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## MEMORANDUM

**DATE:** February 19, 2020  
**TO:** Members, Board of Directors  
**FROM:** Darcy Renfro, Board Treasurer  
**SUBJECT:** Financial Statements for Period Ending December 31, 2019

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Attached are the final financials for December 2019 for your review and approval. The draft financials were reviewed in detail with your Treasurer, Ms. Renfro. The notes below are provided to supplement the information contained in the financial statements.

### Statement of Net Position (Balance Sheet)

No comments.

### Statement of Revenues, Expenses and Changes in Net Position (Income Statement)

**Recovery on Collections:** in September 2019, we were able to recover the entire \$250,000 principal balance from the Capital Mews Apartment loan, originated in 2001 and reserved in its entirety for many years, due to the sale of the property. The outstanding interest of approximately \$29,000 was also received.

**Gain on Sale of Asset:** the property at 207 E. McDowell was sold July 19, 2019 for a current year loss of approximately \$455,000, as the asset value had been set at the last appraisal of \$2,800,000. However, based on the original cost of \$1,174,000 and additional costs of operation of \$64,000, the total net gain on the sale of the property was approximately \$1,105,000. The \$455,000 loss was more than offset by a \$593,000 gain in September 2019 from the final disposition of the West Fillmore properties, sold by the City of Phoenix, in which we had an ownership interest. The net gain for the year-to-date is approximately \$138,000.

**Net Change in Fair Value:** an adjustment at the end of last fiscal year for approximately \$14,000 was required to value investments at year end and was reversed to be recognized as interest at maturity, which is offset by recognized and unrecognized gains on Community Development funds invested with the Arizona Community Foundation, for a net gain of approximately \$30,000.

Total operating expenses through December 2019 were below budgeted expense levels. Revenues for the year to date exceed budgeted revenues, primarily due to the factors listed above and higher than expected Residential Mortgage Program fees, as shown on the attached charts.



**Statement of Net Position  
December 31, 2019**

**Assets**

Current Assets	
Cash and cash equivalents	\$ 4,187,766
Certificates of Deposit	19,452,000
Receivables	212,080
Deposits	3,440
Other current assets	23,233
Total Current Assets	<u>\$ 23,878,518</u>
Noncurrent Assets	
Investments	\$ 2,009,798
Long term notes receivable, net	3,033,498
Fixed Assets	2,104,091
Due from Related Company	75,000
Total Noncurrent Assets	<u>\$ 7,222,386</u>
<b>Total Assets</b>	<u><u>\$ 31,100,905</u></u>

**Liabilities and Net Position**

Current Liabilities	
Accounts payable	\$ 16,371
Accrued expenses	129,043
Deferred Loan Fees	16,585
Total Current Liabilities	<u>\$ 161,999</u>
Allocated Funds	26,164,500
Net Assets - Unrestricted	<u>4,774,406</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 31,100,905</u></u>



**Statement of Revenues, Expenses and Changes in Net Position  
For the Month and Year to Date as of December 31, 2019**

	<u>December-19</u> Current	<u>Actual</u>	<u>Year to Date</u> Budget	<u>Variiances</u>	<u>Annual</u> Budget
<b>Operating Revenue</b>					
User Assessment Fees	\$ 278,145	\$ 443,145	\$ 30,000	\$ 413,145	\$ 1,030,000
Residential Mortgage Program Fees	142,750	619,047	310,000	309,047	725,000
Fee Income	50,000	309,500	306,000	3,500	635,000
Total Operating Revenue	<u>\$ 470,895</u>	<u>\$ 1,371,692</u>	<u>\$ 646,000</u>	<u>\$ 725,692</u>	<u>\$ 2,390,000</u>
<b>Operating Expenses</b>					
General and Administration	\$ 97,999	\$ 593,254	\$ 809,620	\$ 216,366	\$ 1,626,940
Bond Administration	0	0	13,050	13,050	19,500
Other Programs	12,317	208,989	308,600	99,611	616,000 <sup>1</sup>
Community Development Fund	90,000	530,500	1,100,000	569,500	2,000,000
Program and Project Development	15,205	65,382	129,900	64,518	252,700
Loan Portfolio Administration	0	919	7,500	6,581	14,500
Total Operating Expenses	<u>\$ 215,522</u>	<u>\$ 1,399,045</u>	<u>\$ 2,368,670</u>	<u>\$ 969,625</u>	<u>\$ 4,529,640</u>
Operating Income	\$ 255,373	\$ (27,352)	\$ (1,722,670)	\$ 1,695,318	\$ (2,139,640)
<b>Non-Operating Revenue</b>					
Interest income	\$ 75,844	\$ 318,135	\$ 209,700	\$ 108,435	\$ 474,000
Recovery on Collections	0	250,000	0	250,000	0
Gain on Sale/Disposal of Asset	0	137,897	0	137,897	0
Net change in the fair value of investments	0	16,335	0	16,335	0
Total Non-Operating Revenue	<u>\$ 75,844</u>	<u>\$ 722,367</u>	<u>\$ 209,700</u>	<u>\$ 512,667</u>	<u>\$ 474,000</u>
<b>Other Expenses</b>					
Bad Debt Expense	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,975
<b>Change in Net Position</b>	<u><u>\$ 331,218</u></u>	<u><u>\$ 695,015</u></u>	<u><u>\$ (1,512,970)</u></u>	<u><u>\$ 2,207,985</u></u>	<u><u>\$ (1,739,590)</u></u>

## Phoenix IDA Budget vs. Actual Through December 31, 2019

