S.V.D.P. Management, Inc. and Consolidated Entities dba Father Joe’s Villages

Consolidated Financial Statements and Supplemental Schedules

Year Ended December 31, 2021

The report accompanying these financial statements was issued by

BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

S.V.D.P. Management, Inc. and Consolidated Entities dba Father Joe's Villages

Consolidated Financial Statements
and Supplemental Schedules
Year Ended December 31, 2021

S.V.D.P. Management, Inc. and Consolidated Entities dba Father Joe's Villages

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Independent Auditor's Report

Audit Committee
S.V.D.P. Management, Inc. and Consolidated
Entities dba Father Joe's Villages
San Diego, California

Opinion

We have audited the consolidated financial statements of S.V.D.P. Management, Inc. and Consolidated Entities doing business as Father Joe's Villages (S.V.D.P.), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of S.V.D.P. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 S.V.D.P. 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

As discussed in Note 3 to the consolidated financial statements, S.V.D.P. corrected errors related to the timing of revenue recognition on forgiveness of a Paycheck Protection Program (PPP) loan and the elimination an intercompany transaction. Due to the errors, total net assets, as well as net assets without donor restrictions on the consolidated statement of financial position at January 1, 2021, have been restated. Our opinion on the 2021 consolidated financial statements is not modified with respect to this matter.

Other Matter

As part of our audit of the 2021 consolidated financial statements, we also audited the adjustments described in Note 3 that were applied to restate the 2020 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2020 consolidated financial statements of S.V.D.P. other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 consolidated financial statements as a whole.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about S.V.D.P.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 opinion. 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 S.V.D.P.'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about S.V.D.P.'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.

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Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The statement of financial position of S.V.D.P. Management, Inc. as of December 31, 2021, and the related statement of activities for the year then ended, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

BDO USA, LLP

February 2, 2023

Consolidated Financial Statements

S.V.D.P. Management, Inc. and Consolidated Entities dba Father Joe's Villages

Consolidated Statement of Financial Position

December 31, 2021	
Assets	
Current Assets	
Cash and cash equivalents	$ 16,049,144
Investments	7,792,151
Contributions receivable, current portion	2,000,000
Tenant and other receivables	496,546
Inventory - automobiles	55,294
Prepaid expenses	545,273
Total Current Assets	26,938,408
Restricted cash	6,169,855
Contributions receivable, net	1,876,073
Notes receivable	8,197,965
Interest receivable	589,559
Due from related party	3,850,576
Deposits and other assets	750,652
Property and equipment, net	253,321,475
Total Assets	$ 301,694,563
Liabilities and Net Assets	
Current Liabilities	
Accounts payable and accrued liabilities	$ 9,794,285
Accrued payroll related liabilities	818,811
Prepaid rent	110,426
Accrued interest, current portion	207,991
Debt, current portion	1,564,728
Total Current Liabilities	12,496,241
Accrued interest, net of current portion	13,328,226
Debt, net of current portion	181,141,816
Interest rate swap liability	1,277,414
Tenant security deposits	470,422
Refundable advance	6,643,778
Total Liabilities	215,357,897
Net Assets	
Without donor restrictions	
Undesignated	66,369,200
Noncontrolling interests in real estate limited partnerships	19,300,746
With donor restrictions	666,720
Total Net Assets	86,336,666
Total Liabilities and Net Assets	$ 301,694,563

See accompanying notes to consolidated financial statements.

S.V.D.P. Management, Inc. and Consolidated Entities dba Father Joe's Villages

Consolidated Statement of Activities

Year Ended December 31, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Rental income	$ 9,247,510	$ -	$ 9,247,510
Sales of donated goods and automobiles	5,886,722	-	5,886,722
Contract charges for services to related party	3,764,754	-	3,764,754
Grant income	1,435,624	-	1,435,624
Contributions	438,883	-	438,883
Interest income	254,172	-	254,172
Investment return	441,929	-	441,929
Gain on mark-to-market of interest rate swap	281,289	-	281,289
Miscellaneous income	55,049	35,284	90,333
Net assets released from donor restrictions	2,955,000	(2,955,000)	-
Total Support and Revenue	24,760,932	(2,919,716)	21,841,216
Expenses			
Program expenses	17,290,147	-	17,290,147
Administration	5,435,035	-	5,435,035
Fundraising	4,373,952	-	4,373,952
Total Expenses	27,099,134	-	27,099,134
Change in Net Assets before Paycheck Protection Program loan forgiveness	(2,338,202)	(2,919,716)	(5,257,918)
Paycheck Protection Program loan forgiveness	1,482,590	-	1,482,590
Change in Net Assets	$ (855,612)	$ (2,919,716)	$ (3,775,328)

See accompanying notes to consolidated financial statements.

S.V.D.P. Management, Inc. and Consolidated Entities dba Father Joe's Villages

Consolidated Statement of Functional Expenses

Year Ended December 31, 2021	Property Management and Affordable Housing	Retail Program	Turning the Key Initiative	Total Program Expenses	Management and General	Fundraising	Total Expenses
Salaries and employee related expenses	$ 1,395,785	$ 2,272,524	$ -	$ 3,668,309	$ 2,801,882	$ 1,887,703	$ 8,357,894
Depreciation and amortization	4,871,444	3,938	-	4,875,382	-	-	4,875,382
Professional fees	412,032	94,297	21,044	527,373	1,206,850	231,303	1,965,526
Interest expense	1,703,027	-	-	1,703,027	129,846	-	1,832,873
Occupancy	1,231,168	192,001	1,976	1,425,145	70,028	32,188	1,527,361
Contract services	584,168	68,784	(13,000)	639,952	586,138	219,037	1,445,127
Licenses and fees	844,732	5,392	-	850,124	256,371	84,832	1,191,327
Advertising	993	5,002	-	5,995	-	924,074	930,069
Rent	-	615,377	211,405	826,782	-	-	826,782
Repairs and maintenance	609,103	141,759	3,716	754,578	37,025	24,095	815,698
Insurance	605,172	59,946	-	665,118	4,814	170	670,102
Postage and printing	1,445	490	46	1,981	14,536	407,691	424,208
Security services	352,655	13,565	-	366,220	46,698	-	412,918
Supplies	161,994	61,193	34,167	257,354	38,765	54,763	350,882
Special events	12,993	-	-	12,993	2,134	300,371	315,498
Management and investor service fees	282,588	-	-	282,588	-	-	282,588
Vehicle	-	263,782	-	263,782	1,301	2,082	267,165
Automobile related expenses	-	-	-	-	-	154,807	154,807
Miscellaneous	159,000	1,876	2,568	163,444	238,647	50,836	452,927
	$ 13,228,299	$ 3,799,926	$ 261,922	$ 17,290,147	$ 5,435,035	$ 4,373,952	$ 27,099,134

See accompanying notes to consolidated financial statements.

S.V.D.P. Management, Inc. and Consolidated Entities dba Father Joe's Villages

Consolidated Statement of Changes in Net Assets

	Without Donor Restrictions				
	Unrestricted	Noncontrolling Interest	Total	With Donor Restrictions	Total
Net Assets, January 1, 2021, as previously reported	$ 67,375,307	$ 11,549,316	$ 78,924,623	$ 3,586,436	$ 82,511,059
Effect of correction of error in accounting treatment for Paycheck Protection Program loan	(1,482,590)	-	(1,482,590)	-	(1,482,590)
Effect of correction of error in eliminating entry	(919,358)	-	(919,358)	-	(919,358)
Net Assets, January 1, 2021, as restated	64,973,359	11,549,316	76,522,675	3,586,436	80,109,111
Contributions from noncontrolling interest	-	10,002,883	10,002,883	-	10,002,883
Change in net assets	1,395,841	(2,251,453)	(855,612)	(2,919,716)	(3,775,328)
Net Assets, December 31, 2021	$ 66,369,200	$ 19,300,746	$ 85,669,946	$ 666,720	$ 86,336,666

See accompanying notes to consolidated financial statements

S.V.D.P. Management, Inc. and Consolidated Entities dba Father Joe's Villages

Consolidated Statements of Cash Flows

Year Ended December 31, 2021	
Cash Flows for Operating Activities	
Change in net assets	$ (3,775,328)
Reconciliation of change in net assets to net cash for operating activities:	
Depreciation and amortization	4,875,382
Realized and unrealized gain on investments	(325,460)
Gain on mark-to-market of interest rate swap	(281,289)
Bad debt expense	117,664
Loss on sale of fixed assets	2,284
Paycheck Protection Program loan forgiveness	(1,482,590)
Changes in operating assets and liabilities	
Contributions receivable	3,816,586
Tenant and other receivables	(224,715)
Inventory - automobiles	40,227
Prepaid expenses	(231,465)
Interest receivable	(74,662)
Due from related party	(1,334,875)
Deposits and other assets	(47,524)
Accounts payable and accrued liabilities	(3,813,441)
Accrued payroll related liabilities	176,373
Prepaid rent	99,698
Tenant security deposits	15,354
Accrued interest	1,880,227
Refundable advance	(1,350,047)
Net Cash Flows for Operating Activities	(1,917,601)
Cash Flows for Investing Activities	
Collection of notes receivable	35,091
Proceeds from sale of property and equipment	80,404
Purchases of property and equipment	(436,902)
Purchases of investments	(3,116,859)
Net Cash Flows for Investing Activities	(3,438,266)
Cash Flows from Financing Activities	
Payments on long-term debt	(11,530,655)
Limited partner capital contributions to limited partnerships	10,002,883
Debt issuance costs paid	(64,985)
Proceeds from debt	20,598,388
Net Cash Flows from Financing Activities	19,005,631
Net Change in Cash and Restricted Cash	13,649,764
Cash and Restricted Cash, beginning of year	8,569,235
Cash and Restricted Cash, end of year	$ 22,218,999

S.V.D.P. Management, Inc. and Consolidated Entities dba Father Joe's Villages

Consolidated Statements of Cash Flows

Year Ended December 31, 2021		
Cash and Restricted Cash		
Cash and cash equivalents	$	16,049,144
Restricted cash		6,169,855
Total Cash and Restricted Cash		22,218,999
Supplemental Cash Flow Information		
Interest paid		(47,354)
Income taxes paid		5,619
Noncash Investing and Financing Activities		
Purchases of property and equipment through acquisition of debt		70,964,114
Purchases of property and equipment through accounts payable		1,997,789
Total Noncash Investing and Financing Activities	$	72,961,903

See accompanying notes to consolidated financial statements.

1. Description of Organizations

S.V.D.P. Management, Inc. dba Father Joe's Villages (S.V.D.P.), develops, maintains and leases property for affordable housing in San Diego, California, receives and sells donated goods and automobiles, and provides contract services for St. Vincent de Paul Village Inc. (the Village), a related party.

S.V.D.P, or its wholly owned subsidiaries, are the general partner, limited partner, or managing general partner of various limited partnerships, all created to develop and operate affordable housing in San Diego, California.

The limited partnerships will continue to operate until such date as determined by the limited partnership agreements or until terminated in accordance with the provisions of the applicable partnership agreements.

A summary of the limited partnerships are as follows:

Village Place Apartments, L.P.

Formed in 1997, Village Place Apartments, L.P. (Village Place), a California limited partnership, was formed for the purpose of developing, managing, and operating a 50-unit apartment complex that qualifies for low-income housing credits under Section 42 of the Internal Revenue Code (Low-Income Housing Credits).

S.V.D.P. is the general partner with a 0.01% ownership and a limited partner with a 99.98% ownership. The Village is a limited partner with a 0.01% ownership. Partnership profits and losses are allocated based on ownership percentages.

The Low-Income Housing Credits require that units must be provided to individuals earning between 40% and 60% area median income (AMI) for 30 years after project completion (1997).

Villa Harvey Mandel, L.P.

Formed in 2001, Villa Harvey Mandel, L.P. (Villa Harvey Mandel), a California limited partnership, was formed for the purpose of developing, managing, and operating a 90-unit multi-family apartment complex that qualifies for Low-Income Housing Credits.

S.V.D.P. is the general partner with a 0.01% ownership, U.S.A. Institutional Tax Credit Fund XXXVIII, L.P. is a limited partner with a 99.98% ownership, and The Richman Group Capital Corporation is a special limited partner with 0.01% ownership. Profit and losses are allocated based on ownership percentages.

The Low-Income Housing Credits require that units must be provided to individuals earning between 40% and 50% AMI for 55 years after project completion (2003).

16th and Market, L.P.

Formed in 2007, 16th and Market, L.P. (16th and Market), a California limited partnership, was formed for the purpose of developing, managing, and operating a 136-unit multi-family apartment complex that qualifies for Low-Income Housing Credits.

S.V.D.P. is the general partner of 16th and Market with a 0.005% ownership, U.S.A. Institutional Tax Credit Fund LX, L.P. is the investment partner with a 99.99% ownership, and CIC 16th and Market LLC is the administrative general partner with 0.005% ownership. The Richman Group Capital Corporation is a special limited partner with no ownership interest. Profit and losses are allocated based on ownership percentages.

The Low-Income Housing Credits require that units must be provided to individuals earning at or below 50% and 60% AMI for 55 years after project completion (2009).

3137 El Cajon Boulevard, L.P.

Formed in 2007, 3137 El Cajon Boulevard, L.P. (Boulevard Apartments) was formed as a California limited partnership to develop, manage, operate, and finance a 24-unit multi-family apartment complex for Low-Income Housing Credits.

S.V.D.P. is the general partner of Boulevard Apartments, with 0.01%, the investment partner is U.S.A. Institutional Tax Credit Fund LXVII, L.P., with 99.99% and the special limited partner is The Richman Group Capital Corporation with no ownership. Profit and losses are allocated based on ownership percentages.

The Low-Income Housing Credits require that units must be provided to individuals earning at or below 50% area median income (AMI) for 55 years after project completion (2009).

15th & Commercial, L.P.

Formed in 2009, 15th & Commercial, L.P. (15th & Commercial) was formed as a California limited partnership to develop, construct, operate and finance a 12-story building that includes a child development center, 150 beds of transitional housing and 64 units of permanent supportive housing. The construction of the project was completed in December 2011.

S.V.D.P. is the managing general partner, through its wholly owned subsidiary, Bishop Maher Center LLC, with a 0.01% ownership, 15th Investment CIC, LLC is the limited partner with a 49.90% ownership, MCAP San Diego, LLC is a Class B limited partner with a 50.08% ownership, and the special limited partner is MCAP IV Special Partner, LLC with a 0.01% ownership. Profit and losses are allocated based on ownership percentages.

The Low-Income Housing Credits require that units must be provided to individuals earning between 30% and 40% AMI for 57 years after project completion (2011).

Benson Place, L.P.

Formed in 2019, Benson Place, L.P. (Benson Place) was formed as a California Limited partnership to acquire, develop, construct, operate and finance an 83-unit low-income rental housing project and associated service facilities.

S.V.D.P. is the general partner, through its wholly owned subsidiary, Benson Place, LLC, with a 0.01% ownership, USA Institutional Hollister LLC is the limited partner with a 99.99% ownership, and The Richman Group Corporation is the special limited partner with no ownership. Profit and losses are allocated based on ownership percentages.

The Low-Income Housing Credits require that units must be provided to individuals earning at or below 30% AMI for 55 years after project completion (2020).

St. Teresa of Calcutta Village

14th & Commercial CIC, L.P. (Tower) was formed in July 2017 as a California Limited partnership for the purpose of development, construction, and operation of a 326-unit multifamily residential project.

S.V.D.P. is the general partner, through its wholly owned subsidiary, C14 Tower, LLC, with a 0.01% ownership, RJ HOF 61-14th and Commercial CIC LLC is the limited partner with a 98.99% ownership, and CIC 14th & Commercial, LLC is the administrative general partner with a 1.00% ownership. Profit and losses are allocated based on ownership percentages.

The Low-Income Housing Credits require that units must be provided to individuals earning between 35% and 50% AMI for 55 years after project completion (2022).

14th & Commercial CIC-VHHP, L.P. (VHHP) was formed in April 2019 as a California partnership for the purpose of development, construction, and operation of an 81-unit residential project.

S.V.D.P. is the general partner, through its wholly owned subsidiary, C14 VHHP, LLC, with a 0.01% ownership, RJ HOF 62-14th and Commercial CIC-VHHP LLC is the limited partner with a 98.99% ownership, and CIC-VHHP 14th & Commercial, LLC is the administrative general partner with a 1.00% ownership. Profit and losses are allocated based on ownership percentages.

The Low-Income Housing Credits require that units must be provided to individuals earning between 30% and 60% AMI for 55 years after project completion (2022).

Collectively, Tower and VHHP are known as St. Teresa of Calcutta Village (STOCV). Financing closed in December 2019 and construction of STOCV was ongoing throughout the year ended December 31, 2021 and was completed in February 2022.

Principles of Consolidation

S.V.D.P., Village Place, Villa Harvey Mandel, 16th and Market, Boulevard Apartments, 15th & Commercial, Bishop Maher Center, LLC, Benson Place, Benson Place, LLC, Tower, C14 Tower, LLC, CIC, VHHP, C14 VHHP, LLC, have been consolidated and all material partner agency transactions and accounts have been eliminated in the accompanying consolidated financial statements.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Accordingly, S.V.D.P. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Contributions are received are recorded in one of these two categories depending on the existence and/or nature of any donor restrictions.

Net Assets Without Donor Restrictions - Some net assets with donor restrictions are temporary in nature and consist of unexpected contributions restricted for particular programs or time periods. Other net assets have perpetual donor restrictions, where the principal of the contributions are restricted in perpetuity and the income from which is utilized for the purposes specified by the donors. Net assets with donor restrictions that are temporary in nature are transferred to net assets without donor restrictions as expenditures are incurred for the restricted programs or as time or other restrictions are met.

Net Assets with Donor Restrictions - Net assets with donor restrictions are limited as to use by donor-imposed stipulations that may expire with the passage of time or that may be satisfied by action of S.V.D.P. Net assets with donor restrictions are designated by donors for specific purposes, and include unconditional pledges, split-interest agreements and interests in trusts held by others.

Cash and Cash Equivalents

S.V.D.P.'s cash consists of cash on deposit with banks. Cash equivalents represents money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term investment objectives. On occasion, S.V.D.P. has balances in excess of federally insured limits.

Restricted Cash

As part of certain programs, S.V.D.P. is required to build up reserves for operations, repairs, and replacements. S.V.D.P. also holds security deposits for residential tenants. These deposits are held in separate accounts from S.V.D.P.'s operating cash.

Investments

Investments are reported at fair value. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities. Gains and losses on sales of investments are determined using the specific identification method. Investments at December 31, 2021 included $1,705,442 in cash and $6,086,709 in mutual funds.

Donated investments are initially recorded at fair value on the date of gift. It is S.V.D.P.'s policy to sell donated investments as soon as it is practical.

Contributions Receivable

S.V.D.P. records contributions, pledges, and bequests consisting of cash and other assets by donors at fair value in the period in which the commitment is made. Contributions receivable consist of unconditional promises to give. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions. The discount rate used was 3.25% at December 31, 2021, and was applicable to all outstanding pledges. Conditional promises to give are recognized when the conditions are substantially met.

S.V.D.P. provides for losses on contributions, pledges, and bequests receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of the donors to meet their obligations. Receivables are written off when deemed uncollectible.

Inventory

Inventory consists primarily of donated automobiles. Donated automobiles are stated at estimated fair value at the time of donation.

Property and Equipment

Property and equipment is stated at cost. Depreciation and amortization are provided for using the straight-line method over the estimated useful lives of the assets, which range from five to forty years. Leasehold improvements are amortized over the shorter of the life of the asset or the lease term. All items with a value of $5,000 or greater are capitalized. Depreciation and amortization expense related to property and equipment was $4,875,382 for the year ended December 31, 2021.

S.V.D.P. capitalizes interest cost related to the development and construction of property and equipment. The capitalized interest is recorded as part of the asset it relates to and will be amortized over the asset's useful life once the asset is ready for its intended use. $1,267,658 of interest was capitalized during the year ended December 31, 2021.

S.V.D.P. records impairment losses on property and equipment used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. At December 31, 2021, S.V.D.P. has not identified any indicators or recorded any impairment of property and equipment.

Charitable Remainder Trust

S.V.D.P. is the beneficiary under a charitable remainder trust. The charitable remainder trust is an arrangement whereby a donor contributes assets in exchange for distributions to a designated beneficiary over the remainder of the beneficiary's life. At the end of that time, the remaining assets will be given to S.V.D.P.

The beneficial interest in the trust is recorded at the net present value of the amount estimated to be received in the future based on life expectancy of the donor and a discount rate of 7.25% at December 31, 2021. The value of the charitable remainder trust was approximately $420,713 at December 31, 2021 and is included in deposits and other assets in the consolidated statement of financial position.

Due from Related Party

Amounts reported as from related party, included in the accompanying consolidated statement of financial position, arise typically from the collaborative activities between the Village and S.V.D.P. as documented in Note 15 to further the mission of the organization.

Contract Charges for Services

Contract charges for services are recognized accordance with ASC 606 as the services are provided. Services provided relate to administrative, development, and grant services. Performance obligations are satisfied as services are rendered which is over time. There are no contract assets or liabilities. See Note 15 for additional details regarding the contract charges.

Contributions

Contributions are recognized when an unconditional promise to give is made. All contributions are considered unrestricted unless specifically restricted by the donor. Contributions are recorded depending on the existence and/or nature of any donor restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Grant Revenue

S.V.D.P. is awarded grants from federal, state, county, and city agencies. Grants are typically awarded for a multi-year period, with the amount awarded negotiated in advance. Those grants funded typically renew annually. Grant revenue is most appropriately classified as conditional contributions, and therefore, revenue is recognized as conditions are met, which is typically as allowable costs are incurred.

In February 2010, 15th & Commercial received a conditional grant of $19,999,000 from the California Tax Credit Committee. The grant is subject to certain requirements over a 15-year compliance period and is subject to recapture. The grant is recorded when earned on a pro-rata basis over the 15-year compliance period. During the year ended December 31, 2021, $1,333,284 of the grant was recognized. At December 31, 2021, $6,555,254 of the conditional grant remained outstanding.

Sales of Donated Goods

S.V.D.P. recognizes revenue related to the sale of donated furniture, clothing and other items at the time of sale, as it is impractical to estimate the value when the donations are received and it is uncertain whether the donated goods will be sold or otherwise disposed. Donated automobiles are valued at the estimated fair value on the date of the vehicle is received using ten percent of CARFAX Inc.'s estimated values for similar ages and models.

Rental Income

S.V.D.P. receives regular monthly income from residential and commercial tenants under operating leases. Revenue is recognized in accordance with the lease agreement rather than on the straight-line method over the lease term, as management believes the difference would not be material. Residential and commercial leases are stated at the fixed monthly rate. Generally, residential lease contracts are for a one-year term and are always cancelable with a 30-day notice by either party. Commercial lease contracts generally have terms up to 10 years and are noncancelable (see Note 13).

Functional Expenses

The financial statements report certain categories of expenses that are attributed to program, supporting, and fundraising functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Direct costs that relate to a specific reporting unit are allocated to that reporting unit if it can be reasonably identified. Direct costs that relate to all operating and administrative units are allocated directly to those units on a pro rata basis, either by time and activity sheets, allocated square footage, or another reasonable basis that is appropriate for the individual expense.

The expenses that are allocated include the following:

Expense	Method of Allocation
Rent	Square footage
Occupancy	Square footage
Insurance	Square footage
Salaries and employee related expenses	Time and activity sheets

Advertising

S.V.D.P. expenses advertising costs as incurred. Advertising costs for the year ended December 31, 2021, were $930,069.

Derivative Financial Instruments

S.V.D.P. makes limited use of derivative instruments for the purpose of managing interest rate risks. Interest rate swap agreements are used to convert S.V.D.P.'s floating rate long-term debt to a fixed interest rate. S.V.D.P. recognizes all derivatives as either assets or liabilities in the consolidated statements of financial position and measures those instruments at fair value. Changes in fair value of those instruments are reported in the consolidated statements of activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

S.V.D.P. is exempt from income taxes on the basis that it qualifies under Section 501(c)(3) of the Internal Revenue Code and Section 23701 (d) of the California Revenue and Taxation Code.

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

***Level 1*: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

In determining fair value, S.V.D.P. utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

New Accounting Pronouncements Not Yet Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (*Topic 842*), which supersedes the current lease guidance under Leases (Topic 840) and makes several changes, such as establishing a right-of use (ROU) model that requires a lessee to record a ROU asset and liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The update was originally effective for private companies for annual and interim reporting periods beginning after December 15, 2019. In July 2018, the FASB issued ASU 2018-10 *Codification Improvements to Topic 842, Leases*, to add clarity to certain areas within ASU 2016-02, to add an additional and optional transition method to adopt the new leases standard by allowing recognition of a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The revised effective date is for annual periods beginning after December 15, 2021. Management is currently evaluating the effect that adoption of this new standard will have on S.V.D.P.'s consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments,* which changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans and certain other instruments, entities will be required to use a new forward looking "expected loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model. The revised effective date is for annual periods beginning after December 15, 2022, and should be adopted using a modified retrospective approach, which applies a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective. A prospective approach is required for debt securities for which an other-than-temporary impairment had been recognized before the effective date and loans and debt securities acquired with deteriorated credit quality. Early adoption is permitted. Management is currently evaluating the effect that adoption of this new standard will have on S.V.D.P.'s consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this ASU apply to not-for-profit organizations that receive contributed nonfinancial assets. The term nonfinancial asset includes fixed assets, use of fixed assets or utilities, materials and supplies, intangible assets, services and unconditional promises of those assets. The amendments require that an entity present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and requires additional disclosure of contributed nonfinancial assets. The amendments in this ASU should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021.

S.V.D.P. has assessed other accounting pronouncements issued or effective during the year ended December 31, 2021, and deemed they were not applicable to S.V.D.P. or are not anticipated to have a material effect on the consolidated financial statements.

Subsequent Events

S.V.D.P. has evaluated subsequent events through February 2, 2023, which is the date the consolidated financial statements were available to be issued. See Note 9 for repayment of note receivable and Note 11 for repayment and forgiveness of debt.

3. Restatement of Prior Period Consolidated Financial Statements

S.V.D.P. corrected a prior period error in timing of revenue recognition on forgiveness of a Paycheck Protection Program (PPP) loan. The opening net asset balance at January 1, 2021, has been restated to properly align timing of revenue recognition of the PPP loan forgiveness with timing of forgiveness by the Small Business Administration (SBA). As described in Note 11, forgiveness of the PPP loan was not obtained until April 2021. The total amount of the correction was a decrease of net assets without donor restrictions and total net assets of $1,482,590 as of January 1, 2021, and a decrease in the change in net assets without donor restrictions and total changes in net assets for the year ended December 31, 2020 by the same amount.

S.V.D.P. also corrected a prior period error related to exclusion of an eliminating entry for intercompany developer fees earned for building construction during the year ended December 31, 2020. Net Assets without donor restrictions at January 1, 2021, has been restated the remove the inter-entity income, and property and equipment. The total amount of the adjustment was a decrease of net assets without donor restrictions and total net assets of $919,358 as of January 1, 2021, and a decrease to changes in net assets without donor restrictions and total changes in net assets for the year ended December 31, 2020, by the same amount.

The cumulative impact of these adjustments on net assets without donor restrictions and total net assets as of January 1, 2021, was $2,401,948, and a decrease in change in net assets without donor restrictions and total change in net assets by the same amount.

4. Net Assets with Donor Restrictions

S.V.D.P.'s net assets with donor restrictions are comprised of the following:

December 31, 2021		
Net Assets with Purpose or Time Restrictions		
Capital projects	$	100,000
St. Vincent de Paul Village, Inc.		146,007
Charitable remainder trust		420,713
	$	666,720

5. Availability and Liquidity

S.V.D.P. is primarily supported through rental income, sales of donated goods and automobiles, and contract charges. These sources of revenue are not subject to donor restrictions and are available to support the general needs of the organization.

As of December 31, 2021, S.V.D.P. has $66,369,200 of net assets that are not subject to donor-imposed restrictions or board designations and has approximately six months of expenses in working capital. As part of S.V.D.P.'s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, S.V.D.P. sets aside cash in excess of daily requirements in its reserve and investment accounts.

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The following tables show the total financial assets held by S.V.D.P. and the amounts of those financial assets that could readily be made available within one year of the statement of financial position date:

December 31, 2021	
Financial Assets at Year-End	
Cash and cash equivalents	$ 16,049,144
Investments	7,792,151
Contributions receivable	3,876,073
Tenant and other receivables	496,546
Restricted cash	6,169,855
Notes receivable	8,197,965
Interest receivable	589,559
Due from related party	3,850,576
Total Financial Assets	47,021,869
Less amounts not available for use within one year	
Net assets with donor restrictions	666,720
Contributions receivable, net	1,876,073
Notes receivable	8,197,965
Interest receivable	589,559
Due from related party	3,850,576
	15,180,893
Financial assets available to meet general expenditures over the next twelve months	$ 31,840,976

6. Property and Equipment

S.V.D.P.'s property and equipment consist of the following as of:

December 31, 2021	
Land	$ 19,423,321
Buildings and improvements	168,810,416
Leasehold improvements	2,202,632
Furniture and equipment	6,112,786
	196,549,155
Less: Accumulated depreciation and amortization	(67,506,772)
	129,042,383
Construction in progress	124,279,092
Net Property and Equipment	$ 253,321,475

Construction in progress relates to the construction of STOCV as described in Note 1. The remaining construction costs for STOCV are expected to be approximately $4,700,000.

7. Restricted Cash

S.V.D.P.'s restricted cash balances consist of the following as of:

December 31, 2021	
Reserve funds - 15th & Commercial	$ 1,948,677
Reserve funds - Benson Place	1,678,865
Reserve funds -16th and Market	1,195,224
Reserves under CalHFA loan - Village Place	458,754
Reserve funds - Villa Harvey Mandel	229,318
Reserve funds - Boulevard Apartments	219,460
Tenants security deposits	439,557
	$ 6,169,855

Reserve funds consist of operating, replacement, transition, and service reserves which are held and maintained in accordance with partnership agreements, debt agreements, and regulatory agreements. Tenant security deposits are maintained in accordance with relevant laws and regulations.

8. Contributions Receivable

Contributions receivable are recorded in the consolidated statement of financial position as follows:

December 31, 2021	
Receivable in less than one year	$ 2,000,000
Receivable in one to five years	2,000,000
	4,000,000
Less: Discount	(123,927)
	$ 3,876,073

9. Notes Receivable and Interest Receivable

Note and Interest Receivable Due from Unrelated Entity

In September 2019, S.V.D.P. sold property in Indio, California to an unrelated nonprofit organization in exchange for a note receivable in the amount of $4,840,569 with interest at the rate of 2.88% per annum for 39 years. Commencing on December 1, 2020, and due on the same date for 39 years thereafter the borrower will make annual payments of principal and interest in the amount of $208,209 (the Annual Payment). Within five business days of the receipt of each Annual Payment, S.V.D.P. may make a donation to the borrower in immediately available funds in the exact amount of such Annual Payment received by S.V.D.P.

The above annual donation from S.V.D.P. to the borrower is contingent upon; a) the borrower making timely Annual Payments, b) the borrower operating the property in compliance with regulatory requirements and c) the borrower maintaining the property in effective operating condition. Should any such contingency not be met, no donation would occur for that year. At December 31, 2021, the balance of the note was $4,736,965, and the balance of interest receivable was $11,369.

Note and Interest Receivable Due from St. Vincent De Paul Village, Inc.

A note receivable from the Village was established in 2018 with a principal amount of $2,030,000. This note represents a reclassification of cash advances previously recorded as Due from the Village for the period of 2014 through 2017 funding any operating losses of the Medical Clinic, a Federally Qualified Health Clinic (FQHC). The receivable amount may increase year over year based upon the Uniform Data Systems (UDS) Reporting, which is a standardized reporting system that provides consistent information about health centers. The principal of the note will be adjusted no less often than annually based on the total costs of operations as defined by the UDS, Table 8A. The note bears simple interest at the rate of 3% per annum. The term is five years with auto-renewal for consecutive periods of two years unless terminated by either Party. Payment of the loan shall be determined and mutually agreed upon by both parties but no later than the date that the FQHC becomes cash accretive. Interest income was $108,150 for the year ended December 31, 2021. Interest receivable was $578,190 and the principal amount due was $3,461,000 as of December 31, 2021. The unpaid principal and accrued interest was subsequently paid in full in January 2023.

10. Noncontrolling Limited Partners' Interests in Real Estate Limited Partnerships

	Village Place Apartments, L.P.	16th and Market, L.P.	Benson Place, L.P.	14th & Commerical CIC, L.P.	14th & Commerical CIC-VHHP, L.P.	Total Limited Partners Interest In Partnerships
Balance, December 31, 2020	$ 87	$ 1,327,813	$ 1,314,601	$ 7,048,916	$ 1,857,899	$ 11,549,316
Contributions	-	-	10,002,883	-	-	10,002,883
Noncontrolling interest in net income (losses) of real estate limited partnerships	24	(887,601)	(1,024,179)	(273,098)	(66,599)	(2,251,453)
Balance, December 31, 2021	$ 111	$ 440,212	$ 10,293,305	$ 6,775,818	$ 1,791,300	$ 19,300,746

Capital accounts that have a zero balance at December 31, 2020 and 2021, have been excluded from the schedule above.

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11. Debt

Debt payable in cash consisted of the following at:

December 31, 2021		
Note payable due in May 2022, bears interest at 3%. The unsecured loan requires interest only payments quarterly, which are deferred if cash is not available at the date due. The loan is to provide working capital for services to clients or predevelopment cost of new facilities.The note may be renewed annual by the lender. The note may be renewed annually by the lender. The note was paid in full subsequent to year end.	$	500,000
In September 1997, Village Place entered into a note payable with the California Housing Finance Agency. The note is payable in principal and interest payments of $7,195 maturing in 2027. The note bears interest at 6% and is collateralized by property and equipment with a carrying value of $549,445.		424,093
In February 2022, Villa Harvey Mandel entered into a loan with the San Diego Housing Commission due in annual installments commencing April 1, 2004, of the greater of 50% of the Project's residual receipts as defined in the loan agreement or $27,034, applied first to unpaid interest and then to principal. The term is 55 years, due February 1, 2057, with interest at 5.6%, secured by a deed of trust with a carrying value of $6,484,783. In years prior to 2018, the interest was compounded annually and added to principal in April of each year. Effective 2018, the San Diego Housing Commission changed the interest calculation from compounding annually to a per diem rate. The per diem amount increases annually and includes the principal along with the accrued interest compounded in February of each year. All unpaid principal and interest is due at maturity.		2,000,000
In September 2002, Villa Harvey Mandel entered into a loan with the City of San Diego due in annual installments commencing April 1, 2004 of the remaining balance of the residual receipts calculation under the Order of Priority as defined in Section 8 (b) of the loan agreement. The term is 55 years, due September 30, 2057, with interest at 5%, secured by a deed of trust with a carrying value of $6,484,783, a security agreement, an assignment of rent and leases, and an assignment of agreements. All unpaid principal and interest is due at maturity.		920,000
In May 2010, 16th and Market entered into a loan with the Department of Housing and Community Development in the form of a Multi Housing Program (MHP) loan. The term of the loan is 55 years. Interest on the unpaid principal balance shall accrue at the simple interest rate of 3% per annum. Payments in the amount of 0.42% per annum on the unpaid principal balance of the loan shall commence on the last day of the initial operating year and continue up to and including the 29th year of the loan. In the 30th year of the loan, and continuing annually thereafter, payments will be the lesser of the full amount of interest accruing on the unpaid principal or an amount determined that is necessary to cover the costs of continued monitoring for compliance. The loan is collateralized by a deed of trust on the property with a carrying value of $37,748,309 and assignment of rents.		10,000,000

December 31, 2021

In June 2007, 16th and Market entered into a note with a bank for $3,010,000. A deed of trust was recorded on the property with a carrying value of $37,748,309. The maturity date of the loan is December 1, 2044. Interest accrues at 6.15% after conversion to permanent financing. Interest and principal are due monthly with principal payments ranging from $3,700 to $17,560.	2,583,223
In May 2008, Boulevard Apartments entered into a residual receipts loan agreement with the Redevelopment Agency of the City of San Diego (RDA). The note bears simple interest at the rate of 3% per annum. The term is 55 years with 50% of residual receipts paid to the agency in years 1 through 30 and 80% in years 31 through 55. The note is secured by a deed of trust with a carrying value of $7,770,116. All unpaid principal and interest is due at maturity.	2,400,000
In February 2009, Boulevard Apartments entered into a residual receipts loan agreement with the San Diego Housing Commission. The note bears simple interest of 3% per annum. The term is 55 years with a required payment of 10% of the annual receipts for years 2010 through 2039 and 16% from 2040 through 2063. The note is secured by a deed of trust with a carrying value of $7,770,116. All principal and accrued interest is due December 31, 2063.	600,000
In December 2010, Boulevard Apartments entered into a loan agreement with the Department of Housing and Community Development for the Multi Housing-Supportive Housing Program. The term of the loan is 55 years and bears interest on the unpaid principal balance at a simple interest rate of 3% per annum. Payments of 0.42% per annum on the unpaid principal balance of the loan commencing on the last day of the initial operating year and continuing up to and including the 29th anniversary of the interest payment date. Commencing on the 30th anniversary of the interest payment date and continuing annually thereafter, loan payments are due in an amount equal to the lesser of the full amount of interest accruing on the unpaid principal for the immediately preceding 12 month period, or an amount determined necessary to cover the costs of continued monitoring for compliance. Additional payments are required from net cash flow towards repayment of the loan. The loan is collateralized by a deed of trust on the property with a carrying value of $7,770,116. All unpaid principal and interest is due at maturity.	2,081,535
In May 2010, 15th & Commercial entered into a residual receipts loan agreement with the RDA secured by a deed of trust with a carrying value of $36,092,148. The note bears simple interest at the rate of 3% per annum. The term is 55 years with 50% of residual receipts paid to the agency in years 1 through 30 and 80% in years 31 through 55.	6,674,196

December 31, 2021

In May 2010, 15th & Commercial entered into a residual receipts loan agreement with the Mental Health Services Act Housing Program ("MHSA"). The term is 55 years, due May 1, 2065, with interest at 3% and is secured by an MHSA deed of trust. Annual payments of accrued interest and outstanding principal shall be made from 19% of the residual receipts and the initial payment date will be April 1st of the first full fiscal year following the certificate of occupancy. Secured by a deed of trust on the property with a carrying value of $36,092,148. All unpaid principal and interest is due at maturity.	2,357,000
In May 2010, 15th & Commercial entered into a loan agreement with the San Diego Housing Commission. The term is 55 years, due January 1, 2066 with interest at 3% and is secured by a deed of trust with a carrying value of $36,092,148. On May 1, 2012, and annually in May of each year thereafter during the term of the note, residual receipts shall be calculated for the immediately previous calendar year and a commission of 18% of such residual receipts shall be paid to the San Diego Housing Commission. All unpaid principal and interest is due at maturity.	3,463,813
In May 2010, 15th & Commercial entered into a loan agreement with the California Tax Credit Allocation Committee with a maturity date of May 12, 2065, and no stated interest rate. Note is secured by a deed of trust on the property with a carrying value of $36,092,148. All unpaid principal is due at maturity.	6,637,597
Note payable in monthly installments of principal and interest of $12,075 through 2029 with a balloon payment of $1,506,845 due September 25, 2029. The note bears interest of the prime rate plus a margin of 0.25% (3.5% at December 31, 2021) and is secured by deed of trust with a carrying value of $772,172 and assignment of rents.	1,901,705
In November 2019, Benson Place entered into a loan with The San Diego Housing Commission due in annual installments commencing May 31, 2021. The loan bears interest at the rate of 4% per annum. Payments begin May 31, 2021, and are made annually on May 31 of each year thereafter. Payments are calculated as 21.1% of the residual receipts for the previous calendar year. All unpaid principal and accrued interest is due December 31, 2075. The loan is secured by a deed of trust on the property with a carrying value of $18,829,213.	4,860,000

December 31, 2021

In December 2019, 14th & Commercial VHHP entered into a loan agreement with the San Diego Housing Commission for a housing commission loan to fund the development of the residential units at STOCV. The loan bears an interest rate of 3% simple interest per annum. On May 31, 2023 and annually thereafter, payments of 17.43% of residual receipts are required, with all unpaid principal and interest due on the maturity date (May 1, 2077). The loan is secured by a deed of trust on the property with a carrying value of $28,481,051.	4,815,000
In December 2019, 14th & Commercial VHHP entered into a loan agreement with the Housing Authority of the City of San Diego to cover both construction and permanent financing of 81 residential units located at STOCV. The construction loan will be converted to a permanent loan in April 2023 and bears interest at London Interbank Offered Rate (LIBOR) plus 1.75% (1.85% at December 31, 2021), with payment terms of interest only up to the conversion date. From the conversion date to maturity date of January 1, 2054, the loan has monthly payments of principal and interest amortizing the permanent loan amount over 20 years at a rate of 4.11%. On the maturity date a balloon payment is required to pay any unpaid principal or interest remaining. The loan is secured by a deed of trust on the property with a carrying value of $28,481,051 and assignment of rents.	21,148,025
In December 2019, 14th & Commercial CIC entered into a loan agreement with the San Diego Housing Commission for a housing commission loan to fund the development of the residential units at STOCV. The loan bears an interest rate of 3% simple interest per annum. On May 31, 2023 and annually thereafter, payments of 5.39% of residual receipts are required, with all unpaid principal and interest due on May 1, 2077. The loan is secured by a deed of trust on the property with a carrying value of $109,943,533.	5,535,000
In December 2019, 14th & Commercial CIC entered into a loan agreement with the Housing Authority of the City of San Diego for up to $91,555,000 to cover both construction and permanent financing of 326 residential units located at One 14th Street, San Diego. The construction loan of up to $85,232,875 will be converted to a permanent loan in April 2023 and bears interest at LIBOR plus 1.75% (1.85% at December 31, 2021), with payment terms of interest only up to the conversion date. From the conversion date to maturity date of January 1, 2054, the loan has monthly payments of principal and interest amortizing the permanent loan amount over 20 years at a rate of 4.11%. On the maturity date a balloon payment is required to pay any unpaid principal or interest remaining. The loan is secured by a deed of trust on the property with a carrying value of $109,943,533 and assignment of rents.	79,822,064

December 31, 2021		
In December 2020, 14th & Commercial CIC, LP entered into a promissory note in the amount $14,000,000, with an interest rate of 3.00% per annum. Interest on the note is payable on the first day of each month, commencing on January 1, 2021 plus annual payments of 13.365% of residual reciepts. All remaining unpaid principal and interest is due on December 6, 2074. The note is secured by a deed of trust on the property with a carrying value of $109,943,533.		12,600,000
In March 2021, Benson Place entered into a note payable to California Housing Finance Agency with a maturity date of March 1, 2076. The note bears simple interest at a rate of 3% per annum. The note is secured by a deed of trust with a carrying value of $18,829,213. Payments are calculated at 32.78% of the residual receipts for the previous calendar year. All unpaid principal and interest is due at maturity.		3,775,000
Other debt		5,145
Total Debt Payable In Cash		175,103,396
Current portion of debt		(664,728)
Debt issuance costs		(64,985)
Total Long-Term Portion of Debt Payable In Cash	$	174,373,683

Forgivable debt consisted of the following as of:

December 31, 2021		
RDA loan payable to a bank by S.V.D.P. on behalf of Village Place, forgivable in 2028 and secured by a deed of trust on the property with a carrying value of $649,614. Interest accrues at 3%. The outstanding principal and interest is forgivable as long as the Village Place is in compliance with specific affordable housing requirements.	$	460,000
Affordable Housing Program (AHP) loan payable to a bank by Villa Harvey Mandel, forgivable in 2020 and secured by a deed of trust on the property with a carrying value of $6,484,783, a security agreement, an assignment of rents, and fixture filing. Interest accrues at 1%. The loan is forgivable as long as the Villa Harvey Mandel is in compliance with specific affordable housing requirements. Management is currently working on applying for forgiveness of the loan.		900,000
AHP loan payable to a bank by S.V.D.P. on behalf of 16th and Market. The loan is forgivable 15 years from January 2009, the date of completion of 16th and Market, and interest does not accrue, as long as 16th and Market is in compliance with specific affordable housing requirements. The loan is collateralized by a deed of trust on the property with a carrying value of $39,263,109, a security agreement, and assignment of rents.		1,000,000

December 31, 2021		
AHP loan payable to a bank by S.V.D.P. on behalf of 14th & Commercial, CIC, LP. The loan is forgivable 15 years from December 2036 and interest does not accrue, as long as 14th & Commercial, CIC, LP is in compliance with specific affordable housing requirements. The loan is collateralized by a deed of trust on the property with a carrying value of $109,943,533, assignment of leases and rents, security agreement and fixture filing.		2,000,000
AHP loan payable to a bank by S.V.D.P. on behalf of 15th & Commercial. The loan is forgivable 15 years from December 2011, the date of completion of 15th & Commercial, and interest does not accrue, as long as 15th & Commercial is in compliance with specific affordable housing requirements. The loan is collateralized by a deed of trust on the property with a carrying value of $36,092,148, assignment of leases and rents, security agreement and fixture filing.		1,500,000
AHP loan payable to a bank by S.V.D.P. on behalf of Boulevard Apartments. The loan is forgivable 15 years from April 2009, the date of completion of Boulevard Apartments, and interest does not accrue, as long as Boulevard Apartments is in compliance with specific affordable housing requirements. The loan is collateralized by a deed of trust on the property with a carrying value of $6,560,116, assignment of rents, security agreement and fixture filing.		325,543
PPP loan to a bank by S.V.D.P. The principal and interest is forgivable if the proceeds are spent on qualifying costs. The loan is unsecured and accrues interest at 1%. The principal and accrued interest has subsequently forgiven and paid in full by the SBA on July 12, 2022.		1,482,590
Total Forgivable Debt		7,668,133
Current portion of debt		(900,000)
Total Long-Term Portion of Forgivable Debt	$	6,768,133

Maturities of debt are as follows:

Year Ending December 31,	Forgivable Debt	Debt Payable in Cash	Total
2022	$ 900,000	$ 664,728	$ 1,564,728
2023	-	101,139,325	101,139,325
2024	1,325,543	178,757	1,504,300
2025	-	190,293	190,293
2026	2,982,590	201,813	3,184,403
Thereafter	2,460,000	72,728,480	75,188,480
Total	$ 7,668,133	$ 175,103,396	$ 182,771,529

The agreements with the banks require that S.V.D.P. maintain certain financial and non-financial loan covenants. Management believes they are in compliance with, or have obtained waivers for, all debt covenants at December 31, 2021.

Benson Place held a promissory note with an outstanding balance of $11,098,910 at January 1, 2021, with an original amount of $12,030,000 and an interest rate of 4.10% per annum. Interest on the note was payable on the first day of each month, commencing on December 1, 2019. The entire outstanding balance together with all accrued and unpaid interest was due and paid in its entirety on March 30, 2021.

S.V.D.P. applied for and received a forgivable Paycheck Protection Program (PPP) loan in the amount of $1,482,590, which accrued interest at 1%. The loan was funded on April 16, 2020, and was unsecured. Under the terms of the loan, the balance was forgivable to the extent the proceeds were used for certain qualified costs and that certain employment levels were maintained. A formal request for forgiveness was submitted in April 2021, and the loan was forgiven and paid in full by the SBA in April 2021.

The SBA has stated that all PPP loans in excess of $2 million, and other PPP loans as appropriate will be subject to review by the SBA for compliance with program requirements. While S.V.D.P. believes the PPP loans were properly obtained and forgiven, there can be no assurance regarding the outcome of an SBA review. S.V.D.P. has not accrued any liability associated with the risk of an adverse SBA review.

In December 2019, 14th & Commercial VHHP entered into a loan agreement with the City of San Diego and a bank for $2,000,000 and $650,000, respectively, to cover both construction and permanent financing of 81 residential units located at STOCV. Neither loan was drawn on and the loans have no outstanding balance as of December 31, 2021. The construction loan will be converted to a permanent loan in April 2023 and bears interest at LIBOR plus 2%, with payment terms of interest only up to the conversion date. From the conversion date to maturity date of January 1, 2054, the loan has monthly payments of principal and interest amortizing the permanent loan amount over 20 years at a rate of 4.11%. On the maturity date a balloon payment is required to pay any unpaid principal or interest remaining. The loans are secured by a deed of trust on the property with a carrying value of $28,481,051 and assignment of rents.

In July 2020, S.V.D.P. entered into a master loan agreement with a bank. The amount available under the agreement is $3,000,000 and matured on February 15, 2022. As of December 31, 2021, S.V.D.P. had not drawn down on the loan.

S.V.D.P. held a demand line of credit secured by its investments in the amount of $425,000 with a fluctuating interest rate measured at a spread of 1.5% plus LIBOR. No balance was drawn on this account as of December 31, 2021. The line of credit is due upon demand and can be cancelled at any time by the bank.

12. Interest Rate Swap

16th and Market entered into an interest rate swap agreement to reduce the exposure to the floating interest rate of 84.64% of LIBOR plus a spread of 1.2%. The interest rate was 0.93% at December 31, 2021. The interest rate swap agreement became effective on December 1, 2009. This swap set the interest rate at 6.15% and the notional amount begins with $3,010,000 and declines monthly through the term which expires December 1, 2044. At December 31, 2021, the notional principal amount under the interest rate swap agreement totaled $2,583,223. At December 31, 2021, the estimated fair value of the liability associated with this agreement was $1,277,414. The change in fair value on the interest rate swap agreement was a gain of approximately $281,289 for the year ended December 31, 2021. There were no transfers or purchases.

The fair value of the interest rate swap is valued using Level 3 inputs as described in Note 2. The fair value is based on the present value of estimated monthly net future cash flows resulting from the swap agreement. Cash outflows per this valuation are based on the contractual fixed interest rate required to be paid by 16th and Market on the notional balances over the swap term. Estimated cash inflows are based on projected future one-month LIBOR rates plus a spread, as defined in the swap agreement, as definitive futures rates are not available upon which such cash inflows are based.

13. Rental Income

S.V.D.P., Village Place, 16th and Market, and 15th & Commercial lease property for the various operating activities of the Village and under long-term operating leases expiring at various dates through 2028. Generally, these leases are adjusted annually for changes in the Consumer Price Index.

Aggregate minimum lease payments expected to be received are as follows:

Year Ending December 31,		
2022	$	1,069,349
2023		285,718
2024		29,699
2025		30,738
2026		31,814
Thereafter		102,278
Total	$	1,549,596

Included in rental income were amounts from the Village of $2,839,144 for the year ended December 31, 2021.

14. Commitments and Contingencies

Litigation

In the normal course of business, S.V.D.P. is occasionally named as a defendant in various claims. It is the opinion of management that the outcome of any claims would not materially affect S.V.D.P.'s operations or financial position.

During 2022, S.V.D.P. became a defendant in three (3) general wage and hour class actions against the Village and S.V.D.P. All three class actions have been consolidated into one for pre-trial purposes. Each class action alleges garden variety Labor Code Violations ranging from violations related to minimum wage, overtime, meal breaks, rest breaks, business-related expenses, itemized wage statements and timely payment of wages. There have not been any specific damages requested. Based on the opinion of counsel, the class actions could result in a settlement. At this time however, no estimate can be made regarding the time or amount, if any, of the ultimate contingent liability as the organizations are still analyzing the data.

In September and December of 2022, S.V.D.P. was named in two related lawsuits claiming negligence, wrongful death, and strict products liability as it relates to STOCV. As these two lawsuits have only been recently filed, there have been no specific damages requested and no estimate can be made regarding time or amount, if any, of the ultimate contingent liability. S.V.D.P. is still gathering information and data together with other named defendants in these suits.

Reserves

The limited partnerships are required by contractual agreements to maintain and annually fund reserves for various terms through the termination of the partnerships.

Operating Lease Expense

S.V.D.P. leases copiers, washing machines, and vehicles under non-cancelable operating leases that are utilized by S.V.D.P. and the Village, which expire in various years through 2025. Lease expense for equipment utilized by the Village is passed through to the Village. Lease expense attributable to S.V.D.P., net of expenses passed through to other organizations under this lease was $375,807 for the year ended December 31, 2021.

S.V.D.P. leases retail space for the thrift stores under non-cancelable operating leases that expire at various dates through 2029. Lease expense under these leases was $615,377 for the year ended December 31, 2021. Lease expense of other properties was $211,405 for the year ended December 31, 2021.

Future minimum lease payments due under these leases are as follows:

Year Ending December 31,	Equipment	Property	Vehicles	Total
2022	$ 136,910	$ 733,181	$ 93,706	$ 963,797
2023	135,966	748,296	59,223	943,485
2024	38,006	678,142	-	716,148
2025	3,211	577,834	-	581,045
2026	-	574,661	-	574,661
Thereafter	-	1,147,186	-	1,147,186
	$ 314,093	$ 4,459,300	$ 152,929	$ 4,926,322

15. Related Party Transactions

Related Party Expenses

On July 1, 2018, S.V.D.P. entered into a long-term operating sub-lease for single residence occupancy units on the sixth and seventh floors of the 1506 Commercial Street building with the Village. The original monthly rent amount per the sub-lease agreement is $16,667 with an annual adjustment for consumer price index (CPI) beginning 12 months from the date S.V.D.P. entered into the sub-lease, expiring June 30, 2023. S.V.D.P.'s rental expense was $211,405 during the year ended December 31, 2021.

Benson Place has a service contract with the Village that commenced September 2020. The Village provides supportive services including case management, therapy, and other services. The initial rate of $28,792 is adjusted annually in September at an increase of 2%. The services continue until terminated by either party. The charges under this contract were $345,501 during the year ended December 31, 2021.

STOCV has entered a service contract with the Village that commenced December 2019. The Village was to provide design and lease-up services leading up to the construction completion. The charges under this contract were $150,000 during the year ended December 31, 2021. The Village will continue to provide social services for a period of 15 years.

Related Party Income

An operating subsidy is mandated by the 15th & Commercial transitional housing lease. Per the lease agreement, in December of each calendar year the Village shall pay 15th & Commercial a subsidy payment in an amount equal to the Section 42 Breakpoint less the amount of property expenses that the Village paid for the calendar year. Section 42 Breakpoint is the difference between the market rate that could be charged for an apartment unit and the maximum rent that can be charged for a similar but low-income apartment unit. This payment is to supplement the difference between the maximum allowable California Tax Credit Allocation Committee (TCAC) rent rate charged to tenants and the cost to maintain the units. The subsidy was $50,961 during the year ended December 31, 2021.

As part of the lease, the Village pays common area maintenance (CAM) charges for the property leased from 15th & Commercial. The CAM charges were $871,277 during the year ended December 31, 2021.

The Village has been awarded a grant from the Department of Housing and Urban Development (HUD) to fund the Continuum of Care program for Boulevard Apartments housing facilities. The Village passed through $23,278 of Continuum of Care funding to S.V.D.P. during the year ended December 31, 2021.

S.V.D.P. has service contracts with the Village to provide administrative, development and grant services. The charges under these contracts were $3,764,752 during the year ended December 31, 2021. Charges are made per month as estimated progress payments at $100,000 for administrative services, 20% of revenue recognized related to development services, and 5% of realized grant revenue. In the case that charges are more than actual costs for a fiscal year, S.V.D.P. will only charge the actual costs incurred to Village. S.V.D.P. may opt to donate a portion of its net profit on retail and auto operations to the Village. The term of the agreement is five years with automatic five-year renewals unless either party gives notice of termination.

Due from Related Party

The Village owed S.V.D.P. $3,950,576 as of December 31, 2021.

See Note 9 for details on the related party note receivable.

Supplemental Schedules

S.V.D.P. Management, Inc.

Statement of Financial Position

December 31, 2021		
Assets		
Current Assets		
Cash and cash equivalents	$	349,821
Investments		7,792,151
Contributions receivable, current portion		2,000,000
Tenant and other receivables		166,701
Inventory - automobiles		55,294
Prepaid expenses		343,697
Total Current Assets		10,707,664
Contributions receivable, net		1,876,073
Notes receivable		8,197,965
Interest receivable		589,559
Due from related party		2,480,801
Investment in limited partnerships - intercompany		52,568,351
Intercompany receivable		39,280,165
Deposits and other assets		464,813
Property and equipment, net		11,483,945
Total Assets	$	127,649,336
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	$	1,227,774
Accrued payroll related liabilities		818,811
Prepaid rent		65,718
Accrued interest, current portion		13,589
Debt, current portion		544,793
Total Current Liabilities		2,670,685
Intercompany deferred gain		17,354,943
Accrued interest, net of current portion		319,656
Debt, net of current portion		8,630,190
Tenant security deposits		23,637
Refundable advance		36,750
Total Liabilities		29,035,861
Net Assets		
Without donor restrictions		97,946,755
With donor restrictions		666,720
Total Net Assets		98,613,475
Total Liabilities and Net Assets	$	127,649,336

S.V.D.P. Management, Inc.

Statement of Activities

Year Ended December 31, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Rental income	$ 3,028,387	$ -	$ 3,028,387
Sales of donated goods and automobiles	5,886,722	-	5,886,722
Contract charges for services to related party	3,764,754	-	3,764,754
Contract income from limited partnerships	14,532,944	-	14,532,944
Grant income	81,000	-	81,000
Contributions	438,883	-	438,883
Interest income	1,335,519	-	1,335,519
Investment return	441,929	-	441,929
Miscellaneous income	(90,669)	35,284	(55,385)
Net assets released from donor restrictions	2,955,000	(2,955,000)	-
Total Support and Revenue	32,374,469	(2,919,716)	29,454,753
Expenses			
Program expenses	7,150,178	-	7,150,178
Administration	6,271,060	-	6,271,060
Fundraising	4,044,611	-	4,044,611
Total Expenses	17,465,849	-	17,465,849
Change in Net Assets before Paycheck Protection Program loan Forgiveness	14,908,620	(2,919,716)	11,988,904
Paycheck Protection Program loan forgiveness	1,482,590	-	1,482,590
Change in Net Assets	16,391,210	(2,919,716)	13,471,494
Net Assets, at beginning of year, as previously reported	83,038,135	3,586,436	86,624,571
Effect of correction of error in accounting treatment for Paycheck Protection Program loan	(1,482,590)	-	(1,482,590)
Net Assets, at beginning of year, as restated	81,555,545	3,586,436	85,141,981
Net Assets, at end of year	$ 97,946,755	$ 666,720	$ 98,613,475