San Antonio Housing Trust Finance Corporation

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GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

The Board of Directors
San Antonio Housing Trust Finance Corporation

We have audited the accompanying statement of financial position of San Antonio Housing Trust Finance Corporation (a nonprofit organization) as of September 30, 2019, and the related statements of activities and changes in net assets, 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 Finance Corporation as of September 30, 2019, 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.

Gregory & Crutchfield, LLC

San Antonio, Texas
December 27, 2019

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San Antonio Housing Trust Finance Corporation
Statement of Financial Position
September 30, 2019

Assets	
Current assets	
Cash	$ 2,705,814
Interest receivable	20,000
Total current assets	2,725,814
Other assets	
NR - Rio Lofts	500,000
Total other assets	500,000
Total assets	3,225,814
Liabilities	
Due to SAHT	229,446
Due to SAHTPFC	680,000
Total liabilities	909,446
Net assets	
Without donor restrictions	2,316,368
Total net assets	2,316,368
Total liabilities and net assets	$ 3,225,814

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Finance Corporation
Statements of Activities and Changes in Net Assets
For the Year Ended September 30, 2019

Change in net assets without donor restrictions:	
Support and revenue	
Annual issuer fee income	60,210
Application fee income	3,000
Bond issuer fee income	895,000
Interest income - Rio Lofts	20,000
Interest income	1,045
Total support and revenue without donor restrictions	979,255
Expenses	
Administrative fees	239,814
Insurance	3,435
Professional fees	1,563
Total expenses without donor restrictions	244,812
Increase in net assets without donor restrictions	734,443
Net assets, beginning of year	1,581,925
Net assets, end of year	$ 2,316,368

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Finance Corporation
Statement of Cash Flows
For the Year Ended September 30, 2019

Cash flow provided by operating activities:	
Change in net assets	$ 734,443
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:	
Increase (decrease) in:	
Interest receivable	(20,000)
Due to SAHT	35,544
Due to SAHTPFC	680,000
Net cash provided by operating activities	1,429,987
Cash flow from investing activities:	-
Cash flow from financing activities:	-
Net increase in cash	1,429,987
Cash and cash equivalents, beginning of year	1,275,827
Cash and cash equivalents, end of year	$ 2,705,814
Supplemental disclosure:	
Interest paid	-
Taxes paid	-

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Finance Corporation
Statement of Functional Expenses
For the Year Ended September 30, 2019

	Program	Management and General	Fundraising	Total
Administrative fees	239,814	-	-	$ 239,814
Insurance	-	3,435	-	3,435
Professional fees	-	1,563	-	1,563
Totals	239,814	4,998	-	$ 244,812

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Finance Corporation
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 1 – The Organization

San Antonio Housing Trust Finance Corporation ("SAHTFC") is a nonprofit organization and component unit of the City of San Antonio incorporated on August 22, 1997 under the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, as amended ("the Act"). The organization's primary purpose is to carry out the purposes of the Act, including the issuance of single family and multi-family revenue bonds on behalf of the City of San Antonio. Such bonds do not constitute an obligation of the Organization, but shall be payable solely out of the revenues and receipts derived from any residential development or mortgages financed by the bonds. SAHTFC receives the majority of its revenue from issuer fees related to the bonds.

SAHTFC 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 – SAHTFC 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 – SAHTFC 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, 2019.

Financial Statement Presentation – SAHTFC 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.

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

Revenue – SAHTFC's primary source of revenue includes various fees associated with the issuance of single family and multi-family revenue bonds.

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.

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, 2018, with early application permitted. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Note 3 – Cash Balance In Excess of FDIC Insured Limits

SAHTFC's cash balance in excess of the federally insured limits as of September 30, 2019 is collateralized by pledged securities in accordance with the City of San Antonio's Administrative and Fiscal Contract.

Note 4 – Note Receivable

A loan agreement was entered in with Rio Lofts, Ltd. on May 31, 2018. SAHTFC loaned $500,000 to be used to acquire, construct and operate land and improvements. This note is collateralized by deeds of trust on the properties and is payable from 50% of the distributable net cash flow of the Partnership. Annual interest rate on the note is 3% per annum unit maturity date of December 1, 2048 or prior redemption.

Note 5 – Conduit Debt

The Organization is authorized by the City of San Antonio to issue single family and multi-family mortgage revenue bonds used to provide affordable housing to the City of San Antonio. These bonds do not constitute an obligation of the Organization, but are payable solely out of the revenues and receipts derived from any residential development or home mortgage financed by the bonds. For the year ended September 30, 2019, the Organization's conduit debt was as follows:

Balance – October 1, 2018	192,085,836
Additions	89,500,000
Deletions	41,039,791
Balance – September 30, 2019	240,546,045

Note 6 – Related Party Transactions

SAHTFC and the San Antonio Housing Trust Foundation, Inc. ("SAHTF") shared the same Executive Director during the year ended September 30, 2019. SAHTFC pays SAHTF 25% of revenues to administer their programs. SAHTFC paid administrative fees in the amount of $239,814 to SAHTF for the year ending September 30, 2019.

On September 25, 2019 SAHTFC received funds in the amount of $680,000 that were meant for the San Antonio Housing Trust Public Facility Corporation ("SAHTPFC"). As of September 30, 2019 the amount of $680,000 was due to the SAHTPFC.

Note 7 – Litigation

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