

SAN ANTONIO HOUSING TRUST FOUNDATION, INC.
(A Component Unit of the City of San Antonio, Texas)

SAN ANTONIO, TEXAS

FINANCIAL STATEMENTS
(With Independent Auditors' Report Thereon)

SEPTEMBER 30, 2021

SAN ANTONIO HOUSING TRUST FOUNDATION, INC.
(A Component Unit of the City of San Antonio, Texas)

Table of Contents

	<u>Page</u>
Independent Auditors' Report.....	1-2
Management's Discussion and Analysis.....	3-7
Statement of Net Position	8
Statement of Revenues and Expenses and Changes in Net Position.....	9
Statement of Cash Flows.....	10-11
Notes to the Financial Statements	12-20

LEAL & CARTER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Frank J. Leal, CPA
Roberto Carter, CPA

16011 University Oak
San Antonio, Texas 78249
Telephone:(210) 696-6206
Fax:(210) 492-6209

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
San Antonio Housing Trust Foundation, Inc.
San Antonio, Texas

We have audited the accompanying financial statements of the business-type activities of the San Antonio Housing Trust Foundation, Inc. (SAHTF), a component unit of the City of San Antonio, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise SAHTF's basic financial statements as listed in the table of contents.

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 respective financial position of the business-type activities of SAHTF as of September 30, 2021, and the respective changes in its financial position and its cash flows 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 3 through 7 be presented to supplement the basic financial statements. Such information, although not a 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.

Seal & Carter, P.C.

San Antonio, Texas
March 3, 2023



MANAGEMENT'S DISCUSSION & ANALYSIS

This section of the **San Antonio Housing Trust Foundation, Inc.'s (SAHTF)** annual financial report presents our discussion and analysis of SAHTF's financial activities for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with SAHTF's basic financial statements that follow this narrative.

Financial Highlights

- *Net Position* – The SAHTF's assets exceeded its liabilities by \$6,110,279 (net position) for fiscal year ended September 30, 2021.
- *Changes in Net Position* – The SAHTF's total net position decreased in fiscal year 2021 by \$493,957.
- *Revenues*
 - Operating revenues for fiscal year 2021 increased by \$668,080. This was primarily due to the timing of contributions received from the City of San Antonio for its Affordable Housing Programs.
 - Administrative fees are revenues earned from the San Antonio Housing Trust Public Facility Corporation (SAHTFC) and the San Antonio Housing Trust Finance Corporation (SAHTPFC). These revenues decreased by \$310,461 in fiscal year 2021. Recognition of administrative fee revenue is dependent upon the performance of its partnership entities that develop and operate multi-family housing in San Antonio.
- *Capital Assets* – There was a nominal increase in capital assets in the amount of \$16,202, net of depreciation.
- *Liabilities* – Liabilities increased by \$621,622 during fiscal year 2021 which was primarily due to agency funds held on behalf of the SAHTPFC and SAHTFC.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the SAHTF's basic financial statements. The basic financial statements consist of 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Net Position, 3) Statement of Cash Flows, and 4) Notes to the Financial Statements.

Although the SAHTF is a nonprofit organization, it has prepared its financial statements in accordance with the governmental accounting and reporting provisions of the GASB, based on its relationship with the City of San Antonio (Note 1).

Financial Analysis

Net Position – The SAHTF’s net position decreased by \$493,957 during fiscal year 2021. A comparison of the entity’s net assets follows:

	2021	2020	\$ Change
ASSETS			
<u>Current Assets</u>			
Cash and Cash Equivalents - Unrestricted	\$ 4,139,530	\$ -	\$ 4,139,530
Cash and Cash Equivalents - Restricted	99,576	3,162,146	(3,062,570)
Accounts Receivable	-	86,680	(86,680)
Due from SAHTFC	21,132	94,695	(73,563)
Due from SAHTPFC	22,546	358,622	(336,076)
Prepaid Expenses	7,013	7,598	(585)
Total Current Assets	<u>4,289,797</u>	<u>3,709,741</u>	<u>580,056</u>
<u>Non-Current Assets</u>			
Loans Receivable	2,220,155	2,548,676	(328,521)
Mortgage Loans Receivable, Net of Allowance	108,732	252,155	(143,423)
Interest Receivable	138,797	114,130	24,667
Capital Assets:			
Land	30,000	30,000	-
Buildings and Improvements	177,575	162,558	15,017
Furniture and Equipment	69,046	62,382	6,664
Accumulated Depreciation	(87,329)	(81,850)	(5,479)
Total Capital Assets, Net of Depreciation	<u>189,292</u>	<u>173,090</u>	<u>16,202</u>
Equity Investment	<u>336,192</u>	<u>357,508</u>	<u>(21,316)</u>
Total Non-Current Assets	<u>2,993,168</u>	<u>3,445,559</u>	<u>(452,391)</u>
Total Assets	<u>\$ 7,282,965</u>	<u>\$ 7,155,300</u>	<u>\$ 127,665</u>

Financial Analysis (continued)

2021	2020	\$ Change
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LIABILITIES AND NET POSITION

Liabilities:

Current Liabilities

Accounts Payable	\$ 14,984	\$ 5,744	\$ 9,240
Accrued Expenses	16,717	-	16,717
Due to San Antonio Housing Trust	331,281	186,558	144,723
Agency Funds/Due to SAHTPFC	744,083	358,762	385,321
Prepaid Deposits	65,621	-	65,621
Total Current Liabilities	<u>1,172,686</u>	<u>551,064</u>	<u>621,622</u>
Total Liabilities	<u>1,172,686</u>	<u>551,064</u>	<u>621,622</u>

Net Position:

Invested in Capital Assets, Net of Related Debt	189,292	173,090	16,202
Restricted	30,886	2,832,038	(2,801,152)
Unrestricted	5,890,101	3,599,108	2,290,993
Total Net Position	<u>\$ 6,110,279</u>	<u>\$ 6,604,236</u>	<u>\$ (493,957)</u>

2021	2020	\$ Change
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OPERATING REVENUES

Administrative Fees	\$ 892,898	\$ 1,203,359	\$ (310,461)
Contributions from the City of San Antonio - Affordable Housing Programs	1,660,322	177,721	1,482,601
Grants - Risk Mitigation	6,500	341,915	(335,415)
Grants - Post Purchase Counseling	1,946	5,752	(3,806)
Interest on Loans	52,358	175,480	(123,122)
Miscellaneous Income	11,215	34,833	(23,618)
Total Operating Revenues	<u>2,625,239</u>	<u>1,939,060</u>	<u>686,179</u>

Financial Analysis (continued)

	2021	2020	\$ Change
OPERATING EXPENSES			
Grants to Others - Affordable Housing Programs	1,829,690	1,826,368	3,322
Grants to Others - Risk Mitigation	107,734	-	107,734
Disbursement to San Antonio Housing Trust	331,281	-	331,281
Advertising	4,275	1,925	2,350
Audit	16,410	-	16,410
Auto Expense	6,550	45	6,505
Contract Bookkeeping	11,400	1,098	10,302
Depreciation	5,479	467	5,012
Employee Benefits	73,685	3,829	69,856
Meals and Entertainment	429	192	237
Insurance	68,545	1,655	66,890
Membership Dues and Licenses	2,051	177	1,874
Occupancy	7,434	794	6,640
Office Supplies, Printing, Postage	6,997	1,841	5,156
Payroll Expenses	366,739	24,342	342,397
Professional Fees	80,623	6,140	74,483
Rental of Equipment and Storage	4,621	318	4,303
Repairs and Maintenance	27,510	3,999	23,511
Subscriptions	5,203	225	4,978
Telephone	4,585	397	4,188
Travel and Training	2,421	414	2,007
Other Expenses	100	-	100
Loss on Investment in Partnership	21,316	27,236	(5,920)
Allowance for Uncollectible Accounts Expense	134,434	-	134,434
Total Operating Expenses	3,119,512	1,901,462	1,218,050
Operating Income (Loss)	(494,273)	37,598	(531,871)
NONOPERATING REVENUES AND (EXPENSES)			
Interest Income	414	18,099	(17,685)
Interest Expense	(98)	-	(98)
Net Nonoperating Revenues and (Expenses)	316	18,099	(17,783)
Income (Loss) Before Capital Contributions and Transfers	(493,957)	55,697	(549,654)

Financial Analysis (continued)

	2021	2020	\$ Change
Increase (Decrease) in Net Position	(493,957)	55,697	(549,654)
Net Position at the Beginning of Year	6,604,236	6,548,539	55,697
Net Position at the End of Year	\$ 6,110,279	\$ 6,604,236	\$ (493,957)

Economic Factors and Impact

Emergency Housing Assistance Program – 398 Households Assisted

The SAHT granted \$1 million in cash to support the City of San Antonio’s COVID-19 Emergency Housing Assistance Program resulting in mortgage and rental assistance to 398 San Antonians.

Grants Awarded to Non-Profits - \$2.7 Million

The SA Housing Trust and Foundation awarded \$2.7 million in cash grants to support five non-profit organizations impacting inequitably disadvantaged populations. The Housing First Community Coalition was awarded \$1,093,000 for capital and rental subsidies supporting the Town Twine Village, a \$11.8 million permanent supportive housing campus aimed at seniors who are experiencing chronic homelessness. The Esperanza Peace and Justice Center was awarded \$300,000 to create the City’s first Community Land Trust which shall permanently preserve existing low-income housing in the Historic Westside Neighborhood. Our Casas Resident Council was awarded \$239,340 to support the infill vacant lot development of five single family homes located on Vera Cruz, Santiago, and Chihuahua on the eastern side of Apache Creek on the near Westside. Habitat for Humanity was awarded \$200,000 construction materials gap funding necessary to compensate for increased construction related costs due to COVID supply chain disruptions for 20 new single-family homes sold to low-income families. Lastly, Roseville Housing Trust was awarded \$900,000 to support an ADA renovation of the Roseville Senior Apartments supporting 88 extremely low-income older adults.

Contacting SAHTF’s Financial Management

This financial report is designed to provide our citizens, taxpayers and partners with a general overview of the SAHTF’s finances and to demonstrate our commitment to public accountability for funds received. Any questions or requests for more information should be directed to the San Antonio Housing Trust Foundation at 2515 Blanco Road, San Antonio, TX 78212. The SAHTF’s Executive Director, Pedro Alanis, may be reached by telephone at (210) 735-2772. Our website is www.sahousingtrust.org.

San Antonio Housing Trust Foundation, Inc.
(A Component Unit of the City of San Antonio, Texas)

Statement of Net Position

September 30, 2021

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted (Note 2)	\$ 4,139,530
Cash and Cash Equivalents - Restricted (Note 2)	99,576
Due from SAHTFC (Note 9)	21,132
Due from SAHTPFC (Note 9)	22,546
Prepaid Expenses	7,013
Total Current Assets	4,289,797

Non-current Assets

Loans receivable (Note 4)	2,220,155
Mortgage Loans receivable, net of allowance of \$152,177 (Note 4)	108,732
Interest receivable	138,797
Capital Assets:	
Land (Nondepreciable)	30,000
Buildings and improvements	177,575
Furniture and equipment	69,046
Accumulated depreciation	(87,329)
Total capital assets, net of accumulated depreciation	189,292
Equity Investment (Note 6)	336,192
Total Non-Current Assets	2,993,168
Total Assets	7,282,965

LIABILITIES AND NET POSITION

Liabilities:

Current Liabilities

Accounts Payable	14,984
Accrued expenses	16,717
Due to San Antonio Housing Trust (Note 7)	331,281
Agency Funds/Due to SAHTPFC (Note 9)	744,083
Prepaid Deposits - (Note 8)	65,621
Total current liabilities	1,172,686
Total liabilities	1,172,686

Net Position:

Invested in Capital Assets, Net of related debt	189,292
Restricted	30,886
Unrestricted	5,890,101
Total net position	\$ 6,110,279

See accompanying notes to financial statements.

San Antonio Housing Trust Foundation, Inc.
(A Component Unit of the City of San Antonio, Texas)

**Statement of Revenues, Expenses and
Changes in Net Position**

Year Ended September 30, 2021

Operating Revenues:	
Administrative Fees	\$ 892,898
Contributions from the City of San Antonio - Affordable Housing Programs	1,660,322
Grants - Risk Mitigation	6,500
Grants - Post Purchase Counseling	1,946
Interest Income on Loans	52,358
Miscellaneous Income	11,215
Total Operating Revenues	<u>2,625,239</u>
Operating Expenses:	
Grants to Others - Affordable Housing Programs	1,829,690
Grants to Others - Risk Mitigation	107,734
Disbursement to San Antonio Housing Trust	331,281
Advertising	4,275
Audit	16,410
Auto expense	6,550
Contract bookkeeping	11,400
Depreciation	5,479
Employee Benefits	73,685
Meals and entertainment	429
Insurance	68,545
Membership dues and licenses	2,051
Occupancy	7,434
Office supplies, printing, postage	6,997
Payroll expenses	366,739
Professional fees	80,623
Rental of equipment and storage	4,621
Repairs and maintenance	27,510
Subscriptions	5,203
Telephone	4,585
Travel and training	2,421
Other expenses	100
Loss on investment in partnership	21,316
Allowance for uncollectible account expense	134,434
Total Operating Expenses	<u>3,119,512</u>
Operating Income (Loss)	<u>(494,273)</u>
Nonoperating Revenues and (Expenses):	
Interest income	414
Interest expense	(98)
Net Nonoperating Revenues and (Expenses):	<u>316</u>
Income (loss) before capital contributions and transfers	<u>(493,957)</u>
Increase (Decrease) In Net Position	(493,957)
Net Position at the Beginning of Year	6,604,236
Net Position at the End of Year	<u><u>\$ 6,110,279</u></u>

See accompanying notes to financial statements.

San Antonio Housing Trust Foundation
(A Component Unit of the City of San Antonio, Texas)
Statement of Cash Flows

For the Year Ended September 30, 2021

Cash Flows From Operating Activities:

Administrative Fees	\$ 1,302,537
Contributions from the City of San Antonio	1,660,322
Grants - Risk Mitigation	93,180
Grants - Post Purchase Counseling	1,946
Interest on Loans	27,691
Miscellaneous Income	11,215
Payments to suppliers	(1,747,127)
Payments to employees	(423,707)
Principal collections on notes receivable	328,521
Principal collections on mortgages receivable	8,989
Disbursement to San Antonio Housing Trust	(186,558)
Net cash provided (used) by operating activities	<u>1,077,009</u>

Cash Flows From Investing Activities

Interest income	414
Interest expense	(98)
Loss on investment in partnership	21,316
Acquisition of Equipment	(21,681)
Net cash provided (used) by investing activities	<u>(49)</u>

Net Increase (Decrease) in Cash and Cash Equivalents	1,076,960
Cash and Cash Equivalents at beginning of year	3,162,146
Cash and Cash Equivalents at end of year	<u>\$ 4,239,106</u>

See accompanying notes to financial statements.

San Antonio Housing Trust Foundation
(A Component Unit of the City of San Antonio, Texas)
Statement of Cash Flows

For the Year Ended September 30, 2021

Reconciliation of Operating income (loss) to net cash used in operating activities:	
Operating income (loss)	\$ (494,273)
Adjustments to reconcile operating income (loss) to net cash provided	
Depreciation Expense	5,479
Allowance for uncollectible accounts	134,434
Changes in operating assets and liabilities -	
Contracts receivable	86,680
Interest receivable	(24,667)
Due from San Antonio Housing Trust Finance Corporation	73,563
Due from San Antonio Housing Trust Public Facility Corporation	336,076
Prepaid Expenses	585
Loans receivable	328,521
Mortgage receivable	8,989
Accounts payable	9,330
Accrued expenses and liabilities	16,717
Due to San Antonio Housing Trust	144,723
Due to San Antonio Housing Trust Public Facility Corporation	385,321
Prepaid Deposits	65,531
Net cash provided (used) by operating activities	<u><u>\$ 1,077,009</u></u>
Cash and Cash Equivalents consist of:	
Cash - unrestricted	\$ 4,139,530
Cash - restricted	99,576
Total Cash and Cash Equivalents	<u><u>\$ 4,239,106</u></u>

See accompanying notes to financial statements.

San Antonio Housing Trust Foundation, Inc
(A Component Unit of the City of San Antonio, Texas)

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

Note 1 – Summary of Significant Accounting Policies

Organization

San Antonio Housing Trust Foundation, Inc. ("SAHTF") is a nonprofit organization and component unit of the City of San Antonio (the City), incorporated under the laws of the State of Texas on January 30, 1990. The organization's primary purpose is to support charitable, educational and scientific undertakings, specifically to provide housing for low and middle-income families. All property, assets, profits and net revenue of the Foundation are dedicated irrevocably to charitable, educational and scientific purposes. Additionally, on November 1, 1990, the City passed an ordinance stating that the SAHTF is responsible for the administrative support of the operations of the City of San Antonio Housing Trust (the Trust), and under a separate City ordinance passed on September 26, 1991, the SAHTF was designated and approved to be the administrative and fiscal agent of the Trust for the disbursement of awards of Trust assistance to sponsors of affordable housing projects and programs.

The Board of Directors of the SAHTF consists of eleven persons duly appointed by the City Council of the City of San Antonio to serve on the City of San Antonio Housing Trust Board of Trustees. Although the SAHTF is a nonprofit organization, it has prepared its financial statements in accordance with the governmental accounting and reporting provisions of the GASB, based upon this relationship with the City of San Antonio. Such relationship requires that SAHTF's separately issued financial statements be based upon GAAP as promulgated by GASB Statements and Pronouncements. Under the provisions of GASB Statement 34, the SAHTF has prepared its financial statements as a special purpose local government involved in business-type (enterprise/proprietary fund) activities. Under the business-type activity reporting model of the GASB, a governing body decides that periodic determination of revenues earned, expenses incurred, and /or net income earned is most appropriate for capital maintenance, public policy, management control and accountability.

Basic Financial Statements

As a special purpose government involved primarily in business-type activities, SAHTF's basic financial statements consist of the following:

- Management's Discussion and Analysis
- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to Financial Statements

San Antonio Housing Trust Foundation, Inc
(A Component Unit of the City of San Antonio, Texas)

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Measurement Focus, Basis of Accounting and Financial Statement Presentation

SAHTF meets the definition of a governmental entity, as set forth in the American Institute of Certified Public Accountants' Audit and Accounting Guide, State and Local Governments. The financial statements of SAHTF are prepared using the accrual basis of accounting with the economic resources measurement focus as prescribed by GASB. As SAHTF operates as a business-type activity, applying applicable GASB pronouncements, under this approach all assets, deferred outflows of resources, liabilities and deferred inflows of resources are reported on the statement of net position; revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenue of SAHTF is revenue from administrative fees earned (see Note 9 for further details). SAHTF also receives interest on loans, grants and contributions from the City.

Operating expenses for enterprise funds include grants; disbursements to the Trust for specified note principal and interest amounts; payroll and related expenses; and other administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates (depreciation, allowance for bad debts) and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management estimates the allowance for bad debt based on its review of the types of loans outstanding and performance of specific loans.

Tax Exempt Status

SAHTF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any tax positions that would have a significant impact on its financial position. SAHTF is subject to routine examinations by taxing authorities; however, there are currently no examinations for any tax periods in progress. Its federal tax returns for the last 3 years remain subject to examination.

San Antonio Housing Trust Foundation, Inc
(A Component Unit of the City of San Antonio, Texas)

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, SAHTF considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents

Interest Income - Interest income is recognized as interest is accrued on loans bearing interest.

Receivables & Allowance for Doubtful Account- All receivables are reported net of estimated uncollectible amounts. As of September 30, 2021, an allowance for doubtful accounts has been established by management in the amount of \$152,177. This amount includes an allowance of \$134,434 for the total amount of mortgages due under the down payment assistance loan program which are not expected to be repaid.

Bad Debt Expense - SAHTF writes off a loan once it has been determined to be uncollectible, which is determined by various factors such as first-lien foreclosure without sufficient funds to pay SAHTF in a second-lien position, bankruptcy or likelihood of bankruptcy, failure to pay and inability to pay, or all other reasonable means of collection have been pursued unsuccessfully.

Capital Assets - Buildings and equipment are recorded at cost for purchased assets and fair market value as of the date of donation for donated assets. Depreciation is computed using the straight- line method over the useful lives of the assets as follows: Furniture, Fixtures and Equipment – 3 to 7 years; Building & Building Improvements – 39 years; and Other Improvements – 7 to 15 years

Net position - Net position represents the difference between assets less liabilities, and is divided into three components as follows:

- Invested in capital assets, net of related debt – consist of historical cost of capital assets less depreciation and less any remaining debt used to finance those assets.
- Restricted net position – net position restricted by the creditors, by State enabling legislation, by grantors (both Federal and State), and by other contributors. Contributions received by the City for the Housing Incentive Program that were not spent as of September 30, 2021 in the amount of \$30,886 are being reported as restricted net position.
- Unrestricted – all other net position is reported in this category.

SAHTF applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

San Antonio Housing Trust Foundation, Inc
(A Component Unit of the City of San Antonio, Texas)

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

Note 2 – Deposits

Cash Balances in Excess of FDIC Insured Limits

The Foundation's cash balances in excess of the FDIC insured limits as of September 30, 2021 were collateralized by pledged securities. Additionally, the SAHTF is reporting \$99,576 in cash for use in City programs as restricted.

Note 3 - Concentration of Credit Risk

SAHTF's mortgage receivables are typically secured by a second-lien on the borrower's home. In addition, SAHTF's notes receivable are concentrated in the low-income housing sector to further SAHTF's purpose. These are considered concentrations of credit risk.

Note 4 - Loans & Mortgages Receivable

Loans receivable are notes due from various housing projects and are due in installments at various dates through 2035. These notes are collateralized by deeds of trust on the properties. Annual interest rates on the notes range from 0% to 6%.

Mortgages receivable represent \$10,000 second-lien mortgages made to qualifying new homebuyers and various other MRB/MCC down payment or closing costs assistance loans. The \$10,000 loans are due in 360 monthly (30 years) installments with varying maturity dates through 2029. The down-payment assistance loans are due in 60 monthly installments with payments starting after the first mortgages are paid. The notes are collateralized by deeds of trusts on the homes being purchased. Annual interest rates on these notes are 3.5% on the \$10,000 second-lien mortgages and 0% on the down-payment assistance loans.

Other second-lien mortgage loans were funded between 1999 and 2003 from the George Gervin Youth Center funding round. These loans carry a 3% annual interest rate with principal and interest due over 30 years.

In 2013 the Organization loaned VDC Babcock, LP \$750,000 at an interest rate of 4.4% annually. The principal amount and accrued interest are due and payable in annual installments on the first day of each April, beginning April 1, 2014 and continuing on the first day of each April thereafter until the expiration of forty (40) years, being April 1, 2057. The Organization shall apply each annual payment first to accrued interest and the remainder to the principal amount. As of September 30, 2021 the balance due to SAHTF is \$168,007.

San Antonio Housing Trust Foundation, Inc
(A Component Unit of the City of San Antonio, Texas)

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

Note 5 - Capital Assets

	Beginning 10/01/2020	Acquisitions/ Increases	Dispositions/ Decreases	Ending 9/30/2021
Capital assets, not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Total capital assets not being depreciated	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Capital assets being depreciated:				
Buildings and improvements	162,558	15,016	-	177,574
Equipment and furniture	62,382	6,665	-	69,047
Total assets being depreciated	<u>224,940</u>	<u>21,681</u>	<u>-</u>	<u>246,621</u>
Less accumulated depreciation:				
Buildings and improvements	19,469	5,410	-	24,879
Equipment	62,382	69	-	62,451
Total accumulated depreciation	<u>81,851</u>	<u>5,479</u>	<u>-</u>	<u>87,330</u>
Total capital assets being depreciated, net	<u>143,089</u>	<u>16,202</u>	<u>-</u>	<u>159,291</u>
Capital assets, net	<u>\$ 173,089</u>	<u>\$ 16,202</u>	<u>\$ -</u>	<u>\$ 189,291</u>
Depreciation expense			<u>\$ 5,479</u>	

Note 6 - Equity Investment

The equity investment is an investment in a limited partnership, as a project of the Foundation. The Foundation is a limited partner in The Exchange Group - 1992, LTD. (the Exchange Building) which was formed April 27, 1992. This investment is carried on the equity basis of accounting based on the capital account balance reflected on the partnership's tax return filed for the year ended December 31, 2020, and is reported as a non-current asset on accompanying Statement of Net Position of the SAHTF.

Note 7 - Due to San Antonio Housing Trust

In FY 2005, San Antonio Housing Trust (the "Trust") determined that each year SAHTF will set aside the interest received on notes funded by the Trust up to 1% of the loan portfolio balance due for the purpose of funding any future loan losses. The Executive Director can determine whether additional funds are available to fund above the 1% amount. The remaining interest and principal payments received each year are to be paid to the Trust. An amount of \$331,281 was accrued for the year ending September 30, 2021, and is payable to the Trust as of September 30, 2021.

San Antonio Housing Trust Foundation, Inc
(A Component Unit of the City of San Antonio, Texas)

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

Note 8 – Prepaid Deposits

On December 2014 the Organization entered into an agreement with the City of San Antonio (COSA) to serve as the escrow agent between COSA and San Antonio Affordable Housing, Inc. for the Renew SA Acquisition and Development project. The Organization received \$670,000 to establish the escrow fund in accordance with the terms of the escrow agreement. As of September 30, 2021 a balance of \$90 remains in the escrow fund and is included in Prepaid Deposits on the accompanying Statement of Net Position, along with prepaid deposits for TCAM Asset Management Fees in the amount of \$65,531.

Note 9 - Related Party Transactions

San Antonio Housing Trust (the "Trust") and SAHTF board of directors were comprised of the same board members during the year ended September 30, 2021 although there are no requirements by the organizations' by-laws that the board members must be identical. Additionally, SAHTF shares a common board of directors and the same Executive Director with San Antonio Housing Trust Public Facility Corporation (SAHTFPFC) and San Antonio Housing Trust Finance Corporation (SAHTFC), for the year ended September 30, 2021.

SAHTF has an amount due to the Trust, see Note 7.

SAHTF earned administrative fee income from San Antonio Housing Trust Public Facility Corporation (SAHTPFC) in the amount of \$666,516, with \$22,546 due at year end. SAHTF also earned administrative fee income in the amount of \$226,382 from San Antonio Housing Trust Finance Corporation (SAHTFC), with \$21,132 due at year end.

In FY 2020, SAHTF became an agent of funds for related parties SAHTPFC and SAHTFC due to the related parties' bank accounts being converted into "deposit only" accounts. As of year-end September 30, 2021, SAHTF held funds for SAHTPFC in the amount of \$744,083.

Note 10 - Deferred Compensation Plan

San Antonio Housing Trust Foundation, Inc. offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, which is available to all Foundation employees, permits them to defer a portion of their compensation until termination, retirement, death or unforeseen emergency. The Foundation's contributions to the plan totaled \$39,982 for the year ended September 30, 2021.

San Antonio Housing Trust Foundation, Inc
(A Component Unit of the City of San Antonio, Texas)

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

Note 11 – Commitments and Contingencies

Agreements for Foundation Assistance - During FY 2021, Agreements for Foundation Assistance were executed between SAHTF and agencies authorized to receive funding by SAHTF Board Resolution. These agreements contained terms under which the funds would be disbursed. As of September 30, 2021, some of the awards were not disbursed due to certain conditions remaining to be fulfilled. Accordingly, these balances are being disclosed as commitments. A summary of the agencies, award amounts, amounts paid as of year-end and amounts remaining to be paid follows:

<u>Agency</u>	<u>Award Amount</u>	<u>As of September 30, 2021</u>	
		<u>Amount Paid</u>	<u>Commitment</u>
Housing First Community Coalition	\$1,093,000	\$ -	\$1,093,000
Esperanza Community Land Trust	\$ 300,000	\$ 100,000	\$ 200,000
Our Casas Resident Council	\$ 239,340	\$ -	\$ 239,340
Habitat for Humanity	\$ 200,000	\$ 100,000	\$ 100,000

Note 12 – COVID-19 Financial Statements Impacts

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on OUR SA has been little to non-existent to the valuation of its inventory. OUR SA will continue to monitor in relation to its contracts and agreements with developers as those have been impacted by delays potentially both in financing and development. The accompanying financial statements include no adjustments relating to the effects of this pandemic.

San Antonio Housing Trust Foundation, Inc
(A Component Unit of the City of San Antonio, Texas)

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

Note 13 – Subsequent Events

Management has evaluated subsequent events through March 3, 2023, the date the financial statements were available to be issued and noted the following:

Professional Services Contract with the City of San Antonio – A professional services contract for the “San Antonio Housing Trust Administration and Staffing” project was executed by the SAHTF and the City of San Antonio with the term of the agreement beginning on October 1, 2021, or when the approved program statement and budget are received by the City, whichever occurs later. The FY 2022 Program Work Statement and Scope of Work attached to the agreement states that the funding plan under the contract is for Neighborhood & Housing Services Dept. Payment Assistance Program up to \$970,000.

Second Renewal, Modification and Extension Promissory Note and Deed of Trust (Modification) - On March 1, 2022, a Modification was executed regarding a promissory note with an original date of November 14, 2006 and a first extension date of November 1, 2016, in the original amount of \$150,000. In consideration of such Modification, the maker of the promissory note affirms liability for payment of the note and agrees to the modification and promises to pay SAHTF, the holder of the note, the present unpaid balance of the note together with interest as specified. The balance of the principal in the Modification is \$93,000.

Mortgage Forgiveness for Six Single-family Loans - On May 25, 2022, the SAHTF Board authorized the forgiveness of six single-family loans owned by the San Antonio Housing Trust Foundation. The following are the details of these notes according to the related resolution:

Record Identifier	Record Type	Original Loan Amount	Original Origination Date	Loan End Date	Balance at Report End Date
1449FD	1st lien residential - Escrow	\$50,294	8/1/2009	11/1/2030	\$32,357
1450FD	1st lien residential - Escrow	32,870	2/28/2007	6/1/2037	35,030
1475FD	1st lien residential - Escrow	22,214	4/20/2018	8/20/2037	27,880
1411FD	2nd lien residential	10,000	1/8/1998	2/1/2028	2,795
1411FD2	2nd lien residential	10,000	4/17/1997	2/1/2027	1,946
1411FD3	2nd lien residential	10,000	3/3/1997	12/15/2024	1,019
TOTALS		<u>\$85,084</u>			<u>\$68,670</u>

San Antonio Housing Trust Foundation, Inc
(A Component Unit of the City of San Antonio, Texas)

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

Note 13 – Subsequent Events (continued)

Payment on Note Receivable – Exchange Group - Proceeds in the amount of \$121,600 were received on August 4, 2022, for payoff of second mortgage loan from the Exchange Group – 1992, Ltd. in relation to sale of property owned by the Exchange Group – 1992, Ltd.

Professional Services Contract with the City of San Antonio – A professional services contract for the “San Antonio Housing Trust Administration and Staffing” project was executed by the SAHTF and the City of San Antonio with the term of the agreement beginning on October 1, 2022, or when the approved program statement and budget are received by the City, whichever occurs later. The FY 2023 Program Work Statement and Scope of Work attached to the agreement states that the funding plan under the contract is for Neighborhood & Housing Services Dept. Payment Assistance Program up to \$920,000.