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

Consolidated Financial Statements and Supplementary Schedules
Years Ended December 31, 2022 and 2021

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

Consolidated Financial Statements and Supplementary Schedules

Years Ended December 31, 2022 and 2021

Contents

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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 statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the years 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 audits. 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 2 to the consolidated financial statements, S.V.D.P. has changed its method of accounting for leases in 2022, due to the adoption of Accounting Standards Codification Topic 842, *Leases*. 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 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The statements of financial position of S.V.D.P. Management, Inc. as of December 31, 2022 and 2021, and the related statements of activities for the years 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, P.C.

November 6, 2023

Consolidated Financial Statements

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

Consolidated Statements of Financial Position

December 31,		2022		2021
Assets				
Current Assets				
Cash and cash equivalents	$	**19,387,080**	$	16,049,144
Investments		**8,659,011**		7,792,151
Contributions receivable, current portion		**2,398,843**		2,000,000
Tenant and other receivables		**1,732,477**		496,546
Grant receivables		**1,108,427**		-
Notes receivable, current portion		**3,461,000**		-
Interest receivable, current portion		**682,020**		-
Inventory - automobiles		**41,273**		55,294
Prepaid expenses		**634,354**		542,525
Total Current Assets		**38,104,485**		26,935,660
Non-Current Assets				
Restricted cash		**8,595,056**		6,172,603
Contributions receivable, net		**-**		1,876,073
Notes receivable, net		**4,665,181**		8,197,965
Interest receivable, net		**11,410**		589,559
Due from related party		**2,916,983**		3,850,576
Deposits and other assets		**303,377**		750,652
Operating lease right-of-use assets		**3,673,821**		-
Property and equipment, net		**246,408,974**		251,664,308
Total Assets	$	**304,679,287**	$	300,037,396
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	$	**6,630,613**	$	9,794,285
Accrued payroll related liabilities		**811,395**		818,811
Prepaid tenant rent		**47,986**		110,426
Operating lease liabilities, current portion		**788,575**		-
Accrued interest, current portion		**14,843**		207,991
Debt, current portion		**29,870,361**		1,564,728
Total Current Liabilities		**38,163,773**		12,496,241
Non-Current Liabilities				
Operating lease liabilities, net of current portion		**2,929,957**		-
Accrued interest, net of current portion		**15,296,413**		13,328,226
Debt, net of current portion		**125,265,959**		179,484,649
Interest rate swap liability		**562,437**		1,277,414
Tenant security deposits		**898,203**		470,422
Refundable advances		**5,329,416**		6,643,778
Contingency reserve		**835,215**		-
Total Liabilities		**189,281,373**		213,700,730
Net Assets				
Without donor restrictions				
Undesignated		**65,476,904**		66,369,200
Noncontrolling interests in real estate limited partnerships		**48,675,003**		19,300,746
With donor restrictions		**1,246,007**		666,720
Total Net Assets		**115,397,914**		86,336,666
Total Liabilities and Net Assets	$	**304,679,287**	$	300,037,396

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Rental income	$ 14,664,768	$ -	$ 14,664,768
Retail and automobile:			
Contributed nonfinancial assets	6,230,989	-	6,230,989
Sales	6,216,968	-	6,216,968
Cost of sales	(6,362,986)	-	(6,362,986)
Contract charges for services to related party	11,342,868	-	11,342,868
Grant income	2,004,557	1,000,000	3,004,557
Contributions	347,991	-	347,991
Interest income on notes receivable	260,435	-	260,435
Investment return, net	(1,144,012)	-	(1,144,012)
Gain on mark-to-market of interest rate swap	714,977	-	714,977
Miscellaneous income	458,615	-	458,615
Net assets released from donor restrictions	420,713	(420,713)	-
Total Support and Revenue	35,155,883	579,287	35,735,170
Expenses			
Program expenses	35,411,289	-	35,411,289
Management and general	8,168,419	-	8,168,419
Fundraising	4,819,168	-	4,819,168
Total Expenses	48,398,876	-	48,398,876
Change in Net Assets Before Debt Forgiveness	(13,242,993)	579,287	(12,663,706)
Gain on Forgiveness of Debt	2,592,806	-	2,592,806
Change in Net Assets	$ (10,650,187)	$ 579,287	$ (10,070,900)

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
Retail and automobile:						
Contributed nonfinancial assets		5,928,381		-		5,928,381
Sales		5,886,722		-		5,886,722
Cost of sales		(6,083,188)		-		(6,083,188)
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 on notes receivable		254,172		-		254,172
Investment return, net		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		24,606,125		(2,919,716)		21,686,409
Expenses						
Program expenses		17,290,147		-		17,290,147
Management and general		5,435,035		-		5,435,035
Fundraising		4,219,145		-		4,219,145
Total Expenses		26,944,327		-		26,944,327
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, 2022

	Program Expenses						
	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	$ 1,923,785	$ 2,784,931	$ -	$ 4,708,716	$ 2,902,943	$ 2,312,443	$ 9,924,102
Depreciation and amortization	7,895,017	13,749	-	7,908,766	7,361	-	7,916,127
Cost of retail and automobile sales	-	6,231,090	-	6,231,090	-	131,896	6,362,986
Interest expense	5,325,528	50,031	-	5,375,559	154,435	-	5,529,994
Consulting fees	-	-	4,752,301	4,752,301	-	-	4,752,301
Contract services	2,754,688	256,610	-	3,011,298	925,469	210,443	4,147,210
Professional fees	694,350	103,667	408,116	1,206,133	1,732,572	154,786	3,093,491
Occupancy	2,078,732	213,975	17,400	2,310,107	114,188	36,309	2,460,604
Repairs and maintenance	1,238,424	187,143	45,196	1,470,763	200,128	148,121	1,819,012
Miscellaneous	453,626	289	4,530	458,445	927,330	102,762	1,488,537
Licenses and fees	449,886	12,574	68,524	530,984	468,575	15,025	1,014,584
Security services	946,710	43,835	-	990,545	15,718	-	1,006,263
Insurance	560,296	85,192	696	646,184	281,712	51,923	979,819
Advertising	2,832	2,738	2,000	7,570	-	900,391	907,961
Rent	-	608,150	220,432	828,582	(4,285)	-	824,297
Supplies	188,338	94,740	5,199	288,277	218,407	49,367	556,051
Special events	5,790	1,821	67,021	74,632	2,056	448,562	525,250
Management and investor service fees	490,265	-	-	490,265	-	-	490,265
Postage and printing	10,033	10,410	377	20,820	12,652	387,216	420,688
Vehicle	7,618	323,724	-	331,342	949	1,820	334,111
Donations and grants	-	-	-	-	208,209	-	208,209
Total Expenses	25,025,918	11,024,669	5,591,792	41,642,379	8,168,419	4,951,064	54,761,862
Less: cost of retail and automobile sales	-	6,231,090	-	6,231,090	-	131,896	6,362,986
Total Expenses Included in Expense Section on the Statement of Activities	$ 25,025,918	$ 4,793,579	$ 5,591,792	$ 35,411,289	$ 8,168,419	$ 4,819,168	$ 48,398,876

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

	Program Expenses						
	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
Cost of retail and automobile sales	-	6,083,188	-	6,083,188	-	-	6,083,188
Interest expense	1,703,027	-	-	1,703,027	129,846	-	1,832,873
Contract services	584,168	68,784	(13,000)	639,952	586,138	219,037	1,445,127
Professional fees	412,032	94,297	21,044	527,373	1,206,850	231,303	1,965,526
Occupancy	1,231,168	192,001	1,976	1,425,145	70,028	32,188	1,527,361
Repairs and maintenance	609,103	141,759	3,716	754,578	37,025	24,095	815,698
Miscellaneous	159,000	1,876	2,568	163,444	238,647	50,836	452,927
Licenses and fees	844,732	5,392	-	850,124	256,371	84,832	1,191,327
Security services	352,655	13,565	-	366,220	46,698	-	412,918
Insurance	605,172	59,946	-	665,118	4,814	170	670,102
Advertising	993	5,002	-	5,995	-	924,074	930,069
Rent	-	615,377	211,405	826,782	-	-	826,782
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
Postage and printing	1,445	490	46	1,981	14,536	407,691	424,208
Vehicle	-	263,782	-	263,782	1,301	2,082	267,165
Total Expenses	13,228,299	9,883,114	261,922	23,373,335	5,435,035	4,219,145	33,027,515
Less: cost of retail and automobile sales	-	6,083,188	-	6,083,188	-	-	6,083,188
Total Expenses Included in Expense Section on the Statement of Activities	$ 13,228,299	$ 3,799,926	$ 261,922	$ 17,290,147	$ 5,435,035	$ 4,219,145	$ 26,944,327

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Changes in Net Assets

	Without Donor Restrictions				
	Undesignated	Noncontrolling Interest	Total	With Donor Restrictions	Total
Net Assets, January 1, 2021	$ 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
Contributions from noncontrolling interest	-	39,132,148	39,132,148	-	39,132,148
Change in net assets	(892,296)	(9,757,891)	(10,650,187)	579,287	(10,070,900)
Net Assets, December 31, 2022	$ 65,476,904	$ 48,675,003	$ 114,151,907	$ 1,246,007	$ 115,397,914

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,	**2022**	2021
Cash Flows Provided by (Used in) Operating Activities		
Change in net assets	**$ (10,070,900)**	$ (3,775,328)
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	**7,916,127**	4,875,382
Amortization of debt issuance costs	**108,301**	-
Realized and unrealized loss (gain) on investments	**1,336,525**	(325,460)
Gain on mark-to-market of interest rate swap	**(714,977)**	(281,289)
Bad debt expense	**405,769**	117,664
Loss on disposal of fixed assets	**2,156,639**	2,284
Noncash operating lease expense	**794,461**	-
Loan principal and interest forgiveness	**(2,592,806)**	(1,482,590)
Changes in operating assets and liabilities:		
Contributions receivable	**1,477,230**	3,816,586
Tenant and other receivables	**(1,641,700)**	(224,715)
Grant receivables	**(1,108,427)**	-
Inventory - automobiles	**14,021**	40,227
Prepaid expenses	**(91,829)**	(231,465)
Interest receivable	**(103,871)**	(74,662)
Due from related party	**933,593**	(1,334,875)
Deposits and other assets	**416,886**	(44,776)
Accounts payable and accrued liabilities	**3,403,329**	(8,694,811)
Accrued payroll related liabilities	**(7,416)**	176,373
Prepaid tenant rent	**(62,440)**	99,698
Operating lease liabilities	**(749,750)**	-
Tenant security deposits	**427,781**	15,354
Accrued interest	**4,881,209**	1,880,227
Refundable advances	**(1,314,362)**	(1,350,047)
Contingency reserve	**835,215**	-
Net Cash Provided by (Used in) Operating Activities	**6,648,608**	(6,796,223)
Cash Flows Provided by (Used in) Investing Activities		
Collection of notes receivable	**71,784**	35,091
Proceeds from sale of property and equipment	**-**	80,404
Purchases of property and equipment	**(11,097,292)**	(66,519,646)
Purchases of investments	**(2,203,385)**	(3,116,859)
Net Cash Used in Investing Activities	**(13,228,893)**	(69,521,010)
Cash Flows Provided by (Used in) Financing Activities		
Payments on long-term debt	**(164,698)**	(11,530,655)
Limited partner capital contributions to limited partnerships	**535,947**	10,002,883
Debt issuance costs paid	**-**	(64,985)
Proceeds from debt	**11,969,425**	91,562,502
Net Cash Provided by Financing Activities	**12,340,674**	89,969,745
Net Change in Cash and Restricted Cash	**5,760,389**	13,652,512
Cash and Restricted Cash, beginning of year	**22,221,747**	8,569,235
Cash and Restricted Cash, end of year	**$ 27,982,136**	$ 22,221,747

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

Consolidated Statements of Cash Flows

Year ended December 31,		**2022**		2021
Cash and Restricted Cash				
Cash and cash equivalents	**$**	**19,387,080**	$	16,049,144
Restricted cash		**8,595,056**		6,172,603
Total Cash and Restricted Cash	**$**	**27,982,136**	$	22,221,747
Supplemental Cash Flow Information				
Interest paid	**$**	**648,785**	$	1,220,304
Income taxes paid		**13,721**		5,619
Noncash Investing and Financing Activities				
Operating right-of-use assets in exchange for lease obligations	**$**	**4,468,282**	$	-
Purchases of property and equipment through accounts payable		**312,158**		6,879,159
Capitalized interest included in accrued interest		**256,752**		-
Interest paid through acquisition of notes payable		**3,152,706**		-
Payments of notes payable through a capital contribution from noncontrolling interests		**38,596,201**		-

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 majority owned subsidiaries, are the general partner, limited partner, or managing general partner of various limited partnerships, all created to develop and operate affordable housing.

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 multi-family apartment complex that qualified for Low-Income Housing Tax Credits under Section 42 of the Internal Revenue Code (LIHTCs). The property was placed in service in February 1997, and received a tax credit allocation on June 1, 1997.

S.V.D.P. is both 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. Profits and losses are allocated based on ownership percentages.

Various agreements dictate maximum income levels of tenants (earning at or below 50% and 60% Area Median Income (AMI)) and maximum rents for 30 years after project completion.

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 qualified for LIHTCs. The property was placed in service in June 2003 and received a tax credit allocation on June 24, 2003.

Prior to the partnership exits described below, S.V.D.P. was the general partner, U.S.A. Institutional Tax Credit Fund XXXVIII, L.P. was a limited partner, and the Richman Group Capital Corporation was a special limited partner. Ownership percentages as of December 31, 2021, were as follows:

	S.V.D.P Management, Inc. General Partner	USA Institutional Tax Credit Fund XXXVIII, L.P. Investment Partner	Richman Group Capital Corporation Special Limited Partner	St. Vincent de Paul Village, Inc. Limited Partner	Total
Partnership Interest	0.01%	99.98%	0.01%	0.00%	100%

On September 30, 2022, S.V.D.P. purchased the ownership interest of both U.S.A. Institutional Tax Credit Fund XXXVIII, L.P. and the Richman Group Capital Corporation for $1 and subsequently held a 100% ownership interest in Villa Harvey Mandel. On November 1, 2022, the Village was admitted as a limited partner with a $1 capital contribution for a 0.01% interest. Ownership percentages as of December 31, 2022, were as follows:

	S.V.D.P Management, Inc. General Partner	USA Institutional Tax Credit Fund XXXVIII, L.P. Investment Partner	Richman Group Capital Corporation Special Limited Partner	St. Vincent de Paul Village, Inc. Limited Partner	Total
Partnership Interest	99.99%	0.00%	0.00%	0.01%	100%

Profit and losses are allocated based on ownership percentages. Various agreements dictate maximum income levels of tenants (earning at or below 40%, 45%, and 50% AMI) and maximum rents for 55 years after project completion.

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 multifamily apartment complex that qualified for LIHTCs. The property was placed in service on September 4, 2010, and received a tax credit allocation on January 2, 2009.

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.

Various agreements dictate maximum income levels of tenants (30% to 60% AMI) and maximum rents for 55 years after project completion.

3137 El Cajon Boulevard, L.P.

Formed in 2007, 3137 El Cajon Boulevard, L.P. (Boulevard Apartments), a California limited partnership, was formed for the purpose of developing, managing, operating, and financing a 24-unit multifamily apartment complex that qualified for LIHTCs. 5 of the 24 units are designated for U.S. Department of Housing and Urban Development (HUD) eligible tenants. The property was placed in service May 1, 2009, and received a tax credit allocation on April 20, 2009.

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 interest. Profit and losses are allocated based on ownership percentages.

Various agreements dictate maximum income levels of tenants (30% to 40% or less of AMI) and maximum rents for 55 years after project completion.

15th & Commercial, L.P.

Formed in 2009, 15th & Commercial, L.P. (15th & Commercial), a California limited partnership, was formed for the purpose of developing, managing, and operating a 12-story building that includes a child development center, 150 beds of transitional housing, and 64 units of permanent supportive housing that qualified for LIHTCs. The property was placed in service in December 2011, and received a tax credit allocation on May 12, 2010.

S.V.D.P. is the general partner, through its majority 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.

Various agreements dictate maximum income levels of tenants (earning at or below 30%, 35%, and 40% of AMI) and maximum rents for 57 years after project completion.

Benson Place, L.P.

Formed in May 2019, Benson Place, L.P. (Benson Place), a California limited partnership, was formed for the purpose of developing, managing, and operating an 83-unit multifamily apartment complex that qualified for LIHTCs. The property was placed in service on August 1, 2020, and received a tax credit allocation on June 12, 2019.

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.

Various agreements dictate maximum income levels of tenants (earning at or below 30% AMI) and maximum rents for 55 years after project completion.

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 that qualified for LIHTCS.

S.V.D.P. is the general partner, through its majority 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.

Various agreements require that units must be provided to individuals earning below 35% and 50% AMI for 55 years after project completion.

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

S.V.D.P. is the managing general partner, through its majority owned subsidiary, C14 VHHP, LLC, with a 0.01% ownership, RJ HOF 62-14th & 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.

Various agreements require that units must be provided to individuals earning below 30% and 60% AMI for the initial 55 years after project completion.

Collectively, Tower and VHHP are known as St. Teresa of Calcutta Village (STOCV). STOCV was placed in service February 1, 2022, and received tax credit allocations on July 17, 2019, for both projects.

17th & Commercial, L.P.

Formed in 2022, 17th & Commercial, LP (17th & Commercial), a California limited partnership, was formed for the purpose of acquiring, developing, managing, and financing a low-income rental housing project and associated service facilities.

S.V.D.P. is the general partner, through its majority owned subsidiary, 17th & Commercial, LLC, with a 99% ownership, and initial limited partner with a 1% ownership. Profit and losses are allocated based on ownership percentages.

There was limited activity in 17th & Commercial during the year ended December 31, 2022.

On September 15, 2023, 17th & Commercial exercised its option to purchase land from S.V.D.P. for $5,625,000. The transaction was financed through a $4,000,000 loan entered into with the City of San Diego bearing interest at a simple interest rate of 3% per annum and matures on 55th anniversary of the date of conversion but no later than December 31, 2082. Payments will commence on conversion at a rate of 50% of residual receipts of the property. The loan is secured by the property transferred.

Additional financing came through S.V.D.P. which executed a seller carryback loan for $1,625,000 with 17th & Commercial bearing compounding interest at the long-term Applicable Federal Rate (AFR) at date of closing (4.19%) and matures on 55th anniversary from date of issuance of certificates of occupancy.

S.V.D.P. executed a second seller carryback loan with 17th & Commercial for $2,000,000 to finance pre-development costs on June 29, 2023, bearing simple interest of 3% per annum on the outstanding balance until maturity date on 55th anniversary from date of issuance of certificates of occupancy.

The seller carryback loans will be eliminated in consolidation.

16th & Island, L.P.

Formed in 2022, 16th & Island, LP (16th & Island), a California limited partnership, was formed for the purpose of acquiring, developing, managing, and financing a low-income rental housing project and associated service facilities.

S.V.D.P. is the general partner, through its majority owned subsidiary, 16th & Island, LLC, with a 99% ownership, and initial limited partner with a 1% ownership. Profit and losses are allocated based on ownership percentages.

There was limited activity in 16th & Island during the year ended December 31, 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, 17th & Commercial, 17th & Commercial, LLC, 16th & Island, and 16th & Island, 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 of America (GAAP). 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 and 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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Net Assets with Donor Restrictions - Net assets with donor restrictions are limited as to use by donor-imposed restrictions 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. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Reclassifications

Certain items from the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications had no impact on net assets or changes to net assets previously reported.

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. S.V.D.P. held balances in excess of federally insured limits as of December 31, 2022 and 2021.

Restricted Cash

As part of certain programs, S.V.D.P. is required to build up reserves for future operating deficits, repairs, and replacements. S.V.D.P. also holds security deposits for residential tenants. As such, S.V.D.P. has classified these as non-current assets on the consolidated statements of financial position. 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 statements of activities. Gains and losses on sales of investments are determined using the specific identification method. Investments at December 31, 2022 and 2021, included $1,162,526 and $1,705,442 in cash equivalents and $7,496,485 and $6,086,709 in mutual funds, respectively.

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 and contributions receivable 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. 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. As of December 31, 2022, there were no long-term pledges outstanding. Conditional promises to give are recognized when the conditions are substantially met. One donor accounted for 83% and 100% of contributions receivable at December 31, 2022 and 2021, respectively.

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 5 to 40 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 $7,885,738 and $4,875,382 for the years ended December 31, 2022 and 2021, respectively.

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. For the years ended December 31, 2022 and 2021, total interest capitalized was $256,752 and $1,267,658, respectively.

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, 2022 and 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. During the year ended December 31, 2022, the remaining assets of $398,843 were transferred to contributions receivable in the consolidated statement of financial position as the funds are expected to be collected during the year ending December 31, 2023, due to the passing of the donor.

Due from Related Party

Amounts reported as due from related party, included in the accompanying consolidated statements of financial position, arise typically from the collaborative activities between the Village and S.V.D.P., as documented in Note 16, to further the mission of the organization.

Allocation of Partnership Income/Loss and Tax Credits

The Partnerships expect to generate low-income housing credits, which will be allocated in the same manner as the income or loss of the Partnership. Because certain partner's losses are limited to their investment, these partners' equity will not be reduced below zero unless future capital contributions will be made in an amount sufficient to absorb the losses. Losses in excess of partnership interests are allocated to the managing general partner, if the partnership agreement does not call for additional contributions. Any subsequent income allocable to the partner is allocated to the managing general partner first until the managing general partner's share of that income offsets the losses not previously recognized by the partner.

Contract Charges for Services

Contract charges for services are recognized 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 16 for additional details regarding the contract charges.

Contributed Nonfinancial Assets

Contributed property and equipment are recorded at fair value at the date of donation. Clothing, furniture, automobiles, and other goods that are contributed for resale or distribution through S.V.D.P.'s programs, are recognized at fair value when an unconditional commitment is received from the donor. Clothing, furniture, and other goods are generally received from the general public and are sold in S.V.D.P.'s thrift stores or auctions. These items are valued based on the subsequent selling price. Donated automobiles are valued at the estimated fair value on the date of the vehicle is received using 10% of CARFAX Inc.'s estimated values for similar ages and models. As all contributed nonfinancial assets are monetized, they are excluded from expenses on the consolidated statements of activities and treated as cost of sales.

Grant Receivable and 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. 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. No allowance was considered necessary on grants receivable at both December 31, 2022 and 2021. Grant receivables from one grantor accounted for 90% of grant receivables at December 31, 2022. No such concentration existed at December 31, 2021.

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 both the years ended December 31, 2022 and 2021, $1,333,284 of the grant was recognized. At December 31, 2022 and 2021, $5,221,970 and $6,555,254 of the conditional grant remained outstanding, respectively, and is reported as part of refundable advances on the consolidated statements of financial position.

Sales of Donated Goods

Sales revenue is recognized when control of the goods has transferred to customers. For the majority of merchandise sales, control transfers to customers at a point in time when the goods have been purchased in person or picked up, as that is generally when legal title, physical possession, and the risk and rewards of the goods transfers to the customer. There are no contract assets or liabilities resulting from merchandise sales at December 31, 2022 or 2021.

Leases (Effective January 1, 2022)

Effective January 1, 2022, S.V.D.P. accounts for leases of property, plant, and equipment in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases* (ASC 842). S.V.D.P. determines if an arrangement is a lease at inception and then assesses for classification as either an operating or finance lease. Assets and obligations related to operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the consolidated statements of financial position.

ROU assets represent S.V.D.P.'s right to use an underlying asset for the lease term and lease liabilities represent S.V.D.P.'s obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. Certain lease terms may include options to extend or terminate the lease, and these are included in the determination of the operating lease ROU asset and lease liability when it is reasonably certain that S.V.D.P. will exercise those options. Lease expense for operating leases is recognized in an amount equal to the lease payments over the lease term.

S.V.D.P.'s agreements with lease and non-lease components are all accounted for as a single lease component. For leases with an initial term of 12 months or less, S.V.D.P. elected the exemption from recording ROU assets and lease liabilities for all leases that qualify, and records rent expense on a straight-line basis over the lease term.

For leases that include variable payments, which may vary based upon changes in facts or circumstances after the start of the lease, S.V.D.P. has made an accounting policy election to exclude variable payments from lease ROU assets and lease liabilities to the extent not considered fixed, and instead expenses as incurred. There were no variable lease costs during the year ended December 31, 2022.

Leases (Through December 31, 2021)

Prior to January 1, 2022, S.V.D.P. accounted for all leases as operating leases. S.V.D.P. recognized rent expense on a straight-line basis over the term of the lease.

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).

Tenant and Other Receivables

Tenant and other receivables are amounts due from tenants for rent and other reimbursements. S.V.D.P. uses the allowance method for recognizing bad debts. When an account is deemed uncollectible, it is generally written off against the allowance. These receivables are generally unsecured and do not bear interest. At December 31, 2022 and 2021, allowances for uncollectible accounts amounted to $408,343 and $117,664, respectively.

Advertising

S.V.D.P. expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2022 and 2021, were $907,961 and $930,069, respectively.

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	Time and activity/Property and vehicle usage
Salaries and employee related expenses	Time and activity

Interest Rate Swap

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 GAAP 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 - This level consists of observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – This level consists of observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly.

Level 3 – This level consists of unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

Adoption of ASC 842, **Leases**

In February 2016, the FASB issued ASC 842 and subsequent amendments to the initial guidance (collectively, ASC 842). ASC 842 requires lessees to generally recognize, on the statement of financial position, operating and finance lease liabilities and corresponding ROU assets for leases. Lessor accounting is largely unchanged under ASC 842. Entities are required to use a modified retrospective approach on adoption, with the option of applying the requirements of the standard either (1) retrospectively to each prior comparative reporting period presented or (2) retrospectively at the beginning of the period of adoption, through a cumulative-effect adjustment to net assets, if any. S.V.D.P. adopted the standard on January 1, 2022, using the modified retrospective approach at the beginning of the period of adoption. Consequently, periods before January 1, 2022, will continue to be reported in accordance with the prior accounting guidance in ASC 840.

In addition, S.V.D.P. elected the package of practical expedients permitted under the transition guidance within the new standard. This included the hindsight practical expedient to determine the lease term for existing leases. S.V.D.P.'s election of the hindsight practical expedient resulted in the determination that certain renewal options would be reasonably certain in determining the expected lease term. It also allows S.V.D.P. to carry forward the historical lease classification for leases that commenced before January 1, 2022.

The disclosure requirements of ASC 842 are included within Note 14. Adoption of the standard had no impact on the consolidated statements of activities or cash flows.

Adoption of ASC 842 resulted in increases in assets and liabilities in S.V.D.P.'s consolidated statements of financial position as follows:

	Balance as of December 31, 2021	Transition Adjustment	Balance as of January 1, 2022
Assets			
Operating lease right-of-use assets	$ -	$ 3,856,869	$ 3,856,869
Liabilities			
Operating lease liabilities, current portion	-	646,852	646,852
Operating lease liabilities, net of current portion	-	3,210,017	3,210,017

Recent Accounting Pronouncements Adopted

In September 2020, the FASB issued Accounting Standards Update (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 S.V.D.P. to present contributed nonfinancial assets as a separate line item in the consolidated statements of activities, apart from contributions of cash and other financial assets, and requires additional disclosure of contributed nonfinancial assets. S.V.D.P. adopted the new standard during the year ended December 31, 2022. The adoption of the standard had no significant impact on S.V.D.P.'s consolidated financial statements for the years ended December 31, 2022 and 2021, other than enhanced disclosures.

New Accounting Pronouncements Not Yet Adopted

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, *Revenue from Contracts with Customers*, 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.

S.V.D.P. has assessed other accounting pronouncements issued or effective during the years ended December 31, 2022 and 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 November 6, 2023, which is the date the consolidated financial statements were available to be issued. See Note 1 for transactions related to 17th & Commercial, Note 8 for repayment of note receivable, Note 10 for repayment and conversion to permanent financing of debt, and Notes 10 and 11 for modification to LIBOR as an interest rate benchmark.

3. Net Assets with Donor Restrictions

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

December 31,		**2022**		2021
Net Assets with Purpose or Time Restrictions				
STI Grant	$	**1,000,000**	$	-
St. Vincent de Paul Village, Inc.		**146,007**		146,007
Capital projects		**100,000**		100,000
Charitable remainder trust		**-**		420,713
	$	**1,246,007**	$	666,720

4. 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, 2022 and 2021, S.V.D.P. has $65,476,904 and $66,369,200, respectively, of net assets that are not subject to donor-imposed restrictions or board designations and has approximately nine 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 table shows 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 consolidated statements of financial position:

December 31,	**2022**	2021
Financial Assets, year-end		
Cash and cash equivalents	**$ 19,387,080**	$ 16,049,144
Investments	**8,659,011**	7,792,151
Contributions receivable	**2,398,843**	3,876,073
Tenant and other receivables	**1,732,477**	496,546
Grant receivables	**1,108,427**	-
Restricted cash	**8,595,056**	6,172,603
Notes receivable	**8,126,181**	8,197,965
Interest receivable	**693,430**	589,559
Due from related party	**2,916,983**	3,850,576
Total Financial Assets	**53,617,488**	47,024,617
Less amounts not available for use within one year:		
Net assets with donor restrictions	**1,246,007**	666,720
Contributions receivable, non-current portion	**-**	1,876,073
Notes receivable, non-current portion	**4,665,181**	8,197,965
Interest receivable, non-current portion	**11,410**	589,559
Restricted cash	**8,595,056**	6,172,603
Due from related party	**2,916,983**	3,850,576
	17,434,637	21,353,496
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	**$ 36,182,851**	$ 25,671,121

5. Property and Equipment

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

December 31,	**2022**	2021
Land	**$ 17,572,215**	$ 17,572,215
Land improvements	**1,851,106**	1,851,106
Buildings and improvements	**291,923,540**	168,810,416
Leasehold improvements	**2,340,921**	2,202,632
Furniture and equipment	**7,406,677**	6,112,786
	321,094,459	196,549,155
Less: accumulated depreciation and amortization	**(74,990,971)**	(67,506,772)
	246,103,488	129,042,383
Construction in progress	**305,486**	122,621,925
Net Property and Equipment	**$ 246,408,974**	$ 251,664,308

Construction in progress as of December 31, 2021, relates to the construction of STOCV as described in Note 1. As of December 31, 2022, construction in progress relates to small unfinished projects primarily for the home office.

6. Restricted Cash

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

December 31,	**2022**	2021
Reserve funds - 15th & Commercial	**$ 2,091,180**	$ 1,948,677
Reserve funds - Benson Place	**1,761,865**	1,678,865
Reserve funds - Tower	**1,486,048**	-
Reserve funds - 16th and Market	**1,313,437**	1,195,224
Reserves under CalHFA loan - Village Place	**481,644**	461,502
Reserve funds - Villa Harvey Mandel	**257,893**	229,318
Reserve funds - Boulevard Apartments	**233,872**	219,460
Reserve funds - VHHP	**38,500**	-
Tenant security deposits	**930,617**	439,557
	$ 8,595,056	$ 6,172,603

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. At December 31, 2021, Benson's reserve funds were underfunded by $41,500 and 15th & Commercial's reserve funds were underfunded by $70,000. Deposits were made to appropriately fund the reserves during the year ended December 31, 2022. As of December 31, 2022, $2,076,503 of reserves required by regulatory agreements for Tower were not funded in accordance with the provisions of the agreement.

7. Contributions Receivable

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

December 31,	**2022**	2021
Receivable in less than one year	**$ 2,398,843**	$ 2,000,000
Receivable in one to five years	**-**	2,000,000
	2,398,843	4,000,000
Less: discount	**-**	(123,927)
	$ 2,398,843	$ 3,876,073

8. 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, 2022 and 2021, the balance of the note was $4,665,181 and $4,736,965, and the balance of interest receivable was $11,410 and $11,369, respectively. Interest income was $136,466 and $139,449 for the years ended December 31, 2022 and 2021, respectively.

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 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 $103,830 and $108,150 for the years ended December 31, 2022 and 2021, respectively. Interest receivable was $682,020 and $578,190 as of December 31, 2022 and 2021, respectively. The principal amount due was $3,461,000 as of both December 31, 2022 and 2021. The unpaid principal and accrued interest was subsequently paid in full in January 2023.

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

	Village Place	16th and Market	Benson Place	Tower	VHHP	Villa Harvey Mandel	Total Limited Partners Interest in Partnerships
Balance, January 1, 2021	$ 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
Contributions (distributions)	(24)	-	535,970	30,545,304	8,050,897	1	39,132,148
Noncontrolling interest in net income (losses) of real estate limited partnerships	8	(440,212)	(773,679)	(6,947,067)	(1,596,942)	1	(9,757,891)
Balance, December 31, 2022	$ 95	$ -	$ 10,055,596	$ 30,374,055	$ 8,245,255	$ 2	$ 48,675,003

Capital accounts that have a zero balance at December 31, 2022 and 2021, have been excluded from the schedule above.

10. Debt

Debt payable in cash consisted of the following:

December 31,	2022	2021
S.V.D.P.		
In May 2007, S.V.D.P. entered into a loan with a bank. The loan 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 loan was due in May 2022, however, was paid in full subsequent to year end in January 2023. Interest expense was $15,000 for each of the years ended December 31, 2022 and 2021.	**$ 500,000**	$ 500,000
In October 2019, S.V.D.P. entered into a loan with a bank. The loan is 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 at 5.25% and is secured by deed of trust with a carrying value of $760,408 and assignment of rents. Interest expense was $100,176 and $102,455 for the years ended December 31, 2022 and 2021, respectively.	**1,856,941**	1,901,705
Village Place		
In September 1997, Village Place entered into a note payable to the California Housing Finance Agency. The note bears simple interest at a rate of 6% per annum and has a maturity date of October 1, 2027. Payments are $7,194 per month and all unpaid principal and interest is due at maturity. The loan is collateralized by a deed of trust on the property with a carrying value of $742,407, assignment of rents, security agreement, and a fixture filing. Interest expense was $23,430 and $27,084 for the years ended December 31, 2022 and 2021, respectively.	**361,501**	424,093
Villa Harvey Mandel		
In February 2002, Villa Harvey Mandel entered into a loan with SDHC. The loan accrues compounding interest at 5.6% annually and matures on February 15, 2057. Payments are calculated at 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. All unpaid principal and interest is due on maturity. The loan is secured by a deed of trust on the property with a carrying value of $7,134,123, and assignment of rents. Interest expense was $252,518 and $247,984 for the years ended December 31, 2022 and 2021, respectively.	**2,000,000**	2,000,000
In September 2002, Villa Harvey Mandel entered into a loan with the Redevelopment Agency of the City of San Diego (RDA). The note bears simple interest at the rate of 5% per annum and matures on September 30, 2057. Payments are calculated as 40% of residual receipts. The note is secured by a security agreement, a deed of trust on the property with a carrying value of $7,310,830, an assignment of rent and leases, and an assignment of agreements. All unpaid principal and interest is due at maturity. Interest expense was $46,000 for each of the years ended December 31, 2022 and 2021.	**920,000**	920,000

December 31,		**2022**		2021
16th and Market				
In May 2010, 16th and Market entered into an agreement with the Department of Housing and Community Development in the form of a Multifamily 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. All unpaid principal and interest is due at maturity. The loan is collateralized by a deed of trust on the property with a carrying value of $36,454,526 and assignment of rents. Interest expense was $300,000 for each of the years ended December 31, 2022 and 2021.	**$**	**10,000,000**	$	10,000,000
In June 2007, 16th and Market entered into a loan with a bank for $3,010,000. A deed of trust was recorded on the property with a carrying value of $36,354,526. The maturity date of the loan is December 1, 2044. The interest rate is a floating rate per annum equal to 84.64% of London Inter-Bank Offered Rate (LIBOR), plus 1.2%, but is fixed by an interest rate swap agreement as discussed in Note 11. The agreement was amended effective July 1, 2023, to replace the LIBOR rate to a daily simple Secured Overnight Financing Rate (SOFR). Interest and principal are due monthly with principal payments ranging from $3,700 to $17,560. Interest expense was $59,290 and $24,841 for the years ended December 31, 2022 and 2021, respectively.		**2,531,026**		2,583,223
Boulevard Apartments				
In May 2008, Boulevard Apartments entered into a residual receipts loan agreement with the 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 on the property with a carrying value of $7,548,314 and assignment of rents. All unpaid principal and interest is due at maturity on May 8, 2063. Interest expense was $73,000 and $70,803 for the years ended December 31, 2022 and 2021, respectively.		**2,400,000**		2,400,000
In February 2009, Boulevard Apartments entered into a residual receipts loan agreement with SDHC. 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 on the property with a carrying value of $7,548,314 and assignment of rents. All principal and accrued interest is due December 31, 2063. Interest expense was $18,250 and $18,000 for the years ended December 31, 2022 and 2021, respectively.		**600,000**		600,000

December 31,		**2022**		2021
In December 2010, Boulevard Apartments entered into a loan agreement with the California Department of Housing and Community Development (HCD) 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 $7,548,314 and assignment of rents. All unpaid principal and interest is due at maturity on December 10, 2065. Interest expense was $62,446 for each of the years ended December 31, 2022 and 2021.	$	**2,081,535**	$	2,081,535
15th & Commercial				
In May 2010, 15th & Commercial entered into a loan agreement with the RDA of the City of San Diego. The loan bears simple interest at the rate of 3% per annum and matures in April 2065. Payments are calculated at 25% of residual receipts of the previous calendar year paid to the RDA in years 1 through 30 and 40% in years through 31 through 55, applied first to unpaid interest and then to principal. All unpaid principal and interest is due on maturity. The loan is secured by a deed of trust on the property with a carrying value of $40,493,341, assignment of rents, a security agreement, and a fixture filing. Interest expense was $200,226 and $197,413 for the years ended December 31, 2022 and 2021, respectively.		**6,674,196**		6,674,196
In May 2010, 15th & Commercial entered into a loan agreement with California Housing Finance Agency (CalHFA) for a Mental health Services Act (MHSA) loan. The loan bears an interest rate of 3% simple interest per annum and matures in May 2065. Payments are calculated as 9.5% of residual receipts of the previous calendar year. The note is secured by a deed of trust on the property with a carrying value of $40,493,341, assignment of rents, a security agreement, and a fixture filing. All unpaid principal and interest is due at maturity. Interest expense was $70,710 for each of the years ended December 31, 2022 and 2021.		**2,357,000**		2,357,000
In May 2010, 15th & Commercial entered into a loan agreement with SDHC. The loan bears simple interest at the rate of 3% per annum and matures in January 2066. Payments are calculated as 9% of residual receipts of the previous calendar year. The note is secured by a deed of trust on the property with a carrying value of $40,385,790, assignment of rents, and a security agreement. All unpaid principal and interest is due at maturity. Interest expense was $103,914 and $102,471 for the years ended December 31, 2022 and 2021, respectively.		**3,463,813**		3,463,813

December 31,		**2022**		2021
In May 2010, 15th & Commercial entered into a loan agreement with the California Tax Credit Allocation Committee. The loan does not accrue interest. All unpaid principal is due in May 2065. The note is secured by a deed of trust on the property with a carrying value of $40,493,341, assignment of rents, a security agreement, and a fixture filing.	**$**	**6,637,597**	$	6,637,597
Benson Place				
In November 2019, Benson Place entered into a loan with SDHC. The loan bears simple interest at 4% per annum and matures on December 31, 2075. Payments began on May 31, 2021 and are made annually on May 31st of each year thereafter until maturity. Payments are calculated as 21.1% of the residual receipts for the previous calendar year. The loan is collateralized by a deed of trust on the property with a carrying value of $18,333,025 and assignment of rents. Interest expense was $194,400 and $182,451 for the years ended December 31, 2022 and 2021, respectively.		**4,860,000**		4,860,000
In March 2021, Benson Place entered into a note payable to CalHFA. The note bears simple interest at a rate of 3% per annum and has a maturity date of March 1, 2076. The loan is collateralized by a deed of trust on the property with a carrying value of $18,333,025 and assignment of rents. Payments are calculated at 31.78% of the residual receipts for the previous calendar year and the loan includes a mandatory debt service fee. Interest expense was $113,250 and $86,256 for the years ended December 31, 2022 and 2021, respectively.		**3,775,000**		3,775,000
VHHP				
In December 2019, VHHP entered into a loan agreement with SDHC. The loan bears simple interest at 3% per annum and matures on May 1, 2077. Payments are calculated at 17.43% of residual receipts for the previous calendar year. All unpaid principal and interest is due on maturity. The loan is secured by a deed of trust on the property with a carrying value of $34,964,037 and assignment of rents. Interest expense was $143,907 for the year ended December 31, 2022. Capitalized interest was $127,503 for the year ended December 31, 2021.		**5,082,500**		4,815,000
In December 2019, VHHP entered into a loan agreement with the Housing Authority of the City of San Diego and a bank. The construction note of up to $22,000,000 will be converted to a permanent loan (expected to be in December 2023) and bears interest at LIBOR plus 1.75% (5.87% at December 31, 2022), 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 based on a 20-year amortization at a rate of 4.11%. On the maturity date a balloon payment is required to pay any unpaid principal and interest remaining. The loan is secured by a deed of trust on the property with a carrying value of $34,964,037 and assignment of rents. Interest expense was $574,163 for the year ended December 31, 2022. Capitalized interest was $221,185 for the year ended December 31, 2021.		**13,949,103**		21,148,025

December 31,	**2022**	2021
In December 2019, VHHP entered into a loan agreement with the Housing Authority of the City of San Diego and a bank. The construction note of up to $2,000,000 will be converted to a permanent loan (expected to be in December 2023) and bears interest at LIBOR plus 2% (6.4% at December 31, 2022), 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 based on a 20-year amortization at a rate of 4.11%. On the maturity date, a balloon payment is required to pay any unpaid principal and interest remaining. The loan is secured by a deed of trust on the property with a carrying value of $34,964,037 and assignment of rents. Interest expense was $42,046 and $0 for the years ended December 31, 2022 and 2021, respectively.	**$ 1,879,720**	$ -
Tower		
In December 2019, Tower entered into a loan agreement with SDHC. The loan bears simple interest at 3% per annum and matures on May 1, 2077. Payments are calculated at 5.39% of residual receipts for the previous calendar year. All unpaid principal and interest is due on maturity. The loan is secured by a deed of trust on the property with a carrying value of $131,238,879, and assignment of rents. Interest expense was $164,863 for the year ended December 31, 2022. Capitalized interest was $157,884 for the year ended December 31, 2021.	**5,925,000**	5,535,000
In December 2019, Tower entered into a note with a bank for up to $91,555,000 to cover both construction and permanent financing of the STOCV. The construction loan of up to $85,232,875 bears interest at LIBOR plus 1.75% (5.87% at December 31, 2022), with payment terms of interest only up to the conversion date (converted on September 7, 2023). See discussion of terms after conversion below. The agreement was amended effective August 29, 2023, to replace the LIBOR rate to a daily simple Secured Overnight Financing Rate (SOFR). The loan is secured by a deed of trust on the property with a carrying value of $131,238,879, a security agreement, assignment of rents, and a fixture filing. Interest expense was $2,323,673 for the year ended December 31, 2022. Capitalized interest was $761,087 for the year ended December 31, 2021.	**61,009,696**	79,822,064
In December 2020, Tower entered into a loan agreement with HCD. The loan bears simple interest at 3% per annum and matures on December 6, 2074. Payments are calculated at 13.365% of residual receipts for the previous calendar year. All unpaid principal and interest is due on maturity. The loan is secured by a deed of trust on the property with a carrying value of $131,238,879, a security agreement, and assignment of rents. Interest expense was $346,500 for the year ended December 31, 2022. Capitalized interest was $378,209 for the year ended December 31, 2021.	**12,600,000**	12,600,000
Other debt	**-**	5,145
Total Debt Payable in Cash	**151,464,628**	175,103,396
Current portion of debt	**(29,870,361)**	(664,728)
Debt issuance costs	**(1,613,851)**	(1,722,152)
Total Long-Term Portion of Debt Payable in Cash	**$ 119,980,416**	$ 172,716,516

Forgivable debt consisted of the following:

December 31,		**2022**		2021
S.V.D.P.				
In April 1998, S.V.D.P. on behalf of Village Place entered into a RDA loan payable to a bank. The loan is forgivable in 2028 and secured by a deed of trust on the property with a carrying value of $631,351. Interest accrues at 3%. The outstanding principal and interest is forgivable as long as Village Place is in compliance with specific affordable housing requirements. Interest expense for each of the years ended December 31, 2022 and 2021, was $13,800.	**$**	**460,000**	$	460,000
In April 2007, S.V.D.P. on behalf of 16th and Market entered into an Affordable Housing Program (AHP) loan payable to a bank. The loan is forgivable in January 2024 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 $36,454,526, a security agreement, and assignment of rents.		**1,000,000**		1,000,000
In February 2010, S.V.D.P. on behalf of 15th & Commercial entered into an AHP loan payable to a bank. The loan is forgivable in December 2026 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 $40,385,790, assignment of leases and rents, security agreement and fixture filing.		**1,500,000**		1,500,000
In June 2010, S.V.D.P. on behalf of Boulevard Apartments entered into an AHP loan payable to a bank. The loan is forgivable in April 2024. 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 $7,548,314, assignment of rents, security agreement and fixture filing.		**325,543**		325,543
In December 2019, S.V.D.P. on behalf of Tower entered into an AHP loan payable to a bank. The loan is forgivable in January 2027. Interest does not accrue as long as Tower 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 $131,238,879, assignment of leases and rents, security agreement and fixture filing.		**2,000,000**		2,000,000
In February 2021, S.V.D.P. entered into a Paycheck Protection Program (PPP) loan to a bank. The principal and interest is forgivable if the proceeds are spent on qualifying costs. The loan is unsecured and accrued interest at 1%. The principal and accrued interest was forgiven and paid in full by the SBA on July 12, 2022. Interest expense was $8,647 and $13,590 for the years ended December 31, 2022 and 2021, respectively.		**-**		1,482,590

December 31,		**2022**		2021
Villa Harvey Mandel				
In February 2002, Villa Harvey Mandel entered into a loan agreement with a bank. The loan bore simple interest at 1% per annum with an original maturity date of February 1, 2020. The loan was secured by a deed of trust, a security agreement, an assignment of rents, and a fixture filing. In September 2022, the principal and related accrued interest was forgiven. Interest expense for each of the years ended December 31, 2022 and 2021, was $9,000.	$	-	$	900,000
Total Forgivable Debt		**5,285,543**		7,668,133
Current Portion of Debt		**-**		(900,000)
Total Long-Term Portion of Forgivable Debt	**$**	**5,285,543**	$	6,768,133

Debt is recorded in the consolidated statements of financial position as follows:

December 31,		**2022**		2021
Total debt payable in cash	**$**	**151,464,628**	$	175,103,396
Total forgivable debt		**5,285,543**		7,668,133
Total Debt		**156,750,171**		182,771,529
Current portion of debt payable in cash		**(29,870,361)**		(664,728)
Current portion of forgivable debt		**-**		(900,000)
Debt issuance costs		**(1,613,851)**		(1,722,152)
Total Long-Term Portion of Debt	**$**	**125,265,959**	$	179,484,649

Maturities of debt are as follows:

Year ending December 31,		Forgivable Debt		Debt Payable in Cash		Total
2023	$	-	$	29,870,361	$	29,870,361
2024		1,325,543		496,012		1,821,555
2025		-		522,087		522,087
2026		1,500,000		547,700		2,047,700
2027		-		559,677		559,677
Thereafter		2,460,000		119,468,791		121,928,791
Total	$	5,285,543	$	151,464,628	$	156,750,171

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, 2022 and 2021.

Debt issuance costs are amortized to interest expense using the straight-line method (which approximates the effective interest method) over the term of the related debt. Amortization expense for the years ended December 31, 2022 and 2021 was $108,301 and $0, respectively.

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 of $11,098,910 together with all accrued and unpaid interest of $154,130 was due and paid in its entirety on March 30, 2021. Interest expense during the year ended December 31, 2021, was $123,250.

S.V.D.P. applied for and received a forgivable 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. The loan and all related accrued interest 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.

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 (6.334% at December 31, 2022). No balance was drawn on this account as of December 31, 2022 or 2021. The line of credit is due upon demand and can be cancelled at any time by the bank.

On September 7, 2023, Tower undertook a significant financial restructuring by transforming its long-term debt through available permanent financing. Specifically, Tower converted the construction loan of $61,009,696 into permanent financing through a combination of capital contributions, developer fee adjustments, and debt refinancing. Maturities of debt have been modified to correspond to the refinancing. Tower entered into a regulatory agreement with HCD with the refinancing. The new terms under the debt refinancing are as follows:

Tower entered into a loan agreement with a bank in the principal amount of $9,114,000 bearing compounding interest at 4.11% per annum and maturing September 6, 2053. Monthly payments are $57,327 with any unpaid principal and interest due at maturity.

Tower entered into a loan agreement with HCD, through its Supportive Housing Multi-Family Housing Program (SHMHP), for $20,000,000 bearing simple interest at 3% per annum until the maturity date on September 6, 2078. 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. Additional payments out of available net cash flows are required. All unpaid principal and interest is due at maturity.

Tower entered into a loan agreement with HCD, through its Affordable Housing and Sustainable Communities Program (AHSC), for $16,950,000 bearing simple interest at 3% per annum on the outstanding balances until the maturity date on September 6, 2078. Payments in the amount of 0.42% per annum on the original 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 greater of the original payment terms or an amount determined that is necessary to cover the costs of continued monitoring for compliance not to exceed 3% of the original principal balance. Additional payments out of available net cash flows are required. All unpaid principal and interest is due at maturity.

Additionally, Tower increased its principal balance on existing loans included in the tables above with SDHC and HCD, through its No Place Like Home Program (NPLH), for $225,000 and $1,400,000, respectively.

VHHP has an agreement with HCD for permanent financing. The authorized funding is $9,999,996. The funding has not been drawn on as of December 31, 2022. VHHP will enter into a promissory note and regulatory agreement with HCD when conversion to permanent financing occurs (expected to be in December 2023).

Except as otherwise noted above, management is currently working with financial institutions to revise agreements due to the expiration of LIBOR as an interest rate benchmark, as it expired on June 30, 2023, and will no longer be a benchmark in financial transactions.

11. Interest Rate Swap

16th and Market entered into an interest rate swap agreement effective December 1, 2009, with a bank to reduce the exposure to the floating interest rate of 84.64% of London Interbank Offered Rate (LIBOR) plus 1.2%. The interest rate was 4.33% and 0.93% at December 31, 2022 and 2021, respectively. 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, 2022 and 2021, the notional principal amount under the interest rate swap agreement totaled $2,531,026 and $2,583,223, respectively. At December 31, 2022 and 2021, the estimated fair value of the interest rate swap agreement was a liability of $562,437 and $1,277,414, respectively. The change in fair value on the interest rate swap agreement was a gain of $714,977 and $281,289 for the years ended December 31, 2022 and 2021, respectively. Accrued interest was $3,590 and $11,234 at December 31, 2022 and 2021, respectively.

The fair value of the interest rate swap is valued using Level 2 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.

The terms of the underlying loan were amended effective July 1, 2023, on a prospective basis to replace the LIBOR rate to a daily simple Secured Overnight Financing Rate (SOFR).

12. Contributed Nonfinancial Assets

Contributed nonfinancial assets are recognized as revenue when an unconditional commitment is received by S.V.D.P. and as expense (cost of sales) when sold in the thrift stores or auction. Differences between contributed nonfinancial assets recognized and sold arise due to differences in timing between receipt and distribution. Undistributed nonfinancial assets are reflected in inventory - automobiles. There are no material undistributed nonfinancial assets related to the thrift stores and auctions, and thus, there are no assets on the consolidated statements of financial position at December 31, 2022 and 2021. There are no donor restrictions on contributed nonfinancial assets.

S.V.D.P. recognized the following contributed nonfinancial assets during:

Year ending December 31,		**2022**		2021
Clothing, furniture, and other goods	$	**4,486,770**	$	3,588,381
Automobiles		**1,744,219**		2,340,000
	$	**6,230,989**	$	5,928,381

13. Rental Income

S.V.D.P., Village Place, Villa Harvey Mandel, and 15th & Commercial lease property for various activities under long-term operating leases expiring at various dates through 2031. 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,		
2023	$	867,738
2024		805,635
2025		822,201
2026		839,115
2027		822,867
Thereafter		284,998
Total	$	4,442,554

Included in rental income were amounts from the Village of $2,938,552 and $2,839,144 for the years ended December 31, 2022 and 2021, respectively.

14. Leases

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 with options to renew for varying terms at both S.V.D.P.'s and the respective landlord's discretion. S.V.D.P. has not included these options to extend or terminate the lease in the calculation of ROU assets or lease liabilities as it is not reasonably certain that S.V.D.P. will exercise these options. Lease expense for equipment utilized by the Village is passed through to the Village.

S.V.D.P. leases retail space for the thrift stores under non-cancelable operating leases that expire at various dates through 2029 with options to renew for varying terms at both S.V.D.P.'s and the respective landlord's discretion. S.V.D.P. has not included these options to extend or terminate the lease in the calculation of ROU assets or lease liabilities as it is not reasonably certain that S.V.D.P. will exercise these options.

Under ASC 840, lease expense attributable to S.V.D.P., net of expenses passed through to other organizations, was $1,202,589 for the year ended December 31, 2021.

Total operating lease costs were $1,198,932 and cash paid for amounts included in the measurement of operating lease liabilities was $823,118 during the year ended December 31, 2022.

The weighted average remaining lease term at December 31, 2022 was 5.35 years for operating leases. The weighted average discount rate at December 31, 2022 was 1.65%.

Maturities of lease liabilities are as follows:

Year ending December 31,		
2023	$	842,907
2024		687,540
2025		614,478
2026		632,220
2027		532,240
Thereafter		575,402
		3,884,787
Less: amount representing interest		(166,255)
Total Lease Liability		3,718,532
Less: current portion		(788,575)
Long-Term Portion	$	2,929,957

15. 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.

In 2022, S.V.D.P. became a defendant in three general wage and hour class actions against the Village and S.V.D.P. (collectively the Organization). All three class actions have been consolidated into one for pre-trial purposes. The Organization has undergone two mediation attempts, which has resulted in a settlement. All parties are currently negotiating the terms of the settlement agreement. Based on the preliminary settlement agreement reached by both parties, the Organization has accrued a loss of $3,250,000 plus payroll taxes for the year ended December 31, 2022. Of the total preliminary settlement loss, S.V.D.P. will be allocated $835,215 based on total number of employees between S.V.D.P. and the Village.

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. Plaintiffs for both lawsuits have added Tower as a named defendant, as Tower is the owner of the building. S.V.D.P. is currently negotiating with plaintiffs' counsels to remove S.V.D.P. as a named defendant. Tower has tendered the claims to all appropriate insurance carriers covering the eight to nine defendants named in the lawsuits as Tower is listed as an additional insured beginning with the general contractor. All parties are currently in discussion; however, no estimate can be made regarding time or amount as all parties are still analyzing the data.

Reserves

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

Consulting Fee

S.V.D.P. entered into an agreement with Chelsea Investment Corporation (CIC) to assist in supervising and overseeing the development of STOCV for a consulting fee estimated at $3,705,000. The consulting fee was earned as services were performed with the full amount earned upon the receipt of the final certificate of occupancy that was received on January 13, 2022. The final amount is contingent upon cost savings the S.V.D.P. has on conversion to permanent financing. As of December 31, 2022, $390,000 of the consulting fee has been paid. The remaining $3,315,000 is included in accounts payable and accrued liabilities at December 31, 2022, and is to be paid in installments upon receipt of partnership contributions to the extent available. If funds are not available from partnership contributions, the fee will be deferred and will be paid from net cash flows of the project. The date at which the fee will be paid has not been determined as of December 31, 2022.

16. 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, continuing month to month as of July 1, 2023. S.V.D.P.'s rental expense was $220,432 and $211,405 during the years ended December 31, 2022 and 2021, respectively.

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 $357,597 and $345,501 during the years ended December 31, 2022 and 2021, respectively, and are included in contract services in the consolidated statements of functional expenses.

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 and provide social services for a period of 15 years. The charges under this contract were $2,144,904 and $150,000 during the years ended December 31, 2022 and 2021, respectively, and are included in contract services in the consolidated statements of functional expenses.

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 or credit 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/(credit) was ($50,736) and $50,961 during the years ended December 31, 2022 and 2021, respectively, and is included in rental income on the consolidated statements of activities.

As part of the lease, the Village pays common area maintenance (CAM) charges for the property leased from 15th & Commercial. The CAM charges were $1,197,567 and $871,277 during the years ended December 31, 2022 and 2021, respectively, and are included in rental income on the consolidated statements of activities.

The Village has been awarded a grant from the HUD to fund the Continuum of Care program for Boulevard Apartments housing facilities. The Village passed through $35,752 and $23,278 of Continuum of Care funding to Boulevard Apartments during the years ended December 31, 2022 and 2021, respectively, and is included in grant income on the consolidated statements of activities.

S.V.D.P. has service contracts with the Village to provide administrative, development, and grant services. The charges under these contracts were $11,342,868 and $3,764,752 during the years ended December 31, 2022 and 2021, respectively. Charges were 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 were more than actual costs for a fiscal year, S.V.D.P. would only charge the actual costs incurred to the Village. S.V.D.P. may opt to donate a portion of its net profit on retail and auto operations to the Village. Effective January 1, 2022, the administrative services charges were modified to be charged based on an allocation of the proportional benefit the Village receives based on cost drivers. All other terms remain unchanged. 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. $2,916,983 and $3,850,576 as of December 31, 2022 and 2021, respectively. As S.V.D.P. does not expect to collect on these balances in the near term, they have been classified as non-current on the consolidated statements of financial position.

See Note 8 for details on the related party note receivable.

17. Medical Self-Insurance

S.V.D.P. self-insures its medical insurance plan for employees. The plan is self-funded by S.V.D.P., which means that S.V.D.P. is financially responsible for the payment of plan benefits. S.V.D.P. has purchased specific stop-loss insurance to protect itself from large individual claims and is currently set at $100,000 as well as maximum annual aggregate stop loss set at $2,925,844. To be eligible for benefits, the individual must complete one month of employment and be a regular and active employee who is paid on a regular basis through the S.V.D.P. payroll system. At December 31, 2022 and 2021, reserves of $65,857 and $123,475, respectively, have been recorded to set aside funds to pay for future claims. The sufficiency of the reserve will be monitored and adjusted as historical data can be analyzed. Claims paid and plan expenses during the years ended December 31, 2022 and 2021, were $462,675 and $205,127, respectively. Because of the inherent uncertainties in estimating future medical claims, it is at least reasonably possible that the estimates used will change in the near term, and the change could be material.

Supplementary Schedules

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

Statements of Financial Position

December 31,		2022		2021
Assets				
Current Assets				
Cash and cash equivalents	$	**1,884,593**	$	349,821
Investments		**8,659,011**		7,792,151
Contributions receivable, current portion		**2,398,843**		2,000,000
Tenant and other receivables		**179,381**		166,701
Grant receivables		**1,108,427**		-
Notes receivable, current portion		**3,461,000**		-
Interest receivable, current portion		**682,020**		-
Inventory - automobiles		**41,273**		55,294
Prepaid expenses		**526,288**		343,697
Total Current Assets		**18,940,836**		10,707,664
Non-Current Assets				
Contributions receivable, net		**-**		1,876,073
Notes receivable, net		**4,665,181**		8,197,965
Interest receivable, net		**11,410**		589,559
Due from related party		**3,699,685**		2,480,801
Investment in limited partnerships - intercompany		**51,474,803**		52,568,351
Intercompany receivable		**44,834,262**		39,280,165
Deposits and other assets		**44,100**		464,813
Operating lease right-of-use assets		**3,673,821**		-
Property and equipment, net		**11,423,116**		11,483,945
Total Assets	$	**138,767,214**	$	127,649,336
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	$	**4,747,507**	$	1,227,774
Accrued payroll related liabilities		**811,395**		818,811
Prepaid rent		**1,406**		65,718
Operating lease liabilities, current portion		**788,575**		-
Accrued interest, current portion		**-**		13,589
Debt, current portion		**547,237**		544,793
Total Current Liabilities		**6,896,120**		2,670,685
Non-Current Liabilities				
Operating lease liabilities, net of current portion		**2,929,957**		-
Intercompany deferred gain		**-**		17,354,943
Accrued interest, net of current portion		**333,456**		319,656
Debt, net of current portion		**7,095,247**		8,630,190
Tenant security deposits		**25,540**		23,637
Refundable advances		**15,750**		36,750
Contingency reserve		**835,215**		-
Total Liabilities		**18,131,285**		29,035,861
Net Assets				
Without donor restrictions		**119,389,922**		97,946,755
With donor restrictions		**1,246,007**		666,720
Total Net Assets		**120,635,929**		98,613,475
Total Liabilities and Net Assets	$	**138,767,214**	$	127,649,336

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

Statement of Activities

Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Rental income	$ 3,365,963	$ -	$ 3,365,963
Retail and automobile:			
Contributed nonfinancial assets	6,230,989	-	6,230,989
Sales	6,216,968	-	6,216,968
Cost of sales	(6,362,986)	-	(6,362,986)
Contract charges for services to related party	11,342,868	-	11,342,868
Contract income from limited partnerships	5,706,306	-	5,706,306
Grant income	638,474	1,000,000	1,638,474
Contributions	347,991	-	347,991
Interest income	980,978	-	980,978
Investment return, net	(1,144,012)	-	(1,144,012)
Intercompany gain on sale of land	17,354,943	-	17,354,943
Miscellaneous income	55,917	-	55,917
Net assets released from donor restrictions	420,713	(420,713)	-
Total Support and Revenue	45,155,112	579,287	45,734,399
Expenses			
Program expenses	11,370,269	-	11,370,269
Management and general	9,027,336	-	9,027,336
Fundraising	4,819,168	-	4,819,168
Total Expenses	25,216,773	-	25,216,773
Change in Net Assets Before Paycheck Protection Program Loan Forgiveness	19,938,339	579,287	20,517,626
Paycheck Protection Program Loan Forgiveness	1,504,828	-	1,504,828
Change in Net Assets	21,443,167	579,287	22,022,454
Net Assets, at beginning of year	97,946,755	666,720	98,613,475
Net Assets, at end of year	$ 119,389,922	$ 1,246,007	$ 120,635,929

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
Retail and automobile:						
Contributed nonfinancial assets		5,928,381		-		5,928,381
Sales		5,886,722		-		5,886,722
Cost of sales		(6,083,188)		-		(6,083,188)
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, net		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		32,219,662		(2,919,716)		29,299,946
Expenses						
Program expenses		7,150,178		-		7,150,178
Management and general		6,271,060		-		6,271,060
Fundraising		3,889,804		-		3,889,804
Total Expenses		17,311,042		-		17,311,042
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		81,555,545		3,586,436		85,141,981
Net Assets, at end of year	$	97,946,755	$	666,720	$	98,613,475