SAN DIEGO HOUSING COMMISSION

Item 104

EXECUTIVE SUMMARY

MEETING DATE: November 5, 2026 HCR26-040

SUBJECT: Loan Modification for Potiker Family Senior Residence (formerly known as Market Square Manor)

COUNCIL DISTRICT: 3

ORIGINATING DEPARTMENT: Real Estate

CONTACT/PHONE NUMBER: Colin Miller (619) 578-7429

REQUESTED ACTION:
Approve the modification of certain San Diego Housing Commission existing loan terms for a loan estimated at $5,964,453 on the current target closing date of December 15, 2026, for Senior Housing Corporation to facilitate the rehabilitation of Potiker Family Senior Residence at 525 14th Street in the Downtown neighborhood, which consists of 198 units that will remain affordable for 55 years for seniors ages 62 and older with income from 30 percent to 45 percent of San Diego's Area Median Income (AMI), and two unrestricted manager's units.

EXECUTIVE SUMMARY OF KEY FACTORS:

- Constructed in 2003 at 525 14th St., Potiker Family Senior Residence (Potiker) consists of one five-story building with elevator service (two elevators).
- Potiker is currently 95 percent occupied; however, rehabilitation is necessary to preserve the quality of the property's affordable housing units, as stated in the Physical Conditions Report (PCR) dated February 2, 2026.
- The proposed rehabilitation will help to cover the costs of repairs categorized as immediate and short-term (one to three years) within the PCR, as the developer is proposing approximately $14.75 million of renovations to extend the property's useful life and preserve the affordability term for a new 55-year term.
- Serving Seniors has been the service provider at Potiker Family Senior Residence since it opened in 2003. Potiker's tenants will continue to have access to a range of community services provided by Serving Seniors at no cost to the residents.
- The developer is requesting that the existing debt owed to SDHC (both principal and interest), be transferred, in its entirety, to the new owner/borrower, Potiker Senior Housing, L.P. The loan terms would restart for a new 55-year term, beginning at the close of the current escrow. SDHC staff will evaluate any other changes, such as interest rates, monitoring fees and minimum operating reserve requirements, on a case-by-case basis.
- The development budget includes a $1,330,208 budget to temporarily relocate residents during rehabilitation at no cost to residents. The substantial rehabilitation will result in the temporary on-site, off-site relocation and the possible transfer to an already completed vacant unit ("hospitality suite"). The clubhouse and other common spaces will be furnished for the daytime use of the tenants who are temporarily displaced during their unit renovation to provide tenants with access to a bathroom, television, refreshments and entertainment options.
- Approximately 15 to 20 units will be rehabilitated at a time over an estimated 21-day period.
- SDHC previously awarded 36 PBVs to Potiker for seniors with low income.
- Potiker has an estimated total development cost of $69,340,973 ($346,705/unit).
- This action has no impact on SDHC's Fiscal Year 2027 approved budget.

SAN DIEGO HOUSING COMMISSION

Item 104

REPORT

DATE ISSUED: October 30, 2026 **REPORT NO**: HCR26-040

ATTENTION: Chair and Members of the San Diego Housing Commission Board of Commissioners
For the Agenda of November 5, 2026

SUBJECT: Loan Modification for Potiker Family Senior Residence (formerly known as Market Square Manor)

COUNCIL DISTRICT: 3

Advance notice of San Diego Housing Commission hearing of the following matter has been provided to the Housing Authority Members pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(4)(A)-(B) for Staff Recommendations No. 1.

REQUESTED ACTIONS

Approve the modification of certain San Diego Housing Commission existing loan terms for a loan estimated at $5,964,453 on the current target closing date of December 15, 2026, for Senior Housing Corporation to facilitate the rehabilitation of Potiker Family Senior Residence at 525 14th Street in the Downtown neighborhood, which consists of 198 units that will remain affordable for 55 years for seniors ages 62 and older with income from 30 percent to 45 percent of San Diego's Area Median Income (AMI), and two unrestricted manager's units.

STAFF RECOMMENDATIONS

That the San Diego Housing Commission (SDHC) Board of Commissioners (Board), take the following actions as described in this report:

1) Approve the owner's request to modify certain existing SDHC loan terms for a loan estimated at $5,964,453 on the current target closing date of December 15, 2026, for Senior Housing Corporation to facilitate the rehabilitation of Potiker Family Senior Residence at 525 14th St. in Downtown San Diego, which consists of 198 units that will remain affordable for 55 years for seniors ages 62 and older with income from 30 percent to 45 percent of San Diego's Area Median Income (AMI), and two unrestricted manager's units.

2) Authorize SDHC's President and Chief Executive Officer (President and CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by General Counsel and Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel and/or the Bond Counsel.

SUMMARY

Table 1 – Development Details

Address	525 14th Street, San Diego, CA 92101
Council District	3
Community Plan Area	Downtown
Developer	Senior Housing Corporation and Chelsea Investment Corporation (Consultant)
Development Type	Rehabilitation
Construction Type	5-Story Podium development with four levels of Type V over one level of Type I
Parking Type	30 subterranean parking spaces
Local Amenities	Mass Transit: • Bus stop ID 10488 (Routes 3, 5) less than 0.1 of a mile away • Park & Market Station (Blue, Orange, Silver lines) less than 0.2 of a mile away Grocery: • Albertsons less than 0.1 of a mile away • Smart & Final less than 0.2 of a mile away Libraries: • San Diego Central Library 0.2 of a mile away Medical Clinic or Hospital: • Family Health at City College 0.3 of a mile away • San Diego County Health and Human Services Agency 0.5 of a mile away • Downtown Family Health Center at Connections 0.6 of a mile away Pharmacy: • Albertsons Sav-on Pharmacy less than 0.1 of a mile away
Housing Type	Senior (ages 62 and older)
Accessibility	Wheelchair accessibility in 10 percent of the units, and 4 percent of the units accessible to residents with visual and/or hearing impairment.
Lot Size	One parcel totaling 0.92 acres, 42,000 square feet
Units	200 (198 units restricted/affordable)
Density	217 dwelling units per acre (200 units ÷ 0.92 acres)
Unit Mix	198 affordable rental units: 198 studios, and 2 one-bedroom unrestricted manager's units.
Gross Building Area	127,690 square feet.
Net Rentable Area	64,000 square feet.
Project-Based Housing Vouchers (PBV)	36 total • 36 Non PSH PBVs for low-income seniors
Affordable Units in Service by Council District	Council District 3 includes 9,371 affordable rental housing units currently in service, which represents 31 percent of the 29,881 affordable rental housing units in service citywide.

The Development

Constructed in 2003 at 525 14th St. (Attachment 1 - Site Map), Potiker Family Senior Residence (Potiker) consists of one five-story building with elevator service (two elevators). The first floor contains a lobby, leasing and management offices, community room with a computer lab paired with a library for digital access and reading for the residents' use, and a laundry room. The first floor also has a 20,000-square-foot space occupied by a commercial kitchen, that is operated by Serving Seniors, and administration offices. The management team provides residents with two complimentary meals per day that are prepared in the commercial kitchen. Community amenities include an exercise room and pool table on the fifth floor. Additionally, there is a laundry room on every floor and outside there is a courtyard with a vegetable garden and picnic area. The second through fifth floors contain the residential units. Unit amenities include: a refrigerator, stove/oven, garbage disposal, window coverings and hardwood floors. No loan proceeds will be used for the rehabilitation of the commercial space. All rehabilitation of the commercial space will be funded by the Seller Carryback Note.

Potiker is currently 95 percent occupied; however, rehabilitation is necessary to preserve the quality of the property's affordable housing units, as stated in the Physical Conditions Report (PCR) dated February 2, 2026. The proposed rehabilitation will help to cover the costs of repairs categorized as immediate and short-term (one to three years) within the PCR, as the developer is proposing approximately $14.75 million of renovations to extend the property's useful life and preserve the affordability term for a new 55-year term.

The proposed rehabilitation scope will include, but is not limited to:

- Converting eight units to meet California Tax Credit Allocation Committee (CTCAC) mobility accessibility requirements
- Adding communications accessibility features to two units to meet CTCAC accessibility requirements
- Installing mini-split HVAC systems in all units
- Updating all light fixtures to energy-saving LED fixtures
- Installing new water-saving plumbing fixtures
- Replacing blinds as needed
- Installing new cooktops with exterior vented hoods in all units
- Replacing all sewer lines and water supply pipes
- Replacing all windows
- Installing new vinyl plank flooring as needed
- Replacing cabinets and countertops
- Replacing select appliances
- Repainting all units.

Rehabilitation of interior common areas will include repainting of all interior common areas, replacement of carpet with vinyl plank flooring, refurbishment of restrooms, installation of new mailboxes, and installation of new water softener equipment.

Exterior changes will include roof replacement, new windows, full exterior repaint, tile replacement as needed, repaint of wrought iron fencing, replacement of rooftop mechanical equipment, new signage, and installing a new solar system. Life safety and security changes will include replacement of fire alarm control panels, elevator cab modernization, and upgraded keypads, intercom, and camera

system. Funds for any expenses incurred during the rehabilitation have been budgeted for the overall development expenses. A scope of proposed rehabilitation work is included as Attachment 2.

Services
Serving Seniors has been providing services for low-income adults over the age of 60 in San Diego since 1970. They provide 1.5 million meals and coordinated services to 13,265 older adults each year. Serving Seniors has been the service provider at Potiker Family Senior Residence since it opened in 2003.

Potiker's tenants will continue to have access to a range of community services provided by Serving Seniors at no cost to the residents. All residents have access to congregate meals, wellness and enrichment activities, behavioral health services, healthcare services, case management, life skills training, and resident outreach. In addition, Serving Seniors will provide a Social Service Coordinator, offering various health and educational classes, a senior counseling program, food program, and computer training.

Developer's Request
The developer is requesting that the existing debt owed to SDHC (both principal and interest), be transferred, in its entirety, to the new owner/borrower, Potiker Senior Housing, L.P. The loan term would be extended for an additional 55-year term, beginning at the close of the current escrow. SDHC staff will evaluate any other changes, such as interest rates, monitoring fees and minimum operating reserve requirements, on a case-by-case basis.

Appraisal
The property was appraised with an effective date of July 9, 2025, at $36,150,000 with restricted rents under a fee simple prospective market value and at $5,200,000 for a hypothetical encumbered land value. Kinetic Valuation Group conducted the appraisal for the developer.

Prevailing Wages
Aleshire & Wynder LLP, one of the two firms that contract with SDHC to provide legal services, has concluded that Davis-Bacon wages are not required. Davis-Bacon requirements are not triggered under the proposed substantial improvement approach, provided the project proceeds in accordance with the established timeline. Aleshire & Wynder also concluded that California prevailing wage requirements do not apply based on the project's financing and applicable exemptions. The analysis confirms that SDHC may approve the substantial improvement proposal beginning no sooner than November 1, 2026, with work on the PBV units commencing no earlier than February 1, 2027.

Project Sustainability
Potiker will be renovated in conformance with CTCAC minimum energy-efficiency standards. The development's features will include an upgraded water softening system, energy Star-rated efficient appliances and a new photovoltaic solar system. Water efficiency and conservation have been incorporated into the development's design, including low-flow fixtures and drought-resistant landscaping.

Accessibility
CTCAC requires wheelchair accessibility in 10 percent of the units, and an additional 4 percent of the units are required to have communication features for residents with visual and/or hearing impairment. The same units can satisfy both accessibility requirements. Potiker's units will be accessible in accordance with the Americans with Disabilities Act and Section 504.

Relocation

In accordance with CTCAC regulation 10322(H)(28), the developer utilized a relocation consultant, Clark Land Resources, to complete a comprehensive relocation plan that conforms to the Uniform Relocation Act (URA) to ensure no Potiker residents will be permanently displaced due to this rehabilitation. The development budget includes a $1,330,208 budget to temporarily relocate residents during rehabilitation at no cost to residents.

The relocation team from Clark Land Resources will meet regularly with site property management and construction teams to ensure accurate information regarding renovation status and timing is communicated to residents. Each tenant has been interviewed to gather useful information for structuring each tenant's individual relocation plan. This has helped the relocation team determine if reasonable accommodations are needed during the temporary relocation.

The substantial rehabilitation will result in the temporary on-site, off-site relocation and the possible transfer to an already completed vacant unit ("hospitality suite"). The clubhouse and other common spaces will be furnished for the daytime use of the tenants who are temporarily displaced during their unit renovation to provide tenants with access to a bathroom, television, refreshments and entertainment options. The residents will be provided with several options for temporary housing. These are as follows: 1) the use of the "hospitality suites"; 2) temporary move to a local area motel; and 3) temporarily staying with family and/or friends. Funds for any expenses incurred during the relocation have been budgeted for the overall development expenses. It is estimated that no residents will be permanently relocated, and all will return to their original apartment home or another on-site comparable unit after the rehabilitation.

Reasonable accommodation includes the provision of transportation assistance, relocation to physically accessible sites near public transportation, and modifications to policies to allow individuals with disabilities to reside with a live-in aide. Expenses related to providing reasonable accommodation and meal stipends during the temporary relocation are included in the relocation plan.

Approximately 15 to 20 units will be rehabilitated at a time over an estimated 21-day period. The interior unit rehabilitation will be completed in 18 months. As the units are rehabilitated, the residents will be relocated to the newly rehabilitated units in the building, and the next units on the schedule will be vacated and given to JN Dean Construction, Inc., the contractor, to begin the interior unit demolition, and rehabilitation activities. This will continue until all units are completely rehabilitated.

Development Team

Chelsea, an award-winning, for-profit corporation headquartered in Carlsbad, California, will lead the development team as a consultant to the project. Since 1995, Chelsea and its affiliates have developed approximately 9,768 rental units under ownership in four states in 77 Chelsea-owned developments. Chelsea has substantial development experience in a wide range of housing developments. Along with its affiliates, Chelsea provides financial, engineering, development, asset management, construction and property management services. Chelsea has developed multiple affordable rental housing developments in San Diego using SDHC loan funds. Chelsea is in full compliance with its previous SDHC-funded loans. Based upon the developer's experience and performance, SDHC staff have determined that the developer has the capacity to successfully complete the proposed project.

With Serving Seniors, Senior Housing Corporation has more than 23 years' experience developing affordable and permanent supportive housing (PSH) for seniors with low income or experiencing homelessness in San Diego County and operating and coordinating supportive services for such developments. Serving Seniors has developed and maintains five affordable housing residences for low-income seniors, Potiker Family Senior Residence, Potiker City Heights Residence, Harris Family

Senior Residence, the Paul Downey Senior Residence and the Terrasini Senior Apartments in the City of San Diego, and the Schmale Family Senior Residence in Ramona, California. Collectively, these developments provide 703 units of housing.

Central Valley Coalition for Affordable Housing is a non-profit organization founded in 1989 by the Housing Authority of the County of Merced. It develops, rehabilitates, and manages affordable multi-family rental and senior housing communities. The Coalition is committed to making safe, decent, affordable housing available to people that could not otherwise afford it. The Coalition provides service-enriched affordable housing for low-income families, the elderly and the handicapped. To date the Coalition has provided social services and supportive service classes to over 100 developments and served over 7,223 people.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	Senior Housing Corporation Chelsea Investment Corporation (Consultant)
Owner/Borrower	Potiker Senior Housing, LP
Managing General Partner	San Diego SHC Housing, LLC (55% member/manager) Central Valley Coalition for Affordable Housing (45% member)
Tax Credit Investor Limited Partner	The Richman Group
Architect	Basis Architecture
General Contractor	JN Beach Construction, LLC
Property Management	Hyder Property Management
Tenant Services Providers	Serving Seniors
Construction/Permanent Lender	Banner Bank

Property Management

Potiker will be managed by Hyder Property Management (Hyder). Founded in 1973, Hyder has over 50 years of experience managing affordable housing and implementing federal and state housing programs. Hyder currently oversees more than 120 properties and serves thousands of residents, providing core services like operations, maintenance, and compliance support.

FINANCING STRUCTURE

Potiker has an estimated total development cost of $69,340,973 ($346,705/unit). Financing will include a combination of sources as described in Table 3. The developer's pro forma is included as Attachment 3 and summarized in Table 3 below.

Table 3 – Estimated Permanent Sources and Uses

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Federal LIHTC Equity	$21,537,224	Acquisition & Closing Costs	$36,150,100	$180,751
Perm Loan (Tranche A)	5,861,000	Hard Costs	14,752,890	73,764
SDHC note w/accrued interest	5,964,453	Hard Costs Contingency	1,475,289	7,376
SHC notes w/accrued interest	4,687,280	Relocation	1,330,208	6,651
Soft Loan Interest	4,273,855	Architecture and Engineering	598,060	2,990

Seller Carryback loan	23,657,362	Financing Fees and Interest	390,267	1,951
Bond Deposit Refund	88,500	Other Soft Costs	8,525,099	42,625
Transfer of Operating Reserve	90,000	Soft Costs Contingency	287,897	1,439
Transfer of Replacement Reserves	187,636	Reserves	790,714	3,954
Income from Operations during rehab	330,000	Developer Fee	5,040,449	25,202
Deferred Developer Fee	2,663,662			
Total Development Cost	**$69,340,973**	**Total Development Cost**	**$69,340,973**	**$346,705**

Developers' Fee
$5,040,449 – Gross developer fee
-2,663,662 – Minus deferred developer fee
$2,376,787 – Net cash developer fee

The proposed developer fee complies with SDHC's developer fee guidelines.

Development Cost Key Performance Indicators
SDHC staff have identified development cost performance indicators that are used to evaluate proposed developments and make a funding recommendation. The key performance indicators listed in Table 4 are commonly used by real estate industry professionals and affordable housing developers.

Table 4 – Key Performance Indicators

Development Cost Per Unit	$69,340,973 / 200 units	$346,705
Development Cost Per SQ FT (Gross)	$69,340,973 / 127,690 sf	$543
Development Cost Per SQ FT (Net)	$69,340,973 / 64,000 sf	$1,083
Housing Commission Subsidy Per Unit	$5,964,453/ 200 units	$29,822
Acquisition Cost Per Unit	$36,150,100 / 200 units	$180,751
Gross Building Square Foot Hard Cost	$14,752,890 / 127,690 sf	$116
Net Rentable Square Foot Hard Cost	$14,752,890 / 64,000 sf	$231

Project Comparison Chart
Multiple factors and variables influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City fees, developer experience and capacity, and the mission and goals of the organization developing the project. Similar construction-type developments (completed or approved) over recent years are listed in Table 5.

These developments are similar in terms of project scope, and target population, and are provided as a comparison to the subject development.

Table 5 – Comparable Development Projects

Project Name	Year	Units	Total Development Cost	Cost Per Unit	SDHC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject – Potiker Family Senior Residence	**2026**	**200**	**$69,340,973 (without prev. wage)**	**$346,705**	**$29,822**	**$116**
Mercado	2025	224	$95,958,135 (without prev. wage)	$428,385	$13,384	$186
Sea Breeze Gardens	2025	268	$165,635,440 (without prev. wage)	$618,043	$0	$106
Casa Nueva (Hacienda Townhomes)	2024	52	$27,896,931 (with prevailing wage)	$536,479	$103,827	$196

AFFORDABLE HOUSING IMPACT

Affordability

Potiker is subject to an existing SDHC Declaration of Covenants and Restrictions, in addition to applicable tax credit agreements, which will be extended to restrict affordability of 198 units for a new 55-year term.

The rent and occupancy restrictions required by SDHC, CTCAC and other lenders and investors will apply. The same units may be counted as the tax credit restricted units and the SDHC loan's restricted units. The more stringent of the funding sources' affordability/rent restrictions will take precedence during the term of their applicability.

Table 6 Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Units	Gross Rents
Studio	30% ($36,750 /year for two-person household)	38	$918
Studio	40% ($49,000 /year for two-person household)	86	$1,223
Studio	45% ($55,125 /year for two-person household)	74	$1,377
Subtotal Studio Units		**198**	**--**
Unrestricted Manager's one bedroom unit		2	
Total Units		**200**	**--**

Project-Based Vouchers (PBV)

SDHC previously awarded 36 PBVs to Potiker for seniors with low income. Under the PBV program, the tenant's family contribution toward the contract rent is determined by using the applicable minimum family contribution or a calculated amount based on their income level, whichever is higher, with the remainder being federally subsidized up to a gross rent level approved by SDHC. The Housing Assistance Payment provides a rental subsidy for residents in Potiker's 36 voucher-assisted units.

FISCAL CONSIDERATIONS

This action has no impact on the Fiscal Year 2027 approved budget.

Estimated Development Schedule
The estimated development timeline is as follows:

Milestones	Estimated Dates
• Estimated closing	• December 2026
• Estimated start of construction/rehabilitation	• December 2026
• CDLAC deadline to close	• February 8, 2027
• Estimated completion of construction/rehabilitation	• July 2028

SDHC STRATEGIC PLAN
This item relates to Strategic Priority Area No. 3 in SDHC's Strategic Plan for Fiscal Years (FY) 2026-2030: Create and Preserve Housing.

NONDISCRIMINATION ASSURANCE
At SDHC, we're about people. We are committed to ensuring a compassionate, person-centered approach to SDHC's programs, policies, projects and activities and to serving our community impartially, fairly and without bias. We are also committed to ensuring compliance with all applicable federal, state and local laws and protections to the extent that they affect this action relative to nondiscrimination.

The developer, Senior Housing Corporation, is committed to equal opportunity for all and maintains a policy of nondiscrimination in all personnel and volunteer recruitment, employment training, promotion and administration as well as client services and procurement practices. They explicitly prohibit discrimination in their workforce, hiring practices, and advisory selection based on Ethnicity, National Origin, Religion, Gender, Sexual Orientation, Age or Disability. Senior Housing Corporation has nondiscrimination policies in place and provides compassionate, person-centered services and has submitted a workforce report for record-keeping purposes only.

Chelsea Investment Corporation is an Equal Opportunity Employer that does not discriminate on the basis of actual or perceived race, color, creed, religion, national origin, ancestry, citizenship status, age, sex or gender (including pregnancy, childbirth, pregnancy-related conditions, and lactation), gender identity or expression (including transgender status), sexual orientation, marital status, military service and veteran status, physical or mental disability, genetic information, or any other characteristic protected by applicable federal, state, or local laws and ordinances. Chelsea Investment Corporation's management team is dedicated to this policy with respect to recruitment, hiring, placement, promotion, transfer, training, compensation, benefits, staff activities, access to facilities and programs, and general treatment during employment. Any staff with questions or concerns about equal employment opportunities in the workplace are encouraged to bring these issues to the attention of the Manager and/or VP of People and Culture. Chelsea Investment Corporation will not allow any form of retaliation against staff who raise issues of equal employment opportunity. If staff feel they have been subjected to any such retaliation, they should contact the Manager and/or VP of People and Culture. To ensure the workplace is free of artificial barriers, violation of this policy including any improper retaliatory conduct will lead to discipline, up to and including discharge. All staff must cooperate with all investigations conducted pursuant to this policy.

ENVIRONMENTAL REVIEW

California Environmental Quality Act
The proposed activities, to approve the modification of certain San Diego Housing Commission existing loan terms for a loan estimated at $5,964,453 on the current target closing date of December 15, 2026, from Senior Housing Corporation to facilitate the rehabilitation of Potiker Family Senior Residence at 525

14th St. in the Downtown neighborhood, have been reviewed for consistency with and are covered in the Final Program Environmental Impact Report (PEIR) for Complete Communities: Housing Solutions and Mobility Choices (SCH No. 2019060003) which was certified by City Council Resolution No. R-313279 on November 17, 2020 and the Final EIR for the Downtown Community Plan, Centre City Planned District Ordinance, and 10th Amendment to the Centre City Redevelopment Plan (SCH No. 2003041001) certified by the former Redevelopment Agency and San Diego City Council on March 14, 2006 (Resolution No. R-04001 and R-301265, respectively). This activity is a subsequent discretionary action and is not considered a separate project for the purposes of CEQA review pursuant to CEQA Guidelines Sections 15378(c) and 15060(c)(3). Pursuant to Public Resources Code Section 21166 and CEQA Guidelines Section 15162, there is no change in circumstance, additional information, or project changes to warrant additional environmental review for this action.

National Environmental Policy Act
Federal funds will constitute a portion of the funding for the project. The project obtained NEPA approval from the City of San Diego Planning Department on June 18, 2026.

Respectfully submitted,

Michelle Munix

Michelle Muniz
Director of Underwriting
Real Estate Division

Approved by,

Lisa C. Jones

Lisa C. Jones
President and Chief Executive Officer
San Diego Housing Commission

Attachments:
1. Site Map
2. Scope of Work
3. Organization Chart
4. Developers' Project Pro Forma
5. Proposed Loan Terms
6. Developer's Disclosure Statement

A printed copy is available for review during business hours at the information desk in the main lobby of SDHC's offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of SDHC's website at www.sdhc.org.

Attachment #1 – Site Map



Attachment 2 – Rehabilitation Summary

Potiker Family Senior Residences

The request to recast the existing loan is being made due to extend the property's useful life and preserve the affordability term for a new 55-year term. Due to the age of the building, significant structural and electrical repairs and updates are needed.

Scope of renovation and repairs

Interior renovations/repairs

- New mini-split HVAC systems
- Solid surface flooring (LVP) and carpet
- Fresh paint
- New windows
- In unit light fixture package. High efficiency systems will be installed to promote less consumption of natural resources and decrease utility costs
- 2-burnder stove top with vent hood
- Energy Star appliance, plumbing and lighting fixtures replaced as needed
- Cabinets, countertops and ceiling tiles replaced as needed
- Updates to meet current ADA accessibility requirements

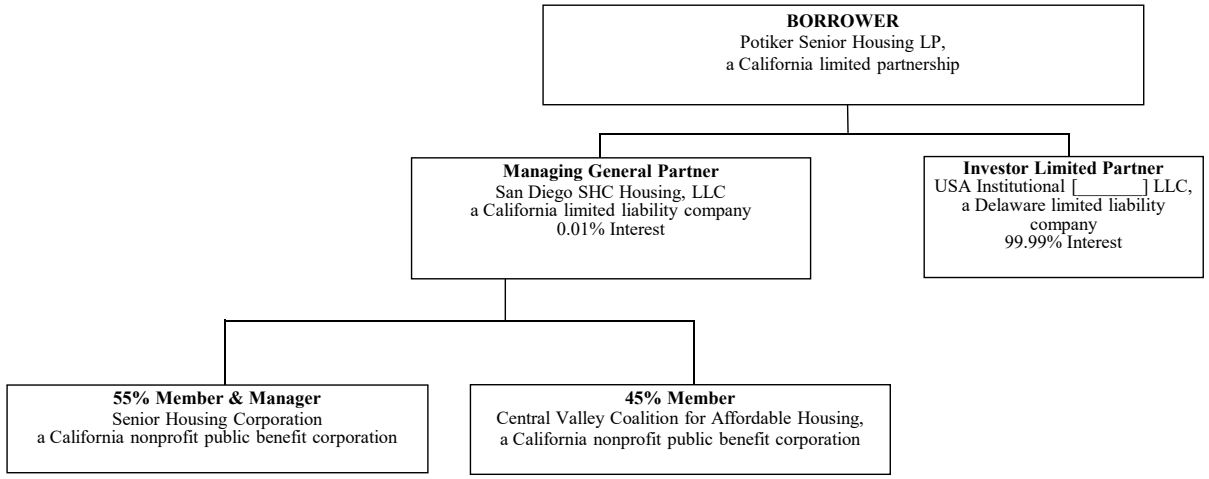
Community renovations/repairs

- Access control upgrades (FOB system)
- Solar panels
- Full roof replacement
- Site wide water softener system
- Fire alarms system replacement
- Sewer replacement
- Address all accessibility requirements and required accessible path of travel
- General landscaping and site work
- Refinish of existing wrought iron fence
- Fresh Exterior Paint
- Updates to meet current ADA accessibility requirements

Attachment 3 - Organizational Chart

updated 9/15/2026

POTIKER FAMILY SENIOR RESIDENCE



Attachment 4

PROJECT SUMMARY

Revision Date: 10/28/2026

Market Square Manor Resyndication

525 14th St, San Diego, CA 92101
San Diego
San Diego County

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Preliminary Projections, Subject to Revision

CHELSEA INVESTMENT CORPORATION

DEVELOPMENT COSTS & SOURCES

Development Costs:		
Land (including existing improvements)	$180,751/unit	36,150,100
Direct Construction Costs (inc Contingency)	$81,141/unit	16,228,179
Development Impact Fees	$1,728/unit	345,500
A&E	$2,990/unit	598,060
Financing Fees and Interest	$39,277/unit	7,855,356
Developer Fee	$25,202/unit	5,040,449
Other Soft Costs	$15,617/unit	3,123,329
Total Development Costs	$346,705/unit	**69,340,973**
Sources:		
Federal LIHTC Equity	$107,686/unit	21,537,224
State LIHTC / Solar / Other Tax Credit Equity	$0/unit	0
Permanent Loans	$29,305/unit	5,861,000
Priority Deferred Developer Fee	$13,318/unit	2,663,662
Seller Carryback loan	$118,287/unit	23,657,362
Subordinate Deferred Developer Fee	$0/unit	0
Private Placement Junior Bond	$0/unit	0
Soft Local	$53,259/unit	10,651,733
Bond Refund/Transfer of Reserves	$1,831/unit	366,136
Soft Loan Interest	$21,369/unit	4,273,855
Other	$1,650/unit	330,000
Total Sources	$346,705/unit	**69,340,973**

DEAL STRUCTURE AND ASSUMPTIONS

LIHTC Tax Credit Rate		4.00%
10 Yr Federal Tax Credits		13,925,223
State Tax Credit Total		0
Federal Tax Credit Price	$	0.8000
State Tax Credit Price	$	-
Other Tax Credit Price	$	-
DDA/QCT Boost	Y	
Opr. Exp./Unit/Year		8,970
Replacement Reserves/Unit/Year		300
Vacancy Rate		7.00%
DCR		1.20
Perm Loan Amort		15
Interest Rate - Permanent Loan		7.05%
Interest Rate - Construction Loan (TE)		6.20%
Interest Rate - Construction Loan (Taxable		6.70%
TIEBREAKER	4%	478.28%
Total Bank Construction Loan		18,182,232
Taxable Construction Loan		0
Tax Exempt Bonds - Construction - Recycled		1,000,000
Private Placement Jr Bond - Volume Cap		0
Tax- Exempt Bonds - Construction - Volume Cap		0
Tax- Exempt Bonds - Const/Perm Volume Cap		17,182,232
50% Test		27.30%
Prevailing Wage:		None

PROJECT UNIT & INCOME MIX

AMI	Studio	1BR	2BR	3BR	4BR	Totals
	99.00%	*1.00%*	*0.00%*	*0.00%*	*0.00%*	
Net SF	*320*	*583*	*742*	*938*	*1,250*	
100%	0	0	0	0	0	**0**
45%	36	0	0	0	0	**36**
45%	23	0	0	0	0	**23**
45%	15	0	0	0	0	**15**
40%	50	0	0	0	0	**50**
40%	36	0	0	0	0	**36**
30%	38	0	0	0	0	**38**
Mgr.	0	2	0	0	0	**2**
Totals	**198**	**2**	**0**	**0**	**0**	**200**

PROJECT TIMING AND CREDIT DELIVERY

Tax Credit Allocation	May-26
Construction Begin - Initial Closing	November-26
Construction Complete	November-28
Lease Up Complete	N/A - Acq/Rehab
Conversion/Stabilizatiion	April-29
8609	December-29
Estimated 1st Year Credit Delivery	0
Estimated 2nd Year Credit Delivery	1,392,383
Estimated 3rd Year Credit Delivery	1,392,383

PROJECTED SOURCES AND USES OF FUNDS

Market Square Manor Resyndication
10/28/2026

		Pre-Dev	11/1/2026 Closing	2/1/2027 Quarter 1	5/1/2027 Quarter 2	8/1/2027 Quarter 3	11/1/2027 Quarter 4	2/1/2028 Quarter 5	5/1/2028 Quarter 6	8/1/2028 Quarter 7	11/1/2028 Quarter 8	Construction Subtotal	100% complete Stabilization 6 months	5/1/2029 Conversion	8609	Total
				25% complete			50% complete									
				12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%					
SOURCES OF FUNDS	*interest rate*															
Federal LIHTC Equity		452,992	1,700,731	-	-	4,307,445	-	-	-		-	**6,461,167**	7,538,029	7,376,499	161,529	**21,537,224**
State LIHTC Equity	0 per unit		-	-	-	-	-	-	-	-	-	**-**		-	-	**-**
Solar Equity			-	-	-	-	-	-	-	-	-	**-**	-	-	-	**-**
Other Equity			-	-	-	-	-	-	-	-	-	**-**	-	-	-	**-**
Construction Loan - Tax Exempt		0	2,315,184	2,230,860	2,267,366	-	277,996	2,354,583	2,347,547	2,385,962	2,425,005	**16,604,503**	577,730		-	**17,182,232**
Construction Loan - Paydown		0	-	-	-	-	-	-	-	-	-	**-**	(7,238,029)	(9,944,204)	-	**(17,182,232)**
Construction Loan - Recycled Tax-Exempt		0	1,000,000	-	-	-	-	-	-	-	-	**1,000,000**	-	(1,000,000)		**-**
Perm Loan (Tranche A)			-	-	-	-	-	-	-	-	-	**-**	-	5,861,000	-	**5,861,000**
Priority Deferred Developer Fee	1.00%		-	-	-	-	-	-	-	-	-	**-**	-	2,663,662	-	**2,663,662**
Seller Carryback loan	5.22%		23,657,362	-	-	-			-	-	-	**23,657,362**	-	-	-	**23,657,362**
Local Funds: Assumed SDHC note w/accrued interest	5.60%		5,964,453	-	-	-	-	-	-	-	-	**5,964,453**	-	-	-	**5,964,453**
Local Funds: Assumed SHC notes w/accrued interest	3.00%		4,687,280	-	-	-	-	-	-	-	-	**4,687,280**	-	-	-	**4,687,280**
Soft Loan Interest			-	-	-	-	-	-	-	-	-	**-**	-	4,273,855	-	**4,273,855**
Bond Deposit Refund			-									**-**	-	88,500	-	**88,500**
Transfer of Operating Reserve			90,000									**90,000**	-	-	-	**90,000**
Transfer of Replacement Reserves			187,636									**187,636**	-	-	-	**187,636**
Income from Operations during rehab			-									**-**	-	330,000	-	**330,000**
Basis Adjuster			-	-	-	-	-	-	-	-	-	**-**	-	-	-	**-**
Timing Adjuster			-	-	-	-	-	-	-	-	-	**-**	-	-	-	**-**
Total Sources of Funds		**452,992**	**39,602,645**	**2,230,860**	**2,267,366**	**4,307,445**	**277,996**	**2,354,583**	**2,347,547**	**2,385,962**	**2,425,005**	**58,652,401**	**877,730**	**9,649,313**	**161,529**	**69,340,973**
USES OF FUNDS																
ACQUISITION																
Land Cost		0	**5,200,000**	-	-	-	-	-	-	-	-	**5,200,000**				**5,200,000**
Building Cost		0	-	-	-	-	-	-	-	-	-	**-**				**-**
Assumed Debt		0	**29,109,095**	-	-	-	-	-	-	-	-	**29,109,095**				**29,109,095**
Investor buyout/debt repmts		0	**1,840,905**	-	-	-	-	-	-	-	-	**1,840,905**				**1,840,905**
Offiste Improvement Purchase		0	-	-	-	-	-	-	-	-	-	**-**				**-**
Other Land Related Expenses / Option Pmnt		100	-	-	-	-	-	-	-	-	-	**100**				**100**
Other Closing Costs - Option Payment		0	-	-	-	-	-	-	-	-	-	**-**				**-**
Total Land / Acquitisiton		**100**	**36,150,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**36,150,100**	**-**	**-**	**-**	**36,150,100**
RELOCATION																
Relocation Admin And Temp Relocation		60,000	221,000	131,151	131,151	131,151	131,151	131,151	131,151	131,151	131,151	**1,330,208**				**1,330,208**
Permanent Relocation Expense		0	-	-	-	-	-	-	-	-	-	**-**				**-**
Total Relocation		60,000	221,000	131,151	131,151	131,151	131,151	131,151	131,151	131,151	131,151	**1,330,208**	-	-	-	**1,330,208**
	Initial															
REHABILITATION																
Demolition	$ -			-								**-**				**-**
Design Assistance	$ -	0	-	-	-	-	-	-	-	-	-	**-**				**-**
Off-site Improvements	$ -		-	-	-	-	-	-	-	-	-	**-**				**-**
Site Work	$ 537,818		-	67,227	67,227	67,227	67,227	67,227	67,227	67,227	67,227	**537,818**				**537,818**
Solar	$ 504,000		-	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	**504,000**				**504,000**
Parking Garage												**-**				**-**
Vertical	$ 11,432,095	0	-	1,429,012	1,429,012	1,429,012	1,429,012	1,429,012	1,429,012	1,429,012	1,429,012	**11,432,095**				**11,432,095**
Commercial incl. fees	$ -	0		-	-	-	-	-	-	-	-	**-**				**-**
GC Contingency	4%		-	54,573	54,573	54,573	54,573	54,573	54,573	54,573	54,573	**436,587**				**436,587**
General Requirements	7%		-	111,316	111,316	111,316	111,316	111,316	111,316	111,316	111,316	**890,527**				**890,527**
Contractor Preconstruction Services	2%		271,532									**271,532**				**271,532**
Contractor Fees	5%		-	85,041	85,041	85,041	85,041	85,041	85,041	85,041	85,041	**680,331**				**680,331**
Design Contingency	0%		-	-	-	-	-	-	-	-	-	**-**				**-**
Escalation	0%		-	-	-	-	-	-	-	-	-	**-**				**-**
Total New Construction	**$73,764/unit**	**-**	**271,532**	**1,810,170**	**1,810,170**	**1,810,170**	**1,810,170**	**1,810,170**	**1,810,170**	**1,810,170**	**1,810,170**	**14,752,890**	**-**	**-**	**-**	**14,752,890**
ARCHITECTURAL/SURVEY/ENGINEERING																
Other Architectural		90,169	157,631	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	**277,800**				**277,800**
Survey/Engineering		67,925	135,000	14,667	14,667	14,667	14,667	14,667	14,667	14,667	14,667	**320,260**				**320,260**
Other:												**-**				**-**
Total Architectural		**158,094**	**292,631**	**18,417**	**18,417**	**18,417**	**18,417**	**18,417**	**18,417**	**18,417**	**18,417**	**598,060**	**-**	**-**	**-**	**598,060**
CONTINGENCY COSTS																
Hard Cost Contingency	10%		27,153	181,017	181,017	181,017	181,017	181,017	181,017	181,017	181,017	**1,475,289**				**1,475,289**
Soft Cost Contingency	5%	41,172	119,712	11,413	13,151	14,323	14,395	17,305	16,970	18,799	20,658	**287,897**				**287,897**
Total Contingency		**41,172**	**146,866**	**192,430**	**194,168**	**195,340**	**195,412**	**198,322**	**197,987**	**199,816**	**201,675**	**1,763,186**	**-**	**-**	**-**	**1,763,186**
CONSTRUCTION PERIOD EXPENSES																
Construction Loan Interest		0	-	64,161	98,928	122,358	123,794	138,832	175,292	211,877	249,061	**1,184,304**	550,230	500,000		**2,234,534**
Private Placement Junior Bond Interest		0	-	-	-	-	-	-	-	-	-	**-**	-			**-**
Soft Loan Interest		0										**-**		4,273,855		**4,273,855**
Predevelopment Loan Interest		0	55,000									**55,000**				**55,000**
Origination/Application Fee	0.75%	0	135,000									**135,000**	-			**135,000**
SDHC Fees/Legal		0	131,700									**131,700**	-			**131,700**
Lender Reports and Inspections		25,000	-	-	-	-	-	-	-	-	-	**25,000**	-			**25,000**
Title/Recording/Taxes		0	93,750	5,156	5,156	5,156	5,156	5,156	5,156	5,156	5,156	**135,000**	-			**135,000**
Insurance During Construction		0	475,000	-	-	-	-	-	-	-	-	**475,000**	-			**475,000**
Construction Mgmt and Monitoring		0	-	-	-	-	-	-	-	-	-	**-**	-			**-**
Owner Requirements		0	-	-	-	-	-	-	-	-	-	**-**	-			**-**
Other:																
Total Construction Period Expense		**25,000**	**890,450**	**69,318**	**104,085**	**127,514**	**128,950**	**143,988**	**180,448**	**217,034**	**254,218**	**2,141,004**	**550,230**	**4,773,855**	**-**	**7,465,089**
PERMANENT FINANCING EXPENSES																
Loan Origination Fees	0.25%	0	14,653	-	-	-	-	-	-	-	-	**14,653**	-		-	**14,653**
Title/Recording/Taxes		0	-									**-**	-	15,000	-	**15,000**
Insurance		0	-									**-**		-	-	**-**
Other: Bond/Issuer/FA fees		93,500	112,389	-	-	-	-	-	-	-	-	**205,889**			-	**205,889**
Other: LIHTC fees		29,101	-		-	-	-	-	-	-	-	**29,101**	-	125,624	-	**154,725**
Total Permanent Financing		122,601	127,041	-	-	-	-	-	-	-	-	**249,642**	-	140,624	-	**390,267**

PROJECTED SOURCES AND USES OF FUNDS

Market Square Manor Resyndication
10/28/2026

		Pre-Dev	11/1/2026 Closing	2/1/2027 Quarter 1	5/1/2027 Quarter 2	8/1/2027 Quarter 3	11/1/2027 Quarter 4	2/1/2028 Quarter 5	5/1/2028 Quarter 6	8/1/2028 Quarter 7	11/1/2028 Quarter 8	Construction Subtotal	100% complete Stabilization 6 months	5/1/2029 Conversion	8609	Total
				Construction Period		25% complete		50% complete								
				12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%					
LEGAL FEES																
Lender Legal		0	75,000		-	-	-	-	-	-	-	**75,000**	-	5,000	-	**80,000**
Sponsor Legal		8,125	196,875									**205,000**	-	-	-	**205,000**
Total Legal Fees		8,125	271,875	-	-	-	-	-	-	-	-	**280,000**	-	5,000	-	**285,000**
CAPITALIZED RESERVES																
Operating Reserve	**3 months**		90,000	-	-	-	-	-	-	-	-	**90,000**	-	550,914	-	**640,914**
Transition Reserve			-	-	-	-	-	-	-	-	-	**-**	-	-	-	**-**
Replacement Reserves			150,000	-	-	-	-	-	-	-	-	**150,000**	-	-	-	**150,000**
Total Reserves		-	240,000	-	-	-	-	-	-	-	-	**240,000**	-	550,914	-	**790,914**
REPORTS & STUDIES																
Market Study		1,250	-	-	-	-	-	-	-	-	-	**1,250**		-	-	**1,250**
Appraisal		5,750	-	-	-	-	-	-	-	-	-	**5,750**		-	-	**5,750**
Environmental		2,500	-	-	-	-	-	-	-	-	-	**2,500**		-	-	**2,500**
Preconstruction Studies		4,150	5,000	-	-	-	-	-	-	-	-	**9,150**		-	-	**9,150**
Other:			-	-	-	-	-	-	-	-	-	**-**	-	-	-	**-**
Total Reports & Studies		13,650	5,000	-	-	-	-	-	-	-	-	**18,650**	-	-	-	**18,650**
OTHER																
Local Permit Fees	$1,728/unit	14,250	331,250	-	-	-	-	-	-	-	-	**345,500**				**345,500**
Local Development Impact Fees	$0/unit	0	-	-	-	-	-	-	-	-	-	**-**		-		**-**
Accounting/Reimbursable/Cost Certification		10,000	15,000	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	**35,000**	27,500			**62,500**
Financial Consulting/App Prep/Review (SA)		0	125,000	-	-	-	-	-	-	-	-	**125,000**				**125,000**
Entitlement Services and CM (SA)		0	15,000	5,625	5,625	5,625	5,625	5,625	5,625	5,625	5,625	**60,000**				**60,000**
Tenant File Review		0	-									**-**				**-**
GP Service Fee		0	100,000									**100,000**				**100,000**
Marketing & Lease Up		0										**-**	-			**-**
Prevailing Wage / Labor Compliance		0	-	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	**20,000**				**20,000**
FF&E		0	-					43,160				**43,160**				**43,160**
Other:		0	-	-	-	-	-	-	-	-	-	**-**				**-**
Total Other Costs		24,250	586,250	9,375	9,375	9,375	9,375	52,535	9,375	9,375	9,375	**728,660**	27,500	-	-	**756,160**
DEVELOPER COSTS																
Developer Fee			400,000		-	-	-	-	-	-	-	400,000	300,000	4,178,920	161,529	**5,040,449**
Capital Fees paid to Developer			-	-	-	-	-	-	-	-	-	**-**	-	-	-	**-**
Total Developer Costs		-	400,000	-	-	-	-	-	-	-	-	**400,000**	300,000	4,178,920	161,529	**5,040,449**
Total Uses of Funds		452,992	39,602,645	2,230,860	2,267,366	2,291,967	2,293,475	2,354,583	2,347,547	2,385,962	2,425,005	**58,652,401**	877,730	**9,649,313**	**161,529**	**69,340,973**

Market Square Manor Resyndication

Estimate of LIHTC Basis Calculation

		57%	100%
	ACTUAL OR EST.	ACQ	NC/REHAB
DESCRIPTION OF COSTS	OF COSTS	ELIGIBLE BASIS	ELIGIBLE BASIS
ACQUISITION			
Land Cost	$ 5,200,000		
Building Cost	$ -	$ -	
Assumed Debt	$ 29,109,095	$ 29,109,095	
Investor buyout/debt repmts	$ 1,840,905	$ 1,840,905	$ -
Offiste Improvement Purchase	$ -		$ -
Other Land Related Expenses / Option Pmnt	$ 100		
Other Closing Costs - Option Payment	$ -		
TOTAL LAND/AQUISITION COSTS	**$ 36,150,100**	**$ 30,950,000**	**$ -**
RELOCATION			
Relocation Admin And Temp Relocation	$ 1,330,208		
Permanent Relocation Expense	$ -		
TOTAL RELOCATION COSTS	**$ 1,330,208**		
NEW CONSTRUCTION			
Demolition	$ -		
Design Assistance	$ -		$ -
Off-site Improvements	$ -		$ -
Site Work	$ 537,818		$ 451,634
Solar	$ 504,000		$ 504,000
Parking Garage	$ -		$ -
Vertical	$ 11,432,095		$ 11,432,095
Commercial incl. fees	$ -		$ -
GC Contingency	$ 436,587		$ 436,587
General Requirements	$ 890,527		$ 890,527
Contractor Preconstruction Services	$ 271,532		$ 271,532
Contractor Fees	$ 680,331		$ 680,331
Design Contingency	$ -		$ -
Escalation	$ -		$ -
TOTAL CONSTRUCTION	**$ 14,752,890**	**$ -**	**$ 14,666,706**
ARCHITECTURAL FEES			
Other Architectural	$ 277,800		$ 277,800
Survey/Engineering	$ 320,260		$ 320,260
Other:	$ -		$ -
TOTAL ARCHITECTURAL COSTS	**$ 598,060**	**$ -**	**$ 598,060**
CONTINGENCY COSTS			
Hard Cost Contingency	$ 1,475,289		$ 1,475,289
Soft Cost Contingency	$ 287,897		$ 287,897
TOTAL CONTINGENCY COSTS	**$ 1,763,186**	**$ -**	**$ 1,763,186**
CONSTRUCTION PERIOD EXPENSES			
Construction Loan Interest	$ 2,234,534		$ 1,184,304
Private Placement Junior Bond Interest	$ -		$ -
Soft Loan Interest	$ 4,273,855		$ 3,419,084
Predevelopment Loan Interest	$ 55,000		$ 55,000
Origination/Application Fee	$ 135,000		$ 101,250
SDHC Fees/Legal	$ 131,700		$ 98,775
Lender Reports and Inspections	$ 25,000		$ 25,000
Title/Recording/Taxes	$ 135,000		$ 101,250
Insurance During Construction	$ 475,000		$ 475,000
Construction Mgmt and Monitoring	$ -		$ -
Owner Requirements	$ -		$ -
Other:	$ -		$ -
TOTAL CONSTRUCTION PERIOD EXPENSE	**$ 7,465,089**	**$ -**	**$ 5,459,664**
PERMANENT FINANCING EXPENSES			
Loan Origination Fees	$ 14,653		
Title/Recording/Taxes	$ 15,000		
Insurance	$ -		
Other: Bond/Issuer/FA fees	$ 205,889		
Other: LIHTC fees	$ 154,725		

Market Square Manor Resyndication

Estimate of LIHTC Basis Calculation

TOTAL PERMANENT FINANCING COSTS	**$ 390,267**	**$ -**	**$ -**
LEGAL FEES			
Lender Legal	$ 80,000		$ 56,250
Sponsor Legal	$ 205,000		$ 67,650
TOTAL LEGAL	**$ 285,000**	**$ -**	**$ 123,900**
CAPITALIZED RESERVES			
Operating Reserve	$ 640,914		
Transition Reserve	$ -		
Replacement Reserves	$ 150,000		
TOTAL RESERVE COSTS	**$ 790,914**		
REPORTS & STUDIES			
Market Study	$ 1,250		$ 1,250
Appraisal	$ 5,750		$ 5,750
Environmental	$ 2,500		$ 2,500
Preconstruction Studies	$ 9,150		$ 9,150
Other:	$ -		$ -
TOTAL REPORTS & STUDIES	**$ 18,650**	**$ -**	**$ 18,650**
OTHER EXPENSES			
Local Permit Fees	$ 345,500		$ 345,500
Local Development Impact Fees	$ -		$ -
Accounting/Reimbursable/Cost Certification	$ 62,500		$ 62,500
Financial Consulting/App Prep/Review (SA)	$ 125,000		$ 125,000
Entitlement Services and CM (SA)	$ 60,000		$ 60,000
Tenant File Review	$ -		$ -
GP Service Fee	$ 100,000		
Marketing & Lease Up	$ -		
Prevailing Wage / Labor Compliance	$ 20,000		$ 20,000
FF&E	$ 43,160		$ 43,160
Other:	$ -		$ -
TOTAL OTHER COSTS	**$ 756,160**	**$ -**	**$ 656,160**
DEVELOPER COSTS			
Developer Fee Limit - Per TCAC Application	*$ 5,040,449*	*$ 1,547,500*	*$ 5,040,449*
Developer Fee Calculation	*$ 5,040,449*	*$ 1,547,500*	*$ 3,492,949*
Developer Fee	*$ 5,040,449*	*$ 1,547,500*	*$ 3,492,949*
TOTAL DEVELOPER FEE	**$ 5,040,449**	**$ 1,547,500**	**$ 3,492,949**
TOTAL RESIDENTIAL COSTS	**$ 69,340,973**	**$ 32,497,500**	**$ 26,779,275**
REDUCE BY TOTAL COMMERCIAL COSTS	**$ -**		**$ -**
TOTAL RESIDENTIAL PROJECT	**$ 69,340,973**	**$ 32,497,500**	**$ 26,779,275**

Adjustment for Excess Basis			**$ -**
Additional Amount Voluntarily Excluded From Basis		**$ -**	
Requested Undadjusted Eligible Basis		$ 32,497,500	$ 26,779,275
130% FACTOR?	**51.01**	**Y**	**$ 34,813,057**
Total Adjusted Qualified Basis		**$ 32,497,500.00**	**$ 34,813,057**
TX CREDITS @ % LI Eligible@ Tx Credit Rt	100.00%	4.00%	4.00%
TX CREDITS @ % LI Eligible		$ 1,299,900	$ 1,392,522
TX CREDITS OVER TEN YEARS		$ 12,999,000	$ 13,925,223
TX CREDIT EQUITY INVESTMENT	$ 0.8000	**99.99%**	**$ 21,537,224**

Market Square Manor Resynd Revision Date: 10/28/2026

Detailed Operating Budget and Income Analysis

Year	**2026**
MSA	San Diego County
4 Person 50% AMI	$87,450

Expenses Source	CICM projections
UA source	master metered
Other	Rent Adjustment tied to current rent

Rent:	Restriction	%AMI	Units	Square Feet/Unit	Total Sq. Ft.	Gross Rents	Rent Adjustment	Utility Allowance	Monthly Net Rent	Annual Rent
0BR/1BA	LIHTC/PBV	45%	36	320	11,520	$ 1,377	$ -	$ -	$ 1,377	$ 594,864
0BR/1BA	LIHTC	45%	23	320	7,360	$ 1,377	$ 126	$ -	$ 1,251	$ 345,276
0BR/1BA	LIHTC	45%	15	320	4,800	$ 1,377	$ 126	$ -	$ 1,251	$ 225,180
0BR/1BA	LIHTC	40%	50	320	16,000	$ 1,223	$ 163	$ -	$ 1,060	$ 636,000
0BR/1BA	LIHTC	40%	36	320	11,520	$ 1,223	$ 163	$ -	$ 1,060	$ 457,920
0BR/1BA	LIHTC	30%	38	320	12,160	$ 918	$ 85	$ -	$ 833	$ 379,848
0BR/1BA	MGR	Mgr.	0	320	0	$ -	$ -	$ -	$ -	$ -
1BR/1BA	MGR	Mgr.	2	583	1,166	$ -	$ -	$ -	$ -	$ -
Total Rents			**200**		**64,526**					**2,639,088**

Community Room/Office 2,500 % Loss to Efficiency 15% **10,054**

Construction Square Feet **67,026**

Income from Operations	PUPM				
Total Rents					**2,639,088**
Laundry	$ 20.00				48,000
Other Income (App. Fees, Late, etc.)	$ -				0
Sub-Total	$ 20.00				2,687,088
Rental Assistance					**302,400**
Less: Vacancies @	7%				209,264
Commercial Income	$ -	PSF RENT	0	Commercial SF	**0**
Less: Vacancies @	50%				0
Total Income					**2,780,224**
Operating Expenses	PUPA			Notes	
Admin	$ 329				65,765
Management Fee	$ 684				169,726
Utilities	$ 1,964				392,800
Payroll	$ 2,941				588,257
Repair & Maintenance	$ 1,538				307,524
Insurance	$ 1,331				266,153
Taxes (HOA, CFD)	$ 184				36,700
Misc. Expense	$ -				0
Total Expenses	$ 8,970				**1,826,925**
Net Operating Income					**953,299**
Reserves	$300.00/unit				60,000
Services	$0/unit				0
Other Annual Cost					0
Issuer and Monitoring Fees		*10,000* annual pmt	*163.00*	per unit monitoring fee	42,600
Net Income Available for Debt Service					**850,699**

Loan Sizing

DSC TEST **1.342**

Loan Type:	**Private**	**N/A**
	Tranche A	**Tranche B**
Loan Amount	5,861,000	0
Interest	7.05%	7.05%
Term	**15**	**15**
Amortization	15	**15**
Debt Service Coverage	1.20	**1.20**
Monthly Payment	52,844	6,232
Annual Payment	634,132	74,784
Cash Flow After D/S	216,567	**141,783**
Max Loan Amount	**0**	**0**

Market Square Manor Resyndication **Revision Date:** 10/28/2026

Cash Flow

			2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Gross Revenue	Inflation @	2.50%	$ 2,687,088	$ 2,754,265	$ 2,823,122	$ 2,893,700	$ 2,966,042	$ 3,040,193	$ 3,116,198	$ 3,194,103	$ 3,273,956	$ 3,355,805	$ 3,439,700	$ 3,525,692	$ 3,613,835	$ 3,704,180	$ 3,796,785	$ 3,891,705
Subsidy Revenue		2.50%	$ 302,400	$ 309,960	$ 317,709	$ 325,652	$ 333,793	$ 342,138	$ 350,691	$ 359,459	$ 368,445	$ 377,656	$ 387,098	$ 396,775	$ 406,694	$ 416,862	$ 427,283	$ 437,965
Vacancy		7.00%	$ (209,264)	$ (214,496)	$ (219,858)	$ (225,355)	$ (230,988)	$ (236,763)	$ (242,682)	$ (248,749)	$ (254,968)	$ (261,342)	$ (267,876)	$ (274,573)	$ (281,437)	$ (288,473)	$ (295,685)	$ (303,077)
Net Revenue			**$ 2,780,224**	**$ 2,849,729**	**$ 2,920,973**	**$ 2,993,997**	**$ 3,068,847**	**$ 3,145,568**	**$ 3,224,207**	**$ 3,304,812**	**$ 3,387,433**	**$ 3,472,119**	**$ 3,558,922**	**$ 3,647,895**	**$ 3,739,092**	**$ 3,832,569**	**$ 3,928,384**	**$ 4,026,593**
Operating Expenses	Inflation @	3.50%	$ 1,826,925	$ 1,890,868	$ 1,957,048	$ 2,025,545	$ 2,096,439	$ 2,169,814	$ 2,245,758	$ 2,324,359	$ 2,405,712	$ 2,489,912	$ 2,577,058	$ 2,667,255	$ 2,760,609	$ 2,857,231	$ 2,957,234	$ 3,060,737
SCC Note Operating Fund Withdrawal				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 46,883	$ 84,191
Net Operating Income			**$ 953,299**	**$ 958,862**	**$ 963,925**	**$ 968,452**	**$ 972,408**	**$ 975,754**	**$ 978,450**	**$ 980,453**	**$ 981,721**	**$ 982,207**	**$ 981,863**	**$ 980,639**	**$ 978,483**	**$ 975,339**	**$ 1,018,033**	**$ 1,050,047**
Replacement Reserves	Inflation @	3.00%	$ 60,000	$ 61,800	$ 63,654	$ 65,564	$ 67,531	$ 69,556	$ 71,643	$ 73,792	$ 76,006	$ 78,286	$ 80,635	$ 83,054	$ 85,546	$ 88,112	$ 90,755	$ 93,478
Other Annual Cost	Inflation @	3.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Services	Inflation @	3.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash Available to Debt Service			$ 893,299	$ 897,062	$ 900,271	$ 902,889	$ 904,878	$ 906,198	$ 906,807	$ 906,661	$ 905,715	$ 903,921	$ 901,228	$ 897,585	$ 892,937	$ 887,227	$ 927,278	$ 956,569
Principal and Interest Tranche A	5,861,000	7.05%	$ 634,132	$ 634,132	$ 634,132	$ 634,132	$ 634,132	$ 634,132	$ 634,132	$ 634,132	$ 634,132	$ 634,132	$ 634,132	$ 634,132	$ 634,132	$ 634,132	$ 634,132	$ 308,079
Issuer and Monitoring Fees	Inflation @	0.00%	$ 42,600	$ 42,600	$ 42,600	$ 42,600	$ 42,600	$ 42,600	$ 42,600	$ 42,600	$ 42,600	$ 42,600	$ 42,600	$ 42,600	$ 42,600	$ 42,600	$ 42,600	$ 42,600
GP Fee	Inflation @	3.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Project Cash Flow			**$ 216,567**	**$ 220,330**	**$ 223,539**	**$ 226,157**	**$ 228,146**	**$ 229,466**	**$ 230,075**	**$ 229,929**	**$ 228,983**	**$ 227,189**	**$ 224,497**	**$ 220,854**	**$ 216,205**	**$ 210,495**	**$ 250,546**	**$ 605,890**
DEBT SERVICE COVERAGE RATIO			**134%**	**135%**	**135%**	**136%**	**136%**	**136%**	**136%**	**136%**	**136%**	**136%**	**135%**	**135%**	**134%**	**133%**	**140%**	**297%**
TCAC Gross Revenue Test	no more than 2% in year 15 if DSCR > 125% or 8% test	8.00%	8%	8%	8%	8%	8%	8%	7%	7%	7%	7%	7%	6%	6%	6%	6.60%	15.57%
UMR Operating Expense Test	<= 1.20 DSCR or 12% cash flow to expense ratio	12.00%	12%	12%	11%	11%	11%	11%	10%	10%	10%	9%	9%	8%	8%	7%	8%	20%
Distributions:																		
Other: LP Fee	10,000	0.00%	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
	Accrued LP Fee, if applicable			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Deferred Dev Fee	100%	1.00%	$ 206,567	$ 210,330	$ 213,539	$ 216,157	$ 218,146	$ 219,466	$ 220,075	$ 219,929	$ 218,983	$ 217,189	$ 214,497	$ 210,854	$ 206,205	$ 66,542	$ 0	$ -
Cash Available After Deferred Fee Payment			**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 133,953**	**$ 240,546**	**$ 595,890**
SCC Note Operating Fund	35%		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 46,883**	**$ 84,191**	**$ 208,562**
Total Cash Available for Waterfall			**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 87,069**	**$ 156,355**	**$ 387,329**
Cash Available For Soft Loans	**100.00%**		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 87,069**	**$ 156,355**	**$ 387,329**
Seller Carryback loan	37.00%	5.22%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 49,562	$ 89,002	$ 220,479
Local Funds: Assumed SDHC note w/accrued int	28.00%	5.60%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 37,507	$ 67,353	$ 166,849
Check	100%																	
Cash Flow Available After Soft Loan Loans			**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Subordinate Deferred Developer fee		0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Partnership Admin Fee (90% of Cash Flow)		89.99%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash Flow Available after Partnership Admin Fee			**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
LP Distribution		99.99%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GP Distribution		0.01%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Remaining Cash Flow After Partnership Distribution			**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

ATTACHMENT 5
PROPOSED LOAN NON-BINDING COMMITMENT TERMS SUMMARY
Potiker Senior Housing, LP
525 14th Street, San Diego, CA 92101
September 23, 2026

The San Diego Housing Commission ("Housing Commission") is pleased to submit this non-binding commitment terms summary. This commitment terms summary is not a binding contract and is subject to the approval by the San Diego Housing Commission Board of Commissioners ("Board of Commissioners") and, if necessary, the Housing Authority of the City of San Diego. The purpose of this commitment terms summary is to set forth the general terms and conditions under which the Housing Commission is interested in modifying certain San Diego Housing Commission loan terms with respect to the loan ("Housing Commission Loan") previously made the Housing Commission to Potiker Senior Housing, LP, a California limited partnership ("Borrower"). It is estimated the Housing Commission Loan will have an outstanding principal and interest balance of $5,964,453, on the California Debt Limit Allocation Committee (CDLAC) readiness deadline of February 8, 2027, as part of the Borrower's proposed rehabilitation of a 200-unit development (with 198 affordable units and two unrestricted manager's units) located on an approximately 0.92 acre lot at 525 14th Street in the City of San Diego ("Project").

In the event of a conflict between any term or provision (or absence of any term or provision) of this commitment terms summary and any term or provision of any approval of any applicable board or governing body, the term or provision of such board or governing body shall apply. Provided modification of the Housing Commission Loan is approved by the Board of Commissioners, and if necessary by Housing Authority of the City of San Diego, the following terms shall apply to the modified Housing Commission Loan.

The terms of the Housing Commission's proposed financing shall be as follows:

1. **Loan principal amount (not to exceed)** – At closing of the CDLAC financing, the promissory note evidencing the Commission Loan shall be amended and restated in its entirety and all of the then outstanding principal and interest, which is estimated to be $5,964,453, shall be consolidated and become the principal amount of such restated promissory note.

2. **Interest Rate**- 5.60 percent interest compounded annually.

3. **Loan Term** - The loan will be due, and payable in full, in 55 years from completion of rehabilitation of the Project.

4. **Loan Payments** - Annual payments on the loan shall equal 50 percent of the Project's residual cash. In addition to the 50 percent residual cash payment, the Borrower shall also

pay a fixed $10,000 annual payment to the Housing Commission. Provided, however, if the Housing Commission approves other lenders whose loans will be paid from residual receipts, then the Housing Commission and such other approved lenders shall share the 50 percent of the Project's residual receipts, in proportion to the original principal balances of their respective loans. The following items, in addition to other operating expenses, shall be payable by the Borrower prior to the calculation of residual receipts:

(i) The year 1 "Limited Partnership Fees" shall be capped at $25,000. "Limited Partnership Fees" shall be defined to include any and all partnership-related fees including but not limited to: Investor Partnership fees, Asset Management fees, Other Limited Partnership oversight fees, and General Partner Fees. Limited Partnership Fee" increases will be capped at three (3) percent annually. Unpaid partnership fees shall not accrue for purposes of calculating residual receipts.

(ii) Eligible deferred developer fee.

5. **Affordability-**
   a. Restricted units must remain affordable for 55 years. At escrow closing the Borrower and the Housing Commission shall amend and restate the existing Declaration of Covenants, Conditions, and Restrictions (CC&R), restricting the rent and occupancy of the affordable units for 55 years from completion of rehabilitation of the Project, and cause those CC&R's to be recorded against the Project. Such restated CC&R shall be in a form and format acceptable to the Housing Commission and its General Counsel in their sole discretions.
   b. The affordability shall be as follows:

Unit Type	AMI	Units
Studio	30%	38
Studio	40%	86
Studio	45%	74
Subtotal Studio Units		**198**
Unrestricted Manager's one bedroom unit		2
Total Units		**200**

6. **Site Value** - The property was appraised with an effective date of July 9, 2025, at $36,150,000 with restricted rents under a fee simple market value and at $5,200,000 for a hypothetical encumbered land value. Kinetic Valuation Group conducted the appraisal for the developer.

7. **Construction Costs Third-Party Review** - Prior to construction loan closing, a cost review may be obtained by the Housing Commission with a third-party consultant, provided however, that to the extent possible, Housing Commission will coordinate and

rely on the third-party consultant and costing review of senior lender. Borrower will reimburse the Housing Commission at escrow closing for all reasonable third-party review costs.

8. **Contractor** -
   a. Borrower will submit copies of three qualified bids received from subcontractors for each trade.
   b. Construction Agreement - Borrower shall submit the proposed Construction Agreement to the Housing Commission for its review and prior approval. The Housing Commission shall have a minimum of two weeks for its review of the proposed Construction agreement.
   c. Subcontractors – the Borrower shall require the General Contractor to solicit and obtain competitive bids from at least three qualified subcontractors for each major trade involved in the construction of the Project. Those bids will be reviewed and approved by the Borrower. The Borrower and General Contractor shall submit the subcontractors' competitive bids to the Housing Commission for prior review and reasonable approval.
   d. Change orders at or in excess of $150,000 shall have Housing Commission prior written approval. For proposed change orders over $150,000, the Borrower and General Contractor shall submit to the Housing Commission a detailed explanation of why the change order work is necessary, why the issue was not included in the original scope of work, and why the change is not being charged against the General Contractor's contingency.
   e. Agreement Changes - a Construction Agreement with a Guaranteed Maximum Price (GMP) may not be revised to a Lump Sum or other form of Construction Agreement without the prior written approval of the Housing Commission.
   f. Insurance - Prior to close of escrow, evidence of the General Contractor's insurance acceptable to the Housing Commission's legal counsel shall be provided. The Housing Commission, the Housing Authority of the City of San Diego, and the City of San Diego, shall be named as additional insureds on the General Contractor's insurance policies.

9. **Tax Credit Equity-** Borrower will provide the Letter Of Intent with equity pricing from the low-income housing tax credit (LIHTC) investor within 90 days of closing.

10. **First Mortgage**- Borrower will provide the term sheet from the first mortgage provider that was used at time of application as well as an update within 90 days of closing.

11. **Cost Certification -** The Borrower shall submit the final tax credit cost certification to the Housing Commission for its review and approval before the cost certification is completed/finalized.

12. **Cost Savings and/or Additional Proceeds at Conversion to Permanent Financing** -In the event that the Borrower obtains funds in excess of those shown as sources in the Commission approved Proforma, (including but not limited to cost savings, improved debt, improved tax credit equity pricing, and any other sources), then upon conversion to permanent loan, the excess funds shall be used as follows:
    a. First, to pay for development cost overruns reasonably approved by the Housing Commission.
    b. Second, used to make any necessary adjustment to the total tax credit allocation or timing adjustments as may be required by CTCAC or the tax credit investor.
    c. Third, payment towards the Borrower's deferred developer fee.
    d. Fourth, excess funds shall be shared fifty percent (50%) to the Borrower and the other fifty percent (50%) will be paid to the Housing Commission and other soft lenders in proportion to the original principal balance of their loans.
    e. Excess funds paid toward the Housing Commission Loan will be applied first to pay down the accrued interest, and the remaining amount shall pay down the principal.

13. **Developer Fee-**
    a. Maximum Fee $5,040,449 paid from Development Sources, provided, however, up to $2,663,662 of the developer fee may be deferred with payments thereof treated as an expense for purposes of calculating residual receipts. If any amount of the developer fee is deferred, then such amount shall be repaid during the 15-year tax credit compliance period. Upon the expiration of the 15-year tax credit compliance period, any unpaid deferred developer fee shall no longer be treated as an operating expense or otherwise included in the calculation of residual receipts for purposes of determining payments on the SDHC Loan.

14. **Due Diligence** - The Borrower, at Borrower's expense, shall provide the following, if applicable: a current appraisal, an environmental review, a lead paint and asbestos review, and a relocation plan. The Borrower shall provide the Housing Commission with an updated appraisal within 90 days of the estimated escrow closing date or a Letter of Intent from the third-party lender.

15. **Environmental Requirements** – National Environmental Policy Act
Federal funds will constitute a portion of the funding for the project. A final reservation of federal funds shall occur only upon satisfactory completion of the environmental review and receipt by the City of San Diego of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). The project received NEPA approval on June 18, 2026.

16. **Fees/Payments to Housing Commission** - Borrower will pay to the Housing Commission:

a. Underwriting Fee - a flat underwriting fee in the amount of $60,000 will be charged as reimbursement of Housing Commission costs related to underwriting and issuing the loan. This must be included in the total development cost of the Project and is to be paid at close of escrow.
b. Legal Fee - the Housing Commission charges a legal costs fee for document preparation and review that must be included in the total development cost. Current Housing Commission legal fees are $30,000 and are to be paid at the close of escrow.
c. Compliance Affordability Monitoring Fee - compliance monitoring fees must be incorporated into the operating proforma. Borrower will pay the fee in accordance with the then-existing Housing Commission fee schedule. Current annual affordability monitoring are as follows: $163.00 X 200 (Project units to be affordability monitored) = $32,600 per year (plus a one-time setup fee of $71 per unit at close of escrow). Additional training and assistance is currently at $100 per hour.
d. Asset Management Fee- the Housing Commission charges a 15-year capitalized asset management fee of $15,000 and is paid at close of escrow.
e. Environmental Noticing Fee- Publishing/filing costs are to be paid at close of escrow.
f. Construction Cost Review- Housing Commission may engage a third party to review the reasonableness of the construction costs. If so, fees of $12,500 are to be paid at close of escrow.

17. **Fees for Asset Management** (amounts not to exceed)-
    a. As detailed in paragraph 4 (above), the year 1 "Limited Partnership Fees" shall be capped at $25,000 per year and shall not increase more than three percent (3.0%) annually. "Limited Partnership Fees" include Asset management fees related to the investor and general partner's management of the Project.
    b. Unpaid General Partner fees shall not accrue for purposes of calculating residual receipts.
    c. Any changes to the asset management partnership fees will require the prior written approval of the Housing Commission's President and CEO or designee.

18. **Financing Gap** - The Borrower will cover any financing gap that arises after Housing Commission underwriting, with its equity, its developer fee, and/or other non-Housing Commission sources, all of which shall be subject to the approval of the Housing Commission in its sole discretion and will not be unreasonably withheld. No additional Housing Commission funds will be provided for the Project in any Housing Commission future Notices of Funds Available.

19. **Insurance** - Borrower shall at all times during the term of the Commission Loan maintain General Liability and Property Insurance (fire and extended coverage), workers compensation, builder's completed value risk insurance against "all risks of physical loss" (during construction) and, if required by the Housing Commission, floor and earthquake

insurance, in forms acceptable to the Housing Commission and approved by the Housing Commission's General Counsel. The San Diego Housing Commission, the Housing Authority of the City of San Diego, and the City of San Diego shall be listed as an additional insureds: for General Liability Insurance, for Property Insurance, and in the General Contractor's Insurance policy. The San Diego Housing Commission shall be endorsed as a loss payee of the insurance policies. Evidence of borrower's insurance coverage shall be provided to the Housing Commission prior to close of escrow.

20. **Management of the Development** -
    a. Management Plan - Prior to occupancy the Borrower shall submit a Management Plan to the Housing Commission for its review and approval. The Management Plan shall be subject to initial and periodic approval by the Housing Commission, at its reasonable discretion.
    b. Approval of Management Fee - The proposed property manager's fee must be approved in advance by the Housing Commission.
    c. The Housing Commission reserves the right to declare Borrower in default of the Housing Commission Loan after an uncured ninety (90) day written notice of malfeasance and/or misfeasance in management of the Project.
    d. Manager's Units - Experienced on-site property management is required. There shall be two manager's units.
    e. Marketing Plan – In the event the Housing Commission funds all or part of the Housing Commission Loan using HOME funds, then (to ensure compliance with HOME regulations and with federal fair housing requirements) prior to occupancy the Borrower shall submit a proposed marketing plan for review and approval by the Housing Commission's Civil Rights Analyst in the Procurement and Compliance Division.

21. **Annual Budget Submittal** Three months prior to the end of each calendar year, the Borrower shall submit an annual budget for Housing Commission review and prior approval.

22. **Project Based Vouchers**- The project includes 36 pre-existing, non-PSH Project Based Vouchers (PBV) for low-income seniors, from the Housing Commission.

23. **Resident Services** – Resident services will be provided to all residents. Services costs are not to exceed $217,800 in year 1, with a 3 percent annual escalator. Increasing this amount or the escalator will require Housing Commission written approval.

24. **Prevailing Wage** - The proposed development is not anticipated to be subject to payment of California State nor federal Davis Bacon prevailing wages.

25. **Reserves:** Replacement reserves and operating reserves must be consistent with **lender**

and equity investor requirements. The Housing Commission reserves the right to require higher operating or replacement reserves.

a. Replacement Reserve – Borrower shall establish and maintain a capitalized replacement reserve in the amount of **$150,000** which shall be funded at close of construction financing. An additional **$60,000 ($300 per unit per year)** annually shall be deposited into the replacement reserve, deposited over monthly installments.
b. Operating Reserve – The Project's existing operating reserve shall be transferred to Borrower concurrently with Borrower's acquisition of the Project. In addition, upon closing on the Commission Loan, Borrower shall establish and maintain a 3-month capitalized operating reserve in the amount of **$640,914**. The operating reserve is to be maintained for the entire term of the Housing Commission Loan.
c. Disbursements from Reserves: Housing Commission prior written approval shall be required for any and all disbursements from either the Project's operating reserve and/or replacement reserve.

26. **Section 3** - Section 3 of the HUD Act of 1968 is applicable and Borrower should be familiar with, and remain in compliance with, all Section 3 requirements.

27. **Security** -The Housing Commission Loan will be secured by a Declaration of Covenants, Conditions and Restrictions ("CC&R") and a Deed of Trust which will be senior to the deeds of trust and security instruments securing all other sources of funds secured by the Property, except that the Housing Commission's CC&R and Deed of Trust shall be subordinated to:
    a. The deed of trust and security instruments securing the construction and permanent loan.
    b. Lien position - The lien positions will be approved by the Housing Commission's President and CEO and the Housing Commission's General Counsel. It is intended that the lien positions will be conformance with the public lenders' program requirements, and the requirements of private lenders which may require Housing Commission subordination.
    c. Cure Rights - The Housing Commission shall have the right, but not the obligation, to cure all senior encumbrances in all subordinating agreements that it executes. All subordination agreements shall be subject to the sole approval of the Housing Commission's President and Chief Executive Officer and General Counsel.

28. **Miscellaneous Additional Conditions** - The Housing Commission reserves the right to impose such additional conditions in the final documentation of the transaction as are reasonably necessary to protect the interests of the Housing Commission and fulfill the intent of this letter.

If the Borrower is willing to proceed on the terms and conditions referenced herein, please

SAN DIEGO HOUSING COMMISSION

If the Borrower is willing to proceed on the terms and conditions referenced herein, please execute this commitment terms summary and return it to the undersigned by September 25, 2026, so that this commitment terms summary may be attached to the Housing Commission Board report.

ACKNOWLEDGED AND AGREED TO BY:

Potiker Senior Housing, LP

By: _____

Print Name: Melinda Forstey

Title: President/CEO

Date: 9/24/26

San Diego Housing Commission

By: _____

Print Name: Colin Miller

Title: Sr. Vice President, Real Estate

Date: 9/25/2026

SAN DIEGO HOUSING COMMISSION

Real Estate Department

DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/ ENTITY SEEKING GRANT/BORROWERS

(Collectively referred to as "CONTRACTOR" herein)

Statement for Public Disclosure

1. Name of CONTRACTOR: Senior Housing Corporation
2. Email: melinda.forstey@servingseniors.org
2. Address and Zip Code: 525 14th St., Ste #200, San Diego CA 92101
3. Telephone Number: 619-487-0644
4. Name of Principal Contact for CONTRACTOR: Melinda Forstey
5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0909249
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as (***you may copy and paste requested documents of any size into the boxes throughout this form***):

☐ A corporation ***(copy and paste Articles of Incorporation here):***

☑ A nonprofit or charitable institution or corporation (***copy and paste Articles of Incorporation and documentary evidence verifying current, valid nonprofit or charitable status***):
See attached

☐ A partnership known as ***(Name):***

Check one:

☐ General Partnership ***(copy and paste statement of General Partnership):***

☐ Limited Partnership ***(copy and paste Certificate of Limited Partnership):***

☐ A business association or a joint venture known as: ***(copy and paste Joint Venture or Business Association Agreement)***

☐ A Federal, State, or local government or instrumentality thereof

☐ Other (Please explain):

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, list name and date of organization:

Senior Housing Corporation/February 16, 2000

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:

   a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
   b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
   c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
   d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
   e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.(Attach extra sheet if necessary)

Text will allow multiple lines

	Name/Title (if any)	Address	Phone	Email	Percent of Interest & Description of character and extent of interest
8.1	Karolina Ericsson, Board Chair	13478 Kibbings Rd San Diego, CA 92130-1231 US	(858)337-2266	kericsson@realtyincome.com	% 0
8.2	Andrew McCuen, Board Member	4136 Palmetto Way San Diego, CA 92103-1234 US	(619)807-0801	amc1492@aol.com	% 0
8.3	Kate Engler, Board Member	4039 Caminito Suero San Diego, CA 92122-5103 US	(858)453-6184	kengler98@gmail.com	% 0

You may also copy and paste your complete list here:

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.

☐ Yes ☑ No

10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.

☐ Yes ☑ No

11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

Text will allow multiple lines

	Name/Title (if any)	Address	Phone	Email	Percent of Interest & Description of character and extent of interest
11.1					%
11.2					%
11.3					%

You may also copy and paste your complete list here:

None. Senior Housing Corporation is a California nonprofit public benefit corporation and has no shareholders, investors, or other persons or entities holding a beneficial ownership interest in the corporation.

12. Names, addresses and telephone numbers (***if not given above***) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

	Name/Title (if any)	Address	Phone	Email
12.1	Melinda Forstey, President	235 Market Street, 401 San Diego, CA 92101	508-395-6739	melinda.forstey@servingseniors.org
12.2	Jennifer Baum, Treasurer	9240 Virginian Ln La Mesa, CA 91941 US	619-993-7346	jennifer.baum@servingseniors.org
12.3	Kristine Smith, Secretary	3043 Blue Oak Ct Street Address Spring Valley, CA 91978-1982 US	(425) 501-7004	kristine.smith@servingseniors.org

You may also copy and paste your complete list here:

13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of whatever nature? If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm, or business entity.

Text will allow multiple lines

	Name of *affiliated* Corporation/Firm/Business Entity	Address	Relationship to CONTRACTOR	List Common Officers/Directors/Trustees by Name
13.1	Serving Seniors	525 14th St., Ste 200, San Diego, CA 92101	Service Provider	Melinda Forstey, Jennifer Baum, Kristine Smith
13.2				
13.3				

You may also copy and paste your complete list here:

See attached Serving Seniors Board of Directors roster

14. Provide description of the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the financial statements that was requested (attached) as part of the Application, including, but not necessarily limited to, profit and loss statements and statements of financial position:

See attached financial statements. Senior Housing Corporation is reported as a part of Serving Seniors Consolidated Financial Statements.

15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:

See CDLAC application, Tab 2, attachment 2-A1

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:

    a. In banks/savings and loans:
    Name: Banner Bank
    Address: 5901 Priestly Drive, Ste 160, Carlsbad, CA 92008
    Amount: $ 17,700,000

    b. By loans from affiliated or associated corporations or firms:
    Name: _____
    Address: _____
    Amount: $ _____

c. By sale of readily salable assets/including marketable securities:

Description	Market Value ($)	Mortgages or Liens ($)

Enter additional information as needed:

17. Names and addresses of bank references, and name of contact at each reference:

Text will allow mulitple lines

	Bank Name	Bank Address	Bank Contact Name	Bank Contact Phone/Email
17.1	Banner Bank	5901 Priestly Drive, Ste 160 Carlsbad, CA 92008	Sonia Rahm	818-970-3594 / sonia.rahm@bannerbank.com
17.2				
17.3				

You may also copy and paste your complete list of bank references here:

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?

☐ Yes ☑ No

If yes, provide date, place, and under what name:

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?

☐ Yes ☑ No

If yes, for each case, provide (1) date, (2) charge, (3) place, (4) court, and (5) action taken. ***You may copy and paste any explanation deemed necessary:***

Case 1:

Case 2:

Case 3:

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond:

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond

Enter additional information as needed:

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

a. Name and addresses of such contractor or builder:

	Name	Address	Affiliation
21.a1			
21.a2			
21.a3			

b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?

☐ Yes ☑ No

If yes, please explain, in detail, each such instance:

c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: $ _____

c.1 General description of such work:

c.2 through c.4 Complete one table for each project. Text will allow multiple lines:

Project	**C.2 Project Name:**	
	Project Location:	
	Project Details:	
Owner	**Business Name of Project Owner:**	
	Principal Contact of Project Owner:	
	Principal Contact Phone & Email	
Bond	**Bonding Company Name & Address:**	
	Principal Bond Contact Phone & Email:	
C/O	**Change Order Details:**	
	Change Order Cost:	
Litigation	**Litigation Location/Date:**	
	Litigation Details:	
	Litigation Outcome Details:	

c.2 through c.4 Complete one table for each project. Text will allow multiple lines:

Project	C.3 Project Name:	
	Project Location:	
	Project Details:	
Owner	Business Name of Project Owner:	
	Principal Contact of Project Owner:	
	Principal Contact Phone & Email	
Bond	Bonding Company Name & Address:	
	Principal Bond Contact Phone & Email:	
C/O	Change Order Details:	
	Change Order Cost:	
Litigation	Litigation Location/Date:	
	Litigation Details:	
	Ligation Outcome Details:	

c.2 through c.4 Complete one table for each project. Text will allow multiple lines:

Project	**C.4 Project Name:**	
	Project Location:	
	Project Details:	
Owner	**Business Name of Project Owner:**	
	Principal Contact of Project Owner:	
	Principal Contact Phone & Email	
Bond	**Bonding Company Name & Address:**	
	Principal Bond Contact Phone & Email:	
C/O	**Change Order Details:**	
	Change Order Cost:	
Litigation	**Litigation Location/Date:**	
	Litigation Details:	
	Litigation Outcome Details:	

d. Construction contracts or developments now being performed by such contractor or builder:

Identification of Contract or Development	Location	Amount	Date to be Completed

e. Outstanding construction-contract bids of such contractor or builder:

Awarding Agency	Amount	Date Opened

Enter additional information as needed:

22. Provide a detailed and complete statement regarding equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

23. Does any member of the governing body of the San Diego Housing Commission ("SDHC"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the SDHC, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

☐ Yes ☑ No

If yes, explain:

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are copy and pasted hereto and hereby made a part hereof as follows:

Please see the attached financials for Senior Housing Corporation and the Senior Housing Corporation Resume.

25. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?

☐ Yes ☑ No

If yes, please explain:

26. State the name, address, and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverages. List the amount of coverage (limits) currently existing in each category.

a. General Liability, including Bodily Injury and Property Damage Insurance ***[copy and paste certificate of insurance showing the amount of coverage and coverage period(s)]:***

See attached information. Requesting COI.

Check coverage(s) carried:

☑ Comprehensive Form

☑ Premises - Operations

☐ Explosion and Collapse Hazard

☐ Underground Hazard

☑ Products/Completed Hazard

☑ Contractual Insurance

☑ Broad Form Property Damage

☑ Independent Contractors

☑ Personal Injury

b. Automobile Public Liability/Property Damage ***[(copy and paste certificate of insurance showing the amount of coverage and coverage period(s)]***:

Check coverage(s) carried:

☑ Comprehensive Form

☑ Owned

☑ Hired

☑ Non-Owned

c. Workers Compensation ***[copy and paste certificate of insurance showing the amount of coverage and coverage period(s)]:***

See attached information. Requesting COI.

d. Professional Liability (Errors and Omissions) ***[copy and paste certificate of insurance showing the amount of coverage and coverage period(s)]:***

See attached information. Requesting COI.

e. Excess Liability ***[copy and paste certificate(s) of insurance showing the amount of coverage and coverage period(s)]:***

See attached information. Requesting COI.

f. Other (Specify) ***[copy and paste certificate(s) of insurance showing the amount of coverage and coverage period(s)]:***

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the SDHC setting forth the provisions of this nondiscrimination clause.

28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the SDHC, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.

29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the SDHC, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the SDHC was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please state:

Government Entity Making Complaint	Date	Resolution
None		

Enter additional information as needed:

31. Has the CONTRACTOR ever been disqualified, removed from, or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation?

☐ Yes ☑ No

If yes, please explain in detail:

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the License has ever been revoked:

Government Agency	License Description	License Number	Date Issued (Original)	Status (Current)	Revocation (Yes/No)

Enter additional information as needed here:

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC.

None.

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC.

See attached Developer Experience.

35. List all CONTRACTS with DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the SDHC, AUTHORITY and/or the CITY within the last five (5) years:

Date	Entity Involved (i.e. City, SDHC, et al.)	Status (Current, delinquent, repaid, etc.)	Dollar Amount

Enter additional information as needed:

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)?

☐ Yes ☑ No

If yes, please explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?

☐ Yes ☑ No

If yes, please explain:

38. List **three** local references that would be familiar with your previous construction project:

1. Name: _____
   Address: _____
   Phone: _____
   Project Name: _____
   Description:

2. Name: _____
   Address: _____
   Phone: _____
   Project Name: _____
   Description:

3. Name: _____
   Address: _____
   Phone: _____
   Project Name: _____
   Description:

39. Provide a brief statement regarding equipment, experience, financial capacity, and other resources available to the Contractor for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the Contractor.

N/A

40. State the name and experience of the proposed Construction Superintendent.

Name	
Experience	N/A

SAN DIEGO HOUSING COMMISSION

Real Estate Department

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("SDHC"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the SDHC, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the SDHC, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the SDHC, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 29 day of September, 2026 at San Diego, California.

CONTRACTOR

By: _____
Signature

Melinda Forstey
Print Name

President
Title

SAN DIEGO HOUSING COMMISSION

Real Estate Department

CERTIFICATION

The CONTRACTOR, Senior Housing Corp., hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: _____ By: _____
Signature Signature

Print Name: Melinda Forsley Print Name: _____

Title: President Title: _____

Dated: 9/29/25 Dated: _____

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious, or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than $10,000 or imprisoned for not more than five years, or both.

JURAT

See Attached Notary Certificate
Comm. #2566802
Exp: 09/17/30

State of California

County of _____

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 20__

by _____ personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Sailesha
Signature of Notary

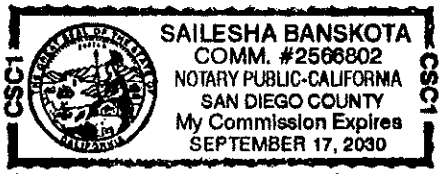
SEAL

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of SAN DIEGO

Subscribed and sworn to (or affirmed) before me on this 29TH day of SEPTEMBER, 20 26, by MELINDA MARIE FORSTEY,

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Seal) Signature Sailesha

State of California

2049926

SECRETARY OF STATE

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 4 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

MAR 0 2 2000

Bill Jones

Secretary of State

SOS/State Form CE-107 (rev. 6/99)

OSP 99 13624

2049920

ENDORSED - FILED
In the Office of the Secretary of State
of the State of California

FEB 16 2000

BILL JONES, Secretary of State

ARTICLES OF INCORPORATION OF SENIOR HOUSING CORPORATION
A California Nonprofit Public Benefit Corporation

Article I
Name

The name of the corporation is Senior Housing Corporation.

Article II
Purpose

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes. The specific purpose is to own, manage, support and develop housing for low and/or moderate income citizens and/or housing for mentally, physically or developmentally challenged persons.

This corporation is organized exclusively for charitable purposes within the meaning of Internal Revenue Code section 501(c)(3) or the corresponding provision of any future United States internal revenue law. Despite any other provision in these articles, the corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that do not further the purposes of this corporation, and the corporation shall not carry on any other activities not permitted to be carried on by (a) a corporation exempt from federal income tax under Internal Revenue Code section 501(c)(3) or the corresponding provision of any future United States internal revenue law, or (b) a corporation, contributions to which are deductible under Internal Revenue Code section 170(c)(2) or the corresponding provision of any future United States internal revenue law.

Article III
Agent for Service of Process

The name and California address of the corporation's initial agent for service of process are Paul Downey 698 Broadway, San Diego, California 92101.

Article IV
Tax Exempt Status

Tax exempt status

(a) No substantial part of the activities of this corporation shall consist of lobbying or propaganda, or otherwise attempting to influence legislation, except as provided in

Internal Revenue Code section 501(h); this corporation shall not participate or intervene in (including publishing or distributing statements) any political campaign on behalf of any candidate for public office.

(b) All corporate property is irrevocably dedicated to the purposes set forth in Article II. No part of the net earnings of this corporation shall inure to the benefit of any of its directors, trustees, officers, private shareholders or members, or to individuals.

[illegible] of this corporation, after paying or operated exclusively for charitable purposes which has established its tax-exempt status under Internal Revenue Code section 501(c)(3) (or corresponding provisions of any future federal internal revenue law) and which has established its tax-exempt status under Revenue and Taxation Code section 23701d (or the corresponding section of any future California revenue and tax law).

Date: February 15, 2000

Paul Downey, Incorporator

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STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO BOX 1286
RANCHO CORDOVA CA 95741-1286

In reply refer to
755:G :SIK

October 11, 2002

SENIOR HOUSING CORPORATION
928 BROADWAY
SAN DIEGO CA 92101-5514

Purpose	:	CHARITABLE
Code Section	:	23701d
Form of Organization	:	Corporation
Accounting Period Ending	:	June 30
Organization Number	:	2049926

You are exempt from state franchise or income tax under the section of the Revenue and Taxation Code indicated above.

This decision is based on information you submitted and assumes that your present operations continue unchanged or conform to those proposed in your application. Any change in operation, character, or purpose of the organization must be reported immediately to this office so that we may determine the effect on your exempt status. Any change of name or address must also be reported.

In the event of a change in relevant statutory, administrative, judicial case law, a change in federal interpretation of federal law in cases where our opinion is based upon such an interpretation, or a change in the material facts or circumstances relating to your application upon which this opinion is based, this opinion may no longer be applicable. It is your responsibility to be aware of these changes should they occur. This paragraph constitutes written advice, other than a chief counsel ruling, within the meaning of Revenue and Taxation Code Section 21012(a)(2).

You may be required to file Form 199 (Exempt Organization Annual Information Return) on or before the 15th day of the 5th month (4 1/2 months) after the close of your accounting period. Please see annual instructions with forms for requirements.

You are not required to file state franchise or income tax returns

unless you have income subject to the unrelated business income tax under Section 23731 of the Code. In this event, you are required to file Form 109 (Exempt Organization Business Income Tax Return) by the 15th day of the 5th month (4 1/2 months) after the close of your annual accounting period.

Please note that an exemption from federal income or other taxes and other state taxes requires separate applications.

A copy of this letter has been sent to the Registry of Charitable Trusts.

M SIKICH
EXEMPT ORGANIZATIONS
BUSINESS ENTITIES SECTION
TELEPHONE (916) 845-4092
FAX NUMBER (916) 845-0800

EO :
CC :MARSHAL A SCARR

SERVING SENIORS

2026-2027 Board of Directors

NAME AND TITLE	TERM
Jim Sikora **Board Chair** Senior Managing Director Slalom Pacific Southwest Email: showlowjimbo@gmail.com Phone: (480)250-2054	**7/23-6/27** (Second Term)
Joy Vaccari **Finance Chair** Community Volunteer Email: joyvaccari@gmail.com Phone: (858) 228-7081	**7/24-6/27** (First Term)
Arlene Prater **Governance Chair** Retired Attorney Email: arlene@op-design.com Phone: (619) 525-1334	**7/24-6/27** (Second Term)
J. Scott Brown **Philanthropy Co-Chair** Principal Brown Development Group Email: Scott@BrownDevGrp.com Phone: (619) 277-8714	**7/26-6/29** (Second Term)
Divya Koura **Philanthropy Co-Chair** Hematologist/Medical Oncologist Scripps Health Email: tiwarid@gmail.com Phone: (630) 697-4700	**7/25-6/28** (Second Term)

Rob M. Pedersen — **7/25-6/28**
Board Member at Large — (First Term)
Retired Banker
Email: sandiegorover@yahoo.com
Phone: (619) 708-8758

Desiree Bruce-Lyle — **7/24-6/27**
Retired Superior Court Judge — (First Term)
State of California
Email: deskwat1973@gmail.com
Phone: (619) 807-1369

Jason Egan — **7/26-6/29**
Director Corporate Governance — (First Term)
Managing Attorney
Sempra
Email: jegan@sempra.com
Phone: (213)248-0852

Karolina "Lina" Ericsson — **7/25-6/28**
Senior VP & Associate General Counsel — (First Term)
Realty Income
Email: lina.ericsson@gmail.com
Phone: (858) 314-4365

Willa Fields — **7/24-6/27**
Professor Emeritus — (First Term)
San Diego State University
Email: willa.fields@sbcglobal.net
Phone: (858) 756-5642

Ashley Lopez — **7/26-6/29**
VP Relationship Manager — (First Term)
California Bank of Commerce
Email: alopez@bankcbc.com
Phone: (619)849-5745

Joni Low
Community Volunteer
Email: jonilow53@gmail.com
Phone: (858) 229-4242

7/26-6/29
(Third term)

Kris Virtue
VP Cybersecurity, Qualcomm
Email: kvirtue@qualcomm.com
Phone: (858) 735-5479

7/26-6/29
(Second Term)

Developer Experience

With Serving Seniors, Senior Housing Corporation has more than 23 years' experience developing affordable and permanent supportive housing (PSH) for low-income and homeless seniors in San Diego County and operating and coordinating supportive services for such developments. A California leader in affordable senior housing development, Serving Seniors has developed and maintains five affordable housing residences for low-income seniors, Potiker Family Senior Residence, Potiker City Heights Residence, Harris Family Senior Residence, the Paul Downey Senior Residence and the Terrasini Senior Apartments in the City of San Diego, and the Schmale Family Senior Residence in Ramona, California. Collectively, these housing projects provide 703 units of housing.

Below is a summary of the current housing portfolio under the Serving Seniors umbrella of entitities:

Potiker Family Senior Residence: Established in 2003, Serving Seniors' Potiker Family Senior Residence in downtown San Diego provides 200 studio apartments of 280 square feet each and a range of amenities such as fitness rooms, 24-hour security, a vegetable garden, dining room, community room, computer lab, laundry facilities, and a library. Serving Seniors provides all of the on-site supportive services at this site including congregate meals (breakfast and lunch served Monday through Friday), social workers and social work interns providing walk-in hours, health clinicians providing walk-in hours, and enrichment/lifelong learning activities.

Schmale Family Senior Residence: This residence provides 62 units of affordable housing for older adults and utilizes 100% project-based vouchers. The Schmale Family Senior Residence opened summer 2019 and provides on-site social services and enrichment activities. Meals are not provided on-site because a similar service is available at the Ramona Senior Center, located just a short bus ride away.

Harris Family Senior Residence: This project opened in the fall of 2022. Located in the neighborhood of City Heights, the complex includes a total of 117 one-bedroom units for seniors. Residents have access to onsite activities and case management and can receive no-cost senior meals two blocks away at Potiker City Heights Residence.

Potiker City Heights Residence: Serving Seniors and its affiliate City Heights Seniors Housing Corporation opened Potiker City Heights Residence in 2007 and offers an additional 150 studios and one-bedroom apartments of 350-500 square feet each. Amenities include complete kitchens in each unit, central air conditioning/heating, a patio, and secure underground parking. Serving Seniors provides all of the on-site supportive services at this site including congregate meals (breakfast and lunch served Monday through Friday), social workers and social work interns providing walk-in hours, health clinicians providing walk-in hours, and enrichment/lifelong learning activities.

Paul Downey Senior Residence: This project opened in the spring of 2025 and provides 79 units of affordable housing. Serving Seniors provides all of the on-site supportive services at this site including congregate meals (breakfast and lunch served Monday through Friday), social workers and social work interns providing walk-in hours, health clinicians providing walk-in hours, and enrichment/lifelong learning activities. Connected to this housing, is the Judith L. Seltz Senior Wellness Center, a full-service community center which provides wraparound services to both residents and the public at large.

Terrasini Senior Apartments: This projected opened in March of 2026 and provide 95s of affordable housing. This is part of the larger Mt. Etna campus, which includes the Paul Downey Senior Residence, Taormina Family Apartment and

Modica Family Apartments. Residents have access to case management, food, the Judith L. Seltz Senior Wellness Center and a broad range of intergenerational activities.

Leadership Profile

Melinda Forstey, President & CEO has been with Serving Seniors since 2009. Over the past 17 years at Serving Seniors, Forstey has spearheaded multiple affordable housing projects throughout San Diego County.

Forstey played a key role in the creation of the 2021 Serving Seniors Needs Assessment report, a groundbreaking study focusing on older adult homelessness in San Diego. Its findings and proposed solutions are driving public policy with a new recognition of the realities of aging and poverty and was a key driver of the creation of shallow subsidy rental assistance programs with both the City and County of San Diego.

Forstey provides strategic leadership, direction, and structure to the organization, and promotes a culture of high performance and continuous improvement that values learning and a commitment to quality.

Forstey's current community leadership roles include:

- Chair, National Association of Nutrition and Aging Services Program (NANASP)
- Co-Chair, San Diego Elder Protection Council
- Board Member, Continuum of Care; Co-Chair Aging and Health Ad hoc Committee for the Continuum of Care
- Member of the Implementing the Master Plan for Aging in CA Together (IMPACT) Stakeholder Committee in partnership with the California Department of Aging

Forstey is also an active member of the San Diego Housing Federation, LeadingAge, and Meals on Wheels California. She holds an MBA in Information Systems from San Diego State University. She received her bachelor's degree in psychology from the University of Massachusetts, Amherst.

Insurance Information – have attached COIs provided to other parties on subsequent pages for more detail. Have requested COIs specific to SDHC.

General Liability and Auto
Robert Blakemore, Agent
PO Box 7737
San Diego, CA 92167
619-222-4458

Philadelphia Indemnity Insurance Company
One Bala Plaza Ste 100
Bala Cynwyd, PA 19044
800-765-9749

Workers Compensation
San Diego-Alliant Insurance Services, Inc., Agent
701 B Street, 6th Floor
San Diego, CA 92101
619-849-3812

Zenith Insurance Company
P.O. Box 9055
Van Nuys, CA 91409-9055

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 06/30/2026

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: Robert Blakemore
Blakemore & Associates Ins. PO Box 7737 San Diego CA 92167	PHONE (A/C, No, Ext): (619) 222-4458 FAX (A/C, No): E-MAIL ADDRESS: bblakemore@sbcglobal.net

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Philadelphia Indemnity Ins Co	18058
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED: Serving Seniors, 525 14th Street, 200, San Diego CA 92101

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	[X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS-MADE [X] OCCUR [X] SEXUAL ABUSIVE CONDUCT GEN'L AGGREGATE LIMIT APPLIES PER: [X] POLICY [ ] PRO-JECT [ ] LOC [X] OTHER: Professional Liability			PHPK2574753-025	07/01/26	07/01/27	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1000000 $ 100000 $ 5000 $ 1000000 $ 2000000 $ 2000000
A	AUTOMOBILE LIABILITY [X] ANY AUTO [ ] OWNED AUTOS ONLY [ ] SCHEDULED AUTOS [X] HIRED AUTOS ONLY [X] NON-OWNED AUTOS ONLY			PHPK2574753-025	07/01/26	07/01/27	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1000000 $ $ $
A	[X] UMBRELLA LIAB [X] OCCUR [ ] EXCESS LIAB [ ] CLAIMS-MADE [ ] DED [X] RETENTION $ 10000			PHUB871929-025	07/01/26	07/01/27	EACH OCCURRENCE AGGREGATE	$ 5000000 $ 5000000
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N [ ] If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					[ ] PER STATUTE [ ] OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ $ $

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

The City, its officers, officials, employees, and volunteers are additional insureds. Insurance is Primary and Non Contributory. Waiver of Subrogation applies per contract.

CERTIFICATE HOLDER

THE CITY OF SAN DIEGO
Economic Development Department
1200 Third Ave, Suite 200
San Diego CA 92101

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Robert A. Blakemore

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SERVSEN-01 CHANLON

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 7/24/2026

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER License # 0C36861 San Diego-Alliant Insurance Services, Inc. 701 B St 6th Fl San Diego, CA 92101	CONTACT NAME: Chad-123 BRG Hoxie, CPCU, ARM PHONE (A/C, No, Ext): (619) 238-1828 FAX (A/C, No): E-MAIL ADDRESS: chad.hoxie@alliant.com
	INSURER(S) AFFORDING COVERAGE — NAIC #
	INSURER A : Zenith Insurance Company — 13269
INSURED Serving Seniors 525 14th Street, Suite 200 San Diego, CA 92101	INSURER B :
	INSURER C :
	INSURER D :
	INSURER E :
	INSURER F :

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY						EACH OCCURRENCE	$
	☐ CLAIMS-MADE ☐ OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$
	☐ POLICY ☐ PRO-JECT ☐ LOC						PRODUCTS - COMP/OP AGG	$
	OTHER:							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	☐ ANY AUTO						BODILY INJURY (Per person)	$
	☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
	☐ UMBRELLA LIAB ☐ OCCUR						EACH OCCURRENCE	$
	☐ EXCESS LIAB ☐ CLAIMS-MADE						AGGREGATE	$
	☐ DED ☐ RETENTION $							$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						X PER STATUTE ☐ OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y / N ☐	N / A	X	Z142870602	7/1/2026	7/1/2027	E.L. EACH ACCIDENT	$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Reference Number - HX00000171

Workers' Compensation waiver of subrogation in favor of the County of San Diego Health and Human Services Agency, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively.

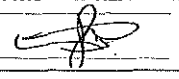
CERTIFICATE HOLDER

County of San Diego Health and Human Services Agency
Insurance Compliance
P.O. Box 100085-HX
Duluth, GA 30096

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 09/29/2026

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PRODUCER Blakemore & Associates Ins. PO Box 7737 San Diego CA 92167	**CONTACT NAME:** Robert Blakemore **PHONE (A/C, No, Ext):** (619) 222-4458 **FAX (A/C, No):** **E-MAIL ADDRESS:** bblakemore@sbcglobal.net
INSURED Serving Seniors 525 14th Street, 200 San Diego CA 92101	**INSURER(S) AFFORDING COVERAGE** / **NAIC #** **INSURER A :** Philadelphia Indemnity Ins Co / 18058 **INSURER B :** **INSURER C :** **INSURER D :** **INSURER E :** **INSURER F :**

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	[X] **COMMERCIAL GENERAL LIABILITY** [ ] CLAIMS-MADE [X] OCCUR [X] Professional Liability [ ] GEN'L AGGREGATE LIMIT APPLIES PER: [X] POLICY [ ] PRO-JECT [ ] LOC [ ] OTHER:	Y	Y	PHPK2574753-025	07/01/26	07/01/27	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG 	$ 1000000 $ 100000 $ 5000 $ 1000000 $ 2000000 $ 2000000 $
A	**AUTOMOBILE LIABILITY** [X] ANY AUTO [ ] OWNED AUTOS ONLY [ ] SCHEDULED AUTOS [X] HIRED AUTOS ONLY [X] NON-OWNED AUTOS ONLY			PHPK2574753-025	07/01/26	07/01/27	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident) 	$ 1000000 $ $ $ $
A	[X] **UMBRELLA LIAB** [X] OCCUR **EXCESS LIAB** [ ] CLAIMS-MADE [ ] DED [X] RETENTION $ 10000			PHUB871929-025	07/01/26	07/01/27	EACH OCCURRENCE AGGREGATE 	$ 5000000 $ 5000000 $
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? [ ] **(Mandatory in NH)** If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					[ ] PER STATUTE [ ] OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ $ $

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

San Diego Housing Commission, San Diego Housing Authority, and the City of San Diego and their respective elected and appointed officials, officers, agents, employees, and representatives are named additional insured per contract. waiver of subrogation applies. Cancellation will be at least thirty (30) days notice, except for non-payment of premium

CERTIFICATE HOLDER

San Diego Housing Commission,
San Diego Housing Authority, and the City of San Diego
1122 Broadway, Suite 300
San Diego CA 92101

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Robert A. Blakemore

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SERVING SENIORS AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023



Leaf & Cole, LLP
Certified Public Accountants

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
Serving Seniors and Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Serving Seniors and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Serving Seniors and Subsidiaries as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Serving Seniors and Subsidiaries, 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 Consolidated 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 Serving Seniors and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

2810 Camino Del Rio South, Suite 200, San Diego, California 92108-3820
619.294.7200, 619.294.7077 fax, www.leaf-cole.com, leafcole@leaf-cole.com

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Serving Seniors and Subsidiaries' 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 Serving Seniors and Subsidiaries' 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.

Leaf & Cole LLP

San Diego, California
October 22, 2024

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
Current Assets: (Notes 2, 4, 5, 6, 7, 8, 9 and 15)		
Cash and cash equivalents	$ 4,950,036	$ 5,129,317
Investments	1,841,503	1,682,874
Grants receivable	1,724,597	2,030,986
Accounts receivable - related parties, net	352,384	198,300
Other receivable	85,102	14,931
Pledges receivable	293,869	192,105
Rent receivable	21,630	13,917
Accrued interest receivable	7,149	11,513
Prepaid expenses and other	395,777	291,375
Total Current Assets	9,672,047	9,565,318
Noncurrent Assets: (Notes 2, 4, 5, 10, 11, 12, 13, 14, 15, 19 and 20)		
Restricted reserves	563,383	430,152
Notes receivable, net	2,919,068	2,964,705
Land, building and equipment, net	26,625,476	27,569,854
Operating lease right-of-use asset, net	35,606	44,326
Investments in limited partnerships	274,446	270,846
Investments restricted for endowment	750,000	750,000
Beneficial interest in endowment funds	8,992	8,670
Total Noncurrent Assets	31,176,971	32,038,553
TOTAL ASSETS	$ 40,849,018	$ 41,603,871

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2024 AND 2023

LIABILITIES AND NET ASSETS

	2024	2023
Current Liabilities: (Notes 2 and 20)		
Accounts payable	$ 856,693	$ 273,704
Payroll and related liabilities	159,928	132,954
Tenant security deposits	27,000	28,800
Accrued paid time off	301,805	262,537
Other liabilities	179,082	102,669
Prepaid rent	9,548	38,966
Current portion of operating lease liability	8,381	8,076
Current portion of mortgage payable	64,155	59,860
Total Current Liabilities	1,606,592	907,566
Noncurrent Liabilities: (Notes 2, 16, 17 and 20)		
Notes payable	2,200,000	2,200,000
Operating lease liability, net of current portion	27,863	36,244
Mortgage payable, net of current portion	1,341,926	1,398,572
Accrued interest payable	8,723	9,070
Total Noncurrent Liabilities	3,578,512	3,643,886
Total Liabilities	5,185,104	4,551,452
Commitments and Contingencies: (Notes 15, 19, 20 and 21)		
Net Assets: (Notes 2, 17, and 18)		
Without donor restrictions		
Undesignated	31,404,776	32,939,430
Board designated	2,913,469	2,369,890
Total Net Assets Without Donor Restrictions	34,318,245	35,309,320
With donor restrictions		
Purpose restrictions	349,177	471,094
Time restrictions	237,500	513,335
Perpetual in nature	758,992	758,670
Total Net Assets With Donor Restrictions	1,345,669	1,743,099
Total Net Assets	35,663,914	37,052,419
TOTAL LIABILITIES AND NET ASSETS	$ 40,849,018	$ 41,603,871

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains:						
Government grants	$ 8,975,554	$ -	$ 8,975,554	$ 8,662,733	$ -	$ 8,662,733
Contributions	1,797,286	919,000	2,716,286	1,090,206	1,121,021	2,211,227
Rental Income	1,335,669	-	1,335,669	653,401	-	653,401
Housing	697,383	-	697,383	1,690,514	-	1,690,514
In-kind contributions	610,200	-	610,200	610,200	-	610,200
Donations from seniors served	99,734	-	99,734	100,225	-	100,225
Other income	65,605	-	65,605	136,316	-	136,316
Laundry and vending income	10,062	-	10,062	1,831	-	1,831
Special events:						
Special events revenue	-	593,851	593,851	-	686,639	686,639
Less: Cost of direct benefits to donors	-	(63,875)	(63,875)	-	(70,000)	(70,000)
Special events revenue, net	-	529,976	529,976	-	616,639	616,639
Investment income, net	527,479	698	528,177	3,432,788	100,926	3,533,714
Net assets released from restrictions	1,847,104	(1,847,104)	-	10,355,997	(10,355,997)	-
Total Revenue, Support and Gains	15,966,076	(397,430)	15,568,646	26,734,211	(8,517,411)	18,216,800
Expenses:						
Program Services:						
Nutrition program	8,417,576	-	8,417,576	8,109,062	-	8,109,062
Health and social services	2,953,270	-	2,953,270	2,655,278	-	2,655,278
Rental real estate	1,760,312	-	1,760,312	955,399	-	955,399
Housing development and facility support	1,667,075	-	1,667,075	1,307,499	-	1,307,499
Total Program Services	14,798,233	-	14,798,233	13,027,238	-	13,027,238
Supporting Services:						
Management and general	1,097,403	-	1,097,403	919,398	-	919,398
Fundraising	1,061,515	-	1,061,515	995,378	-	995,378
Total Supporting Services	2,158,918	-	2,158,918	1,914,776	-	1,914,776
Total Expenses	16,957,151	-	16,957,151	14,942,014	-	14,942,014
Change in Net Assets	(991,075)	(397,430)	(1,388,505)	11,792,197	(8,517,411)	3,274,786
Net Assets at Beginning of Year	35,309,320	1,743,099	37,052,419	23,517,123	10,260,510	33,777,633
NET ASSETS AT END OF YEAR	$ 34,318,245	$ 1,345,669	$ 35,663,914	$ 35,309,320	$ 1,743,099	$ 37,052,419

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services					Supporting Services				
	Nutrition Program	Health and Social Services	Rental Real Estate	Housing Development & Facility Support	Total Program Services	Management and General	Fundraising	Total Supporting Services	Eliminations	Total Expenses
Personnel:										
Salaries	$ 2,212,317	$ 1,521,636	$ -	$ 412,656	$ 4,146,609	$ 546,471	$ 495,514	$ 1,041,985	$ -	$ 5,188,594
Employee benefits	380,592	164,537	-	82,741	627,870	66,003	47,325	113,328	-	741,198
Payroll taxes	162,606	112,521	-	30,599	305,726	32,777	36,944	69,721	-	375,447
Total Personnel	2,755,515	1,798,694	-	525,996	5,080,205	645,251	579,783	1,225,034	-	6,305,239
Operating Expenses:										
Auto	505,109	-	-	5,781	510,890	384	-	384	-	511,274
Bad debts	-	-	-	12,500	12,500	8,348	-	8,348	-	20,848
Consultants	-	287,267	-	-	287,267	85,294	87,997	173,291	-	460,558
Depreciation	282,699	2,019	671,706	229,570	1,185,994	17,001	-	17,001	-	1,202,995
Equipment	77,526	17,787	-	(4,111)	91,202	-	-	-	-	91,202
Food costs	4,510,982	81,449	-	-	4,592,431	-	-	-	-	4,592,431
Insurance	-	1,106	-	42,212	43,318	33,223	-	33,223	-	76,541
Lease expense	1,903	366,547	-	10	368,460	10,523	1,624	12,147	-	380,607
Mail house services	3,546	6,885	-	18	10,449	571	92,212	92,783	-	103,232
Occupancy and utilities	104	50	-	737,154	737,308	85	53	138	-	737,446
Other expense	38,397	47,047	-	6,379	91,823	89,849	48,181	138,030	-	229,853
Professional fees	6,094	-	-	24,371	30,465	64,516	-	64,516	-	94,981
Property operation cost	-	-	1,740,790	-	1,740,790	-	-	-	(652,184)	1,088,606
Repairs and maintenance	28,035	51,587	-	69,660	149,282	42	-	42	-	149,324
Special events	-	-	-	-	-	-	172,237	172,237	-	172,237
Specific assistance	-	187,848	-	-	187,848	-	-	-	-	187,848
Supplies and office	175,765	67,188	-	6,299	249,252	126,087	77,149	203,236	-	452,488
Telephone	23,988	26,413	-	11,236	61,637	9,776	1,877	11,653	-	73,290
Travel, conferences and meetings	7,913	11,383	-	-	19,296	6,453	402	6,855	-	26,151
Total Operating Expenses	5,662,061	1,154,576	2,412,496	1,141,079	10,370,212	452,152	481,732	933,884	(652,184)	10,651,912
Less: Eliminations	-	-	(652,184)	-	(652,184)	-	-	-	652,184	-
TOTAL EXPENSES	$ 8,417,576	$ 2,953,270	$ 1,760,312	$ 1,667,075	$ 14,798,233	$ 1,097,403	$ 1,061,515	$ 2,158,918	$ -	$ 16,957,151

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services					Supporting Services				
	Nutrition Program	Health and Social Services	Rental Real Estate	Housing Development & Facility Support	Total Program Services	Management and General	Fundraising	Total Supporting Services	Eliminations	Total Expenses
Personnel:										
Salaries	$ 2,198,815	$ 1,371,835	$ -	$ 383,418	$ 3,954,068	$ 384,352	$ 433,394	$ 817,746	$ -	$ 4,771,814
Employee benefits	304,667	137,561	-	70,237	512,465	54,868	38,116	92,984	-	605,449
Payroll taxes	156,157	98,380	-	27,463	282,000	34,242	31,392	65,634	-	347,634
Total Personnel	2,659,639	1,607,776	-	481,118	4,748,533	473,462	502,902	976,364	-	5,724,897
Operating Expenses:										
Auto	487,460	-	-	5,665	493,125	-	-	-	-	493,125
Bad debts	-	-	-	-	-	27,631	-	27,631	-	27,631
Consultants	109,329	250,102	-	3,790	363,221	96,004	167,128	263,132	-	626,353
Depreciation	171,093	2,199	344,679	207,639	725,610	18,913	-	18,913	-	744,523
Equipment	43,550	83,004	-	57,933	184,487	1,861	-	1,861	-	186,348
Food costs	4,066,013	24,151	-	-	4,090,164	-	-	-	-	4,090,164
Insurance	-	1,104	-	31,400	32,504	29,020	-	29,020	-	61,524
Interest expense	-	-	-	-	-	-	-	-	-	-
Lease expense	4,897	157,469	-	181	162,547	1,803	1,330	3,133	-	165,680
Mail house services	2,825	8,871	-	1,289	12,985	1,528	78,149	79,677	-	92,662
Occupancy and utilities	366,147	54	-	352,489	718,690	51	92	143	-	718,833
Other expense	22,240	23,054	-	10,355	55,649	84,732	46,540	131,272	-	186,921
Professional fees	3,572	10,876	-	29,873	44,321	56,209	-	56,209	-	100,530
Property operation cost	-	-	928,258	-	928,258	-	-	-	(317,538)	610,720
Repairs and maintenance	9,272	31,920	-	90,186	131,378	-	-	-	-	131,378
Special events	-	-	-	-	-	-	153,231	153,231	-	153,231
Specific assistance	-	345,700	-	-	345,700	-	-	-	-	345,700
Supplies and office	133,182	83,219	-	24,109	240,510	117,039	43,445	160,484	-	400,994
Telephone	22,048	20,811	-	11,472	54,331	11,145	2,235	13,380	-	67,711
Travel, conferences and meetings	7,795	4,968	-	-	12,763	-	326	326	-	13,089
Total Operating Expenses	5,449,423	1,047,502	1,272,937	826,381	8,596,243	445,936	492,476	938,412	(317,538)	9,217,117
Less: Eliminations	-	-	(317,538)	-	(317,538)	-	-	-	317,538	-
TOTAL EXPENSES	$ 8,109,062	$ 2,655,278	$ 955,399	$ 1,307,499	$ 13,027,238	$ 919,398	$ 995,378	$ 1,914,776	$ -	$ 14,942,014

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities:		
Change in net assets	$ (1,388,505)	$ 3,274,786
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,202,995	744,523
Bad debts	20,848	27,631
Amortization of right-of-use asset under operating lease	8,720	1,453
Amortization of debt issuance cost	7,509	3,755
Net unrealized gains on investments	(331,490)	(199,137)
Income from investments in limited partnerships, net	(3,600)	(7,466)
Income from acquisition of subsidiary	-	(3,232,328)
Loss on revaluation of subsidiary	-	231,006
Endowment investment income	(698)	(550)
Endowment restricted contributions	-	(101)
Endowment restricted distributions	376	365
(Increase) Decrease in:		
Grants receivable	306,389	(711,643)
Accounts receivable - related parties, net	(174,932)	(98,900)
Other receivable	(70,171)	486,884
Pledges receivable, net	(101,764)	520,560
Rent receivable	(7,713)	92,303
Accrued interest receivable	4,364	(228,729)
Prepaid expenses and other	(104,402)	(18,407)
(Decrease) Increase in:		
Accounts payable	582,989	108,751
Payroll and related liabilities	26,974	43,075
Tenant security deposits	(1,800)	1,000
Accrued paid time off	39,268	(11,772)
Other liabilities	76,413	71,502
Prepaid rent	(29,418)	14,177
Operating lease liability	(8,076)	(1,459)
Accrued interest payable	(347)	(164)
Net Cash Provided by Operating Activities	53,929	1,111,115
Cash Flows From Investing Activities:		
Purchase of land, building and equipment	(258,617)	(842,463)
Increase in notes receivable	-	(663,666)
Payments on notes receivable	45,637	9,295
Sale of investments, net	172,861	91,055
Cash acquired from acquisition of subsidiary	-	36,856
Restricted reserve from acquisition of subsidiary	-	332,752
Purchase of subsidiary	-	(10,000)
Change in beneficial interest in endowment funds	(322)	(286)
Net Cash Used in Investing Activities	(40,441)	(1,046,457)

(Continued)

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows From Financing Activities:		
Payments on mortgage payable	$ (59,860)	$ (28,410)
Endowment investment income	698	550
Endowment distributions	(376)	(365)
Endowment contributions	-	101
Distributions from investments in limited partnerships	-	6,929
Net Cash Used in Financing Activities	(59,538)	(21,195)
Net (Decrease) Increase in Cash and Cash Equivalents and Restricted Cash	(46,050)	43,463
Cash and Cash Equivalents and Restricted Cash at Beginning of Year	5,559,469	5,516,006
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	$ 5,513,419	$ 5,559,469
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 106,922	$ 45,761
Cash paid for amounts included in measurement of operating lease liability	$ 9,572	$ 1,595
Supplemental Disclosure of Noncash Cash Flow Information:		
Operating lease right-of-use asset after ASC 842 implementation	$ -	$ 45,780

The accompanying notes are an integral part of the consolidated financial statements.

Note 1 - Organization:

The consolidated financial statements of the Organization include the following entities:

Serving Seniors

Serving Seniors, is a California Nonprofit Public Benefit Corporation. Its mission is to help seniors in poverty live healthy and fulfilling lives.

Senior Housing Corporation

Senior Housing Corporation was established in February 2000 to own, manage, support and develop housing for low and/or moderate income citizens and/or housing for mentally, physically or developmentally challenged persons. The Board of Directors of Senior Housing Corporation are elected by the Board of Directors of Serving Seniors. Senior Housing Corporation has a 0.005% partnership interest in Market Square Manor Associates, LP.

Senior Housing Corporation became a partner of HDP Broadway Management, LLC. HDP Broadway Management, LLC was formed as a limited liability company under the laws of the State of California on July 22, 2013. HDP Broadway Management, LLC was established for the purpose and intent of acquiring real property and providing and managing housing for low income persons. Senior Housing Corporation has a 21.0% partnership interest in HDP Broadway Management, LLC. HDP Broadway Management, LLC has a 0.01% partnership interest in HDP Broadway, L.P.

Senior Housing Corporation became sole member of Fairmount SHC Housing, LLC. Fairmount SHC Housing, LLC was formed as a limited liability company under the laws of the State of California on March 16, 2017. Fairmount SHC Housing, LLC was established for the purpose and intent or acquiring real property and provide and manage housing for low income persons. Fairmount SHC Housing, LLC has a .01% interest in Fairmount Senior Housing CIC, L.P.

Senior Housing Corporation became sole member of Ramona SHC Housing, LLC. Ramona SHC Housing, LLC was formed as a limited liability company under the laws of the State of California on March 16, 2017. Ramona SHC Housing, LLC was established for the purpose and intent or acquiring real property provide and manage housing for low income persons. Ramona SHC Housing, LLC has a 0.51% partnership interest in Ramona Seniors CIC, L.P.

Senior Housing Corporation became a sole member of New Palace MGP SHC, LLC. New Palace MGP SHC, LLC was formed as a limited liability company under the laws of the State of California on July 21, 2017. New Palace MGP SHC, LLC was established for the purpose and intent of acquiring real property and providing and managing housing for low income persons. New Palace MGP SHC, LLC owns 21.0% of the voting stock of HDP New Palace Management, LLC. HDP New Palace Management, LLC has a 0.01% partnership interest in HDP New Palace, L.P.

New Palace MGP SHC, LLC has a 21.0% partnership interest in HDP Mariner's Village Management, LLC. HDP Mariner's Village Management, LLC has a 0.01% partnership interest in HDP Mariner's Village, L.P.

Note 1 - Organization: (Continued)

Senior Housing Corporation (Continued)

Senior Housing Corporation became sole member of Mt. Etna Senior Housing, LLC. Mt. Etna Senior Housing, LLC was formed as a limited liability company under the laws of the State of California on March 6, 2019. Mt. Etna Senior Housing, LLC was established for the purpose and intent of acquiring real property and provide and manage housing for low income persons. Mt. Etna Senior Housing, LLC has a 0.01% partnership interest in Messina CIC, L.P.

Senior Housing Corporation became a partner of HDP West Park Management, LLC on April 8, 2019. HDP West Park Management, LLC was formed as a limited liability company under the laws of the State of California on October 5, 2017. HDP West Park Management, LLC was established for the purpose and intent of acquiring real property and providing and managing housing for low income persons. In 2020, HDP West Park Management, LLC changed to a Corporation. Senior Housing Corporation has a 21.0% interest in HDP West Park Management, LLC. HDP West Park Management, LLC has a 0.009% partnership interest in HDP West Park, L.P.

Senior Housing Corporation became a sole member of San Diego SHC Housing, LLC. San Diego SHC Housing, LLC was formed as a limited liability company under the laws of the State of California on May 11, 2021. San Diego SHC Housing, LLC was established for the purpose and intent of acquiring real property and provide and manage housing for low-income persons.

City Heights Senior Housing Corporation

City Heights Senior Housing Corporation was established in September 2006 to own, manage, support and develop housing for low and/or moderate income senior citizens. The Board of Directors of City Heights Senior Housing Corporation are elected by the Board of Directors of Serving Seniors.

City Heights Square, L.P.

City Heights Square, L.P. was formed on April 1, 2005 for the purpose of acquiring, constructing, and operating a 151-unit multi-family apartment complex, known as City Heights Square Senior Apartments, located in San Diego, California. The Project rents all of the residential rental units to low-income tenants and operates in a manner intended to qualify for federal low-income housing tax credits ("Tax Credits") as provided for in Section 42 of the Internal Revenue Code ("IRC").

In 2022, the Investor and Administrative General Partner exited the City Heights Square, L.P. Serving Seniors has entered City Heights Square L.P. as Co-General Partner with a .005% share of the partnership. City Heights Senior Housing Corporation now assumes the shares of the Investor Limited Partnership – 99.989% share, Special Limited Partner - 0.001% and the Co-General Partner - .005% for a total partnership interest in City Heights Square, LP of 99.995%.

Pursuant to the Partnership Agreement, the term of the Partnership commenced as of March 25, 2005 and shall continue until December 2090, unless the Partnership is dissolved sooner.

Note 1 - Organization: (Continued)

West Senior Wellness Center

West Senior Wellness Center was established in June 2009 as a Nonprofit Public Benefit Corporation to perform the charitable functions of and carry out the charitable purposes of Serving Seniors. Serving Seniors is the sole member. The Board of Directors of West Senior Wellness Center are elected by the Board of Directors of Serving Seniors.

The following is a brief description of the Organization's programs:

Nutrition Program

Serving Seniors' Senior Nutrition Program ensures almost 7,000 low-income seniors have access to a nutritious diet, providing over one million congregate and home-delivered meals a year. Meals are served from numerous congregate sites across San Diego County and delivered directly to homebound seniors each day.

Health and Social Services

Serving Seniors' team of health educators, social service case managers, and housing navigators provide an array of integrated health and social services that improve low-income seniors' health and well-being.

Case managers work one-on-one with clients to provide support for the complex, poverty-related issues that threaten their stability and well-being. For many clients without familial support, the case managers fill the role of a caring family member, providing a helping hand and a listening ear.

Housing Development

Serving Seniors provides robust senior housing programs that lift seniors out of homelessness and increase the stock of affordable senior housing in the region. The Transitional Housing Program helps homeless seniors get off the streets by providing transitional housing and supportive services as a direct stepping stone to permanent affordable housing. Case managers help clients apply for entitlements, save and budget their money, access health and community services, provide life skills training, and make regular in-unit check-ins.

Serving Seniors partnered with the City of San Diego to open Seniors Landing Bridge Shelter, a non congregate shelter that provides temporary housing to older adults transitioning out of homelessness and into permanent housing.

Serving Seniors' affiliate entities Senior Housing Corporation and City Heights Senior Housing Corporation own 529 units of affordable senior housing. Serving Seniors provides meals, social services and socialization opportunities to senior residents across these sites.

Note 1 - Organization: (Continued)

Enrichment and Activities

Serving Seniors' Enrichment and Activities Program reduces social isolation among low-income seniors by providing more than 1,000 classes and activities a year to stimulate the mind and body. Offered daily at Serving Seniors' Gary & Mary West Senior Wellness Center and partner sites across the county, activities include fitness classes, walking groups, health education, cultural enrichment, leadership training, creative writing workshops, arts and crafts, talent competitions, social activities, and much more.

Advocacy

Serving Seniors advocates on a local, state, and national level to mobilize meaningful policy change for older adults, and engages older adults in the civic process through leadership development and advocacy training.

Rental Real Estate

Potiker City Heights Residence in City Heights offers 150 studios and one-bedroom apartments. Amenities include complete kitchens in each unit, central AC/heating, patio, storage, a dining room, community/TV room, underground parking, and on-site meals, nurses, and social workers.

Note 2 - Significant Accounting Policies:

Consolidated Financial Statements

The consolidated financial statements of the Organization include the accounts of Serving Seniors, Senior Housing Corporation, City Heights Senior Housing Corporation, City Heights Square, L.P., and West Senior Wellness Center, which are collectively referred to as the "Organization". All material interorganization transactions have been eliminated in consolidation.

Accounting Method

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Note 2 - Significant Accounting Policies: (Continued)

Financial Statement Presentation (Continued)

- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Risks and Uncertainties

The Organization invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statement of financial position.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the investment.

Note 2 - Significant Accounting Policies: (Continued)

Fair Value Measurements (Continued)

The Organization's consolidated statements of financial position include the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in mutual funds are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

- Beneficial interest in endowment funds held by San Diego Foundation is considered a Level 3 asset which represents the fair value of the underlying assets as provided by San Diego Foundation (Note 14).

Allowance for Credit Losses

The Organization recognizes an allowance for credit losses on accounts receivable to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which is based on the expectation as of the consolidated statement of financial position date, aging reports and historical information. Receivables are written off when the Organization determines such receivables are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. As more fully described in Note 9, the allowance for credit losses – accounts receivable – related parties totaled $2,119,596 and $1,972,536 at June 30, 2024 and 2023, respectively, while the allowance for credit losses – interest on notes receivable totaled $2,127,037 and $2,010,365 at June 30, 2024 and 2023, respectively (Note 11).

Capitalization and Depreciation

The Organization capitalizes all land, building and equipment in excess of $5,000 at cost, while donations of property and equipment are recorded at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Building and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Building	40 years
Furniture and equipment	5 - 7 years
Vehicles	5 years
Leasehold improvements	5 - 31.5 years

Depreciation totaled $1,202,995 and $744,523 for the years ended June 30, 2024 and 2023, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of land, buildings and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings.

Note 2 - Significant Accounting Policies: (Continued)

Impairment of Land and Building

The Organization reviews its investment in land and building for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2024 or 2023.

Debt Issuance Costs

Debt issuance costs are incurred in order to obtain financing for the Organization. Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized deferred financing costs are presented as a direct reduction from the carrying value of the related obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of property operation cost and totaled $7,509 and $3,755 for the years ended June 30, 2024 and 2023, respectively.

Investments in Limited Partnerships

The Organization owns general partner interest in limited partnerships accounted for on the equity method.

Compensated Absences

Accumulated paid time off and other employee benefit amounts totaling $301,805 and $262,537 at June 30, 2024 and 2023, respectively, are accrued when incurred and included in accrued paid time off.

Tenant Security Deposits

Tenant security deposits are restricted to the extent of the security deposit liability totaling $27,000 and $28,800 at June 30, 2024 and 2023, respectively.

Revenue Recognition

Grants

Grants revenue is recognized in the period in which the related work is performed in accordance with the terms of the grant or contract. Grants receivable is recorded when revenue earned under a grant exceeds the cash received. Grants receivable totaled $1,724,597 and $2,030,986 at June 30, 2024 and 2023, respectively.

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition (Continued)

Contributions

Contributions including donations from seniors served are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Housing

The Organization provides supportive services for residents of affordable low-income housing projects in connection with agreements of several partnerships. The Organization earns fees based upon the agreements and recognizes revenue when the services have been provided. The Organization also provides developmental and administrative services to partnerships having an interest in the affordable low-income housing industry. The Organization earns fees based upon the agreements and recognizes the revenue based upon the completion of each performance obligation as defined in those agreements.

Rental Income and Prepaid Rent

Rental income attributable to a commercial lease is recorded when due from the occupant, generally upon the first day of each month. The lease is for a period of up to five years, with rental payments due monthly. Rental income attributable to residential leases is recorded when due from residents, generally upon the first day of each month. The Organization has elected to apply the short-term lease exception to all residential leases with a term of one-year or less. Rental payments received in advance are deferred and classified as liabilities until earned.

Other Income

Other income consists of commissions, rebates and fees for contracted services other than housing and is recognized as revenue when the services have been provided.

Laundry and Vending Income

Laundry and vending income is recorded when service is provided.

Note 2 - Significant Accounting Policies: (Continued)

Donated Services and Materials

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the consolidated financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2024 and 2023, did not meet the requirements above; therefore no amounts were recognized in the consolidated financial statements.

The Organization occupied facilities under lease agreements at below the market rent values of $610,200 and $610,200 based on the excess of fair market value of all rental space over the rents paid for the years ended June 30, 2024 and 2023, respectively. The donated rent is valued at fair value of similar properties available in commercial real estate listings.

Functional Allocation of Expenses

The consolidated statements of functional expenses present expenses by function and natural classification. The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Organization's management.

Income Taxes

Serving Seniors, Senior Housing Corporation, City Heights Senior Housing Corporation and West Senior Wellness Center (the "Entities") are all public charities and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization believes they have appropriate support for any tax position taken, and as such, do not have any uncertain tax positions that are material to the financial statements. These entities are not private foundations.

No provision or benefit for income taxes for the Limited Liability Companies and Limited Partnerships have been included in these consolidated financial statements since taxable income (loss) passes through to, and is reportable by, the Member/Partners individually.

The Entities' Returns of Organization Exempt from Income Tax for the years ended June 30, 2024, 2023, 2022 and 2021 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

Note 2 - Significant Accounting Policies: (Continued)

Concentrations

Credit Risk

The Organization maintains its cash and investments in bank deposit accounts and brokerage accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable and Revenue

Grants receivable includes $1,544,083 and $1,746,565 due from the County of San Diego at June 30, 2024 and 2023, respectively.

The Organization received $8,975,554 and $8,662,733 or 58% and 48% of its total revenue support and gains from three government agencies for senior nutrition/community enhancement for the years ended June 30, 2024 and 2023, respectively.

Leasing Activities

The Organization entered into an equipment lease (Note 20). Pursuant to the guidance for accounting for leases, the Organization accounts for the lease as operating lease.

The Organization determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of and to obtain substantially all of the economic benefits from the use of an asset for a period of time in exchange for consideration.

Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization uses the risk-free rate in determining the present value of lease payments.

The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The lease agreement does not contain any material residual value guarantees or material restrictive covenants. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Note 2 - Significant Accounting Policies: (Continued)

Cash and Cash Equivalents and Restricted Cash

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The following is a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total in the consolidated statements of cash flows at June 30:

	2024	2023
Cash and cash equivalents	$ 4,950,036	$ 5,129,317
Restricted reserves	563,383	430,152
Total Cash and Cash Equivalents and Restricted Cash	$ 5,513,419	$ 5,559,469

Accounting Pronouncements Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, Financial Instruments – Credit Losses ("Topic 326") to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. FASB ASU 2016-13 affects loans, debt securities, accounts receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

The standard requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset.

The Organization adopted ASU 2016-13 utilizing the prospective transition approach. With respect to the various receivable accounts, ASU 2016-13 did not have a material impact on the consolidated financial statements.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 22, 2024, the date the consolidated financial statements were available to be issued.

Note 3 - Liquidity and Availability:

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. The Organization received contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those activities to be general expenditures.

Note 3 - Liquidity and Availability: (Continued)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, are comprised of the following at June 30:

	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	$ 4,950,036	$ 5,129,317
Investments	1,841,503	1,682,874
Investments restricted for endowment	750,000	750,000
Grants receivable	1,724,597	2,030,986
Accounts receivable - related parties, net	352,384	198,300
Other receivable	85,102	14,931
Pledges receivable	293,869	192,105
Rent receivable	21,630	13,917
Total financial assets	10,019,121	10,012,430
Less assets unavailable for general expenditures:		
Investments restricted for endowment	(750,000)	(750,000)
Restricted by governing body requiring approval for disbursement	(2,913,469)	(2,369,890)
Total financial assets not available to be used within one year	(3,663,469)	(3,119,890)
Financial assets available to meet cash needs for general expenditures within one year	$ 6,355,652	$ 6,892,540

In addition to financial assets available to meet general expenditures over the next 12 months the Organization has a line-of-credit agreement with available borrowings totaling $1,000,000 as described in Note 15. In addition, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

The Organization's governing board has designated a portion of funds without donor restriction. These fund are subject to a spending policy and are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board of Directors as described in Note 18.

Note 4 - Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at June 30:

	2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Mutual Funds:				
Fixed income funds	$ 1,240,538	$ -	$ -	$ 1,240,538
Large cap equity funds	900,974	-	-	900,974
International securities funds	364,975	-	-	364,975
Real estate securities funds	85,016	-	-	85,016
Beneficial interest in endowment funds (Note 13)	-	-	8,992	8,992
	$ 2,591,503	$ -	$ 8,992	$ 2,600,495

	2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Mutual Funds:				
Fixed income funds	$ 1,221,320	$ -	$ -	$ 1,221,320
Large cap equity funds	791,686	-	-	791,686
International securities funds	338,648	-	-	338,648
Real estate securities funds	81,220	-	-	81,220
Beneficial interest in endowment funds (Note 13)	-	-	8,670	8,670
	$ 2,432,874	$ -	$ 8,670	$ 2,441,544

The reconciliation for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are included in Note 14 as indicated above.

The following table represents the Organization's Level 3 financial instrument, the valuation techniques used to measure the fair value of the financial instrument, and the significant unobservable inputs and the range of values for those inputs for the years ended June 30:

2024				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	$ 8,992	Valuation of underlying assets as provided by San Diego Foundation	Base Price	N/A

2023				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	$ 8,670	Valuation of underlying assets as provided by San Diego Foundation	Base Price	N/A

Note 5 - Investments:

Investments are stated at fair value and consist of the following at June 30:

	2024	2023
Mutual Funds	$ 2,591,503	$ 2,432,874

Investments are categorized in the statement of financial position as follows:

	2024	2023
Investments - Current	$ 1,841,503	$ 1,682,874
Investments - Restricted for endowment	750,000	750,000
Total Investments	$ 2,591,503	$ 2,432,874

The following schedule summarizes the investment income for the years ended June 30:

	2024		
	Without Donor Restriction	With Donor Restriction	Total
Net unrealized gains	$ 331,490	$ -	$ 331,490
Net realized gains	42,187	-	42,187
Income from investments in Limited Partnerships, net	3,600	-	3,600
Endowment investment income	-	698	698
Interest and dividend income	150,202	-	150,202
Total Investment Income	$ 527,479	$ 698	$ 528,177

	2023		
	Without Donor Restriction	With Donor Restriction	Total
Net unrealized gains	$ 118,401	$ 80,736	$ 199,137
Net realized gains (losses)	230	(988)	(758)
Income from investments in Limited Partnerships, net	7,466	-	7,466
Income from acquisition of subsidiary	3,232,328	-	3,232,328
Loss on revaluation of subsidiary	(231,006)	-	(231,006)
Endowment investment income	-	550	550
Interest and dividend income	305,369	20,628	325,997
Total Investment Income	$ 3,432,788	$ 100,926	$ 3,533,714

Note 6 - Other Receivable:

Other receivable represents outstanding commitments from donors for contributions that are yet to be received but are legally enforceable and measurable. The Organization reports a subsidy tenant receivable due from tenants under a subsidized housing program designed to assist low-income tenants. The government agency (Agency) agrees to pay a portion of the rent on behalf of the eligible tenants. The receivable is recognized when the Organization has provided the housing services but has not yet received the payment from the Agency.

Other receivable consisted of the following at June 30:

	2024	2023
Other receivables – related party	$ 40,000	$ -
Other contributions receivable	27,602	8,977
Subsidy tenant receivable	17,500	5,954
	$ 85,102	$ 14,931

Note 7 - Grants Receivable:

Grants receivable consist of the following at June 30:

	2024	2023
County of San Diego - Aging and Independence Services	$ 1,544,083	$ 1,746,565
City of San Diego – Bridge Senior Shelter	158,094	254,838
City of San Diego - Transitional Housing	17,194	21,042
City of Oceanside - CDBG	5,226	8,541
Total Grants Receivable	$ 1,724,597	$ 2,030,986

Note 8 - Pledges Receivable:

Pledges receivable consist of contributions pledged to Serving Seniors. Pledges receivable consist of the following at June 30:

	2024	2023
Pledges receivable due in less than one year	$ 293,869	$ 192,105

Note 9 - Accounts Receivable - Related Parties:

Serving Seniors and its affiliate entities, Senior Housing Corporation and City Heights Senior Housing Corporation, have provided development, management, supporting, and other services with respect to projects in which Serving Seniors has a general partner interest. Senior Housing Corporation has provided incentive management services to Market Square Manor Associates, L.P. Serving Seniors has the following receivables from these projects for funds that have been advanced in relation to development or for contracted services provided as follows at June 30:

	2024	2023
Market Square Manor Associates, L.P.	$ 2,428,146	$ 2,117,736
Harris Family Senior Housing	16,667	25,000
HDP Broadway, L.P.	9,200	9,200
Ramona Senior CIC, L.P.	9,067	9,067
Mid-City Family Housing CIC, L.P.	3,400	3,333
HDP New Palace, L.P.	3,000	3,000
HDP Village North, LLC	2,500	2,500
HDP West Park, L.P.	-	1,000
Subtotal	2,471,980	2,170,836
Less: Allowance for credit losses	(2,119,596)	(1,972,536)
Total Accounts Receivable - Related Parties, Net	$ 352,384	$ 198,300

The accounts receivable from Market Square Manor Associates, L.P. is payable from available cash flow after all priority payments, as defined in the partnership agreement. Management has established an allowance for credit losses totaling $2,119,596 and $1,972,536 at June 30, 2024 and 2023, respectively. Management believes that all other accounts receivable from related parties are fully collectible, therefore no allowance for credit losses has been established.

Note 10 - Restricted Reserves:

Serving Seniors

Replacement Reserve

The Organization holds a replacement reserve account relating to the Market Square Manor Associates, L.P. to be used for any eligible capital items, reimbursable amounts, and routine maintenance items. The reserve account has a balance of $173,064 and $102,670 as of June 30, 2024 and 2023, respectively.

Operating Reserve

The Organization holds an operating reserve account relating to City Heights Square, L.P. to be used for any eligible capital items, reimbursable amounts, and routine maintenance items. The reserve account has a balance of $26,581 and $72,414 as of June 30, 2024 and 2023, respectively.

Note 10 - Restricted Reserves: (Continued)

City Heights Square, L.P.

Replacement Reserve

The replacement reserve is held by Lument Capital, LLC in accordance with the provisions of the Regulatory Agreement to be used for replacement of property. The following is the detailed activity in the replacement reserve for the one year and six months, respectively ended June 30:

	2024	2023
Balance, Beginning of Period	$ 255,068	$ 260,511
Add: Deposits	131,532	23,330
Interest income	1,646	562
Less: Authorized withdrawals	(24,508)	(29,335)
Balance, End of Period	$ 363,738	$ 255,068

Note 11- Notes Receivable:

Notes receivable consist of the following at June 30:

	2024	2023
Senior Housing Corporation has a note receivable from Market Square Manor Associates, L.P., A California Limited Partnership, for the purchase of the land associated with the construction of Potiker Family Senior Residence. The note accrues interest at 5.05% per annum and is payable on December 6, 2056 (See Note 16). Accrued interest receivable totaled $-0- (Accrued interest receivable of $2,127,037 net of allowance of $2,127,037) and $-0- (Accrued interest receivable of $2,010,365, net of allowance of $2,010,365) at June 30, 2024 and 2023, respectively.	$ 2,310,334	$ 2,310,334
Serving Seniors has a note receivable from Market Square Manor Associates, L.P., A California Limited Partnership, for the advance made to payoff and discharge a note held by Citibank. The loan closing fee of $7,135 is reimbursable from Market Square Manor Associates, L.P. The note accrues interest at 7.15% per annum and is payable on June 15, 2034. Accrued interest totaled $7,149 and $11,513 at June 30, 2024 and 2023, respectively.	608,734	654,371
Total Notes Receivable	$ 2,919,068	$ 2,964,705

Note 12 - Land, Building and Equipment:

Land, building and equipment consist of the following at June 30:

	2024	2023
Land	$ 6,114,657	$ 6,114,657
Building	31,888,724	31,888,724
Furniture and equipment	4,105,106	3,943,813
Vehicles	1,265,351	1,168,027
Leasehold improvements	1,313,682	1,313,682
Subtotal	44,687,520	44,428,903
Less: Accumulated depreciation	(18,062,044)	(16,859,049)
Land, Building and Equipment, Net	$ 26,625,476	$ 27,569,854

Note 13 - Investments in Limited Partnerships:

Serving Seniors' affiliate entities, Senior Housing Corporation and City Heights Senior Housing Corporation own general partner interests in limited partnerships accounted for on the equity method. The following are the balances in the affiliated entities' capital accounts at June 30:

	2024	2023
Market Square Manor Associates, L.P. (0.005%)	$ 265,224	$ 265,268
HDP Mariner's Village, L.P. (0.002%)	3,811	1,575
HDP Broadway, L.P. (0.002%)	3,191	3,094
HDP New Palace, L.P. (0.002%)	2,141	826
Ramona Seniors CIC, L.P. (0.005%)	79	83
Total Investments in Limited Partnership	$ 274,446	$ 270,846

Note 14 - Beneficial Interest in San Diego Foundation:

The Organization has a beneficial interest in endowment funds held at San Diego Foundation (SDF), which is classified as with donor restrictions and must be maintained in perpetuity. The beneficial interest held by SDF is invested in a portfolio of equity and debt securities which is structured for long-term total return consisting of 40% global equities, 15% hedge funds, 10% fixed income 25% alternative investments, and 10% real estate investments. The Organization receives distributions of earnings on an annual basis. The distributions are used to further the Organization's mission of providing the San Diego community with challenging and exciting music at a high artistic level. The Organization received $376 and $365 in distributions for the years ended June 30, 2024 and 2023, respectively.

Note 14 - Beneficial Interest in San Diego Foundation: (Continued)

The activity in the beneficial interest in endowment funds held by San Diego Foundation consisted of the following for the years ended June 30:

	2024	2023
Balance, Beginning of Year	$ 8,670	$ 8,384
Investment income	698	550
Contribution	-	101
Distribution	(376)	(365)
Total Beneficial Interest in Endowment Funds	$ 8,992	$ 8,670

Note 15 - Line-of-Credit:

Serving Seniors has a business line-of-credit with a financial institution, under which Serving Seniors is allowed to borrow up to $1,000,000. Advances under this agreement bear interest equal to the financial institution's prime rate subject to change from time-to-time based on the changes in the rate as published in the Wall Street Journal. Under no circumstances will the interest on the note be less than 4.75% per year. The line-of-credit is secured by the accounts, inventory and equipment of the Organization and matures on December 21, 2024. There was no balance outstanding at June 30, 2024 and 2023.

Note 16 - Notes Payable:

Notes payable consist of the following at June 30:

	2024	2023
Serving Seniors has entered into a Participation Agreement with Civic San Diego, the successor to the Redevelopment Agency of San Diego (Agency) and Market Square Manor Associates, LP (Partnership) whereby the Agency has conveyed title to land to the Organization with the understanding that the Partnership purchase the land for $2,592,000, of which $392,000 was paid by the Partnership to the Agency and the balance is evidenced by a purchase money note to Serving Seniors. (See Note 11). Should Serving Seniors not comply with the terms of the Participation Agreement, Serving Seniors must pay back to the Agency an amount equal to the net present value of the anticipated future residual receipts, calculated on the basis of a 10% discount rate for the balance of the 55-year term of the agreement. This value is assumed to be equal to the purchase money note due in December 2056. Secured by an Agency Deed of Trust. Accrued interest payable was calculated at 5.05% which totaled $-0- (Accrued interest payable of $2,333,804, net of allowance of $2,333,804) and $-0- (Accrued interest payable of $2,222,400, net of allowance of $2,222,400) at June 30, 2024 and 2023, respectively.	$ 2,200,000	$ 2,200,000
Total Notes Payable	$ 2,200,000	$ 2,200,000

Note 16 - Notes Payable: (Continued)

Future principal payments on notes payable are as follows:

Years Ended June 30	
2025	$ -
2026	-
2027	-
2028	-
2029	-
Thereafter	2,200,000
	$ 2,200,000

Note 17 - Mortgage Payable:

Mortgage payable consists of the following at June 30:

	2024	2023
City Heights Square, L.P. has signed a promissory note with Red Mortgage Capital, Inc. (rebranded as Lument Capital in 2020) in the amount of $2,100,000. The note bears simple interest at a rate 6.95% per annum and requires monthly principal and interest payments of $13,901 payable in full on September 1, 2061. Secured by the property. Accrued interest payable totaled $8,723 and $9,070 at June 30, 2024 and 2023, respectively.	$ 1,506,096	$ 1,565,956
Total Mortgage Payable	1,506,096	1,565,956
Less: Unamortized debt issuance costs	(100,015)	(107,524)
Mortgage Payable, net	$ 1,406,081	$ 1,458,432

Future principal payments on mortgage payable are as follows:

Years Ended June 30	
2025	$ 64,155
2026	68,759
2027	73,693
2028	78,981
Thereafter	1,220,508
Total	$ 1,506,096

Debt issuance costs total $225,279 less accumulated amortization of $125,264 and $117,755 at June 30, 2024 and 2023, respectively.

Note 18 - Net Assets:

Board Designated Net Assets

The Organization's governing board has designated a portion of its resources without donor restrictions for general operations. Board designated net assets totaled $2,913,469 and $2,369,890 as of June 30, 2024 and 2023, respectively.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent contributions and other inflows received by the Organization, which are limited in their use by the donor-imposed stipulations. Net assets with donor restrictions are available for the following purposes at June 30:

	2024	2023
Subject to Expenditure for Specified Purpose:		
Health and social services	$ 200,493	$ 379,510
Nutrition programs	124,758	2,324
Wellness Center	23,926	59,260
Enrichment and activities	-	30,000
Total Subject to Expenditure for Specified Purpose	349,177	471,094
Subject to the Passage of Time:		
Gala event	237,500	244,577
Endowments (Note 19)	-	268,758
Total Subject to the Passage of Time	237,500	513,335
Perpetual in Nature:		
Endowments (Note 19)	758,992	758,670
Total Net Assets with Donor Restrictions	$ 1,345,669	$ 1,743,099

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the years ended June 30:

	2024	2023
Purpose Restrictions Accomplished:		
Wellness Center	$ 506,333	$ 394,740
Health and social services	440,517	276,898
Nutrition programs	59,067	29,091
Enrichment and activities	35,000	-
Time Restrictions Fulfilled	805,811	9,654,903
Endowment Distributions	376	365
Total Net Assets Released From Restrictions	$ 1,847,104	$ 10,355,997

Note 19 - Endowment Net Assets:

Serving Seniors' endowment consists of two individual funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. Serving Seniors holds and manages one fund, with the other fund held and managed by the San Diego Foundation.

Web MD Health Preservation Endowment

In regards to the Web MD Health Preservation Endowment funds held and managed by Serving Seniors, Serving Seniors has interpreted the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Serving Seniors classifies as donor restricted net assets of a perpetual nature (1) the original value of gifts donated to the permanent endowment (2) the original value of subsequent gifts donated to the permanent endowment (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instruments at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in donor restricted net assets of a perpetual nature is classified as donor restricted net assets with time restrictions until those amounts are appropriated for expenditure by Serving Seniors in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Serving Seniors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of Serving Seniors and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Serving Seniors
- The investment policies of Serving Seniors

Serving Seniors considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Serving Seniors has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Serving Seniors has no underwater endowment funds at June 30, 2024 and 2023.

Serving Seniors has adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a moderate level
- Comply with applicable laws

Note 19 - Endowment Net Assets: (Continued)

Web MD Health Preservation Endowment (Continued)

Serving Seniors' endowment funds are invested in a diversified portfolio of mutual funds that are structured to satisfy its long-term rate-of-return objectives. Serving Seniors relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Serving Seniors is entitled to withdraw the lesser of five percent of the December 31st market value or any surplus above the original corpus of $750,000 to be used in support of operational programs. It is anticipated that the distribution is paid out in a lump sum during the first calendar quarter. Changes to the 5% rule may be approved by the majority vote of the Board of Serving Seniors.

San Diego Foundation Managed Funds

The beneficial interest in endowment funds of Serving Seniors held by San Diego Foundation (the "SDF") are managed in accordance with UPMIFA. SDF's objective is to maintain the purchasing power (real value) of the endowment funds. However, from time to time, the fair value of the assets in the endowment fund may fall below the level that the donors require Serving Seniors to retain as a fund of perpetual duration. Donor restricted net assets of perpetual nature held by SDF are comprised of the following:

- The original value of gifts donated to the fund
- The original value of Serving Seniors funds transferred to the fund
- The original value of subsequent gifts donated to the fund
- Investment income and realized and unrealized gains and losses on investments
- Less: Distributions from the fund in accordance with the spending policy

SDF endowment funds are invested in a portfolio of equity and debt securities which is structured for long-term total return. To provide diversification and to moderate risk, the investments are divided into carefully defined asset classes. Funding available for each asset classification is invested by professional money managers hired by SDF through a competitive process. The investment performance of each money manager is monitored by an independent consultant hired by SDF.

SDF's spending policy is to disburse 5% annually, based upon endowment principal market value over the last 36 months. These calculations are made on a monthly basis. If the market value of the Endowment Principal of any fund, at the end of each month, is less than the initial value of all contributions made to the Endowment Principal, then distributions will be limited to interest and dividends received.

Endowment composition by type of fund at June 30:

	2024 Permanently Restricted	2023 Permanently Restricted
Web MD Health Preservation	$ 750,000	$ 750,000
Beneficial interest in endowment funds – San Diego Foundation	8,992	8,670
Total Endowment Net Assets	$ 758,992	$ 758,670

Note 19 - Endowment Net Assets: (Continued)

Changes in endowment net assets for the years ended June 30:

	Time Restricted	Permanently Restricted	Total
Endowment Net Assets at June 30, 2022	$ 217,224	$ 758,384	$ 975,608
Investment income	100,376	550	100,926
Contributions	-	101	101
Appropriation of endowment assets for expenditures	(48,842)	(365)	(49,207)
Endowment Net Assets at June 30, 2023	268,758	758,670	1,027,428
Investment income	-	698	698
Appropriation of endowment assets for expenditures	(268,758)	(376)	(269,134)
Endowment Net Assets at June 30, 2024	$ -	$ 758,992	$ 758,992

Note 20 - Leasing Activities:

Serving Seniors leases office equipment through August 2028 with an option to purchase the equipment for its fair market value, renew the agreement, or return the equipment.

The following summarizes the line items in the consolidated statement of financial position which include amounts for the operating lease as of June 30:

	2024	2023
Operating lease right-of-use asset, net	$ 35,606	$ 44,326
Current portion of operating lease liability	$ 8,381	$ 8,076
Operating lease liability, net of current portion	27,863	36,244
Total operating lease liability	$ 36,244	$ 44,320

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	2024	2023
Weighted average remaining lease term	50 months	62 months
Weighted average discount rate	3.67%	3.67%

Note 20 - Leasing Activities: (Continued)

The following is a schedule of the future minimum lease payments under the operating lease:

Years Ended June 30	
2025	$ 9,572
2026	9,572
2027	9,572
2028	9,572
2029	798
Total Lease Payments	39,086
Less: Discount	(2,842)
Total	$ 36,244

In addition to the office equipment, Serving Seniors also has office and equipment leases which did not qualify under ASC 842. The following summarizes the line items in the consolidated statement of functional expenses which include the components of lease expense for the year ended June 30:

	2024	2023
Operating lease cost:		
Amortization of right-of-use asset	$ 8,720	$ 1,453
Interest on operating lease liability	1,496	136
Short-term and variable lease cost	370,391	164,091
Total lease expense	$ 380,607	$ 165,680

Note 21 - Pension Plan:

403(b) Pension Plan

Serving Seniors sponsors a 403(b) pension plan covering substantially all of its employees. Each employee's total contribution may not exceed the maximum allowable under current regulations. The Organization matches the first 3% of eligible compensation contributed by the employee. The Organization also pays all administrative costs of this plan. All beneficiaries of the 403(b) plan are responsible for their own plan investment decisions. Matching contributions under this plan totaled $86,701 and $86,501 for the years ended June 30, 2024 and 2023, respectively and are included in employee benefits.

SERVING SENIORS AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024



Leaf & Cole, LLP
Certified Public Accountants

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
Serving Seniors and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Serving Seniors and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Serving Seniors and Subsidiaries as of June 30, 2025 and 2024, and the changes in their net assets and their 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Serving Seniors and Subsidiaries, 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 Consolidated 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 Serving Seniors and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Consolidated 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Serving Seniors and Subsidiaries' 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 Serving Seniors and Subsidiaries' 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.

Leaf & Cole LLP

San Diego, California
October 28, 2025

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

ASSETS

	2025	2024
Current Assets: (Notes 2, 4, 5, 6, 7, 8, 9 and 15)		
Cash and cash equivalents	$ 4,703,447	$ 4,950,036
Investments	2,966,356	1,841,503
Grants receivable	990,617	1,724,597
Accounts receivable - related parties, net	272,308	352,384
Other receivable	226,061	85,102
Pledges receivable	453,548	293,869
Rent receivable	11,112	21,630
Accrued interest receivable	3,311	7,149
Prepaid expenses and other	421,768	395,777
Total Current Assets	10,048,528	9,672,047
Noncurrent Assets: (Notes 2, 4, 5, 10, 11, 12, 13, 14, 15, 19 and 20)		
Restricted reserves	358,439	563,383
Pledges receivable	589,885	-
Notes receivable, net	2,873,154	2,919,068
Land, building and equipment, net	26,307,434	26,625,476
Operating lease right-of-use asset, net	26,886	35,606
Investments in limited partnerships	274,095	274,446
Investments restricted for endowment	750,000	750,000
Beneficial interest in endowment funds	9,418	8,992
Total Noncurrent Assets	31,189,311	31,176,971
TOTAL ASSETS	$ 41,237,839	$ 40,849,018

(Continued)

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2025 AND 2024

LIABILITIES AND NET ASSETS

	2025	2024
Current Liabilities: (Notes 2 and 20)		
Accounts payable	$ 830,087	$ 856,693
Payroll and related liabilities	160,394	159,928
Tenant security deposits	28,600	27,000
Accrued paid time off	292,577	301,805
Other liabilities	97,041	179,082
Prepaid rent	14,466	9,548
Current portion of operating lease liability	8,694	8,381
Current portion of mortgage payable	68,759	64,155
Total Current Liabilities	1,500,618	1,606,592
Noncurrent Liabilities: (Notes 2, 16, 17 and 20)		
Notes payable	2,200,000	2,200,000
Operating lease liability, net of current portion	19,169	27,863
Mortgage payable, net of current portion	1,280,676	1,341,926
Accrued interest payable	8,351	8,723
Total Noncurrent Liabilities	3,508,196	3,578,512
Total Liabilities	5,008,814	5,185,104
Commitments: (Notes 15, 20 and 21)		
Net Assets: (Notes 2, 18 and 19)		
Without donor restrictions:		
Undesignated	31,117,394	31,404,776
Board designated	3,172,198	2,913,469
Total Net Assets Without Donor Restrictions	34,289,592	34,318,245
With donor restrictions:		
Purpose restrictions	466,380	349,177
Time restrictions	713,635	237,500
Perpetual in nature	759,418	758,992
Total Net Assets With Donor Restrictions	1,939,433	1,345,669
Total Net Assets	36,229,025	35,663,914
TOTAL LIABILITIES AND NET ASSETS	$ 41,237,839	$ 40,849,018

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains:						
Government grants	$ 12,482,621	$ -	$ 12,482,621	$ 8,975,554	$ -	$ 8,975,554
Contributions	2,182,719	1,643,435	3,826,154	1,797,286	919,000	2,716,286
Rental income	1,452,503	-	1,452,503	1,335,669	-	1,335,669
Housing	1,272,089	-	1,272,089	697,383	-	697,383
In-kind contributions	366,120	-	366,120	610,200	-	610,200
Donations from seniors served	93,021	-	93,021	99,734	-	99,734
Other income	89,851	-	89,851	65,605	-	65,605
Laundry and vending income	10,613	-	10,613	10,062	-	10,062
Special events:						
Special events revenue	-	471,008	471,008	-	593,851	593,851
Less: Cost of direct benefits to donors	-	(75,950)	(75,950)	-	(63,875)	(63,875)
Special events revenue, net	-	395,058	395,058	-	529,976	529,976
Investment income, net	507,780	807	508,587	527,479	698	528,177
Net assets released from restrictions	1,445,536	(1,445,536)	-	1,847,104	(1,847,104)	-
Total Revenue, Support and Gains	19,902,853	593,764	20,496,617	15,966,076	(397,430)	15,568,646
Expenses:						
Program Services:						
Nutrition program	10,366,373	-	10,366,373	8,417,576	-	8,417,576
Health and social services	3,706,962	-	3,706,962	2,953,270	-	2,953,270
Rental real estate	1,902,196	-	1,902,196	1,760,312	-	1,760,312
Housing development and facility support	1,307,024	-	1,307,024	1,667,075	-	1,667,075
Total Program Services	17,282,555	-	17,282,555	14,798,233	-	14,798,233
Supporting Services:						
Management and general	1,421,860	-	1,421,860	1,097,403	-	1,097,403
Fundraising	1,227,091	-	1,227,091	1,061,515	-	1,061,515
Total Supporting Services	2,648,951	-	2,648,951	2,158,918	-	2,158,918
Total Expenses	19,931,506	-	19,931,506	16,957,151	-	16,957,151
Change in Net Assets	(28,653)	593,764	565,111	(991,075)	(397,430)	(1,388,505)
Net Assets at Beginning of Year	34,318,245	1,345,669	35,663,914	35,309,320	1,743,099	37,052,419
NET ASSETS AT END OF YEAR	$ 34,289,592	$ 1,939,433	$ 36,229,025	$ 34,318,245	$ 1,345,669	$ 35,663,914

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services					Supporting Services				
	Nutrition Program	Health and Social Services	Rental Real Estate	Housing Development & Facility Support	Total Program Services	Management and General	Fundraising	Total Supporting Services	Eliminations	Total Expenses
Personnel:										
Salaries	$ 2,617,100	$ 2,001,626	$ -	$ 541,411	$ 5,160,137	$ 675,635	$ 583,701	$ 1,259,336	$ -	$ 6,419,473
Employee benefits	472,481	231,160	-	114,424	818,065	96,623	64,954	161,577	-	979,642
Payroll taxes	190,558	147,257	-	40,453	378,268	50,751	42,748	93,499	-	471,767
Total Personnel	3,280,139	2,380,043	-	696,288	6,356,470	823,009	691,403	1,514,412	-	7,870,882
Operating Expenses:										
Auto	633,723	300	-	4,408	638,431	-	-	-	-	638,431
Consultants	600	43,041	-	-	43,641	26,533	71,773	98,306	-	141,947
Depreciation	351,340	3,833	671,706	233,607	1,260,486	24,030	-	24,030	-	1,284,516
Equipment	66,773	13,055	-	20,119	99,947	-	543	543	-	100,490
Food costs	5,445,654	74,106	-	-	5,519,760	-	-	-	-	5,519,760
Insurance	-	15	-	44,934	44,949	35,991	-	35,991	-	80,940
Lease expense	-	-	-	-	-	77,371	-	77,371	-	77,371
Mail house services	10,379	12,098	-	-	22,477	1,641	122,400	124,041	-	146,518
Occupancy and utilities	366,249	634	-	135,789	502,672	41	-	41	-	502,713
Other expense	35,020	188,280	-	11,614	234,914	129,395	52,593	181,988	-	416,902
Professional fees	-	-	-	7,506	7,506	57,577	-	57,577	-	65,083
Property operation cost	-	-	1,907,091	-	1,907,091	-	-	-	(676,601)	1,230,490
Repairs and maintenance	15,435	93,943	-	85,250	194,628	-	-	-	-	194,628
Special events	-	-	-	-	-	-	181,318	181,318	-	181,318
Specific assistance	6,613	812,156	-	-	818,769	-	951	951	-	819,720
Supplies and office	109,060	46,076	-	51,692	206,828	225,750	103,040	328,790	-	535,618
Telephone	37,271	29,854	-	15,072	82,197	12,134	3,070	15,204	-	97,401
Travel, conferences and meetings	8,117	9,528	-	745	18,390	8,388	-	8,388	-	26,778
Total Operating Expenses	7,086,234	1,326,919	2,578,797	610,736	11,602,686	598,851	535,688	1,134,539	(676,601)	12,060,624
Less: Eliminations	-	-	(676,601)	-	(676,601)	-	-	-	676,601	-
TOTAL EXPENSES	$ 10,366,373	$ 3,706,962	$ 1,902,196	$ 1,307,024	$ 17,282,555	$ 1,421,860	$ 1,227,091	$ 2,648,951	$ -	$ 19,931,506

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services					Supporting Services				
	Nutrition Program	Health and Social Services	Rental Real Estate	Housing Development & Facility Support	Total Program Services	Management and General	Fundraising	Total Supporting Services	Eliminations	Total Expenses
Personnel:										
Salaries	$ 2,212,317	$ 1,521,636	$ -	$ 412,656	$ 4,146,609	$ 546,471	$ 495,514	$ 1,041,985	$ -	$ 5,188,594
Employee benefits	380,592	164,537	-	82,741	627,870	66,003	47,325	113,328	-	741,198
Payroll taxes	162,606	112,521	-	30,599	305,726	32,777	36,944	69,721	-	375,447
Total Personnel	2,755,515	1,798,694	-	525,996	5,080,205	645,251	579,783	1,225,034	-	6,305,239
Operating Expenses:										
Auto	505,109	-	-	5,781	510,890	384	-	384	-	511,274
Bad debts	-	-	-	12,500	12,500	8,348	-	8,348	-	20,848
Consultants	-	287,267	-	-	287,267	85,294	87,997	173,291	-	460,558
Depreciation	282,699	2,019	671,706	229,570	1,185,994	17,001	-	17,001	-	1,202,995
Equipment	77,526	17,787	-	(4,111)	91,202	-	-	-	-	91,202
Food costs	4,510,982	81,449	-	-	4,592,431	-	-	-	-	4,592,431
Insurance	-	1,106	-	42,212	43,318	33,223	-	33,223	-	76,541
Lease expense	1,903	366,547	-	10	368,460	10,523	1,624	12,147	-	380,607
Mail house services	3,546	6,885	-	18	10,449	571	92,212	92,783	-	103,232
Occupancy and utilities	104	50	-	737,154	737,308	85	53	138	-	737,446
Other expense	38,397	47,047	-	6,379	91,823	89,849	48,181	138,030	-	229,853
Professional fees	6,094	-	-	24,371	30,465	64,516	-	64,516	-	94,981
Property operation cost	-	-	1,740,790	-	1,740,790	-	-	-	(652,184)	1,088,606
Repairs and maintenance	28,035	51,587	-	69,660	149,282	42	-	42	-	149,324
Special events	-	-	-	-	-	-	172,237	172,237	-	172,237
Specific assistance	-	187,848	-	-	187,848	-	-	-	-	187,848
Supplies and office	175,765	67,188	-	6,299	249,252	126,087	77,149	203,236	-	452,488
Telephone	23,988	26,413	-	11,236	61,637	9,776	1,877	11,653	-	73,290
Travel, conferences and meetings	7,913	11,383	-	-	19,296	6,453	402	6,855	-	26,151
Total Operating Expenses	5,662,061	1,154,576	2,412,496	1,141,079	10,370,212	452,152	481,732	933,884	(652,184)	10,651,912
Less: Eliminations	-	-	(652,184)	-	(652,184)	-	-	-	652,184	-
TOTAL EXPENSES	$ 8,417,576	$ 2,953,270	$ 1,760,312	$ 1,667,075	$ 14,798,233	$ 1,097,403	$ 1,061,515	$ 2,158,918	$ -	$ 16,957,151

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash Flows From Operating Activities:		
Change in net assets	$ 565,111	$ (1,388,505)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,284,516	1,202,995
Bad debts	-	20,848
Amortization of right-of-use asset - operating lease	8,720	8,720
Amortization of debt issuance cost	7,509	7,509
Net unrealized gains on investments	(275,244)	(331,490)
Income from investments in limited partnerships, net	(3,588)	(3,600)
Endowment investment income	(807)	(698)
Endowment restricted distributions	381	376
(Increase) Decrease in:		
Grants receivable	733,980	306,389
Accounts receivable - related parties, net	80,076	(174,932)
Other receivable	(140,959)	(70,171)
Pledges receivable, net	(749,564)	(101,764)
Rent receivable	10,518	(7,713)
Accrued interest receivable	3,838	4,364
Prepaid expenses and other	(25,991)	(104,402)
(Decrease) Increase in:		
Accounts payable	(26,606)	582,989
Payroll and related liabilities	466	26,974
Tenant security deposits	1,600	(1,800)
Accrued paid time off	(9,228)	39,268
Other liabilities	(82,041)	76,413
Prepaid rent	4,918	(29,418)
Operating lease liability	(8,381)	(8,076)
Accrued interest payable	(372)	(347)
Net Cash Provided by Operating Activities	1,378,852	53,929
Cash Flows From Investing Activities:		
Purchase of land, building and equipment	(966,474)	(258,617)
Payments on notes receivable	45,914	45,637
(Purchase) sale of investments, net	(849,609)	172,861
Change in beneficial interest in endowment funds	(426)	(322)
Net Cash Used in Investing Activities	(1,770,595)	(40,441)

(Continued)

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash Flows From Financing Activities:		
Payments on mortgage payable	$ (64,155)	$ (59,860)
Endowment investment income	807	698
Endowment distributions	(381)	(376)
Distributions from investments in limited partnerships	3,939	-
Net Cash Used in Financing Activities	(59,790)	(59,538)
Net Decrease in Cash and Cash Equivalents and Restricted Cash	(451,533)	(46,050)
Cash and Cash Equivalents and Restricted Cash at Beginning of Year	5,513,419	5,559,469
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	$ 5,061,886	$ 5,513,419
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 102,656	$ 106,922
Cash paid for amounts included in measurement of operating lease liability	$ 9,572	$ 9,572

The accompanying notes are an integral part of the consolidated financial statements.

Note 1 - Organization:

The consolidated financial statements of the Organization include the following entities:

Serving Seniors

Serving Seniors, is a California Nonprofit Public Benefit Corporation. Its mission is to help seniors in poverty live healthy and fulfilling lives.

Senior Housing Corporation

Senior Housing Corporation was established in February 2000 to own, manage, support and develop housing for low and/or moderate income citizens and/or housing for mentally, physically or developmentally challenged persons. The Board of Directors of Senior Housing Corporation are elected by the Board of Directors of Serving Seniors. Senior Housing Corporation has a 0.005% partnership interest in Market Square Manor Associates, LP.

Senior Housing Corporation became a partner of HDP Broadway Management, LLC. HDP Broadway Management, LLC was formed as a limited liability company under the laws of the State of California on July 22, 2013. HDP Broadway Management, LLC was established for the purpose and intent of acquiring real property and providing and managing housing for low income persons. Senior Housing Corporation has a 21.0% partnership interest in HDP Broadway Management, LLC. HDP Broadway Management, LLC has a 0.01% partnership interest in HDP Broadway, L.P.

Senior Housing Corporation became sole member of Fairmount SHC Housing, LLC. Fairmount SHC Housing, LLC was formed as a limited liability company under the laws of the State of California on March 16, 2017. Fairmount SHC Housing, LLC was established for the purpose and intent or acquiring real property and provide and manage housing for low income persons. Fairmount SHC Housing, LLC has a .01% interest in Fairmount Senior Housing CIC, L.P.

Senior Housing Corporation became sole member of Ramona SHC Housing, LLC. Ramona SHC Housing, LLC was formed as a limited liability company under the laws of the State of California on March 16, 2017. Ramona SHC Housing, LLC was established for the purpose and intent or acquiring real property provide and manage housing for low income persons. Ramona SHC Housing, LLC has a 0.51% partnership interest in Ramona Seniors CIC, L.P.

Senior Housing Corporation became a sole member of New Palace MGP SHC, LLC. New Palace MGP SHC, LLC was formed as a limited liability company under the laws of the State of California on July 21, 2017. New Palace MGP SHC, LLC was established for the purpose and intent of acquiring real property and providing and managing housing for low income persons. New Palace MGP SHC, LLC owns 21.0% of the voting stock of HDP New Palace Management, LLC. HDP New Palace Management, LLC has a 0.01% partnership interest in HDP New Palace, L.P.

New Palace MGP SHC, LLC has a 21.0% partnership interest in HDP Mariner's Village Management, LLC. HDP Mariner's Village Management, LLC has a 0.01% partnership interest in HDP Mariner's Village, L.P.

Note 1 - Organization: (Continued)

Senior Housing Corporation (Continued)

Senior Housing Corporation became sole member of Mt. Etna Senior Housing, LLC. Mt. Etna Senior Housing, LLC was formed as a limited liability company under the laws of the State of California on March 6, 2019. Mt. Etna Senior Housing, LLC was established for the purpose and intent of acquiring real property and provide and manage housing for low income persons. Mt. Etna Senior Housing, LLC has a 0.01% partnership interest in Messina CIC, L.P.

Senior Housing Corporation became a partner of HDP West Park Management, LLC on April 8, 2019. HDP West Park Management, LLC was formed as a limited liability company under the laws of the State of California on October 5, 2017. HDP West Park Management, LLC was established for the purpose and intent of acquiring real property and providing and managing housing for low income persons. In 2020, HDP West Park Management, LLC changed to a Corporation. Senior Housing Corporation has a 21.0% interest in HDP West Park Management, LLC. HDP West Park Management, LLC has a 0.009% partnership interest in HDP West Park, L.P.

Senior Housing Corporation became a sole member of San Diego SHC Housing, LLC. San Diego SHC Housing, LLC was formed as a limited liability company under the laws of the State of California on May 11, 2021. San Diego SHC Housing, LLC was established for the purpose and intent of acquiring real property and provide and manage housing for low-income persons.

City Heights Senior Housing Corporation

City Heights Senior Housing Corporation was established in September 2006 to own, manage, support and develop housing for low and/or moderate income senior citizens. The Board of Directors of City Heights Senior Housing Corporation are elected by the Board of Directors of Serving Seniors.

City Heights Square, L.P.

City Heights Square, L.P. was formed on April 1, 2005 for the purpose of acquiring, constructing, and operating a 151-unit multi-family apartment complex, known as City Heights Square Senior Apartments, located in San Diego, California. The Project rents all of the residential rental units to low-income tenants and operates in a manner intended to qualify for federal low-income housing tax credits (“Tax Credits”) as provided for in Section 42 of the Internal Revenue Code (“IRC”).

In 2022, the Investor and Administrative General Partner exited the City Heights Square, L.P. Serving Seniors has entered City Heights Square L.P. as Co-General Partner with a .005% share of the partnership. City Heights Senior Housing Corporation now assumes the shares of the Investor Limited Partnership – 99.989% share, Special Limited Partner - 0.001% and the Co-General Partner - .005% for a total partnership interest in City Heights Square, LP of 99.995%.

Pursuant to the Partnership Agreement, the term of the Partnership commenced as of March 25, 2005 and shall continue until December 2090, unless the Partnership is dissolved sooner.

Note 1 - Organization: (Continued)

West Senior Wellness Center

West Senior Wellness Center was established in June 2009 as a Nonprofit Public Benefit Corporation to perform the charitable functions of and carry out the charitable purposes of Serving Seniors. Serving Seniors is the sole member. The Board of Directors of West Senior Wellness Center are elected by the Board of Directors of Serving Seniors.

The following is a brief description of the Organization's programs:

Nutrition Program

Serving Seniors' Senior Nutrition Program ensures almost 9,000 low-income seniors have access to a nutritious diet, providing over one million congregate and home-delivered meals a year. Meals are served from numerous congregate sites across San Diego County and delivered directly to homebound seniors each day.

Health and Social Services

Serving Seniors' team of health educators, social service case managers, and housing navigators provide an array of integrated health and social services that improve low-income seniors' health and well-being.

Case managers work one-on-one with clients to provide support for the complex, poverty-related issues that threaten their stability and well-being. For many clients without familial support, the case managers fill the role of a caring family member, providing a helping hand and a listening ear.

Housing Development

Serving Seniors provides robust senior housing programs that lift seniors out of homelessness and increase the stock of affordable senior housing in the region. The transitional housing program helps homeless seniors get off the streets by providing transitional housing and supportive services as a direct stepping stone to permanent affordable housing. Case managers help clients apply for entitlements, save and budget their money, access health and community services, provide life skills training, and make regular in-unit check-ins.

In 2024, Serving Seniors proudly launched the Permanent Supportive Housing (PSH) program, a transformative initiative designed to provide a stable pathway from emergency shelter to permanent housing. This program offers participants a permanent housing voucher, allowing them to contribute only 30% of their income toward rent - significantly enhancing housing affordability and long-term stability.

The PSH program also includes intensive case management, ensuring that individuals receive the comprehensive support needed to maintain housing and improve overall well-being. While the introduction of PSH has been a major milestone, it required the reallocation of 19 transitional housing vouchers due to proposed federal funding reductions from the Department of Housing and Urban Development. As a result, our emergency shelter capacity was adjusted from 36 to 17 units. This strategic decision reflects our commitment to prioritizing permanent housing solutions that offer enduring benefits to our clients. Serving Seniors remains actively engaged in securing additional funding to expand our emergency shelter program and restore unit capacity over time.

Note 1 - Organization: (Continued)

Housing Development (Continued)

Serving Seniors' affiliate entities Senior Housing Corporation and City Heights Senior Housing Corporation own 608 units of affordable senior housing. Serving Seniors provides meals, social services and socialization opportunities to senior residents across these sites.

Enrichment and Activities

Serving Seniors' enrichment and activities program reduces social isolation among low-income seniors by providing more than 1,700 classes and activities a year to stimulate the mind and body. Offered daily at Serving Seniors' Gary & Mary West Senior Wellness Center and partner sites across the county, activities include fitness classes, walking groups, health education, cultural enrichment, leadership training, creative writing workshops, arts and crafts, talent competitions, social activities, and much more.

Advocacy

Serving Seniors advocates on a local, state, and national level to mobilize meaningful policy change for older adults, and engages older adults in the civic process through leadership development and advocacy training.

Rental Real Estate

Potiker City Heights Residence in City Heights offers 150 studios and one-bedroom apartments. Amenities include complete kitchens in each unit, central AC/heating, patio, storage, a dining room, community/TV room, underground parking, and on-site meals, nurses, and social workers.

Note 2 - Significant Accounting Policies:

Consolidated Financial Statements

The consolidated financial statements of the Organization include the accounts of Serving Seniors, Senior Housing Corporation, City Heights Senior Housing Corporation, City Heights Square, L.P., and West Senior Wellness Center, which are collectively referred to as the "Organization". All material interorganizational transactions have been eliminated in consolidation.

Accounting Method

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Note 2 - Significant Accounting Policies: (Continued)

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Risks and Uncertainties

The Organization invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statements of financial position.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the investment.

Note 2 - Significant Accounting Policies: (Continued)

Fair Value Measurements (Continued)

The Organization's consolidated statements of financial position include the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in mutual funds are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

- Beneficial interest in endowment funds held by San Diego Foundation is considered a Level 3 asset which represents the fair value of the underlying assets as provided by San Diego Foundation (Note 14).

Allowance for Uncollectible Contributions Receivable

Bad debts are recognized on the allowance method, based on historical experiences and managements evaluation of contributions receivable. Management believes that all contributions receivable were fully collectible, therefore no provision for uncollectible contributions receivable was recorded at December 31, 2025 and 2024.

Allowance for Credit Losses

The Organization recognizes an allowance for credit losses on accounts receivable to present the net amount expected to be collected as of the consolidated statements of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which is based on the expectation as of the consolidated statements of financial position date, aging reports and historical information. Receivables are written off when the Organization determines such receivables are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. As more fully described in Note 9, the allowance for credit losses – accounts receivable – related parties totaled $2,274,941 and $2,119,596 at June 30, 2025 and 2024, respectively, while the allowance for credit losses – interest on notes receivable (Note 11) totaled $2,243,709 and $2,127,037 at June 30, 2025 and 2024, respectively.

Capitalization and Depreciation

The Organization capitalizes all land, building and equipment in excess of $5,000 at cost, while donations of property and equipment are recorded at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Building and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Building	40 years
Furniture and equipment	5 - 7 years
Vehicles	5 years
Leasehold improvements	5 - 31.5 years

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation (Continued)

Depreciation totaled $1,284,516 and $1,202,995 for the years ended June 30, 2025 and 2024, respectively. Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of land, buildings and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2025 or 2024.

Debt Issuance Costs

Debt issuance costs are incurred in order to obtain financing for the Organization. Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized deferred financing costs are presented as a direct reduction from the carrying value of the related obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of property operation cost and totaled $7,509 for each of the years ended June 30, 2025 and 2024, respectively.

Investments in Limited Partnerships

The Organization owns general partner interest in limited partnerships accounted for on the equity method.

Compensated Absences

Accumulated paid time off and other employee benefit amounts totaling $292,577 and $301,805 at June 30, 2025 and 2024, respectively, are accrued when incurred.

Tenant Security Deposits

Tenant security deposits totaling $32,439 and $34,610 as of June 30, 2025 and 2024 are included in cash and cash equivalents to satisfy the related security deposit liability totaling $28,600 and $27,000 at June 30, 2025 and 2024, respectively.

Revenue Recognition

Grants

Grants revenue is recognized in the period in which the related work is performed in accordance with the terms of the grant or contract. Grants receivable is recorded when revenue earned under a grant exceeds the cash received. Grants receivable totaled $990,617 and $1,724,597 at June 30, 2025 and 2024, respectively.

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition (Continued)

Contributions

Contributions including donations from seniors served are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Housing

The Organization provides supportive services for residents of affordable low-income housing projects in connection with agreements of several partnerships. The Organization earns fees based upon the agreements and recognizes revenue when the services have been provided. The Organization also provides developmental and administrative services to partnerships having an interest in the affordable low-income housing industry. The Organization earns fees based upon the agreements and recognizes the revenue based upon the completion of each performance obligation as defined in those agreements.

Rental Income and Prepaid Rent

Rental income attributable to a commercial lease is recorded when due from the occupant, generally upon the first day of each month. The lease is for a period of up to five years, with rental payments due monthly. Rental income attributable to residential leases is recorded when due from residents, generally upon the first day of each month. The Organization has elected to apply the short-term lease exception to all residential leases with a term of one-year or less. Rental payments received in advance are deferred and classified as liabilities until earned. Prepaid rent totaled $14,466 and $9,548 at December 31, 2025 and 2024, respectively.

Other Income

Other income consists of commissions, rebates and fees for contracted services other than housing and is recognized as revenue when the services have been provided.

Laundry and Vending Income

Laundry and vending income is recorded when service is provided.

Special Events Revenue

Special events revenue is recognized in the period the event occurs.

Note 2 - Significant Accounting Policies: (Continued)

Donated Services and Materials

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the consolidated financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2025 and 2024, did not meet the requirements above; therefore no amounts were recognized in the consolidated financial statements.

The following table summarizes donated space measured at fair value received for the years ended June 30:

2025

Items Donated	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated space	$366,120	Program and supporting services	No associated donor restrictions	Donated rent is valued at the estimated fair value of similar properties available in commercial real estate listings.

2024

Items Donated	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated space	$610,200	Program and supporting services	No associated donor restrictions	Donated rent is valued at the estimated fair value of similar properties available in commercial real estate listings.

Contributed rent consists of approximately 6,000 square feet of commercial space in downtown San Diego for the nutrition programs and administrative purposes. Additionally a commercial kitchen is used to support the congregate meals program.

Functional Allocation of Expenses

The consolidated statements of functional expenses present expenses by function and natural classification. The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Organization's management.

Note 2 - Significant Accounting Policies: (Continued)

Income Taxes

Serving Seniors, Senior Housing Corporation, City Heights Senior Housing Corporation and West Senior Wellness Center (the "Entities") are all public charities and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization believes they have appropriate support for any tax position taken, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements. These entities are not private foundations.

No provision or benefit for income taxes for the Limited Liability Companies and Limited Partnerships have been included in these consolidated financial statements since taxable income (loss) passes through to, and is reportable by, the Member/Partners individually.

The Entities' Returns of Organization Exempt from Income Tax for the years ended June 30, 2025, 2024, 2023 and 2022 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

Concentrations

Credit Risk

The Organization maintains its cash and investments in bank deposit accounts and brokerage accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable and Revenue

Grants receivable includes $842,229 and $1,544,083 due from the County of San Diego at June 30, 2025 and 2024, respectively.

The Organization received $12,482,621 and $8,975,554 or 61% and 58% of its total revenue support and gains from four government agencies for senior nutrition/community enhancement for the years ended June 30, 2025 and 2024, respectively.

Leases

The Organization entered into an equipment lease (Note 20). Pursuant to the guidance for accounting for leases, the Organization accounts for the lease as operating lease.

The Organization determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of and to obtain substantially all of the economic benefits from the use of an asset for a period of time in exchange for consideration.

Note 2 - Significant Accounting Policies: (Continued)

Leases (Continued)

Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization uses the risk-free rate in determining the present value of lease payments.

The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The lease agreement does not contain any material residual value guarantees or material restrictive covenants. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Cash and Cash Equivalents and Restricted Cash

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The following is a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total in the consolidated statements of cash flows at June 30:

	2025	2024
Cash and cash equivalents	$ 4,703,447	$ 4,950,036
Restricted reserves	358,439	563,383
Total Cash and Cash Equivalents and Restricted Cash	$ 5,061,886	$ 5,513,419

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 28, 2025, the date the consolidated financial statements were available to be issued.

Reclassification

The Organization has reclassified certain prior year information to conform with the current year presentation.

Note 3 - Liquidity and Availability:

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. The Organization received contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those activities to be general expenditures.

Note 3 - Liquidity and Availability: (Continued)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, are comprised of the following at June 30:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	$ 4,703,447	$ 4,950,036
Investments	2,966,356	1,841,503
Investments restricted for endowment	750,000	750,000
Grants receivable	990,617	1,724,597
Accounts receivable - related parties, net	272,308	352,384
Other receivable	226,061	85,102
Pledges receivable	1,043,433	293,869
Rent receivable	11,112	21,630
Total financial assets	10,963,334	10,019,121
Less assets unavailable for general expenditures:		
Pledges receivable - noncurrent	(589,885)	-
Investments restricted for endowment	(750,000)	(750,000)
Restricted by governing body requiring approval for disbursement	(3,172,198)	(2,913,469)
Total financial assets not available to be used within one year	(4,512,083)	(3,663,469)
Financial assets available to meet cash needs for general expenditures within one year	$ 6,451,251	$ 6,355,652

In addition to financial assets available to meet general expenditures over the next 12 months the Organization has a line-of-credit agreement with available borrowings totaling $1,000,000 as described in Note 15. In addition, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

The Organization's governing board has designated a portion of funds without donor restriction. These funds are subject to a spending policy and are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board of Directors as described in Note 19.

Note 4 - Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at June 30:

	2025			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Mutual Funds:				
Fixed income funds	$ 2,050,172	$ -	$ -	$ 2,050,172
Exchange-traded funds	1,666,184	-	-	1,666,184
Beneficial interest in endowment funds (Note 14)	-	-	9,418	9,418
	$ 3,716,356	$ -	$ 9,418	$ 3,725,774

	2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Mutual Funds:				
Fixed income funds	$ 1,240,538	$ -	$ -	$ 1,240,538
Large cap equity funds	900,974	-	-	900,974
International securities funds	364,975	-	-	364,975
Real estate securities funds	85,016	-	-	85,016
Beneficial interest in endowment funds (Note 14)	-	-	8,992	8,992
	$ 2,591,503	$ -	$ 8,992	$ 2,600,495

The reconciliation for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are included in Note 14 as indicated above.

The following table represents the Organization's Level 3 financial instrument, the valuation techniques used to measure the fair value of the financial instrument, and the significant unobservable inputs and the range of values for those inputs for the years ended June 30:

2025				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	$ 9,418	Valuation of underlying assets as provided by San Diego Foundation	Base Price	N/A

2024				
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	$ 8,992	Valuation of underlying assets as provided by San Diego Foundation	Base Price	N/A

Note 5 - Investments:

Investments are stated at fair value and consist of the following at June 30:

	2025	2024
Mutual Funds	$ 3,716,356	$ 2,591,503

Investments are categorized in the consolidated statements of financial position as follows:

	2025	2024
Investments - Current	$ 2,966,356	$ 1,841,503
Investments - Restricted for endowment	750,000	750,000
Total Investments	$ 3,716,356	$ 2,591,503

The following schedule summarizes the investment income for the years ended June 30:

	2025		
	Without Donor Restriction	With Donor Restriction	Total
Net unrealized gains	$ 275,244	$ -	$ 275,244
Net realized gains	80,020	-	80,020
Income from investments in limited partnerships, net	3,588	-	3,588
Endowment investment income	-	807	807
Interest and dividend income	148,928	-	148,928
Total Investment Income	$ 507,780	$ 807	$ 508,587

	2024		
	Without Donor Restriction	With Donor Restriction	Total
Net unrealized gains	$ 331,490	$ -	$ 331,490
Net realized gains	42,187	-	42,187
Income from investments in limited partnerships, net	3,600	-	3,600
Endowment investment income	-	698	698
Interest and dividend income	150,202	-	150,202
Total Investment Income	$ 527,479	$ 698	$ 528,177

Note 6 - Other Receivable:

Other receivable represents outstanding commitments from donors for contributions that are yet to be received but are legally enforceable and measurable. The Organization reports a subsidy tenant receivable due from tenants under a subsidized housing program designed to assist low-income tenants. The government agency (Agency) agrees to pay a portion of the rent on behalf of the eligible tenants. The receivable is recognized when the Organization has provided the housing services but has not yet received the payment from the Agency.

Other receivable consisted of the following at June 30:

	2025	2024
Other receivables – related party	$ 200,000	$ 40,000
Subsidy tenant receivable	13,732	17,500
Other contributions receivable	12,329	27,602
	$ 226,061	$ 85,102

Note 7 - Grants Receivable:

Grants receivable consisted of the following at June 30:

	2025	2024
County of San Diego - Aging and Independence Services	$ 842,229	$ 1,544,083
San Diego Housing Commission	116,070	-
City of San Diego - Transitional Housing	25,526	17,194
City of Oceanside - CDBG	6,792	5,226
City of San Diego – Bridge Senior Shelter	-	158,094
Total Grants Receivable	$ 990,617	$ 1,724,597

Note 8 - Pledges Receivable:

Pledges receivable consist of contributions pledged to Serving Seniors. Pledges receivable consisted of the following at June 30:

	2025	2024
Pledges receivable due in less than one year	$ 453,548	$ 293,869
Pledges receivable due in one to five years	644,591	-
Less: Discount to present value, at 3.79%	(54,706)	-
Pledges receivable due in one to five years, net	589,885	-
Pledges Receivable, Net	$ 1,043,433	$ 293,869

Note 9 - Accounts Receivable - Related Parties:

Serving Seniors and its affiliate entities, Senior Housing Corporation and City Heights Senior Housing Corporation, have provided development, management, supporting, and other services with respect to projects in which Serving Seniors has a general partner interest. Senior Housing Corporation has provided incentive management services to Market Square Manor Associates, L.P. Serving Seniors has the following receivables from these projects for funds that have been advanced in relation to development or for contracted services provided as follows at June 30:

	2025	2024
Market Square Manor Associates, L.P.	$ 2,329,391	$ 2,428,146
Potiker Family Senior Residence	88,125	-
Harris Family Senior Housing	51,500	16,667
Downey Senior Residence	31,244	-
HDP Broadway, L.P.	18,400	9,200
Ramona Senior CIC, L.P.	17,733	9,067
Mid-City Family Housing CIC, L.P.	5,356	3,400
HDP New Palace, L.P.	3,000	3,000
HDP Village North, LLC	2,500	2,500
Subtotal	2,547,249	2,471,980
Less: Allowance for credit losses	(2,274,941)	(2,119,596)
Total Accounts Receivable - Related Parties, Net	$ 272,308	$ 352,384

The accounts receivable from Market Square Manor Associates, L.P. is payable from available cash flow after all priority payments, as defined in the partnership agreement. Management has established an allowance for credit losses totaling $2,274,941 and $2,119,596 at June 30, 2025 and 2024, respectively. Management believes that all other accounts receivable from related parties are fully collectible, therefore no allowance for credit losses has been established.

Note 10 - Restricted Reserves:

Serving Seniors

Replacement Reserve

The Organization holds a replacement reserve account relating to the Market Square Manor Associates, L.P. to be used for any eligible capital items, reimbursable amounts, and routine maintenance items. The reserve account has a balance of $91,024 and $173,064 as of June 30, 2025 and 2024, respectively.

Operating Reserve

The Organization holds an operating reserve account relating to City Heights Square, L.P. to be used for any eligible capital items, reimbursable amounts, and routine maintenance items. The reserve account has a balance of $-0- and $26,581 as of June 30, 2025 and 2024, respectively.

Note 10 - Restricted Reserves: (Continued)

City Heights Square, L.P.

Replacement Reserve

The replacement reserve is held by Lument Capital, LLC in accordance with the provisions of the Regulatory Agreement to be used for replacement of property. The following is the detailed activity in the replacement reserve for the years ended June 30:

	2025	2024
Balance, Beginning of Year	$ 363,738	$ 255,068
Add: Deposits	124,164	131,532
Interest income	1,722	1,646
Less: Authorized withdrawals	(222,209)	(24,508)
Balance, End of Year	$ 267,415	$ 363,738

Note 11- Notes Receivable:

Notes receivable consist of the following at June 30:

	2025	2024
Senior Housing Corporation has a note receivable from Market Square Manor Associates, L.P., A California Limited Partnership, for the purchase of the land associated with the construction of Potiker Family Senior Residence. The note accrues interest at 5.05% per annum and is payable on December 6, 2056 (See Note 16). Accrued interest receivable totaled $-0- (Accrued interest receivable of $2,243,709 net of allowance of $2,243,709) and $-0- (Accrued interest receivable of $2,127,037, net of allowance of $2,127,037) at June 30, 2025 and 2024, respectively.	$ 2,310,334	$ 2,310,334
Serving Seniors has a note receivable from Market Square Manor Associates, L.P., A California Limited Partnership, for the advance made to payoff and discharge a note held by Citibank. The loan closing fee of $7,135 is reimbursable from Market Square Manor Associates, L.P. The note accrues interest at 5% per annum and is payable on June 15, 2034. Accrued interest totaled $3,311 and $7,149 at June 30, 2025 and 2024, respectively.	562,820	608,734
Total Notes Receivable, Net	$ 2,873,154	$ 2,919,068

Note 12 - Land, Building and Equipment:

Land, building and equipment consist of the following at June 30:

	2025	2024
Land	$ 6,114,657	$ 6,114,657
Building	31,888,724	31,888,724
Furniture and equipment	4,845,264	4,105,106
Vehicles	1,491,667	1,265,351
Leasehold improvements	1,313,682	1,313,682
Subtotal	45,653,994	44,687,520
Less: Accumulated depreciation	(19,346,560)	(18,062,044)
Land, Building and Equipment, Net	$ 26,307,434	$ 26,625,476

Note 13 - Investments in Limited Partnerships:

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Serving Seniors' affiliate entities, Senior Housing Corporation and City Heights Senior Housing Corporation own general partner interests in limited partnerships accounted for on the equity method. The following are the balances in the affiliated entities' capital accounts at June 30:

	2025	2024
Market Square Manor Associates, L.P. (0.005%)	$ 265,213	$ 265,224
HDP Mariner's Village, L.P. (0.002%)	3,134	3,811
HDP Broadway, L.P. (0.002%)	3,579	3,191
HDP New Palace, L.P. (0.002%)	2,093	2,141
Ramona Seniors CIC, L.P. (0.005%)	76	79
Total Investments in Limited Partnership	$ 274,095	$ 274,446

Note 14 - Beneficial Interest in San Diego Foundation:

The Organization has a beneficial interest in endowment funds held at San Diego Foundation (SDF), which is classified as with donor restrictions and must be maintained in perpetuity. The beneficial interest held by SDF is invested in a portfolio of equity and debt securities which is structured for long-term total return consisting of 40% global equities, 15% hedge funds, 10% fixed income, 25% alternative investments, and 10% real estate investments. The Organization receives distributions of earnings on an annual basis. The distributions are used to further the Organization's mission of providing the San Diego community with challenging and exciting music at a high artistic level. The Organization received $381 and $376 in distributions for the years ended June 30, 2025 and 2024, respectively.

Note 14 - Beneficial Interest in San Diego Foundation: (Continued)

The activity in the beneficial interest in endowment funds held by San Diego Foundation consisted of the following for the years ended June 30:

	2025	2024
Balance, Beginning of Year	$ 8,992	$ 8,670
Investment income	807	698
Distribution	(381)	(376)
Total Beneficial Interest in Endowment Funds	$ 9,418	$ 8,992

Note 15 - Line-of-Credit:

Serving Seniors has a business line-of-credit with a financial institution, under which Serving Seniors is allowed to borrow up to $1,000,000. Advances under this agreement bear interest equal to the financial institution's prime rate subject to change from time-to-time based on the changes in the rate as published in the Wall Street Journal. Under no circumstances will the interest on the note be less than 4.75% per year. The line-of-credit is secured by the accounts, inventory and equipment of the Organization and matures on December 21, 2025. There was no balance outstanding at June 30, 2025 and 2024.

Note 16 - Notes Payable:

Notes payable consist of the following at June 30:

	2025	2024
Serving Seniors has entered into a Participation Agreement with Civic San Diego, the successor to the Redevelopment Agency of San Diego (Agency) and Market Square Manor Associates, LP (Partnership) whereby the Agency has conveyed title to land to the Organization with the understanding that the Partnership purchase the land for $2,592,000, of which $392,000 was paid by the Partnership to the Agency and the balance is evidenced by a purchase money note to Serving Seniors. (See Note 11). Should Serving Seniors not comply with the terms of the Participation Agreement, Serving Seniors must pay back to the Agency an amount equal to the net present value of the anticipated future residual receipts, calculated on the basis of a 10% discount rate for the balance of the 55-year term of the agreement. This value is assumed to be equal to the purchase money note due in December 2056. Secured by an Agency Deed of Trust. Accrued interest payable was calculated at 5.05% which totaled $-0- (Accrued interest payable of $2,445,209, net of allowance of $2,445,209) and $-0- (Accrued interest payable of $2,333,804, net of allowance of $2,333,804) at June 30, 2025 and 2024, respectively.	$ 2,200,000	$ 2,200,000
Total Notes Payable	$ 2,200,000	$ 2,200,000

Note 16 - Notes Payable: (Continued)

Future principal payments on notes payable are as follows:

Years Ended June 30	
2026	$ -
2027	-
2028	-
2029	-
2030	-
Thereafter	2,200,000
	$ 2,200,000

Note 17 - Mortgage Payable:

Mortgage payable consists of the following at June 30:

	2025	2024
City Heights Square, L.P. has signed a promissory note with Red Mortgage Capital, Inc. (rebranded as Lument Capital in 2020) in the amount of $2,100,000. The note bears simple interest at a rate 6.95% per annum and requires monthly principal and interest payments of $13,901 payable in full on September 1, 2061. Secured by the property. Accrued interest payable totaled $8,351 and $8,723 at June 30, 2025 and 2024, respectively.	$ 1,441,941	$ 1,506,096
Total Mortgage Payable	1,441,941	1,506,096
Less: Unamortized debt issuance costs	(92,506)	(100,015)
Mortgage Payable, net	$ 1,349,435	$ 1,406,081

Future principal payments on mortgage payable are as follows:

Years Ended June 30	
2026	$ 68,759
2027	73,693
2028	78,981
2029	84,648
2030	90,722
Thereafter	1,045,138
Total	$ 1,441,941

Debt issuance costs total $225,279 less accumulated amortization of $132,773 and $125,264 at June 30, 2025 and 2024, respectively.

Note 18 - Net Assets:

Board Designated Net Assets

The Organization's governing board has designated a portion of its resources without donor restrictions for general operations. Board designated net assets totaled $3,172,198 and $2,913,469 as of June 30, 2025 and 2024, respectively.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent contributions and other inflows received by the Organization, which are limited in their use by the donor-imposed stipulations. Net assets with donor restrictions are available for the following purposes at June 30:

	2025	2024
Subject to Expenditure for Specified Purpose:		
Health and social services	$ 262,705	$ 200,493
Wellness Center	194,943	23,926
Nutrition programs	8,732	124,758
Total Subject to Expenditure for Specified Purpose	466,380	349,177
Subject to the Passage of Time:		
Long-term pledges	589,885	-
Gala event	123,750	237,500
Total Subject to the Passage of Time	713,635	237,500
Perpetual in Nature:		
Endowments (Note 19)	759,418	758,992
Total Net Assets with Donor Restrictions	$ 1,939,433	$ 1,345,669

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the years ended June 30:

	2025	2024
Purpose Restrictions Accomplished:		
Wellness Center	$ 407,983	$ 506,333
Health and social services	382,339	440,517
Nutrition programs	146,025	59,067
Enrichment and activities	-	35,000
Time Restrictions Fulfilled	508,808	805,811
Endowment Distributions	381	376
Total Net Assets Released From Restrictions	$ 1,445,536	$ 1,847,104

Note 19 - Endowment Net Assets:

Serving Seniors' endowment consists of two individual funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. Serving Seniors holds and manages one fund, with the other fund held and managed by the San Diego Foundation.

Web MD Health Preservation Endowment

In regards to the Web MD Health Preservation Endowment funds held and managed by Serving Seniors, Serving Seniors has interpreted the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Serving Seniors classifies as donor restricted net assets of a perpetual nature (1) the original value of gifts donated to the permanent endowment (2) the original value of subsequent gifts donated to the permanent endowment (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instruments at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in donor restricted net assets of a perpetual nature is classified as donor restricted net assets with time restrictions until those amounts are appropriated for expenditure by Serving Seniors in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Serving Seniors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of Serving Seniors and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Serving Seniors
- The investment policies of Serving Seniors

Serving Seniors considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Serving Seniors has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Serving Seniors has no underwater endowment funds at June 30, 2025 and 2024.

Serving Seniors has adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a moderate level
- Comply with applicable laws

Note 19 - Endowment Net Assets: (Continued)

Web MD Health Preservation Endowment (Continued)

Serving Seniors' endowment funds are invested in a diversified portfolio of mutual funds that are structured to satisfy its long-term rate-of-return objectives. Serving Seniors relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Serving Seniors is entitled to withdraw the lesser of five percent of the December 31st market value or any surplus above the original corpus of $750,000 to be used in support of operational programs. It is anticipated that the distribution is paid out in a lump sum during the first calendar quarter. Changes to the 5% rule may be approved by the majority vote of the Board of Serving Seniors.

San Diego Foundation Managed Funds

The beneficial interest in endowment funds of Serving Seniors held by San Diego Foundation (the "SDF") are managed in accordance with UPMIFA. SDF's objective is to maintain the purchasing power (real value) of the endowment funds. However, from time to time, the fair value of the assets in the endowment fund may fall below the level that the donors require Serving Seniors to retain as a fund of perpetual duration. Donor restricted net assets of perpetual nature held by SDF are comprised of the following:

- The original value of gifts donated to the fund
- The original value of Serving Seniors funds transferred to the fund
- The original value of subsequent gifts donated to the fund
- Investment income and realized and unrealized gains and losses on investments
- Less: Distributions from the fund in accordance with the spending policy

SDF endowment funds are invested in a portfolio of equity and debt securities which is structured for long-term total return. To provide diversification and to moderate risk, the investments are divided into carefully defined asset classes. Funding available for each asset classification is invested by professional money managers hired by SDF through a competitive process. The investment performance of each money manager is monitored by an independent consultant hired by SDF.

SDF's spending policy is to disburse 5% annually, based upon endowment principal market value over the last 36 months. These calculations are made on a monthly basis. If the market value of the Endowment Principal of any fund, at the end of each month, is less than the initial value of all contributions made to the Endowment Principal, then distributions will be limited to interest and dividends received.

Endowment composition by type of fund at June 30:

	2025 With Donor Restrictions Perpetual	2024 With Donor Restrictions Perpetual
Web MD Health Preservation	$ 750,000	$ 750,000
Beneficial interest in endowment funds – San Diego Foundation	9,418	8,992
Total Endowment Net Assets	$ 759,418	$ 758,992

Note 19 - Endowment Net Assets: (Continued)

Changes in endowment net assets for the years ended June 30:

	With Donor Restrictions Time	With Donor Restrictions Perpetual	Total
Endowment Net Assets at June 30, 2023	$ 268,758	$ 758,670	$ 1,027,428
Investment income	-	698	698
Appropriation of endowment assets for expenditures	(268,758)	(376)	(269,134)
Endowment Net Assets at June 30, 2024	-	758,992	758,992
Investment income	-	807	807
Appropriation of endowment assets for expenditures	-	(381)	(381)
Endowment Net Assets at June 30, 2025	$ -	$ 759,418	$ 759,418

Note 20 - Leases:

Serving Seniors leases office equipment through August 2028 with an option to purchase the equipment for its fair market value, renew the agreement, or return the equipment.

The following summarizes the line items in the consolidated statement of financial position which include amounts for the operating lease as of June 30:

	2025	2024
Operating lease right-of-use asset, net	$ 26,886	$ 35,606
Current portion of operating lease liability	$ 8,694	$ 8,381
Operating lease liability, net of current portion	19,169	27,863
Total operating lease liability	$ 27,863	$ 36,244

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	2025	2024
Weighted average remaining lease term	38 months	50 months
Weighted average discount rate	3.67%	3.67%

Note 20 - Leases: (Continued)

The following is a schedule of the future minimum lease payments under the operating lease:

Years Ended June 30	
2026	$ 9,572
2027	9,572
2028	9,572
2029	798
Total Lease Payments	29,514
Less: Discount	(1,651)
Total	$ 27,863

In addition to the office equipment, Serving Seniors also has office and equipment leases which did not qualify under ASC 842. The following summarizes the line items in the consolidated statements of functional expenses which include the components of lease expense for the years ended June 30:

	2025	2024
Operating lease cost:		
Amortization of right-of-use asset	$ 8,720	$ 8,720
Interest on operating lease liability	1,191	1,496
Short-term and variable lease cost	67,460	370,391
Total lease expense	$ 77,371	$ 380,607

Note 21 - Pension Plan:

403(b) Pension Plan

Serving Seniors sponsors a 403(b) pension plan covering substantially all of its employees. Each employee's total contribution may not exceed the maximum allowable under current regulations. The Organization matches the first 3% of eligible compensation contributed by the employee. The Organization also pays all administrative costs of this plan. All beneficiaries of the 403(b) plan are responsible for their own plan investment decisions. Matching contributions under this plan totaled $88,820 and $86,701 for the years ended June 30, 2025 and 2024, respectively and are included in employee benefits.