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

SAN ANTONIO, TEXAS

FINANCIAL STATEMENTS
(With Independent Auditors' Report Thereon)

SEPTEMBER 30, 2022

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

Opinion

We have audited the accompanying financial statements of the governmental activities, 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, 2022, and the related notes to the financial statements, which collectively comprise the SAHTPFC's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities of the SAHTPFC as of September 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the SAHTPFC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Prior Period Adjustment

As further described in Note 7 – Prior Period Adjustment, a prior period adjustment was necessary to correct certain account balances. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the SAHTPFC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SAHTPFC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the SAHTPFC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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
September 11, 2024

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, 2022. 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 $15,487,792 (net position) for fiscal year ended September 30, 2022.
- *Changes in Net Position* – The SAHTPFC's total net position increased by $8,241,462 (114%) in fiscal year 2022.
- *Revenues* - Operating revenues for fiscal year 2022 increased by $4,266,100, primarily due to developer fees received. Revenue is dependent upon the performance of the SAHTPFC's partnership entities that develop and operate multi-family housing properties in San Antonio.
- *Capital Assets (Land)* – Land acquisitions totaling $17,700,079 occurred in fiscal year 2022 and relate to the Caroline at Longhorn Quarry, Crosswinds, Caroline at Rogers Ranch, Arbors at West Avenue and Loma Vista Apartments developments.
- *Liabilities* – Liabilities increased by $1,959,479 during fiscal year 2022 which was primarily due to the increase in accrued administrative to SAHT.
- *Deferred Inflow of Resources* – This account increased by $16,481,572 during fiscal year 2022 which was primarily due to the prepaid rent for ground leases related to the aforementioned projects less amortized rent during the year.

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 $8,241,462 during fiscal year 2022. A comparison of the entity's net assets follows:

	2021	2022	$ Change
ASSETS			
Current assets			
Cash and cash equivalents	$ 3,079,070	$ 10,494,963	$ 7,415,893
Accounts receivable	-	1,485,537	1,485,537
Due from Red Berry TIRZ	26,024	-	(26,024)
Due from COSA	98,008	-	(98,008)
Total current assets	3,203,102	11,980,500	8,777,398
Non-current assets			
Land	83,714,809	101,414,888	17,700,079
Due from SAHTF (note 3)	744,083	949,119	205,036
Total non-current assets	84,458,892	102,364,007	17,905,115
Total Assets	**$ 87,661,994**	**$ 114,344,507**	**$ 26,682,513**
LIABILITIES			
Current liabilities			
Accounts payable	$ -	$ 723,783	$ 723,783
Due to SAHTF/SAHTFC	22,546	1,378,405	1,355,859
Due to COSA	124,069	-	(124,069)
Prepaid deposits	29,344	29,344	-
Unearned revenue	-	3,906	
Total current liabilities	175,959	2,135,438	1,959,479
DEFERRED INFLOW OF RESOURCES	80,239,705	96,721,277	16,481,572
Total Deferred Inflow of Resources	80,239,705	96,721,277	16,481,572
NET POSITION			
Net Investment in Capital Assets	3,475,104	4,693,611	1,218,507
Unrestricted	3,771,226	10,794,181	7,022,955
Total Net Position	**$ 7,246,330**	**$ 15,487,792**	**$ 8,241,462**

Financial Analysis *(continued)*

	2021	2022	$ Change
OPERATING REVENUES			
Administrative fee income	$ 75,000	$ 189,583	$ 114,583
Application fee income	18,000	18,000	-
Bond issuer fee	-	350,000	350,000
CDBG grant	249,686	-	(249,686)
Developer fee income	1,608,839	5,243,375	3,634,536
Distribution per cash flow	427,865	386,255	(41,610)
Incentive management fee	36,113	301,335	265,222
Origination fee	500,000	250,000	(250,000)
Other income	100	-	(100)
Partnership fee income	-	253,510	253,510
Rental income	1,145,861	1,335,506	189,645
Total operating revenues	4,061,464	8,327,564	4,266,100
OPERATING EXPENSES			
Administrative fees	666,516	2,224,169	1,557,653
Affordability concession program	-	250,000	250,000
COSA revenue share	124,069	-	(124,069)
Income tax expense	-	717,303	717,303
Professional fees	192,027	208,109	16,082
Project expense	249,686	79,995	(169,691)
Rent expense	117,000	117,000	-
Subscriptions	-	153	153
Total operating expenses	1,349,298	3,596,729	2,247,431
Operating income (loss)	2,712,166	4,730,835	2,018,669
NON-OPERATING REVENUES AND (EXPENSES)			
Gain on sale of partnership	-	3,382,195	3,382,195
Interest income	148	1,143	995
Investment income	-	73,614	73,614
Net non-operating revenues and (expenses)	148	3,456,952	3,456,804
Income (loss) before capital contributions and transfers	2,712,314	8,187,787	5,475,473
Increase (decrease) in net position	2,712,314	8,187,787	5,475,473
Net position at the beginning of year	4,534,016	7,246,330	2,712,314
Prior period adjustment	-	53,675	53,675
Net position at the end of year	**$ 7,246,330**	**$ 15,487,792**	**$ 8,241,462**

Economic Factors and Impact

Multi-family Units Placed in Service – **643 Units**

In FY 2022, the San Antonio Housing Trust (SAHT) and its partners opened five properties; The Markson, Mesa West, West End on Frio, Park at 38Thirty and the Nightingale. This effort placed into production 643 new housing units of which, 629 units for residents at incomes of between 30% - 60% AMI, 2 units for residents at incomes of less than 80% AMI and 12 market rate units.

Multi-family Units Closed Financing – **1,680 Units**

In FY 2022, the SAHT and its partners closed on six new affordable multi-family housing developments; Crosswinds Apartments, Arbors at West Avenue, Loma Vista, Country Club Village, Lofts at Creekview, and Caroline at Rogers Ranch which totals 1,680 units providing 1,077 units for residents at incomes between 30%-60% AMI, 278 units for residents at incomes of less than 80% AMI and 325 market rate units. Together, the San Antonio Housing Trust Public Facility Corporation and the San Antonio Housing Trust Finance Corporation issued a total of $185 million in multi-family tax-exempt bonds to support the aforementioned projects.

Multi-family Units In Construction – **3,854 Units**

In addition to the six developments with closed financing during the year, the SAHT and its partners have seven apartment communities under construction bringing the total number of units for the 13 properties under construction to 3,854. These seven communities in progress are Greenline North Apartments, Art House (South Flores Lofts), Northview Apartments, Canyon Pass, Villas at Echo East, Preserve at Billy Mitchell Village, and Caroline at Longhorn Quarry.

Multi-Family Pipeline – **2,406 Est. Units**

In FY 2022, the SAHT Board approved 4% bond inducement resolutions for eight new apartment communities and five apartment rehabilitations for the following projects: Memorial Apartments, Viento Apartments, Ellison Apartments, Legacy Senior Residences, Palladium San Antonio Apartments, Palladium Crestview Apartments, Creek Bend Apartment Homes, Westwood Plaza Apartments (Rehab), Villas at Pecan Manor & Spanish Spur Apartments (Rehab) and Cattlemen's Square Apartments. It is estimated that these properties will yield 341 units from 30%-50% AMI, 1,850 units at 60% AMI, and 2015 units at or below the 80% AMI level.

Five Year Strategic Plan Process

The SAHT selected the Mission Matters Group to help guide the committee through our inaugural Five-Year Strategic Planning process. The process kicked off in April 2022 with a review of previous plans and reports stemming from the Mayor's Housing Policy Task Force recommendations and other subsequent policy aligning documents. The process included conducting interviews, focus groups, and surveys of over 100 participants including board members, city representatives, community housing advocates, community housing development organizations and housing developers. The resulting process clarified the San Antonio Housing Trust's beliefs, mission, core values and strategic objectives. The plan was approved in 2023.

Economic Factors and Impact (Continued)

Sustainability and Universal Design Committee

The SAHT appointed an ad hoc committee of community members living with disabilities and housing design and development professionals to provide recommendations for the creation of design standards focusing on sustainability, resiliency, healthy living, and universal design to create and preserve more inclusive and equitable housing. During the year, the team shared their perspectives, educated themselves on various best practices and standards from across the country, and engaged through a series of facilitated sessions hosted by The Kelsey team, based in California and creators of their own "Housing Design Standards for Accessibility and Inclusion."

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 8200 IH-10 West Suite 501, San Antonio, TX 78230. 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 Public Facility Corporation
(A Component Unit of the City of San Antonio, Texas)
Statement of Net Position
September 30, 2022

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 10,494,963
Accounts Receivable	1,485,537
Total Current Assets	11,980,500
Noncurrent Assets	
Land (Note 4)	101,414,888
Due from SAHTF (Note 7)	949,119
Total Noncurrent Assets	102,364,007
Total Assets	114,344,507
LIABILITIES	
Current Liabilities	
Accounts Payable	723,783
Prepaid Deposits	29,344
Unearned Revenue	3,906
Due to SAHTF (Note 7)	1,378,405
Total current liabilities	2,135,438
Total Liabilities	2,135,438
DEFERRED INFLOWS OF RESOURCES	
Lease payments received at commencement of lease terms related to future periods	96,721,277
NET POSITION	
Net Investment in Capital Assets	4,693,611
Unrestricted	10,794,181
Total net position	$ 15,487,792

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, 2022

Operating Revenues:		
Administration fee income	$	189,583
Application fee income		18,000
Bond issuer fee		350,000
Developer fee Income		5,243,375
Origination fee		250,000
Partnership fee income		253,510
Incentive management fee		301,335
Distribution per cash flow		386,255
Rental Income		1,335,506
Total Operating Revenues		8,327,564
Operating Expenses:		
Administrative fees		2,224,169
Professional fees		208,109
Affordability concession Program		250,000
Rent Expense		117,000
Project Expense		79,995
Subscriptions		153
Income Tax Expense		717,303
Total Operating Expenses		3,596,729
Operating Income (Loss)		4,730,835
Nonoperating Revenues and (Expenses):		
Gain on Sale of Partnership		3,382,195
Interest Income		1,143
Investment Income		73,614
Net Nonoperating Revenues and (Expenses):		3,456,952
Income (loss)		8,187,787
Increase (Decrease) In Net Position		8,187,787
Net Position at the Beginning of Year		7,246,330
Prior period adjustment		53,675
Net Position at the End of Year	$	15,487,792

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, 2022

Cash Flows From Operating Activities:	
Receipts from -	
Administration fees	$ 189,583
Application fees	18,000
Bond issuer fees	350,000
Developer fees	5,243,375
Origination Fees	250,000
Partnership fees	253,510
Incentive management fees	301,335
Distribution per cash flow	386,255
Payments to suppliers	(3,033,118)
Net cash provided (used) by operating activities	3,958,940
Cash Flows From Capital and Related Financing Activities	
Purchase of Capital Asset - Land	(17,700,079)
Prepayments Received on Ground Leases	17,700,079
Net cash provided (used) by capital and related financing activities	-
Cash Flows From Investing Activities	
Interest income	1,143
Gain on Sale of Partnership Proceeds	3,382,195
Investment Income	73,614
Net cash provided (used) by investing activities	3,456,952
Net increase (decrease) in cash and cash equivalents	7,415,892
Cash and cash equivalents, October 1, 2021	3,079,070
Cash and cash equivalents, September 30, 2022	$ 10,494,962

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, 2022

Reconciliation of Operating income (loss) to net cash used in operating activities:		
Operating income (loss)	$	4,730,835
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Prior period adjustment		53,676
Rental Income - Inflows of Resources from Prepaid leases		(1,218,508)
Changes in operating assets and liabilities -		
Accounts Receivable		(1,566,542)
Accounts Payable		723,783
Prepaid Deposits		-
Unearned Revenue		3,906
Due to SAHTF		1,355,859
Due to City of San Antonio		(124,069)
Net cash provided (used) by operating activities	$	3,958,940

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, 2022

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 LLCs, and has made no capital contributions to these limited partnerships and they are all in the construction in progress phase. Management has evaluated these LLCs under GASB pronouncements as described in the preceding paragraph and determined that they would be included in the SAHTPFC reporting entity as blended component units.

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 San Pedro GP, LLC, SAHT Friedrich LP, LLC, and SAHT City Base 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.

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.

Note 1 – Summary of Significant Accounting Policies

Organization (Continued)

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 lnvestments-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 lnvestments-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 lnvestments-2018-CLXX, LP a Texas limited partnership formed to develop and operate a 280-unit affordable multi-family complex in San Antonio.

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.

Note 1 – Summary of Significant Accounting Policies

Organization (Continued)

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.

During 2022, SAHTPFC formed SAHT Arbors at West Avenue GP, LLC, a Texas limited liability company, to be involved in the real estate development project comprised of a 234-unit affordable multi-family complex in San Antonio.

During 2022, SAHTPFC formed SAHT Crosswinds GP, LLC, an Indiana limited liability company, to be involved in the real estate development project comprised of a 312-unit affordable multi-family complex in San Antonio.

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 of 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, origination and other fees associated with the construction of public facilities. SAHTPFC also recognizes deferred inflows of resources for prepaid ground leases as rental income over the term of the ground leases. 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 cash, demand deposits and highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

Note 1 – Summary of Significant Accounting Policies (Continued)

Receivables

All receivables are reported net of any estimated allowance for uncollectible accounts; SAHTPFC considers all accounts receivable as of September 30, 2022 collectible and no allowance for uncollectible accounts has been established.

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.

Property and Equipment

Property and Equipment reported on the accompanying financial statements are currently comprised only of land, which is not depreciated. Expenditures for property and equipment in excess of $500 are capitalized. Purchases of such 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 depreciable assets which range from 5 to 40 years. There were no depreciable assets as of September 30, 2022.

Leases

SAHTPFC has purchased land 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 general partners in these limited partnerships are LLCs of which the SAHTPFC is the sole member.

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 in a ground lease. 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 deferred inflows of resources on the accompanying Statement of Net Position. Subsequently, the deferred inflows of resources are amortized using the straight-line method over the term of the lease and recognized as rental income each year as it is earned under the terms of the lease.

See Note 3 for related party transactions disclosure and Notes 4 and 5 for further details regarding land and ground leases, respectively.

Note 1 – Summary of Significant Accounting Policies (Continued)

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, if any, and any remaining debt used to finance those. SAHTPFC is reporting land less deferred inflows of resources as net investment 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.

Adoption of New Accounting Pronouncements

GASB Statement No. 87, *Leases*, issued June 2017, originally effective December 31, 2020, though GASB has extended the implementation date and was adopted by SAHTPFC beginning with its fiscal year ending September 30, 2022. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments.

Under this statement, a government entity that is a lessor should measure the deferred inflow of resources as follows:

- The amount of the initial measurement of the lease receivable and/or lease payments received from the lessee at or before commencement of the lease term that relate to future periods.

- A lessor subsequently should recognize the deferred inflow of resources as inflows of resources (for example, revenue) in a systematic and rational manner over the term of the lease.

This statement also addresses accounting by lessees and for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.

Note 2 – Deposits with Financial Institutions

SAHTPFC's cash balance in financial institutions in excess of the federally insured limits as of September 30, 2022 is collateralized by pledged securities.

Note 3 – Related Party Transactions

SAHTPFC and the San Antonio Housing Trust Foundation, Inc. ("SAHTF") shared the same Board of Directors and Executive Director during the year ended September 30, 2022. SAHTPFC pays SAHTF 25% of developer revenues to administer their programs. SAHTPFC accrued administrative fees in the amount of $1,378,405 to SAHTF for the year ending September 30, 2022, and these are reported as Due to SAHTF on the accompanying Statement of Net Position as a current liability.

Additionally, an amount of $949,119 was held in agency accounts for SAHTPFC by SAHTF as of September 30, 2022, which is reported as Due from SAHTF on the accompanying Statement of Net Position as a noncurrent asset.

SAHTPFC has formed LLCs to be involved in limited partnerships, and SAHTPFC is the sole member and owner of each of these LLCs. During the fiscal year, five such partnerships each sold land to SAHTPFC totaling $17,700,079 and then paid the same amount to SAHTPFC to lease the land back from SAHTPFC through ground leases. Accordingly, $17,700,079 was added each to the balance of land and deferred inflows of resources as of September 30, 2022. In regards to similar ground lease transactions from prior years, $1,218,508 was recognized as rental income based on the amortization of deferred inflows of resources.

Note 4 – Property and Equipment - A summary of SAHTPFC's property and equipment as of September 30, 2022, which solely consists of land that is non-depreciable, by development project, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
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
Land - Caroline at Longhorn Quarry	-	3,855,780	-	3,855,780
Land - Crosswinds	-	5,011,956	-	5,011,956
Land - Caroline at Rogers Ranch	-	5,354,831	-	5,354,831
Land - Arbors at West Avenue	-	2,077,512	-	2,077,512
Land - Loma Vista Apartments	-	1,400,000	-	1,400,000
Total	$ 83,714,809	$ 17,700,079	$ -	$ 101,414,888

Note 5 - Ground Leases –

As owner of various land assets, SAHTPFC has entered into a ground lease on each property as it is purchased for terms ranging from 55-99 years. The lease amount is for the purchase price of the land which is prepaid in full by the tenant at the time of the ground lease agreement. This prepaid amount is amortized

Note 5 - Ground Leases (Continued)

over the term of the lease in order to recognize rental income. During FY 2022, $1,218,508 was recognized as rental income for these ground leases in the accompanying Statement of Revenues, Expenses and Changes in Net Position. A schedule of these prepaid leases, by development project property, as of September 30, 2022, follows:

Property	Date	Lease Period	Prepaid Lease Amount	Prepaid Rent Beginning Balance	Additions	Amortized Rent	Prepaid Rent Ending Balance
Woodlawn Ranch	10/12/2011	2011 - 2087	3,400,400	$ 2,948,504	$ -	$ 45,339	$ 2,903,165
Masters Ranch	3/24/2015	2015 - 2090	1,245,000	1,137,100	-	16,600	1,120,500
Palo Alto	7/3/2015	2015 - 2090	880,000	806,667	-	11,733	794,934
Freedom Hills	6/1/2016	2016 - 2091	1,143,000	1,061,720	-	15,240	1,046,480
Brio at Lookout	9/25/2019	2019 - 2095	2,900,000	2,822,667	-	38,667	2,784,000
Baldwin Crockett St	5/9/2016	2016 - 2091	3,888,826	3,610,127	-	51,851	3,558,276
Friedrich Lofts	8/7/2020	2020- 2095	6,419,558	6,319,698	-	85,594	6,234,104
Upton at Longhorn Quarry	2/26/2016	2016 - 2091	2,193,357	2,022,761	-	29,245	1,993,516
Salado at Red Berry	10/22/2018	2018 - 2094	144,896	139,261	-	1,932	137,329
Cevallos Lofts	4/6/2010	2010-2065	2,462,735	1,948,474	-	44,777	1,903,697
ACME Road	11/1/2016	2016 - 2116	810,000	769,773	-	8,182	761,591
Oak Valley	6/1/2017	2017 -2116	925,000	884,512	-	9,343	875,169
Montabella Pointe	8/31/2017	2017 - 2092	800,000	756,444	-	10,667	745,777
Lord Road	8/24/2018	2018-2093	1,425,000	1,366,021	-	19,000	1,347,021
Copper Pointe	7/17/2018	2018-2093	1,870,000	1,790,006	-	24,933	1,765,073
Brookwood	5/25/2018	2018-2093	1,350,000	1,289,655	-	18,000	1,271,655
Trails at Leon Creek	8/1/2018	2018-2117	4,025,000	3,896,254	-	40,657	3,855,597
Alsbury Park	7/1/2019	2019-2094	2,000,000	1,940,000	-	26,667	1,913,333
Broadway Jones	12/27/2018	2019-2094	5,167,664	4,978,183	-	68,902	4,909,281
West Cevallos	6/14/2019	2019-2094	11,981,813	11,615,702	-	159,758	11,455,944
Culebra Creek	7/1/2019	2019-2118	2,854,375	2,789,503	-	28,832	2,760,671
Mesa West	9/1/2019	2019-2118	3,165,364	3,098,753	-	31,973	3,066,780
Part At 38Thirty	6/1/2020	2020 - 2095	30,000	29,467	-	400	29,067
Pan American	6/17/2020	2020-2095	500,000	491,389	-	6,667	484,722
Greenline North	8/1/2020	2020-2095	485,000	477,456	-	6,467	470,989
Luna Flats	6/29/2020	2020- 2095	3,820,000	3,756,333	-	50,933	3,705,400
South Flores	9/3/2020	2020 - 2095	7,400,000	7,293,111	-	98,667	7,194,444
Canyon Pass	12/1/2020	2020 - 2119	3,267,000	3,240,875	-	33,000	3,207,875
Hamilton Wolfe Lofts	5/17/2021	2021 - 2096	3,600,000	3,582,000	-	48,000	3,534,000
Northview	10/1/2020	2020 - 2119	2,900,000	2,870,707	-	29,293	2,841,414
Villas at Echo East	4/13/2021	2021 - 2096	278,000	276,301	-	3,707	272,594
Preserve at Billy Mitchell	4/30/2021	2021 - 2096	-	-	-	-	-
West End on Frio	11/12/2020	2020 - 2095	233,000	230,282	-	3,101	227,181
Caroline at Longhorn Quarry	8/5/2021	2021-2120	3,855,780	-	3,855,780	45,442	3,810,338
Crosswinds	1/1/2022	2022-2121	5,011,956	-	5,011,956	37,969	4,973,987
Caroline at Rogers Ranch	1/20/2022	2022-2121	5,354,831	-	5,354,831	36,059	5,318,772
Arbors at West Avenue	2/1/2022	2022-2097	2,077,512	-	2,077,512	18,467	2,059,045
Loma Vista Apartments	2/1/2022	2022-2097	1,400,000	-	1,400,000	12,444	1,387,556
Total			101,265,067	$ 80,239,706	$ 17,700,079	$ 1,218,508	$ 96,721,277

Note 6 – COVID-19 Financial Statements Impacts

The COVID-19 pandemic, whose effects first became known in January 2020, has had 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 - Prior Period adjustment

A prior period adjustment in the amount of $53,674 was recorded in order to correct prior year asset management services.

Note 8 – Component Units

The following presents condensed financial statement information for the SAHTPFC's blended component units: Note – In FY2022, all blended component units had no financial activity except Cevallos Loft, GP, LLC, which is presented below:

(a) Condensed Statement of Net Position

	Cevallos Loft, GP, LLC
Assets	
Due from PFC	$ 3,243,789
Account Receivable - Cevallos Lofts LTD	212,020
Total Assets	3,455,809
Liabilities	
Account Payable - Federal Income Taxes	717,303
Total Liabilities	717,303
Net Position	
Unrestricted	2,738,506
Total Net Position	$ 2,738,506

Note 8 – Component Units (continued)

(b) Condensed Statement of Revenues, Expenses and Changes in Net Position

	Cevallos Loft, GP, LLC
Operating Revenues	$ -
Total Operating Revenues	-
Operating Expenses	
Income Tax Expense	717,303
Total Operating Expenses	717,303
Operating Income(Loss)	(717,303)
Nonoperating Revenues (Expenses)	
Gain of Sale of LTD	3,382,195
Investment Income	73,614
Total Nonoperating Revenues (Expenses)	3,455,809
Changes in Net Position	2,738,506
Net Position, Beg. Of Year	-
Net Position, End of Year	$ 2,738,506

(c) Condensed Statement of Cash Flows

Cash Flows from Operating Activities:	
Net cash provided (used) by operating activities	$ -
Cash and Cash equivalents, September 30, 2022	$ -
Reconciliation of Operating income (loss) to net cash used in operating activities:	
Operating income (loss)	$ (717,303)
Changes in operating assets and liabilities -	
Increase in Accounts Payable	717,303
Net cash provided (used) by operating activities	$ -

Note 9 – Subsequent Events

Management has evaluated subsequent events through September 11, 2024, which is the date the financial statements were available to be issued and noted the following.

- On June 16, 2023, the Board approved to enter into a Memorandum of Understanding between the San Antonio Housing Trust Public Facility Corporation and the City of San Antonio for the ready to work program and all other matters in connection therewith.

- On July 28, 2023, the Board authorized to obtain a credit facility in the amount of $10,000,000 and with a maturity of five years per draw down from Frost Bank.

- On December 21, 2023, SAHTPFC and Southstar at Verano Investment, LLC entered into a settlement agreement for the purchase of 2.28 acres for the Vida Project Development. In relation to this sale, SAHTPFC recorded the following balances: Construction in Progress $121,256, Note payable for Vida $2,201,018 and Reclassification of Vida cost $1,339,822.

- A $300,000 gain on sale of land was recorded in FY2023 in relation to George Gervin Youth Center.