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

Consolidated Financial Statements
Years Ended December 31, 2024 and 2023

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

Consolidated Financial Statements

Years Ended December 31, 2024 and 2023

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 dba Father Joe's Villages (S.V.D.P.), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, 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, 2024 and 2023, 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.

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 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.

BDO USA, P.C.

September 23, 2025

Consolidated Financial Statements

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

Consolidated Statements of Financial Position

December 31,		2024		2023
Assets				
Current Assets				
Cash and cash equivalents	$	**10,710,021**	$	10,886,362
Investments		**10,218,916**		9,551,590
Tenant and other receivables, net		**732,888**		2,560,117
Due from related party		**1,538,500**		8,858,219
Interest receivable		**10,837**		11,018
Inventory		**48,737**		13,840
Prepaid expenses		**1,704,848**		1,016,462
Total Current Assets		**24,964,747**		32,897,608
Non-Current Assets				
Restricted cash		**10,458,219**		9,304,492
Notes receivable		**4,515,349**		4,591,329
Other assets		**308,505**		200,821
Operating lease right-of-use assets		**2,961,863**		2,900,144
Property and equipment, net		**241,303,560**		240,659,989
Total Assets	$	**284,512,243**	$	290,554,383
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	$	**3,503,482**	$	3,347,407
Accrued payroll related liabilities		**1,312,007**		898,230
Prepaid tenant rent		**264,642**		186,896
Operating lease liabilities, current portion		**860,142**		699,252
Accrued interest, current portion		**449,302**		531,312
Debt, current portion		**584,098**		5,156,837
Due to related parties		**7,669,258**		3,992,326
Total Current Liabilities		**14,642,931**		14,812,260
Non-Current Liabilities				
Deferred developer fee payable		**1,412,142**		1,545,754
Operating lease liabilities, net of current portion		**2,179,948**		2,200,892
Accrued interest, net of current portion		**20,469,169**		17,227,299
Debt, net of current portion		**144,370,339**		140,738,080
Interest rate swap liability		**363,391**		523,177
Tenant security deposits		**922,899**		866,982
Refundable advances		**2,583,510**		3,907,436
Contingency reserve		**-**		922,477
Total Liabilities		**186,944,329**		182,744,357
Net Assets				
Without donor restrictions:				
Undesignated		**57,142,559**		62,520,675
Noncontrolling interests in real estate limited partnerships		**38,677,792**		45,043,344
With donor restrictions		**1,747,563**		246,007
Total Net Assets		**97,567,914**		107,810,026
Total Liabilities and Net Assets	$	**284,512,243**	$	290,554,383

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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Rental income	$ 20,812,381	$ -	$ 20,812,381
Retail and automobile:		-	
Contributed nonfinancial assets	6,353,839	-	6,353,839
Sales	6,000,958	-	6,000,958
Cost of sales	(6,369,838)	-	(6,369,838)
Contract charges for services to related party	11,996,840	-	11,996,840
Grant income	1,454,064	2,501,713	3,955,777
Contributions	233,955	-	233,955
Interest income	596,864	-	596,864
Investment return, net	590,257	-	590,257
Gain on mark-to-market of interest rate swap	159,786	-	159,786
Miscellaneous income	1,659,322	-	1,659,322
Net assets released from donor restrictions	1,000,157	(1,000,157)	-
Total Support and Revenue	44,488,585	1,501,556	45,990,141
Expenses			
Program expenses	41,444,193	-	41,444,193
Management and general	10,008,346	-	10,008,346
Fundraising	6,166,085	-	6,166,085
Total Expenses	57,618,624	-	57,618,624
Change in Net Assets	$ (13,130,039)	$ 1,501,556	$ (11,628,483)

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Rental income	$ 18,269,879	$ -	$ 18,269,879
Retail and automobile:			
Contributed nonfinancial assets	6,287,469	-	6,287,469
Sales	6,279,853	-	6,279,853
Cost of sales	(6,436,580)	-	(6,436,580)
Contract charges for services to related party	11,371,108	-	11,371,108
Grant income	1,333,284		1,333,284
Contributions	94,571		94,571
Interest income	397,659	-	397,659
Investment return, net	824,648	-	824,648
Gain on mark-to-market of interest rate swap	39,260	-	39,260
Miscellaneous income	1,089,600	-	1,089,600
Net assets released from donor restrictions	1,000,000	(1,000,000)	-
Total Support and Revenue	40,550,751	(1,000,000)	39,550,751
Expenses			
Program expenses	38,466,229	-	38,466,229
Management and general	8,749,365	-	8,749,365
Fundraising	5,288,844	-	5,288,844
Total Expenses	52,504,438	-	52,504,438
Change in Net Assets Before Loss on Reallocation of Capital Accounts	(11,953,687)	(1,000,000)	(12,953,687)
Loss on Reallocation of Capital Accounts	(352,912)	-	(352,912)
Change in Net Assets	$ (12,306,599)	$ (1,000,000)	$ (13,306,599)

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, 2024

	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	$ 2,407,285	$ 3,965,647	$ 234,074	$ 6,607,006	$ 6,351,012	$ 3,154,243	$ 16,112,261
Depreciation and amortization	8,020,101	40,540	-	8,060,641	154,038	405	8,215,084
Cost of retail and automobile sales	-	6,369,838	-	6,369,838	-	-	6,369,838
Contract services	2,914,750	402,786	1,236,651	4,554,187	163,344	464,064	5,181,595
Interest expense	4,885,564	53,430	-	4,938,994	136,014	-	5,075,008
Repairs and maintenance	3,464,782	248,102	162,831	3,875,715	28,929	40,556	3,945,200
Occupancy	2,332,203	377,354	360,688	3,070,245	56,270	27,720	3,154,235
Insurance	2,327,801	305,703	38,957	2,672,461	253,130	98,788	3,024,379
Professional fees	805,128	100,648	76,622	982,398	1,304,385	440,865	2,727,648
Licenses and fees	646,653	26,758	73,081	746,492	1,089,259	172,481	2,008,232
Security services	1,710,049	32,562	47,053	1,789,664	380	360	1,790,404
Bad debt	1,167,699	10	12,391	1,180,100	-	-	1,180,100
Advertising	-	8,634	-	8,634	-	1,075,384	1,084,018
Rent	-	742,413	287,167	1,029,580	-	-	1,029,580
Management and investor service fees	827,077	-	-	827,077	-	-	827,077
Miscellaneous	232,808	6,623	2,185	241,616	105,289	205,942	552,847
Supplies	211,507	134,733	5,587	351,827	130,457	49,226	531,510
Vehicles	-	487,238	-	487,238	5,217	-	492,455
Postage and printing	14,811	4,480	-	19,291	22,413	273,879	315,583
Donations and grants	-	-	-	-	208,209	-	208,209
Estate expense	-	-	796	796	-	116,581	117,377
Special events	231	-	-	231	-	45,591	45,822
Total Expenses	31,968,449	13,307,499	2,538,083	47,814,031	10,008,346	6,166,085	63,988,462
Less: cost of retail and automobile sales	-	6,369,838	-	6,369,838	-	-	6,369,838
Total Expenses Included in Expenses Section on the Consolidated Statement of Activities	$ 31,968,449	$ 6,937,661	$ 2,538,083	$ 41,444,193	$ 10,008,346	$ 6,166,085	$ 57,618,624

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, 2023

	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	$ 2,155,916	$ 3,422,090	$ 273,051	$ 5,851,057	$ 4,363,603	$ 2,494,655	$ 12,709,315
Depreciation and amortization	8,071,558	25,376	560	8,097,494	150,590	-	8,248,084
Cost of retail and automobile sales	-	6,436,580	-	6,436,580	-	-	6,436,580
Contract services	2,698,710	382,841	844,755	3,926,306	1,065,597	193,119	5,185,022
Interest expense	7,164,273	-	-	7,164,273	166,429	-	7,330,702
Repairs and maintenance	1,982,985	193,269	139,681	2,315,935	33,469	24,301	2,373,705
Occupancy	2,511,078	293,339	289,795	3,094,212	76,998	43,995	3,215,205
Insurance	172,484	89,050	21,724	283,258	234,106	48,066	565,430
Professional fees	1,364,510	123,152	88,901	1,576,563	1,505,983	372,006	3,454,552
Licenses and fees	549,972	6,186	142,182	698,340	579,282	33,873	1,311,495
Security services	2,028,868	114,965	2,862	2,146,695	(1,377)	3,260	2,148,578
Bad debt	994,807	20	8,481	1,003,308	-	-	1,003,308
Advertising	8,361	1,325	-	9,686	-	1,017,612	1,027,298
Rent	-	617,139	218,002	835,141	-	-	835,141
Management and investor service fees	635,533	-	-	635,533	-	-	635,533
Miscellaneous	176,313	6,720	1,302	184,335	147,993	82,272	414,600
Supplies	221,035	56,247	20,507	297,789	217,757	51,311	566,857
Vehicles	-	333,315	-	333,315	3,764	1,334	338,413
Postage and printing	8,208	812	157	9,177	(7,113)	379,171	381,235
Donations and grants	-	-	-	-	208,209	-	208,209
Estate expense	-	-	-	-	-	237,139	237,139
Special events	520	2,908	384	3,812	4,075	306,730	314,617
Total Expenses	30,745,131	12,105,334	2,052,344	44,902,809	8,749,365	5,288,844	58,941,018
Less: cost of retail and automobile sales	-	6,436,580	-	6,436,580	-	-	6,436,580
Total Expenses Included in Expenses Section on the Consolidated Statement of Activities	$ 30,745,131	$ 5,668,754	$ 2,052,344	$ 38,466,229	$ 8,749,365	$ 5,288,844	$ 52,504,438

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, December 31, 2022	$ 65,476,904	$ 48,675,003	$ 114,151,907	$ 1,246,007	$ 115,397,914
Contributions from noncontrolling interest	-	5,718,718	5,718,718	-	5,718,718
Distributions to noncontrolling interest	-	(352,919)	(352,919)	-	(352,919)
Reallocation of capital accounts	-	352,912	352,912	-	352,912
Change in net assets	(2,956,229)	(9,350,370)	(12,306,599)	(1,000,000)	(13,306,599)
Net Assets, December 31, 2023	62,520,675	45,043,344	107,564,019	246,007	107,810,026
Contributions from noncontrolling interest	-	1,386,376	1,386,376	-	1,386,376
Distributions to noncontrolling interest	-	(5)	(5)	-	(5)
Change in net assets	(5,378,116)	(7,751,923)	(13,130,039)	1,501,556	(11,628,483)
Net Assets, December 31, 2024	$ 57,142,559	$ 38,677,792	$ 95,820,351	$ 1,747,563	$ 97,567,914

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,	2024	2023
Cash Flows from Operating Activities		
Change in net assets	$ (11,628,483)	$ (13,306,599)
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	8,215,084	8,248,084
Amortization of debt issuance costs	51,540	38,523
Realized and unrealized gain on investments	(240,064)	(637,647)
Gain on mark-to-market of interest rate swap	(159,786)	(39,260)
Bad debt expense	1,180,100	1,003,308
Loss (gain) on disposal of fixed assets	4,047	(304)
Noncash operating lease expense	866,153	773,677
Changes in operating assets and liabilities:		
Contributions receivable	-	2,398,843
Tenant and other receivables	647,129	(1,830,948)
Grant receivables	-	1,108,427
Inventory	(34,897)	27,433
Prepaid expenses	(688,386)	(382,108)
Interest receivable	181	682,412
Due from related party	7,319,719	(1,948,910)
Deposits and other assets	(167,060)	73,350
Accounts payable and accrued liabilities	446,958	(3,352,619)
Accrued payroll related liabilities	413,777	86,835
Deferred developer fee payable	(133,612)	1,545,754
Prepaid tenant rent	77,746	138,910
Operating lease liabilities	(787,926)	(818,388)
Tenant security deposits	55,917	(31,221)
Accrued interest	3,039,860	3,182,457
Refundable advances	(1,323,926)	(1,421,980)
Contingency reserve	(922,477)	87,262
Due to related party	3,676,932	-
Net Cash Provided by (Used in) Operating Activities	9,908,526	(4,374,709)
Cash Flows from Investing Activities		
Collection of notes receivable	75,980	3,534,852
Proceeds from sale of property and equipment	67,975	14,270
Purchases of property and equipment	(4,792,184)	(2,387,976)
Purchases of investments	(427,262)	(254,932)
Net Cash Provided by (Used in) Investing Activities	(5,075,491)	906,214
Cash Flows from Financing Activities		
Payments on long-term debt	(3,766,916)	(8,322,780)
Payments of loan fees	(88,728)	-
Distribution of partners' capital	(5)	(7)
Proceeds from debt	-	4,000,000
Net Cash Used in Financing Activities	(3,855,649)	(4,322,787)
Net Change in Cash and Restricted Cash	977,386	(7,791,282)
Cash and Restricted Cash, beginning of year	20,190,854	27,982,136
Cash and Restricted Cash, end of year	$ 21,168,240	$ 20,190,854

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

Consolidated Statements of Cash Flows

Year ended December 31,		**2024**		2023
Cash and Restricted Cash				
Cash and cash equivalents	**$**	**10,710,021**	$	10,886,362
Restricted cash		**10,458,219**		9,304,492
Total Cash and Restricted Cash	**$**	**21,168,240**	$	20,190,854
Supplemental Cash Flow Information				
Interest paid	**$**	**3,329,978**	$	4,077,889
Income taxes paid (refunded)		**35,306**		(1,600)
Noncash Investing and Financing Activities				
Payments of notes payable through acquisition of notes payable on conversion to permanent financing	**$**	**12,050,496**	$	47,689,000
Purchases of property and equipment through notes payable		**4,250,000**		-
Payments of notes payable through a capital contribution from noncontrolling interests		**1,386,376**		5,718,718
Operating right-of-use assets in exchange for lease obligations		**927,872**		-
Capitalized interest included in accrued interest		**120,000**		35,178
Interest paid through acquisition of notes payable		**-**		770,280
Purchases of property and equipment through accounts payable		**-**		290,883

See accompanying notes to consolidated financial statements.

1. Description of Organizations

S.V.D.P. Management, Inc. and Consolidated Entities 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. Turning the Key Initiative is focused on future opportunities for development of additional low-income housing projects.

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 is 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 (LIHTCs) under Section 42 of the Internal Revenue Code. 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 0.01% ownership and a limited partner with 99.98% ownership. The Village is a limited partner with 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.

S.V.D.P. is the general partner with 99.99% ownership, and the Village is the limited partner with 0.01% ownership. 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 multi-family apartment complex that qualified for LIHTCs. The property was placed in service in September 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 (earning at or below 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, and operating a 24-unit multi-family apartment complex that qualified for LIHTCs. Five of the 24 units are designated for U.S. Department of Housing and Urban Development (HUD) eligible tenants. The property was placed in service in May 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% ownership, U.S.A. Institutional Tax Credit Fund LXVII, L.P. is the investment partner with 99.99% ownership, and the Richman Group Capital Corporation is the special limited partner with no ownership interest. Profit and losses are allocated based on ownership percentages.

Various agreements dictate maximum income levels of tenants (earning at or below 30% to 40% 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 0.01% ownership, 15th Investment CIC, LLC is the limited partner with 49.90% ownership, MCAP San Diego, LLC is a Class B limited partner with 50.08% ownership, and MCAP IV Special Partner, LLC is a special limited partner with 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 multi-family apartment complex that qualified for LIHTCs. The property was placed in service in August 2020 and received a tax credit allocation on June 12, 2019.

S.V.D.P. is the general partner through its majority-owned subsidiary, Benson Place, LLC, with 0.01% ownership, USA Institutional Hollister LLC is the limited partner with 99.99% ownership, and the Richman Group Capital 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 developing, managing, and operating a 326-unit multi-family residential project that qualified for LIHTCs.

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

Various agreements dictate maximum income levels of tenants (earning at or below 35% and 50% AMI) and maximum rents for 56 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 developing, managing, and operating an 81-unit multi-family residential project that qualified for LIHTCs.

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

Various agreements dictate maximum income levels of tenants (earning at or below 30% and 60% AMI) and maximum rents for 57 years after project completion.

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

17th & Commercial, L.P.

Formed in 2022, 17th & Commercial, L.P. (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 99.00% ownership, and a related party is the initial limited partner with a 1.00% ownership. Profit and losses are allocated based on ownership percentages.

16th & Island, L.P.

Formed in 2022, 16th & Island, L.P. (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 99.00% ownership, and a related party is the initial limited partner with a 1.00% ownership. Profit and losses are allocated based on ownership percentages.

901 Pier View, L.P.

Formed in 2024, 901 Pier View, L.P. (Pier View), 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 with a 99.00% ownership, and a related party is the initial limited partner with a 1.00% ownership. Profit and losses are allocated based on ownership percentages.

1401 Imperial, L.P.

Formed in 2025, 1401 Imperial, L.P. (1401 Imperial), 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, 1401 Imperial, LLC, with a 99.00% ownership and is the initial limited partner with a 1.00% ownership. Profit and losses are allocated based on ownership percentages.

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, VHHP, C14 VHHP, LLC, 17th & Commercial, 17th & Commercial, LLC, 16th & Island, 16th & Island, LLC, Pier View, 1401 Imperial, and 1401 Imperial, 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 – Net assets without donor restrictions consist of net assets that are not subject to donor-imposed stipulations.

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 consolidated statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of consolidated 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.

Reclassifications

Certain items from the prior year consolidated 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 represent 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. During the years ended December 31, 2024 and 2023, S.V.D.P. held balances in excess of federally insured limits.

Restricted Cash

As part of certain programs, S.V.D.P. is required to build up reserves for 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. See Note 4.

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, 2024 and 2023 included $1,823,480 and $1,737,978 in cash equivalents and $8,395,436 and $7,813,612 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. Pledges 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. Conditional promises to give are recognized when the conditions are substantially met. As of December 31, 2024 and 2023, there were no long-term pledges outstanding or conditional promises to give.

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 on the date the vehicle is received using 10% of CARFAX Inc.'s estimated values for similar ages and models. As the vehicles are sold, the gains or losses are recognized on the consolidated statements of activities and the inventory is treated as a cost of sale.

Property and Equipment

Property and equipment is stated at cost. S.V.D.P. capitalizes all costs for fixed assets in excess of $5,000. Expenditures for repairs and maintenance that do not improve or extend the life of the asset are expensed as incurred. Depreciation and amortization are provided for using the straight-line method over the estimated useful lives of the assets as follows:

Asset Category	Years
Building and improvements	40
Furniture and equipment	5
Leasehold improvements	Shorter of the lease term of life of the asset

Depreciation expense related to property and equipment was $8,155,708 and $8,219,791 for the years ended December 31, 2024 and 2023, respectively.

S.V.D.P. capitalizes interest costs 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, 2024 and 2023, total interest capitalized was $120,000 and $35,178, 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, 2024 and 2023, S.V.D.P. has not identified any indicators or recorded any impairment of property and equipment.

Due from/to Related Party

Amounts reported as due from or to 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 15, to further the mission of the Village.

Allocation of Limited Partnership Profit and Loss and Tax Credits

The limited partnerships expect to generate LIHTCs, which will be allocated in the same manner as the profit or loss of the partnership. Because certain partner's losses are limited to their investment, these partners' equity will not be reduced below $0 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 profit allocable to the partner is allocated to the managing general partner first until the managing general partner's share of that profit 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 are provided to the Village and relate to administrative, development, and grant services. Performance obligations are satisfied as services are rendered which is over time. There are no contract assets or liabilities. See Note 15 for additional details regarding the contract charges.

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 as revenue when an unconditional commitment is received from the donor and as expense (cost of sales) when sold in the retail stores or auction. Clothing, furniture, and other goods are generally received from the general public and are sold in S.V.D.P.'s retail 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 the vehicle is received using 10% of CARFAX Inc.'s estimated values for similar ages and models. As these contributed nonfinancial assets are monetized, they are recognized as cost of sales on the consolidated statements of activities. 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.

Donated services are recognized as revenue when an unconditional commitment is received by S.V.D.P. and expense in their natural expense account classifications. Donated services are provided by related parties and are measured by the fair value of the service received, based on amounts paid for comparable services and information provided by the donor.

There are no donor restrictions on contributed nonfinancial assets.

Grant Income

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 income is most appropriately classified as conditional contributions, and therefore, revenue is recognized as conditions are met. Funds received prior to meeting the conditions are recorded as refundable advances on the consolidated statements of financial position.

In February 2010, 15th & Commercial received a conditional grant of $19,999,000 from the California Tax Credit Committee. The grant is subject to compliance with program requirements over a 15-year compliance period and is subject to recapture if the requirements are not met. The grant is recorded on a pro-rata basis over the 15-year compliance period. During the years ended December 31, 2024, and 2023, $1,333,277 and $1,333,284 of the grant was recognized, respectively. At December 31, 2024 and 2023, $2,555,409 and $3,888,686 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 transfer to the customer. There are no contract assets or liabilities resulting from merchandise sales at December 31, 2024 or 2023.

Leases

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. For S.V.D.P.'s leases that do not contain an implicit rate, S.V.D.P. utilizes a risk-free rate to determine the present value of lease payments based on information available at commencement of the lease, based on current United States (U.S.) Treasury rates. 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.

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.

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. See Note 13.

Rental Income

S.V.D.P. receives regular monthly income from residential and commercial tenants under operating leases, generally at stated fixed monthly rates. 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. Rents paid in advance are recorded as prepaid tenant rent on the consolidated statements of financial position. 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 ten years and are noncancelable. See Note 12.

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, 2024 and 2023, allowance for bad debt amounted to $866,758 and $1,144,394, respectively.

Advertising

S.V.D.P. expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2024 and 2023 were $1,084,018 and $1,027,298, respectively.

Functional Expenses

The consolidated 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

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.

The partnerships and LLCs are pass-through entities whose taxable income or loss passes through to, and is reportable by, each partner or member individually.

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.

The fair value of the interest rate swap is valued using Level 2 inputs as described below. 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 Secured Overnight Financing Rate (SOFR) rates plus a spread, as defined in the swap agreement, as definitive futures rates are not available upon which such cash inflows are based.

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.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Subsequent Events

S.V.D.P. has evaluated subsequent events through the date these consolidated financial statements were available to be issued, which was September 23, 2025. See Note 1 for information regarding formation of new entities.

3. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

December 31,	2024	2023
Net Assets with Purpose or Time Restrictions		
Turning the Key Initiative – Pier View	$ **1,501,556**	$ -
St. Vincent de Paul Village, Inc.	**146,007**	146,007
Capital projects	**100,000**	100,000
	$ **1,747,563**	$ 246,007

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, 2024 and 2023, S.V.D.P. has $57,142,559 and $62,520,675, respectively, of net assets that are not subject to donor-imposed restrictions and has approximately four 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.

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,	2024	2023
Financial Assets, year end		
Cash and cash equivalents	$ **10,710,021**	$ 10,886,362
Investments	**10,218,916**	9,551,590
Tenant and other receivables, net	**732,888**	2,560,117
Restricted cash	**10,458,219**	9,304,492
Notes receivable	**4,515,349**	4,591,329
Interest receivable	**10,837**	11,018
Due from related party	**1,538,500**	8,858,219
Total Financial Assets	**38,184,730**	45,763,127
Less amounts not available for use within one year:		
Net assets with donor restrictions	**1,747,563**	246,007
Notes receivable	**4,515,349**	4,591,329
Restricted cash	**10,458,219**	9,304,492
	16,721,131	14,141,828
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	$ **21,463,599**	$ 31,621,299

5. Property and Equipment

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

December 31,	2024	2023
Land	**$ 22,572,215**	$ 17,572,215
Land improvements	**1,851,106**	1,851,106
Buildings and improvements	**292,958,638**	291,669,817
Leasehold improvements	**2,265,467**	2,265,467
Furniture and equipment	**7,974,654**	7,585,061
	327,622,080	320,943,666
Less: accumulated depreciation and amortization	**(90,038,239)**	(81,882,531)
	237,583,841	239,061,135
Construction in progress	**3,719,719**	1,598,854
Net Property and Equipment	**$ 241,303,560**	$ 240,659,989

As of December 31, 2024 and 2023, construction in progress relates to the design and construction of 17th & Commercial, 16th & Island, and Pier View.

6. Restricted Cash

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

December 31,	2024	2023
Reserve funds - 15th & Commercial	**$ 2,297,011**	$ 2,193,163
Reserve funds - Tower	**2,381,551**	2,173,082
Reserve funds - Benson Place	**1,901,226**	1,838,274
Reserve funds - 16th and Market	**1,190,918**	1,172,410
Reserve funds - Village Place	**382,724**	390,828
Reserve funds - Villa Harvey Mandel	**261,159**	240,195
Reserve funds - Boulevard Apartments	**196,880**	229,871
Reserve funds - VHHP	**817,121**	80,304
Tenants' security deposits	**1,029,629**	986,365
	$ 10,458,219	$ 9,304,492

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. All required deposits were made to appropriately fund the reserves during the years ended December 31, 2024 and 2023.

7. 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, 2024 and 2023, the balance of the note was $4,515,349 and $4,591,329, respectively, and the balance of interest receivable was $10,837 and $11,018, respectively. Interest income was $132,049 and $133,966 for the years ended December 31, 2024 and 2023, 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 represented 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 would 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 would be adjusted no less often than annually based on the total costs of operations as defined by the UDS, Table 8A. The note bore simple interest at the rate of 3% per annum. The term was five years with auto-renewal for consecutive periods of two years unless terminated by either party. The principal of $3,461,000 and accrued interest of $682,000 was paid off in January 2023. No interest income was earned for the years ended December 31, 2024 and 2023.

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

	Village Place	Benson Place	Tower	VHHP	Villa Harvey Mandel	Total Limited Partners Interest in Partnerships
Balance,						
December 31, 2022	$ 95	$ 10,055,596	$ 30,374,055	$ 8,245,255	$ 2	$ 48,675,003
Contributions (distributions)	(7)	-	5,365,806	-	-	5,365,799
Reallocation of capital account	-	-	352,912	-	-	352,912
Noncontrolling interest in net income (losses) of real estate limited partnerships	5	(1,011,279)	(6,166,099)	(2,172,995)	(2)	(9,350,370)
Balance,						
December 31, 2023	93	9,044,317	29,926,674	6,072,260	-	45,043,344
Contributions (distributions)	(5)	-	-	1,386,376	-	1,386,371
Noncontrolling interest in net income (losses) of real estate limited partnerships	2	(1,102,310)	(4,881,059)	(1,768,556)	-	(7,751,923)
Balance,						
December 31, 2024	$ 90	$ 7,942,007	$ 25,045,615	$ 5,690,080	$ -	$ 38,677,792

Capital accounts that have no balances or activity as of or during the years ended December 31, 2024 and 2023 have been excluded from the schedule above.

During the year ended December 31, 2024, VHHP's investment partner contributed $1,386,376 as part of the conversion to permanent financing in accordance with the partnership agreement.

During the year ended December 31, 2023, Tower's investment partner contributed $5,718,718 as part of the conversion to permanent financing in accordance with the partnership agreement.

During the year ended December 31, 2023, in accordance with the limited partnership agreement, Tower's administrative general partner and managing general partner were entitled to an equally split special distribution of operating income through conversion. The special distribution was calculated as $352,912 each. Additionally, partnership capital balances were reallocated to Tower's managing general partner for activity in excess of partnership interests.

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9. Debt

Debt payable in cash consisted of the following:

December 31,		**2024**		2023
S.V.D.P.				
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 loan bore interest at 5.25% through September 2024. In October 2024, interest was updated to follow SOFR plus a 0.25% margin (8.25%). It is secured by deed of trust with a carrying value of $736,879 and assignment of rents. Interest expense was $108,837 and $97,839 for the years ended December 31, 2024 and 2023, respectively.	**$**	**1,764,179**	$	1,809,735
Village Place				
In September 1997, Village Place entered into a loan with the California Housing Finance Agency (CalHFA). The loan bears simple interest at a rate of 6% per annum and has a maturity date of October 1, 2027. Payments are $7,195 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 $726,782, assignment of rents, security agreement, and a fixture filing. Interest expense was $15,431 and $19,550 for the years ended December 31, 2024 and 2023, respectively.		**224,497**		295,048
Villa Harvey Mandel				
In February 2002, Villa Harvey Mandel entered into a loan with the San Diego Housing Commission (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 cash 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 $6,833,913 and assignment of rents. Interest expense was $286,248 and $252,518 for the years ended December 31, 2024 and 2023, 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 loan bears simple interest at the rate of 5% per annum and matures on September 30, 2057. Payments are calculated as 40% of residual cash receipts. The loan is secured by a security agreement, a deed of trust on the property with a carrying value of $6,833,913, 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, 2024 and 2023.		**920,000**		920,000

December 31,		**2024**		2023
16th and Market				
In May 2010, 16th and Market entered into an agreement with the California Department of Housing and Community Development (HCD) in the form of a Multifamily Housing Program (MHP) loan. The term of the loan is 55 years and bears simple interest at 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 $34,588,547 and assignment of rents. Interest expense was $300,000 for each of the years ended December 31, 2024 and 2023.	**$**	**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 $34,295,821. The maturity date of the loan is December 1, 2044. The interest rate is a floating rate per annum equal to 84.64% of SOFR, plus 1.2% (4.66% at December 31, 2024), but is fixed by an interest rate swap agreement as discussed in Note 10. Interest and principal are due monthly with principal payments ranging from $3,700 to $17,560. Interest expense for the years ended December 31, 2024 and 2023 was $134,043 and $131,791, respectively.		**2,416,811**		2,475,480
Boulevard Apartments				
In May 2008, Boulevard Apartments entered into a loan with the RDA. The loan bears simple interest at the rate of 3% per annum. The term is 55 years with 24% of residual cash receipts paid to the agency. The loan is secured by a deed of trust on the property with a carrying value of $5,537,822 and assignment of rents. All unpaid principal and interest is due at maturity on May 8, 2063. Interest expense was $73,000 for each of the years ended December 31, 2024 and 2023.		**2,400,000**		2,400,000
In February 2009, Boulevard Apartments entered into a loan with SDHC. The loan bears simple interest of 3% per annum. The term is 55 years with a required payment of 6% of net cash flows per year. The loan is secured by a deed of trust on the property with a carrying value of $5,537,822 and assignment of rents. All principal and accrued interest is due December 31, 2063. Interest expense was $18,250 for each of the years ended December 31, 2024 and 2023.		**600,000**		600,000
In December 2010, Boulevard Apartments entered into a loan agreement with the HCD for the Supportive Housing Multifamily Housing Program (SHMHP). 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. Required payments are 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 of 20% of net cash flow are required towards repayment of the loan. The loan is collateralized by a deed of trust on the property with a carrying value of $5,537,822 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, 2024 and 2023.		**2,081,535**		2,081,535

December 31,		2024		2023
15th & Commercial				
In May 2010, 15th & Commercial entered into a loan agreement with the RDA. The loan bears simple interest at the rate of 3% per annum and matures in January 2067. Payments are calculated at 28.5% of residual receipts of the previous calendar year 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 $33,674,142, assignment of rents, a security agreement, and a fixture filing. Interest expense was $200,226 for each of the years ended December 31, 2024 and 2023.	**$**	**6,674,196**	$	6,674,196
In May 2010, 15th & Commercial entered into a loan agreement with 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 cash receipts of the previous calendar year. The loan is secured by a deed of trust on the property with a carrying value of $33,674,142, 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, 2024 and 2023.		**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 12% of residual receipts of the previous calendar year. The loan is secured by a deed of trust on the property with a carrying value of $33,674,142, assignment of rents, and a security agreement. All unpaid principal and interest is due at maturity. Interest expense was $103,914 for each of the years ended December 31, 2024 and 2023.		**3,463,813**		3,463,813
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 loan is secured by a deed of trust on the property with a carrying value of $33,674,142, assignment of rents, a security agreement, and a fixture filing.		**6,637,597**		6,637,597
Benson Place				
In March 2021, Benson Place entered into a loan with CalHFA. The loan 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 $18,512,486 and assignment of rents. Payments are calculated at 16.39% of the residual cash receipts for the previous calendar year and the loan includes a mandatory debt service fee. Interest expense was $113,250 for each of the years ended December 31, 2024 and 2023.		**3,775,000**		3,775,000
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 are calculated as 21.11% of the residual cash receipts for the previous calendar year. The loan is collateralized by a deed of trust on the property with a carrying value of $18,447,809 and assignment of rents. Interest expense was $194,400 for each of the years ended December 31, 2024 and 2023.		**4,860,000**		4,860,000

December 31,		**2024**		2023
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 cash 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 $25,636,609 and assignment of rents. Interest expense was $155,150 and $152,475 for the years ended December 31, 2024 and 2023, respectively.	**$**	**5,350,000**	$	5,082,500
In December 2019, VHHP entered into a loan agreement with the Housing Authority of the City of San Diego and a bank. The construction loan of up to $22,000,000 bore interest at a compounded SOFR plus 11.448 basis points plus 1.75% (7.44% at December 31, 2024), with payment terms of interest only up to the conversion date. The loan was converted to a permanent loan on June 27, 2024, with a principal amount of $1,783,000, bearing interest at 4.11% per annum and maturing on January 1, 2054. Monthly payments are $10,908 with a balloon payment due on maturity for any unpaid interest and principal. The loan is secured by a deed of trust on the property with a carrying value of $25,636,609, and assignment of rents. Interest expense was $531,137 and $1,081,231 for the years ended December 31, 2024 and 2023, respectively.		**1,670,337**		13,949,103
In December 2019, VHHP entered into a loan agreement with the Housing Authority of the City of San Diego and a bank. The construction loan of up to $2,000,000 bore interest at a floating rate per annum equal to 84.64% of SOFR plus 1.2%. The loan was paid in full on June 27, 2024. Interest expense was $74,467 and $111,245 for the years ended December 31, 2024 and 2023, respectively.		**-**		2,000,000
In December 2019, VHHP entered into a loan agreement with the Housing Authority of the City of San Diego and a bank. The construction loan of up to $650,000 bore interest at a floating rate per annum equal to 84.64% of SOFR plus 1.2%, with payment terms of interest only up to the conversion date. The loan was paid in full on June 27, 2024. Interest expense was $24,195 and $27,373 for the years ended December 31, 2024 and 2023, respectively.		**-**		650,000
In June 2024, VHHP entered into a loan agreement with HCD, through its Veterans Housing and Homelessness Prevention Program (VHHPP), for $9,999,996, bearing simple interest at 3% per annum until the maturity date on June 27, 2079. 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 of 32.58% of available net cash flows are required. All unpaid principal and interest are due at maturity. The loan is secured by a deed of trust on the property with a carrying value of $25,636,609, a security agreement, and assignment of rents. Interest expense was $155,833 for the year ended December 31, 2024.		**9,999,996**		-

December 31,		**2024**		2023
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 5.10% of residual cash 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 $96,175,282, and assignment of rents. Interest expense was $184,500 and $179,877 for the years ended December 31, 2024 and 2023, respectively.	**$**	**6,150,000**	$	6,150,000
In December 2019, Tower entered into a loan with a bank for up to $91,555,000 to cover both construction and permanent financing of the Project. The construction loan of up to $85,232,875 bore interest at a compounded SOFR and 11.448 basis points plus 1.75%. Payment terms were interest only through the conversion date. The loan was converted to a permanent loan on September 7, 2023, with the principal amount of $9,114,000 bearing interest at 4.11% per annum and maturing on January 2, 2054. From the conversion date to maturity date, the loan has monthly payments of principal and interest of $57,327. On the maturity date, a balloon payment is required to pay any unpaid principal or interest remaining. The loan is secured by a deed of trust on the property with a carrying value of $96,175,282, a security agreement, assignment of rents, and a fixture filing. Interest expense was $403,599 and $3,221,547 for the years ended December 31, 2024 and 2023, respectively.		**8,745,157**		9,062,403
In December 2020, Tower entered into a loan agreement with the County of San Diego Housing and Community Development Services No Place Like Home (NPLH) program. The loan bears simple interest at 3% per annum and matures on December 6, 2074. Payments are calculated at 11.60% of residual cash receipts for the previous calendar year. All unpaid principal and interest are due on maturity. The loan is secured by a deed of trust on the property with a carrying value of $96,175,282, a security agreement, and assignment of rents. Interest expense was $420,000 and $391,233 for the years ended December 31, 2024 and 2023, respectively.		**14,000,000**		14,000,000
In September 2023, Tower entered into a loan agreement with the HCD, through SHMHP. The loan bears simple interest at 3% per annum and matures on September 8, 2078. The loan has monthly payments in the amount of 0.42% per annum on the unpaid principal balance for 30 years. After 30 years, the payment amount will be reset based on HCD monitoring costs. Additional payments out of available net cash flows are required. All unpaid principal and interest is due at maturity. The loan is secured by a deed of trust on the property with a carrying value of $96,175,282, a security agreement, and assignment of rents. Interest expense was $600,000 and $191,667 for the years ended December 31, 2024 and 2023, respectively.		**20,000,000**		20,000,000
In September 2023, Tower entered into a loan agreement with HCD, through its Affordable Housing and Sustainable Communities Program (AHSC). The loan bears simple interest at 3% per annum and matures on September 8, 2078. The loan has monthly payments in the amount of 0.42% per annum on the unpaid principal balance for 30 years. After 30 years, the payment amount will be reset based on HCD monitoring costs 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. The loan is secured by a deed of trust on the property with a carrying value of $96,175,282, a security agreement, and assignment of rents. Interest expense was $508,500 and $162,438 for the years ended December 31, 2024 and 2023, respectively.		**16,950,000**		16,950,000

December 31,		**2024**		2023
17th & Commercial				
In April 2023, 17th & Commercial entered into a loan agreement with the City of San Diego, through its Community Development Block Grant program (CDBG). The loan bears simple interest at 3% per annum, with payment terms of interest only up to the conversion date. From the conversion date to maturity date of December 31, 2082, payments are calculated at 50% of the residual cash receipts for the previous calendar year. All unpaid principal and interest is due at maturity. The loan is secured by a deed of trust on the property with a carrying value of $490,057, a security agreement, and assignment of rents. Capitalized interest was $155,178 and $35,178 for the years ended December 31, 2024 and 2023, respectively.	**$**	**4,000,000**	$	4,000,000
Pier View				
In July 2024, Pier View entered into a loan agreement with the Local Initiatives Support Corporation (LISC) bearing interest at 7.85% per annum maturing on the earlier of close of construction financing or July 25, 2027, with options to extend the term to July 25, 2028. Monthly payments are interest only and all outstanding principal and interest will be due at maturity. The loan is secured by a deed of trust on the property with a carrying value of $5,000,000. Interest expense was $158,515 for the year ended December 31, 2024.		**4,250,000**		-
Total Debt Payable in Cash		**141,290,118**		142,193,410
Current portion of debt payable in cash		**(584,098)**		(5,156,837)
Debt issuance costs		**(1,621,224)**		(1,584,036)
Total Long-Term Portion of Debt Payable in Cash	**$**	**139,084,796**	$	135,452,537

In May 2007, S.V.D.P. entered into a loan with a bank to provide working capital for services to clients or predevelopment cost of new facilities. The loan bore interest at 3%. The unsecured loan required interest only payments quarterly, which were deferred if cash was not available at the date due. The loan was due in May 2022, however, was paid-in-full in January 2023 with no penalties or interest due.

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Forgivable debt consisted of the following:

December 31,		**2024**		2023
S.V.D.P.				
In April 1998, S.V.D.P., on behalf of Village Place, entered into a loan with the RDA. The loan is forgivable in April 2028 and secured by a deed of trust on the property with a carrying value of $594,823. Interest accrues at 3%. The outstanding principal and interest is forgivable as long as Village Place is in compliance with specific affordable housing requirements. Management is currently working on applying for forgiveness of the loan. Interest expense for each of the years ended December 31, 2024 and 2023 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 was 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 $34,295,821, 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 $33,674,142, 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 was forgivable in April 2024. Interest does not accrue as long as Boulevard Apartments is in compliance with specific affordable housing requirements. Management is currently working on applying for forgiveness of the loan. The loan is collateralized by a deed of trust on the property with a carrying value of $5,537,822, 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 $96,175,282, assignment of leases and rents, security agreement, and fixture filing.		**2,000,000**		2,000,000
Total Forgivable Debt	**$**	**5,285,543**	$	5,285,543

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

December 31,		**2024**		2023
Total debt payable in cash	**$**	**141,290,118**	$	142,193,410
Total forgivable debt		**5,285,543**		5,285,543
Total Debt		**146,575,661**		147,478,953
Current portion of debt payable in cash		**(584,098)**		(5,156,837)
Debt issuance costs		**(1,621,224)**		(1,584,036)
Total Long-Term Portion of Debt	**$**	**144,370,339**	$	140,738,080

Maturities or forgiveness of debt are expected to occur as follows:

Year ending December 31,	Forgivable Debt	Debt Payable in Cash
2025	$ 1,325,543	$ 584,098
2026	-	612,339
2027	1,500,000	4,877,598
2028	460,000	581,766
2029	-	2,084,791
Thereafter	2,000,000	132,549,526
Total	$ 5,285,543	$ 141,290,118

Debt Covenants

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, 2024 and 2023.

Debt Issuance Costs

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, 2024 and 2023 was $51,540 and $38,523, respectively.

Line of Credit

S.V.D.P. has a demand line of credit with a bank secured by its investments in the amount of $2,500,000 with a fluctuating interest rate measured at a spread of 1.25% plus SOFR (5.74% at December 31, 2024). No balance was drawn on this account as of or during the years ended December 31, 2024 or 2023. The line of credit is due upon demand and can be cancelled at any time by the bank.

10. 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 Inter-Bank Offered Rate (LIBOR) plus 1.2%. Effective July 1, 2023, the floating rate transferred to a SOFR benchmark. The interest rate was 4.66% and 5.38% at December 31, 2024 and 2023, 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, 2024 and 2023, the notional principal amount under the interest rate swap agreement totaled $2,416,811 and $2,475,480, respectively. At December 31, 2024 and 2023, the estimated fair value of the interest rate swap agreement was a liability of $363,391 and $523,177, respectively. The change in fair value on the interest rate swap agreement was a gain of $159,786 and $39,260 for the years ended December 31, 2024 and 2023, respectively. Accrued interest was $2,475 and $2,546 at December 31, 2024 and 2023, respectively.

11. Contributed Nonfinancial Assets

Contributed nonfinancial assets consist of the following:

Year ended December 31,		**2024**		2023
Clothing, furniture, and other goods	**$**	**4,897,667**	$	4,649,849
Automobiles		**1,456,172**		1,637,620
	$	**6,353,839**	$	6,287,469

Contributed nonfinancial assets related to contract services received during the year ended December 31, 2024 were $186,804 and are included in contributions on the consolidated statements of activities. No services were received during the year ended December 31, 2023.

12. Rental Income

S.V.D.P. leases property to Village and other third parties under long-term operating leases expiring at various dates through 2033 including options to extend that are reasonably certain to be taken as of December 31, 2024. Generally, these leases are adjusted annually at a fixed rate or for changes in the consumer price index (CPI).

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

Year ending December 31,		
2025	$	2,299,203
2026		2,140,422
2027		1,929,672
2028		1,978,108
2029		983,588
Thereafter		3,417,136
Total	$	12,748,129

Lease payments related to long-term and short-term commercial operating leases included in rental income on the consolidated statements of activities were $6,123,793 and $4,311,209 for the years ended December 31, 2024 and 2023, respectively.

13. Leases

S.V.D.P. leases copiers, washing machines, and vehicles under noncancelable operating leases that are utilized by S.V.D.P. and the Village, which expire at various dates 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 retail stores under noncancelable 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.

Operating lease costs for the years ended December 31, 2024, and 2023, were $927,920 and $896,681, respectively, and are presented in the following expense categories in the consolidated statements of functional expenses:

Year ended December 31,	**2024**	2023
Rent	**$ 608,446**	$ 604,867
Vehicles	**153,798**	124,553
Repairs and maintenance	**103,983**	112,471
Interest expense	**61,693**	54,790
	$ 927,920	$ 896,681

Short-term lease costs for the years ended December 31, 2024, and 2023, were $103,484 and $102,906, respectively, and are presented in the following expense categories in the consolidated statements of functional expenses:

Year ended December 31,	**2024**	2023
Repairs and maintenance	**$ 80,850**	$ 46,644
Vehicles	**22,634**	56,262
	$ 103,484	$ 102,906

Variable lease costs for the years ended December 31, 2024, and 2023, were $421,134 and $230,274, respectively, and are presented in rent on the consolidated statements of functional expenses.

Cash paid for amounts included in the measurement of operating lease liabilities was $915,253 and $870,680 during the years ended December 31, 2024 and 2023, respectively.

The weighted-average remaining lease term was 3.63 years and 4.48 years for operating leases at December 31, 2024 and 2023, respectively. The weighted-average discount rate was 2.41% and 1.71% at December 31, 2024 and 2023, respectively.

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Maturities of lease liabilities are as follows:

Year ending December 31,	
2025	$ 922,300
2026	908,108
2027	712,909
2028	566,855
2029	42,498
	3,152,670
Less: amount representing interest	(112,580)
Total Lease Liability	3,040,090
Less: current portion	(860,142)
Long-Term Portion	$ 2,179,948

14. Commitments and Contingencies

Litigation

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

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 Organizations). All three class actions have been consolidated into one for pre-trial purposes. The Organizations went through two mediation attempts, which resulted in a settlement. Based on the preliminary settlement agreement reached by both parties, the Organizations accrued a loss of $3,700,000 plus payroll taxes for the year ended December 31, 2023. Of the total preliminary settlement loss, S.V.D.P. was allocated $922,477 based on total number of employees between S.V.D.P. and the Village. The settlement was finalized and paid in December 2024 totaling $3,454,825 of which S.V.D.P was allocated $863,706. The difference between the final settlement and estimated accrual of $58,771 was recognized as miscellaneous income during the year ended December 31, 2024.

In October 2024, S.V.D.P. identified a cybersecurity incident, whereby S.V.D.P. experienced an external attack on its internal infrastructure. S.V.D.P. has taken steps to address the breach and is aware that personally identifiable information (PII) has been comprised. In September 2025, S.V.D.P. became a defendant in a class action against the Organization related to this breach. No estimate can be made regarding the potential loss, if any, arising from this matter, as the lawsuit is ongoing.

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 of $3,705,000. The total amount owed to CIC at December 31, 2024 and 2023 was $2,020,754. As of December 31, 2024 and 2023, $608,612 and $475,000, respectively, is included in accounts payable and accrued liabilities, and $1,412,142 and $1,545,754, respectively, is included as deferred developer fee payable and will be paid from net cash flows received from the properties. At December 31, 2024 and 2023, there were no excess cash flows from either property and therefore the full amount is considered long-term.

15. Related Party Transactions

Related Party Expenses

On July 1, 2018, S.V.D.P. entered into a long-term operating sub-lease for single residence occupancy units on the sixth and seventh floors of the 1506 Commercial Street building with the Village. The original monthly rent amount per the sub-lease agreement is $16,667 with an annual adjustment for 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 $287,167 and $235,376 during the years ended December 31, 2024 and 2023, 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 $369,093 and $361,856 during the years ended December 31, 2024 and 2023, 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 $1,850,209 and $1,825,123 during the years ended December 31, 2024 and 2023, respectively, and are included in contract services in the consolidated statements of functional expenses.

Related Party Income

Included in rental income were amounts from the Village of $5,551,623 and $4,381,968 for the years ended December 31, 2024 and 2023, respectively.

S.V.D.P. has service contracts with the Village to provide administrative, development, and grant services. The charges under these contracts were $11,997,890 and $11,365,254 during the years ended December 31, 2024 and 2023, respectively. The administrative services charges are charged based on an allocation of the proportional benefit the Village receives based on cost drivers. In the case that charges are 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. The term of the agreement is five years with automatic five-year renewals unless either party gives notice of termination.

The Village facilitates a housing assistance subsidy program that tenants at Benson Place, Boulevard Apartments, 15th & Commercial, 16th and Market, Villa Harvey Mandel, and Village Place (collectively the Partnerships) qualify for. The program pays for the difference between established rental rates and tenant portions based on income. The Partnerships received $972,345 and $1,081,012 from the Village on behalf of their tenants during the years ended December 31, 2024 and 2023, respectively, which is included in rental income on the consolidated statements of activities.

Due from/to Related Party

The Village owes S.V.D.P. and various affiliated limited partnerships $1,538,500 and $8,858,219 as of December 31, 2024 and 2023, respectively, for contract charges and various rental agreements.

S.V.D.P. and various affiliated limited partnerships owe the Village $7,669,258 and $3,992,326 as of December 31, 2024 and 2023, respectively, for service agreements and advances of cash.

16. 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. 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. S.V.D.P. has purchased specific stop-loss insurance to protect itself from large individual claims which currently reimburses individual claims exceeding $100,000.

At December 31, 2024 and 2023, reserves of $61,402 and $85,266, 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, 2024 and 2023, were $1,192,923 and $765,376, 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.