

**SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION**  
**(A Component Unit of the City of San Antonio, Texas)**

**SAN ANTONIO, TEXAS**

**FINANCIAL STATEMENTS AND OTHER REPORTS**  
**(With Independent Auditors' Report Thereon)**

**SEPTEMBER 30, 2021**

**SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
San Antonio Housing Trust Public Facility Corporation  
San Antonio, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the San Antonio Housing Trust Public Facility Corporation (SAHTPFC), 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 SAHTPFC'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 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 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 SAHTPFC 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 6 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the SAHTPFC's basic financial statements. The accompanying schedule on *Comparison of Actual to Budgeted Expenses - City of San Antonio CDBG Cost Reimbursement Program* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied 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, the accompanying schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have issued our report dated March 3, 2023, on our consideration of SAHTPFC's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance with the results of that testing, and not to provide an opinion of the effectiveness of SAHTPFC's 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 SAHTPFC's internal control over financial reporting and compliance.

*Seal & Carter, P.C.*

San Antonio, Texas  
March 3, 2023



## MANAGEMENT'S DISCUSSION & ANALYSIS

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

### **Financial Highlights**

- *Net Position* – The SAHTPFC's assets exceeded its liabilities by \$7,246,330 (net position) for fiscal year ended September 30, 2021.
- *Changes in Net Position* – The SAHTPFC's total net position increased in fiscal year 2021 by \$2,712,314.
- *Revenues* - Operating revenues for fiscal year 2021 decreased by \$1,400,330. Revenue is dependent upon the performance of the SAHTPFC's partnership entities that develop and operate multi-family housing in San Antonio.
- *Capital Assets (Land)*– There was an increase in capital assets (land) in the amount of \$10,278,000. Additional land purchases for the following properties were made during fiscal year 2021; Canyon Pass Apartments, Hamilton Wolfe Lofts Apartments, Northview Apartments, Villas at Echo East and West End on Frio Apartments.
- *Liabilities* – Liabilities decreased by \$93,520 during fiscal year 2021 which was primarily due to the change in Accounts Payable at year-end.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the SAHTPFC'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 SAHTPFC 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 SAHTPFC’s net position increased by \$2,712,314 during fiscal year 2021. A comparison of the entity’s net assets follows:

	<b>2021</b>	<b>2020</b>	<b>\$ Change</b>
<b>ASSETS</b>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 3,079,070	\$ 1,497,725	\$ 1,581,345
Due from Red Berry TIRZ	26,024	110,787	(84,763)
Due from COSA	98,008	507,087	(409,079)
Total Current Assets	<u>3,203,102</u>	<u>2,115,599</u>	<u>1,087,503</u>
<u>Non-Current Assets</u>			
Land	83,714,809	73,436,809	10,278,000
Due from SAHTF (Note 3)	744,083	358,761	385,322
Total Non-Current Assets	<u>84,458,892</u>	<u>73,795,570</u>	<u>10,663,322</u>
<b>Total Assets</b>	<b><u>\$ 87,661,994</u></b>	<b><u>\$ 75,911,169</u></b>	<b><u>\$ 11,750,825</u></b>
<b>LIABILITIES AND NET POSITION</b>			
<i>Liabilities:</i>			
<u>Current Liabilities</u>			
Accounts Payable	\$ -	\$ 358,622	\$ (358,622)
Prepaid Deposits	29,344	24,964	4,380
Due to SAHTF/SAHTFC	22,546	3,000	19,546
Due to COSA	124,069	-	124,069
Prepaid Rent - Current Portion	1,068,133	951,026	117,107
Total Current Liabilities	<u>1,244,092</u>	<u>1,337,612</u>	<u>(93,520)</u>
<u>Long-Term Liabilities</u>			
Prepaid Rent - Long-Term Portion	79,171,572	70,039,541	9,132,031
Total Long-Term Liabilities	<u>79,171,572</u>	<u>70,039,541</u>	<u>9,132,031</u>
<b>Total Liabilities</b>	<b><u>\$ 80,415,664</u></b>	<b><u>\$ 71,377,153</u></b>	<b><u>\$ 9,038,511</u></b>
<i>Net Position:</i>			
Invested in Capital Assets, Net of Related Debt	3,475,104	2,446,242	1,028,862
Unrestricted	3,771,226	2,087,774	1,683,452
<b>Total Net Position</b>	<b><u>\$ 7,246,330</u></b>	<b><u>\$ 4,534,016</u></b>	<b><u>\$ 2,712,314</u></b>

**Financial Analysis (continued)**

	2021	2020	\$ Change
<b>OPERATING REVENUES</b>			
Administrative Fee Income	\$ 75,000	\$ 62,500	\$ 12,500
Application Fee Income	18,000	42,000	(24,000)
CDBG Grant	249,686	797,684	(547,998)
Developer Fee Income	1,608,839	1,775,143	(166,304)
Origination Fee	500,000	350,000	150,000
Incentive Management Fee	36,113	69,135	(33,022)
Distribution Per Cash Flow	427,865	1,522,283	(1,094,418)
Rental Income	1,145,861	843,049	302,812
Other Income	100	-	100
Total Operating Revenues	4,061,464	5,461,794	(1,400,330)
<b>OPERATING EXPENSES</b>			
Administrative Fees	666,516	959,657	(293,141)
Professional Fees	192,027	2,275	189,752
COSA Revenue Share	124,069	250,664	(126,595)
Grant Expense - Under 1 Roof	-	2,000,000	(2,000,000)
Grant Expense - Risk Mitigation	-	2,500,000	(2,500,000)
Rent Expense	117,000	102,375	14,625
CDBG Project Expenses	249,686	797,684	(547,998)
Total Operating Expenses	1,349,298	6,612,655	(5,263,357)
<b>Operating Income (Loss)</b>	2,712,166	(1,150,861)	3,863,027
<b>NONOPERATING REVENUES AND (EXPENSES)</b>			
Interest Income	148	17,567	(17,419)
Net Nonoperating Revenues and (Expenses)	148	17,567	(17,419)
Income (Loss) Before Capital Contributions and Transfers	2,712,314	(1,133,294)	3,845,608
<b>Increase (Decrease) in Net Position</b>	2,712,314	(1,133,294)	3,845,608
Net Position at the Beginning of Year	4,534,016	5,667,310	(1,133,294)
<b>Net Position at the End of Year</b>	<b>\$ 7,246,330</b>	<b>\$ 4,534,016</b>	<b>\$ 2,712,314</b>

## **Economic Factors and Impact**

### ***Multi-family Units Opened – 1,527 Units***

In FY 2021, the SAHTPFC and its partners opened 6 properties, Alsbury Farms, Acero, Flats at River North, Brio at Lookout, Pan American, and Majestic Ranch placing into production 1,427 new housing units and rehabilitating 100 units. Of which, 689 units for residents at incomes of less than 60% AMI, 390 units for residents at incomes of less than 80% AMI, 100 project based voucher units, and 448 market rate units.

### ***Multi-family Units Closed Financing – 1,449 Units***

In FY 2021, the SAHTPFC and its partners closed on 7 new affordable multi-family housing developments: Northview, Canyon Pass, West End on Frio, Villas at Echo East, Preserve at Billy Mitchell Village, Hamilton Wolfe, Longhorn Quarry Phase II. When complete, will provide a total of 1,065 new housing units and rehabilitation of 384 units. Of which, 43 units for residents at incomes of less than 30% AMI, 98 units for residents at incomes of less than 50% AMI, 620 units for residents at incomes of less than 60% AMI, 499 units for residents at incomes of less than 80% AMI, and 189 market rate units.

## **Contacting SAHTF's Financial Management**

This financial report is designed to provide our citizens, taxpayers and partners with a general overview of the SAHTPFC'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 Public Facility Corporation 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](http://www.sahousingtrust.org).



**San Antonio Housing Trust Public Facility Corporation  
(A Component Unit of the City of San Antonio, Texas)**

**Statement of Net Position**

**September 30, 2021**

**ASSETS**

Current Assets

Cash and Cash Equivalents	\$ 3,079,070
Due from Red Berry TIRZ	26,024
Due from COSA for CDBG funds	98,008
Total Current Assets	<u>3,203,102</u>

Noncurrent Assets

Land	83,714,809
Due from SAHTF (See Note 3)	744,083
Total Noncurrent Assets	<u>84,458,892</u>

<b>Total Assets</b>	<u>87,661,994</u>
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**LIABILITIES AND NET POSITION**

*Liabilities:*

Current Liabilities

Prepaid Deposits	29,344
Due to SAHTF	22,546
Due to COSA	124,069
Prepaid Rent - Current Portion	1,068,133
Total current liabilities	<u>1,244,092</u>

Long Term Liabilities

Prepaid rent - Long Term Portion	79,171,572
Total long term liabilities	<u>79,171,572</u>

<b>Total liabilities</b>	<u>80,415,664</u>
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*Net Position:*

Invested in Capital Assets, Net of related debt	3,475,104
Unrestricted	3,771,226
	<u>7,246,330</u>

<b>Total net position</b>	<u>\$ 7,246,330</u>
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See accompanying notes to financial statements.

**San Antonio Housing Trust Public Facility Corporation**  
**(A Component Unit of the City of San Antonio, Texas)**

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

**Year Ended September 30, 2021**

<b>Operating Revenues:</b>	
Administration fee income	\$ 75,000
Application fee income	18,000
CDBG Grant	249,686
Developer fee Income	1,608,839
Origination Fee	500,000
Incentive management fee	36,113
Distribution per cash flow	427,865
Rental Income	1,145,861
Other Income	100
Total Operating Revenues	<u>4,061,464</u>
 <b>Operating Expenses:</b>	
Administrative fees	666,516
Professional fees	192,027
COSA Revenue share	124,069
Rent Expense	117,000
CDBG Project Expenses	249,686
Total Operating Expenses	<u>1,349,298</u>
<b>Operating Income (Loss)</b>	<u>2,712,166</u>
 <b>Nonoperating Revenues and (Expenses):</b>	
Interest Income	148
Net Nonoperating Revenues and (Expenses):	<u>148</u>
 Income (loss)	 <u>2,712,314</u>
 <b>Increase (Decrease) In Net Position</b>	 2,712,314
Net Position at the Beginning of Year	4,534,016
<b>Net Position at the End of Year</b>	<u><u>\$ 7,246,330</u></u>

See accompanying notes to financial statements.

**San Antonio Housing Trust Public Facility Corporation  
(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:**

Administration fee income	\$ 75,000
Application fee income	18,000
CDBG Grant	249,686
Developer fee Income	1,608,839
Origination Fee	500,000
Incentive management fee	36,113
Distribution per cash flow	427,865
Rental Income	1,145,861
Other Income	100
Payments to suppliers	(1,084,719)
COSA Revenue share	-
Rent Expense	(117,000)
CDBG Project Expenses	(249,686)
Prepaid Rent	9,249,138
Net cash provided (used) by operating activities	11,859,197

**Cash Flows From Investing Activities**

Interest income	148
Acquisition of land	(10,278,000)
Net cash provided (used) by investing activities	(10,277,852)

Net increase (decrease) in cash and cash equivalents	1,581,345
Cash and cash equivalents, October 1, 2020	1,497,725
Cash and cash equivalents, September 30, 2021	\$ 3,079,070

See accompanying notes to financial statements.

**San Antonio Housing Trust Public Facility Corporation  
(A Component Unit of the City of San Antonio, Texas)**

**Statement of Cash Flows**

**For the Year Ended September 30, 2021**

<b>Reconciliation of Operating income (loss) to net cash used in operating activities:</b>	
Operating income (loss)	\$ 2,712,166
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in operating assets and liabilities -	
Other Assets	108,520
Prepaid Deposits	4,380
Prepaid Rent	9,249,138
Due to SAHTF	(336,076)
Due to SAHTFC	(3,000)
Due to City of San Antonio	124,069
<b>Net cash provided (used) by operating activities</b>	<u><u>\$ 11,859,197</u></u>

See accompanying notes to financial statements.

**San Antonio Housing Trust Public Facility Corporation**  
**(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 Public Facility Corporation ("SAHTPFC") is a Texas nonprofit public facility corporation and component unit of the City of San Antonio, 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.

Although the SAHTPFC 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 SAHTPFC's separately issued financial statements be based upon GAAP as promulgated by GASB Statements and Pronouncements. Under the provisions of GASB Statement 34, the SAHTPFC 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.

Additionally, SAHTPFC follows GASB accounting pronouncements that provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's governing body as the basic criterion for including a possible component organization in the primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

SAHTPFC has formed limited liability companies (LLCs) to be involved in partnerships that develop and operate multi-family housing in San Antonio, that are described below. SAHTPFC is the sole member and owner of each of these LLC's, and has made no capital contributions to these limited partnerships and they are all in the predevelopment stages. Management has evaluated these LLCs under GASB pronouncements as described in the preceding paragraph and determined that they would not be included in the SAHTPFC reporting entity.

**San Antonio Housing Trust Public Facility Corporation  
(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 (Continued)**

During 2016 through 2021, SAHTPFC formed SAHT Longhorn Quarry LP, LLC, SAHT Majestic Living GP, LLC, SAHT Foster Road LP, LLC, SAHT Pedcor GP, LLC, SAHT Marquee Village GP, LLC, SAHT West End On Frio, LLC, SAHT San Pedro GP, LLC, SAHT Port SA GP, LLC, SAHT Northview GP, LLC, SAHT Friedrich LP, LLC, SAHT Echo East Manager, LLC, SAHT City Base GP, LLC, SAHT Canyon Pass GP, LLC and SAHT Hamilton Wolfe Lofts GP, LLC, all Texas limited liability companies, to be used in possible real estate development partnerships to be determined. SAHTPFC is the sole member and owner of these LLC entities.

During 2011, SAHTPFC formed Masters Living GP, LLC, a Texas limited liability company, to serve as the General Partner of Masters SA Apartments, LP a Texas limited partnership formed to develop and operate a 252-unit mixed income housing development project in San Antonio.

During 2015, SAHTPFC formed Palo Alto Apartments GP, LLC, a Texas limited liability company, to serve as the General Partner of Palo Alto Apartments Ltd, a Texas limited partnership formed to develop and operate a 322-unit affordable multi-family complex in San Antonio.

During 2015, SAHTPFC formed Ellison Hills Living GP, LLC, a Texas limited liability company, to serve as the General Partner of Freedom SA Apartments, LP, a Texas limited partnership formed to develop and operate a 252-unit affordable multi-family complex in San Antonio.

During 2019, SAHTPFC formed SAHT Lookout LP, LLC, a Texas limited liability company, to be involved in the real estate development project with SA Creekside at Lookout MF, LP, a Texas limited partnership formed to develop and operate a 293-unit affordable multi-family complex in San Antonio.

During 2016, SAHTPFC formed SAHT Crockett Street LP, LLC, a Texas limited liability company, to be involved in the real estate development project with Crockett Street Lofts, LTD, a Texas limited partnership formed to develop and operate a 271 unit affordable multifamily complex and 503 parking spaces in San Antonio.

During 2016, SAHTPFC formed SAHT 222 Mitchell GP, LLC, a Texas limited liability company, to serve as the General Partner of 222 Mitchell Redevelopment, LP, a Texas limited partnership formed to develop and operate a 228-unit affordable multi-family complex in San Antonio. SAHTPFC leased the land from the Archbishop of San Antonio for 75 years and then subleased the land for 75 years to 222 Mitchell Redevelopment, LP.

During 2016, SAHTPFC formed SAHT Lord Road GP, LLC, a Texas limited liability company, to serve as the General Partner of Lord Road Apartments ltd, a Texas limited partnership formed to develop and operate a 324-unit affordable multi-family complex in San Antonio.

**San Antonio Housing Trust Public Facility Corporation  
(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 (Continued)**

During 2017, SAHTPFC formed SAHT Brookwood GP, LLC, a Texas limited liability company, to serve as the General Partner of Westover Senior P3, LP a Texas limited partnership formed to develop and operate a 197-unit affordable multi-family complex in San Antonio.

During 2017, SAHTPFC formed SAHT Copper Pointe LP, LLC, a Texas limited liability company, to be involved in the real estate development project with LOG Copper Pointe, LP, a Delaware limited partnership formed to develop and operate a 252-unit affordable multi-family complex in San Antonio.

During 2018, SAHTPFC formed SAHT Leon Creek GP, LLC, a Texas limited liability company, to serve as the General Partner of PEDCOR Investments-2016-CLVI, LP a Texas limited partnership formed to develop and operate a 296-unit affordable multi-family complex in San Antonio.

During 2018, SAHTPFC formed SAHT Red Berry LP, LLC, a Texas limited liability company, to serve as the General Partner of Red Berry GL, LP a Texas limited partnership formed to develop and operate a 330-unit mixed income housing development project in San Antonio.

During 2018, SAHTPFC formed SAHT Broadway Jones LP, LLC, a Texas limited liability company, to be involved in the real estate development project with Broadway Jones Apartments, LP, a Delaware limited partnership formed to develop and operate a 283-unit affordable multi-family complex in San Antonio.

During 2019, SAHTPFC formed SAHT Alsbury GP, LLC, a Texas limited liability company, to serve as the General Partner of VDC SA-Alsbury, LP a Texas limited partnership formed to develop and operate a 240-unit affordable multi-family complex in San Antonio.

During 2019, SAHTPFC formed SAHT Culebra Creek GP, LLC, a Texas limited liability company, to serve as the General Partner of PEDCOR Investments-2018-CLXIX, LP a Texas limited partnership formed to develop and operate a 312-unit affordable multi-family complex in San Antonio.

During 2019, SAHTPFC formed SAHT Pan American GP, LLC, a Texas limited liability company, to serve as the General Partner of Steele Pan American, LP a Texas limited partnership formed to develop and operate a 100-unit affordable multi-family complex in San Antonio.

During 2019, SAHTPFC formed SAHT West Cevallos LP, LLC, a Texas limited liability company, to be involved in the real estate development project with West Cevallos GL, LP, a Delaware limited partnership formed to develop and operate a 323-unit affordable multi-family complex in San Antonio.

During 2019, SAHTPFC formed SAHT Mesa West GP, LLC, a Texas limited liability company, to serve as the General Partner of PEDCOR Investments-2018-CLXX, LP a Texas limited partnership formed to develop and operate a 280-unit affordable multi-family complex in San Antonio.

**San Antonio Housing Trust Public Facility Corporation  
(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 (Continued)**

During 2020, SAHTPFC formed Luna Flats GP, LLC, a Texas limited liability company, to serve as the General Partner of Luna Flats Ltd, a Texas limited partnership formed to develop and operate a 69-unit affordable multi-family complex in San Antonio.

During 2020, SAHTPFC formed SAHT Parkdale GP, LLC, a Texas limited liability company, to serve as the General Partner of ARDC Parkdale Ltd, a Texas limited partnership formed to develop and operate a 196-unit affordable multi-family complex in San Antonio.

During 2020, SAHTPFC formed SAHT South Flores LP, LLC, a Texas limited liability company, to be involved in the real estate development project with SF Cevallos MF, LP, a Texas limited partnership formed to develop and operate a 292-unit affordable multi-family complex in San Antonio.

During 2021, SAHTPFC formed SAHT Echo East Manager, LLC, a Texas limited liability company, to be involved in the real estate development project with Villas at Echo East, LP, a Texas limited partnership formed to develop and operate a 192-unit affordable multi-family complex in San Antonio.

During 2021, SAHTPFC formed SAHT Port SA GP, LLC, a Texas limited liability company, to be involved in the real estate development project with Port SA Redevelopment, LP, a Texas limited partnership formed to develop and operate a 384-unit affordable multi-family complex in San Antonio.

During 2021, SAHTPFC formed SAHT Canyon Pass GP, LLC, a Texas limited liability company, to be involved in a real estate development project with Pedcor Investments -2019-CLXXV, LP, which was formed to develop and operate a 264-unit affordable multi-family complex in San Antonio.

During 2021, SAHTPFC formed SAHT Hamilton Wolfe Lofts, GP, LLC, a Texas limited liability company, to be involved in the real estate development project with Hamilton Wolfe Lofts, Ltd., a Texas limited partnership formed to develop and operate a 74-unit affordable multi-family complex in San Antonio.

During 2020, SAHTPFC formed SAHT Northview GP, LLC, a Texas limited liability company, to be involved in the real estate development project with VCCPHC-San Antonio I, LP, a Texas limited partnership, formed to develop and operate a 156 -unit affordable multi-family complex in San Antonio.

During 2020, SAHTPFC formed SAHT West End on Frio, LLC, a Texas limited liability company, to be involved in the real estate development project comprised of a 24-unit affordable multi-family complex in San Antonio.



**San Antonio Housing Trust Public Facility Corporation  
(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)  
Basic Financial Statements**

As a special purpose government involved primarily in business-type activities, SAHTPFC'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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

SAHTPFC 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 SAHTPFC are prepared using the accrual basis of accounting with the economic resources measurement focus as prescribed by GASB. As SAHTPFC 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 SAHTPFC is revenue from developer and origination fees associated with the construction of public facilities. SAHTPFC also generates rental income from the amortization of prepaid rent on ground leases and grant revenue. Operating expenses for enterprise funds include administrative and professional fees, revenue sharing, and grant/project expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**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.

**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.

**San Antonio Housing Trust Public Facility Corporation**  
**(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)**

**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, 2021.

**Prepaid Rent Liability**- SAHTPFC has purchased land (see note 4) in transactions with multiple limited partnerships which are generally involved in real estate development and which usually will develop and build apartment buildings on the land and rent those apartments to low to moderate income families in the San Antonio area to qualify for certain low-income housing tax credits. The partnerships sell the land to SAHTPFC and then in return pay to lease the land back from SAHTPFC for long terms ranging from 55 to 99 years. The partnerships will prepay the entire long term ground lease for the same amounts as the land was sold to SAHTPFC. These funds received from the partnerships are recorded as a prepaid rent liability on the balance sheet and the portion to be recovered in one year from the balance sheet date are classified as the current portion of prepaid rent. The prepaid rents received by SAHTPFC are amortized using the straight-line method over the term of the lease and the rental income is recognized each year as it is earned under the terms of the leases. See Note 5 which gives more information on these leases.

**Cost Reimbursement Contract**- In 2018 SAHTPFC entered into a cost reimbursement agreement with the City of San Antonio as a sub-grantee of federal funds from HUD'S Community Development Block Grant Program (CDBG). CDBG funds are to be use by SAHTPFC to implement and manage the Red Berry Estate Redevelopment project. Revenue from this contract is recorded as qualifying expenses as they are incurred.

**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 accumulated depreciation and less any remaining debt used to finance those assets. SAHTPFC is reporting land less prepaid rent amounts as net invested in capital assets on the Statement of Net Position.
- Restricted net position – net position restricted by the creditors, by State enabling legislation, by grantors (both Federal and State), and by other contributors.
- Unrestricted – all other net position is reported in this category.

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

**Note 2 - Cash Balance in Excess of FDIC Insured Limits**

SAHTPFC's cash balance in excess of the federally insured limits as of September 30, 2021 is collateralized by pledged securities.

**San Antonio Housing Trust Public Facility Corporation**  
**(A Component Unit of the City of San Antonio, Texas)**

**Notes to the Financial Statements**

**SEPTEMBER 30, 2021**

**Note 3 - Related Party Transactions** - SAHTPFC and the San Antonio Housing Trust Foundation, Inc. ("SAHTF") shared the same Executive Director during the year ended September 30, 2021. SAHTPFC pays SAHTF 25% of developer revenues to administer their programs. SAHTPFC accrued administrative fees in the amount of \$22,546 to SAHTF for the year ending September 30, 2021. Additionally, an amount of \$744,083 was held in agency accounts for SAHTPFC by SAHTF as of September 30, 2021.

**Note 4 - Property and Equipment** - A summary of SAHTPFC's property and equipment as of September 30, 2021, which solely consists of land that is non-depreciable, is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Land - Woodlawn Ranch	\$ 3,400,400	\$ -	\$ -	\$ 3,400,400
Land - Cevallos Lofts	2,462,735	-	-	2,462,735
Land - ACME Road	810,000	-	-	810,000
Land - Oak Valley	925,000	-	-	925,000
Land - Montabella Pointe	800,000	-	-	800,000
Land - Lord Road	1,425,000	-	-	1,425,000
Land - Copper Pointe	1,870,000	-	-	1,870,000
Land - Brookwood Apts	1,350,000	-	-	1,350,000
Land - Trails at Leon Creek	4,025,000	-	-	4,025,000
Land - Alsbury Park	2,000,000	-	-	2,000,000
Land - Broadway Jones	5,167,664	-	-	5,167,664
Land - West Cevallos	11,981,813	-	-	11,981,813
Land - Culebra Creek	2,854,375	-	-	2,854,375
Land - Mesa West	3,165,364	-	-	3,165,364
Land - Park At 38Thirty	30,000	-	-	30,000
Land - Pan American Apts	500,000	-	-	500,000
Land - Greenline North Apts	485,000	-	-	485,000
Land - Luna Flats Apts	3,820,000	-	-	3,820,000
Land - South Flores Lofts	7,400,000	-	-	7,400,000
Land - Red Berry Lake and Trail	149,821	-	-	149,821
Land - Friedrich Lofts	6,419,558	-	-	6,419,558
Land - Baldwin Crocket St	3,888,826	-	-	3,888,826
Land - Brio at Lookout	2,900,000	-	-	2,900,000
Land - Freedom Hills	1,143,000	-	-	1,143,000
Land - Palo Alto	880,000	-	-	880,000
Land - Master Ranch	1,245,000	-	-	1,245,000
Land - Upton at Longhorn Quarry	2,193,357	-	-	2,193,357
Land - Salado at Red Berry	144,896	-	-	144,896
Land- Canyon Pass Apartments	-	3,267,000	-	3,267,000
Land- Hamilton Wolfe Lofts Apartments	-	3,600,000	-	3,600,000
Land- Northview Apartments	-	2,900,000	-	2,900,000
Land- Villas at Echo East	-	278,000	-	278,000
Land- Preserve at Billy Mitchell Apartments	-	-	-	-
Land - West End on Frio Apartments	-	233,000	-	233,000
<b>Total</b>	<b>\$ 73,436,809</b>	<b>\$ 10,278,000</b>	<b>\$ -</b>	<b>\$ 83,714,809</b>

**San Antonio Housing Trust Public Facility Corporation**  
**(A Component Unit of the City of San Antonio, Texas)**

**Notes to the Financial Statements**

**SEPTEMBER 30, 2021**

**Note 5 - Ground Leases and Prepaid Rent Liability**

As owner of various land assets (see note 4), SAHTPFC has entered into ground leases on each property as it is purchased. The property is leased to the tenant for the development, construction, rental and operation of a rental project. The lease amount is for the purchase price of the land and is prepaid in full by the tenant at the time of the ground lease agreement. The length of the lease is from 55 years to 99 years. A schedule of these prepaid leases as of September 30, 2021 follows:

Property	Date	Lease Period	Prepaid Lease Amount	Prepaid Rent			Prepaid Rent Ending Balance
				Beginning Balance	Additions	Amortized Rent	
Woodlawn Ranch	10/12/2011	2011 - 2087	3,400,400	\$ 2,993,843	\$ -	\$ 45,339	\$ 2,948,504
Masters Ranch	3/24/2015	2015 - 2090	1,245,000	1,153,700	-	16,600	1,137,100
Palo Alto	7/3/2015	2015 - 2090	880,000	818,400	-	11,733	806,667
Freedom Hills	6/1/2016	2016 - 2091	1,143,000	1,076,960	-	15,240	1,061,720
Brio at Lookout	9/25/2019	2019 - 2095	2,900,000	2,861,334	-	38,667	2,822,667
Baldwin Crockett St	5/9/2016	2016 - 2091	3,888,826	3,661,978	-	51,851	3,610,127
Friedrich Lofts	8/7/2020	2020- 2095	6,419,558	6,405,292	-	85,594	6,319,698
Upton at Longhorn Quarry	2/26/2016	2016 - 2091	2,193,357	2,052,006	-	29,245	2,022,761
Salado at Red Berry	10/22/2018	2018 - 2094	144,896	141,193	-	1,932	139,261
Cevallos Lofts	4/6/2010	2010-2065	2,462,735	1,993,251	-	44,777	1,948,474
ACME Road	11/1/2016	2016 - 2116	810,000	777,955	-	8,182	769,773
Oak Valley	6/1/2017	2017 -2116	925,000	893,855	-	9,343	884,512
Montabella Pointe	8/31/2017	2017 - 2092	800,000	767,111	-	10,667	756,444
Lord Road	8/24/2018	2018-2093	1,425,000	1,385,021	-	19,000	1,366,021
Copper Pointe	7/17/2018	2018-2093	1,870,000	1,814,939	-	24,933	1,790,006
Brookwood	5/25/2018	2018-2093	1,350,000	1,307,655	-	18,000	1,289,655
Trails at Leon Creek	8/1/2018	2018-2117	4,025,000	3,936,911	-	40,657	3,896,254
Alsbury Park	7/1/2019	2019-2094	2,000,000	1,966,667	-	26,667	1,940,000
Broadway Jones	12/27/2018	2019-2094	5,167,664	5,047,085	-	68,902	4,978,183
West Cevallos	6/14/2019	2019-2094	11,981,813	11,775,460	-	159,758	11,615,702
Culebra Creek	7/1/2019	2019-2118	2,854,375	2,818,335	-	28,832	2,789,503
Mesa West	9/1/2019	2019-2118	3,165,364	3,130,726	-	31,973	3,098,753
Part At 38Thirty	6/1/2020	2020 - 2095	30,000	29,867	-	400	29,467
Pan American	6/17/2020	2020-2095	500,000	498,056	-	6,667	491,389
Greenline North	8/1/2020	2020-2095	485,000	483,923	-	6,467	477,456
Luna Flats	6/29/2020	2020- 2095	3,820,000	3,807,266	-	50,933	3,756,333
South Flores	9/3/2020	2020 - 2095	7,400,000	7,391,778	-	98,667	7,293,111
Canyon Pass	12/1/2020	2020 - 2119	3,267,000	-	3,267,000	26,125	3,240,875
Hamilton Wolfe Lofts	5/17/2021	2021 - 2096	3,600,000	-	3,600,000	18,000	3,582,000
Northview	10/1/2020	2020 - 2119	2,900,000	-	2,900,000	29,293	2,870,707
Villas at Echo East	4/13/2021	2021 - 2096	278,000	-	278,000	1,699	276,301
Preserve at Billy Mitchell	4/30/2021	2021 - 2096	-	-	-	-	-
West End on Frio	11/12/2020	2020 - 2095	233,000	-	233,000	2,718	230,282
<b>Total</b>			<b>83,564,988</b>	<b>\$ 70,990,567</b>	<b>\$ 10,278,000</b>	<b>\$ 1,028,861</b>	<b>\$ 80,239,706</b>
Current Portion							1,068,133
Long term Portion							\$ 79,171,573

**San Antonio Housing Trust Public Facility Corporation  
(A Component Unit of the City of San Antonio, Texas)**

**Notes to the Financial Statements**

**SEPTEMBER 30, 2021**

**Note 6 – 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 SAHTPFC has been little to non-existent to the valuation of its accounts. SAHTPFC will continue to monitor in relation to its contracts and agreements with developers impacted by delays potentially both in financing and development. The accompanying financial statements include no adjustments relating to the effects of this pandemic.

**Note 7 – Subsequent Events**

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

**Sale of Cevallos Lofts** – On October 14, 2021, SAHTPFC and Cevallos Lofts, Ltd. entered into a settlement agreement for the sale of Cevallos Lofts property, to Lavoro Cevallos Lofts, LLC. In relation to this sale, SAHTPFC recorded \$3,243,789.10 as a gain for proceeds received. Additionally, SAHTPFC recorded a commitment of \$717,303 for a tax liability associated with these proceeds.

**LEAL & CARTER, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners  
San Antonio Housing Trust Public Facility Corporation

We have audited, in accordance with the 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, the financial statements of San Antonio Housing Trust Public Facility Corporation (SAHTPFC), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise SAHTPFC's basic financial statements, and have issued our report thereon dated March 3, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered SAHTPFC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SAHTPFC's internal control. Accordingly, we do not express an opinion on the effectiveness of SAHTPFC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether SAHTPFC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Seal & Carter, P.C.*

San Antonio, Texas

March 3, 2023

**San Antonio Housing Trust Public Facility Corporation  
Comparison of Actual to Budgeted Expenses  
City of San Antonio CDBG Cost Reimbursement Program**

**For the Year Ended September 30, 2021**

	<u>Actual</u>	<u>Budget</u>	<u>Budget Variance (Under) Over</u>
General Conditions	-	-	-
Water Supply and Maintenance	-	58,900	(58,900)
Lake Subsurface and Embankment	21,846	180,000	(158,154)
Drainage Spillover	-	113,537	(113,537)
Trailhead - Site Work	-	86,000	(86,000)
Trail - Site Work	-	160,000	(160,000)
Trail - Concrete	-	310,718	(310,718)
Trail - Asphalt	-	133,200	(133,200)
Trail - Landscaping & Irrigation	227,840	60,000	167,840
Ancillary	-	37,667	(37,667)
Soft Costs	-	-	-
<b>Total</b>	<u><u>249,686</u></u>	<u><u>1,140,022</u></u>	<u><u>(890,336)</u></u>

See independent auditor's report (other matters)