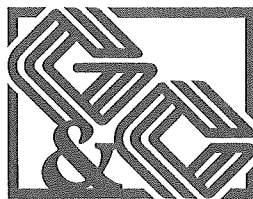


**San Antonio Housing Trust
Public Facility Corporation**

Financial Statements

September 30, 2018



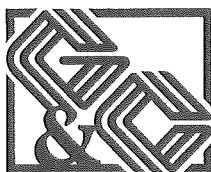
GREGORY & CRUTCHFIELD, LLC

CERTIFIED PUBLIC ACCOUNTANTS

San Antonio Housing Trust Public Facility Corporation

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GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

The Board of Directors
San Antonio Housing Trust Public Facility Corporation

We have audited the accompanying financial statements of San Antonio Housing Trust Public Facility Corporation (a nonprofit organization) which comprise the statement of financial position as of September 30, 2018, and the related statements of activities and changes in net asset, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Antonio Housing Trust Public Facility Corporation as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Gregory & Crutchfield, LLC". The signature is written in a cursive, flowing style.

Gregory & Crutchfield, LLC

San Antonio, Texas
January 28, 2019

San Antonio Housing Trust Public Facility Corporation
Statement of Financial Position
September 30, 2018

Assets	
Current assets	
Cash	\$ 3,229,847
Total current assets	3,229,847
Property and equipment	
Land	17,068,135
Total property and equipment	17,068,135
Other Assets	
Due from Red Berry TIRZ	35,695
Total other assets	35,695
Total assets	<u>20,333,677</u>
Liabilities and net assets	
Current liabilities	
Accounts payable	182,864
Prepaid deposit	354,136
Prepaid rent - Current Portion	220,898
Total current liabilities	757,898
Long-term liabilities	
Prepaid rent - Long Term Portion	16,091,437
Total long-term liabilities	16,091,437
Total liabilities	16,849,335
Net assets	
Without donor restrictions	3,484,342
Total net assets	3,484,342
Total liabilities and net assets	<u>\$20,333,677</u>

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Public Facility Corporation
Statements of Activities and Changes in Net Assets
For the Year Ended September 30, 2018

Change in net assets without donor restrictions:

Support and revenue

Administrative fee income	\$ 4,167
Application fee income	12,000
Developer fee income	1,021,049
Incentive management fee	36,300
Interest income	976
Origination fee income	500,000
Other income	9,257
Rental income	<u>187,352</u>

Total support and revenue without donor restrictions 1,771,101

Expenses

Administrative fees	395,937
Insurance	3,435
Professional fees	1,751
Grant - COSA	750,000
Rent	<u>48,750</u>

Total expenses without donor restrictions 1,199,873

Increase in net assets without donor restrictions 571,228

Net assets, beginning of year 2,913,114

Net assets, end of year \$ 3,484,342

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Public Facility Corporation
Statement of Cash Flows
For the Year Ended September 30, 2018

Cash flow from operating activities:

Change in net assets	\$ 571,228
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:	
(Increase) / decrease in :	
Due from Red Berry TIRZ	(35,695)
Increase / (decrease) in :	
Accounts payable	182,864
Prepaid deposit	354,136
Prepaid rent	<u>8,531,398</u>
Net cash provided by operating activities	9,603,931
Cash flow used in investing activities:	
Purchase of land	(8,670,000)
Cash flow from financing activities:	
	<u>-</u>
Net increase in cash	933,931
Cash and cash equivalents, beginning of year	<u>2,295,916</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,229,847</u></u>

Supplemental disclosure:

Interest paid	-
Taxes paid	-

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Public Facility Corporation
Statement of Functional Expenses
For the Year Ended September 30, 2018

		Management and			
	Program	General	Fundraising	Total	
Administrative fees	395,937	-	-	\$ 395,937	
Grants	750,000	-	-	750,000	
Insurance	-	3,435	-	3,435	
Professional fees	-	1,751	-	1,751	
Rent	48,750	-	-	48,750	
Totals	1,194,687	5,186	-	\$ 1,199,873	

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Public Facility Corporation
Notes to Financial Statements
For the Year Ended September 30, 2018

Note 1 – The Organization

San Antonio Housing Trust Public Facility Corporation (“SAHTPFC”) is a Texas nonprofit public facility corporation, incorporated on December 28, 2009 under the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (“the Act”). The organization's primary purpose is to provide for financing, acquisition, and construction of public facilities.

SAHTPFC is managed by a five member Board of Directors that serve without compensation. The Board members are residents of the City of San Antonio and appointed by written ordinance of the City Council of the City of San Antonio. The internal affairs of the Organization are governed by the Organization's bylaws, which are approved by the governing body of the City of San Antonio. Upon dissolution of the Organization, any interest in any funds or property of any kind, real, personal, or mixed, such funds or property or rights thereto shall be transferred and delivered to the City of San Antonio after satisfaction or provision for satisfaction of debts and claims have been made.

Note 2 – Summary of Significant Accounting Policies

Accounting Basis – The financial statements are presented on the accrual basis of accounting.

Tax Exempt Status – SAHTPFC is exempt from federal income taxes under Section 115(a) of the Internal Revenue Code. Management is not aware of any tax positions that would have a significant impact on its financial position.

Cash and Cash Equivalents – SAHTPFC considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents as of September 30, 2018.

Financial Statement Presentation – SAHTPFC has prepared the accompanying financial statements in accordance with FASB Accounting Standards Codification 958-205, Not-for-Profit Entities. Under FASB ASU 958-205, the Organization is required to report assets and liabilities in reasonably homogeneous groups and sequence or classify them in ways that provide relevant information about interrelationships, liquidity, and financial flexibility. Classify and report net assets in two groups, net assets with donor restrictions and net assets without donor restrictions. Classify and report revenue, expenses, gains, and losses as increases or decreases in net assets with donor restrictions or net assets without donor restrictions.

Estimates – The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual amounts could differ from these estimates.

Revenue – SAHTPFC's primary source of revenue are from developer fees associated with the construction of public facilities.

Subsequent Events – Subsequent events have been evaluated by management through the date of the report of the independent auditors. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

San Antonio Housing Trust Public Facility Corporation
Notes to Financial Statements
September 30, 2018

Note 2 – Summary of Significant Accounting Policies - *continued*

New Accounting Pronouncements – In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2019. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

In August 2016, the FASB issued a new accounting pronouncement regarding reporting and disclosure requirements for not-for-profit organizations, effective for periods beginning after December 15, 2017, with early application permitted. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Property and Equipment – Property and equipment is currently comprised of land only, which is not depreciated. Purchases of assets are recorded at cost and any donated assets would be recorded at fair market value as of the date of donation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets which range from 5 to 40 years. Expenditures for property and equipment in excess of \$500 are capitalized. There were no depreciable assets as of September 30, 2018.

Note 3 – Cash Balance In Excess of FDIC Insured Limits

SAHTPFC's cash balance in excess of the federally insured limits as of September 30, 2018 is collateralized by pledged securities in accordance with the City of San Antonio's Administrative and Fiscal Contract.

Note 4 – Property and Equipment

A summary of the Organization's property and equipment as of September 30, 2018 is as follows:

Land – Woodlawn Ranch	3,400,400
Land – Cevallos Lofts	2,462,735
Land – ACME Road	810,000
Land – Oak Valley	925,000
Land – Montabella Pointe	800,000
Land – Lord Road	1,425,000
Land – Copper Pointe	1,870,000
Land - Brookwood	1,350,000
Land – Trails at Leon Creek	<u>4,025,000</u>
Totals	17,068,135
Accumulated depreciation	<u>(0)</u>
Net property and equipment	<u>17,068,135</u>

San Antonio Housing Trust Public Facility Corporation
Notes to Financial Statements
September 30, 2018

Note 5 – Related Party Transactions

SAHTPFC and the San Antonio Housing Trust Foundation, Inc. ("SAHTF") shared the same Executive Director during the year ended September 30, 2018. SAHTPFC pays SAHTF 25% of developer revenues to administer their programs. SAHTPFC accrued administrative fees in the amount of \$182,864 to SAHTF for the year ending September 30, 2018.

Note 6 – Litigation

The Organization's management is not aware of any pending or threatened claim against it.