million surplus generated during fiscal year 2014. The fiscal year 2014 surplus is \$8.5 million (40%) less than the fiscal year 2013 surplus of \$21.4 million, primarily due to \$8.3 million in grant expenses for the lease and rehabilitation of the Hotel Churchill.
- As a result of the aforementioned surplus, total assets increased by \$11.7 million. Current assets increased by \$10.9 million mainly due to the reclassification of \$10.7 million from long-term to short-term investments. Non-current assets increased \$3.5 million primarily due to the \$14.3 million increase in notes receivable for purchasing affordable housing and to finance new loans offset by the \$10.7 million investment reclassification.
- Total liabilities decreased \$1.1 million mainly due to the optional pay down of \$1.3 million in loan principal for the Smart Corner office building.
- Operating revenues increased 5 % or \$1.6 million, from \$31.7 million in fiscal year 2013 to \$33.2 million in fiscal year 2014. This increase is mostly due to increased income from Housing Choice Voucher (Section 8)/MTW program voucher portability fees.
- Operating expenses increased 4% or \$8.6 million, from \$197.2 million in fiscal year 2013 to \$205.8 million in fiscal year 2014. This increase is primarily due to \$8.3 million in grant expense.

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 Auditor's 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, 2014, and provides information about the nature and amounts of investments in resources (assets) and 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, 2014. 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, 2014. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, capital and related 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 Schedule of Revenues, Expenses and Change in Net Position, and Combining Schedule of 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, 2014 and June 30, 2013.

Table 1

Net Position (in thousands of dollars)				
	June 30, 2014	June 30, 2013	Change \$	Change %
<u>Assets</u>				
Current assets	\$ 54,882	\$ 44,002	\$ 10,880	25%
Non current assets	364,503	360,973	3,530	1%
Capital assets net of depreciation	163,137	165,796	(2,659)	-2%
Total assets	\$ 582,522	\$ 570,771	\$ 11,751	2%
<u>Liabilities</u>				
Current liabilities	\$ 13,997	\$ 12,447	\$ 1,550	12%
Notes Payable and non-current liabilities	111,597	114,270	(2,673)	-2%
Total liabilities	125,594	126,717	(1,123)	-1%
<u>Net Position</u>				
Net investment in capital assets	54,862	55,291	(429)	-1%
Restricted	160,498	151,444	9,054	6%
Unrestricted	241,568	237,319	4,249	2%
Total net position	456,928	444,054	12,874	3%
Total liabilities and net position	\$ 582,522	\$ 570,771	\$ 11,751	2%

Net position is a useful indicator of an entity's financial position and as of June 30, 2014, SDHC's total assets exceeded total liabilities by \$457.0 million. During the fiscal year ended June 30, 2014, SDHC generated an operating surplus of \$12.9 million.

Total assets increased by \$11.8 million in the fiscal year ended June 30, 2014, mainly due to the aforementioned increase in surplus offset by the utilization of cash to purchase affordable housing units and to finance new developer and other loans made as Notes Receivable. Capital assets net of depreciation decreased by \$2.7 million, mostly due to an increase of \$2.8 million in Building Improvements to Mariner's Village Apartments and Vista Verde Apartments, offset by \$4.8 million in depreciation.



Total liabilities decreased by \$1.1 million, or 1%. Notes Payable and non-current liabilities decreased by \$2.7 million, mainly due to the optional pay down of \$1.3 million in loan principal for the Smart Corner office building.

Current liabilities increased by \$1.6 million, primarily due to an increase in accounts payable and unearned revenue.

Net position increased a total of \$12.9 million. Net investments in capital assets decreased \$0.4 million, due to a \$2.7 million decrease in capital assets and offset by \$2.7 million decrease in notes payable and the expenditure of \$0.4 million of loan proceeds.

Restricted net position increased \$9.0 million, primarily due to an additional \$7.9 million in reserves for HOME notes receivable and related accrued interest. Payments received by SDHC, including interest, net of administrative expenses allowances, are required to be recycled and used for future HOME Program and Neighborhood Stabilization Program (NSP) purposes, and therefore must continue to meet the applicable grant requirements. Restricted net position includes 90% of the principal amount of loans made and accrued notes receivable interest.

Restricted net position also includes \$3.2 million in replacement reserves set aside to meet lender requirements applicable to the debts of the six LLCs. Other activity in restricted net position includes unspent Veterans Affairs Supportive Housing (VASH) funds and Family Unification Program (FUP) funds. Additional information can be found in Note 14 to the Basic Financial Statements.

Unrestricted net position increased \$4.2 million to \$241.6 million as of June 30, 2014. 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.

**TABLE 2**

Changes in Net Position
(in thousands of dollars)

	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>	<u>Change</u> <u>\$</u>	<u>Change</u> <u>%</u>
Operating revenues				
Dwelling rental income	\$ 25,751	\$ 25,670	\$ 81	0%
Land lease and other rental income	2,119	2,023	96	5%
Fee revenue	2,146	2,030	116	6%
Other revenue	<u>3,223</u>	<u>1,927</u>	<u>1,296</u>	<u>67%</u>
Total operating revenues	33,239	31,650	1,589	5%
Operating expenses	<u>205,789</u>	<u>197,181</u>	<u>8,608</u>	<u>4%</u>
Deficit before depreciation and other non-operating income and expenses	(172,550)	(165,531)	(7,019)	4%
Depreciation	<u>4,801</u>	<u>4,113</u>	<u>688</u>	<u>17%</u>
Deficit before other non- operating income and expenses	(177,351)	(169,644)	(7,707)	5%
Other non-operating income and expenses, net	<u>190,226</u>	<u>191,003</u>	<u>(777)</u>	<u>0%</u>
Change in net position	<u>\$ 12,875</u>	<u>\$ 21,359</u>	<u>\$ (8,484)</u>	<u>-40%</u>

This year's overall surplus of \$12.9 million represents a decrease of 40%, or \$8.5 million, from fiscal year 2013, mainly due to an increase of \$8.6 million in operating expenses, \$0.7 million of depreciation expenses, and \$0.8 million in other non-operating income and expenses net, offset by a \$1.6 million increase in operating revenues.

Operating expenses increased \$8.6 million, from \$197.2 million during fiscal year 2013 to \$205.8 million in fiscal year 2014. This is mainly due to \$8.3 million in grant expense for the lease and rehabilitation of Hotel Churchill, offset by a decrease in Housing Choice Voucher (Section 8)/Moving-To-Work (MTW) housing assistance payments as a result of sequestration-related program funding reductions by the U.S. Department of Housing and Urban Development (HUD) and the program cost reductions generated by the implementation of Path to Success.

Operating revenues increased by \$1.6 million, mostly due to increased income from Housing Choice Voucher (Section 8)/MTW program voucher portability fees.



Capital Assets

SDHC's investment in capital assets, net of depreciation, as of June 30, 2014, amounted to \$163.1 million. This figure includes land, buildings, building improvements, vehicles, equipment and construction-in-progress.

The \$1.5 million decrease in land and buildings from fiscal year 2013 is primarily due to depreciation expenses of \$4.8 million, offset by the completion of the building rehabilitations of Mariners Village Apartments (\$1.7 million) and Vista Verde Apartments (\$1.1 million).

The following summarizes SDHC's capital assets, net of accumulated depreciation, and changes therein (Table 3) for the years ended June 30, 2014 and June 30, 2013.

TABLE 3

Net Capital Assets (in thousands of dollars)				
	June 30, 2014	June 30, 2013	Change \$	Change %
Land and buildings	\$ 161,648	\$ 163,128	\$ (1,480)	-1%
Construction-in-progress	751	1,854	(1,103)	-59%
Equipment	738	815	(77)	-9%
Total	<u>\$ 163,137</u>	<u>\$ 165,797</u>	<u>\$ (2,660)</u>	<u>-2%</u>

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, 2014, notes payable totaled \$113.0 million.

Fannie Mae and FHA loans comprised \$90.4 million of this balance. These loans are described in further detail in the LLC Debt section below, and are non-recourse obligations of the LLCs only and not of SDHC.

The GE Capital loan for the Smart Corner office building located at 1122 Broadway, San Diego, California 92101, made up an additional \$11.3 million of the notes payable balance. The loan term is 15 years, with payments amortized over 25 years, and a fixed interest rate of 6.08% for 10 years. In November 2013, SDHC exercised the annual option to pay down the loan in the amount of \$1.3 million.



Two loans payable to the Successor Agency of the Redevelopment Agency of the City of San Diego comprised \$6.7 million of the notes payable balance. The first of these loans, with a balance on June 30, 2014 of \$6.0 million, is forgivable in 2065. The second loan, with a remaining balance of \$0.7 million, is forgivable in 2022.

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

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 (Finance Plan), and the Housing Authority of the City of San Diego approved the Finance Plan on October 13, 2009. The Finance Plan was created to leverage equity from a portion of SDHC's real estate portfolio to acquire additional affordable housing in the City of San Diego. SDHC leveraged 33 properties in fiscal year 2010, with three Fannie Mae loans generating \$37.1 million in proceeds. 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 borrowed amount for the LLCs of \$95.3 million.

Concurrently, SDHC was eligible for the federal Build America Bonds (BABs) program. The BABs program provides a 35% 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, Northern SDHC FHA LLC and Southern SDHC FHA LLC loans have been approved as qualified direct subsidy BABs loans. SDHC received \$753,432 in fiscal year 2014 BABs subsidy payments.

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

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 outlines the revenue and expense activity of the properties owned by the LLCs.



Financial Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statement 61, 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 affordable housing developers or by pursuing unique opportunities that require a public/private partnership. HDP has been audited by Leaf & Cole LLP. Note 18 to the Basic Financial Statements includes the December 31, 2013, HDP financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The majority of SDHC's programs depend on federal financial assistance from the U.S. Department of Housing and Urban Development (HUD) to continue operations. In fiscal year 2014, SDHC received 82% of its operating revenue from HUD, most of which was awarded to SDHC for Moving to Work (MTW) 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.

During fiscal year 2014, federal budget-balancing challenges widely referred to as "sequestration" were looming on the horizon. From July 2013 through December 2013, HUD Housing Assistance Payments (HAP) were prorated at 94% of full funding, and administrative funding was prorated at 68.5% of full funding. However, before the fiscal year 2015 budget was finalized, the federal budget issues were resolved and SDHC received its full administrative funding from the federal government for the MTW program. Through a combination of expense reduction and the prudent utilization of available programmatic reserves, SDHC was able to maintain a balanced budget in fiscal year 2014 and will have a balanced budget in fiscal year 2015.

Annually, SDHC submits an MTW Plan to HUD that describes initiatives to be implemented over the next fiscal year. Following each year, SDHC issues an MTW Report that gives an accounting of activities put into action during the fiscal year. SDHC's fiscal year 2014 MTW Plan was approved by HUD on August 6, 2013, and can be viewed at <http://www.sdhc.org/Rental-Assistance.aspx?id=5424>. HUD's fiscal year runs from October to September annually, and the 2015 MTW Plan is anticipated to be approved by HUD in the fall of 2014.

The local economic conditions in the City of San Diego have shown solid but modest improvements over the past year. This is indicated by the increase in local housing market values, lower rental vacancies and improvement in the labor market.

The local housing market continues to improve with higher home values and low mortgage rates. Nationally, inflation is expected to remain low for the foreseeable



future, with economists forecasting the consumer price index to be at approximately 1.7% for calendar year 2014 and 2.0% for 2015.¹

According to the San Diego County Apartment Association, as reported in the U-T San Diego newspaper, the vacancy rate in the rental housing market in San Diego fell to 2.8% in 2014, a 12-year low, compared to 4.5% in the previous year. Meanwhile, average overall rental rates decreased to \$1,260 in June 2014, compared to \$1,330 12 months earlier. The San Diego Apartment Association did not cite a specific reason for the drop, other than varying levels of responses in different ZIP codes.² These trends also result in low vacancy rates in SDHC-owned and operated units.

San Diego County residential home values rose by 12.41% in May 2014, compared to 12 months earlier, according to Standard and Poor's Case-Shiller Home Price Index.³ 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 in fiscal year 2015 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. FMI, a management consulting and investment banking corporation, forecast 7% growth in construction nationwide with residential construction leading the way at 12% in 2014,⁴ indicating that the overall economic conditions in the United States are continuing to improve. Additionally, local unemployment fell to 6.6% in July 2014, compared to 7.8% in July 2013,⁵ which is an additional indicator of economic progress. Although the housing market is forecast to grow, the pace is slowing. Single-family construction should grow 18% in 2014. Multifamily-housing construction is expected to increase 27% in 2014, compared to the 44% increase in 2013.

HUD's 2013 Annual Homeless Assessment Report to Congress, showed that San Diego County had the fourth-largest homeless population in the nation. According to the annual Point-in-Time Count of homeless individuals, conducted by the Regional Task Force on the Homeless, homelessness throughout San Diego County has decreased from May 2013 to April 2014, from 8,897 to 8,506 homeless persons, a

¹ Shobhana Chandra, Consumer prices accelerated in March as Americans paid a bit more for food and rent, <http://bloomberg.com> April 15, 2014

² J. Horn, Apartments hardest to find in twelve years, <http://www.utsandiego.com> June 10, 2014

³ McGraw Hill Financial, S&P Case-Shiller San Diego Home Price Index, <http://www.spindices.com> July 29, 2014

⁴ FMI Corporation, Construction Outlook Forecast Lowered One Percent for Q2 2014, <http://www.forconstructionpros.com> June 4, 2014

⁵ CA Employment Development Department, Unemployment Rate & Labor Force, <http://www.labormarketinfo.edd.ca.gov>,



decline of approximately 4.0%⁶. The number of homeless persons has declined for three consecutive years. SDHC has awarded more than 1,650 federal housing vouchers since 2010 to address homelessness in the City of San Diego. In addition, SDHC administers the City of San Diego's Homeless Shelters and Services Programs.

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 2015 budget of \$337.3 million will continue to provide a high level of services for SDHC's clients.

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 Tracey McDermott, Interim Chief Financial Officer and Vice President of Financial Services, San Diego Housing Commission, 1122 Broadway, Suite 300, San Diego, California 92101.

⁶ 2014 WeALLCount Data & Results, <http://www.rtfhsd.org>



SAN DIEGO
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COMMISSION

Basic Financial Statements



We're About People – SDHC Programs

SDHC's "What Home Means to Me" poster and essay contest encouraged children living in SDHC-owned affordable housing developments or whose families receive federal Housing Choice Voucher (Section 8) rental assistance from SDHC to share their thoughts about what having their own home means to them. SDHC held its poster and essay contest during October 2013 for "Housing America Month."





San Diego Housing Commission

STATEMENT OF NET POSITION

June 30, 2014

	Primary Government	Component Units
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 10,212,683	\$ 10,892,092
Restricted cash and cash equivalents	3,903,617	71,193
Short-term investments	31,500,282	-
Accounts receivable - tenants, net	362,647	10,124
Accounts receivable - funding sources	6,599,841	-
Accounts receivable - other	1,181,889	109,724
Notes and mortgages receivable, current portion	474,958	-
Accrued interest receivable - investments	76,107	-
Prepaid items and other assets	569,661	181,486
Total current assets	<u>54,881,685</u>	<u>11,264,619</u>
Noncurrent assets		
Long-term investments	73,522,855	-
Accrued interest receivable - notes and mortgages receivable	32,809,621	-
Notes and mortgages receivable, net of allowance for loan losses	256,336,321	-
Investment in partnerships	-	31,159
Other assets	1,834,483	1,368,919
Capital assets not being depreciated	63,938,178	2,448,090
Capital assets, net of accumulated depreciation	99,199,153	13,506,811
Total noncurrent assets	<u>527,640,611</u>	<u>17,354,979</u>
Total assets	<u>\$ 582,522,296</u>	<u>\$ 28,619,598</u>
Deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>

(continued)



San Diego Housing Commission

STATEMENT OF NET POSITION - CONTINUED

June 30, 2014

	Primary Government	Component Units
<u>Liabilities</u>		
Current liabilities		
Accounts payable	\$ 3,779,095	\$ 384,567
Accounts payable - funding sources	557,531	-
Accrued payroll and benefits	1,278,605	15,334
Accrued compensated absences	1,738,131	-
Accrued interest payable	601,610	1,886,095
Notes payable, current portion	1,925,859	3,423,115
Deposits payable	1,526,749	69,100
Unearned revenue	2,388,277	8,301,460
Other current liabilities	201,633	-
Total current liabilities	<u>13,997,490</u>	<u>14,079,671</u>
Noncurrent liabilities		
Notes payable, net of current portion	111,067,663	12,925,529
Other liabilities	528,834	-
Total noncurrent liabilities	<u>111,596,497</u>	<u>12,925,529</u>
Total liabilities	<u>\$ 125,593,987</u>	<u>\$ 27,005,200</u>
Deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>
<u>Net Position</u>		
Net investment in capital assets	<u>\$ 54,862,209</u>	<u>\$ -</u>
Restricted		
Reserve for HOME notes receivable	148,880,281	-
Reserve for NSP notes receivable	7,452,593	-
Reserve for replacement reserves	3,215,523	-
Reserve for VASH and FUP housing assistance	950,089	-
Total restricted	160,498,486	-
Unrestricted	<u>241,567,614</u>	<u>1,614,398</u>
Total net position	<u>\$ 456,928,309</u>	<u>\$ 1,614,398</u>

See notes to financial statements



San Diego Housing Commission

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2014

	Primary Government	Component Units
Operating Revenues		
Dwelling rental income	\$ 25,750,939	\$ 1,849,954
Land lease and other rental income	2,119,188	13,200
Fee revenue	2,145,715	66,649
Other revenue	3,222,683	141,561
Total operating revenues	<u>33,238,525</u>	<u>2,071,364</u>
Operating Expenses		
Administrative expenses	28,839,617	1,074,981
Tenant services	1,370,247	-
Asset management	8,885,279	483,823
General expenses	2,266,935	160,912
Grant expense	17,115,718	-
Housing assistance	147,311,387	-
Depreciation	4,800,693	652,397
Total operating expenses	<u>210,589,876</u>	<u>2,372,113</u>
Operating loss	<u>(177,351,351)</u>	<u>(300,749)</u>
Nonoperating Revenues (Expenses)		
Grant revenue	186,987,313	-
Interest income on investments and notes receivable	9,118,073	4,158
Interest expense	(5,879,510)	(501,810)
Total nonoperating revenues (expenses)	<u>190,225,876</u>	<u>(497,652)</u>
Change in net position before capital transactions	12,874,525	(798,401)
Contributions, net of distributions	-	456,403
Change in net position	12,874,525	(341,998)
Net Position		
Beginning of year	<u>444,053,784</u>	<u>1,956,396</u>
End of year	<u>\$ 456,928,309</u>	<u>\$ 1,614,398</u>

See notes to financial statements



San Diego Housing Commission

STATEMENT OF CASH FLOWS

Year ended June 30, 2014

	<u>Primary Government</u>
Cash flows from operating activities	
Cash received from tenants and operations	\$ 35,396,571
Cash payments to suppliers for operations	(172,873,159)
Cash payments for general and administrative expenses	<u>(31,431,499)</u>
Net cash used for operating activities	<u>(168,908,087)</u>
Cash flows from capital and related financing activities	
Principal paid on notes payable	(3,095,439)
Acquisition and construction of capital assets	(2,237,708)
Proceeds from new debt financings	588,552
Interest expense paid	<u>(5,886,026)</u>
Net cash used for capital and related financing activities	<u>(10,630,621)</u>
Cash flows from noncapital financing activities	
Cash received from grants	<u>186,380,183</u>
Net cash provided by noncapital financing activities	<u>186,380,183</u>
Cash flows from investing activities	
Interest on investments and notes receivable	7,020,154
Collections of notes receivable	7,030,720
Cash loaned on notes receivable	(19,746,610)
Purchases of investments	(65,656,653)
Proceeds from sale of investments	<u>58,939,331</u>
Net cash used for investing activities	<u>(12,413,058)</u>
Net decrease in cash and cash equivalents	(5,571,583)
Cash and cash equivalents	
Beginning of year	<u>19,687,883</u>
End of year	<u>\$ 14,116,300</u>
Financial statement presentation	
Cash and cash equivalents	\$ 10,212,683
Restricted cash and cash equivalents	<u>3,903,617</u>
Total cash and cash equivalents	<u>\$ 14,116,300</u>

(continued)



San Diego Housing Commission

STATEMENT OF CASH FLOWS - CONTINUED

Year ended June 30, 2014

	<u>Primary Government</u>
Reconciliation of operating loss to net cash used for operating activities	
Operating loss	\$ (177,351,351)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	4,800,693
Amortization	73,486
Provision for loan losses	302,084
Write off of capital assets	96,131
Changes in operating assets and liabilities:	
(Increase) decrease in tenant receivables	166,432
(Increase) decrease in other receivables	203,753
(Increase) decrease in prepaid items and other assets	345,374
Increase (decrease) in accounts payable	1,676,953
Increase (decrease) in accrued payroll and benefits	(30,759)
Increase (decrease) in deposits payable	249,158
Increase (decrease) in unearned revenues	540,098
Increase (decrease) in other liabilities	19,861
Net cash used for operating activities	<u><u>\$ (168,908,087)</u></u>

See notes to financial statements



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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 (City) in accordance with the Housing Authority Law of the State of California, through the adoption of Ordinance No. 2515 on December 5, 1978. SDHC serves low- and moderate income families by providing rental assistance payments, rental housing, loans and grants to individuals and not-for-profit organizations. SDHC is governed by the Housing Authority of the City of San Diego (Housing Authority), which is composed of the nine members of the San Diego City Council. The Housing Authority has final authority over SDHC's budget and major policy changes.

SDHC is also an integral part (component unit) of the City as a financial reporting entity. The accounts of SDHC have been included within the scope of the basic financial statements of the City.

Component Units

The governmental reporting entity for which these financial statements have been prepared 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 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.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

SDHC has seven blended component units: 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 properties have been transferred from SDHC to the LLCs. SDHC includes its blended component units in its business-type activities' financial statements. See note 17 for additional information about the blended component units.

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.

SDHC has nine discretely presented component units which are financially and legally separate entities from SDHC: Housing Development Partners of San Diego (HDP), HDP Mason Housing Corporation (HDP Mason), Casa Colina, LP (Casa Colina), Logan Development II, L.P. (Logan), HDP Churchill LLC and Other Consolidated Companies. The Consolidated companies include: Logan Development Management LLC, HDP Parkier Kier, LLC, HDP Broadway Management LLC, and HDP Broadway L.P.

HDP is a California nonprofit public benefit corporation established by SDHC in 1990. 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. In accordance with Governmental Accounting Standards Board (GASB) Statement 61, HDP is incorporated into the accompanying financial statements. HDP has been audited by Leaf & Cole LLP.

HDP Mason is a California nonprofit public benefit corporation controlled by HDP. HDP also controls 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 and Logan Development Management LLC were established in October 2012.

In fiscal year 2014 four new entities were formed. In July 2013 HDP Parker Kier LLC, was established and HDP is the sole member. In addition HDP Broadway Management LLC and HDP Broadway L.P were established in July to own and operate the multifamily low income rental housing project located in San Diego, San



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

Diego Square. Finally in September 2013 HDP Churchill LLC was created as a limited liability company and HDP is a sole member of the HDP Churchill LLC.

The financial statements of HDP, HDP Mason, Casa Colina, Logan, HDP Churchill LLC and Other Consolidated Companies 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, 2013 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.

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, as well as 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, deferred outflows of resources and liabilities and 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.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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.

New Accounting Pronouncements

During the fiscal year ending June 30, 2014, SDHC has implemented the following new accounting standards issued by the GASB:

Statement No. 66, “Technical Corrections-2012 - an amendment of GASB Statements No. 10 and No. 62”: GASB Statement No. 66 improves accounting and financial reporting by resolving conflicting guidance surrounding differences in Statements No. 54 and No. 10 regarding the reporting of risk financing activities and resolves differences between Statements No. 62 and No. 13 regarding the reporting of certain operating lease transactions and No. 48 regarding the reporting of the acquisition of a loan or group of loans. The adoption of this statement has no effect on SDHC's financial statements for the year ending June 30, 2014.

Statement No. 67, “Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25”: GASB Statement No. 67 improves accounting and financial reporting by clarifying how pension costs and obligations are measured and reported in audited external financial reports. The adoption of this statement has no effect on SDHC's financial statements for the year ending June 30, 2014.

Statement No. 68, “Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27”: GASB Statement No. 68 improves accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement. The adoption of this statement has no effect on SDHC's financial statements for the year ending June 30, 2014.



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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

Statement No. 69, “Government Combinations and Disposals of Government Operations”: GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term “government combinations” includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The adoption of this statement has no effect on SDHC's financial statements for the year ending June 30, 2014.

Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees”: GASB Statement No. 70 is to improve the recognition, measurement and disclosure guidance for governments that have extended or received financial guarantees that are nonexchange transactions. The adoption of this statement has no effect on SDHC's financial statements for the year ending June 30, 2014.

Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68”: GASB Statement No. 71 improves accounting and financial reporting by resolving conflicting guidance surrounding differences in Statements No. 68, “Accounting and Financial Reporting for Pensions”. Statement No. 71 will require governments switching to new pension standards to acknowledge the start of deferred outflows of resources for pension contributions made from the measurement date of the beginning net pension liability to the start of the first fiscal year's implementation. The adoption of this statement has no effect on SDHC's financial statements for the year ending June 30, 2014.

Cash and Cash Equivalents

SDHC's cash and cash equivalents are considered to be cash on hand, demand deposits, reserves for replacements, certificates of deposits and securities 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 represent deposits that are used as collateral for loans made by a bank, impound, insurance reserve, security deposit and residual receipt accounts.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

Investments

All investments are stated at fair value, except for money market investments with remaining maturities 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' 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 Transactions

SDHC interfund transactions are made to the LLC's via 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 internal control.

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, 2014

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, 2014, 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 liability for compensated absences increased \$89,206 from June 30, 2013, to June 30, 2014.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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, 2014.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element,



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority does not have any items that meet this criterion as of June 30, 2014.

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 does 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, 2014 consist of the following:

Deposits	\$ 10,192,721
Petty cash	19,960
Cash held in investment account	2
Local Agency Investment Fund	16,921,089
San Diego County Investment Pool	10,011,202
Certificate of Deposits	3,194,829
Agency bonds	<u>74,896,017</u>
Total cash and investments	115,235,820
Restricted cash and cash equivalents	<u>3,903,617</u>
Total	<u><u>\$ 119,139,437</u></u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

Deposits

The fair value of SDHC's cash deposits are \$10,192,721 at June 30, 2014. Bank balances are insured by the FDIC up to \$250,000 and for amounts over \$250,000, collateralized with securities held by the pledging financial institutions in SDHC's name in accordance with California Government Code as discussed below.

The California Government Code requires California financial institutions to secure cash deposits of public institutions not covered by federal deposit insurance by pledging government 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. As a result, for the purpose of custodial credit risk the collateral for cash deposits is considered to be held in SDHC's name.

The fair market value of pledged securities must equal at least 110% of SDHC's cash deposits. California law also allows financial institutions to secure Commission deposits by pledging first trust deed mortgage notes having a value of 150% of SDHC's total cash deposits.

Investment Policy

In accordance with California state statute 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 SDHC's Investment Policy. An Investment Committee, consisting of two Commission Board members, monitors the management of funds and compliance with SDHC's 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, government agency securities and demand deposit accounts are safekept with commercial banking institutions.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

Local Agency Investment Fund Investments

SDHC participates in the State's LAIF, which is regulated by California Government Code. LAIF is part of the State of California Pooled Money Investment Account (PMIA) and is protected by statute ensuring invested funds remain Commission assets. The fair value of the investment portfolio of PMIA at June 30, 2014, was \$64,846 million. PMIA 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 PMIA investments was 232 days as of June 30, 2014.

As of June 30, 2014, SDHC had \$16,921,089 invested in LAIF. At that date LAIF fair value factor of 1.00029875 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/laif.asp>

San Diego County Investment Pool Investments

SDHC voluntary 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, 2014, was \$7,262 million and had a weighted average yield to maturity of 0.43%, a weighted average days to maturity of 366 days and an effective duration of 0.780 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 (36.73%), public schools (40.42%), community colleges (11.11%) and non-County funds (3.38%). Voluntary depositors make up only 8.36% of the invested funds as of June 30, 2014.

As of June 30, 2014, SDHC had \$10,011,202 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, 2014, SDHC had \$3,194,829 in negotiable certificates of deposits in its 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 limit.

Agency Bonds

SDHC's investments under U.S. Government Agency bonds are Mortgage-Backed Security (MBS) bonds and debentures traded on an active secondary market. MBS



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

bonds are a 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 (GSE). Government Agency Debentures are also bonds traded on an active secondary market and represent a security or debt obligation of the issuer. 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 AA+ by Standard & Poor's of the GSE (FNMA/Fannie Mae/FreddieMac) that issues/guarantees them. At June 30, 2014, SDHC had \$74,896,017 invested in Agency MBS bonds.

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 its 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. Finally, SDHC diversifies the investment portfolio to minimize potential losses from any one type of security or issuer.

Custodial Risk

Custodial risk is the risk that, in the event of the failure of the custodian, the investments may not be returned. All bonds are purchased through SDHC's primary financial institution's clearing account in SDHC's name where they are all held in safekeeping.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

The exposure of SDHC's debt securities to credit risk and custodial risk as of June 30, 2014 is as follows:

	Total fair value	Standard & Poor's Credit Rating			Not subject to rating
		AAA	AA	A	
Cash and cash equivalents					
Cash and cash equivalents	\$ 10,212,683	\$ -	\$ -	\$ -	\$ 10,212,683
Restricted cash and cash equivalents	3,903,617	-	-	-	3,903,617
Total cash and cash equivalents	<u>\$ 14,116,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,116,300</u>
Short-term investments					
Local agency investment fund	\$ 16,921,089	\$ -	\$ -	\$ -	\$ 16,921,089
San Diego County Investment Pool	10,011,202	10,011,202	-	-	-
U.S. Government Agency securities	3,094,761	2,030,094 *	-	-	1,064,667
Certificate of Deposit	1,473,230	-	-	-	1,473,230
Total short-term investments	<u>\$ 31,500,282</u>	<u>\$ 12,041,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,458,986</u>
Long-term investment securities:					
U.S. Government Agency securities	\$ 71,801,256	\$ -	\$ -	\$ -	\$ 71,801,256
Certificate of Deposit	1,721,599	-	-	-	1,721,599
Total long-term investments	<u>\$ 73,522,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,522,855</u>

*Implied credit rating

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 Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC) and Federal Home Loan Bank (FHLB). Of the \$74,896,017 invested in Agency MBS and debentures as of June 30, 2014, all are issued either by FNMA, FHLB or FHLMC. Of the bonds in the portfolio both FNMA and FHLMC Agencies are currently under conservatorship by the U.S. Government giving them an additional level of security.

MBS are not rated by credit rating agencies, While the rating agencies do not specifically rate MBS, they carry an implied AA+ rating based on the collateral that backs the bond and the 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,



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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, 2014, SDHC had \$3,194,829 invested 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, 2014

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, 2014, is as follows:

	Total fair value	Investment maturities as of June 30, 2014		
		Less than 3 months	4 - 12 months	1 - 5 years
Cash and cash equivalents				
Deposits	\$ 10,192,721	\$ 10,192,721	\$ -	\$ -
Investment other	2	2	-	-
Petty cash	19,960	19,960	-	-
Total cash and cash equivalents	<u>\$ 10,212,683</u>	<u>\$ 10,212,683</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted cash and cash equivalents	<u>\$ 3,903,617</u>	<u>\$ 3,903,617</u>	<u>\$ -</u>	<u>\$ -</u>
Short-term investments				
Local Agency Investment Fund	\$ 16,921,089	\$ 16,921,089	\$ -	\$ -
San Diego County Investment Pool	10,011,202	10,011,202	-	-
U.S. Government Agency	3,094,761	331,835	2,762,926	-
Certificate of Deposit	1,473,230	-	1,473,230	-
Total short-term investments	<u>\$ 31,500,282</u>	<u>\$ 27,264,126</u>	<u>\$ 4,236,156</u>	<u>\$ -</u>
Long-term investments:				
U.S. Government Agency	\$ 71,801,256	\$ -	\$ -	\$ 71,801,256
Certificate of Deposit	1,721,599	-	-	1,721,599
Total long-term investments	<u>\$ 73,522,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,522,855</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

Note 5 - Accounts Receivable - Funding Sources

At June 30, 2014, due from funding sources consist of the following:

Source	Program	Amount
Federal	HOME	\$ 978,839
Federal	Emergency Shelter Grant	551,928
Federal	CDBG	519,670
Federal	Lead Programs	432,664
Federal	Moving to Work Demonstration Program	386,382
Federal	Shelter Plus Care	189,395
Federal	Section 8 Moderate Rehabilitation	101,041
Federal	Capital Fund	76,969
Federal	Healthy Homes Production	30,538
Federal	Social Innovation Fund	7,567
State	Various	33,762
Business activities	Various	3,291,086
		<u>3,291,086</u>
Total		<u>\$ 6,599,841</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 made 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, 2014

Notes, mortgages and interest receivable at June 30, 2014, consist of the following:

Borrower	Project address	Interest rate	Maturity date	Principal amount
15th & Commercial, L.p.,	1506 Commercial Street San Diego, CA 92101	3.00%	01/01/66	\$ 3,463,813
3137 El Cajon Boulevard L	3137 El Cajon Blvd San Diego, CA 92104	3.00%	12/31/63	600,000
34th Street Project, Llc,	4637 34th Street San Diego, CA 92116	3.00%	02/24/77	2,920,000
Affirmed Family Hsg Partn	2125-2155 Coronado Avenue San Diego, CA 92154	4.79%	06/30/35	3,921,809
Alabama Manor Hsg Associa	3822-3836 Alabama Street San Diego, CA 92104	0.00%	12/31/63	3,793,128
Amcal Mission Fund L.p.,	1815-1875 Hancock St San Diego, CA 92110	3.00%	01/01/68	2,498,730
Arbor Terrace,	3693-3741 Florida Street San Diego, CA 92104	4.86%	07/01/62	9,340,439
Bayview Cdc,	4058 National Avenue San Diego, CA 92113	3.00%	03/01/53	696,000
Beyer Blvd Apts. Lp,	3412-3466 Beyer Blvd. San Diego, CA 92154	3.00%	10/22/59	4,200,000
Bolt Housing Partners Lp,	4010 - 4050 Parkhaven Ct. San Diego, CA 92113	3.00%	04/01/56	1,418,838
Canyon Rim Limited Partne	10931 Gerana Street San Diego, CA 92129	3.00%	06/20/55	1,477,409
Carmel Valley/torrey Del	13875 Carmel Valley Road San Diego, CA 92130	3.00%	01/01/57	892,111
Casa Colina Lp,	5207 52nd Place San Diego, CA 92105	3.00%	02/01/59	1,431,050
Catholic Charities 9th &	798 Ninth Avenue San Diego, CA 92101	0.00%	10/31/58	927,500
Chicano Federation,	5052 Wightman Street San Diego, CA 92105	3.00%	07/01/54	4,528,009
Comm22 Family Housing L.p	Commercial St & 22nd St. San Diego, CA 92113	3.00%	05/01/69	300,000
Comm22 Senior Housing, L.	Commercial & 22nd St. San Diego, CA 92113	3.00%	05/01/69	3,360,000
Connections Housing Downt	1250 Sixth Avenue San Diego, CA 92101	3.00%	06/01/69	2,000,000
Coronado Terrace Preserv.	1183 25th Street San Diego, CA 92154	3.00%	03/01/57	1,257,982
Dawson Avenue Senior Apts	4321-52nd Street San Diego, CA 92115	2.00%	12/01/63	6,365,994
Del Sol Apts. Lp,	Del Sol Apartments San Diego, CA 92154	3.00%	08/31/61	4,126,000
Delta Village Housing Ass	4316-4368 Delta Street San Diego, CA 92113	3.00%	05/01/36	6,100,000
Florida Street Housing As	3783 - 3825 Florida Street San Diego, CA 92104	3.00%	02/01/67	6,965,583
Georgia Street, L.p.,	4105 Georgia Street San Diego, CA 92104	3.00%	07/01/66	5,110,753
Golden Age Garden Hsing P	740 South 36th Street San Diego, CA 92113	3.00%	12/31/67	3,661,000
Hacienda Townhomes, Ltd.,	350 17th Street San Diego, CA 92101	4.50%	07/01/48	1,960,138
Harbor View Associates L.	404-424 N. 47th Street San Diego, CA 92102	3.00%	04/01/34	895,563
Hope Cdc,	4910 - 4920 Ocean View Blvd. San Diego, CA 92113	3.00%	12/22/48	647,056
Housing Development Partn	1337-1345 Fifth Avenue San Diego, CA 92101	3.00%	02/28/68	2,575,328
Island Palms Apt. L.p.,	1245 Market Street San Diego, CA 92101	3.00%	12/01/56	4,400,000
Juniper Gardens, L.p.,	4251 Juniper Street San Diego, CA 92105	3.00%	12/31/68	2,839,132
Ken-tal Senior Partners L	5252 El Cajon Blvd San Diego, CA 92116	5.00%	02/15/37	274,863
Lillian Place Lp,	1401 & 1437 J Street San Diego, CA 92101	3.00%	12/31/60	731,000
Linc Arbor Village Apartm	4914-4998 Logan Avenue San Diego, CA 92113	3.00%	05/01/67	5,460,000
Logan Development L.p.,	4720-4768 Logan Ave. San Diego, CA 92113	6.00%	11/30/50	1,400,000
Logan Square Housing Part	4742 Solola Avenue San Diego, CA 92113	3.00%	03/01/48	1,000,000
Market Square Manor Assoc	525 14th Street San Diego, CA 92113	5.60%	03/01/57	2,928,617
Mayberry Townhomes,ca Lmt	4328-4490 Mayberry Street San Diego, CA 92113	3.00%	03/01/29	670,000



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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

Borrower	Project address	Interest rate	Maturity date	Principal amount
Mercado Cic, Lp,	Cesar E. Chavez Parkway San Diego, CA 92113	5.00%	05/01/68	\$ 7,000,000
Mesa Family Villas, L.p.,	2061-2073 Avenida Del Mexico San Diego, CA 92154	5.60%	05/01/57	2,371,285
Metro Villas Housing Part	4031-4081 39th Street San Diego, CA 92105	4.85%	02/01/58	1,652,765
Metropolitan Area Advis.	2001 - 2097 Newton Avenue San Diego, CA 92101	6.00%	12/01/47	1,425,000
Mission Terrace Associate	10210 San Diego Mission Road San Diego, CA 92108	3.00%	09/01/54	2,055,000
Mountain View Properties,	4066 Messina Drive San Diego, CA 92113	6.00%	04/01/33	2,065,897
Nestor Family Housing Par	1150 Tesoro Grove Way San Diego, CA 92154-3114	5.60%	02/01/57	3,316,205
New Palace Associates,	1814 5th Avenue San Diego, CA 92101	8.44%	03/01/21	1,657,130
Palm Terrace Interfaith H	2885 Palm Avenue San Diego, CA 92154	3.00%	04/30/54	2,079,740
Pathfinders Of San Diego	2621-2625 University Avenue San Diego, CA 92104	3.00%	07/15/65	2,050,000
Renaissance Sr Hsg-n Pk R	4330 30th Street San Diego, CA 92104	4.65%	04/12/59	3,151,572
Riverwalk Apartments, L.p	1194 Hollister St San Diego, CA 92154	3.00%	03/01/65	2,275,145
San Diego Commons, Lp,	6456 El Cajon Blvd. San Diego, CA 92115	3.00%	04/30/69	2,943,000
San Diego Fox Hollow L.p.	4366 Home Avenue San Diego, CA 92105	3.00%	04/01/32	2,200,000
San Diego Youth & Communi	4760 35th Street San Diego, CA 92116	3.00%	04/01/67	10,000
Santaluz Family Apts. Lp,	16775 Saintsbury Glen San Diego, CA 92130	3.00%	04/01/60	500,000
Sd Lgbt Community Center,	1640 Broadway San Diego, CA 92101	0.00%	11/01/60	934,000
South Bay Community Servi	135 Averil Road San Ysidro, CA 92173	3.00%	12/01/59	630,700
St. Stephens Housing Ptrn	5641 Imperial Avenue San Diego, CA 92114	4.79%	05/01/36	1,327,193
Steadfast Villa Nueva Lp,	3604 Beyer Blvd. San Diego, CA 92173	3.00%	05/01/62	9,200,000
Tachs Cove Apts Llc,	5288 El Cajon Blvd San Diego, CA 92115	3.00%	05/01/62	982,000
Ten, L.p., City Heights	10 non-contiguous parcels San Diego, CA 92105	3.56%	03/31/69	6,265,213
Terramar Cic, L.p.,	13481-13483 Silver Ivy Lane San Diego, CA	3.00%	05/01/66	2,035,000
The Association For Commu	1851-1865 Titus Street San Diego, CA 92103	3.00%	10/20/58	572,781
The Stratton Lp,	5765 Mount Alifan Drive San Diego, CA 92111	3.00%	06/20/55	1,475,966
Townspeople,	3845-51 1/2 Wilson Avenue San Diego, CA 92104	3.00%	12/01/50	131,850
Townspeople, A Ca Nonprof	4242 - 4260 51st Street San Diego, CA 92115	3.00%	05/01/62	1,570,000
Urban Council Development	4227 52nd St./ San Diego, CA 92115	3.00%	07/01/52	471,387
Urban Housing/grant Heigh	2651-2663 J Street San Diego, CA 92102	3.00%	02/01/57	850,000
Vietnam Veterans Of San D	Veterans Village San Diego, CA 92110	3.00%	05/15/70	7,647,296
Villa Harvey Mandel, L.p.	72 17th Avenue San Diego, CA 92101	5.60%	02/01/57	3,304,231
Vista Terrace Hills,	1790 Del Sur Blvd San Diego, CA 92173	3.00%	12/31/56	1,066,005
Wakeland Village Green Ap	4140-4155 Bonillo Dr San Diego, CA 92115	3.00%	04/01/65	2,165,000
Wakeland Vista Grande Apt	5391-5411-5425 Santa Margarita St San Diego, CA 92114	3.00%	05/01/67	2,967,000
Winona Gardens Housing As	3810 Winona Avenue San Diego, CA 92105	3.00%	07/01/55	2,100,000
Ywca Of San Diego County,	Confidential - San Diego, CA 92109	0.00%	03/01/61	1,786,000
Development loans with rehab / acquisition (Under \$500,000)				6,882,072
Rehab loans (Under \$500,000)				381,756
Home ownership loans				48,158,361
Housing rehabilitation loans				15,590,255
Allowance for Loan Losses				(5,573,371)
Total notes receivable at June 30, 2014				256,811,279
Deferred cumulative interest receivable at June 30, 2014				32,809,621
Total notes and interest receivable at June 30, 2014				<u>\$ 289,620,900</u>

Notes and mortgages receivable due in less than one year amounted to \$474,958 at June 30, 2014.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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

Balance, July 1, 2013	Losses/ write-offs	Additions	Balance, June 30, 2014
\$ 5,271,286	\$ (181,689)	\$ 483,774	\$ 5,573,371

SDHC makes affordable housing loans to individuals in which the borrower is not required to repay the loan during the loan compliance period as long as the compliance covenants are met. The compliance periods differ by program between 10 to 55 years. SDHC monitors the loan compliance. There is no cash disbursement 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 the fiscal year of receipt. Notes representing affordable housing loans outstanding as of June 30, 2014, total is \$59,880,335.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

Note 7 - Capital Assets

A summary of changes in capital assets for the year ended June 30, 2014 is as follows:

	Balance, June 30, 2013	Additions	Transfers / Retirements	Balance, June 30, 2014
Capital assets, not being depreciated				
Land	\$ 63,036,132	\$ -	\$ 150,741	\$ 63,186,873
Construction in progress	<u>1,854,210</u>	<u>2,142,813</u>	<u>(3,245,718)</u>	<u>751,305</u>
Total capital assets, not being depreciated	<u>64,890,342</u>	<u>2,142,813</u>	<u>(3,094,977)</u>	<u>63,938,178</u>
Capital assets, being depreciated				
Buildings	88,811,413	-	-	88,811,413
Building improvements	30,811,213	-	2,770,190	33,581,403
Office furniture and equipment	<u>3,781,552</u>	<u>94,895</u>	<u>228,656</u>	<u>4,105,103</u>
Total capital assets, being depreciated	<u>123,404,178</u>	<u>94,895</u>	<u>2,998,846</u>	<u>126,497,919</u>
Less accumulated depreciation for:				
Buildings	(13,852,095)	(2,262,908)	-	(16,115,003)
Building improvements	(5,678,975)	(2,137,888)	-	(7,816,863)
Office furniture and equipment	<u>(2,967,003)</u>	<u>(399,897)</u>	<u>-</u>	<u>(3,366,900)</u>
Total accumulated depreciation	<u>(22,498,073)</u>	<u>(4,800,693)</u>	<u>-</u>	<u>(27,298,766)</u>
Total capital assets, being depreciated, net	<u>100,906,105</u>	<u>(4,705,798)</u>	<u>2,998,846</u>	<u>99,199,153</u>
Total capital assets, net	<u>\$165,796,447</u>	<u>\$ (2,562,985)</u>	<u>\$ (96,131)</u>	<u>\$163,137,331</u>

The increase in building improvements is primarily related to the completion of prior year construction projects. The value of improvements completed in fiscal year 2014 included \$1.1 million for Vista Verde Apartments and \$1.7 million for the Mariners Village Apartments.

Construction in progress decreased by a net of \$1.1 million to \$0.75 million primarily due to the completion of the development and modernization projects mentioned above. The remaining major projects in progress includes additional improvements at Vista Verde for \$0.4 million, Park Crest rehabilitation for \$0.2 million and Courtyard Apartments improvements for \$0.09 million.

Office furniture and equipment increased by \$0.3 million mainly due to the capitalization of SDHC's ERP system.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

Depreciation expense for the year ended June 30, 2014 was \$4,800,693.

Note 8 - Prepaid Items and Other Assets

As of June 30, 2014, prepaid items and other assets include prepaid insurance of \$167,019, prepaid mortgage insurance premiums of \$96,038, other prepaids of \$1,291, property management deposits of \$16,671, escrow deposits for mortgage insurance premiums of \$211,806, escrow deposits for Mariners Village of \$74,366, and \$2,470 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 costs 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, 2015	\$	74,419
2016		75,285
2017		76,074
2018		76,776
2019		77,379



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

Note 9 - Notes Payable

A summary of notes payable at June 30, 2014 is as follows:

Type of obligations	Interest rates	Maturity date	Balance, 6/30/2013	Additions	Payments	Balance, 6/30/2014
<u>Debts of the Commission</u>						
GE Capital, (Smart Corner & Maya) dated November 2011	6.08%	2026	\$ 13,057,864	\$ -	\$ (1,713,410)	\$ 11,344,454
Successor Agency of the Redevelopment Agency of the City of San Diego, dated March 1992	0% forgivable	2022	695,628	-	-	695,628
Successor Agency of the Redevelopment Agency of the City of San Diego, dated March 18, 2010	1% forgivable	2065	5,456,504	588,552	(14,934)	6,030,122
State of California - Housing Loan Conversion Program 12-HLCP-0004 dated May 10, 2013	3.00%	2068	1,404,849	-	-	1,404,849
State of California - Housing Loan Conversion Program 12-HLCP-0003 dated May 10, 2013	3.00%	2068	3,150,000	-	-	3,150,000
<u>Debts of the LLCs</u>						
Greystone Servicing Corp, Inc. Fannie Mae (Belden)	7.32%	2040	11,880,012	-	(150,938)	11,729,074
Greystone Servicing Corp, Inc. Fannie Mae (Northern)	7.32%	2040	10,423,939	-	(132,438)	10,291,501
Greystone Servicing Corp, Inc. Fannie Mae (Central)	7.32%	2040	13,509,657	-	(171,644)	13,338,013
PNC Bank, NA FHA (Southern)	3.76%	2046	24,017,123	-	(389,996)	23,627,127
PNC Bank, NA FHA (Northern)	3.76%	2046	16,800,687	-	(272,814)	16,527,873
PNC Bank, NA FHA (Central)	3.65%	2046	15,104,146	-	(249,265)	14,854,881
Total			<u>\$ 115,500,409</u>	<u>\$ 588,552</u>	<u>\$ (3,095,439)</u>	<u>\$ 112,993,522</u>

At June 30, 2014, the current portion of notes payable was \$1,925,859 and the noncurrent portion of notes payable was \$111,067,663.

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 15 years, amortized over 25 years, with a fixed interest rate of 6.08% for ten years. In November 2013, SDHC exercised the annual option to pay down the loan principal in the amount of \$1.3 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.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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 R-307238, designating the City to serve as the Successor Agency for the former Redevelopment Agency; thus the obligation has changed 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 the loan being fully disbursed as of June 30, 2014 with the exception of \$49,944. This remaining amount will be disbursed in January of 2015 after approval from the California Department of Finance. The project incurred savings and the City's portion of the savings was returned to them in the form of a payment on the loan. The total payment in fiscal year 2014 was \$201,919 with \$186,985 applied to interest and \$14,934 to principal.

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 purpose of the debt agreements were to obtain financing towards acquiring over 350 affordable housing units in the City of San Diego. The FNMA loans were made to the LLCs, not SDHC. Each one of these loans is a nonrecourse obligation of the LLCs. Under the terms of the loan agreements, the LLCs agree to pay a fixed interest rate of 7.32% for the life of the loan through the maturity date of 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, and on September 20, 2010, Central SDHC FHA LLC entered into debt agreement with PNC Bank, N. A. for a combined total debt amount of \$58.3 million. The purpose of the debt agreements were to obtain financing towards acquiring additional affordable housing units in the City of San Diego. The FHA loans were made to the LLCs, not SDHC. Each one of these loans is a nonrecourse obligation of the LLCs. Under the terms of the loan agreements, the LLCs agree to pay a fixed interest rate not to exceed 4.0% for the life of the loan through the maturity dates of September 1, 2045 and October 1, 2045 for the Northern & Southern LLCs loans and the Central LLC loan, respectively.

The American Recovery and Reinvestment Act of 2009 created the new Build America Bond (BABs) program. State and local governments receive subsidy payments directly from the U.S. Treasury for a portion of their borrowing costs on Build America Bonds, equal to 35 % of the total coupon interest paid. The subsidy stream is paid for the full term of the bonds. The Belden SDHC FNMA LLC, Northern SDHC FHA LLC and Southern SDHC FHA LLC loans have been approved as qualified direct subsidy BABs loans. SDHC has received \$753,432 in fiscal year 2014 subsidy payments.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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, 2015	\$ 1,925,859	\$ 5,484,646	\$ 7,410,505
2016	2,030,684	5,381,924	7,412,608
2017	2,142,708	5,269,542	7,412,250
2018	2,259,573	5,152,294	7,411,867
2019	2,383,391	5,028,070	7,411,461
2020-2024	14,743,311	23,002,552	37,745,863
2025-2029	18,075,501	18,377,310	36,452,811
2030-2034	17,435,314	13,690,516	31,125,830
2035-2039	23,009,148	8,088,148	31,097,296
2010-2044	14,700,220	2,932,666	17,632,886
2045-2068	14,287,813	4,650,617	18,938,430
Total	\$ 112,993,522	\$ 97,058,285	\$ 210,051,807

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 for property upon which housing is located. Lease terms include annual payments ranging from \$1 to \$541,785 for periods of one to 55 years, and additional payments based upon surplus cash generated by certain housing projects. For fiscal year 2014, the amount of Land Lease Income is \$825,242 and is comprised of the following leases:

Mariner's Cove	\$ 541,785
Dawson Ave. Senior Apts	86,686
Talmadge Senior Village	75,372
Mission	45,404
Villa Merced	33,548
Jones - 229 16th Street Parking Lot	17,376
Casa Colina	21,431
Golden Villa	3,640
	<u>\$ 825,242</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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

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

Commercial space lease terms include annual payments ranging from \$1 to \$488,362. The lease terms are up to 10 years with options to renew for up to five years, as specified in the lease agreements.

For fiscal year 2014, SDHC received commercial lease income of \$776,675 from the following leases:

Commercial Leases - Smart Corner

Family Justice Center	\$ 488,362
7-Eleven, Inc.	131,949
Amitar, Inc - Cricket Wireless	54,537
Housing Opportunitites Collaborative	18,000

Commercial Leases - Sandford Hotel

Associated Barber College	32,809
P5 Academy	18,375
BB Delicatessen	14,150
Bartending College	11,193
PATH	7,300
	7,300
	\$ 776,675



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

Aggregate future collections of minimum lease payments are as follows:

Year ending June 30, 2015	\$ 1,514,264
2016	1,594,852
2017	1,673,306
2018	1,786,214
2019	1,764,115
2020 - 2024	7,042,164
2025 - 2029	6,345,865
2030 - 2034	5,678,788
2035 - 2039	3,639,330
2040	291,856
	\$ 31,330,754

SDHC does not hold any leases payable at June 30, 2014.

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, and 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, with outside recordkeeping performed 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 audit 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, 2014

SDHC's covered payroll in fiscal year 2014 was \$16,398,710. SDHC made its required 14% contribution, in the amount of \$2,295,819 and plan members contributed \$135,523 for the fiscal year ended June 30, 2014.

As of June 30, 2014, the amount of accrued salary and benefits was \$1,278,605, which consisted of payroll for the 10 working days from June 14, 2014 to June 30, 2014 (\$726,620) and a fiscal year 2014 performance incentive (\$543,690). Nine working days of accrued payroll was paid to employees on July 3rd, 2014, the first pay date in fiscal year 2015. The last working day, June 30, was included in the July 18th, 2014 payroll. The performance incentive was paid on September 12th, 2014. In addition, there was \$8,295 of accrued salary and benefits related to 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 \$12,140,281 at June 30, 2014.

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 \$500,000 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 \$500,000 limit up to the statutory requirements.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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 a self-insurance program for workers' 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 estimated 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, 2014

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 line of coverage are as follows:

<u>Type of Coverage</u>	<u>Broker</u>	<u>Carrier</u>
Primary & Excess Property incl. Flood, 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	Alliant Ins. Svcs	National Union/Chartis
Executive Professional Liability incl. Employment Practices	Lockton Ins. Brokers	National Union/Chartis
Directors & Officers Liability - Side A Difference in Conditions	Lockton Ins. Brokers	Ironshore
Auto Physical Damage	HAI Group	Travelers
Lead & Asbestos Professional Liability	EmpireWest	OneBeacon
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, 2014. 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 \$148,880,281, representing 90% of the balance of HOME-funded notes receivable, and \$7,452,593 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 Program provisions of the 1990 National Affordable



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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, including 10% that SDHC can retain to cover its administrative costs for HOME activities. As such, the net position associated with the HOME loans are treated as restricted net position because of the perpetual purpose restriction to continue to recycle these resources into eligible uses under the HOME program.

The NSP funds were granted under President Bush's economic stimulus plan under Housing Economic Recovery Act of 2008. These funds were made available 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 made to individuals and not-for-profit organizations 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, including 10% that SDHC can retain to cover its administrative costs for NSP activities. As such, the net position 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 to HOME and NSP grant funds, \$3,215,523 is restricted for the replacement reserves required by the debt obligations on the LLCs.

The remaining restricted balance, amounting to \$950,089, consists of \$349,206 of restricted funds for the HUD Veteran Affairs Supportive Housing (VASH) operating reserve and \$600,883 of the Family Unification Program reserves. These restricted balances are administered in accordance with Housing Choice Voucher 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, 2014, SDHC's original budget included \$217,713,655 of estimated HUD funding. A reduction in funding from HUD could significantly change the services provided by SDHC.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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.

Loan Commitments

SDHC has committed funds for loans and grants to various individuals and entities as of June 30, 2014. The amount of loans and grants SDHC has committed to fund, but has not funded as of June 30, 2014, is \$26,731,435.

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.

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 (see Housing Authority Report HAR 09-030). SDHC leveraged the equity in a portion of those 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 into six Limited Liability Companies (LLCs). The groupings were primarily based on property location. Each of these LLC loans is nonrecourse.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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 with 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 the 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, 2014:



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

San Diego Housing Commission - Blended Component Units
Balance Sheet
June 30, 2014

	Belden SDHC FNMA LLC	Northern SDHC FNMA LLC	Central SDHC FNMA LLC	Northern SDHC FHA LLC	Southern SDHC FHA LLC	Central SDHC FHA LLC	Mercado SDHC LLC	TOTAL
ASSETS								
<i>Current Assets</i>								
Operating Cash	\$ 355,053	\$ 268,363	\$ 340,925	\$ 611,171	\$ 921,191	\$ 655,396	\$ -	\$ 3,152,099
Security Deposit Account	91,823	76,242	118,870	83,985	177,511	136,270	-	684,701
Restricted Cash	255,791	164,274	254,519	756,883	639,908	1,124,797	-	3,196,172
Accounts Receivable	7,775	10,347	21,756	59,855	15,444	66,962	11	182,150
Allowance for Doubtful Accounts	(333)	(2,531)	(2,618)	(3,658)	(5,243)	(5,754)	-	(20,137)
Prepaid Mortgage Insurance	-	-	-	26,610	37,820	31,607	-	96,037
Escrow Account - MIP	-	-	-	67,510	92,101	52,195	-	211,806
Investments	-	-	-	-	-	-	14,618	14,618
Total Current Assets	710,109	516,695	733,452	1,602,356	1,878,732	2,061,473	14,629	7,517,446
<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	(305,886)	(557,861)	(1,312,455)	(1,221,575)	(1,232,595)	(910,461)	-	(5,540,833)
Total Fixed Assets	4,038,474	6,222,105	8,273,760	9,777,138	8,987,961	8,475,009	29,897	45,804,344
<i>Intangible Assets</i>								
Loan Fees, net	118,914	107,279	202,283	428,100	586,722	391,185	-	1,834,483
TOTAL ASSETS	\$ 4,867,497	\$ 6,846,079	\$ 9,209,495	\$ 11,807,594	\$ 11,453,415	\$ 10,927,667	\$ 44,526	\$ 55,156,273



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

San Diego Housing Commission - Blended Component Units
Balance Sheet - Continued
June 30, 2014

	Belden SDHC FNMA LLC	Northern SDHC FNMA LLC	Central SDHC FNMA LLC	Northern SDHC FHA LLC	Southern SDHC FHA LLC	Central SDHC FHA LLC	Mercado SDHC LLC	TOTAL
LIABILITIES								
<i>Current Liabilities</i>								
Accounts Payable	\$ 74,631	\$ 52,295	\$ 39,777	\$ 79,551	\$ 96,829	\$ 80,626	\$ 1,900	\$ 425,609
Related Party Payable	115,844	121,079	171,005	215,501	222,886	216,452	-	1,062,767
Accrued Interest Payable	71,547	62,778	81,362	51,787	74,032	45,184	-	386,690
First Mortgage - Current Portion	162,366	142,465	184,638	283,250	404,915	258,516	-	1,436,150
Prepaid Revenue	7,891	1,193	3,497	3,360	1,796	4,141	-	21,878
Tenant Security Deposits	91,823	76,242	118,869	83,985	177,511	135,569	-	683,999
Total Current Liabilities	524,102	456,052	599,148	717,434	977,969	740,488	1,900	4,017,093
<i>Long-term Liabilities</i>								
First Mortgage Payable	11,566,708	10,149,035	13,153,375	16,244,624	23,222,212	14,596,366	-	88,932,320
TOTAL LIABILITIES	12,090,810	10,605,087	13,752,523	16,962,058	24,200,181	15,336,854	1,900	92,949,413
EQUITY								
Net Investment in Capital Assets	(7,690,600)	(4,069,395)	(5,064,253)	(6,750,735)	(10,530,000)	(5,770,636)	29,897	(39,845,722)
Restricted	255,804	164,283	254,532	766,663	641,727	1,132,515	-	3,215,524
Unrestricted	211,483	146,104	266,693	829,608	(2,858,493)	228,934	12,729	(1,162,942)
TOTAL EQUITY	(7,223,313)	(3,759,008)	(4,543,028)	(5,154,464)	(12,746,766)	(4,409,187)	42,626	(37,793,140)
TOTAL LIABILITIES AND EQUITY	\$ 4,867,497	\$ 6,846,079	\$ 9,209,495	\$ 11,807,594	\$ 11,453,415	\$ 10,927,667	\$ 44,526	\$ 55,156,273



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

San Diego Housing Commission - Blended Component Units
Statement of Operations
For the period ended June 30, 2014

	Belden SDHC FNMA LLC	Northern SDHC FNMA LLC	Central SDHC FNMA LLC	Northern SDHC FHA LLC	Southern SDHC FHA LLC	Central SDHC FHA LLC	Mercado SDHC LLC	TOTAL
INCOME								
Rental Income	\$ 2,302,871	\$ 1,898,448	\$ 2,424,835	\$ 2,576,025	\$ 3,817,570	\$ 2,985,279	\$ -	\$ 16,005,028
Other Income	280,073	26,465	41,486	238,724	349,606	43,572	130	980,056
TOTAL INCOME	2,582,944	1,924,913	2,466,321	2,814,749	4,167,176	3,028,851	130	16,985,084
EXPENSES								
<i>Operating</i>								
Salaries & Benefits	137,562	138,811	151,525	134,962	243,044	203,816	-	1,009,720
Management Fee	116,072	96,225	122,090	130,535	193,797	150,711	-	809,430
Other Admin	22,791	20,166	25,501	51,870	47,498	51,909	(14,455)	205,280
Utilities	180,785	151,026	175,901	210,448	372,739	296,787	-	1,387,686
Repairs & Maintenance	271,171	258,396	368,332	481,062	666,219	543,430	-	2,588,610
Protective Services	23,769	1,079	4,308	2,284	63,193	30,934	-	125,567
Insurance	33,208	8,861	14,642	39,847	36,832	24,431	-	157,821
Total Operating	785,358	674,564	862,299	1,051,008	1,623,322	1,302,018	(14,455)	6,284,114
<i>Other Expenses</i>								
Interest Expense	863,699	757,840	982,177	626,181	895,146	546,401	-	4,671,444
Mortgage Insurance	-	-	-	74,836	106,981	67,179	-	248,996
Depreciation	69,396	125,751	292,555	320,144	323,193	242,259	-	1,373,298
Amortization	4,405	3,974	7,469	17,546	24,062	16,030	-	73,486
Bad Debt Expense	28,337	18,439	27,657	35,702	13,074	86,642	-	209,851
Other Expenses	67,463	18,421	11,295	11,412	9,563	22,027	800	140,981
Total Other Expenses	1,033,300	924,425	1,321,153	1,085,821	1,372,019	980,538	800	6,718,056
TOTAL EXPENSES	1,818,658	1,598,989	2,183,452	2,136,829	2,995,341	2,282,556	(13,655)	13,002,170
NET INCOME	764,286	325,924	282,869	677,920	1,171,835	746,295	13,785	3,982,914
Operating Transfer In	-	-	-	-	-	-	12,729	12,729
Operating Transfer Out	(675,502)	(396,154)	(420,114)	(2,945,762)	(3,711,726)	(2,458,544)	(13,885)	(10,621,687)
Total Operating Transfer	(675,502)	(396,154)	(420,114)	(2,945,762)	(3,711,726)	(2,458,544)	(1,156)	(10,608,958)
Net Income Net of Financing Sources	\$ 88,784	\$ (70,230)	\$ (137,245)	\$ (2,267,842)	\$ (2,539,891)	\$ (1,712,249)	\$ 12,629	\$ (6,626,044)



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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., HDP Churchill LLC and Other Consolidated Companies. The Consolidated companies includes: Logan Development Management LLC, HDP Parker Kier, LLC, HDP Broadway Management LLC, and HDP Broadway L.P.. 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, 2013 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, 2014

San Diego Housing Commission - Discretely Presented Component Units
Consolidating Schedule of Financial Position
December 31, 2013

ASSETS

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	Casa Colina. L.P.	Logan Development II, L.P.	HDP Churchill, LLC	Other Consolidated Companies	Eliminations	Consolidated
Current Assets:								
Cash and cash equivalents	\$ 1,419,349	\$ 7,437	\$ 411,726	\$ 312,216	\$ 8,253,258	\$ 2,425	\$ -	\$ 10,406,411
Tenant security deposits	-	7,101	23,681	24,873	-	15,538	-	71,193
Accounts receivable, net	733,716	3,427	14,361	32,664	-	52,109	(716,429)	119,848
Related party advances	252,208	-	-	-	-	-	(252,208)	-
Prepaid expenses	2,606	1,773	13,395	5,062	-	4,454	-	27,290
Prepaid ground leases	-	-	10,798	-	-	-	-	10,798
Total Current Assets	<u>2,407,879</u>	<u>19,738</u>	<u>473,961</u>	<u>374,815</u>	<u>8,253,258</u>	<u>74,526</u>	<u>(968,637)</u>	<u>10,635,540</u>
Noncurrent Assets:								
Accounts receivable, net	531,544	-	-	-	-	-	(274,812)	256,732
Deposits	110,680	8,469	-	6,500	-	-	-	125,649
Note receivable	601,589	-	-	-	-	-	(601,589)	-
Interest receivable	20,836	-	-	-	-	-	(20,836)	-
Escrow deposits	-	-	17,749	-	-	-	-	17,749
Replacement reserves	-	27,625	207,198	54,119	-	-	-	288,942
Operating reserves	-	-	117,927	-	-	51,236	-	169,163
Operating expense reserve	-	27,577	-	-	-	-	-	27,577
Investment in partnerships	31,148	-	-	-	-	82	(71)	31,159
Prepaid ground leases, less current portion	-	-	583,077	-	-	-	-	583,077
Property and equipment, net	583,972	5,610,251	3,995,824	8,905,759	210,750	12,551	(3,363,541)	15,955,566
Capitalized costs, net	-	17,666	332,349	178,429	-	-	-	528,444
Total Noncurrent Assets	<u>1,879,769</u>	<u>5,691,588</u>	<u>5,254,124</u>	<u>9,144,807</u>	<u>210,750</u>	<u>63,869</u>	<u>(4,260,849)</u>	<u>17,984,058</u>
TOTAL ASSETS	<u>\$ 4,287,648</u>	<u>\$ 5,711,326</u>	<u>\$ 5,728,085</u>	<u>\$ 9,519,622</u>	<u>\$ 8,464,008</u>	<u>\$ 138,395</u>	<u>\$ (5,229,486)</u>	<u>\$ 28,619,598</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

San Diego Housing Commission - Discretely Presented Component Units
 Consolidating Schedule of Financial Position - Continued
 December 31, 2013

LIABILITIES AND NET ASSETS

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	Casa Colina. L.P.	Logan Development II, L.P.	HDP Churchill, LLC	Other Consolidated Companies	Eliminations	Consolidated
<u>Current Liabilities:</u>								
Accounts payable and accrued expenses	\$ 125,804	\$ 23,777	\$ 32,544	\$ 26,559	\$ 30,620	\$ 17,195	\$ (29,178)	\$ 227,321
Construction costs payable	-	-	-	39,733	-	-	-	39,733
Accrued interest payable	-	-	14,449	-	-	-	-	14,449
Related party advances	132,847	493,133	20,000	764,223	-	130,154	(1,407,510)	132,847
Prepaid revenue	-	334	11	4,462	-	244	-	5,051
Tenant security deposits	-	7,000	22,322	24,278	-	15,500	-	69,100
Current portion of notes payable	-	23,000	56,278	3,343,837	-	-	-	3,423,115
Total Current Liabilities	<u>258,651</u>	<u>547,244</u>	<u>145,604</u>	<u>4,203,092</u>	<u>30,620</u>	<u>163,093</u>	<u>(1,436,688)</u>	<u>3,911,616</u>
<u>Noncurrent Liabilities:</u>								
Deferred grant revenue	-	-	-	-	8,296,409	-	-	8,296,409
Accrued interest payable	-	267,157	131,539	1,492,545	1,241	-	(20,836)	1,871,646
Notes payable, less current portion	<u>417,957</u>	<u>5,105,833</u>	<u>4,596,353</u>	<u>3,264,116</u>	<u>142,859</u>	<u>-</u>	<u>(601,589)</u>	<u>12,925,529</u>
Total Noncurrent Liabilities	<u>417,957</u>	<u>5,372,990</u>	<u>4,727,892</u>	<u>4,756,661</u>	<u>8,440,509</u>	<u>-</u>	<u>(622,425)</u>	<u>23,093,584</u>
Total Liabilities	<u>676,608</u>	<u>5,920,234</u>	<u>4,873,496</u>	<u>8,959,753</u>	<u>8,471,129</u>	<u>163,093</u>	<u>(2,059,113)</u>	<u>27,005,200</u>
<u>Unrestricted Net Assets, Non-Controlling Interest</u>								
	<u>-</u>	<u>-</u>	<u>854,574</u>	<u>559,787</u>	<u>-</u>	<u>2,796</u>	<u>-</u>	<u>1,417,157</u>
<u>Unrestricted Net Assets</u>	<u>3,611,040</u>	<u>(208,908)</u>	<u>15</u>	<u>82</u>	<u>(7,121)</u>	<u>(27,494)</u>	<u>(3,170,373)</u>	<u>197,241</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,287,648</u>	<u>\$ 5,711,326</u>	<u>\$ 5,728,085</u>	<u>\$ 9,519,622</u>	<u>\$ 8,464,008</u>	<u>\$ 138,395</u>	<u>\$ (5,229,486)</u>	<u>\$ 28,619,598</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

San Diego Housing Commission - Discretely Presented Component Units
 Consolidating Schedule of Activities
 For the Year Ended December 31, 2013

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	Casa Colina, L.P.	Logan Development II, L.P.	HDP Churchill, LLC	Other Consolidated Companies	Eliminations	Consolidated
Revenue and Support:								
Rental income	\$ -	\$ 306,709	\$ 897,733	\$ 687,049	\$ -	\$ 46,853	\$ (13,200)	\$ 1,925,144
Management fees	96,649	-	-	-	-	15,000	(45,000)	66,649
Resident services	-	-	71,017	-	-	-	-	71,017
Share of income from partnerships	6,289	-	-	-	-	(16)	147	6,420
Interest income	20,115	78	896	253	936	9	(18,129)	4,158
Miscellaneous income	2,034	-	-	-	-	100	-	2,134
Developer fees	881,429	-	-	-	-	-	(881,429)	-
Gain on disposal of property and equipment	308,640	-	-	-	-	-	(308,640)	-
Total Revenue and Support	<u>1,315,156</u>	<u>306,787</u>	<u>969,646</u>	<u>687,302</u>	<u>936</u>	<u>61,946</u>	<u>(1,266,251)</u>	<u>2,075,522</u>
Expenses:								
Program Services:								
Program services	365,975	360,455	803,593	721,967	-	64,217	(76,229)	2,239,978
Total Program Services	<u>365,975</u>	<u>360,455</u>	<u>803,593</u>	<u>721,967</u>	<u>-</u>	<u>64,217</u>	<u>(76,229)</u>	<u>2,239,978</u>
Supporting Services:								
Management and general	157,135	96,454	214,928	134,946	8,057	22,425	-	633,945
Total Supporting Services	<u>157,135</u>	<u>96,454</u>	<u>214,928</u>	<u>134,946</u>	<u>8,057</u>	<u>22,425</u>	<u>-</u>	<u>633,945</u>
Total Expenses	<u>523,110</u>	<u>456,909</u>	<u>1,018,521</u>	<u>856,913</u>	<u>8,057</u>	<u>86,642</u>	<u>(76,229)</u>	<u>2,873,923</u>
Change in Unrestricted Net Assets Before Loss Attributable to Non-Controlling Interest	792,046	(150,122)	(48,875)	(169,611)	(7,121)	(24,696)	(1,190,022)	(798,401)
(Income) Loss Attributable to Non-Controlling Interest	-	-	48,870	169,595	-	(2,796)	-	215,669
Change in Unrestricted Net Assets	792,046	(150,122)	(5)	(16)	(7,121)	(27,492)	(1,190,022)	(582,732)
Unrestricted Net Assets at Beginning of Year	<u>2,818,994</u>	<u>(58,786)</u>	<u>20</u>	<u>98</u>	<u>-</u>	<u>(2)</u>	<u>(1,980,351)</u>	<u>779,973</u>
Contributions	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-
UNRESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 3,611,040</u>	<u>\$ (208,908)</u>	<u>\$ 15</u>	<u>\$ 82</u>	<u>\$ (7,121)</u>	<u>\$ (27,494)</u>	<u>\$ (3,170,373)</u>	<u>\$ 197,241</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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 980 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 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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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.

HDP Churchill, LLC

HDP Churchill, LLC (HDP Churchill) was established as a limited liability company under the laws of the State of California on August 26, 2013 to acquire, operate, develop, manage, finance, refinance, hold and sell real property and participate in partnerships, corporations, limited liability companies, or other legal entities engaged in rental housing projects. HDP is the sole member of HDP Churchill, LLC.

Other Consolidated Companies**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, 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.

HDP Parker Kier, LLC

HDP Parker Kier, LLC was established as a limited liability company under the laws of the State of California on July 30, 2013 to acquire, operate, develop, manage, finance, refinance, hold and sell real property and participate in partnerships, corporations, limited liability companies, or other legal entities engaged in rental housing projects. HDP is the sole member of HDP Parker Kier, LLC.

HDP Broadway Management, LLC

HDP Broadway Management, LLC was established as a limited liability company under the laws of the State of California on July 22, 2013 to serve as the managing general partner of HDP Broadway, L.P. to acquire, operate, develop, manage, finance, refinance, hold and sell real property and participate in partnerships, corporations,



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

limited liability companies, or other legal entities engaged in rental housing projects. HDP is the sole member of HDP Broadway Management, LLC.

HDP Broadway, L.P.

HDP Broadway, L.P. (HDP Broadway) was formed as a limited partnership under the laws of the State of California on July 22, 2013 to own, rehabilitate and operate a multifamily low income rental housing project located in San Diego, California operating under the name San Diego Square (Note 13). HDP Broadway Management, LLC, the managing general partner, has a 1% general partnership interest and HDP has a 99% limited partnership interest in the partnership. All profits and losses are allocated 1% to HDP Broadway Management, LLC and 99% to HDP.

Significant Accounting Policies

Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation include the accounts of HDP, HDP Mason, Casa Colina, Logan, HDP Churchill, Logan Development Management, LLC, HDP Parker Kier, LLC, HDP Broadway Management, LLC and HDP Broadway. 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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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

Fair Value Measurements

Fair value accounting 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). The Corporation had no financial instruments at December 31, 2013.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. The allowance for doubtful accounts totaled \$239,562 at December 31, 2013.

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 and improvements	27.5 - 40 years
Furniture and equipment	5 - 7 years
Furnishings	5 years

Depreciation expense totaled \$652,398 for the year ended December 31, 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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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 2013.

Amortization

Capitalized costs are amortized over the term of the related assets using the straight-line method. Amortization totaled \$18,230 for the year ended December 31, 2013.

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 \$132,847 at December 31, 2013.

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.

Deferred Grant Revenue

Government grants related to the acquisition of assets are recognized initially as deferred grant revenue when there is reasonable assurance that the Corporation will comply with the conditions associated with the grant. Grant revenue is recognized in the statement of activities on a systematic basis over the useful life of the asset. Deferred grant revenue totaled \$8,296,409 at December 31, 2013.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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 \$69,100 at December 31, 2013.

Revenue Recognition

Rental revenue attributable to residential leases is recorded when due from residents, 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 \$636,777 for the year ended December 31, 2013 and is included in rental income.

HDP Mason entered into a housing assistance payment contract with the San Diego Housing Commission in May 2013. The contract expires May 14, 2023 with a renewal option. The amount earned on the contract totaled \$62,478 for the year ended December 31, 2013 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.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

HDP and HDP Mason's Return of Organization Exempt from Income Tax for the years ended December 31, 2013, 2012, 2011 and 2010 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, Logan and HDP Broadway were formed as limited partnerships and Logan Development Management, LLC, HDP Parker Kier, LLC, HDP Churchill and HDP Broadway Management, LLC were established as limited liability companies under the laws of the State of California. Casa Colina, Logan, HDP Broadway, Logan Development Management, LLC, HDP Parker Kier, LLC, HDP Churchill and HDP Broadway Management, LLC 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. 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, HDP Broadway, Logan Development Management, LLC, HDP Parker Kier, LLC, HDP Churchill and HDP Broadway Management, LLC's tax returns for the years ended December 31, 2013, 2012, 2011 and 2010 are subject to examination by the Internal Revenue Service and State taxing authorities, generally the three to four years after the returns were filed.

Concentrations

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 Logan'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.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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

The Corporation has evaluated subsequent events through July 2, 2014, which is the date the financial statements are available for issuance, and concluded that there were no events or transactions that needed to be disclosed except as disclosed in Note 13.

HDP Note 2 - Accounts Receivable:**Accounts receivable consist of the following at December 31, 2013:****Related Parties:**

Studio 15 Housing Partners, LLC	\$ 256,732
Island Palm Apartments, LP	239,562
Dawson Avenue Senior Apartments, LP	19,022
Less: Allowance for doubtful accounts	<u>(239,562)</u>
Subtotal	<u>275,754</u>

Other:

Rent receivable	45,790
Logan property tax refund	27,410
Resident services	14,361
Parker Kier administrative fee	7,350
Other miscellaneous receivables	<u>5,915</u>
Subtotal	<u>100,826</u>

Total Accounts Receivable, Net	<u><u>\$ 376,580</u></u>
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Financial Statement Presentation:

Current	\$ 119,848
Noncurrent	<u>256,732</u>
Total	<u><u>\$ 376,580</u></u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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. The annual activity is summarized as follows for the year ended December 31, 2013:

Balance at Beginning of Year	\$ 22,869
Add: Monthly deposits	26,425
Less: Withdrawals:	
Mortgage insurance	(15,342)
Property Insurance	(16,203)
	<u> </u>
Balance at End of Year	<u>\$ 17,749</u>

HDP Note 4 - Replacement Reserves:**HDP Mason**

HDP Mason is required to establish and maintain a replacement reserve in the initial amount of \$17,000 with the proceeds of the CalHFA mortgage payable commencing on the CalHFA loan closing date. The reserve is held by HDP Mason and is required to be funded in an annual amount of \$8,500. Expenditures are subject to the supervision and approval of CalHFA. The annual activity is summarized as follows for the year ended December 31, 2013:

Balance at Beginning of Year	\$ 17,000
Add: Initial deposit	
Monthly deposits	10,620
Interest income	5
	<u> </u>
Balance at End of Year	<u>\$ 27,625</u>

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. The annual activity is summarized as follows for the year ended December 31, 2013:



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

Balance at Beginning of Year	\$ 177,691
Add: Monthly deposits	14,550
Interest income	150
Additional deposits	<u>14,807</u>
Balance at End of Year	<u>\$ 207,198</u>

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. The annual activity is summarized as follows for the year ended December 31, 2013:

Balance at Beginning of Year	\$ 54,012
Add: Interest income	<u>107</u>
Balance at End of Year	<u>\$ 54,119</u>

Parker Kier is required to maintain a replacement reserve account in accordance with the ground lease with the San Diego Housing Commission and is to be funded in an annual amount of \$9,900, as defined, beginning September 1, 2014. The replacement reserve had not been funded at December 31, 2013.

HDP Note 5 - Operating Reserves:

Casa Colina

Casa Colina is required to maintain an operating reserve account in accordance with the partnership agreement. The annual activity is summarized as follows for the year ended December 31, 2013:

Balance at Beginning of Year	\$ 117,398
Add: Interest	<u>529</u>
Balance at End of Year	<u>\$ 117,927</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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 operating reserve had not been funded at December 31, 2013.

Parker Kier

Parker Kier is required to maintain an operating reserve account in accordance with the ground lease with the San Diego Housing Commission in an initial amount of \$51,227. The annual activity is summarized as follows for the year ended December 31, 2013:

Balance at Beginning of Year	\$	-
Add: Initial deposit		51,227
Interest income		9
		<hr/>
Balance at End of Year	\$	<u>51,236</u>

HDP Note 6 - Operating Expense Reserve:

HDP Mason

HDP Mason is required to establish and maintain an operating expense reserve in the initial amount of \$27,440 with the proceeds of the CalHFA mortgage payable. The reserve is to cover shortfalls in unit income available for payment of approved operating expenses. The annual activity is summarized as follows for the year ended December 31, 2013:

Balance at Beginning of Year	\$	27,505
Add: Interest		72
		<hr/>
Balance at End of Year	\$	<u>27,577</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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, 2013:

Investment in Partnerships:	
Dawson Avenue Senior Apartments, LP	\$ 34,915
Island Palms Apartments, LP	(2,769)
Studio 15 Housing Partners, LLC	<u>(987)</u>
Total Investment in Partnerships	<u>\$ 31,159</u>

The Corporation provided management services to these partnerships for which it earned the following amounts for the year ended December 31, 2013:

Dawson Avenue Senior Apartment, LP	\$ 20,108
Island Palm Apartments, LP	19,227
Studio 15 Housing Partners, LLC	19,964
Other management fees	<u>7,350</u>
Total Management Fees	<u>\$ 66,649</u>

HDP Note 8 - Property and Equipment:

Property and equipment consist of the following at December 31, 2013:

Buildings and improvements	\$ 1,655,329
Furniture and equipment	15,476,894
Furnishings	412,756
Construction in progress	<u>96,463</u>
	<u>793,426</u>
Subtotal	18,434,868
Less: Accumulated depreciation	<u>(2,479,302)</u>
Property and Equipment, Net	<u>\$ 15,955,566</u>

Interest totaling \$89,722 was capitalized and is included in buildings and improvements for the year ended December 31, 2013.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

HDP Note 9 - Capitalized Costs:

The costs incurred to obtain financing of HDP Mason, Casa Colina and Logan have been capitalized and are being amortized as described below as of December 31, 2013:

	<u>Amortization Period</u>		
Financing fees	30 - 55 years	\$	628,197
Tax credit fees	10 years		<u>61,948</u>
Subtotal			690,145
Less: Accumulated amortization			<u>(161,701)</u>
Capitalized Costs, Net		<u>\$</u>	<u>528,444</u>

HDP Note 10 - Notes Payable:

Notes payable consist of the following at December 31, 2013:

HDP Mason

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 \$115,448 at December 31, 2013.

\$ 2,353,284

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 \$81,446 at December 31, 2013.

1,318,964



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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 \$49,392 at December 31, 2013. 1,180,727

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 \$20,871 at December 31, 2013. 68,858

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. Forgiveness of debt totaled \$23,000 for the year ended December 31, 2013. 207,000

Total HDP Mason 3,128,833

Casa Colina

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 \$14,449 at December 31, 2013. 3,052,631

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 \$131,539 at December 31, 2013. 1,600,000

Total Casa Colina 4,652,631



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

Logan

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% (2.42% at December 31, 2013) 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 converted on February 28, 2014 and bears interest at a fixed rate of 5.58% and is 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. Accrued interest totaled \$-0- at December 31, 2013.

4,456,364

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 \$1,391,400 at December 31, 2013.

1,400,000

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 \$80,309 at December 31, 2013.

150,000

Total Logan

6,006,364



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

HDP

Note payable is held by Local Initiatives Support Corporation in the original amount of \$710,500. The note bears interest at 6% per annum. Interest is payable on a monthly basis until all amounts due under this note are paid in full. Principal and accrued interest are due and payable on the earlier of the closing and initial funding date of any construction financing or the first day of the nineteenth full month after the closing date. The note is unsecured. Accrued interest totaled \$-0- at December 31, 2013.

	417,957
Total HDP	417,957

Churchill

Note payable is held by San Diego Housing Commission in the original amount of \$3,800,000. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from 75% of residual receipts as defined in the loan agreement through July 2068. The note is secured by a deed of trust on Hotel Churchill. Accrued interest totaled \$1,241 at December 31, 2013.

	142,859
Total Notes Payable	16,348,644
Less: Current Portion	(3,423,115)
Notes Payable, Net of Current Portion	\$ 12,925,529

The future principal payments on the notes payable following December 31, 2013 are as follows:

2014	\$	3,423,115
2015		546,343
2016		134,482
2017		140,931
2018		147,752
Thereafter		11,956,021
Total	\$	16,348,644



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

HDP Note 11 - Ground Leases:**Casa Colina**

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. The ground lease expense totaled \$30,719 for the year ended December 31, 2013.

Financial Statement Presentation:

Current	\$ 10,798
Noncurrent	<u>583,077</u>
	<u><u>\$ 593,875</u></u>

Parker Kier

Parker Kier entered into a ground lease with the San Diego Housing Commission on September 1, 2013. The lease agreement is for the term of 10 years with an annual rent of 4 1/2% of all gross income for the immediately preceding calendar year, as defined in the agreement. During this term, the property is required to be used exclusively as a residential apartment building containing 33 units reserved as affordable units. Parker Kier is responsible for all real estate taxes and maintenance of any improvements during the term of the lease. Payments on the ground lease are to begin on September 1, 2014.

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 and members' equity of Logan Development Management, LLC included in the accompanying consolidated financial statements as of and for the year ended December 31, 2013:



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

Casa Colina

	<u>HDP General Partner</u>	<u>Non-controlling Interest Limited Partner</u>
Partners' Equity, at Beginning of Year	\$ 20	\$ 713,746
Partner contributions	-	189,698
Net loss	(5)	(48,870)
Partners' Equity, at End of Year	<u>\$ 15</u>	<u>\$ 854,574</u>

Logan

	<u>Logan Development Management, LLC General Partner</u>	<u>Non-controlling Interest Limited Partner</u>
Partners' Equity, at Beginning of Year	\$ 98	\$ 462,677
Partner contributions	-	318,870
Net loss	(16)	(169,595)
Syndication costs	-	(52,165)
Partners' Equity, at End of Year	<u>\$ 82</u>	<u>\$ 559,787</u>

Logan Development Management, LLC

	<u>HDP Managing Member</u>	<u>Non-controlling Interest Non- managing Member</u>
Members' Equity, at Beginning of Year	\$ (2)	\$ -
Net income	10,620	2,796
Members' Equity, at End of Year	<u>\$ 10,618</u>	<u>\$ 2,796</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

HDP Note 13 - Subsequent Events:

HDP

On February 13, 2014 Housing Development Partners acquired the San Diego Square for approximately \$7,700,000 and became the sole owner of the leasehold improvements. The City of San Diego remains the owner of the land. This acquisition was financed by a bridge loan in the amount of \$7,900,000 from Local Initiatives Support Corporation. The loan bears interest at a fixed rate of 5.15% with interest payable in quarterly installments. The entire outstanding principal and interest is due at the earlier of construction financing closing or on March 1, 2015. Closing on the construction financing and subsequent rehabilitation of the San Diego Square is scheduled for October 2014.

Logan

On February 28, 2014, the construction loan with JP Morgan Chase converted to permanent financing in the amount of \$3,311,103. The loan bears interest at a fixed rate of 5.58% and is payable in monthly installments of \$19,133 of principal and interest through February 2032. At the time of conversion both the operating and replacement reserve accounts were established and funded pursuant to the financing agreements.

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: the Housing Trust Fund (HTF) and the Inclusionary Housing Fund (IHF). The HTF revenues are generated from commercial linkage fees and fees assessed on non-residential developments on a square-foot basis. IHF revenues are generated when developers satisfy the City's 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% of area median income (AMI) for rental units or 100% of AMI for-sale properties.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

The following table reflects the condensed statement of revenues, expenses and changes in net assets as of the fiscal year ended June 30, 2014 for IHF and HTF as required by the AHF Ordinance (San Diego Municipal Code Section 98.0515).

	<u>Inclusionary Housing Fund</u>	<u>Housing Trust Fund</u>
Operating Revenues		
Fee revenue	\$ 46,882	\$ 942
Other revenue	<u>32,237</u>	<u>9,864</u>
Total operating revenues	<u>79,119</u>	<u>10,806</u>
Operating Expenses		
Administrative expenses	343,861	96,747
General expenses	56,598	37,423
Grant expense	<u>305,193</u>	<u>1,011,883</u>
Total operating expenses	<u>705,652</u>	<u>1,146,053</u>
Operating loss	<u>(626,533)</u>	<u>(1,135,247)</u>
Non-Operating Revenues		
Grant revenue	4,556,293	2,266,691
Interest income on notes receivable	581,962	676,016
Investment income	<u>159,651</u>	<u>56,744</u>
Total non-operating revenues	<u>5,297,906</u>	<u>2,999,451</u>
Change in net assets	<u>\$ 4,671,373</u>	<u>\$ 1,864,204</u>

Note 20 - Subsequent Events

Management evaluated all activity of SDHC through October 30, 2014 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 Project Homeless Connect, a one-day resource fair for homeless San Diegans. On December 4, 2013, 854 homeless San Diegans received services at Golden Hall in the San Diego Concourse in Downtown San Diego.





San Diego Housing Commission
 COMBINING SCHEDULE OF NET POSITION - ENTERPRISE FUNDS
 June 30, 2014

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Eliminations</u>	<u>Primary Government</u>
<u>Assets</u>					
Current assets					
Cash and cash equivalents	\$ 10,212,683	\$ -	\$ -	\$ -	\$ 10,212,683
Restricted cash and cash equivalents	3,898,627	4,990	-	-	3,903,617
Short-term investments	19,260,664	11,951,414	288,204	-	31,500,282
Accounts receivable - tenants, net	283,496	77,319	1,832	-	362,647
Accounts receivable - funding sources	9,588,730	3,274,989	33,762	(6,297,640)	6,599,841
Accounts receivable - other	2,136,648	108,009	-	(1,062,768)	1,181,889
Notes and mortgages receivable, current portion	230,949	205,759	38,250	-	474,958
Accrued interest receivable - investments	50,004	25,468	635	-	76,107
Prepaid items and other assets	567,191	2,470	-	-	569,661
Total current assets	46,228,992	15,650,418	362,683	(7,360,408)	54,881,685
Noncurrent assets					
Long-term investments	44,955,123	27,895,053	672,679	-	73,522,855
Accrued interest receivable - notes and mortgages receivable	13,642,608	18,401,148	765,865	-	32,809,621
Notes and mortgages receivable, net of allowance for loan losses	91,467,082	157,519,001	7,350,238	-	256,336,321
Other assets	1,834,483	-	-	-	1,834,483
Capital assets not being depreciated	60,718,254	2,327,727	892,197	-	63,938,178
Capital assets, net of accumulated depreciation	92,483,328	6,513,616	202,209	-	99,199,153
Total assets	\$ 351,329,870	\$ 228,306,963	\$ 10,245,871	\$ (7,360,408)	\$ 582,522,296
Deferred outflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -



San Diego Housing Commission

COMBINING SCHEDULE OF NET POSITION - ENTERPRISE FUNDS - CONTINUED

June 30, 2014

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Eliminations</u>	<u>Primary Government</u>
<u>Liabilities</u>					
Current liabilities					
Accounts payable	\$ 3,684,703	\$ 1,146,857	\$ 10,303	\$ (1,062,768)	\$ 3,779,095
Accounts payable - funding sources	1,565,822	5,203,480	85,869	(6,297,640)	557,531
Accrued payroll and benefits	815,646	458,766	4,193	-	1,278,605
Accrued compensated absences	1,738,131	-	-	-	1,738,131
Accrued interest payable	445,844	107,730	48,036	-	601,610
Notes payable, current portion	1,925,859	-	-	-	1,925,859
Deposits payable	1,454,424	64,068	8,257	-	1,526,749
Unearned revenue	1,885,570	126,872	375,835	-	2,388,277
Other current liabilities	176,314	25,319	-	-	201,633
Total current liabilities	13,692,313	7,133,092	532,493	(7,360,408)	13,997,490
Noncurrent liabilities					
Notes payable, net of current portion	106,512,814	3,150,000	1,404,849	-	111,067,663
Other liabilities	40,693	488,141	-	-	528,834
Total liabilities	120,245,820	10,771,233	1,937,342	(7,360,408)	125,593,987
Deferred inflows of resources	-	-	-	-	-
<u>Net Position</u>					
Net investment in capital assets	49,481,309	5,691,343	(310,443)	-	54,862,209
Restricted					
Reserve for HOME notes receivable	-	148,880,281	-	-	148,880,281
Reserve for NSP notes receivable	-	7,452,593	-	-	7,452,593
Reserve for replacement reserves	3,215,523	-	-	-	3,215,523
Reserve for VASH and FUP housing assistance	-	950,089	-	-	950,089
Unrestricted	178,387,218	54,561,424	8,618,972	-	241,567,614
Total net position	231,084,050	217,535,730	8,308,529	-	456,928,309
Total liabilities and net position	\$ 351,329,870	\$ 228,306,963	\$ 10,245,871	\$ (7,360,408)	\$ 582,522,296



San Diego Housing Commission

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

Year ended June 30, 2014

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Eliminations</u>	<u>Primary Government</u>
Operating revenues					
Dwelling rental income	\$ 24,948,718	\$ 549,725	\$ 252,496	\$ -	\$ 25,750,939
Land lease and other rental income	2,043,817	75,371	-	-	2,119,188
Fee revenue	2,855,143	128,712	1,798	(839,938)	2,145,715
Other revenue	1,010,592	2,203,254	416,662	(407,825)	3,222,683
Total operating revenues	<u>30,858,270</u>	<u>2,957,062</u>	<u>670,956</u>	<u>(1,247,763)</u>	<u>33,238,525</u>
Operating expenses					
Administrative expenses	11,684,845	17,750,339	244,371	(839,938)	28,839,617
Tenant services	409,983	960,264	-	-	1,370,247
Asset management	8,189,208	518,105	177,966	-	8,885,279
General expenses	1,416,708	800,703	49,524	-	2,266,935
Grant expense	4,970,455	12,553,088	-	(407,825)	17,115,718
Housing assistance	-	147,311,387	-	-	147,311,387
Depreciation	4,380,976	396,485	23,232	-	4,800,693
Total operating expenses	<u>31,052,175</u>	<u>180,290,371</u>	<u>495,093</u>	<u>(1,247,763)</u>	<u>210,589,876</u>
Net operating income (loss)	<u>(193,905)</u>	<u>(177,333,309)</u>	<u>175,863</u>	<u>-</u>	<u>(177,351,351)</u>



San Diego Housing Commission

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

Year ended June 30, 2014

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Eliminations</u>	<u>Primary Government</u>
Nonoperating revenues (expenses)					
Grant revenue	10,285,412	176,041,319	660,582	-	186,987,313
Interest income on investments and notes receivable	4,323,278	4,633,488	161,307	-	9,118,073
Interest expense	(5,721,255)	(109,452)	(48,803)	-	(5,879,510)
Total nonoperating revenues	<u>8,887,435</u>	<u>180,565,355</u>	<u>773,086</u>	-	<u>190,225,876</u>
Net income before operating transfers	8,693,530	3,232,046	948,949	-	12,874,525
Operating transfers in	87,815,321	24,159,063	104,428	-	112,078,812
Operating transfers out	(86,794,296)	(23,578,155)	(1,706,361)	-	(112,078,812)
Change in net position	9,714,555	3,812,954	(652,984)	-	12,874,525
Net position - beginning of year	<u>221,369,495</u>	<u>213,722,776</u>	<u>8,961,513</u>	-	<u>444,053,784</u>
Net position - end of year	<u><u>\$ 231,084,050</u></u>	<u><u>\$ 217,535,730</u></u>	<u><u>\$ 8,308,529</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 456,928,309</u></u>



San Diego Housing Commission
 COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS
 Year ended June 30, 2014

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Primary Government</u>
Cash flows from operating activities				
Cash received from tenants	\$ 31,619,651	\$ 2,933,400	\$ 843,520	\$ 35,396,571
Cash payments to suppliers for operations	(9,385,233)	(162,885,743)	(602,183)	(172,873,159)
Cash payments for general and administrative expenses	<u>(12,586,562)</u>	<u>(18,551,042)</u>	<u>(293,895)</u>	<u>(31,431,499)</u>
Net cash provided by (used for) operating activities	<u>9,647,856</u>	<u>(178,503,385)</u>	<u>(52,558)</u>	<u>(168,908,087)</u>
Cash flows from capital and related financing activities				
Principal paid on notes payable	(3,095,439)	-	-	(3,095,439)
Acquisition and construction of capital assets	(1,826,515)	-	(411,193)	(2,237,708)
Proceeds from additional borrowings	588,552	-	-	588,552
Interest payments	<u>(5,864,558)</u>	<u>(1,722)</u>	<u>(19,746)</u>	<u>(5,886,026)</u>
Net cash used for capital and related financing activities	<u>(10,197,960)</u>	<u>(1,722)</u>	<u>(430,939)</u>	<u>(10,630,621)</u>
Cash flows from noncapital financing activities				
Cash received from grants	3,201,238	182,402,043	776,902	186,380,183
Transfers in (out)	<u>1,021,025</u>	<u>(1,386,174)</u>	<u>365,149</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>4,222,263</u>	<u>181,015,869</u>	<u>1,142,051</u>	<u>186,380,183</u>



San Diego Housing Commission
 COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED
 Year ended June 30, 2014

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Primary Government</u>
Cash flows from investing activities				
Interest on investments and notes receivable	2,943,379	4,060,332	16,443	7,020,154
Collection of notes receivable	1,386,938	5,543,782	100,000	7,030,720
Cash loaned on notes receivable	(4,756,076)	(14,431,064)	(559,470)	(19,746,610)
Purchases of investments	(40,389,491)	(24,662,800)	(604,362)	(65,656,653)
Proceeds from sale of investments	31,571,516	26,978,980	388,835	58,939,331
Net cash used for investing activities	<u>(9,243,734)</u>	<u>(2,510,770)</u>	<u>(658,554)</u>	<u>(12,413,058)</u>
Net decrease in cash and cash equivalents	(5,571,575)	(8)	-	(5,571,583)
Cash and cash equivalents				
Beginning of year	<u>19,682,885</u>	<u>4,998</u>	<u>-</u>	<u>19,687,883</u>
End of year	<u>\$ 14,111,310</u>	<u>\$ 4,990</u>	<u>\$ -</u>	<u>\$ 14,116,300</u>



San Diego Housing Commission
 COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED
 Year ended June 30, 2014

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Primary Government</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ (193,905)	\$(177,333,309)	\$ 175,863	\$(177,351,351)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	4,380,976	396,485	23,232	4,800,693
Amortization	73,486	-	-	73,486
Provision for loan losses	74,590	188,531	38,963	302,084
Write off of fixed assets	96,131	-	-	96,131
Changes in operating assets and liabilities:				
Decrease in tenant receivables	134,872	15,526	16,034	166,432
Decrease in other receivables	195,192	8,561	-	203,753
Decrease in prepaid items and other assets	345,374	-	-	345,374
Decrease in accounts payable	4,233,666	(2,116,030)	(440,683)	1,676,953
Increase (decrease) in accrued payroll and benefits	(493,718)	458,766	4,193	(30,759)
Increase (decrease) in deposits payable	240,417	35,431	(26,690)	249,158
Increase (decrease) in unearned revenues	431,317	(47,749)	156,530	540,098
Increase (decrease) in other liabilities	129,458	(109,597)	-	19,861
Net cash provided by (used for) operating activities	<u>\$ 9,647,856</u>	<u>\$(178,503,385)</u>	<u>\$ (52,558)</u>	<u>\$(168,908,087)</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: 06/30/2014

	Project Total	94.019 Social Innovation Fund	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing	14.880 Family Unification Program (FUP)	14.231 Emergency Shelter Grants Program
111 Cash - Unrestricted				\$10,892,092	\$4,214,868	\$0	\$0		\$5,997,815			\$0
112 Cash - Restricted - Modernization and Development												
113 Cash - Other Restricted					\$3,196,172				\$991			
114 Cash - Tenant Security Deposits				\$71,193	\$684,702				\$16,762			
115 Cash - Restricted for Payment of Current Liabilities												
100 Total Cash	\$0	\$0	\$0	\$10,963,285	\$8,095,742	\$0	\$0	\$0	\$6,015,568	\$0	\$0	\$0
121 Accounts Receivable - PHA Projects												
122 Accounts Receivable - HUD Other Projects										\$432,664		
124 Accounts Receivable - Other Government	\$76,969	\$7,567	\$519,670			\$189,395	\$978,838	\$33,761	\$9,588,729			\$551,928
125 Accounts Receivable - Miscellaneous	\$0		\$4,049	\$349,287	\$33		\$2,465	\$0	\$2,136,615			
126 Accounts Receivable - Tenants	\$9,883			\$10,124	\$182,103			\$2,245	\$135,853		\$1,112	\$0
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,033			\$0	-\$20,136			-\$413	-\$14,324	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	-\$239,563	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current			\$5,429				\$200,330	\$38,250	\$230,949			
128 Fraud Recovery												
128.1 Allowance for Doubtful Accounts - Fraud												
129 Accrued Interest Receivable	\$5,718		\$438,518		\$10		\$17,963,616	\$766,500	\$13,692,603		\$499	
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$91,537	\$7,567	\$967,666	\$119,848	\$162,010	\$189,395	\$19,145,249	\$840,343	\$25,770,425	\$432,664	\$1,611	\$551,928
131 Investments - Unrestricted	\$8,034,985		\$1,395,733		\$14,618	\$1,705	\$1,438,415	\$960,883	\$64,201,169		\$742,109	
132 Investments - Restricted												
135 Investments - Restricted for Payment of Current Liability												
142 Prepaid Expenses and Other Assets			\$2,470	\$181,486	\$307,844				\$259,347			
143 Inventories												
143.1 Allowance for Obsolete Inventories												
144 Inter Program Due From												
145 Assets Held for Sale												
150 Total Current Assets	\$8,126,522	\$7,567	\$2,365,869	\$11,264,619	\$8,580,214	\$191,100	\$20,583,664	\$1,801,226	\$96,246,509	\$432,664	\$743,720	\$551,928
161 Land	\$2,327,727			\$1,655,330	\$19,684,285			\$484,372	\$40,690,489			
162 Buildings	\$8,576,947			\$15,374,460	\$31,660,894			\$899,548	\$81,255,428			
163 Furniture, Equipment & Machinery - Dwellings				\$609,503					\$300,832			
164 Furniture, Equipment & Machinery - Administration	\$27,494			\$2,150					\$3,776,779			
165 Leasehold Improvements												
166 Accumulated Depreciation	-\$2,090,824			-\$2,479,302	-\$5,540,831			-\$697,338	-\$18,969,774			
167 Construction in Progress				\$792,760				\$407,825	\$343,480			
168 Infrastructure												
160 Total Capital Assets, Net of Accumulated Depreciation	\$8,841,344	\$0	\$0	\$15,954,901	\$45,804,348	\$0	\$0	\$1,094,407	\$107,397,234	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current			\$10,259,280				\$147,259,721	\$7,350,238	\$91,467,082			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due												
173 Grants Receivable - Non Current												
174 Other Assets				\$1,368,919	\$1,834,483							
176 Investments in Joint Ventures				\$31,159								
180 Total Non-Current Assets	\$8,841,344	\$0	\$10,259,280	\$17,354,979	\$47,638,831	\$0	\$147,259,721	\$8,444,645	\$198,864,316	\$0	\$0	\$0
190 Total Assets	\$16,967,866	\$7,567	\$12,625,149	\$28,619,598	\$56,219,045	\$191,100	\$167,843,385	\$10,245,871	\$295,110,825	\$432,664	\$743,720	\$551,928

San Diego Housing Commission (CA063)
SAN DIEGO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

	93.602 New Assets for Independence Demonstration Program	14.901 Healthy Homes Initiative Grants	14.OPS MTW Demonstration Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.881 Moving to Work Demonstration Program	9 Other Federal Program 2	14.856 Lower Income Housing Assistance Program, Section 8 Moderate	Subtotal	ELIM	Total
111 Cash - Unrestricted								\$0	\$21,104,775		\$21,104,775
112 Cash - Restricted - Modernization and Development								\$0			
113 Cash - Other Restricted	\$3,990					\$1,000		\$0	\$3,202,153	\$0	\$3,202,153
114 Cash - Tenant Security Deposits								\$0	\$772,657		\$772,657
115 Cash - Restricted for Payment of Current Liabilities								\$0			
100 Total Cash	\$3,990	\$0	\$0	\$0	\$0	\$1,000	\$0	\$0	\$25,079,585	\$0	\$25,079,585
121 Accounts Receivable - PHA Projects						\$41,656		\$0	\$41,656		\$41,656
122 Accounts Receivable - HUD Other Projects		\$30,538				\$386,382		\$101,041	\$950,625		\$950,625
124 Accounts Receivable - Other Government								\$0	\$11,946,857	\$6,297,640	\$5,649,217
125 Accounts Receivable - Miscellaneous						\$65,116		\$1,312	\$2,558,877	-\$1,062,768	\$1,496,109
126 Accounts Receivable - Tenants						\$67,356		\$0	\$408,676		\$408,676
126.1 Allowance for Doubtful Accounts - Tenants						\$0		\$0	-\$35,906		-\$35,906
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0				-\$14,588		\$0	-\$254,151		-\$254,151
127 Notes, Loans, & Mortgages Receivable - Current								\$0	\$474,958		\$474,958
128 Fraud Recovery						\$144,118		\$0	\$144,118		\$144,118
128.1 Allowance for Doubtful Accounts - Fraud						-\$136,119		\$0	-\$136,119		-\$136,119
129 Accrued Interest Receivable	\$98					\$18,049	\$29	\$89	\$32,885,729		\$32,885,729
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$98	\$30,538	\$0	\$0	\$0	\$571,970	\$29	\$102,442	\$48,985,320	-\$7,360,408	\$41,624,912
131 Investments - Unrestricted	\$146,013					\$27,889,726	\$65,096	\$132,682	\$105,023,134		\$105,023,134
132 Investments - Restricted								\$0			
135 Investments - Restricted for Payment of Current Liability								\$0			
142 Prepaid Expenses and Other Assets								\$0	\$751,147		\$751,147
143 Inventories								\$0			
143.1 Allowance for Obsolete Inventories								\$0			
144 Inter Program Due From								\$0			
145 Assets Held for Sale								\$0			
150 Total Current Assets	\$150,101	\$30,538	\$0	\$0	\$0	\$28,462,696	\$65,125	\$235,124	\$179,839,186	-\$7,360,408	\$172,478,778
161 Land								\$0	\$64,842,203		\$64,842,203
162 Buildings								\$0	\$137,767,277		\$137,767,277
163 Furniture, Equipment & Machinery - Dwellings								\$0	\$910,335		\$910,335
164 Furniture, Equipment & Machinery - Administration								\$0	\$3,806,423		\$3,806,423
165 Leasehold Improvements								\$0			
166 Accumulated Depreciation								\$0	-\$29,778,069		-\$29,778,069
167 Construction in Progress								\$0	\$1,544,065		\$1,544,065
168 Infrastructure								\$0			
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$179,092,234	\$0	\$179,092,234
171 Notes, Loans and Mortgages Receivable - Non-Current								\$0	\$256,336,321		\$256,336,321
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								\$0			
173 Grants Receivable - Non Current								\$0			
174 Other Assets								\$0	\$3,203,402		\$3,203,402
176 Investments in Joint Ventures								\$0	\$31,159		\$31,159
180 Total Non-Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$438,663,116	\$0	\$438,663,116
190 Total Assets	\$150,101	\$30,538	\$0	\$0	\$0	\$28,462,696	\$65,125	\$235,124	\$618,502,302	-\$7,360,408	\$611,141,894

San Diego Housing Commission (CA063)
SAN DIEGO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	94.019 Social Innovation Fund	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing	14.880 Family Unification Program (FUP)	14.231 Emergency Shelter Grants Program
200 Deferred Outflow of Resources												
290 Total Assets and Deferred Outflow of Resources	\$16,967,866	\$7,567	\$12,625,149	\$28,619,598	\$56,219,045	\$191,100	\$167,843,385	\$10,245,871	\$295,110,825	\$432,664	\$743,720	\$551,928
311 Bank Overdraft												
312 Accounts Payable <= 90 Days	\$37,727	\$54	\$257,350	\$384,567	\$1,460,964	\$177,204	\$3,670	\$10,303	\$2,223,739	\$110,257	\$2,606	\$286,799
313 Accounts Payable >90 Days Past Due												
321 Accrued Wage/Payroll Taxes Payable	\$6,437	\$851	\$9,303	\$15,334	\$25,358	\$4,763	\$28,739	\$4,193	\$790,288	\$32,510	\$378	\$2,937
322 Accrued Compensated Absences - Current Portion									\$1,738,131			
324 Accrued Contingency Liability												
325 Accrued Interest Payable	\$107,730			\$1,886,096	\$386,690			\$48,036	\$59,154			
331 Accounts Payable - HUD PHA Programs	\$54,476								\$0			
332 Account Payable - PHA Projects												
333 Accounts Payable - Other Government	\$214,164	\$6,662	\$549,934		\$1,064,826	\$9,133	\$950,595	\$85,869	\$500,996	\$289,897		\$262,192
341 Tenant Security Deposits	\$64,068			\$69,100	\$683,999			\$8,257	\$770,425			
342 Unearned Revenue	\$2,145			\$8,301,460	\$21,878			\$375,835	\$1,863,692			
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				\$3,423,115	\$1,436,150				\$489,709			
344 Current Portion of Long-term Debt - Operating Borrowings												
345 Other Current Liabilities									\$176,314			
346 Accrued Liabilities - Other												
347 Inter Program - Due To												
348 Loan Liability - Current												
310 Total Current Liabilities	\$486,747	\$7,567	\$816,587	\$14,079,672	\$5,079,865	\$191,100	\$983,004	\$532,493	\$8,612,448	\$432,664	\$2,984	\$551,928
351 Long-term Debt, Net of Current - Capital Projects/ Mortgage Revenue	\$3,150,000			\$12,925,528	\$88,932,320			\$1,404,849	\$17,580,494			
352 Long-term Debt, Net of Current - Operating Borrowings												
353 Non-current Liabilities - Other									\$40,693		\$1,722	
354 Accrued Compensated Absences - Non Current												
355 Loan Liability - Non Current												
356 FASB 5 Liabilities												
357 Accrued Pension and OPEB Liabilities									\$0			
350 Total Non-Current Liabilities	\$3,150,000	\$0	\$0	\$12,925,528	\$88,932,320	\$0	\$0	\$1,404,849	\$17,621,187	\$0	\$1,722	\$0
300 Total Liabilities	\$3,636,747	\$7,567	\$816,587	\$27,005,200	\$94,012,185	\$191,100	\$983,004	\$1,937,342	\$26,233,635	\$432,664	\$4,706	\$551,928
400 Deferred Inflow of Resources												
508.4 Net Investment in Capital Assets	\$5,691,343	\$0			\$39,845,723			-\$310,443	\$89,327,032	\$0	\$0	
511.4 Restricted Net Position			\$7,452,592		\$3,215,523		\$148,880,281				\$600,883	
512.4 Unrestricted Net Position	\$7,639,776	\$0	\$4,355,970	\$1,614,398	-\$1,162,940	\$0	\$17,980,100	\$8,618,972	\$179,550,158	\$0	\$138,131	\$0
513 Total Equity - Net Assets / Position	\$13,331,119	\$0	\$11,808,562	\$1,614,398	-\$37,793,140	\$0	\$166,860,381	\$8,308,529	\$268,877,190	\$0	\$739,014	\$0
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$16,967,866	\$7,567	\$12,625,149	\$28,619,598	\$56,219,045	\$191,100	\$167,843,385	\$10,245,871	\$295,110,825	\$432,664	\$743,720	\$551,928

San Diego Housing Commission (CA063)
SAN DIEGO, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

	93.602 New Assets for Independence Demonstration Program	14.901 Healthy Homes Initiative Grants	14.OPS MTW Demonstration Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.881 Moving to Work Demonstration Program	9 Other Federal Program 2	14.856 Lower Income Housing Assistance Program, Section 8 Moderate	Subtotal	ELIM	Total
200 Deferred Outflow of Resources								\$0			
290 Total Assets and Deferred Outflow of Resources	\$150,101	\$30,538	\$0	\$0	\$0	\$28,462,696	\$65,125	\$235,124	\$618,502,302	-\$7,360,408	\$611,141,894
311 Bank Overdraft								\$0			
312 Accounts Payable <= 90 Days	\$445					\$270,745		\$0	\$5,226,430	-\$1,062,768	\$4,163,662
313 Accounts Payable >90 Days Past Due								\$0			
321 Accrued Wage/Payroll Taxes Payable	\$104					\$371,362		\$1,382	\$1,293,939		\$1,293,939
322 Accrued Compensated Absences - Current Portion								\$0	\$1,738,131		\$1,738,131
324 Accrued Contingency Liability								\$0			
325 Accrued Interest Payable								\$0	\$2,487,706		\$2,487,706
331 Accounts Payable - HUD PHA Programs								\$0	\$54,476		\$54,476
332 Account Payable - PHA Projects								\$0			
333 Accounts Payable - Other Government		\$30,538				\$2,733,535		\$102,354	\$6,800,695	-\$6,297,640	\$503,055
341 Tenant Security Deposits								\$0	\$1,595,849		\$1,595,849
342 Unearned Revenue	\$114,290					\$10,437		\$0	\$10,689,737		\$10,689,737
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								\$0	\$5,348,974		\$5,348,974
344 Current Portion of Long-term Debt - Operating Borrowings								\$0			
345 Other Current Liabilities						\$25,319		\$0	\$201,633		\$201,633
346 Accrued Liabilities - Other								\$0			
347 Inter Program - Due To								\$0			
348 Loan Liability - Current								\$0			
310 Total Current Liabilities	\$114,839	\$30,538	\$0	\$0	\$0	\$3,411,398	\$0	\$103,736	\$35,437,570	-\$7,360,408	\$28,077,162
351 Long-term Debt, Net of Current - Capital Projects/ Mortgage Revenue								\$0	\$123,993,191		\$123,993,191
352 Long-term Debt, Net of Current - Operating Borrowings								\$0			
353 Non-current Liabilities - Other	\$35,460					\$450,958		\$0	\$528,833		\$528,833
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	\$0	\$0	\$0
350 Total Non-Current Liabilities	\$35,460	\$0	\$0	\$0	\$0	\$450,958	\$0	\$0	\$124,522,024	\$0	\$124,522,024
300 Total Liabilities	\$150,299	\$30,538	\$0	\$0	\$0	\$3,862,356	\$0	\$103,736	\$159,959,594	-\$7,360,408	\$152,599,186
400 Deferred Inflow of Resources								\$0			
508.4 Net Investment in Capital Assets	\$0	\$0	\$0	\$0				\$0	\$54,862,209		\$54,862,209
511.4 Restricted Net Position			\$0	\$0		\$349,206		\$0	\$160,498,485		\$160,498,485
512.4 Unrestricted Net Position	-\$198	\$0	\$0	\$0	\$0	\$24,251,134	\$65,125	\$131,388	\$243,182,014		\$243,182,014
513 Total Equity - Net Assets / Position	-\$198	\$0	\$0	\$0	\$0	\$24,600,340	\$65,125	\$131,388	\$458,542,708	\$0	\$458,542,708
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$150,101	\$30,538	\$0	\$0	\$0	\$28,462,696	\$65,125	\$235,124	\$618,502,302	-\$7,360,408	\$611,141,894

San Diego Housing Commission (CA063)
 SAN DIEGO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	94.019 Social Innovation Fund	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing	14.880 Family Unification Program (FUP)
70300 Net Tenant Rental Revenue	\$544,945			\$1,766,583	\$15,906,145			\$249,546	\$8,801,393		
70400 Tenant Revenue - Other	\$4,780			\$83,371	\$98,884			\$2,950	\$142,297		
70500 Total Tenant Revenue	\$549,725	\$0	\$0	\$1,849,954	\$16,005,029	\$0	\$0	\$252,496	\$8,943,690	\$0	\$0
70600 HUD PHA Operating Grants			\$1,730,110			\$2,480,225	\$6,740,968			\$1,262,293	\$1,694,183
70610 Capital Grants		\$52,230									
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	\$61,850		\$525					\$660,582	\$10,285,415		
71100 Investment Income - Unrestricted	\$79,814		\$14,733	\$4,158	\$1,777	\$0	\$8,714	\$7,629	\$779,939		\$2,823
71200 Mortgage Interest Income			\$245,706				\$4,050,290	\$153,435	\$2,785,521		
71300 Proceeds from Disposition of Assets Held for Sale											
71310 Cost of Sale of Assets											
71400 Fraud Recovery											\$2
71500 Other Revenue	\$19,871		\$23,856	\$221,410	\$222,235		\$336,121	\$418,460	\$5,687,313		
71600 Gain or Loss on Sale of Capital Assets											
72000 Investment Income - Restricted	\$677				\$756,043			\$242			\$4,517
70000 Total Revenue	\$711,937	\$52,230	\$2,014,930	\$2,075,522	\$16,985,084	\$2,480,225	\$11,136,093	\$1,492,844	\$28,481,878	\$1,262,293	\$1,701,525
91100 Administrative Salaries	\$82,387		\$176,210	\$109,129	\$289,175	\$84,895	\$480,488	\$62,896	\$9,105,434	\$410,365	\$6,328
91200 Auditing Fees	\$790			\$28,357	\$83,169			\$1,245	\$129,894		
91300 Management Fee				\$30,000							
91310 Book-keeping Fee											
91400 Advertising and Marketing	\$2,002			\$2,719	\$14,208		\$106	\$148	\$49,567		
91500 Employee Benefit contributions - Administrative	\$26,986		\$51,587	\$55,945	\$104,403	\$29,911	\$147,871	\$22,462	\$2,722,669	\$118,608	\$2,214
91600 Office Expenses	\$38,144	\$4,530		\$150,783	\$82,120		\$7,522	\$4,600	\$1,981,568	\$84,778	\$12
91700 Legal Expense	\$2,152		\$12,853	\$38,315	\$33,693		-\$4,544	\$11,335	\$1,001,528	\$41	\$77
91800 Travel	\$992	\$1,256		\$7,978	\$1,476		\$2,126	\$409	\$87,023	\$7,033	
91810 Allocated Overhead	\$164,921				\$809,430		\$508,762	\$131,462	-\$8,124,670	\$484,679	\$8,210
91900 Other	\$124,284			\$621,206	\$74,034		-\$21,939	\$8,555	\$2,627,988	\$144,190	\$98
91000 Total Operating - Administrative	\$442,658	\$5,786	\$240,650	\$1,044,432	\$1,491,708	\$114,806	\$1,120,392	\$243,112	\$9,581,001	\$1,249,694	\$16,939
92000 Asset Management Fee											
92100 Tenant Services - Salaries		\$20,592							\$193,245		
92200 Relocation Costs				\$668					\$5,267	\$34,952	
92300 Employee Benefit Contributions - Tenant Services		\$6,576							\$59,687		
92400 Tenant Services - Other	\$84	\$18,644		\$71,695	\$77,083	\$20,746			\$54,896		
92500 Total Tenant Services	\$84	\$45,812	\$0	\$72,363	\$77,083	\$20,746	\$0	\$0	\$313,095	\$34,952	\$0
93100 Water	\$54,466			\$51,542	\$579,515			\$19,734	\$332,213		
93200 Electricity	\$16,706			\$52,150	\$113,245			\$7,807	\$525,147		
93300 Gas	\$11,517			\$8,900	\$167,107			\$14,693	\$106,102		

San Diego Housing Commission (CA063)
 SAN DIEGO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

	14.231 Emergency Shelter Grants Program	93.602 New Assets for Independence Demonstration Program	14.901 Healthy Homes Initiative Grants	14.OPS MTW Demonstration Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.881 Moving to Work Demonstration Program	9 Other Federal Program 2	14.856 Lower Income Housing Assistance Program Section 8 Moderate	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue									\$0	\$27,268,612		\$27,268,612
70400 Tenant Revenue - Other									\$0	\$332,282		\$332,282
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$27,600,894	\$0	\$27,600,894
70600 HUD PHA Operating Grants	\$1,019,181		\$380,598	\$110,031	\$2,128,148	\$157,857,738	\$0		\$523,239	\$175,926,714		\$175,926,714
70610 Capital Grants									\$0	\$52,230		\$52,230
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									\$0	\$11,008,372		\$11,008,372
71100 Investment Income - Unrestricted		\$116					\$212,655	\$102	\$2,221	\$1,114,681		\$1,114,681
71200 Mortgage Interest Income									\$0	\$7,234,952		\$7,234,952
71300 Proceeds from Disposition of Assets Held for Sale									\$0			
71310 Cost of Sale of Assets									\$0			
71400 Fraud Recovery							\$220,950		\$410	\$221,362		\$221,362
71500 Other Revenue		\$21					\$1,806,107		\$0	\$8,735,394	-\$1,247,763	\$7,487,631
71600 Gain or Loss on Sale of Capital Assets									\$0			
72000 Investment Income - Restricted							\$11,120		\$0	\$772,599		\$772,599
70000 Total Revenue	\$1,019,181	\$137	\$380,598	\$110,031	\$2,128,148	\$157,857,738	\$2,250,832	\$102	\$525,870	\$232,667,198	-\$1,247,763	\$231,419,435
91100 Administrative Salaries	\$51,476	\$51	\$111,358				\$4,739,981		\$19,416	\$15,729,589		\$15,729,589
91200 Auditing Fees								\$15,000	\$0	\$258,455		\$258,455
91300 Management Fee									\$0	\$30,000		\$30,000
91310 Book-keeping Fee									\$0			
91400 Advertising and Marketing							\$890		\$0	\$69,640		\$69,640
91500 Employee Benefit contributions - Administrative	\$15,989	\$94	\$35,867				\$1,654,880		\$6,666	\$4,996,152		\$4,996,152
91600 Office Expenses		\$33	\$419				\$132,243		\$38	\$2,486,790		\$2,486,790
91700 Legal Expense			\$10				\$39,407		\$2	\$1,134,869		\$1,134,869
91800 Travel							\$14,072		\$0	\$122,365		\$122,365
91810 Allocated Overhead			\$101,283				\$6,707,938		\$25,607	\$817,622	-\$809,430	\$8,192
91900 Other		\$57	\$95,064				\$479,268		\$252	\$4,153,057		\$4,153,057
91000 Total Operating - Administrative	\$67,465	\$235	\$344,001	\$0	\$0	\$0	\$13,768,679	\$15,000	\$51,981	\$29,798,539	-\$809,430	\$28,989,109
92000 Asset Management Fee									\$0			
92100 Tenant Services - Salaries							\$630,976		\$0	\$844,813		\$844,813
92200 Relocation Costs			\$1,920						\$0	\$42,807		\$42,807
92300 Employee Benefit Contributions - Tenant Services							\$204,546		\$0	\$270,809		\$270,809
92400 Tenant Services - Other							\$16,303		\$0	\$259,451	-\$30,508	\$228,943
92500 Total Tenant Services	\$0	\$0	\$1,920	\$0	\$0	\$0	\$851,825	\$0	\$0	\$1,417,880	-\$30,508	\$1,387,372
93100 Water									\$0	\$1,037,470		\$1,037,470
93200 Electricity									\$0	\$715,055		\$715,055
93300 Gas									\$0	\$308,319		\$308,319

San Diego Housing Commission (CA063)
 SAN DIEGO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	94.019 Social Innovation Fund	Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing	14.880 Family Unification Program (FUP)
93400 Fuel											
93500 Labor											
93600 Sewer	\$44,501			\$49,902	\$523,813			\$23,299	\$325,216		
93700 Employee Benefit Contributions - Utilities											
93800 Other Utilities Expense				\$474	\$4,006				\$26,662		
93000 Total Utilities	\$127,190	\$0	\$0	\$162,968	\$1,387,686	\$0	\$0	\$65,533	\$1,315,340	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$51,875			\$65,226	\$360,576			\$10,245	\$185,944		
94200 Ordinary Maintenance and Operations - Materials and Other	\$15,678			\$25,416	\$157,614			\$4,385	\$95,576		
94300 Ordinary Maintenance and Operations Contracts	\$262,185			\$145,497	\$2,348,637			\$84,682	\$1,406,297		
94500 Employee Benefit Contributions - Ordinary Maintenance	\$14,928				\$139,011			\$4,276	\$64,363		
94000 Total Maintenance	\$344,666	\$0	\$0	\$236,139	\$3,005,838	\$0	\$0	\$103,588	\$1,752,180	\$0	\$0
95100 Protective Services - Labor											
95200 Protective Services - Other Contract Costs	\$27,344			\$12,339	\$112,800			\$293	\$296,005		
95300 Protective Services - Other					\$12,766				\$3,240		
95500 Employee Benefit Contributions - Protective Services											
95000 Total Protective Services	\$27,344	\$0	\$0	\$12,339	\$125,566	\$0	\$0	\$293	\$299,245	\$0	\$0
96110 Property Insurance	\$5,358		\$24		\$59,924			\$1,348	\$76,221		
96120 Liability Insurance	\$3,579			\$31,658	\$29,151		\$91	\$1,262	\$69,708		\$43
96130 Workmen's Compensation	\$13,773	\$632	\$5,086	\$30,563	\$60,796	\$2,691	\$13,724	\$3,148	\$280,755	\$8,376	\$119
96140 All Other Insurance	\$5,350			\$6,211	\$68,745			\$1	\$1,460	\$234,154	
96100 Total Insurance Premiums	\$28,060	\$632	\$5,062	\$68,432	\$218,616	\$2,691	\$13,816	\$7,218	\$660,838	\$8,376	\$162
96200 Other General Expenses	\$6,615,257		\$1,590,938	\$91,402	\$77,679	\$146,294	\$583,914	\$448	\$5,241,994	\$448,889	\$609
96210 Compensated Absences	-\$418				\$15,412		\$10,280	-\$415	\$399,552	\$6,630	\$944
96300 Payments in Lieu of Taxes	\$59			\$27,172	\$52,041		\$15	\$33	\$41,487		
96400 Bad debt - Tenant Rents	\$7,472				\$102,595			\$5,223	\$126,687		
96500 Bad debt - Mortgages			\$6,727				\$342,171	\$38,963	\$95,913		
96600 Bad debt - Other	\$6,976			\$19,843	\$71,842			\$789	\$55,637		
96800 Severance Expense											
96000 Total Other General Expenses	\$6,629,346	\$0	\$1,597,665	\$138,417	\$319,569	\$146,294	\$936,380	\$45,041	\$5,961,270	\$455,519	\$1,553
96710 Interest of Mortgage (or Bonds) Payable											
96720 Interest on Notes Payable (Short and Long Term)	\$109,452			\$486,436	\$4,920,440			\$48,803	\$800,815		
96730 Amortization of Bond Issue Costs											
96700 Total Interest Expense and Amortization Cost	\$109,452	\$0	\$0	\$486,436	\$4,920,440	\$0	\$0	\$48,803	\$800,815	\$0	\$0
96900 Total Operating Expenses	\$7,708,800	\$52,230	\$1,843,377	\$2,221,526	\$11,546,506	\$284,537	\$2,070,588	\$513,588	\$20,683,784	\$1,748,541	\$18,654
97000 Excess of Operating Revenue over Operating Expenses	-\$6,996,863	\$0	\$171,553	-\$146,004	\$5,438,578	\$2,195,688	\$9,065,505	\$979,256	\$7,798,094	-\$486,248	\$1,682,871
97100 Extraordinary Maintenance	\$4,540				\$82,360			\$7,076	\$79,808		
97200 Casualty Losses - Non-capitalized											
97300 Housing Assistance Payments						\$2,195,688					\$1,173,919
97350 HAP Portability-In											

San Diego Housing Commission (CA063)
 SAN DIEGO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

	14.231 Emergency Shelter Grants Program	93.602 New Assets for Independence Demonstration Program	14.901 Healthy Homes Initiative Grants	14.OPS MTW Demonstration Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.881 Moving to Work Demonstration Program	9 Other Federal Program 2	14.856 Lower Income Housing Assistance Program Section 8 Moderate	Subtotal	ELIM	Total
93400 Fuel									\$0			
93500 Labor									\$0			
93600 Sewer									\$0	\$966,731		\$966,731
93700 Employee Benefit Contributions - Utilities									\$0			
93800 Other Utilities Expense									\$0	\$31,142		\$31,142
93000 Total Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,058,717	\$0	\$3,058,717
94100 Ordinary Maintenance and Operations - Labor									\$0	\$673,866		\$673,866
94200 Ordinary Maintenance and Operations - Materials and Other							\$493		\$1	\$299,163		\$299,163
94300 Ordinary Maintenance and Operations Contracts									\$0	\$4,247,298		\$4,247,298
94500 Employee Benefit Contributions - Ordinary Maintenance									\$0	\$222,578		\$222,578
94000 Total Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$493	\$0	\$1	\$5,442,905	\$0	\$5,442,905
95100 Protective Services - Labor									\$0			
95200 Protective Services - Other Contract Costs									\$0	\$448,781		\$448,781
95300 Protective Services - Other									\$0	\$16,006		\$16,006
95500 Employee Benefit Contributions - Protective Services									\$0			
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$464,787	\$0	\$464,787
96110 Property Insurance									\$0	\$142,827		\$142,827
96120 Liability Insurance							\$43,208		\$165	\$178,865		\$178,865
96130 Workmen's Compensation	\$1,751		\$1,736				\$156,102		\$649	\$579,901		\$579,901
96140 All Other Insurance							\$1,626		\$1	\$317,548		\$317,548
96100 Total Insurance Premiums	\$1,751	\$0	\$1,736	\$0	\$0	\$0	\$200,936	\$0	\$815	\$1,219,141	\$0	\$1,219,141
96200 Other General Expenses	\$949,965		\$133,865				\$2,325,315		\$0	\$18,206,569	-\$407,825	\$17,798,744
96210 Compensated Absences			\$588				\$107,642		\$350	\$540,565		\$540,565
96300 Payments in Lieu of Taxes									\$0	\$120,807		\$120,807
96400 Bad debt - Tenant Rents									\$0	\$241,977		\$241,977
96500 Bad debt - Mortgages									\$0	\$483,774		\$483,774
96600 Bad debt - Other							\$136,119		\$0	\$291,206		\$291,206
96800 Severance Expense									\$0			
96000 Total Other General Expenses	\$949,965	\$0	\$134,453	\$0	\$0	\$0	\$2,569,076	\$0	\$350	\$19,884,898	-\$407,825	\$19,477,073
96710 Interest of Mortgage (or Bonds) Payable									\$0			
96720 Interest on Notes Payable (Short and Long Term)									\$0	\$6,365,946		\$6,365,946
96730 Amortization of Bond Issue Costs									\$0			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,365,946	\$0	\$6,365,946
96900 Total Operating Expenses	\$1,019,181	\$235	\$482,110	\$0	\$0	\$0	\$17,391,009	\$15,000	\$53,147	\$67,652,813	-\$1,247,763	\$66,405,050
97000 Excess of Operating Revenue over Operating Expenses	\$0	-\$98	-\$101,512	\$110,031	\$2,128,148	\$157,857,738	-\$15,140,177	-\$14,898	\$472,723	\$165,014,385	\$0	\$165,014,385
97100 Extraordinary Maintenance									\$0	\$173,784		\$173,784
97200 Casualty Losses - Non-capitalized									\$0			
97300 Housing Assistance Payments							\$141,904,573		\$472,518	\$145,746,698		\$145,746,698
97350 HAP Portability-In							\$1,564,688		\$0	\$1,564,688		\$1,564,688

San Diego Housing Commission (CA063)
 SAN DIEGO, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	94.019 Social Innovation Fund	Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	2 State/Local	1 Business Activities	14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing	14.880 Family Unification Program (FUP)
97400 Depreciation Expense	\$396,485			\$652,397	\$1,373,299			\$23,231	\$3,007,677		
97500 Fraud Losses											
97600 Capital Outlays - Governmental Funds											
97700 Debt Principal Payment - Governmental Funds											
97800 Dwelling Units Rent Expense											
90000 Total Expenses	\$8,109,825	\$52,230	\$1,843,377	\$2,873,923	\$13,002,165	\$2,480,225	\$2,070,588	\$543,895	\$23,771,269	\$1,748,541	\$1,192,573
10010 Operating Transfer In	\$8,182,932		\$95,875		\$12,729		\$6,551,662	\$104,428	\$87,802,593	\$486,248	
10020 Operating transfer Out	-\$6,088,731		-\$95,875		-\$10,621,686		-\$6,472,936	-\$1,706,361	-\$76,172,609		
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)				\$456,403							
10091 Inter Project Excess Cash Transfer In											
10092 Inter Project Excess Cash Transfer Out											
10093 Transfers between Program and Project - In											
10094 Transfers between Project and Program - Out											
10100 Total Other financing Sources (Uses)	\$2,094,201	\$0	\$0	\$456,403	-\$10,608,957	\$0	\$78,726	-\$1,601,933	\$11,629,984	\$486,248	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$5,303,687	\$0	\$171,553	-\$341,998	-\$6,626,038	\$0	\$9,144,231	-\$652,984	\$16,340,593	\$0	\$508,952
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$1,436,150	\$0	\$0	\$0	\$407,812	\$0	\$0
11030 Beginning Equity	\$18,634,806	\$0	\$11,637,009	\$0	\$0	\$0	\$157,716,150	\$8,961,513	\$221,369,495	\$0	\$230,062
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				\$1,956,396	-\$31,167,102				\$31,167,102		
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	1536			1884	15060			732	9316		1200
11210 Number of Unit Months Leased	1484			1781	14370			591	8376		1057
11270 Excess Cash	\$7,024,094										
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										

San Diego Housing Commission (CA063)
 SAN DIEGO, CA

Entity Wide Revenue and Expense Summary

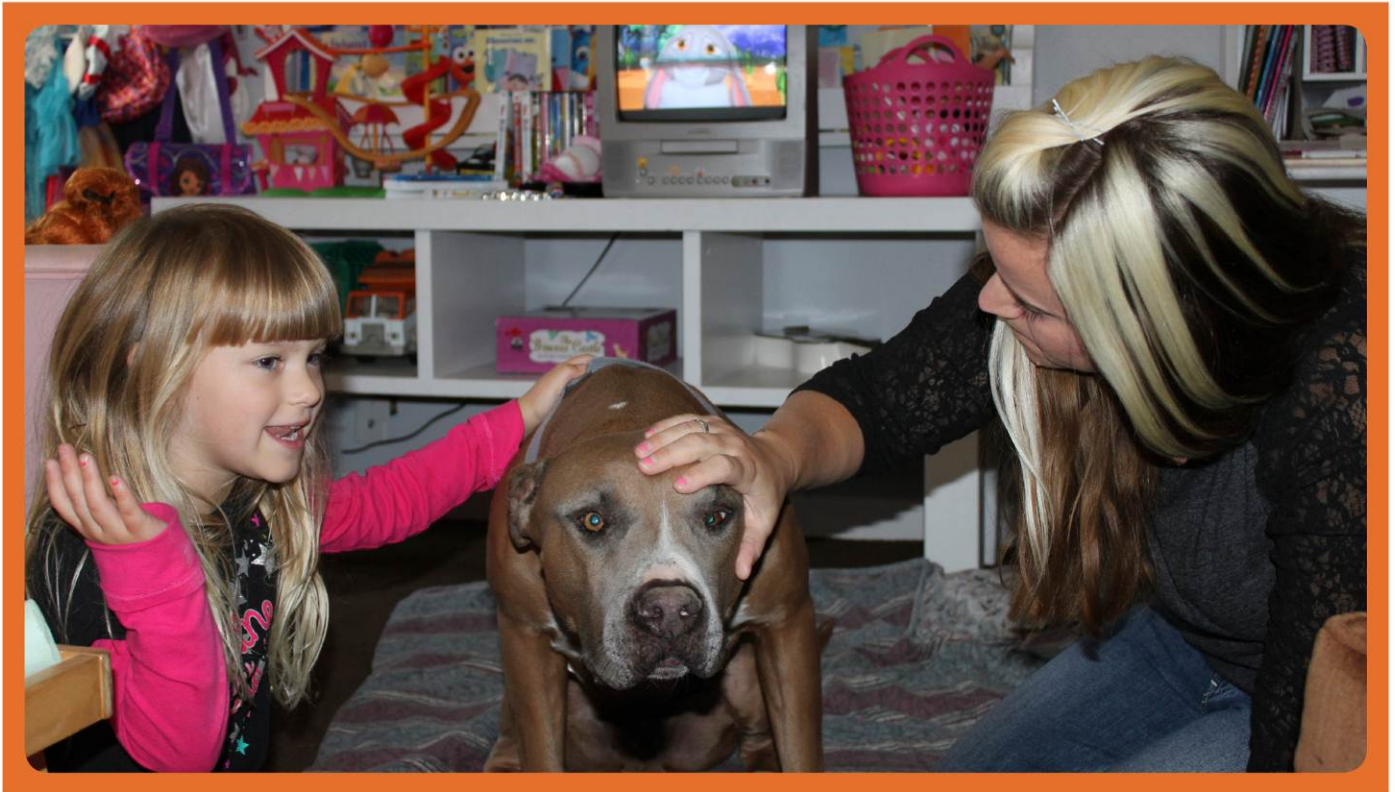
Submission Type: Audited/A-133

	14.231 Emergency Shelter Grants Program	93.602 New Assets for Independence Demonstration Program	14.901 Healthy Homes Initiative Grants	14.OPS MTW Demonstration Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.881 Moving to Work Demonstration Program	9 Other Federal Program 2	14.856 Lower Income Housing Assistance Program Section 8 Moderate	Subtotal	ELIM	Total
97400 Depreciation Expense									\$0	\$5,453,089		\$5,453,089
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	\$1,019,181	\$235	\$482,110	\$0	\$0	\$0	\$160,860,270	\$15,000	\$525,665	\$220,591,072	-\$1,247,763	\$219,343,309
10010 Operating Transfer In			\$101,512				\$168,778,352	\$58,398	\$0	\$272,174,729	-\$112,078,811	\$160,095,918
10020 Operating transfer Out				-\$110,031	-\$2,128,148	-\$157,857,738	-\$10,920,614		\$0	-\$272,174,729	\$112,078,811	-\$160,095,918
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)									\$0	\$456,403		\$456,403
10091 Inter Project Excess Cash Transfer In									\$0			
10092 Inter Project Excess Cash Transfer Out									\$0			
10093 Transfers between Program and Project - In									\$0			
10094 Transfers between Project and Program - Out									\$0			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$101,512	-\$110,031	-\$2,128,148	-\$157,857,738	\$157,857,738	\$58,398	\$0	\$456,403	\$0	\$456,403
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	-\$98	\$0	\$0	\$0	\$0	-\$751,700	\$43,500	\$205	\$12,532,529	\$0	\$12,532,529
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,843,962		\$1,843,962
11030 Beginning Equity	\$0	-\$100	\$0	\$0	\$0	\$0	\$25,352,040	\$21,625	\$131,183	\$444,053,783		\$444,053,783
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors									\$0	\$1,956,396		\$1,956,396
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						169548			612	199888		199888
11210 Number of Unit Months Leased						145856			602	174117		174117
11270 Excess Cash									\$0	\$7,024,094		\$7,024,094
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

SDHC's First-Time Homebuyers Program helped Wendy's (right) family purchase a townhome in October 2013. Mortgage Credit Certificates, Closing Costs Assistance Grants and down-payment assistance have helped more than 5,200 homebuyers in the City of San Diego since 1990.





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 118 - 120.

Revenue Capacity

This schedule contains information to help the reader assess SDHC's most significant revenue source. This schedule can be viewed on page 122.

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 124.

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 126 - 130.

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 132 - 139.

FINANCIAL TRENDS



San Diego Housing Commission
 Net Position by Component (Unaudited)
 Ten Years Ending June 30, 2014

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
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	55,992,979	151,444,156	237,319,083	444,756,218
2014	54,862,209	160,498,486	241,567,614	456,928,309

Source: Annual Financial Statements



San Diego Housing Commission
 Revenues, Expenses and Changes in Net Position (Unaudited)
 Last Ten Years Ending June 30, 2014

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
OPERATING REVENUES:										
Dwelling rental income	\$ 25,750,939	\$ 25,669,589	\$ 25,669,589	\$ 25,082,830	\$ 24,309,910	\$ 21,193,199	\$ 21,431,650	\$ 15,001,921	\$ 9,214,737	\$ 9,246,138
Land lease and other rental income	2,119,188	2,023,344	2,023,344	1,892,027	1,970,080	1,233,941	1,368,541	1,292,869	893,008	1,420,994
Fee revenue	2,145,715	2,030,042	2,030,042	1,886,252	2,867,606	1,813,413	1,648,597	2,085,358	2,423,510	3,445,605
Shared equity income	-	-	-	171,422	158,270	181,535	206,068	694,263	1,335,361	3,332,144
Other revenue	3,222,683	1,927,430	1,927,430	1,120,603	2,076,205	3,365,390	1,439,749	845,374	786,219	783,850
Total operating revenues	33,238,525	31,650,405	31,650,405	30,153,134	31,382,071	27,787,478	26,094,605	19,919,785	14,652,835	18,228,731
OPERATING EXPENSES:										
Administrative expenses	28,839,617	28,713,564	28,713,564	26,870,807	24,686,591	23,208,287	19,959,913	18,974,670	18,869,659	17,440,943
Tenant services	1,370,247	1,919,200	1,919,200	2,207,747	2,450,010	1,862,540	1,687,646	1,809,223	1,701,047	1,699,413
Asset management	8,885,279	7,790,710	7,790,710	7,470,695	10,130,088	7,074,276	6,664,735	7,779,665	7,950,607	6,564,833
General expenses	2,266,935	1,201,718	1,201,718	2,615,886	3,840,050	4,587,653	3,286,471	2,428,251	2,627,940	1,116,232
Grant expense	17,115,718	6,650,674	6,650,674	5,879,572	4,698,932	5,065,696	4,561,061	5,618,803	6,461,210	4,541,016
Housing assistance	147,311,387	150,905,154	150,905,154	147,823,240	145,876,110	144,790,881	139,234,699	126,587,352	113,252,745	114,717,876
Depreciation	4,800,693	4,113,552	4,113,552	3,920,321	4,047,879	2,595,635	2,367,288	2,980,926	3,628,646	2,954,643
Total operating expenses	210,589,876	201,294,572	201,294,572	196,788,268	195,729,660	189,184,968	177,761,813	166,178,890	154,491,854	149,034,956
Operating loss	(177,351,351)	(169,644,167)	(169,644,167)	(166,635,134)	(164,347,589)	(161,397,490)	(151,667,208)	(146,259,106)	(139,839,019)	(130,806,225)
Non-operating revenues (expenses):										
Grant revenue	186,987,313	188,240,947	188,240,947	182,353,583	184,749,521	189,101,021	169,455,958	172,108,621	156,165,071	150,529,900
Investment income	9,118,073	8,637,551	8,637,551	8,774,498	6,974,862	7,312,333	6,374,263	6,858,050	7,339,612	5,739,847
Gain/loss on sale of capital assets	-	38,220	38,220	(49,695)	(683)	-	-	(132,480)	3,560,143	11,504
Gain on fair market value of interest swap	-	-	-	-	859,125	459,836	(831,228)	-	-	-
Interest expense	(5,879,510)	(5,913,243)	(5,913,243)	(6,263,419)	(6,558,569)	(3,001,349)	(1,785,551)	(1,772,989)	(1,278,512)	(383,624)
Total nonoperating revenues (expenses)	190,225,876	191,003,475	191,003,475	184,814,967	186,024,256	193,871,841	173,213,442	177,061,202	165,786,314	155,897,627
Total revenues and expenses	12,874,525	21,359,308	21,359,308	18,179,833	21,676,667	32,474,351	21,546,234	30,802,096	25,947,295	25,091,402
Capital grants	-	-	-	-	-	-	-	1,219,877	651,733	1,306,247
Change in net assets	\$ 12,874,525	\$ 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



San Diego Housing Commission
 Capital Assets by Category (Unaudited)
 Last Ten Years Ending June 30, 2014

CATEGORY	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Land	\$ 63,186,873	\$ 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
Construction in progress	751,305	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
Buildings	88,811,413	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
Building improvements	33,581,403	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
Furniture and equipment	4,105,103	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
Total capital assets	190,436,097	188,294,521	166,482,127	166,561,799	119,454,849	108,161,559	107,999,864	147,388,660	124,618,623	123,240,702
Less accumulated depreciation										
Buildings	16,115,003	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
Building improvements	7,816,863	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
Furniture and equipment	3,366,900	2,967,003	2,279,894	2,309,871	1,904,844	1,363,573	938,870	1,128,894	870,169	861,347
Total accumulated depreciation	27,298,766	22,498,073	14,518,923	14,548,900	12,197,795	10,933,852	8,566,564	46,281,545	43,438,702	40,501,303
Net capital assets	163,137,331	165,796,448	157,891,317	152,012,899	107,257,054	97,227,707	99,433,300	101,107,115	81,179,921	82,739,399
Related debt	108,275,122	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
Invested in capital assets, net of related debt	\$ 54,862,209	\$ 55,290,545	\$ 54,768,792	\$ 43,092,084	\$ 39,788,284	\$ 69,458,303	\$ 68,982,385	\$ 67,893,139	\$ 67,288,827	\$ 68,018,420

REVENUE CAPACITY



San Diego Housing Commission
 Revenue on a Gross Basis (Unaudited)
 Last Ten Years Ending June 30, 2014

DESCRIPTION	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues (gross):										
Operating revenues	\$ 33,238,525	\$ 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
Subsidies and grants	186,987,313	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
Investment income	9,118,073	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
Gain/loss on sale of capital assets	-	38,220	(49,695)	(683)	-	-	(132,480)	3,560,143	11,504	3,527,602
Other	-	-	-	859,125	459,836	-	-	-	-	-
Total revenues	\$229,343,911	\$228,567,123	\$221,231,520	\$223,964,896	\$224,660,668	\$201,924,826	\$199,973,882	\$182,369,394	\$175,816,229	\$179,681,471

DEBT CAPACITY



San Diego Housing Commission

Outstanding Debt Related to Capital Assets (Unaudited)

Last Ten Years Ending June 30, 2014

<u>Fiscal year</u>	<u>Notes Payable</u>		<u>Capital Assets Less Accumulated Depreciation</u>	<u>Ratio of total debt to capital assets*</u>
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	****	157,891,317	67.86%
2014	112,993,522	*****	163,137,331	69.26%

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.

***** The total notes payable of \$113 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 from Prior Period</u>	<u>City of San Diego</u>	<u>Change from Prior Period</u>
2004-05	296,895,897	4.13%	1,306,000	4.42%
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	316,122,143	1.07%	1,326,238	0.37%
2013-14			1,345,895	1.48%

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

2014 United States population not available



**San Diego Housing Commission
Demographic and Economic Statistics for the City of San Diego
Ten Years Ended June 30, 2014**

Population and Personal Income - City of San Diego

Year	Population¹	Personal Income² (1,000s)	Per Capita Personal Income	Unemployment Rate³(%)
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
2013-14	1,345,895	45,869,487	34,081	7.5

Footnotes:

¹Population projections are provided by the California Department of Financial Projections

²Income data is provided by the United States Census Data and is adjusted for inflation

³Unemployment 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 five years**

Business Name	2013-14			2012-13			2011-12			2010-11			2009-10			2008-09		
	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 (%)	Number of Employees	Rank	Percent of Total Employment (%)	Number of Employees	Rank	Percent of Total Employment (%)
Unites States Navy (1)	30,588	1	4.31%	30,664	1	4.30%	27,869	2	3.92%	54,000	1	7.71%	54,415	1	7.83%	45,500	1	6.61%
University of California San Diego (2)	28,672	2	4.04%	28,071	2	3.93%	28,071	1	3.95%	27,406	2	3.91%	20,408	2	2.94%	26,011	2	3.78%
Sharp Healthcare (3)	16,446	3	2.32%	15,906	3	2.23%	15,366	3	2.16%	14,924	5	2.13%	14,700	5	2.11%	13,872	5	2.01%
San Diego County	16,215	4	2.28%	15,727	4	2.20%	15,171	4	2.13%	15,063	4	2.15%	15,164	4	2.18%	17,000	4	2.47%
Qualcomm Inc	13,725	6	1.93%	13,524	6	1.89%	11,877	6	1.67%	11,500	6	1.64%	6,000	8	0.86%	6,000	9	0.87%
San Diego Unified School District	13,071	5	1.84%	13,633	5	1.91%	13,633	5	1.92%	16,158	3	2.31%	17,024	3	2.45%	24,000	3	3.49%
City of San Diego	10,872	7	1.53%	10,295	7	1.44%	10,090	7	1.42%	10,247	7	1.46%	10,499	6	1.51%	10,789	7	1.57%
Kaiser Permanente	8,172	8	1.15%	8,800	8	1.23%	7,425	8	1.04%	7,101	8	1.01%	7,028	7	1.01%	6,970	8	1.01%
UC San Diego Medical Center	6,302	9	0.89%	6,235	9	0.87%	6,039	9	0.85%	5,799	9	0.83%	5,549	9	0.80%	-		0.00%
San Diego Gas & Electric (4)	4,457	10	0.63%	4,753	10	0.67%	5,028	10	0.71%	4,643	10	0.66%	5,075	10	0.73%	5,000	10	0.73%
Scripps																12,000	6	1.74%
Total Top Employers	148,520		20.92%	147,608		20.68%	140,569		19.76%	166,841		23.81%	155,862		22.42%	167,142		24.28%
Total City Employment	709,800			713,900			711,500			700,600			695,200			688,500		

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



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

<u>Resident Members Per Household</u>			<u>Number Bedrooms Per Household</u>		
<u>Categories</u>	<u>Households</u>	<u>Percent</u>	<u>Categories</u>	<u>Households</u>	<u>Percent</u>
1 Member	5,244	36.8%	Studio	626	4.4%
2 Members	3,283	23.1%	1 Bedroom	3371	23.7%
3 Members	1,984	13.9%	2 Bedrooms	5419	38.1%
4 Members	1,615	11.3%	3 Bedrooms	3451	24.2%
5 Members	1,060	7.4%	4 Bedrooms	1164	8.2%
6 Member	557	3.9%	5 Bedrooms	178	1.3%
7 Members	234	1.6%	6 Bedrooms	22	0.2%
8 Members	128	0.9%	7 Bedrooms	1	0.0%
9 Member	63	0.4%	Waiting list	0	0.0%
10 + Members	64	0.4%			
Total	14,232	100.0%	Total	14,232	100.0%

Income Ranges (All Sources)

<u>Annual Income Ranges</u>	<u>No. of Households</u>	<u>Percentage</u>
\$ 0-.99	267	1.9%
\$ 1-9,999	2,436	17.1%
\$ 10,000-19,999	7,705	54.1%
\$ 20,000-29,999	2,286	16.1%
\$ 30,000-39,999	992	7.0%
\$ 40,000-49,999	389	2.7%
\$ 50,000 +	157	1.1%
Total	14,232	100.0%

Source: San Diego Housing Commission Statistics



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

Length of Residency - Current

<u>Years in Housing</u>	<u>Households</u>	<u>Quantity</u>
<1	196	1.4%
1	477	3.4%
2	945	6.6%
3	1012	7.1%
4	388	2.7%
5	655	4.6%
6	614	4.3%
7	2157	15.2%
8	450	3.2%
9	1001	7.0%
10	614	4.3%
11	352	2.5%
12	972	6.8%
13	1472	10.3%
14	416	2.9%
15	446	3.1%
16	339	2.4%
17	300	2.1%
18	96	0.7%
19	237	1.7%
20+	1093	7.7%
Total	<u>14,232</u>	<u>100.0%</u>

Source: San Diego Housing Commission Statistics

OPERATING INFORMATION



San Diego Housing Commission Local Units

Address	No. Units	Year Built
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

Address	No. Units	Year Built
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 VAN DYKE AVENUE	4	1982
Total Local Units	117	



Belden SDHC FNMA LLC

Address	No. Units	Year Built
7705 - 7795 BELDEN STREET	243	1983
Total Belden FNMA Units	243	

Northern SDHC FNMA LLC

Address	No. Units	Year Built
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
Total Northern FNMA Units	138	

Central SDHC FNMA LLC

Address	No. Units	Year Built
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

Address	No. Units	Year Built
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
Total Central FNMA Units	185	

Northern SDHC FHA, LLC

Address	No. Units	Year Built
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
Total Northern FHA Units	154	



Southern SDHC FHA, LLC

Address	No. Units	Year Built
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
Total Southern FHA Units	301	

Central SDHC FHA, LLC

Address	No. Units	Year Built
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
Total Central FHA Units	234	



Other Program Housing Units

Address	No. Units	Year Built	Status
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
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
Total Other Program Housing Units	815		

Total Commission and LLC units **2,187** -

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
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
5207 52nd Place (Casa Colina)	75	
Total Partnership Units	572	

Combined total units **2,759**

* 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



Seniority of Employees			Racial Composition		
<u>Categories</u>	<u>Number</u>	<u>Percent</u>	<u>Categories</u>	<u>Number</u>	<u>Percent</u>
Less than 3 years	95	35%	American Indian or Alaska Native, White	2	1%
3 to 5 years	34	12%	Asian	25	9%
6 to 9 years	47	17%	Black or African American	32	12%
10 to 19 years	56	20%	Hispanic or Latino	99	36%
20 to 29 years	31	11%	Native Hawaiian or Other Pacific Islander	4	1%
30 years and over	<u>11</u>	<u>4%</u>	Two or More Races	6	2%
Grand Total	<u><u>274</u></u>	<u><u>100%</u></u>	White	103	38%
			Other	<u>3</u>	<u>1%</u>
			Grand Total	<u><u>274</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

Statistical Section (Unaudited)



Department:	2014	2013	2012	2011	2010	2009	2008
Board & Executive Functions	8	5	4	17	16	8	3
Business Services	37	35	26	23	23	23	18
Community Relations & Communications	7	5	7	4	4	4	0
Development & Asset Management	0	0	0	0	0	0	60
External Affairs	12	12	11	0	0	0	0
Financial Services	25	24	25	21	20	19	17
Housing Finance	0	0	0	0	0	0	40
Housing Development Partners Count	3	3	3	0	0	0	0
Policy & Public Affairs	0	0	5	0	0	0	7
Real Estate Development	75	80	77	92	90	87	0
Rental Assistance Program	107	109	110	105	106	109	91
	274	273	268	262	259	250	236

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