



## EXECUTIVE SUMMARY

MEETING DATE: March 14, 2025

HCR25-016

SUBJECT: Loan Recommendation for Avanzando San Ysidro

COUNCIL DISTRICT: 8

ORIGINATING DEPARTMENT: Real Estate

CONTACT/PHONE NUMBER: Jennifer Kreutter (619) 578-7709

### REQUESTED ACTION:

Approve a proposed residual receipts loan in an amount not to exceed \$4,120,000 to Avanzando San Ysidro, LP, a California limited partnership, to facilitate the new construction of Avanzando San Ysidro, a scattered-site development, consisting of two properties located 0.5 of a mile apart, at site 1: 317 Cottonwood Road and 210-240 South Vista Avenue, and site 2: 125 Cypress Drive, in the San Ysidro neighborhood of San Diego, which will consist of 101 affordable rental units that will remain affordable for 55 years for individuals and families with incomes from 30 percent to 60 percent of San Diego's Area Median Income (AMI), plus two unrestricted managers' units.

### EXECUTIVE SUMMARY OF KEY FACTORS:

- The proposed development will be on three parcels that comprise two sites.
- Amenities for each site will include a community room, laundry room and computer room, electric vehicle charging stations, a picnic area, and secured bicycle storage.
- Site 1 will provide 59 garage/podium parking spaces, and Site 2 will provide 49 garage/podium parking spaces for a total of 108 parking spaces.
- The property is within walking distance to bus and trolley transit, including the Beyer Boulevard Trolley Station (0.1 of a mile) and San Ysidro Boulevard/Averil Road 906 Route Metropolitan Transit System stop (within 0.5 of a mile).
- Located within a short distance from the two sites are shopping, schools, and recreational amenities.
- The developer plans to demolish four existing occupied units on the property. In accordance with state and federal relocation regulations, the developer will provide relocation assistance to eligible tenants, which includes rental/down-payment assistance and moving expenses.
- Residents at the two sites that comprise Avanzando will benefit from on-site amenities and support, nearby community activities, and resources provided by Casa Familiar, including lending circles, financial coaching, support with public benefit services, health education, and fitness education.
- The property will be owned by a community land trust, and the developer, Casa Familiar, is exploring the potential of converting the rental units into homeownership after the tax credit and HOME compliance terms expire, no less than 20 years.
- The affordability term will remain in place for 55 years whether the property operates as an affordable multifamily rental property or is converted into homeownership opportunities for low-income individuals.
- Avanzando has an estimated total development cost of \$96,140,579 (\$933,404 per unit). Factors contributing to the per-unit cost are detailed in the staff report.
- The funding sources and uses proposed to be approved by this action are included in SDHC's Housing Authority-approved Fiscal Year 2025 Budget.



## REPORT

**DATE ISSUED:** March 6, 2025

**REPORT NO:** HCR25-016

**ATTENTION:** Chair and Members of the San Diego Housing Commission Board of Commissioners  
For the Agenda of March 14, 2025

**SUBJECT:** Loan Recommendation for Avanzando San Ysidro

**COUNCIL DISTRICT:** 8

***Advance notice of San Diego Housing Commission Board of Commissioners 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 Recommendation No. 1.***

### **REQUESTED ACTION**

Approve a proposed residual receipts loan in an amount not to exceed \$4,120,000 to Avanzando San Ysidro, LP, a California limited partnership, to facilitate the new construction of Avanzando San Ysidro, a scattered-site development, consisting of two properties located 0.5 of a mile apart, at site 1: 317 Cottonwood Road and 210-240 South Vista Avenue, and site 2: 125 Cypress Drive, in the San Ysidro neighborhood of San Diego, which will consist of 101 affordable rental units that will remain affordable for 55 years for individuals and families with incomes from 30 percent to 60 percent of San Diego's Area Median Income (AMI), plus two unrestricted managers' 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 a proposed residual receipts loan in an amount not to exceed \$4,120,000 to Avanzando San Ysidro, LP, a California limited partnership, to facilitate the new construction of Avanzando San Ysidro, a scattered-site development, consisting of two properties located 0.5 of a mile apart, at site 1: 317 Cottonwood Road and 210-240 South Vista Avenue, and site 2: 125 Cypress Drive, in the San Ysidro neighborhood of San Diego, which will consist of 101 affordable rental units that will remain affordable for 55 years for individuals and families with incomes from 30 percent to 60 percent of San Diego's Area Median Income (AMI), plus two unrestricted managers' units.

SDHC's proposed loan will be contingent upon the developer receiving all necessary third-party funding commitments as described in this report. Such third-party funding commitments will be subject to the SDHC General Counsel's approval.

- 2) Authorize the President and Chief Executive Officer (President and CEO), or designee to:
  - a. Execute any and all documents necessary to effectuate the transaction and implement the project in a form approved by the General Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement the approvals upon advice of the General Counsel, provided that a copy of the documents, signed as to form by General Counsel, is submitted to each Housing Commissioner.
  - b. Adjust financing terms/conditions, as necessary, for consistency with requirements of other funding sources or to accommodate market changes that may occur, provided that the proposed \$4,120,000 maximum loan amount may not increase.

- c. Substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the President and CEO, or designee, to take such actions as are necessary, convenient, and/or appropriate to implement this approval and delegation of authority by SDHC upon advice of the General Counsel.

**SUMMARY**

**Table 1 –Development Details**

Address	Site 1: 317 Cottonwood Road and 210-240 S. Vista Ave., San Ysidro, CA 92173 Site 2: 125 Cypress Drive, San Ysidro, CA 92173
Council District	8
Community Plan Area	San Ysidro Community Planning Area
Developer	Casa Familiar, Inc. and Hitzke Development Corporation
Development Type	New construction
Construction Type	Type V over Type I
Parking Type	108 garage parking spaces (including 48 EV charging spaces)
Local Amenities	<u>Mass Transit:</u> Both sites are less than 0.1 of a mile from the Beyer Boulevard Trolley Station. Project is less than 0.5 of a mile from San Ysidro Boulevard/Averil Road Route 906 Metropolitan Transit System bus stop. <u>Grocery:</u> La Bodega Market, 110 E. Olive Drive, 0.2 of a mile from subject site. Grocery Outlet, 444 E. San Ysidro Blvd, 0.8 of a mile from subject site. <u>Schools:</u> Sunset Elementary is less than one mile from subject site. San Ysidro Middle School, 4345 Otay Mesa Dr., 0.9 of a mile from subject site. San Ysidro High School, 5353 Airway Road, is 2.5 miles from subject site.
Housing Type	Low-income families, including large families.
Accessibility	Wheelchair accessibility in 10 percent of the units, and 4 percent of the units will be accessible to residents with visual and/or hearing impairment.
Lot Size	1.65 acres (71,957 sq ft ÷ 43,560 = 1.65)
Units	103 units (101 affordable + 2 unrestricted manager units)
Density	62 dwelling units per acre (103 units ÷ 1.65 acres = 62)
Unit Mix	101 affordable rental units: 26 one-bedroom units, 25 two-bedroom units, 50 three-bedroom units. 2 unrestricted managers' three-bedroom units.
Gross Building Area	146,652 sq ft
Net Rentable Area	105,331 sq ft
Affordable Units in Service by Council District	Council District 8 includes 4,283 affordable rental housing units currently in service, which represents 15.8 percent of the 27,034 affordable rental housing units in service citywide.

### The Development

The developer, Casa Familiar, owns three parcels in San Ysidro. The properties are being combined into one apartment development named Avanzando San Ysidro. It is a proposed 103-unit, new construction affordable rental housing development with 101 units to be rented to households with income at 30 percent to 60 percent of AMI. The development will consist of two scattered sites located within 0.5 of a mile of each other. They are in the San Ysidro Community Planning Area in Council District 8.

The existing properties consist of two vacant parcels and one parcel currently improved with two single-family residences and one duplex (four total residential units). The properties at 317 Cottonwood Road and 125 Cypress Drive were acquired as, and currently are, vacant lots. The property at 210-240 South Vista Avenue is currently occupied by four residential units with a total of three buildings. (Attachment 1 – Site Map).

It is proposed that Site 1 will have four four-story buildings with a total of 57 units. Site 2 will have three four-story buildings with a total of 46 units. Avanzando San Ysidro will provide 101 affordable rental units and two unrestricted managers' units. The 101 affordable rental units will serve families earning 30 percent to 60 percent of AMI and will consist of 26 one-bedroom units, 25 two-bedroom units, and 50 three-bedroom units. Also, there are two unrestricted three-bedroom managers' units.

Site 1 will include 1,900 square feet of ground-level commercial space, the specific use of which is to be determined. The co-developers will construct a shell of the commercial space and future commercial tenants will be responsible for the commercial tenant improvements. The commercial tenants have not yet been identified. The co-developers' pro forma estimates a \$1,834,500 (\$17,811 per unit) total development cost for the commercial space. The commercial component will not be financed with SDHC funds.

Other site amenities for each site will include: a community room, laundry room and computer room, electric vehicle charging stations, a picnic area, and secured bicycle storage. Site 1 will provide 59 garage/podium parking spaces, and Site 2 will provide 49 garage/podium parking spaces for a total of 108 parking spaces.

The property will be owned by a community land trust, and the developer is exploring the potential of converting the rental units into homeownership after the tax credit and HOME compliance terms expire, no less than 20 years. The affordability term will remain in place for 55 years whether the property operates as an affordable multifamily rental property or is converted into homeownership opportunities for low-income individuals. This is detailed in the term sheet and will be incorporated into the loan documents. Should the developer continue forward with the request, SDHC will review the request and obtain necessary approvals, which includes, but is not limited to, SDHC Board and/or Housing Authority, at that time.

### Developers' Loan Request

In response to SDHC's Fiscal Year 2024 Notice of Funding Availability (NOFA), Casa Familiar applied for a residual receipts loan for Avanzando. On March 15, 2024, SDHC staff provided a preliminary recommendation of award for a residual receipts loan of up to \$4,120,000.

On November 16 and December 13, 2023, SDHC received SDHC Board approval and Housing Authority approval, respectively, to accept an award from the State of California Housing and Community Development Infill Infrastructure Grant Catalytic Qualifying Infill Area (IIGC) Program. A portion of the funds are to be used for Avanzando, as shown in the Sources and Uses Table 3. The remaining funds will be split across two other developments within the City of San Diego.

### The Property

Casa Familiar owns three parcels that make up the two sites for the Avanzando development. Both sites are being donated at no cost to Avanzando San Ysidro, LP. The property is a scattered-site development in the San Ysidro Planning area of San Diego. Located within a short distance from the two sites are shopping, schools, and recreational amenities. The property is within walking distance to bus and trolley transit, including the Beyer Boulevard Trolley Station (0.1 of a mile) and San Ysidro Boulevard/Averil Road 906 Route Metropolitan Transit System stop (within 0.5 of a mile).

### Appraisal

An appraisal of the subject sites with an effective date of December 18, 2024, valued the combined two sites at \$5,350,000. The appraisal was obtained by the developer and was conducted by Kinetic Valuation Group.

### Prevailing Wages

California state proposed funding sources, including Affordable Housing and Sustainable Communities (AHSC), will require the payment of California state prevailing wages. Federal HOME funds will be used as a source for the proposed SDHC residual receipts loan causing federal prevailing wages to also apply. As a result of the funding sources and Casa Familiar entering into a Project Labor Agreement for the project, Avanzando will be subject to paying the higher of federal prevailing wages and California state prevailing wages.

### Project Sustainability

Avanzando will be constructed in conformance with the California Tax Credit Allocation Committee's (CTCAC) minimum energy efficiency standards. It is planned as an all-electric powered development. Project specifications are expected to surpass Title 24 requirements. The development will obtain a Green Point Rated Certification and will use multiple water conservation methods to obtain the certification. Methods included in the Green Point Rated Program are installing high-efficiency toilets and high-efficiency fixtures in bathrooms and kitchens, using drought-tolerant and native plant species, using limited or no turf, and grouping plants according to water needs.

### Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units, and 4 percent of the units must be accessible to residents with visual and/or hearing impairment. The same units can satisfy both of these accessibility requirements. Avanzando will be accessible in accordance with the Americans with Disabilities Act. Since HOME funds are used to fund the development, these accessible units will satisfy the HOME accessibility requirement in 5 percent of the units, plus an additional 2 percent of the units accessible for residents with visual and/or hearing impairment.

### Relocation

The developer plans to demolish four existing occupied units on the property. All four residential households will be permanently displaced by the proposed development. In accordance with state and federal relocation regulations, the developer will provide relocation assistance to eligible tenants, which includes rental/down-payment assistance and moving expenses. An August 2024 relocation plan, created by consultant BBP Services, will provide the permanently displaced tenants with rental assistance and moving expense payments. The developer has budgeted \$375,000 for Avanzando's relocation costs, as shown in the attached pro forma in Attachment 3. Since the tenants' incomes are below 60 percent of AMI—the income restriction that will be placed on the property—to the extent a first right of refusal to existing tenants is required by applicable law, it will be provided.

### Development Team

During the tax credit compliance period, Avanzando San Ysidro will be owned by a California limited partnership (a single-asset limited partnership) consisting of Avanzando San Ysidro, LP as the

owner/borrower, Avanzando San Ysidro, LLC as the Managing General Partner, Hitzke Development Corporation as the Administrative General Partner, and a to-be-selected tax credit limited partner (Attachment 2 – Organization Chart). The co-developers are Casa Familiar, Inc., and Hitzke Development Corporation (Hitzke). Casa Familiar is a 501(c)(3) community-based nonprofit established in 1973. It provides partnerships and focuses on infill sites for transit-oriented, mixed-use affordable housing development, plus advocacy, social services, education, affordable housing and the arts for San Ysidro residents. Casa Familiar is a leading service and community development organization in the community of San Ysidro, providing over 40 bilingual programs and services at six different sites in the community. Programs include Civic Engagement, Health & Social Services, Arts & Culture and Education. Casa Familiar’s programs serve from 1,200 to 6,000 residents each year. Casa Familiar’s experience includes serving as a nonprofit Managing General Partner in seven Low-Income Housing Tax Credit properties. However, this is the first new construction development for which Casa Familiar will function as the co-developer.

For-profit Hitzke Development Corporation is a co-developer/partner/consultant. Hitzke is experienced in public-private developments. Hitzke has completed construction of 449 units new affordable apartment communities in Southern California. SDHC staff has determined that the developer has the capacity to successfully complete the proposed Avanzando San Ysidro project as co-developer with Casa Familiar.

Resident Services

Residents at the two sites that comprise Avanzando will benefit from on-site amenities and support, nearby community activities, and resources provided by Casa Familiar. Casa Familiar has over 50 years of experience providing services to the residents in the San Ysidro area and neighboring communities, including programs such as the Financial Opportunity Department, which provides a range of financial services and education. Resident services at Avanzando will include lending circles, financial coaching, support with public benefit services, health education, and fitness education. Casa Familiar will engage with community residents to provide additional rental and utility support services. Services will be provided for all residents at no cost to the Avanzando residents.

**Table 2 Development Team Summary**

<b>ROLE</b>	<b>FIRM/CONTACT</b>
Developer	Casa Familiar, Inc. and Hitzke Development Corporation
Owner/Borrower	Avanzando San Ysidro, LP
Managing General Partner	Avanzando San Ysidro, LLC
Administrative General Partner	Hitzke Development Corporation
Tax Credit Investor Limited Partner	To be determined
Architect	Yellow Giraffe Architects
General Contractor	To be determined
Property Management	Casa Familiar, Inc.
Construction and Permanent Lender	CitiBank
Tenant Services Providers	Casa Familiar, Inc.
Construction/Permanent Lender	CitiBank

Property Management

Avanzando will be managed by Casa Familiar, Inc. Casa Familiar was established in 1973. They currently manage 123 affordable residential units and 10 commercial spaces. The property management team has experience with tenant relations, property inspections and maintenance, coordination of lease-up and renewals, income certifications, and ensuring compliance with state and federal regulations.

**FINANCING STRUCTURE**

Avanzando has an estimated total development cost of \$96,140,579 (\$933,404 per 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**

<b>Financing Sources</b>	<b>Amounts</b>	<b>Financing Uses</b>	<b>Amounts</b>	<b>Per Unit</b>
Tax Exempt Loan	\$5,230,000	Land Acquisition	\$0	\$0
State of California Affordable Housing and Sustainable Communities (AHSC)	20,200,000	Construction costs \$60,917,222 Contingency + 3,287,316 Total construction \$64,204,538	64,204,538	623,345
Infill Infrastructure Grant (IIG-C) (Via SDHC)	6,019,116	Financing Costs	8,876,194	86,177
SDHC proposed loan	4,120,000	Other Soft Costs	2,870,378	27,867
County of San Diego Predevelopment Loan	1,100,000	Development Impact fees	3,287,316	31,916
California Governor's Budget	1,260,000	Architect and Engineering costs	1,834,397	17,810
Regional Early Action Planning grant (REAP) 2.0 (via SANDAG)	4,125,000			
Deferred Developer Fee	1,471,870			
Subordinate Deferred Developer Fee General Partner Contribution	12,067,755			
Limit Partner Equity	40,546,838	Developers' fee	15,067,756	146,289
<b>Total Development Cost</b>	<b>\$96,140,579</b>	<b>Total Development Cost</b>	<b>\$96,140,579</b>	<b>\$933,404</b>

SDHC's proposed \$4,120,000 residual receipts loan will be partly funded with the City of San Diego Affordable Housing Fund (Inclusionary Housing funds and/or Housing Trust Fund) and partly funded with U.S. Department of Housing and Urban Development (HUD) HOME Investment Partnerships Program (HOME) funds, which the SDHC administers. The total amount of SDHC funding sources shall not exceed \$4,120,000. SDHC's President and CEO, or designee, will make a final determination of SDHC funding sources, contingent upon budget availability. The proposed loan terms are summarized in Attachment 4.

SDHC requires affordable housing developers to pursue all viable sources of funding to reduce the financing gap and amount of SDHC subsidy required. If other funding is secured, proceeds will first be used to make an adjustment to reduce SDHC's loan.

Developers' Fee

\$15,067,755 – Gross developers' fee  
 -12,067,755 – Minus General Partner Contribution, which will be contributed back to the project  
-1,471,870 – Minus deferred developers' fee  
 \$ 1,528,130 – Net cash developers' fee

The proposed developers' fee complies with the CTCAC's developer fee guidelines.

Development Cost Key Performance Indicators

SDHC staff has 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	$\$96,140,579 \div 103 \text{ units} =$	\$933,404
Housing Commission Subsidy Per Unit	$\$4,120,000 \div 103 \text{ units} =$	\$40,000
Land Cost Per Unit	$\$0 \div 103 \text{ units} =$	\$0
Gross Building Square Foot Hard Cost	$\$64,204,538 \div 146,652 \text{ sq. ft.} =$	\$438
Net Rentable Square Foot Hard Cost	$\$64,204,538 \div 105,331 \text{ sq. ft.} =$	\$610

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 new construction, target population, and construction type, and are provided as a comparison to the subject development.

**Table 5 –Comparable Development Projects**

New Construction	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
<b>Proposed Subject – Avanzando</b>	<b>2025</b>	<b>103</b>	<b>\$96,140,579</b> (with prev. wage & commercial) <b>Two scattered sites</b>	<b>\$933,404</b>	<b>\$40,000</b>	<b>\$438</b>
Cuatro at City Heights	2024	117	\$99,096,133 (with prev. wage & commercial)	\$846,975	\$0	\$439
SkyLINE	2023	100	\$90,943,122 (with prev. wage & commercial)	\$909,431	\$0	\$331

Avanzado’s \$933,404 cost per unit is substantially higher than is typical of most multifamily affordable new construction developments. This is partially due to the following factors:

- 1) Bedroom Units Mix – Avanzando is proposing family-sized affordable housing, with 49 percent of the 103 units to be three bedrooms, which is atypical when compared to most affordable housing development projects, which generally consist of studios and one-bedroom sizes.
- 2) Energy Efficient – the co-developers are placing heavy emphasis on energy efficient specifications, including 100 percent electrical power and obtaining a Leed Green Certification.
- 3) Green Space – Units on the top floor will have a patio space with greenery planters.
- 4) Project Labor Agreement – AHSC competitive scoring required the use of a Project Labor Agreement (PLA). The PLA with the San Diego Building Trades Council will require subcontractors to hire and train residents of San Ysidro and South Bay. With PLAs, projects are subject to prevailing wage requirements among other requirements. As a result of the PLA and funding sources, the project is required to pay the higher of PLA, federal or state prevailing wage rates.



- 5) Commercial Portion – Due to the mixed-use zoning, Avanzando’s design will include 1,900 square feet of commercial space. The costs associated with this portion of the development are not being paid for by tax-exempt bond proceeds and are for the shell/ structure only. All tenant improvements will be paid for by the tenants themselves at a later date. When consolidating the residential and commercial construction. The total hard cost of \$64,204,538 includes costs from the residential (105,331 square feet) and commercial (1,900 square feet) space. When the \$1,834,500 of commercial space is removed from the project’s \$96,140,579 total development cost, the cost per unit decreases from \$933,404 to \$915,593. The proposed SDHC loan funds will not be used as a source for the commercial spaces.
- 6) Two Sites - Potential economies of scale are diminished due to the one-half mile distance separating the project’s proposed two separate sites.
- 7) Construction cost, interest rates and insurance - Rising construction costs, interest rates and volatility in the insurance market contribute significantly to the total development cost.
- 8) EV Charging - Costs for design and engineering are higher than normal as a result of redesign to accommodate additional parking for EV charging stations and a designated area for a neighborhood shuttle and car-sharing programs.

**TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS**

The California Housing Finance Agency (CalHFA) will be the tax-exempt bonds issuer for Avanzando, as the project successfully applied for tax-exempt and recycled bonds on August 27, 2024. On October 5, 2021, SDHC received authorization to enter into a Memorandum of Understanding between City of San Diego, SDHC, the Housing Authority and CalHFA to participate in a tax-exempt bond recycling program. On November 27, 2024, the California Debt Limit Allocation Committee (CDLAC) announced that Avanzando was successful in joining the Qualified Residential Rental Projects (QRRP) Round 2 Final Recommendation List for final approval at CDLAC’s December 11, 2024, meeting.

**AFFORDABLE HOUSING IMPACT**

Affordability

The Avanzando San Ysidro development will be subject to an SDHC Declaration of Covenants and Restrictions and applicable tax credit and bond regulatory agreements, which will restrict affordability of 101 units for 55 years. CTCAC and other lenders’ and investors’ restrictions 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**

<b>Unit Type</b>	<b>AMI</b>	<b>Units</b>	<b>CTCAC Gross Rents</b>
One bedroom (590 sq. ft.)	30% (currently \$36,400/year for a two-person household)	3	\$852
One bedroom (590 sq. ft.)	40% (currently \$48,500/year for a two-person household)	15	\$1,136
One bedroom (590 sq. ft.)	50% (currently \$60,600/year for a two-person household)	8	\$1,420
<b>Subtotal One Bedroom Units</b>	--	<b>26</b>	
Two bedrooms (980 sq. ft.)	30% (currently \$40,950/year for a three-person household)	4	\$1,023
Two bedrooms (980 sq. ft.)	40% (currently \$54,550/year for a three-person household)	12	\$1,364

Two bedrooms (980 sq. ft.)	50% (currently \$68,200/year for a three-person household)	4	\$1,705
Two bedrooms (980 sq. ft.)	60% (currently \$81,840/year for a three-person household)	5	\$2,046
<b>Subtotal Two Bedroom Units</b>	--	<b>25</b>	--
Three bedrooms (1240 sq. ft.)	30% (currently \$45,450/year for a four-person household)	4	\$1,182
Three bedrooms (1240 sq. ft.)	40% (currently \$60,600/year for a four-person household)	13	\$1,576
Three bedrooms (1240 sq. ft.)	50% (currently \$75,750/year for a four-person household)	13	\$1,970
Three bedrooms (1240 sq. ft.)	60% (currently \$90,900/year for a four-person household)	20	\$2,364
<b>Subtotal Three Bedroom Units</b>	--	<b>50</b>	--
<b>Subtotal Residential Units</b>	--	<b>101</b>	--
Manager's Units (three bedrooms)	--	2	--
<b>Total Units</b>	--	<b>103</b>	--

**FISCAL CONSIDERATIONS**

The proposed funding sources and uses approved by this action are included in SDHC's Housing Authority-approved Fiscal Year 2025 Budget.

Estimated funding sources approved by this action will be as follows:

- SDHC loan funds (Affordable Housing Fund and/or HOME) – up to \$4,120,000
- Total Funding Sources – up to \$4,120,000

Estimated funding uses approved by] this action will be as follows:

- Loans – up to \$4,120,000
- Total Funding Uses – up to \$4,120,000

Approving this action will further grant the President and CEO, or designee, the authority to substitute the above funding sources with other available funding sources so long as the total SDHC loan amount does not exceed the approved total loan amount, should the operational need arise or should such actions be to SDHC's benefit.

**Development Schedule**

The estimated development timeline is as follows:

<b>Milestones</b>	<b>Estimated Dates</b>
<ul style="list-style-type: none"> <li>• SDHC proposed loan authorization</li> <li>• Estimated Bond issuance and escrow/loan closing</li> <li>• Estimated start of construction work</li> <li>• Estimated completion of construction work</li> </ul>	<ul style="list-style-type: none"> <li>• March 2025</li> <li>• June 2025</li> <li>• June 2025</li> <li>• March 2027</li> </ul>

### **SDHC STRATEGIC PLAN**

This item relates to Strategic Priority Area No. 1 in SDHC's Strategic Plan for Fiscal Year (FY) 2022-2024: Increasing and Preserving Housing Solutions. SDHC is in the process of developing a new Strategic Plan.

### **STATEMENT for PUBLIC DISCLOSURE**

The developer's Disclosure Statement is at Attachment 5.

### **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.

Casa Familiar 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 have nondiscrimination policies in place and provide compassionate, person-centered services. SDHC staff has requested a workforce report for record keeping purposes only

### **COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS**

On July 10, 2024, Casa Familiar's Avanzando project proposal was presented to the San Ysidro Community Planning Group (SYCPG). The SYCPG voted to support this project with 4 yes votes, 3 no votes, and 1 abstention.

### **KEY STAKEHOLDERS & PROJECTED IMPACTS**

Stakeholders include Casa Familiar, Inc. as developer, property manager and services provider, Avanzando San Ysidro, LLC as the managing general partner, Hitzke Development Corporation as a co-developer and administrative general partner, the State of California as a lender, the County of San Diego as a lender, and the San Ysidro Community Planning Area. The project is anticipated to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and create 101 new, affordable, transit-oriented rental homes for low-income individuals and families.

### **ENVIRONMENTAL REVIEW**

#### **California Environmental Quality Act**

The proposed activity to approve a proposed residual receipts loan to facilitate the acquisition and new construction of Avanzando San Ysidro, has been reviewed for consistency with and is covered in the Final Program Environmental Impact Report (PEIR) for the San Ysidro Community Plan Update (Project No. 310690/SCH No. 2015111012) which was certified by City Council Resolution No. R-310803 on November 28, 2016. This activity is a subsequent discretionary action within the scope of the development program analyzed in the PEIR and is not considered to be 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 constitute a portion of the funding for this project. An Environmental Assessment will be processed in accordance with the requirements of the National Environmental Policy Act (NEPA). The parties agree that the provision of federal funds as a result of this action is conditioned on the approval

of the Environmental Assessment by the City of San Diego and the receipt of Authority to Use Grant Funds from the U.S. Department of Housing and Urban Development.

Respectfully submitted,

*Jennifer Kreutter*

Jennifer Kreutter  
Vice President, Multifamily Housing Finance  
Real Estate Division

Approved by,

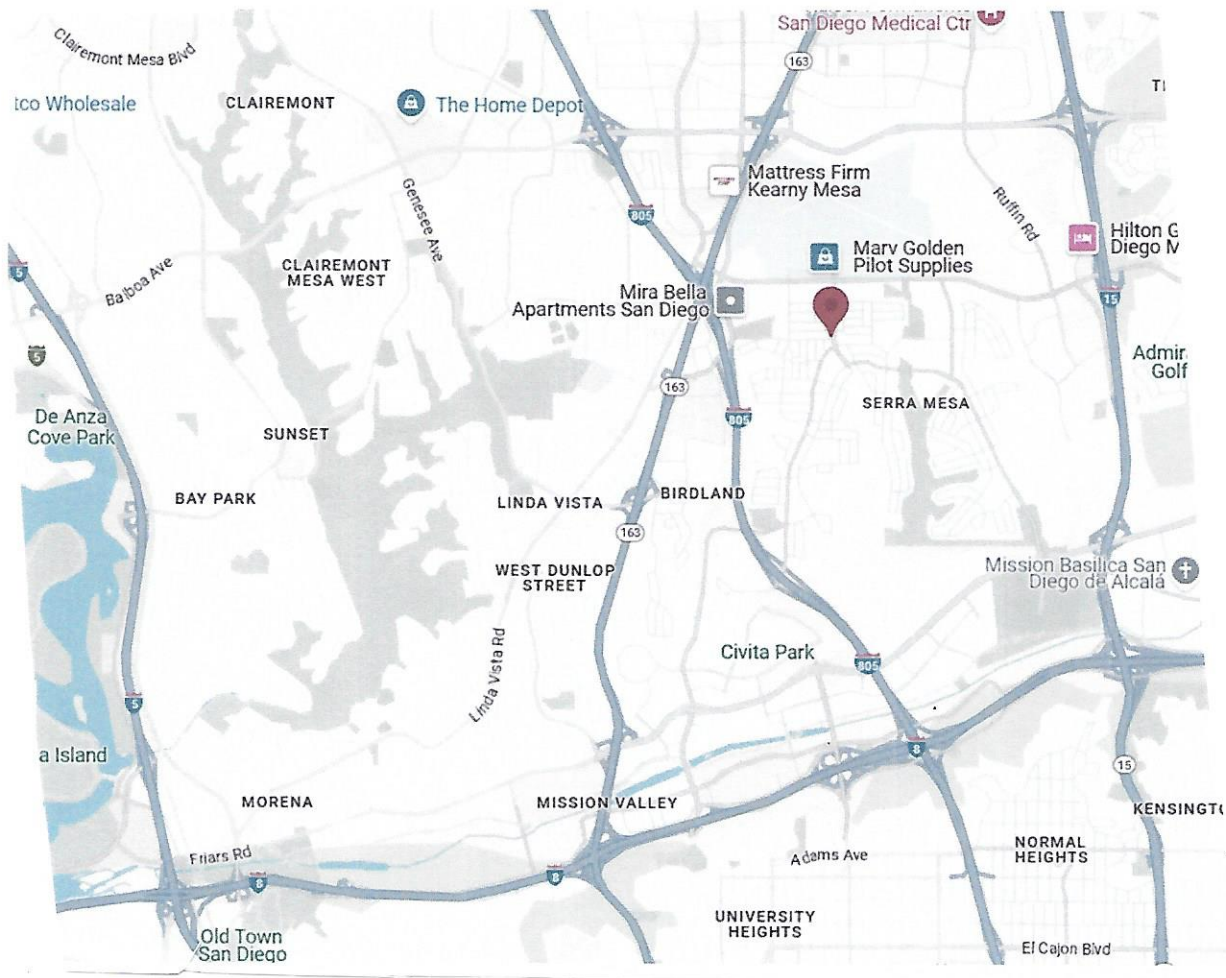
*Jeff Davis*

Jeff Davis  
Deputy Chief Executive Officer  
San Diego Housing Commission

Attachments: 1. Site Map  
2. Organization Chart  
3. Developer's Project Pro Forma  
4. Proposed Loan Terms  
5. 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](http://www.sdhc.org).

# ATTACHMENT 1 - SITE MAP



**ATTACHMENT 2 - ORGANIZATIONAL CHART  
AVANZANDO SAN YSIDRO, L.P.**



# ATTACHMENT 3 - DEVELOPER'S PROJECT PRO FORMA

AVANZANDO (Cottonwood / Cypress)  
PROJECT SUMMARY

4% Tax Exempt Bond Deal

Revision Date: 2/7/2025  
Cypress (46 Units) / Cottonwood (57 units) : Total 103 Units



## DEVELOPMENT PROGRAMMING SUMMARY

Address: 125 Cypress / 317 Cottonwood	4 Person 50% AMI: \$75,750	Const. Type: Type 5	OPEX Date: 7/15/24
City: San Ysidro	Median Income \$151,500	No. of Stories: 2-3	SOV Date: (PreDev Est) 10/1/24
County: San Diego	Site (acres): Cw: 0.77 ac, Cy: 0.677 ac	Parking Type: Podium Garage on grade	

### DEVELOPMENT COSTS & SOURCES

<b>Development Costs:</b>		
Land (including existing improvements)	\$0/unit	0
Direct Construction Costs (inc Contingency)	\$623,345/unit	64,204,538
Development Impact Fees	\$31,916/unit	3,287,316
A&E	\$17,810/unit	1,834,397
Financing Fees and Interest	\$86,177/unit	8,876,194
Developer Fee <i>Cash Dev Fee: 1,528,130</i>	\$146,289/unit	15,067,755
Other Soft Costs	\$27,868/unit	2,870,380
<b>Total Development Costs</b>	<b>\$933,404/unit</b>	<b>96,140,579</b>
<b>Sources:</b>		
Federal LIHTC Equity	\$393,659/unit	40,546,838
Perm Loan (Tranche A):	\$50,777/unit	5,230,000
Priority Deferred Developer Fee	\$14,290/unit	1,471,870
Subordinate Deferred Developer Fee / GP Contribution	\$117,163/unit	12,067,755
Local Funds: San Diego Housing Commission	\$40,000/unit	4,120,000
Local Funds: County of SD (PreDev)	\$10,680/unit	1,100,000
Local Funds: IIG-C (via San Diego Housing Commission)	\$58,438/unit	6,019,116
Local Funds: REAP 2.0 (via SANDAG)	\$40,049/unit	4,125,000
State Funds: Governor's Budget	\$12,233/unit	1,260,000
State Funds: AHSC	\$196,117/unit	20,200,000
Soft Loan Interest	\$0/unit	0
<b>Total Sources</b>	<b>\$933,404/unit</b>	<b>96,140,579</b>
<b>BALANCE GAP</b>		<b>0</b>

### PROJECT TIMING AND CREDIT DELIVERY

Tax Credit Allocation	December-24
Construction Begin - Initial Closing	June-25
Construction Complete	March-27
Lease Up Complete	June-27
Conversion/Stabilization	September-27
8609	September-28
Estimated 1st Year Credit Delivery	0
Estimated 2nd Year Credit Delivery	4,609,062
Estimated 3rd Year Credit Delivery	4,609,062

### PROJECT UNIT & INCOME MIX

AMI	Studio	1BR	2BR	3BR	Totals
Net SF	0	591	982	1,239	
100%	0	0	0	0	0
80%	0	0	0	0	0
70%	0	0	0	0	0
60%	0	0	5	20	25
50%	0	8	4	13	25
40%	0	15	12	13	40
30%	0	3	4	4	11
Mgr.	0	0	0	2	2
<b>Totals</b>	<b>0</b>	<b>26</b>	<b>25</b>	<b>52</b>	<b>103</b>

### DEAL STRUCTURE AND ASSUMPTIONS

LIHTC Tax Credit Rate	4.00%
10 Yr Federal Tax Credits	46,095,230
State Tax Credit Total	0
Federal Tax Credit Price	\$ 0.8700
State Tax Credit Price	\$ -
Other Tax Credit Price	\$ -
DDA/QCT Boost	Y
Opr. Exp./Unit/Year	9,789
Replacement Reserves/Unit/Year	300
Vacancy Rate	5.00%
DCR	1.15
Perm Loan Amort	30
Interest Rate - Permanent Loan	7.56%
Interest Rate - Construction Loan	7.59%
Total Construction Loan	64,238,946
Taxable Tail/ Recycled Bonds	15,238,946
Tax- Exempt Bonds - Construction	49,000,000
Tax- Exempt Bonds - Construction/Perm	5,230,000
Construction T/E Bonds 50% Test	54.67%
Prevailing Wage:	Yes







	Pre-Dev	Close	Construction Period							Construction Subtotal	6/1/2027 Stabilization	9/1/2027 Conversion	9/1/2028 8609	Total
			5.0%	15.0%	20.0%	25.0%	20.0%	10.0%	5.0%					
85	Loan Origination Fees	1.25%	0	38,800	-	-	-	-	-	-	-	-	-	38,800
86	Title/Recording/Taxes	0	0	0	-	-	-	-	-	-	-	30,000	-	30,000
87	Insurance	0	0	-	-	-	-	-	-	-	-	-	-	-
88	Other: Bond/Issuer/FA fees	0	225,000	-	-	-	-	-	-	-	-	-	-	225,000
89	Other: LIHTC fees	0	352,786	-	-	-	-	-	-	-	-	36,820	-	389,606
90	<b>Total Permanent Financing</b>	0	616,586	-	-	-	-	-	-	-	-	66,820	-	683,406
91														
92	LEGAL FEES													
93	Lender Legal	0	150,000	-	-	-	-	-	-	-	-	-	-	150,000
94	Sponsor Legal	0	470,000	-	-	-	-	-	-	-	-	-	-	470,000
95	<b>Total Legal Fees</b>	0	620,000	-	-	-	-	-	-	-	-	-	-	620,000
96														
97	CAPITALIZED RESERVES													
98	Operating Reserve	6 months	0	-	-	-	-	-	-	-	-	820,878	-	820,878
99	Transition Reserve	0	0	-	-	-	-	-	-	-	-	-	-	-
100	Other Reserve	0	0	-	-	-	-	-	-	-	-	-	-	-
101	<b>Total Reserves</b>	0	0	-	-	-	-	-	-	-	-	820,878	-	820,878
102														
103	REPORTS & STUDIES													
104	Market Study	0	25,000	-	-	-	-	-	-	-	-	-	-	25,000
105	Appraisal	0	25,000	-	-	-	-	-	-	-	-	-	-	25,000
106	Environmental	0	25,000	-	-	-	-	-	-	-	-	-	-	25,000
107	Preconstruction Studies	0	0	-	-	-	-	-	-	-	-	-	-	-
108	Other:	0	0	-	-	-	-	-	-	-	-	-	-	-
109	<b>Total Reports &amp; Studies</b>	0	75,000	-	-	-	-	-	-	-	-	-	-	75,000
110														
111	OTHER													
112	Local Permit Fees	\$9,407/unit	0	968,897	-	-	-	-	-	-	-	-	-	968,897
113	Local Development Impact Fees	\$22,509/unit	0	2,318,419	-	-	-	-	-	-	-	-	-	2,318,419
114	Accounting/Reimbursable/Cost Certification	0	12,238	388	1,164	1,552	1,941	1,552	776	388	-	-	12,500	32,500
115	Financial Consulting/App Prep/Review (SA)	0	0	-	-	-	-	-	-	-	-	-	-	-
116	Entitlement Services and CM (SA)	0	0	12,000	36,000	48,000	60,000	48,000	24,000	12,000	-	-	-	240,000
117	Tenant File Review	0	0	-	-	-	-	-	-	-	-	-	-	-
118	GP Service Fee	0	0	-	-	-	-	-	-	-	-	-	-	-
119	Marketing & Lease Up	0	15,000	-	-	-	-	-	-	-	70,000	-	-	85,000
120	Prevailing Wage / Labor Compliance	0	0	2,400	7,200	9,600	12,000	9,600	4,800	2,400	-	-	-	48,000
121	FF&E	0	0	-	-	-	50,000	-	-	-	-	-	-	50,000
122	Other:	0	0	-	-	-	-	-	-	-	-	-	-	-
123	<b>Total Other Costs</b>	0	3,314,554	14,788	44,364	59,152	123,941	59,152	29,576	14,788	82,500	-	-	3,742,816
124														
125	DEVELOPER COSTS													
126	Gross Developer Fee	0	305,626	-	-	-	-	-	-	-	229,220	14,127,441	405,468	15,067,755
127	Cash Fee	0	305,626	-	-	-	-	-	-	-	229,220	587,816	405,468	15,067,755
128	<b>Total Developer Costs</b>	0	305,626	-	-	-	-	-	-	-	229,220	14,127,441	405,468	15,067,755
129														
130														
131	<b>Total Uses of Funds</b>	0	7,270,015	3,747,611	9,892,142	13,340,402	16,920,538	13,833,714	7,520,047	4,373,417	3,822,085	15,015,140	405,468	96,140,579
132	Net Source & Use		4,262,011	(2,716,361)	(1,545,650)	-	-	-	-	-	-	(0)	-	(0)
133	Distributions		0	-	-	-	-	-	-	-	-	-	-	-
134	<b>Balance of Funds</b>		4,262,011	1,545,650	-	-	-	-	-	-	-	(0)	(0)	(0)



Year	24
MSA	San Diego
4 Person 50% AMI	\$119,500

Expenses Source	Casa/comps
UA source	SDHC 4/1/2024
Other	n/a

Restriction	%AMI	Units	Square Feet/Unit	Total Sq. Ft.	Gross Rents	Rent Adjustment	Utility Allowance	Monthly Net Rent	Annual Rent
1BR/1BA	MKT	100%	0	591	0	\$ -	\$ -	\$ 84	\$ -
1BR/1BA	LIHTC	60%	0	591	0	\$ 1,704	\$ -	\$ 84	\$ 1,620
1BR/1BA	LIHTC	50%	8	591	4,724	\$ 1,421	\$ -	\$ 84	\$ 1,337
1BR/1BA	LIHTC	40%	15	591	8,858	\$ 1,136	\$ -	\$ 84	\$ 1,052
1BR/1BA	LIHTC	30%	3	591	1,772	\$ 852	\$ -	\$ 84	\$ 768
2BR/1BA	MKT	100%	0	982	0	\$ -	\$ -	\$ 111	\$ -
2BR/1BA	LIHTC	60%	5	982	4,908	\$ 2,045	\$ -	\$ 111	\$ 1,934
2BR/1BA	LIHTC	50%	4	982	3,927	\$ 1,705	\$ -	\$ 111	\$ 1,594
2BR/1BA	LIHTC	40%	12	982	11,780	\$ 1,363	\$ -	\$ 111	\$ 1,252
2BR/1BA	LIHTC	30%	4	982	3,927	\$ 1,022	\$ -	\$ 111	\$ 911
2BR/1BA	MGR	Mgr.	0	982	0	\$ -	\$ -	\$ 111	\$ -
3BR/2BA	MKT	100%	0	1,239	0	\$ -	\$ -	\$ 145	\$ -
3BR/2BA	LIHTC	80%	0	1,239	0	\$ 3,151	\$ -	\$ 145	\$ 3,006
3BR/2BA	LIHTC	70%	0	1,239	0	\$ 2,758	\$ -	\$ 145	\$ 2,613
3BR/2BA	LIHTC	60%	20	1,239	24,787	\$ 2,363	\$ -	\$ 145	\$ 2,218
3BR/2BA	LIHTC	50%	13	1,239	16,112	\$ 1,969	\$ -	\$ 145	\$ 1,824
3BR/2BA	LIHTC	40%	13	1,239	16,112	\$ 1,576	\$ -	\$ 145	\$ 1,431
3BR/2BA	LIHTC	30%	4	1,239	4,957	\$ 1,182	\$ -	\$ 145	\$ 1,037
3BR/2BA	MGR	Mgr.	2	1,239	2,479	\$ -	\$ -	\$ 145	\$ -
<b>Total Rents</b>			<b>103</b>		<b>104,340</b>				<b>1,851,804</b>

Community Room/Office 3,500 % Loss to Efficiency 0% 0  
 Other covered SF 0 Construction Square Feet 107,840

Income from Operations		PUPM	
Total Rents			1,851,804
Laundry	\$ -		0
Other Income (App. Fees, Late, etc.)	\$ -		0
Sub-Total	\$ 5.00		1,851,804
<b>Rental Assistance</b>			<b>0</b>
Less: Vacancies @	5%		92,590
<b>Total Income</b>			<b>1,759,214</b>
Operating Expenses		PUPA	
Admin	\$ 456		\$ 47,000
Management Fee	\$ 720		\$ 74,160
Utilities	\$ 3,320		\$ 342,000
Payroll	\$ 2,233		\$ 230,000
Repair & Maintenance	\$ 1,573		\$ 162,000
Insurance	\$ 1,050		\$ 108,100
Taxes (HOA, CFD)	\$ 417		\$ 43,000
Additional expense	\$ 19		\$ 2,000
<b>Total Expenses</b>	\$ 9,789	\$ 9,789	<b>1,008,260</b>
<b>Commercial Expenses</b>	\$ - psf		<b>0</b>
<b>Net Operating Income</b>			<b>750,954</b>
Reserves	\$300/unit		30,900
Services	\$340/unit		35,000
Other Annual Cost: Ground Lease			37,080
Issuer and Monitoring Fees	0.050% \$ 6,000 minimum	\$ 250 per unit SDHC monitoring fee	31,750
<b>Net Income Available for Perm Debt Service</b>			<b>616,224</b>

**Loan Sizing**

Loan Type:	Tranche A
Loan Amount	5,230,000
Interest	7.557%
Term	15
Amortization	30
Debt Service Coverage	1.15
Monthly Payment	36,773
Annual Payment	441,007
Cash Flow After D/S	80,377



**NOVOGRADAC** Rent & Income Limit Calculator

Previous Page | New Calculation | Print Page | Close | Contact Us | Sign in



**Allowances for Tenant-Furnished Utilities and Other Services**  
 U.S. Department of Housing and Urban Development  
 Office of Public and Indian Housing

If you would like to engage Novogradac & Company LLP to calculate the rent & income limits for your project please contact Thomas Stagg at [thomas.stagg@novoco.com](mailto:thomas.stagg@novoco.com).  
 Click on the icons below to view historical charts.

Program and Location Information		HUD Published Income Limits for 2024 (with no adjustments)	
Affordable Housing Program Year (1)(2)	IRS Section 42 Low-Income Housing Tax Credit (LIHTC) 2024 (effective 04/01/24)	<input checked="" type="radio"/> Display Income Limits	<input type="radio"/> Hide Income Limits
State	CA		
County	San Diego County		
MSA	San Diego-Carlsbad, CA MSA		
Persons / Bedroom	1.5 Person / Bedroom		
4-person AMI	\$119,500		
National Non-Metropolitan Median Income (3)	\$77,400		
HUD Published 50% National Non-Metropolitan Median Income	\$38,700		
Hold Harmless (4)	You have indicated that your project was placed in service on or after 04/01/2024 and is therefore eligible to have its income and rent limit held harmless beginning with the 2024 limits.		
Placed in Service Date (5)	On or after 04/01/2024.		
Rent Floor Election (6)(9)	Effective on or after 04/01/2024.		

Locality	Green Discount	Unit Type					Date
		Apartment Bldgs.					
San Diego Housing Commr	None	Monthly Order Allowances					4/1/2024
Utility or Service		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Space Heating	Natural Gas	\$21	\$24	\$26	\$28	\$30	\$29
	Electric Heat	\$18	\$23	\$27	\$31	\$34	\$37
Cooking	Natural Gas	\$4	\$5	\$8	\$10	\$12	\$15
	Electric	\$11	\$13	\$18	\$29	\$38	\$45
Other Electric		\$40	\$48	\$68	\$88	\$108	\$131
Water Heating	Natural Gas	\$9	\$11	\$16	\$22	\$27	\$32
	Electric	\$24	\$29	\$45	\$58	\$86	\$76
Water		\$84	\$91	\$140	\$230	\$234	\$234
Sewer		\$62	\$62	\$62	\$62	\$62	\$62
Range/Microwave		\$5	\$5	\$5	\$5	\$5	\$5
Refrigerator		\$6	\$6	\$6	\$6	\$6	\$6

**Projected Family Allowances** To be used to compute specific family allowances.  
 Unit size: 2 BR \$84 \$111 \$145

Utility or Service	Fuel Source	Monthly Allowance
Space Heating	Electric Heat	\$27
Cooking	Natural Gas	\$8
Other Electric	Electric	\$68
Water Heating	Natural Gas	\$10
Total		\$117

Spreadsheet (wr13) based on form HUD-52067 (12/87)  
 ref. Handbook 7420.8

Previous editions are obsolete

LIHTC Income Limits for 2024 (Based on 2024 MT SP Income Limits)		Charts	60.00%	140.00%
1 Person	⌵		63,950	88,124
2 Person	⌵		72,720	101,808
3 Person	⌵		81,840	114,576
4 Person	⌵		90,900	127,260
5 Person	⌵		98,220	137,508
6 Person	⌵		105,450	147,672
7 Person	⌵		112,740	157,836
8 Person	⌵		120,000	168,000
9 Person	⌵		127,260	178,164
10 Person	⌵		134,520	188,328
11 Person	⌵		141,780	198,492
12 Person	⌵		149,100	208,740

LIHTC Rent Limits for 2024 (Based on 2024 MT SP/VLI Income Limits)		Charts	60.00%	FMR
Efficiency (1.0)	⌵		1,591	2,062
1 Bedroom (1.5)	⌵		1,704	2,248
2 Bedrooms (3.0)	⌵		2,046	2,833
3 Bedrooms (4.5)	⌵		2,364	3,819
4 Bedrooms (6.0)	⌵		2,637	4,638
5 Bedrooms (7.5)	⌵		2,909	



As of Date: 7/15/2024

	<u>Expense / Cost</u>	<u>Per Unit</u>
<b>Administrative Expenses</b>		
Trainings	4,000	39
Other Renting Expenses	4,000	39
Office/Administrative Salaries	55,000	534
Office Expenses	12,000	117
Management Fee	74,160	720
Site / Resident Manager(s) Salaries	65,000	631
Legal Expense - Project	5,000	49
Audit Expense	11,000	107
Monitoring Fees	6,000	58
Miscellaneous Administrative Expenses	5,000	49
<b>Total Administrative Expenses:</b>	<b>241,160</b>	<b>2,341</b>
<b>Utilities</b>		
Electricity (common area)	180,000	1,748
Water	105,000	1,019
Sewer	57,000	553
<b>Total Utilities:</b>	<b>342,000</b>	<b>3,320</b>
<b>Operating and Maintenance Expenses</b>		
Maintenance Payroll	67,000	650
Supplies	17,000	165
Contracts	35,000	340
Garbage and Trash Removal	40,000	388
Fire and Security Alarm Fees	6,000	58
Security	20,000	194
Heating/Cooling Repairs and Maintenance	15,000	146
Flooring	12,000	117
Electric Charging Station	15,000	146
Miscellaneous Operating and Maintenance Expenses	2,000	19
<b>Total Operating and Maintenance Expenses:</b>	<b>229,000</b>	<b>2,223</b>
<b>Taxes and Insurance</b>		
Real Estate Taxes	20,000	194
Payroll Taxes	23,000	223
Property and Liability Insurance (Hazard)	107,100	1,040
Fidelity Bond Insurance	1,000	10
Worker's Compensation - from above	18,000	175
Health Insurance / Other Employee Benefits	25,000	243
Miscellaneous Taxes, Licenses, Permits & Insurance	2,000	19
<b>Total Taxes and Insurance:</b>	<b>196,100</b>	<b>1,904</b>
<b>Subtotal before Services, Reserves, Ground Lease</b>	<b>1,008,260</b>	<b>9,789</b>
<b>Supportive Services Costs</b>		
Services Coordinator Salaries, On Site	35,000	340
<b>Total Supportive Services Costs:</b>	<b>35,000</b>	<b>347</b>
<b>Funded Reserves</b>		
Required Replacement Reserve Deposits	30,900	300
<b>Total Reserves:</b>	<b>51,500</b>	<b>500</b>
<b>Ground Lease</b>		
Ground Lease	37,080	360
<b>Total Ground Lease:</b>	<b>37,080</b>	<b>360</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>1,131,840</b>	<b>10,989</b>





THRESHOLD BASIS LIMIT				
Unit Type	per Unit Basis Limit	# Units	Basis x # Units	
0 Bedroom	353,173	0	0	
1 Bedroom	407,205	26	10,587,330	
2 Bedroom	491,200	25	12,280,000	
3 Bedroom	628,736	52	32,694,272	
4 Bedroom	700,451	0	0	
		103	55,561,602	Threshold Basis Limit

2024 THRESHOLD BASIS LIMIT INCREASES (TCAC Regs. Section 10327(c)(5))		
Increase for state or federal prevailing wages	0	11,112,320
Increase for underground or more than 2 level structure parking	0	2,778,080
Increase where a day care center is present	0	0
Increase where 100% of units are special needs	0	0
Additional % when elevator serves 95% of upper story units	0	0
Increase for energy efficiency/resource conservation/indoor air quality items	0	0
Increase 1% for each 1% @/< 50% AMI and 2% for each 1% @/< 35% AMI	1	35,063,147
Additional % or actual costs (lesser) of seismic & environmental mitigation	0	5,933,763
Development Impact Fees		2,818,419
<b>TOTAL Adjusted Threshold Basis Limit</b>		<b>113,267,331</b>
<b>VERSUS</b>	<b>Eligible Basis Awarded</b>	<b>89,635,043</b>
	<b>Lesser of Actual and Limit:</b>	89,635,043
	<b>Voluntary Credit Reduction</b>	0
	<b>Total Requested Unadjusted Eligible Basis</b>	<b>89,635,043</b>

EQUITY CALCULATION			
Lesser of Total Adjusted Threshold Basis Limit or Total Depreciable Basis		89,635,043	Lesser of Eligible Basis or Threshold Basis
High Cost Area Adjustment	130%	116,525,555	"Adjusted Eligible Basis"
Applicable Fraction	100%	116,525,555	"Qualified Basis"
Less Voluntary Credit Reduction	100%	116,525,555	"Adjusted Qualified Basis"
x Tax Credit Rate	4%	4,661,022	Annual Tax Credits
x # of years	10	46,610,222	"Credits Allocated"
Limited Partner Percentage	99.99%	46,605,561	
x Price per Credit	87%	40,546,838	"Gross Equity"

<b>AVANZANDO (Cottonwood / Cypress) Estimate of LIHTC Basis Calculation</b>	1,900	Commercial sq. ft.	Commercial	1.42%
	133,914	TOTAL sq. ft.	Residential	98.58%

100%

DESCRIPTION OF COSTS	TOTAL COSTS	RESIDENTIAL	COMMERCIAL COSTS	NC/REHAB ELIGIBLE BASIS
<i>ACQUISITION</i>				
Land Cost	\$ -			
Building Cost	\$ -			
Broker Fees	\$ -			
Site Improvement Purchase	\$ -			\$ -
Offsite Improvement Purchase	\$ -			\$ -
Other:	\$ -			
Other Closing Costs	\$ -			
<b>TOTAL LAND/AQUISITION COSTS</b>	<b>\$ -</b>			<b>\$ -</b>
<i>RELOCATION</i>				
Relocation Admin And Temp Relocation	\$ -			
Permanent Relocation Expense	\$ 375,000	\$ 375,000		
<b>TOTAL RELOCATION COSTS</b>	<b>\$ 375,000</b>	<b>\$ 375,000</b>		
<i>NEW CONSTRUCTION</i>				
Demolition	\$ 100,000	\$ 98,581	\$ 1,419	
PLA Factor @ 5%	\$ 2,702,451	\$ 2,664,108	\$ 38,343	\$ 2,664,108
Off-site Improvements	\$ 1,500,000	\$ 1,478,718	\$ 21,282	\$ 1,478,718
Site Work	\$ 4,486,275	\$ 4,422,623	\$ 63,652	\$ 4,422,623
Solar	\$ -	\$ -	\$ -	\$ -
Parking Garage	\$ -	\$ -	\$ -	\$ -
Vertical	\$ 43,066,371	\$ 42,455,336	\$ 611,035	\$ 42,455,336
Commercial incl. fees	\$ -	\$ -	\$ -	\$ -
GC Contingency	\$ 3,669,506	\$ 3,617,443	\$ 52,064	\$ 3,617,443
General Requirements	\$ 2,782,890	\$ 2,743,405	\$ 39,484	\$ 2,743,405
Contractor OH/Fees	\$ 1,806,107	\$ 1,780,482	\$ 25,625	\$ 1,780,482
Ins/Bonds	\$ 1,128,817	\$ 1,112,801	\$ 16,016	\$ 1,112,801
Design Contingency	\$ -			\$ -
Escalation	\$ -			\$ -
<b>TOTAL CONSTRUCTION</b>	<b>\$ 61,242,417</b>	<b>\$ 60,373,497</b>	<b>\$ 868,920</b>	<b>\$ 60,274,915</b>
<i>ARCHITECTURAL FEES</i>				
Other Architectural	\$ 1,102,638	\$ 1,086,994	\$ 15,644	\$ 1,086,994
Survey/Engineering	\$ 731,759	\$ 721,377	\$ 10,382	\$ 721,377
Other:	\$ -			\$ -
<b>TOTAL ARCHITECTURAL COSTS</b>	<b>\$ 1,834,397</b>	<b>\$ 1,808,370</b>	<b>\$ 26,027</b>	<b>\$ 1,808,370</b>
<i>CONTINGENCY COSTS</i>				
Hard Cost Contingency	\$ 3,062,121	\$ 3,018,675	\$ 43,446	\$ 3,018,675
Soft Cost Contingency	\$ 424,001	\$ 417,986	\$ 6,016	\$ 417,986
<b>TOTAL CONTINGENCY COSTS</b>	<b>\$ 3,486,122</b>	<b>\$ 3,436,660</b>	<b>\$ 49,462</b>	<b>\$ 3,436,660</b>
<i>CONSTRUCTION PERIOD EXPENSES</i>				
Construction Loan Interest	\$ 7,056,399	\$ 6,956,281	\$ 100,118	\$ 3,546,033
Private Placement Junior Bond Interest	\$ -			\$ -
Soft Loan Interest	\$ -			\$ -
Predevelopment Loan Interest	\$ 25,000	\$ 25,000		\$ 25,000
Origination/Application Fee	\$ 114,389	\$ 114,389		\$ 114,389
Subordinate/Soft Debt Origination Fee	\$ -			\$ -
Lender Reports and Inspections	\$ 112,000	\$ 112,000		\$ 112,000
Title/Recording/Taxes	\$ 175,000	\$ 172,517	\$ 2,483	\$ 172,517

<b>AVANZANDO (Cottonwood / Cypress) Estimate of LIHTC Basis Calculation</b>		1,900	Commercial sq. ft.	Commercial	1.42%
		133,914	TOTAL sq. ft.	Residential	98.58%
Insurance During Construction	\$	700,000	\$ 690,068	\$ 9,932	\$ 690,068
0	\$	10,000	\$ 9,858	\$ 142	\$ 9,858
Construction Mgmt and Monitoring	\$	-			\$ -
Other:	\$	-			\$ -
<b>TOTAL CONSTRUCTION PERIOD EXPENSE</b>	<b>\$</b>	<b>8,192,788</b>	<b>\$ 8,080,114</b>	<b>\$ 112,674</b>	<b>\$ 4,669,866</b>
<b>PERMANENT FINANCING EXPENSES</b>					
Loan Origination Fees	\$	38,800	\$ 38,249	\$ 551	
Title/Recording/Taxes	\$	30,000	\$ 29,574	\$ 426	
Insurance	\$	-			
Other: Bond/Issuer/FA fees	\$	225,000	\$ 225,000		
Other: LIHTC fees	\$	389,606	\$ 389,606		
<b>TOTAL PERMANENT FINANCING COSTS</b>	<b>\$</b>	<b>683,406</b>	<b>\$ 682,430</b>	<b>\$ 976</b>	<b>\$ -</b>
<b>LEGAL FEES</b>					
Lender Legal	\$	150,000	\$ 147,872	\$ 2,128	\$ 147,872
Sponsor Legal	\$	470,000	\$ 463,332	\$ 6,668	\$ 463,332
<b>TOTAL LEGAL</b>	<b>\$</b>	<b>620,000</b>	<b>\$ 611,203</b>	<b>\$ 8,797</b>	<b>\$ 611,203</b>
<b>CAPITALIZED RESERVES</b>					
Operating Reserve	\$	820,878	\$ 820,878		
Transition Reserve	\$	-			
Other Reserve	\$	-			
<b>TOTAL RESERVE COSTS</b>	<b>\$</b>	<b>820,878</b>	<b>\$ 820,878</b>		
<b>REPORTS &amp; STUDIES</b>					
Market Study	\$	25,000	\$ 25,000		\$ 25,000
Appraisal	\$	25,000	\$ 25,000		\$ 25,000
Environmental	\$	25,000	\$ 24,645	\$ 355	\$ 24,645
Preconstruction Studies	\$	-			\$ -
Other:	\$	-			\$ -
<b>TOTAL REPORTS &amp; STUDIES</b>	<b>\$</b>	<b>75,000</b>	<b>\$ 74,645</b>	<b>\$ 355</b>	<b>\$ 74,645</b>
<b>OTHER EXPENSES</b>					
Local Permit Fees	\$	968,897	\$ 955,150	\$ 13,747	\$ 955,150
Local Development Impact Fees	\$	2,318,419	\$ 2,285,525	\$ 32,894	\$ 2,285,525
Accounting/Reimbursable/Cost Certification	\$	32,500	\$ 32,039	\$ 461	\$ 32,039
Financial Consulting/App Prep/Review (SA)	\$	-			\$ -
Entitlement Services and CM (SA)	\$	240,000	\$ 236,595	\$ 3,405	\$ 236,595
Tenant File Review	\$	-			\$ -
GP Service Fee	\$	-			\$ -
Marketing & Lease Up	\$	85,000	\$ 85,000	\$ -	\$ -
Prevailing Wage / Labor Compliance	\$	48,000	\$ 47,319	\$ 681	\$ 85,000
FF&E	\$	50,000	\$ 50,000		\$ 47,319
Other:	\$	-			\$ 50,000
<b>TOTAL OTHER COSTS</b>	<b>\$</b>	<b>3,742,816</b>	<b>\$ 3,691,627</b>	<b>\$ 51,188</b>	<b>\$ 3,691,627</b>
<b>DEVELOPER COSTS</b>					
Developer Fee Limit - Per TCAC Application	\$	-			\$ -
Developer Fee Calculation	\$	-			\$ -
Developer Fee	\$	15,067,755			\$ -
<b>TOTAL DEVELOPER FEE</b>	<b>\$</b>	<b>15,067,755</b>	<b>\$ 15,067,755</b>		<b>\$ 15,067,755</b>
Cash Fee	\$	-			\$ -
<b>TOTAL RESIDENTIAL COSTS</b>	<b>\$</b>	<b>96,140,579</b>	<b>\$ 95,022,180</b>	<b>\$ 1,118,399</b>	<b>\$ 89,635,043</b>







**Project Summary - Assumptions and Programming**

Closing Date	6/1/2025
Construction Start	6/1/2025
Est'd placed-in-service - first bldg:	3/1/2027
Est'd placed-in-service - last bldg:	3/1/2027
Est'd full completion	3/1/2027
Est'd 100% lease-up date:	6/1/2027

Number of buildings:	0
# of units to be leased:	103
Lease-up Period (mths):	3
Avg units leased per mth:	34.3

2025								
Month#	Month	New Units Leased/mo	Unit Months	Cumm Units Leased	% Leased	Unit Mths by Qtr	% Leased	LIHTCs by Qtr
0	Jan-25	0	0	0	0%			
0	Feb-25	0	0	0	0%			
0	Mar-25	0	0	0	0%	0	0.00%	0
0	Apr-25	0	0	0	0%			
0	May-25	0	0	0	0%			
0	Jun-25	0	0	0	0%	0	0.00%	0
1	Jul-25	0	0	0	0%			
2	Aug-25	0	0	0	0%			
3	Sep-25	0	0	0	0%	0	0.00%	0
4	Oct-25	0	0	0	0%			
5	Nov-25	0	0	0	0%			
6	Dec-25	0	0	0	0%	0	0.00%	0
		0		Total Units Placed In Service		0	0.00%	0
		1,236		Total Unit Months in Year			Ck----->	0
		0		Total Unit Months - Projected				
		<b>0.00%</b>		Placed In Service				

2026								
Month	Month	New Units Leased/mo	Unit Months	Cumm Units Leased	% Leased	Unit Mths by Qtr	% Leased	LIHTCs by Qtr
7	Jan-26	0	0	0	0%			
8	Feb-26	0	0	0	0%			
9	Mar-26	0	0	0	0%	0	0%	0
10	Apr-26	0	0	0	0%			
11	May-26	0	0	0	0%			
12	Jun-26	0	0	0	0%	0	0%	0
13	Jul-26	0	0	0	0%			
14	Aug-26	0	0	0	0%			
15	Sep-26	0	0	0	0%	0	0%	0
16	Oct-26	0	0	0	0%			
17	Nov-26	0	0	0	0%			
18	Dec-26	0	0	0	0%	0	0%	0
		0		Total Units Placed In Service		0	0%	0
		1236		Total Unit Months in Year			Ck----->	0
		0		Total Unit Months - Projected				
		<b>0.00%</b>		Placed In Service				

2027								
Month	Month	New Units Leased/mo	Unit Months	Cumm Units Leased	% Leased	Unit Mths by Qtr	% Leased	LIHTCs by Qtr
19	Jan-27	0	0	0	0%			
20	Feb-27	0	0	0	0%			
21	Mar-27	34	343	34	33%	34	4%	128,030
22	Apr-27	34	309	69	67%			
23	May-27	34	275	103	100%			
24	Jun-27	0	0	103	100%	275	30%	1,024,236
25	Jul-27	0	0	103	100%			
26	Aug-27	0	0	103	100%			
27	Sep-27	0	0	103	100%	309	33%	1,152,266
28	Oct-27	0	0	103	100%			
29	Nov-27	0	0	103	100%			
30	Dec-27	0	0	103	100%	309	33%	1,152,266
		103		Total Units Placed In Service		927	100%	3,456,797
		1,236		Total Unit Months in Year			Ck----->	0
		927		Total Unit Months - Projected				
		<b>75.00%</b>		Placed In Service				

2028								
Month	Month	New Units Leased/mo	Unit Months	Cumm Units Leased	% Leased	Unit Mths by Qtr	% Leased	LIHTCs by Qtr
31	Jan-28	103	1,236	103	100%			
32	Feb-28	0	0	103	100%			
33	Mar-28	0	0	103	100%	309	25%	1,152,266
34	Apr-28	0	0	103	100%			
35	May-28	0	0	103	100%			
36	Jun-28	0	0	103	100%	309	25%	1,152,266
37	Jul-28	0	0	103	100%			
38	Aug-28	0	0	103	100%			
39	Sep-28	0	0	103	100%	309	25%	1,152,266
40	Oct-28	0	0	103	100%			
41	Nov-28	0	0	103	100%			
42	Dec-28	0	0	103	100%	309	25%	1,152,266
		103		Total Units Placed In Service		1236	100%	4,609,062
		1,236		Total Unit Months in Year			Ck----->	4,609,062
		1236		Total Unit Months - Projected				
		<b>100.00%</b>		Placed In Service				



<b>Deferred Developer Fee</b>																
Loan Amount	1,471,870															
Interest Rate	0.00%															
Term	15															
Monthly Payment																
Annual Debt Service																
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>
Beginning Balance	1,471,870	1,394,493	1,314,519	1,231,941	1,147,040	1,060,113	971,472	881,446	790,382	698,646	606,622	514,712	423,341	332,955	244,019	157,024
100% Available Net Cash Flow	77,377	79,974	82,578	84,901	86,927	88,641	90,026	91,064	91,736	92,025	91,910	91,371	90,387	88,936	86,995	84,541
Pay Down	77,377	79,974	82,578	84,901	86,927	88,641	90,026	91,064	91,736	92,025	91,910	91,371	90,387	88,936	86,995	84,541
Ending Balance	1,394,493	1,314,519	1,231,941	1,147,040	1,060,113	971,472	881,446	790,382	698,646	606,622	514,712	423,341	332,955	244,019	157,024	72,483

<b>Local Funds: County of SD (PreDev)</b>																
Loan Amount	1,100,000															
Interest Rate	0.00%															
Term	55															
Monthly Payment																
Annual Debt Service																
<b>0.0% of Avail Cashflow</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>
Beginning Balance	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Earned	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unpaid Accrued Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan Payoff/Refinance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000

<b>Local Funds: REAP 2.0 (via SANDAG)</b>																
Loan Amount	4,125,000															
Interest Rate	0.00%															
Term	55															
Monthly Payment																
Annual Debt Service																
<b>0.0% of Avail Cashflow</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>
Beginning Balance	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000
Payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Earned	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unpaid Accrued Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan Payoff/Refinance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000

<b>State Funds: Governor's Budget</b>																
Loan Amount	1,260,000															
Interest Rate	0.00%															
Term	55															
Monthly Payment																
Annual Debt Service																
<b>0.0% of Avail Cashflow</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>
Beginning Balance	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000
Payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Earned	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unpaid Accrued Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan Payoff/Refinance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000

Outstanding Indebtedness	51,265,476	51,051,134	50,830,445	50,603,408	50,370,014	50,130,250	49,884,091	49,631,508	49,372,457	49,106,885	48,834,724	48,555,892	48,270,289	47,977,796	47,678,272	#####
Outstanding Indebtedness SOFT DEBT	10,969,493	10,889,519	10,806,941	10,722,040	10,635,113	10,546,472	10,456,446	10,365,382	10,273,646	10,181,622	10,089,712	9,998,341	9,907,955	9,819,019	9,732,024	9,647,483

**ATTACHMENT 4**  
**PROPOSED LOAN NON-BINDING COMMITMENT TERMS SUMMARY**

Avanzando San Ysidro, L.P.

210-240 S. Vista Ave., 317 Cottonwood St. & 125 Cypress Dr., San Ysidro, CA 92173

(Project)

February 27, 2025

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 making a loan (“Housing Commission Loan”) to Avanzando San Ysidro, L.P., a California limited partnership, formed by Casa Familiar, Inc., (Casa Familiar) (the “Borrower”) for Avanzando San Ysidro (“Project”) with respect to the proposed acquisition and construction and the permanent financing of a 103-unit development (with 101 affordable units and two unrestricted manager’s unit) located at 210-240 S. Vista Ave., 317 Cottonwood St. & 125 Cypress Dr., San Ysidro, CA . Closing must occur within twenty-four (24) months from the date of the San Diego Housing Commission’s NOFA Award Letter unless an extension is/has been granted by the President & CEO of the Housing Commission (or by their designee) in their sole discretion.

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 and shall prevail. Provided that the Housing Commission loan is approved by the San Diego Housing Commission Board of Commissioners and, if necessary, by the Housing Authority of the City of San Diego, the following terms shall apply to the Housing Commission loan. In addition, Exhibit A includes the Borrower's Pro forma which models financial Projections of the Project.

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

1. **Maximum loan amount (not to exceed)** - Up to \$4,120,000 as a residual receipts loan. Loan funds to be used for the acquisition, construction and permanent financing of the Project.
2. **Interest Rate**- 4 percent simple interest.
3. **Loan Term** - The loan will be due and payable in full in 55 years from completion of the Project.
4. **Loan Payments** –Annual residual receipts payments at 50 percent of the Project's residual cash flow is required. 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. Residual payments and the fixed \$10,000 annual payment will begin on May 1 in the year immediately following the calendar year in which construction is completed. The Housing Commission defines residual receipts as the net cash flow of the development after specified expenses and other debt service are paid. 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 per year. "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. Partnership fee increases will be capped at three (3) percent annually. Unpaid partnership fees shall not accrue, and the Housing Commission will require the Limited Partnership Agreement to explicitly state that requirement.
- (ii) Eligible deferred developer fee, and
- (iii) Repayment of eligible development deficit and operating deficit loans.

**5. Affordability-**

- (i) Restricted units must remain affordable as multifamily rental housing for 55 years. At escrow closing the Borrower and the Housing Commission shall cause a Declaration of Covenants, Conditions, and Restrictions (CC&R), restricting the rent and occupancy of the affordable units for 55 years, to be recorded against the Project. Such CC&R shall be in a form and format acceptable to the Housing Commission and its General Counsel in their sole discretions. Notwithstanding the foregoing, upon expiration of the 20-year HUD HOME compliance period, the Housing Commission board (and Housing Authority of the City of San Diego, to the extent required) may consider allowing the affordable units to convert from rental units to for-sale units which are affordable at the same income levels, provided the same is allowed by State and local density bonus law, CTCAC, CDLAC, HCD, HUD and any other necessary parties. Please note the Housing Commission currently intends to fund all of part of the Housing Commission Loan with HUD HOME funds. The minimum required rental period for new construction HOME affordable units is 20 years. In no event shall any HOME affordable unit convert from rent to for sale until the minimum HOME compliance period is satisfied.
- (ii) The affordability shall be as follows:

Unit Type	AMI	Affordable Units
One-Bedroom	30%	3
One-Bedroom	40%	15
One-Bedroom	50%	8

Two-Bedroom	30%	4
Two-Bedroom	40%	12
Two-Bedroom	50%	4
Two-Bedroom	60%	5
Three-Bedroom	30%	4
Three-Bedroom	40%	13
Three-Bedroom	50%	13
Three-Bedroom	60%	20
Manager Units		2
<b>TOTAL</b>		<b>103</b>

6. **Purchase Option** – The Borrower will provide the Housing Commission with the option to purchase the property’s leasehold at the end of the 15-year tax credit compliance period.
  
7. **Alternate Funding-** Borrower shall also seek alternative funding, including but not limited to the State of California Department of Housing and Community Development, County of San Diego, Federal Home Loan Bank, etc. along with tax exempt bonds and 4% tax credits or 9% tax credits, Housing Commission legal counsel will determine if subsequent approvals for alternative financing structures are required by the San Diego Housing Commission Board of Commissioners and the Housing Authority of the City of San Diego.
  
8. **Site Value** – The estimated value of the Project site was determined to be \$5,350,000 as of December 18, 2024. The land is owned by Casa Familiar, Inc., who will enter into an Option to Lease Agreement with Avanzando San Ysidro, L.P.
  
9. **Closing Costs** - The Borrower shall pay all escrow, title and closing costs, including, without limitation, paying for an American Land Title Association (ALTA) Lenders Policy for the Housing Commission loan with endorsements, as acceptable to the Housing Commission’s legal counsel.
  
10. **Construction Costs Third-Party Review** - Prior to Housing Commission Loan closing, a costs review may be obtained by the Housing Commission with a third-party consultant. If obtained, Borrower will reimburse the Housing Commission at escrow closing for all reasonable third-party review costs.
  
11. **Contractor** - The construction contract shall be competitively bid to at least three qualified General Contractors and shall be awarded to the lowest qualified and responsive bidder.
  - 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 \$100,000 shall have Housing Commission prior written approval. For proposed change orders over \$100,000, 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.
12. **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.
13. **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.
14. **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.
15. **Cost Savings and/or Additional Proceeds at Escrow Closing** - In the event that the Borrower obtains funds in excess of those shown as sources in Exhibit A Pro Forma, then upon the construction loan closing, the excess funds shall be used as follows:
- a. First, such excess funds shall be used to fund development cost overruns reasonably approved by the Housing Commission.
  - b. Second, upon Construction Loan Closing and subject to lender and investor approval, any excess funds shall be used to pay the Housing Commission Loan as set forth in Section 16 below.
  - c. Other Public Lenders - If the Project financing includes other public lenders



who may require cost savings sharing then the cost savings shall be split proportionately based upon the public lenders loan amounts and in conformance with the other public lenders' agreements.

- d. Excess funds will be applied first to pay down the accrued interest, and the remaining amount shall pay down the principal.

**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 Exhibit A Pro Forma, (including but not limited to cost savings, improved debt, improved tax credit equity pricing, deferred developer fee if any, and any other sources), then upon conversion to permanent loan, the excess funds shall be used as follows:

- e. First, to pay for development cost overruns reasonably approved by the Housing Commission.
- f. Second, used to make any necessary adjustment to the total tax credit allocation as may be required by CTCAC.
- g. Third, payment towards the Borrower's deferred developer fee. A deferred developer fee is currently modeled in the Pro Forma (Attachment A).
- h. 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.
- i. Excess funds will be applied first to pay down the accrued interest, and the remaining amount shall pay down the principal.

**16. Developer Fee-**

- a. Maximum Gross Developer's Fee of \$15,067,755 to be paid from Development Sources.
  - i. There will be General Partner Contribution of \$12,067,755 to be paid from the gross developer fee amount of \$15,067,755 that will be used for the development.
  - ii. There will be a \$1,471,870 Deferred Developer Fee to be paid from the gross developer fee amount of \$15,067,755.
  - iii. There will be a maximum Net Cash Developer Fee (including a "Large Project Boost") of \$1,528,130 to be paid from the gross developer fee of \$15,067,755.
- b. Additional developer fee provisions
  - i. If for any reason the Borrower does not collect the entire developer fee from development sources through the last equity installment, with the exception of negative tax credit adjusters, uncollected fee up to \$1,528,130 shall be given priority over Housing Commission residual receipt payments.
  - ii. The Deferred Developer Fee shall be repaid during the 15-year tax credit compliance period. Amounts outstanding after the expiration of the 15-year tax credit compliance period shall be contributed to the Project in the form of a capital contribution.
- c. Developer fee payments shall be paid out incrementally: because this is a tax credit Project, the developer fee payments shall be in accordance with lender

and investor requirements.

17. **Due Diligence** - The Borrower, at Borrower's expense, shall provide the following: a current appraisal, an environmental review, a lead paint and asbestos review.
18. **Environmental Requirements** - Currently HOME funds are planned for this Project. Notwithstanding any provision of this Letter, the parties agree and acknowledge that this Letter constitutes a conditional reservation and does not represent a final commitment of HOME funds or site approval under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). HOME funds constitute a portion of the funding for the Project, and a final reservation of HOME funds shall occur only upon satisfactory completion of 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 NEPA.

The parties agree that the provision of any HOME funds to the Project will be conditioned on the City of San Diego's determination to proceed with, modify or cancel the Project based on the results of subsequent environmental review under NEPA. By execution of this Letter, you acknowledge no legal claim to any amount of HOME funds to be used for the Project or site unless and until the site has received environmental clearance under NEPA. You are also prohibited from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, clearance, rehabilitation, conversion, repair or construction prior to environmental clearance under NEPA. Violation of this provision may result in denial of any HOME funds for this Project.

19. **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 **\$25,000** 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: 101 units to be affordability monitored = **\$15,908** per year. 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) **Third-Party Construction Review** - the Housing Commission may require a third-party review of the construction costs/budget to determine the reasonableness of construction costs. The third-party reviewer will be selected by the Housing Commission and paid for by the borrower. Current fees are an estimated \$12,500 paid by the developer at close of escrow.
- f) **Environmental Noticing Fee** - publishing/filing costs will be determined and paid at close of escrow.

20. **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 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. The Housing Commission will require the Limited Partnership Agreement to explicitly state this requirement.
- c. Any changes to the asset management partnership fees will require the prior written approval of the Housing Commission’s President and CEO or their designee.

21. **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, beyond this Letter of Intent’s \$4,120,000, will be provided for the Project in any Housing Commission’s future Notices of Funds Available.

22. **Funding Sources** - The Housing Commission may fund the Housing Commission Loan from various sources including local, State, and/or federal funds including HOME Investment Partnership Program funds. The Housing Commission reserves the right to allocate available program funds in the best interest of the Housing Commission. In the event the Housing Commission ultimately determines to fund (all or part) of the Housing Commission Loan using any HOME funds, then Borrower shall comply with the HOME programs rules and regulations, Federal Davis Bacon law and Section 3.

23. **HOME Investment Partnerships (HOME) Funds** -

HOME funds are currently planned to partly fund the Commission Loan. In the event the Housing Commission funds all or part of the Housing Commission Loan using any HOME funds, then:

- a. HOME program regulations will be applicable.
- b. HOME funds may not be used to fund any of the following:
  - i) Any reserves are not eligible for HOME funds (including but not limited to

- operating reserves).
- ii) Offsite improvements are not eligible for funding with HOME funds.
- iii) Furnishings costs are not eligible for funding with HOME funds.
- iv) Commercial space improvements are not eligible for funding with HOME funds.
- c. The HOME IDIS funding system requires at least one HOME draw in a 12-month period and at least a small portion of the HOME funds must remain in the IDIS system until the Project is ready for occupancy.

24. **Insurance** - Borrower shall at all times during the term of the Housing 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, flood 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 additional insureds for General Liability Insurance and in the General Contractor's Insurance policy and as loss payees for Property Insurance. Evidence of borrower's insurance coverage shall be provided to the Housing Commission prior to close of escrow.

25. **Loan Disbursement Schedule** - Upon submittal and approval of eligible costs, the Housing Commission Loan (up to **\$4,120,000**) will be disbursed as follows:

- Up to 75 percent (**\$3,090,000**) at escrow closing.
- Up to 10 percent (**\$412,000**) to be distributed at 50 percent construction completion.
- Up to 10 percent (**\$412,000**) to be withheld until the issuance of a Certificate of Occupancy and all unconditional lien releases are forwarded to the Housing Commission.
- Up to 5 percent (**\$206,000**) upon conversion to permanent financing.

a. The Housing Commission's President and Chief Executive Officer, or their designee, is authorized to modify the Housing Commission Loan disbursement schedule in their sole reasonable discretion.

b. In the event the Housing Commission funds (all or part) of the Housing Commission Loan using HOME funds, then a portion of the HOME funds shall be withheld until final inspection approval and all unconditional lien releases are forwarded to the Housing Commission.

c. Housing Commission Loan proceeds shall be disbursed for work completed upon Housing Commission approval of payment requests in a form approved by the Housing Commission. Verifiable documentation of expenses must be submitted with all payment requests.

26. **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 Borrower's proposed property manager's fee must be approved by the Housing Commission.
  - c. The Housing Commission reserves the right to declare Borrower in default of the loan agreement 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 management is required. There shall be two manager's unit.
  - 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.
27. **Maximum Resident Service Expenses & Case Management** – For the calculation of Housing Commission's residual receipts the attached pro forma's operating expense budget models an annual \$35,000 Social Services Expenditure with a 3.5 percent annual escalator. Increasing this amount will require prior Housing Commission written approval.
28. **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.
29. **Project Based Vouchers**- This Project will have no (0) Federal Project Based Vouchers (PBV) from the Housing Commission.
30. **Prevailing Wage**- State funding sources proposed in the financial structure of this project, will require the payment of State prevailing wages. As HOME funds will be used as a source for the proposed SDHC capital award, Federal prevailing wages will also apply. As a result, the Avanzando San Ysidro project will be subject to paying the higher of Federal and State prevailing wages.
31. **Recourse** - The Housing Commission Loan will be recourse until the timely completion of the construction, after which it will become non-recourse.
32. **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** -The attached proforma models an annual replacement reserve at \$30,900 (\$300 per unit per year).
- b. **Operating Reserve** - The attached proforma models a 3-month capitalized operating reserve at \$820,878 at conversion to permanent financing. 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 funds and/or from the Project's replacement reserve funds.

33. **Section 3** - In the event the Housing Commission funds (all or part) of the Housing Commission Loan using any HOME funds, then Section 3 of the HUD Act of 1968 will be applicable, and Borrower should be familiar with, and remain in compliance with, all Section 3 requirements.
  
34. **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 in 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.
  
35. **Tenant Service Delivery Plan** - Borrower shall submit a draft tenant service delivery plan 90-days prior to occupancy for Housing Commission staff review and comment. Borrower shall submit a revised draft incorporating Housing Commission comment prior to occupancy of the first tenant. A final tenant service deliver plan shall be subject to the approval of the Housing Commission in its reasonable discretion and will not be unreasonably withheld prior to Project lease up.
  
36. **Title (ALTA Lender's Policy)** - The Borrower shall acquire, at its sole cost and expense, an ALTA Lender's Policy for the Housing Commission Loan with endorsements acceptable to the Housing Commission.

37. **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.

38. **Exhibit A - Proforma** - is attached hereto and is hereby incorporated.

If the Borrower is willing to proceed on the terms and conditions referenced herein, please execute this letter of intent and return it to the undersigned by June 5, 2024, so that this letter of intent may be attached to the Housing Commission Board report.

**ACKNOWLEDGED AND AGREED TO BY:**

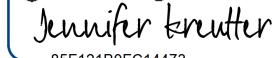
AVANZANDO SAN YSIDRO, L.P.,  
a California limited partnership

By: Avanzando San Ysidro, LLC,  
a California limited liability company  
Its: Managing General Partner

By: Casa Familiar, Inc.  
a California nonprofit public benefit corporation  
Its: Manager

By:   
Name: Elizabeth R. Cuestas  
Its: Chief Executive Officer

San Diego Housing Commission

By:   
85F121B0FC14473...

**Print Name: Jennifer Kreutter**

**Title:** VP, Multifamily Housing Finance

**Date:** 3/5/2025

**Attachment: Exhibit A Developer's Pro forma**



21

**DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/  
ENTITY SEEKING GRANT/BORROWERS**  
(Collectively referred to as "CONTRACTOR" herein)

**Statement for Public Disclosure**

1. Name of CONTRACTOR: HITZKE DEVELOPMENT CORP.
2. Email: ginger@hitzkedevlopment.com
3. Address and Zip Code: PO Box 1700, Temecula 92593
3. Telephone Number: 760-519-8401
4. Name of Principal Contact for CONTRACTOR: GINGER HITZKE
5. Federal Identification Number or Social Security Number of CONTRACTOR: 26-2085163
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**):  
 attached

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

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:

Hitzke Development Corporation

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	Ginger Hitzke	44036 Sheldon Court, Temecula		ginger@	% 100
8.2		92592	760519	hitzke	%
8.3			8401	development.com	%

You may also copy and paste your complete list here:

n/a

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

[Empty text box for explanation]

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	none				%
11.2					%
11.3					%

You may also copy and paste your complete list here:

n/a

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	none			
12.2				
12.3				

You may also copy and paste your complete list here:

[Empty text box for list]



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

Table with 5 columns: ID, Name of affiliated Corporation/Firm/Business Entity, Address, Relationship to CONTRACTOR, List Common Officers/Directors/Trustees by Name. Row 13.1 contains handwritten 'none'.

You may also copy and paste your complete list here:

Empty rectangular box for pasting a complete list.

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:

Handwritten 'see attached' in a rectangular box.

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:

Handwritten 'n/a.' in a rectangular box.

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: n/a

Address: \_\_\_\_\_

Amount: \$ \_\_\_\_\_

\* Hitzke Development Corp. is not a guarantor for the project.

b. By loans from affiliated or associated corporations or firms:

Name: n/a

Address: \_\_\_\_\_

Amount: \$ \_\_\_\_\_



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

Description	Market Value (\$)	Mortgages or Liens (\$)
n/a		

Enter additional information as needed:

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

*Text will allow multiple lines*

	Bank Name	Bank Address	Bank Contact Name	Bank Contact Phone/Email
17.1	n/a			
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
n/a.				

**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	n/a		
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: \$ n/a

c.1 General description of such work:

n/a

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

Project	C.2 Project Name:	n/a
	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:

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



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

<b>Project</b>	C.4 Project Name:	
	Project Location:	
	Project Details:	
<b>Owner</b>	Business Name of Project Owner:	
	Principal Contact of Project Owner:	
	Principal Contact Phone & Email	
<b>Bond</b>	Bonding Company Name & Address:	
	Principal Bond Contact Phone & Email:	
<b>C/O</b>	Change Order Details:	
	Change Order Cost:	
<b>Litigation</b>	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
<i>none</i>			





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

Awarding Agency	Amount	Date Opened
none		

Enter additional information as needed:

none

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:

n/a

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:

n/a



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:

[Empty text box for explanation]

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)]:

n/a

- 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

all insurance for the project will be managed/maintained by the partnership and contractor will be named as Additional Insured.

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

[Empty text box for insurance details]

- 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)*]:

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

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

- 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)
n/a - none					

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 n/a

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.

multiple decades experience w/affordable housing

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
2022	SDHC	Construction Conversion	\$ 2,883,000

Enter additional information as needed:

[Empty box for additional information]

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:

[Empty box for explanation]



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:

[Empty text box for explanation]

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

1. Name: n/a not a construction contractor  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Project Name: \_\_\_\_\_  
Description: [Empty text box]

2. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Project Name: \_\_\_\_\_  
Description: [Empty text box]

3. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Project Name: \_\_\_\_\_  
Description: [Empty text box]

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	<i>n/a</i>
Experience	



**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 5 day of MARCH, 2025, at ~~San Diego~~, California.

CONTRACTOR Lemon Grove

By: \_\_\_\_\_

Signature

Ginger Hitzke  
Print Name

President  
Title





CERTIFICATION

Hitzke Development Corporation

The CONTRACTOR, \_\_\_\_\_, 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: [Signature] Signature

By: [Signature] Signature

Print Name: Ginger Hitzke

Print Name: \_\_\_\_\_

Title: President

Title: \_\_\_\_\_

Dated: 3/5/25

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

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.

Signature of Notary

See Attached CA Compliant Notary Certificate

SEAL

**CALIFORNIA JURAT**  
CERTIFICATE

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 5<sup>th</sup> day of MARCH, 2025,

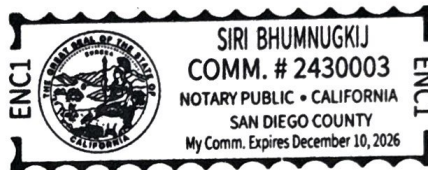
by GINGER HITZKE, proved to me on the basis of

satisfactory evidence to be the person(s) who appeared before me.



Notary Public Signature

**Siri Bhumnugkij, Notary Public**



(Seal)

OPTIONAL INFORMATION

DOCUMENT

SIGNER CAPACITY

(name or type of document)

(capacity claimed by the signer)

(number of pages)

(document date)

**NOTICE**  
THE NOTARY PUBLIC DOES NOT  
CERTIFY THE AUTHORIZED  
CAPACITY OF THE SIGNER



SAN DIEGO  
HOUSING  
COMMISSION

# ATTACHMENT 5A DEVELOPER'S DISCLOSURE STATEMENT

DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/  
ENTITY SEEKING GRANT/BORROWERS  
(Collectively referred to as "CONTRACTOR" herein)  
Statement for Public Disclosure

1. Name of CONTRACTOR: **Casa Familiar, Inc., on behalf of Avanzando San Ysidro, LP.**
2. Address and ZIP Code: **268 E. Park Ave. San Ysidro Ca 92173**
3. Telephone Number: **619-428-1115**
4. Name of Principal Contact for CONTRACTOR: **Elizabeth R. Cuestas, President & CEO**
5. Federal Identification Number or Social Security Number of CONTRACTOR: **Casa Familiar, Inc. Tax ID number: 23-7237898 and Avanzando San Ysidro, LP: Tax ID number: 93-2319631**
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:
  - A corporation (Attach Articles of Incorporation)
  - A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status)
  - A partnership known as: **Avanzando San Ysidro, LP.**

Check one:

  - General Partnership (Attach Statement of General Partnership)
  - Limited Partnership (Attach Certificate of Limited Partnership)
  - A business association or a joint venture known as: \_\_\_\_\_  
(Attach joint venture or business association agreement)
  - A Federal, State or local government or instrumentality thereof.
  - Other (explain)
7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
 

**Casa Familiar, Inc. 11-01-1999**  
**Avanzando San Ysidro, L.P. 07-25-2022**
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 percent 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 percent.(Attach extra sheet if necessary)

<b>for Casa Familiar, Inc., a California nonprofit organization (Sponsor)</b>	
<b>Name and Address</b>	<b>Position Title (if any) and percent of interest or description of character and extent of interest</b>
Name: <b>Elizabeth Cuestas</b>	President of Board of Directors. 0% ownership interest
Address: 268 E. Park Ave. San Ysidro, Ca 92173	Telephone: (619) 428-1115
Name: <b>Anita Dharapuram</b>	Chair of Board of Directors. 0% ownership interest
Address: 268 E. Park Ave. San Ysidro, Ca 92173	Telephone: (619) 428-1115
Name: <b>Omar Calleros</b>	Vice Chair of Board of Directors. 0% ownership interest
Address: 268 E. Park Ave. San Ysidro, Ca 92173	Telephone: (619) 428-1115
Name: <b>Ciro G Villa</b>	Treasurer of Board of Directors. 0% ownership interest
Address: 268 E. Park Ave. San Ysidro, Ca 92173	Telephone: (619) 428-1115
Name: <b>Roman Partida- Lopez</b>	Secretary of Board of Directors. 0% ownership interest
Address: 268 E. Park Ave. San Ysidro, Ca 92173	Telephone: (619) 428-1115
Name: <b>Roberto Carillo</b>	Board Member of Board of Directors. 0% ownership interest
Address: 268 E. Park Ave. San Ysidro, Ca 92173	Telephone: (619) 428-1115
Name: <b>Wilson Adam Schooley</b>	Board Member of Board of Directors. 0% ownership interest
Address: 268 E. Park Ave. San Ysidro, Ca 92173	Telephone: (619) 428-1115
Name: <b>Antonio Barbosa</b>	Board Member of Board of Directors. 0% ownership interest
Address: 268 E. Park Ave. San Ysidro, Ca 92173	Telephone: (619) 428-1115
Name: <b>Ana Melgoza</b>	Board Member of Board of Directors. 0% ownership interest
Address: 268 E. Park Ave. San Ysidro, Ca 92173	Telephone: (619) 428-1115
Name: <b>Joanna Whitley</b>	Board Member of Board of Directors. 0% ownership interest
Address: 268 E. Park Ave. San Ysidro, Ca 92173	Telephone: (619) 428-1115

<b>for Avanzando San Ysidro, L.P., a California limited partnership (Borrower)</b>	
<b>Name and Address</b>	<b>Position Title (if any) and percent of interest or description of character and extent of interest</b>
Name: <b>Avanzando San Ysidro, LLC*</b>	General Partner
Address: 268 E. Park Ave. San Ysidro, Ca 92173	Telephone: (619) 428-1115
Name: <b>Casa Familiar, Inc.</b>	Limited Partner
Address: 268 E. Park Ave. San Ysidro, Ca 92173	Telephone: (619) 428-1115

*\* Casa Familiar is the sole Managing General Partner of Avanzando San Ysidro, LLC*

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, Juan Vargas has left the Board of Directors, and Antonio Barbosa, has replaced him. Additional we added 2 board memebers, Ana Melgoza and Joanna Whitley.**

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.

**None**

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 percent interest in the CONTRACTOR (for example, more than 20 percent of the stock in a corporation that holds 50 percent of the stock of the CONTRACTOR, or more than 50 percent of the stock in the corporation that holds 20 percent of the stock of the CONTRACTOR):

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: <b>Casa Familiar, Inc.</b>	<b>Sole Member of Avanzando San Ysidro LLC 99.99%</b>
Address: <b>268 E. Park Ave. San Ysidro, Ca 92173</b>	Telephone: <b>(619) 428-1115</b>

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 and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: <b>Same as above.</b>	
Address:	

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 any 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.

Name and Address	Relationship to CONTRACTOR
Name: <b>Living Rooms at Casa</b>	We are the parent organization; Living Rooms at Casa was formed to perform the charitable functions of Casa Familiar.
Address: 114 W Hall Ave, San Diego, CA	
Name: <b>Steadfast Villa Nueva L.P.</b>	Casa Familiar Inc. Is Managing General Partner and 40% owner.
Address: 3606 Beyer Blvd., San Ysidro, CA	
Name: <b>Garden View Apts.</b>	Casa Familiar is a General Partner and 5% owner
Address: [various] San Diego, CA	
Name: <b>Alder Apts.</b>	Casa Familiar is a General Partner and 5% owner
Address: [various] San Diego, CA	
Name: <b>Park Haven Apts.</b>	Casa Familiar is a General Partner and 5% owner
Address: [various] San Ysidro, CA	
Name: <b>Bella Vista</b>	Casa Familiar is a General Partner and 0.005% owner
Address: 4742 Solola Ave San Diego, CA	
Name: <b>Paseo la Paz</b>	Casa Familiar is a General Partner and 0.01% owner
Address: 160 W Seaward Ave, San Ysidro CA	
Name: <b>Vista Lane Property L.P.</b>	Casa Familiar is a General Partner and 0.004% owner
Address: 1440 2 <sup>nd</sup> Ave Chula Vista, CA	

14. Provide 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 **attached** financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position.

**Financial Statements for Casa Familiar, Inc. have been attached. Avanzando San Ysidro, L.P. is a special purpose entity that will have financial statements once significant costs have been incurred.**

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:

**Sources of project funding that have been proposed in the NOFA application include a capital stack which is customary for a LIHTC transaction. Casa Familiar has received more than \$2.5M in predevelopment funding from project sources.**

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking: **Casa Familiar obtained several grants to cover predevelopment costs.**

- a. In banks/savings and loans:

Name: **PNC Bank**

Address: **249 Fifth Ave, Pittsburgh PA, 15222**

Amount: **\$2,500,000**

- b. By loans from affiliated or associated corporations or firms:

Name: **N/A**

Address:

Amount: **\$**

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

Description	Market Value (\$)	Mortgages or Liens (\$)
N/A		

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

Name and Address	Contact Name
Name: <b>PNC Bank</b>	Contact Name: <b>Sal Sanchez Jr.</b>
Address: 12255 El Camino Real 2nd Floor San Diego, CA 92130	Contact Email: <a href="mailto:salvador.sanchezjr@pnc.com">salvador.sanchezjr@pnc.com</a>
Telephone: 858.202.5516	Cell 619.600.7341

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, give 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, give for each case (1) date, (2) charge, (3) place, (4) court, and (5) action taken. Attach any explanation deemed necessary.

N/A

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
N/A	N/A			

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 and Address	Affiliation
Name: N/A	N/A
Address:	
Name:	
Address:	
Name:	
Address:	

- 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:

N/A

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

General description of such work:

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation. (Attach extra sheet if necessary)

<b>Project Name</b>	<b>Not Applicable. Applicant is not a General Contractor</b>	
<b>Project Owner Contact Information</b>	Name	Address
<b>Project Location</b>		
<b>Project Details</b>		
<b>Bonding Company Involved</b>	Name	Amount of Contract
<b>Change Order Details</b>		
<b>Change Order Cost</b>		
<b>Litigation Details</b>	Location/Date	Outcome Details

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

<b>Identification of Contract or Development</b>	<b>Location</b>	<b>Amount</b>	<b>Date to be Completed</b>
N/A			

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

<b>Awarding Agency</b>	<b>Amount</b>	<b>Date Opened</b>
N/A		




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:

**This is not applicable as the applicant is not a general contractor / builder.**

23. Does any member of the governing body of 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 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 attached hereto and hereby made a part hereof as follows:

**Casa Familiar's Development Experience is attached.**

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

Yes                       No

If yes, explain:

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

**Certification of Liability Insurance is attached.**

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

Check coverage(s) carried:

- Comprehensive Form
- Premises - Operations
- Explosion and Collapse Hazard
- Underground Hazard

- Products/Completed Operations Hazard
- Contractual Insurance
- Broad Form Property Damage
- Independent Contractors
- Personal Injury

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

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

e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

f. Other (Specify) [Attach 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 SDHC setting forth the provisions of this nondiscrimination clause.

28. The CONTRACTOR warrants and certifies that it will not, without prior written consent of SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of 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 SDHC, the AUTHORITY and/or the CITY, and no member of the governing body of the locality in which the PROJECT is situated, no member of the governing body in which 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 Complaint	Entity Making	Date	Resolution
None			

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)
None					

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 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 SDHC.

**Casa Familiar has made significant advances in the development process by acquiring the land and securing significant predevelopment funding. Casa has also secured two permanent funding sources and tax credits. Casa has longstanding ties to the community and has strong community support for the project. Community engagement and community connections include both individual stakeholders and organizational stakeholders such as San Ysidro Community Health and Alliance Health Care Foundation. The project requires no land use entitlements and can be permitted ministerially.**

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

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
	Steadfast Villa Nueva, LP.	Repaid	\$10,000,000
	San Ysidro CIC, LP.	Current	\$9,250,000

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, 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, explain:

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

1. Name: **Not Applicable as Applicant is not a General Contractor**

Address:

Phone:

Project Name and Description:

2. Name:

Address:

Phone:

Project Name and Description:

- 3. Name:
- Address:
- Phone:
- Project Name and Description:

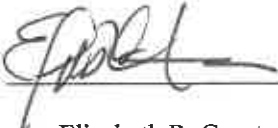
39. Give a brief statement regarding equipment, experience, financial capacity and other resources available to the CONTRACTOR for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the CONTRACTOR.  
**This is not applicable as Applicant is not a general contractor / builder .**

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

Name	Experience
<b>Name of Superintendent will be determined by the general contractor prior to construction commencement.</b>	

**CERTIFICATION**

The CONTRACTOR, Casa Familiar, Inc. On behalf of Avanzando San Ysidro, L.P., 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: 

Name: Elizabeth R. Cuestas

Title: President & CEO

Dated: 3/6/2025

**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**

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

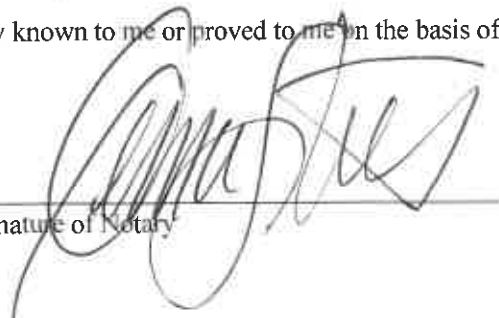
County of San Diego

Subscribed and sworn to (or affirmed) before me on this 06 day of March, 2025

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



SEAL

  
Signature of Notary

**CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR**

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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 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 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 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 06 day of march, 20 25, at San Diego, California.

CONTRACTOR

By:  \_\_\_\_\_  
Signature

President & CEO \_\_\_\_\_  
Title



202251604213



**STATE OF CALIFORNIA**  
*Office of the Secretary of State*  
**CERTIFICATE OF LIMITED PARTNERSHIP**  
**CA LIMITED PARTNERSHIP**  
 California Secretary of State  
 1500 11th Street  
 Sacramento, California 95814  
 (916) 653-3516

For Office Use Only  
**-FILED-**  
 File No.: 202251604213  
 Date Filed: 7/25/2022

B0942-9842 07/25/2022 9:49 AM Received by California Secretary of State

Limited Partnership Name		Avanzando San Ysidro, LP	
Initial Street Address of Principal Office of LP		119 WEST HALL AVENUE SAN YSIDRO, CA 92173	
Initial Mailing Address of LP		119 WEST HALL AVENUE SAN YSIDRO, CA 92173	
Agent for Service of Process		Elizabeth R Cuestas	
Agent Name		119 WEST HALL AVENUE SAN YSIDRO, CA 92173	
Agent Address			
General Partners			
General Partner Name		General Partner Address	
Avanzando San Ysidro, LLC		119 WEST HALL AVENUE SAN DIEGO, CA 92173	
Electronic Signature			
<input checked="" type="checkbox"/> The information contained herein is true and correct.			
<i>Elizabeth R. Cuestas, CEO of Casa Familiar, Inc., the sole member and manager of Avanzando San Ysidro, LLC, the general partner</i>			
General Partner Signature			
07/25/2022			
Date			





# California Secretary of State

Business Programs Division  
1500 11th Street, Sacramento, CA 95814

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Avanzando San Ysidro, LP  
119 WEST HALL AVENUE  
SAN YSIDRO, CA 92173

## Business Amendment Filing Approved

March 15, 2024

**Entity Name:** Avanzando San Ysidro, LP  
**Entity Type:** Limited Partnership - CA  
**Entity No.:** 202251604213  
**Document Type:** Amended Certificate of Limited Partnership - CA LP  
**Document No.:** BA20240504078  
**File Date:** 03/15/2024

The above referenced document has been approved and filed with the California Secretary of State. To access free copies of filed documents, go to [bizfileOnline.sos.ca.gov](http://bizfileOnline.sos.ca.gov) and enter the entity name or entity number in the Search module.

### *What's Next?*

The most up to date records may be obtained by searching for the Entity Name or Entity Number in the Search module at [bizfileOnline.sos.ca.gov](http://bizfileOnline.sos.ca.gov).

For further assistance, contact us at (916) 657-5448 or visit [bizfileOnline.sos.ca.gov](http://bizfileOnline.sos.ca.gov).



Thank you for using [bizfile California](http://bizfileOnline.sos.ca.gov), the California Secretary of State's business portal for online filings, searches, business records, and additional resources.



# California Secretary of State

Business Programs Division

1500 11th Street, Sacramento, CA 95814

Request Type: Certified Copies  
Entity Name: Avanzando San Ysidro, LP  
Formed In: CALIFORNIA  
Entity No.: 202251604213  
Entity Type: Limited Partnership - CA

Issuance Date: 03/15/2024  
Copies Requested: 1  
Receipt No.: 006570935  
Certificate No.: 191679535

### Document Listing

Reference #	Date Filed	Filing Description	Number of Pages
B2501-8434	03/15/2024	Amended Certificate of Limited Partnership - CA LP	2

\*\* \*\*\*\* \* \*\*\*\*\* End of list \*\*\*\*\* \*\*

I, SHIRLEY N. WEBER, PH.D., California Secretary of State, do hereby certify on the Issuance Date, the attached document(s) referenced above are true and correct copies and were filed in this office on the date(s) indicated above.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California on March 15, 2024.

SHIRLEY N. WEBER, PH.D.  
Secretary of State

To verify the issuance of this Certificate, use the Certificate No. above with the Secretary of State Certification Verification Search available at [bizfileOnline.sos.ca.gov](http://bizfileOnline.sos.ca.gov).

LP-2 Amendment to Certificate of Limited Partnership (LP)

E

P

For Office Use Only
-FILED-
File No.: BA20240504078
Date Filed: 3/15/2024

To change information of record for your LP, fill out this form, and submit for filing along with:

- A \$30 filing fee.
- A separate, non-refundable \$15 service fee also must be included, if you drop off the completed form.

Items 3-7: Only fill out the information that is changing. Attach extra pages if you need more space or need to include any other matters.

This Space For Office Use Only

1 LP's Entity No. (issued by CA Secretary of State)
202251604213

2 LP's Exact Name (on file with CA Secretary of State)
Avanzando San Ysidro, LP

New LP Name
3

Proposed New LP Name The new LP name: must end with: "Limited Partnership," "LP," or "L.P.," and may not contain "bank," "insurance," "trust," "trustee," incorporated," "inc.," "corporation," or "corp." The name cannot be likely to mislead the public and must be distinguishable in the records from other LPs of record or reserved with the California Secretary of State.

New LP Addresses

4 a. Street Address of Designated Office in CA City (no abbreviations) State Zip CA
b. Mailing Address of LP, if different from 4a City (no abbreviations) State Zip

New Agent/Address for Service of Process (The agent must be a CA resident or qualified 1505 corporation in CA.)

5 a. Agent's Name
b. Agent's Street Address (if agent is not a corporation) City (no abbreviations) State Zip CA

General Partner Changes

6 a. New general partner: Hitzke Development Corporation 2550 Fifth Ave, Suite 700, San Diego, CA 92103
Name Address City (no abbreviations) State Zip
b. Address change: Name New Address City (no abbreviations) State Zip
c. Name change: Old name: New name:
d. Name of dissociated general partner:

Dissolved LP (Either check box a or check box b and complete the information. Note: To terminate the LP, also file a Termination - CA and Out-of-State LP at bizfileOnline.sos.ca.gov.)

7 a. [ ] The LP is dissolved and wrapping up its affairs.
b. [ ] The LP is dissolved and has no general partners. The following person has been appointed to wrap up the affairs of the LP: Name Address City (no abbreviations) State Zip

Read and sign below: This form must be signed by (1) at least one general partner; (2) by each person listed in item 6a; and (3) by each person listed in item 6d if that person has not filed a Certificate of Dissociation (Form LP-101). If item 7b is checked, the person listed must sign. If you need more space, attach extra pages that are 1-sided and on standard letter-sized paper (8 1/2" x 11"). All attachments are part of this amendment. Signing this document affirms under penalty of perjury that the stated facts are true.

see attached signature page Sign here Print your name here Date
see attached signature page Sign here Print your name here Date

Make check/money order payable to: Secretary of State
Upon filing, we will return one (1) uncertified copy of your filed document for free, and will certify the copy upon request and payment of a \$5 certification fee.

SIGNATURE PAGE  
TO  
CERTIFICATE OF LIMITED PARTNERSHIP  
(FORM LP-2)  
OF  
AVANZANDO SAN YSIDRO, LP

By: 

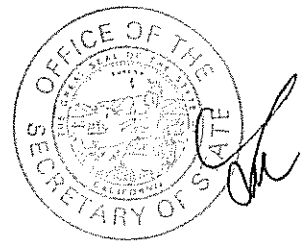
Elizabeth R. Cuestas, Chief Executive Officer of Casa Familiar, Inc., the sole member of Avanzando San Ysidro, LLC, the Managing General Partner of Avanzando San Ysidro, LP

Date: March 15, 2024

By: 

Ginger Hitzke, Chief Executive Officer of Hitzke Development Corporation, the Administrative General Partner of Avanzando San Ysidro, LP

Date: March 15, 2024



**SECRETARY OF STATE**

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

That the attached transcript of   *6*   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

NOV - 4 1999



*Bill Jones*

Secretary of State

A0533895

ENDORSED - FILED  
in the office of the Secretary of State  
of the State of California

NOV - 1 1999

BILL JONES, Secretary of State

RESTATED  
ARTICLES OF INCORPORATION

OF

CASA FAMILIAR, INC.

The undersigned certify that:

1. They are the president and secretary respectively of CASA FAMILIAR, INC.,  
a California corporation.

2. The Articles of Incorporation of this corporation are amended and restated to  
read as follows:

I

The name of the corporation is CASA FAMILIAR, INC.

II

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 public and charitable purposes.

III

The primary purposes for this corporation are to promote the general welfare of  
the San Diego community by providing family, youth, housing, and other social  
services and assisting in the revitalization of the San Diego community by engaging in  
community development, economic development, and affordable housing activities.

#### IV

This corporation is organized exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States internal revenue law. Notwithstanding any other provision of these articles, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of this corporation, and the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States internal revenue law, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States internal revenue law.

#### V

This corporation shall exercise all powers conferred upon nonprofit corporations by the Nonprofit Public Benefit Corporation Law of the State of California. Such powers include, but are not limited to, the following powers:

- (a) Issue, purchase, redeem, receive, take or otherwise acquire, own, sell, lend, exchange, transfer, or otherwise dispose of, pledge, use and otherwise deal in and with its own bonds, debentures, notes and debt securities.
- (b) Assume obligations, enter into contracts, including contracts of guarantee or suretyship, incur liabilities, borrow or lend money or otherwise use its credit, and secure any of its obligations, contracts or liabilities by

mortgage, pledge or other encumbrance of all or any part of its property and income.

(c) Participate with others in any partnership, joint venture or other association, transaction or arrangement of any kind whether or not such participation involves the sharing or delegation of control with or to others.

(d) Purchase, own, develop, hold, improve, rehabilitate, use, manage, lease, sell, exchange, convey, mortgage, hypothecate, or encumber real and personal property, or any interest therein.

In all events, however, these powers will be used in furtherance of the corporation's exempt purposes as stated in these Articles of Incorporation. The corporation will not engage in activities which do not substantially further such purposes. Nothing contained in these Articles of Incorporation shall be construed to authorize this corporation to carry on any activity for the profit of, or to distribute any gains, profits or dividends to, officers, directors, or any other person or entity.

## VI

(a) No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, except as provided in Section 501(h) of the Internal Revenue Code of 1986, and this corporation shall not participate in or intervene in (including publishing or distributing statements) in any political campaign on behalf of any candidate for public office, except as otherwise provided in Section 501(h) of the Internal Revenue Code of 1986.

(b) All corporate property is irrevocably dedicated to the charitable and educational purposes meeting the requirements for exemption provided by Section 214



of the California Revenue And Taxation Code. 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.

(c) On the winding up and dissolution of this corporation, after paying or adequately providing for the debts, obligations, and liabilities of the corporation, the remaining assets of this corporation shall be distributed to such organization (or organizations) organized and operated exclusively for charitable purposes, which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States internal revenue law) and which has established its tax-exempt status under Section 23701d of the California Revenue and Taxation Code (or the corresponding section of any future California revenue and tax law.)

## VII

This corporation shall have no members.

## VIII

The principal place or office for the transaction of business of this corporation is located in San Diego County, California.

## IX

If this corporation holds any assets in trust, such assets shall be disposed of in such a manner as may be directed by decree of the Superior Court of the County in which this corporation's principal office is located, upon petition therefor by the Attorney General, or by any person concerned in the liquidation.

This corporation elects to be governed by all of the provisions of the Nonprofit Corporation Law of 1980 not otherwise applicable to it under Part 5.

3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the board of directors.

4. The foregoing amendment and restatement of the Articles of Incorporation has been duly approved by the required vote of the members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Dated: 10/26 /   , 1999

Edward S Oliva  
Edward S. Oliva, President

Dated: 10/26 /   , 1999

Gustavo A. Bidart II  
Gustavo A. Bidart II, Secretary



CINCINNATI OH 45999-0038

In reply refer to: 0248154921  
Oct. 20, 2021 LTR 4168C 0  
23-7237898 000000 00  
00008890  
BODC: TE

CASA FAMILIAR INC  
119 W HALL AVE  
SAN YSIDRO CA 92173

025307

Employer ID number: 23-7237898  
Form 990 required: Yes

Dear Taxpayer:

We're responding to your request dated Oct. 08, 2021, about your tax-exempt status.

We issued you a determination letter in April 1973, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(3).

We also show you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If you're required to file a return, you must file one of the following by the 15th day of the 5th month after the end of your annual accounting period:

- Form 990, Return of Organization Exempt From Income Tax
- Form 990EZ, Short Form Return of Organization Exempt From Income Tax
- Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990-EZ
- Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation

According to IRC Section 6033(j), if you don't file a required annual information return or notice for 3 consecutive years, we'll revoke your tax-exempt status on the due date of the 3rd required return or notice.

You can get IRS forms or publications you need from our website at [www.irs.gov/forms-pubs](http://www.irs.gov/forms-pubs) or by calling 800-TAX-FORM (800-829-3676).

If you have questions, call 877-829-5500 between 8 a.m. and 5 p.m.,

0248154921  
Oct. 20, 2021 LTR 4168C 0  
23-7237898 000000 00  
00008891

CASA FAMILIAR INC  
119 W HALL AVE  
SAN YSIDRO CA 92173

local time, Monday through Friday (Alaska and Hawaii follow Pacific time).

Thank you for your cooperation.

Sincerely yours,

*Warren R. Burton*

Warren R. Burton, Operations Mgr  
Accounts Management Operations 1

**BYLAWS**  
**OF**  
**CASA FAMILIAR Inc.**  
A California Nonprofit Public Benefit Corporation

The name of the organization is Casa Familiar. The organization is organized in accordance with the Nonprofit Corporation Act of California, as amended. The organization has not been formed for the making of any profit, or personal financial gain. The assets and income of the organization shall not be distributable to, or benefit the trustees, directors, or officers or other individuals. The assets and income shall only be used to promote corporate purposes as described below. Nothing contained herein, however, shall be deemed to prohibit the payment of reasonable compensation to employees and independent contractors for services provided for the benefit of the organization. This organization shall not carry on any other activities not permitted to be carried on by an organization exempt from federal income tax. The organization shall not endorse, contribute to, work for, or otherwise support (or oppose) a candidate for public office. The purpose of the organization is the following:

Enhance Quality of Life for Low Income Individuals and Families through Advocacy, Human Services, Education, Affordable Housing, Arts and Culture, a Community and Economic Development.

The organization is organized exclusively for purposes pursuant to section 501(c)(3) of the Internal Revenue Code.

**ARTICLE I**  
**MEETINGS**

**Section 1. Annual Meeting.** An annual meeting shall be held once each calendar year for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting. The annual meeting shall be held at the time and place designated by the Board of Directors from time to time.

**Section 2. Special Meetings.** Special meetings maybe be requested by the President or the Board of Directors. A special meeting of members is not required to be held at a geographic location if the meeting is held by means of the internet of other electronic communications technology in a manner pursuant to which the members have the opportunity to read or hear the proceedings substantially concurrent with the occurrence of the proceedings, note on matters submitted to the members, pose questions, and make comments.

**Section 3. Notice.** Written notice of all meetings shall be provided under this section or as otherwise required by law. The Notice shall state the place, date, and hour of meeting, and if for a special meeting, the purpose of the meeting. Such notice shall be mailed or emailed to all

directors of record at the address or email address shown on the corporate books, at least 10 days prior to the meeting.

**Section 4. Place of Meeting.** Meetings shall be held at the organization's principal place of business unless otherwise stated in the notice. Unless the articles of incorporation or bylaws provide otherwise, the board of directors may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during this meeting. A director participating in a meeting by this means shall be deemed to be present in person at the meeting.

**Section 5. Quorum.** A majority of the directors shall constitute at quorum at a meeting. In the absence of a quorum, a majority of the directors may adjourn the meeting to another time without further notice. If a quorum is represented at an adjourned meeting, any business may be transacted that might have been transacted at the meeting as originally scheduled. The directors present at a meeting represented by a quorum may continue to transact business until adjournment, even if the withdrawal of some directors' results in representation of less than a quorum.

**Section 6. Informal Action.** Any action required to be taken, or which may be taken, at a meeting, may be taken without a meeting and without prior notice if a consent in writing, setting forth the action so taken, is signed by the directors with respect to the subject matter of the vote.

## **ARTICLE II DIRECTORS**

**Section 1. Number of Directors.** The organization shall be managed by a Board of Directors consisting of a minimum 7 director's and no more than 9 director(s).

**Section 2. Election and Term of Office.** The directors shall be elected at the annual meeting. Each director shall serve a term of 3 years and up to 3 consecutive terms or a total of 9 years year(s), or until a successor has been elected and qualified.

**Section 3. Qualifications.** A minimum of 2 of the governing board's membership shall be residents of low-income communities or representatives from low-income neighborhood organizations.

**Section 4. Quorum.** A majority of directors shall constitute a quorum.

**Section 5. Adverse Interest.** In the determination of a quorum of the directors, or in voting, the disclosed adverse interest of a director shall not disqualify the director or invalidate his or her vote.

**Section 6. Regular Meeting.** The Board of Directors shall meet immediately after the election for the purpose of electing its new officers, appointing new committee chairpersons and for

transacting such other business as may be deemed appropriate. The Board of Directors may provide, by resolution, for additional regular meetings without notice other than the notice provided by the resolution.

**Section 6. Special Meeting.** Special meetings may be requested by the President, Chairperson, Vice Chair, Secretary, or any two directors by providing five days' written notice by ordinary United States mail, effective when mailed. Minutes of the meeting shall be sent to the Board of Directors within two weeks after the meeting. A special meeting of members is not required to be held at a geographic location if the meeting is held by means of the internet or other electronic communications technology in a manner pursuant to which the members have the opportunity to read or hear the proceedings substantially concurrent with the occurrence of the proceedings, note on matters submitted to the members, pose questions, and make comments.

**Section 7. Procedures.** The vote of a majority of the directors present at a properly called meeting at which a quorum is present shall be the act of the Board of Directors, unless the vote of a greater number is required by law or by these by-laws for a particular resolution. A director of the organization who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless their dissent shall be entered in the minutes of the meeting. The Board shall keep written minutes of its proceedings in its permanent records.

**Section 8. Informal Action.** Any action required to be taken at a meeting of directors, or any action which may be taken at a meeting of directors or of a committee of directors, may be taken without a meeting if a consent in writing setting forth the action so taken, is signed by all of the directors or all of the members of the committee of directors, as the case may be.

**Section 9. Removal / Vacancies.** A director shall be subject to removal, with or without cause, at a meeting called for that purpose. Any vacancy that occurs on the Board of Directors, whether by death, resignation, removal or any other cause, may be filled by the remaining directors. A Director may be subject to removal after 3 consecutive absences. A director elected to fill a vacancy shall serve the remaining term of his or her predecessor, or until a successor has been elected and qualified.

**Section 10. Committees.** To the extent permitted by law, the Board of Directors may appoint from its members a committee or committees, temporary or permanent, and designate the duties, powers and authorities of such committees.

### ARTICLE III OFFICERS

**Section 1. Number of Officers.** The Board Officers of the organization shall include Chairperson, Vice-Chair, Treasurer, Secretary, and President. Two offices may not be held by one person. The Chairman may not concurrently serve as the Secretary or Treasurer. The Chairman may not serve concurrently as a Vice Chair. President cannot hold any other Office.

**Chairman/Chairwoman** shall preside at all meetings of the Board of Directors and its Executive Committee, if such a committee is created by the Board. He or She shall have other powers and duties as may be prescribed from time to time by the Board of Directors.

**Vice Chair.** The Vice Chair shall perform the duties of the Chairperson in the absence of the Chair and shall assist that office in the discharge of its leadership duties. He or She shall have other powers and duties as may be prescribed from time to time by the Board of Directors.

**President & CEO.** The President shall be the primary representative and Chief Executive Officer of the organization but primarily a non-voting role. President shall vote only in the event of a deadlock and only if no conflict of interest exists. S/he shall have general control and management of the affairs, property and business of the corporation, subject to the control of the Board of Directors and the provisions of these bylaws. S/he shall preside at all meetings where the Chairman or Chairwoman is absent. S/he may, if necessary, sign and execute in the name of the Corporation, deeds, assignments, mortgages, bonds, contracts, and other instruments duly authorized by the Board of Directors. S/he shall appoint the chairs of committees. S/he shall whenever necessary, prescribe the duties of officers and employees of this Corporation whose duties are otherwise not described not defined in these bylaws.

**Secretary.** The Secretary shall give notice of all meetings of the Board of Directors and Executive Committee, shall keep an accurate list of the directors, and shall have the authority to certify any records, or copies of records, as the official records of the organization. The Secretary shall maintain the minutes of the Board of Directors' meetings and all committee meetings.

**Treasurer.** The Treasurer shall have responsibility for the financial affairs of the corporation and is the liaison with the corporation's CFO. Treasurer will review and present with the CFO the financial affairs of the organization as directed and authorized by the Board of Directors and Executive Committee, if any, and shall make reports of corporate finances as required, but no less often than at each meeting of the Board of Directors and Executive Committee. The treasurer shall Chair the finance/audit committee if established by the Board and will oversee the receipt, maintenance, and deposits of the corporation as required and perform other duties as prescribed by the Board of Directors.

**Section 2. Election and Term of Office.** Except for the President, the remaining Board Officers shall be elected annually by the Board of Directors at the annual meeting of the Board of Directors, immediately following the annual meeting. Annual meeting shall take place in the month of October. Each officer shall serve a one-year term or until a successor has been elected and qualified.



**Section 3. Removal or Vacancy.** The Board of Directors shall have the power to remove an officer or agent of the organization. Any vacancy that occurs for any reason may be filled by the Board of Directors.

#### **ARTICLE IV CORPORATE SEAL, EXECUTION OF INSTRUMENTS**

The organization shall not have a corporate seal. All instruments that are executed on behalf of the organization which are acknowledged and which affect an interest in real estate shall be executed by the President or any Chair and the Secretary or Treasurer. All other instruments executed by the organization, including a release of mortgage or lien, may be executed by the President or any Chair. Notwithstanding the preceding provisions of this section, any written instrument may be executed by any officer(s) or agent(s) that are specifically designated by resolution of the Board of Directors.

#### **ARTICLE V AMENDMENT TO BYLAWS**

The bylaws may be amended, altered, or repealed by the Board of Directors by a majority of a quorum vote at any regular or special meeting. The text of the proposed change shall be distributed to all board members at least ten (10) days before the meeting.

#### **ARTICLE VI INDEMNIFICATION**

Any director or officer who is involved in litigation by reason of his or her position as a director or officer of this organization shall be indemnified and held harmless by the organization to the fullest extent authorized by law as it now exists or may subsequently be amended (but, in the case of any such amendment, only to the extent that such amendment permits the organization to provide broader indemnification rights).

#### **ARTICLE VII DISSOLUTION**

The organization may be dissolved only with authorization of its Board of Directors given at a special meeting called for that purpose, and with the subsequent approval by no less than two-thirds (2/3) vote of the members. In the event of the dissolution of the organization, the assets shall be applied and distributed as follows:

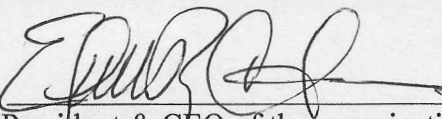
All liabilities and obligations shall be paid, satisfied and discharged, or adequate provision shall be made therefore. Assets not held upon a condition requiring return, transfer, or conveyance to any other organization or individual shall be distributed, transferred, or conveyed, in trust or

otherwise, to charitable and educational organization, organized under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, of a similar or like nature to this organization, as determined by the Board of Directors.

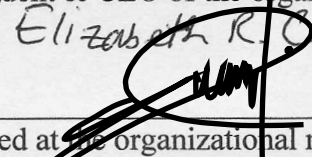
### Certification

CEO of the organization, President of Casa Familiar, and elected at the organizational meeting, Secretary of Casa Familiar certify that the foregoing is a true and correct copy of the bylaws of the above-named organization, duly adopted by the initial Board of Directors on October \_\_\_, 2020.

I certify that the foregoing is a true and correct copy of the updated bylaws of the above-named organization, duly adopted by the initial Board of Directors on October 30, 2020.

By:   
\_\_\_\_\_  
President & CEO of the organization

Date: 10/30/2020

By:   
\_\_\_\_\_  
elected at the organizational meeting, Secretary

Date: 10/30/20

<b>Adopted:</b>	<b>September 1, 1972</b>
<b>First Revision:</b>	<b>February 1, 1973</b>
<b>Second Revision:</b>	<b>September 24, 1973</b>
<b>Third Revision:</b>	<b>June 19, 1981</b>
<b>Fourth Revision:</b>	<b>October 23, 1992</b>
<b>Fifth Revision:</b>	<b>January 7, 1993</b>
<b>Sixth Revision:</b>	<b>April 9, 1997</b>
<b>Seventh Revision:</b>	<b>August 13, 1997</b>
<b>Eighth Revision:</b>	<b>July 10, 2002</b>

## **1. Applicant Experience Narrative**

Casa Familiar Inc. was established in 1973 and has provided vital advocacy, social services, education, affordable housing and the arts to San Ysidro for several decades. Casa Familiar's impact has included serving anywhere from 1,200 to 6,000 residents each year since at least 1975. It is a 501(c)(3), community-based organization dedicated to serving residents in South San Diego County, primarily in the small, historic community of San Ysidro. Originally established in 1968 under the name Trabajadores de la Raza, Casa has grown and expanded its efforts from solely serving Spanish-speaking clients in San Ysidro to providing services and programs to even more local residents. Casa Familiar is the leading service and community development organization in the community of San Ysidro, providing over 40 bilingual programs and services at six different sites in the community. Programs range from Civic Engagement to Health & Social Services, Arts & Culture to Education. As former Community Development Officer David Flores explains, "If done right, there's a huge potential for economic development that doesn't exist elsewhere." Nevertheless, for at least some of its history San Ysidro has struggled with issues of poverty, poor infrastructure and lack of services. Casa Familiar has been the primary organization helping to address the needs of the community by successfully fighting for better socio-economic and environmental conditions.

### **Villa Nueva Apartments:**

In 1969, Villa Nueva (New Town) opened as a 398-unit apartment complex built on 15- acres along Beyer Boulevard. The \$6 million project provided low-income housing to families who could receive up to 70 percent in rent supplements. Financed partly by the Department of Housing and Urban Development, the apartment complex housed approximately 2,000 people, including 1,200 young children and teenagers. The units included two-, three- and four-bedroom apartments. The facility also had a day care center for pre-school children, tutoring programs for school-age children, adult education programs and a teen center. Villa Nueva was built specifically to provide housing to families displaced by the construction of the I-805 freeway. As the previous property owner aged, managing the large complex became increasingly difficult, so they put the complex up for sale.

Steadfast Communities, a for-profit company, acquired the units, but they needed a nonprofit partner to qualify for tax credit financing. Although most nonprofits normally received a one percent profit from the partnership, in 2006 Casa Familiar negotiated to become a 40 percent owner in the Villa Nueva apartments. Steadfast Communities agreed. Today, the partnership brings the organization substantial revenue each year, which translates into an ever-expanding number of services.

### **Casitas de las Floresitas:**

In 2004, Casa Familiar purchased eight properties along Sellsway Street. In that year, rising housing costs were all over the news. Homes in San Ysidro were selling at an astronomical \$625,000 and local families struggled to make rent payments. Understanding the needs of the community, Casa collaborated with the San Ysidro Chamber of Commerce, the Business Association, and the developers of the Las Americas mall to come up with a "Pilot Village Application." This assessed the needs of the community as a whole,

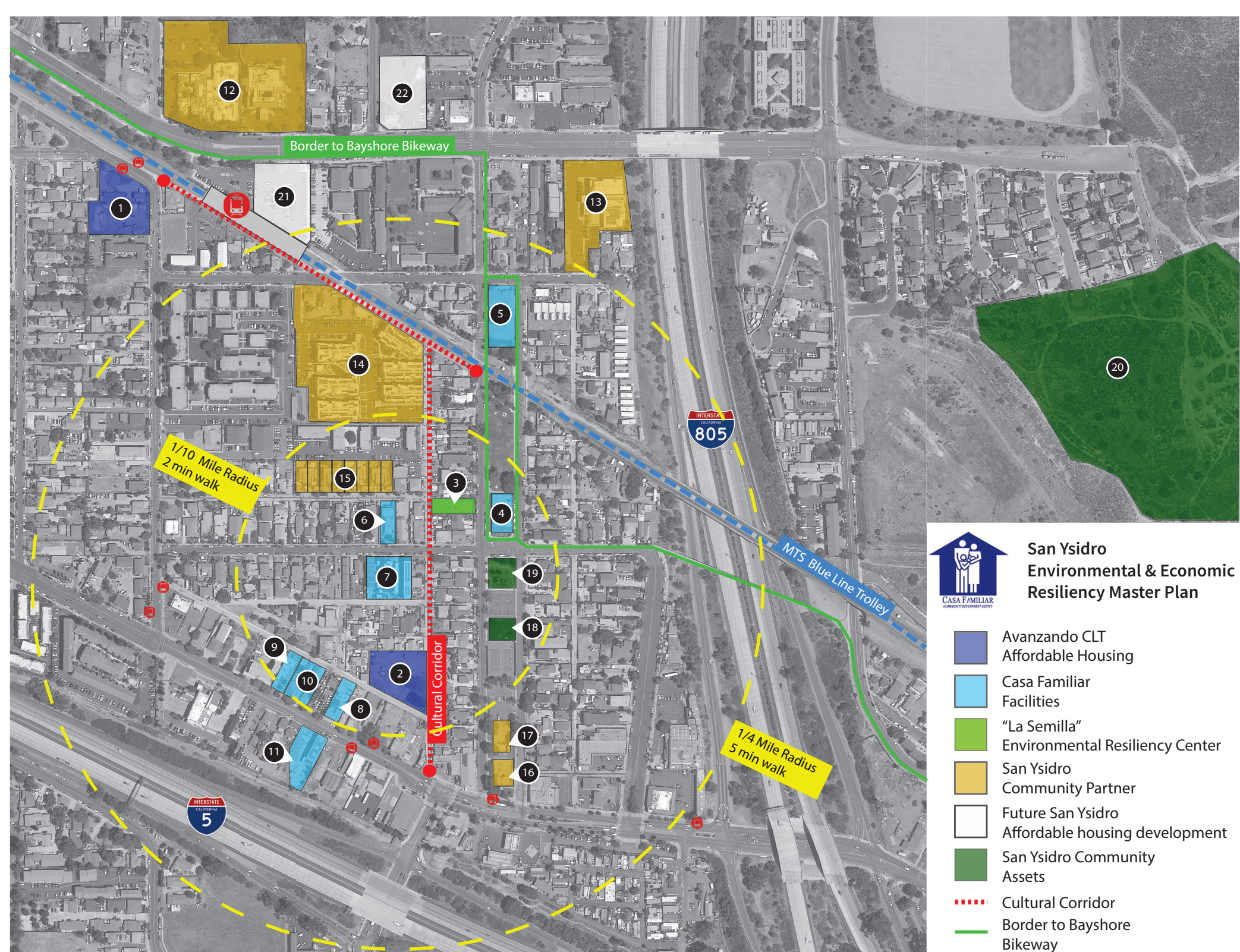
taking into account schools, pedestrian pathways and new development. The organization then applied for the City of San Diego Redevelopment Funds. Casa Familiar was awarded a subsidy of \$100,000 per unit to create eight new properties. The amount covered all the costs of infrastructure, since water and sewer lines needed to be built into the project and that fell upon the developer. Although Casa Familiar acquired the land, the buyers would receive outright homeownership once they purchased the homes. Each new property was about 1,300 square feet with three bedrooms, two bathrooms, a single car garage and a parking space. The total cost for each unit would have been \$375,000 after all the construction and development, but through the subsidies each buyer purchased their property for about \$265,000. The unique innovation for the Las Casita de las Floritas project was that it was classified as “infill development.”

### **Living Rooms:**

In February 2020, Casa Familiar proudly unveiled Livingrooms at the Border, a project which stemmed from the vision of our core values as a community-based organization. Livingrooms at the Border is a new construction development which was completed on schedule after two years of construction. This achievement was made possible through the use of New Market Tax Credits, a financing approach chosen due to the development's mixed-use program. As the lead developer, Casa Familiar took ownership and management of the 10 affordable unit apartments, along with the leased commercial spaces, including the transformation of a historic church, originally known as Our Lady of Mount Carmel, into a modern black box theater. These spaces now house an array of multi-benefit programs, including a community theater company, local artist studios, the University of California of San Diego community station, and an extension of Casa Familiar's immigration and youth workforce programs.

The project emerged from a robust community engagement process organized through community workshops. Casa Familiar designed a series of community dialogues and forums where community issues were presented and discussed to increase the community's awareness of existing social-economic policy, and to advocate for how the community's own patterns of informal development can in fact provide the basis for transforming housing policy.

Casa Familiar's vision extended beyond the development itself, as they joined forces with a multisectoral set of partners, including cultural and educational institutions to program the community space. Collaborations with *Teatro Máscara Mágica* and the UCSD Visual Arts Department infused the area with rich and diverse activities. With a total cost of \$9.3 million, Casa Familiar utilized property assets and sought financial support from tax credits and philanthropic donors to secure the necessary loans for the project.



**San Ysidro  
Environmental & Economic  
Resiliency Master Plan**

- Avanzando CLT Affordable Housing
- Casa Familiar Facilities
- "La Semilla" Environmental Resiliency Center
- San Ysidro Community Partner
- Future San Ysidro Affordable housing development
- San Ysidro Community Assets
- Cultural Corridor
- Border to Bayshore Bikeway

# San Ysidro Environmental & Economic Resiliency Master Plan

- 1 Avanzando CLT Affordable Housing Cottonwood Rd.  
63 anticipated units @30- 60% AMI
- 2 Avanzando CLT Affordable Housing Cypress Dr.  
40 anticipated units @ 30- 60% AMI
- 3 "La Semilla"  
Environmental Resiliency Center
- 4 Casa Familiar  
San Ysidro Civic Center
- 5 Casa Familiar  
San Ysidro Rec Center, Casa Community Programs
- 6 Casa Familiar  
Social Services, Immigration & legal Aid
- 7 Casa Familiar  
Livingrooms at the Border Housing & Community Center
- 8 Casa Familiar  
The Front Art Gallery
- 9 Casa Familiar  
Financial Opportunity Center, Environmental Justice
- 10 Casa Familiar  
155-159 Affordable Housing
- 11 Casa Familiar  
The NOLA Affordable Housing
- 12 San Ysidro Health
- 13 San Ysidro Library
- 14 Paseo la Paz Affordable Housing 80% AMI  
Community Partner
- 15 Casitas de las Florecitas  
Casa Familiar first for sale development of affordable for sale homes
- 16 San Ysidro  
Youth Center
- 17 San Ysidro  
Senior Center
- 18 San Ysidro Edible Garden  
Fallen Fruit art project
- 19 Los Niños  
Playground
- 20 Future  
Beyer Park
- 21 MTS/Affirmed Affordable Housing Development  
100 units 30-60% AMI - In Pre Construction
- 22 MAAC Project Senior Housing Development  
100 Affordable senior units - In Construction



119 West Hall Avenue  
San Ysidro, CA 92173  
619-428-1115  
[www.casafamiliar.org](http://www.casafamiliar.org)

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March 6, 2025

To: San Diego Housing Commission (SDHC)

From: Casa Familiar

Subject: Certificate of Insurance

Dear San Diego Housing Commission,

Casa Familiar is currently in the process of obtaining an updated copy of our Certificate of Insurance (COI), which we expect to have shortly.

In the meantime, we have included a copy of our policy from last year for your reference. Please let us know if you need any additional information.

Sincerely,

Clarise Webb  
Asset & Property Management Operations Officer  
Casa Familiar



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

11/08/2023

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).

<b>PRODUCER</b> All-Cal Insurance Agency 505 Vernon Street  Roseville CA 95678		<b>CONTACT NAME:</b> Kimberly Zatkulak <b>PHONE (A/C, No, Ext):</b> (916) 784-9070 <b>E-MAIL ADDRESS:</b> kimberly@all-calinsurance.com		<b>FAX (A/C, No):</b> (916) 784-0158	
		<b>INSURER(S) AFFORDING COVERAGE</b>			<b>NAIC #</b>
		<b>INSURER A:</b> Nonprofits Insurance Alliance of California			011845
		<b>INSURER B:</b> State Compensation Insurance Fund (SCIF)			35076
		<b>INSURER C:</b> Swiss Re Corporate Solutions America Insurance			29874
		<b>INSURER D:</b>			
		<b>INSURER E:</b>			
		<b>INSURER F:</b>			
<b>INSURED</b> Casa Familiar, Inc.; Living Rooms At Casa,dba: Living Rooms at Casa Living Rooms at the Border NMTC Investments LLC 119 W. Hall Avenue San Ysidro CA 92173					

**COVERAGES****CERTIFICATE NUMBER:** CL2310913349**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	<input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Improper Sexual Conduct \$1,000,000/\$3,000,000 GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input checked="" type="checkbox"/> OTHER: No Deductible	Y		2023-02129	06/30/2023	06/30/2024	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 500,000 MED EXP (Any one person) \$ 20,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ 3,000,000 Professional Liability \$ 1 Million / 3 Million
A	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			2023-02129	06/30/2023	06/30/2024	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> <b>UMBRELLA LIAB</b> <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$			2023-02129-UMB	06/30/2023	06/30/2024	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 Deductible \$ 0
B	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N Y	N/A	9017926-23	07/01/2023	07/01/2024	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Cyber Liability			C-4MA1-233102-CYBER-2023	10/20/2023	10/20/2024	Each Occurrence 1,000,000 Aggregate 2,000,000

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

CCP NMTC SUB-CDE XX, LLC is named additional insured per contract requirement. See the attached Form CG 20 26.

**CERTIFICATE HOLDER****CANCELLATION**

CCP NMTC SUB-CDE XX, LLC 8989 Rio San Diego Dr Ste 100  San Diego CA 92108	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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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## ADDITIONAL INSURED – DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### SCHEDULE

**Name Of Additional Insured Person(s) Or Organization(s):**

Any person or organization that you are required to add as an additional insured on this policy, under a written contract or agreement currently in effect, or becoming effective during the term of this policy. The additional insured status will not be afforded with respect to liability arising out of or related to your activities as a real estate manager for that person or organization.

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:
1. In the performance of your ongoing operations; or
  2. In connection with your premises owned by or rented to you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

- B. With respect to the insurance afforded to these additional insureds, the following is added to Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations; whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

ENDORSEMENT AGREEMENT



WAIVER OF SUBROGATION  
BLANKET BASIS

9017926-23  
RENEWAL  
NF  
5-59-70-80

HOME OFFICE  
SAN FRANCISCO

EFFECTIVE JULY 1, 2023 AT 12.01 A.M.  
AND EXPIRING JULY 1, 2024 AT 12.01 A.M.

PAGE 1 OF 1

ALL EFFECTIVE DATES ARE  
AT 12:01 AM PACIFIC  
STANDARD TIME OR THE  
TIME INDICATED AT  
PACIFIC STANDARD TIME

CASA FAMILIAR INC  
119 W HALL AVE  
SAN YSIDRO, CA 92173

WE HAVE THE RIGHT TO RECOVER OUR PAYMENTS FROM ANYONE  
LIABLE FOR AN INJURY COVERED BY THIS POLICY. WE WILL  
NOT ENFORCE OUR RIGHT AGAINST THE PERSON OR  
ORGANIZATION NAMED IN THE SCHEDULE.

THIS AGREEMENT APPLIES ONLY TO THE EXTENT THAT YOU  
PERFORM WORK UNDER A WRITTEN CONTRACT THAT REQUIRES YOU  
TO OBTAIN THIS AGREEMENT FROM US.

THE ADDITIONAL PREMIUM FOR THIS ENDORSEMENT SHALL BE  
2.00% OF THE TOTAL POLICY PREMIUM.

SCHEDULE

<u>PERSON OR ORGANIZATION</u>	<u>JOB DESCRIPTION</u>
ANY PERSON OR ORGANIZATION FOR WHOM THE NAMED INSURED HAS AGREED BY WRITTEN CONTRACT TO FURNISH THIS WAIVER	BLANKET WAIVER OF SUBROGATION

NOTHING IN THIS ENDORSEMENT CONTAINED SHALL BE HELD TO VARY, ALTER, WAIVE  
OR EXTEND ANY OF THE TERMS, CONDITIONS, AGREEMENTS, OR LIMITATIONS OF THIS  
POLICY OTHER THAN AS STATED. NOTHING ELSEWHERE IN THIS POLICY SHALL BE  
HELD TO VARY, ALTER, WAIVE OR LIMIT THE TERMS, CONDITIONS, AGREEMENTS OR  
LIMITATIONS OF THIS ENDORSEMENT.

COUNTERSIGNED AND ISSUED AT SAN FRANCISCO: JUNE 30, 2023

  
AUTHORIZED REPRESENTATIVE

  
PRESIDENT AND CEO

Casa Familiar, Inc.  
Audited Consolidated Financial Statements  
For the Year Ended June 30, 2024



**Presented by**  
Pinnacle Accounting & Financial Services  
**A Professional Corporation**

**CASA FAMILIAR, INC.,  
LIVING ROOMS AT CASA AND  
CASA FAMILIAR SUPPORT & ADVOCACY FOUNDATION  
Consolidated Financial Statements  
with Independent Auditors' Report  
For the Year Ended June 30, 2024**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>Independent Auditors' Report</b>	1-2
<b>Consolidated Financial Statements:</b>	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7-28
<b>Supplementary Information</b>	
Consolidated Schedule of Revenue and Expenses	29
Consolidating Schedule of Financial Position	30
Consolidating Schedule of Activities	31

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
**Casa Familiar, Inc., Living Rooms at Casa and Casa Familiar Support & Advocacy Foundation**  
**San Ysidro, California**

### **Opinion**

We have audited the accompanying consolidated financial statements of Casa Familiar, Inc. including Living Rooms at Casa and Casa Familiar Support & Advocacy Foundation (California nonprofit organizations, Collectively Casa Familiar, Inc), which comprises the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Casa Familiar, Inc. including Living Rooms at Casa and Casa Familiar Support & Advocacy Foundation as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Living Rooms at Casa, a wholly owned subsidiary, whose statements reflect total assets constituting 16% and 17%, respectively, of consolidated total assets at June 30, 2024 and 2023, and total revenues constituting 4% and 6%, respectively, of consolidated total revenues for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Living Rooms at Casa, is based solely on the report of the other auditors.

We did not audit the financial statements of Casa Familiar Support & Advocacy Foundation, a wholly owned subsidiary, whose statements reflect total assets constituting 9% and 0%, respectively, of consolidated total assets at June 30, 2024 and 2023, and total revenues constituting 59% and 0%, respectively, of consolidated total revenues for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Casa Familiar Support & Advocacy Foundation, is based solely on the report of the other auditors.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Casa Familiar, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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 the 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 the Casa Familiar, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## **Auditors' 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 auditors' 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 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 the Casa Familiar, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Casa Familiar, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited the consolidated financial statements of Casa Familiar, Inc. and subsidiaries as of and for the year ended June 30, 2023, and expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 16, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information shown on pages 28 through 30 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Pinnacle Accounting & Financial Services  
Sacramento, CA  
January 15, 2025

**Casa Familiar, Inc., and Subsidiaries**  
**Consolidated Statement of Financial Position**  
**June 30, 2024**  
**(With Comparative Information for June 30, 2023)**

	June 30, 2024	June 30, 2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash & cash equivalents	\$ 9,096,933	\$ 12,965,608
Restricted cash	706,359	481,518
Grants & contributions receivable	339,756	208,640
Housing partnership distributions & fees receivable	283,116	336,621
Rent, staff advances, and other receivable	278,873	208,544
Prepaid expenses & deposits	191,746	252,816
Deferred charges, net	14,192	14,673
Investment-Scholarship fund	150,344	137,944
Investment advocacy fund	522,243	583,160
Other investments	2,231,784	2,103,163
Top hat plan	6,160	7,363
Total Current Assets	13,821,506	17,300,050
<b>Noncurrent Assets</b>		
Board-designated endowment fund	1,739,732	1,593,740
Leverage loan receivable - living rooms	6,434,762	6,434,762
Leverage loan receivable - advocacy	4,944,100	-
Investments in housing partnerships	71,708	71,708
Net property & equipment used for operations	32,952,838	29,596,390
Net property under development	2,058,258	974,618
Total Noncurrent Assets	48,201,398	38,671,218
<b>ROU Asset</b>		
ROU asset, net of accumulated amortization	18,195	49,049
<b>TOTAL ASSETS</b>	<b>\$ 62,041,099</b>	<b>\$ 56,020,317</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 245,168	\$ 223,522
Grants payable	396,900	396,900
Payroll & related liabilities	167,174	107,825
Security deposits	118,430	93,712
Top hat plan liability	6,160	7,363
Accrued interest payable	918,950	849,967
Mortgages payable-casa owned properties, current portion	75,117	35,405
Source loan payable, current portion, net of debt issuance cost	-	120,000
Solar panel loan current portion	6,436	-
Finance lease liabilities, current portion	6,665	21,778
Total Current Liabilities	1,940,998	1,856,473
<b>Noncurrent Liabilities</b>		
Note payable for housing partnership interests	25,000	25,000
B-Quest bridge loan-la semilla	300,000	300,000
Mortgages payable- casa owned properties, non-current portion	8,828,547	7,031,079
NMTC loans payable, net of debt issuance cost - living rooms	8,699,472	8,676,631
NMTC loans payable, net of debt issuance cost - casa advocacy	6,451,457	-
Solar panel loan non-current portion	65,741	74,213
Source loan payable, non-current portion, net of debt issuance cost	-	2,764,253
Finance lease liabilities, non-current portion	12,198	18,864
Total Noncurrent Liabilities	24,382,415	18,890,039
<b>TOTAL LIABILITIES</b>	<b>26,323,413</b>	<b>20,746,513</b>
<b>NET ASSETS</b>		
<b>Without donor restrictions</b>		
Undesignated	30,938,270	30,027,845
Designated by the board for new program development	300,000	300,000
Designated by the board for endowment	1,739,732	1,593,740
<b>With donor restrictions</b>		
Purpose restrictions	2,739,683	3,352,219
<b>TOTAL NET ASSETS</b>	<b>35,717,685</b>	<b>35,273,804</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 62,041,099</b>	<b>\$ 56,020,317</b>

The accompanying notes are an integral part of these consolidated financial statements

**Casa Familiar, Inc., and Subsidiaries**  
**Consolidated Statement of Activities**  
**For the Year Ended June 30, 2024**  
**(With Comparative Information for the Year Ended June 30, 2023)**

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
<b>SUPPORT, REVENUE, &amp; GAINS:</b>				
Contributions of financial assets	\$ 3,897,970	\$ 428,826	\$ 4,326,796	\$ 5,537,073
Contributions of non-financial assets	279,405	-	279,405	279,405
Special event	203,359	-	203,359	109,837
Less: direct special event costs	(181,118)	-	(181,118)	(104,166)
Program service fees	395,113	-	395,113	313,749
Management fees	191,444	-	191,444	194,291
Rental revenue	1,712,764	-	1,712,764	1,410,618
Tenant assistance payments	54,612	-	54,612	45,986
Housing partnerships	1,186,090	-	1,186,090	1,101,500
Interest	759,969	-	759,969	477,700
Dividend income	7,075	-	7,075	-
Loss on investments	426,140	-	426,140	(444,061)
Other income	8,871	-	8,871	176
Satisfaction of program restrictions	1,041,362	(1,041,362)	-	-
Total support, revenue, & gains	<u>9,983,056</u>	<u>(612,536)</u>	<u>9,370,520</u>	<u>8,922,108</u>
<b>EXPENSES &amp; LOSSES:</b>				
<b>Program Services:</b>				
Housing	856,882	-	856,882	744,505
Senior group home	6,841	-	6,841	4,413
Casa services	4,429,772	-	4,429,772	3,449,578
Arts division	94,932	-	94,932	60,773
Advocacy	47,662	-	47,662	13,725
National city properties	253,151	-	253,151	262,736
Living rooms at casa	772,812	-	772,812	746,433
Casa familiar support & advocacy foundation	12,798	-	12,798	-
<b>Supporting services:</b>				
Management & general	2,449,951	-	2,449,951	2,113,745
Fund-raising	1,838	-	1,838	5,629
Total expenses	<u>8,926,639</u>	<u>-</u>	<u>8,926,639</u>	<u>7,401,536</u>
Change in net assets	1,056,417	(612,536)	443,881	1,520,572
Net assets at beginning of year	31,351,585	3,922,219	35,273,804	33,753,232
Net assets at end of year	<u>\$ 32,408,002</u>	<u>\$ 3,309,683</u>	<u>\$ 35,717,684</u>	<u>\$ 35,273,804</u>

The accompanying notes are an integral part of these consolidated financial statements



**Casa Familiar, Inc., and Subsidiaries**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2024**  
**(With Summarized Comparative Information for the Year Ended June 30, 2023)**

	PROGRAM SERVICES								SUPPORTING SERVICES			2024 Total	2023 Total
	Senior				National				Total Programs	Management and General	Fund- Raising		
	Housing	Group Home	Casa Services	Arts Division	Advocacy	City Properties	Living Rooms at Casa	Casa Familiar Support & Advocacy Foundation					
Payroll & related expenses													
Salaries & wages	\$ 14,415	\$ -	\$ 2,928,599	\$ -	\$ 2,660	\$ -	\$ -	\$ -	\$ 2,945,674	\$ 976,200	\$ -	\$ 3,921,874	\$ 3,185,976
Payroll taxes	-	-	231,571	-	-	-	-	-	231,571	77,190	-	308,761	243,311
Employee benefits	2,960	-	309,410	-	5,431	-	-	-	317,801	103,137	-	420,938	505,756
Total payroll & related expenses	<u>17,375</u>	<u>-</u>	<u>3,469,580</u>	<u>-</u>	<u>8,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,495,046</u>	<u>1,156,527</u>	<u>-</u>	<u>4,651,573</u>	<u>3,935,043</u>
Operating expenses													
Contract services	26,537	-	-	-	-	330	2,408	-	29,275	359,359	-	388,634	285,934
Subscriptions, filing, loan fees	3,089	-	-	153	-	1,050	66,671	12,798	83,761	92,641	1,698	178,100	129,751
Utilities	88,653	1,997	-	4,913	-	25,268	35,384	-	156,215	22,948	-	179,163	157,557
Equipment & supplies	7,926	24	87,038	4,614	1,770	336	-	-	101,708	89,524	-	191,232	164,623
Telephone, cable, internet	4,359	-	-	-	632	-	113	-	5,104	50,953	-	56,057	44,849
Postage & printing	187	-	-	97	-	-	13	-	297	9,069	-	9,366	6,427
Program	5,077	-	636,975	47,766	37,145	-	-	-	726,963	-	-	726,963	288,468
Property taxes	129,723	-	-	29	-	8,736	648	-	139,136	3,103	-	142,239	164,285
Management fees	8,525	-	-	-	-	10,800	-	-	19,325	-	-	19,325	19,325
Repairs & maintenance	56,043	4,820	-	1,367	-	9,977	10,912	-	83,119	28,323	-	111,442	115,957
Insurance	-	-	-	-	-	-	-	-	-	95,929	-	95,929	110,083
Interest	396,087	-	-	-	-	104,629	353,246	-	853,962	83,287	-	937,249	815,481
Events	-	-	4,774	33,513	-	-	-	-	38,287	-	-	38,287	29,942
Depreciation	43,260	-	-	-	-	88,849	292,195	-	424,303	335,281	-	759,584	676,209
Conferences & meetings	441	-	-	-	-	-	-	-	441	30,742	-	31,183	29,391
Miscellaneous	10,919	-	-	1,348	-	2,750	11,223	-	26,240	57,344	-	83,584	54,956
Mileage, travel, & vehicle expenses	10,683	-	-	1,131	24	426	-	-	12,264	34,922	140	47,326	43,569
Donations from Casa	-	-	-	-	-	-	-	-	-	-	-	-	50,280
Donated facilities	48,000	-	231,405	-	-	-	-	-	279,405	-	-	279,405	279,405
Total operating expenses	<u>839,507</u>	<u>6,841</u>	<u>960,193</u>	<u>94,932</u>	<u>39,571</u>	<u>253,151</u>	<u>772,812</u>	<u>12,798</u>	<u>2,979,805</u>	<u>1,293,425</u>	<u>1,838</u>	<u>4,275,068</u>	<u>3,466,493</u>
Total expenses by function	<u>856,882</u>	<u>6,841</u>	<u>4,429,772</u>	<u>94,932</u>	<u>47,662</u>	<u>253,151</u>	<u>772,812</u>	<u>12,798</u>	<u>6,474,851</u>	<u>2,449,952</u>	<u>1,838</u>	<u>8,926,639</u>	<u>7,401,535</u>
Total expenses included in the expense section in the statement of activities	<u>\$ 856,882</u>	<u>\$ 6,841</u>	<u>\$ 4,429,772</u>	<u>\$ 94,932</u>	<u>\$ 47,662</u>	<u>\$ 253,151</u>	<u>\$ 772,812</u>	<u>\$ 12,798</u>	<u>\$ 6,474,851</u>	<u>\$ 2,449,952</u>	<u>\$ 1,838</u>	<u>\$ 8,926,639</u>	<u>\$ 7,401,535</u>

The accompanying notes are an integral part of these consolidated financial statements

**Casa Familiar, Inc., and Subsidiaries**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended June 30, 2024**  
**(With Comparative Information for the Year Ended June 30, 2024)**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 443,881	\$ 1,520,572
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized & unrealized (gains)/losses on investments	426,140	(444,061)
Depreciation	746,831	651,682
Amortization	12,753	24,527
Non-financial assets	(231,405)	(279,405)
(Increase) Decrease in:		
Grants, contributions, partnership fees & other receivable	(147,940)	202,648
Leverage loan receivable	(4,944,100)	-
Prepaid expenses & deposits	61,070	(101,913)
Deferred charges, net	481	-
Top hat plan asset	1,203	(493)
Increase (Decrease) in:		
Accounts payable	21,646	68,172
Payroll & related liabilities	59,348	38,182
Accrued interest payable	68,983	24,687
Security deposits	24,717	4,809
Top hat plan liability	(1,203)	493
Net cash provided by operating activities	<u>(3,457,596)</u>	<u>1,709,898</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property & equipment	(5,186,918)	(1,575,653)
Purchase of investments - fidelity	(359,123)	(1,823,758)
Sale/(Purchase) of investments at the san diego foundation	-	6,702,065
Net cash used by investing activities	<u>(5,546,041)</u>	<u>3,302,654</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayments on loans	(2,907,128)	(158,794)
Proceeds from loans	8,332,317	300,000
Net cash on lease liability	(65,386)	(31,361)
Net cash provided/(used) by financing activities	<u>5,359,803</u>	<u>109,845</u>
Net increase (decrease) in cash, cash equivalents & restricted cash	(3,643,834)	5,122,397
Cash, cash equivalents, & restricted cash at beginning of year	<u>13,447,126</u>	<u>8,324,729</u>
Cash, cash equivalents, & restricted cash at end of year	<u>\$ 9,803,292</u>	<u>\$ 13,447,126</u>
Cash & cash equivalents	\$ 9,096,933	\$ 12,965,608
Restricted cash	<u>706,359</u>	<u>481,518</u>
Total cash, cash equivalents, & restricted cash	<u>\$ 9,803,292</u>	<u>\$ 13,447,126</u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURE</b>		
Cash paid for interest expensed	<u>\$ 937,249</u>	<u>\$ 815,481</u>

The accompanying notes are an integral part of these consolidated financial statements

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 1. Organization**

Casa Familiar, Inc. (Casa) is a nonprofit public benefit corporation organized in 1973 under the laws of the State of California. Casa provides community services through various programs including social services, counseling services, youth services, fitness center for the public, a computer center providing training in computer usage applications and job training for students and job seekers, and affordable housing in San Ysidro, National City, and Chula Vista. Casa is supported primarily by affordable housing related income, grants and contributions, service fees, and housing partnerships income.

Casa operates at the following locations:

- Senior Group Home and Social Services Center located at 119-121 West Hall Avenue in San Ysidro.
- Two recreation facilities under lease from the City of San Diego at 212 West Park Avenue and 268 East Park Avenue in San Ysidro.
- Teen Center at 3604 Beyer Boulevard in San Ysidro.
- A building, The Front, at 145-149 West San Ysidro Boulevard in San Ysidro which includes art gallery, meetings and events space, and two apartment rental units.
- A building at 249 Willow Road in San Ysidro sublet to Episcopal Community Services for childcare programs, including daycare and two apartment units used for transitional housing rent free.
- Administrative offices, computer lab, social services, preschool and daycare in Villa Nueva Apartment building at 1901 Del Sur Boulevard in San Ysidro.
- Two apartment buildings at 1111 D Street and 1101-1119 E Street in National City with seventeen affordable units and one manager's unit operated as low and very low-income housing.
- An apartment building at 304 East 5th Street in National City with nine affordable units and one manager's unit operated as low and very low-income housing.
- Project under development at 125 Cypress Avenue in San Ysidro.
- Undeveloped land at 151 W San Ysidro Boulevard.
- Project under development at 119 W Hall Avenue.
- Project under development at 317 Cottonwood Road in San Ysidro.
- Project under development at 213 W. Park Avenue in San Ysidro
- Apartments and single-family homes for rent at 155-159 San Ysidro Boulevard in San Ysidro operated as low and very low-income housing.
- Apartments and housing for rent at: A) 120 Madison Avenue in Chula Vista, B) 210-240 S Vista Ave in San Ysidro, C) 1802 E 12th Street in National City, D) 148-152 W San Ysidro Boulevard in San Ysidro and E) 1019 – 1049 E Avenue in National City operated as low and very low-income housing
- Commercial space for lease at 161 W San Ysidro Boulevard in San Ysidro and Casa Familiar FOC (financial opportunity center, Property Management and EJ (environmental Justice) offices.

In April 2018, Casa formed Living Rooms at Casa (Living Rooms), a California nonprofit public benefit corporation, to build a project including ten units of affordable housing, a theatre, a renovated historic church, an open-air pavilion, and accessory buildings including a space for social services office and shops. The project was constructed on the land acquired by Casa in 2000 at 114-122 West Hall Avenue in San Ysidro. Construction was completed in January 2020 and the project is entirely leased to Casa (see Note 26).

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 1. Organization (continued)**

On November 9, 2023, Casa Familiar formed Casa Familiar Support & Advocacy Foundation as a supporting organization. The Foundation operates to promote the charitable purposes of its Sponsor, Casa Familiar, by providing services such as family, youth, housing, and social services. Its activities include fundraising, donations processing, marketing, and advocacy, as well as facilitating New Markets Tax Credit or other financings for the benefit of the Sponsor.

**Note 2. Summary of Significant Accounting Policies**

*Basis of consolidation:* As required by accounting guidance on reporting of related entities, Casa has consolidated both Living Rooms and Advocacy Foundation as a result of Casa's financial interest and control over the two entities. All significant interorganizational balances and transactions have been eliminated in consolidation.

*Basis of Accounting:* The consolidated financial statements have been prepared on the accrual basis of accounting. Essentially, all revenue is recognized when earned and expenses are recognized when incurred.

*Net Assets:* 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 therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor restrictions. These generally result from contributions without donor restrictions and program service revenue less expenses incurred in providing program services and performing fundraising and administrative functions. Casa's Board of Directors designated, from net assets without donor restrictions, net assets for new program development and board-designated endowment.

*Net Assets with Donor Restrictions* - Net assets subject to donor-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 those 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.

*Contributions of financial assets:* Contributions are recognized when the donor makes a promise to give that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. 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.

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 2. Summary of Significant Accounting Policies (continued)**

Cash and Cash Equivalents: Cash and cash equivalents consist of cash and highly liquid investments with an initial maturity of three months or less. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the consolidated statement of cash flows. Cash restricted for construction projects, endowments that are perpetual in nature, and cash reserves required by loan agreements are excluded from this definition.

Grants and contributions receivable: Grants and contributions receivable are recorded at net realizable value consisting of the carrying amount less an allowance for uncollectible. The allowance, if any, is established based on factors such as historical experience and the age of the account balances. Grants and contributions receivable as of June 30, 2024, are fully collectible, therefore, no allowance for uncollectible accounts have been recorded.

Deferred lease charges: Deferred lease charges are amortized over the expected lease period of 136 months of the Master Lease, using straight line method. As of June 30, 2024, deferred charges of \$14,192 were recorded.

Property and Equipment: All acquisitions of property and equipment in excess of \$2,000 are capitalized. Maintenance and repairs are expensed. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally five to seven years for furniture and equipment and forty years for buildings and building improvements.

Debt issuance costs: Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the debt to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Impairment of Long-lived Assets: Investments in long-lived assets, including projects under development, are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows from the use or disposition of an asset are less than the carrying value, a write-down is recorded to reduce the asset to its estimated fair value.

Contributions of non-financial Assets: The estimated fair value of donated goods and services is recorded in the financial statements. The donated goods are recorded at fair value. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Casa and subsidiaries. Volunteers provide services throughout the year that are not recognized as contributions since the recognition criteria were not met.

Comparative Financial Information: The financial statements include certain prior year summarized comparative information of Casa in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, it should be read in conjunction with Casa's and Living Rooms' financial statements for the year ended June 30, 2023, from which the summarized information was derived.

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 2. Summary of Significant Accounting Policies (continued)**

*Use of Estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Functional Allocation of Expenses:* The costs of providing various services and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Leases:* Casa determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the balance sheet. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. Casa does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

*Recently Adopted Accounting Guidance:* During the 2023 fiscal year Casa adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. Casa has elected not to restate the comparative period (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. At July 1, 2022 as a result of implementing ASU No. 2016-02, Casa recognized right-of-use assets of \$130,482 and lease liabilities totaling \$130,482.

During the 2023 fiscal year Casa adopted Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

**Note 3. Income Taxes**

Casa and Living Rooms are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California State Revenue and Taxation Code. Casa and subsidiaries may be subject to tax on income which is not related to their exempt purposes. No such unrelated business taxable income was reported for the year ended June 30, 2024.

Tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and a period of four years for California taxing authorities.

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 4. Restricted Cash**

Loan agreements between Casa and the Community Development Commission of National City require Casa to deposit funds into separate reserve accounts for the properties financed (See Note 16). Lender reserve accounts are required by the lenders (See Notes 18 and 19). Living Rooms' restricted cash also includes a construction disbursement account established for construction and reimbursements to lenders for asset management fees and administrative expenses.

Under the loan agreement with CCP NMTC SUB-CDE XXIV, LLC, Casa is required to maintain a separate pledge account. This account is designated specifically to hold funds for the payment of certain fees and expenses as detailed in the agreement.

As of June 30, 2024, restricted cash is as follows:

	<u>Casa</u>	<u>Living Rooms</u>	<u>Total</u>
Reserves-National City properties	\$ 156,737	\$ -	\$ 156,737
Lender reserve account	155,150	83,225	238,375
Pledge Fee Reserve	311,244		
Construction disbursement account	-	3	3
	<u>\$ 623,131</u>	<u>\$ 83,228</u>	<u>\$ 706,359</u>

**Note 5. Liquidity and Availability of Financial Assets**

Casa's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 9,096,933
Grants and contributions receivable	339,756
Partnership distributions and fees receivable	283,116
Rent and staff advances receivable	278,873
Investments	<u>2,904,371</u>
	12,903,049
Funds subject to donor-imposed restrictions	(1,739,732)
Board-designated funds	<u>(300,000)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 10,863,317</u>

Casa receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. Casa must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year.

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 5. Liquidity and Availability of Financial Assets (continued)**

As part of Casa's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of June 30, 2024, Casa's Board of Directors designated \$300,000 for new program development, but the funds remain available and may be spent at the discretion of the Board.

As of June 30, 2024, Living Rooms does not have any financial assets that are available to meet general operating expenditures over the next twelve months because all financial assets were used to develop the project. Living Rooms' goal is generally to maintain financial assets to meet 90 days of operating expenses, in addition to funds committed to be used for the construction and development of the Property. Living Rooms does not expect to have unrestricted cash balances beyond this amount. Unrestricted cash balances as of June 30, 2024, are \$1,128.

**Note 6. Concentrations of Credit Risk**

Casa maintains its cash balances in six financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the year there were balances in the bank over the FDIC limit. As of June 30, 2024, the uninsured cash balance was \$8,308,435.

Living Rooms maintains its cash balances in two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2024, all cash balances were insured.

Casa Familiar Support & Advocacy Foundation maintains its cash balances at one financial institution which is insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2024, the cash balance was fully insured.

As of June 30, 2024, 90% or \$339,756 of Casa's housing partnership distributions receivable is receivable from one partnership. The balance was collected in full after year end. Casa receives a significant portion of its revenues from government grants and contributions. Revenues from such sources comprised approximately 66% of total revenue and support during the year ended June 30, 2024.

**Note 7. Fair Value Measurements**

Casa and Subsidiaries measure fair value at the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Authoritative guidance establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values, requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets.

Level 2: Unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Significant unobservable inputs for the asset or liability. In these situations, Casa and subsidiaries develop inputs using the best information available in the circumstances.



**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 7. Fair Value Measurements (continued)**

Casa's investment in the Scholarship fund at The San Diego Foundation (See Note 8), Fidelity Investments (See Note 9) and Top Hat Plan assets (See Note 23) are classified within Level 1 because they comprise funds with readily determinable fair values based on daily redemption values. The fair value of endowment funds held by The San Diego Foundation (See Note 13) is determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of investments as reported by The San Diego Foundation and is considered to be Level 2.

Fair values of assets measured on a recurring basis as of June 30, 2024, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment in scholarship fund	\$ 150,344	\$ 150,344	\$ -	\$ -
Investment fidelity	2,754,027	2,754,027	-	-
Top hat plan assets	6,160	6,160	-	-
Community foundation funds	1,739,732	-	1,739,732	-
Total	<u>\$ 4,650,263</u>	<u>\$ 2,910,531</u>	<u>\$ 1,739,732</u>	<u>\$ -</u>

Certain assets are measured at fair value on a non-recurring basis. These assets are investments in unconsolidated partnerships measured at acquisition cost. These valuations represent Level 3 fair value measurements due to significant unobservable inputs.

Fair values of assets measured on a nonrecurring basis as of June 30, 2024, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment in housing partnerships	\$ 71,708	\$ -	\$ -	\$ 71,708
Total	<u>\$ 71,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,708</u>

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 71,708	\$ 71,708
Contributions	-	-
Unrealized gain (loss)	-	-
Balance at end of year	<u>\$ 71,708</u>	<u>\$ 71,708</u>

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 8. Investments at The San Diego Foundation**

Casa established a Scholarship Fund at The San Diego Foundation in accordance with a February 1, 2021, agreement. The assets in the amount of \$150,000 are invested in global equity and short-term fixed income securities. Distributions of earnings and principal are made upon Casa's request. The balance of the Fund as of June 30, 2024, including gains on investment activity is \$150,344.

Casa established an Advocacy Fund at The San Diego Foundation in accordance with a February 1, 2021, agreement. The assets in the amount of \$640,364 are invested in global equity and short-term fixed income securities. In accordance with the donation agreement with Casa Familiar Support & Advocacy Foundation, Casa transferred the Advocacy Fund to the Foundation. The balance of the Fund as of June 30, 2024, including gains on investment activity is \$522,243.

**Note 9. Investment at Fidelity Investments**

Casa opened an investment at Fidelity Investments with the purpose of investing funds in global equity markets and short-term fixed income securities. The balance of the Investment as of June 30, 2024, including losses on investments activity is \$2,231,784.

**Note 10. Investment in Unconsolidated Housing Partnerships**

At June 30, 2022, Casa has partnership agreements with six different limited housing partnerships. All six partnership agreements shall continue in full force and effect in accordance with the agreements. In the case of five partnerships, Casa has acquired a partnership interest as a "donation" without making any payment for the acquisition. For the remaining one partnership, Casa issued a note payable to the partners in the amount of \$25,000, equal to the value of the partnership interest obtained as consideration for the investment. The investments were recorded at fair value at the time of acquisition.

In the case of one partnership, Casa entered into a verbal agreement at inception of the partnership to serve as the partnership's contact point with the San Ysidro community, for which the partnership would build and give to Casa a childcare center built to existing State Regulations, for Casa's use or as a sublet leasehold to another group and that the apartment residents would get some priority in terms of use of this facility. The verbal agreement allowed Casa to conduct a transitional housing project on the property, contributed rent-free two apartments of at least two bedrooms per unit, and should Casa acquire further monies to expand the transitional housing project the partnership would rent them to Casa at a reduced rate. Donated rent in the amount of \$48,000 has been recognized on the statement of activities for the donated center and rent-free units.

Casa acts as a managing General Partner for each of the partnerships. According to the partnership agreements, Casa, as a managing General Partner, is not liable for any debts, obligations, or negative cash flows of the partnerships. Casa is also not liable in any way in the event of a judicial foreclosure, and the Administrative General Partners agree to indemnify and hold the managing General Partner harmless from any such claims and/or liabilities. However, it is not certain whether Casa, under the provisions of California General Partnership Law, can be exempted from any partnership liabilities as set forth in the partnership agreements.

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 10. Investment in Unconsolidated Housing Partnerships (continued)**

Casa received the following fees from the partnerships for the year ended June 30, 2024:

Partnership distributions	\$	1,257,422
Management fees		172,119
Resident services fees		183,977
Total	\$	<u><u>1,613,518</u></u>

**Note 11. Property and Equipment**

Property and equipment consist of the following at June 30, 2024:

	Casa	Living Rooms	Casa Familiar Support & Advocacy Foundation	Total
Property and equipment used for operations				
Land	\$ 15,121,884	\$ 570,000	\$ -	\$ 15,691,884
Building and improvements	12,196,729	8,952,389	-	21,149,118
Furniture and equipment	494,362	203,542	-	697,904
Less: Accumulated depreciation	<u>(3,375,710)</u>	<u>(1,300,556)</u>	-	<u>(4,676,266)</u>
Net property and equipment used for operations	<u>24,437,265</u>	<u>8,425,375</u>	-	<u>32,862,640</u>
Property under development				
Land-125 Cypress Avenue	90,198	-	-	90,198
Predevelopment costs-125 Cypress Avenue	1,259,106	-	-	1,259,106
Predevelopment costs-213 W. Park Avenue	479,861	-	-	479,861
Predevelopment costs-119 W. Hall Avenue	<u>319,291</u>	<u>-</u>	<u>-</u>	<u>319,291</u>
Net property under development	<u>2,148,456</u>	<u>-</u>	<u>-</u>	<u>2,148,456</u>
Total property and equipment	<u>\$ 26,585,721</u>	<u>\$ 8,425,375</u>	<u>\$ -</u>	<u>\$ 35,011,096</u>

**Note 12. Project under Development**

In 2000, Casa acquired a property at 125 Cypress Avenue in San Ysidro with the intention to construct an affordable housing project, “Los Abuelitos”, for grandparents whose grandchildren are under their full custody. Predevelopment costs, including architectural design, consulting and engineering fees have been capitalized as construction in progress.

In 2018, a decision was made to significantly alter the original plan. In accordance with the new plan, Casa would build an affordable housing project under the community land trust model. An impaired asset write-down to the estimated fair value of predevelopment costs was recorded. As of June 30, 2024, the fair market value of predevelopment costs is estimated to be \$1,259,106.

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 12. Project under Development (continued)**

In 2021, Casa acquired a property at 213 E. Park Avenue in San Ysidro with the intention to construct a multi-purpose community space, including space for cultural activities, meeting spaces, a community bike shop, and a parking lot with chargers for electric cars. Predevelopment costs of \$479,861, including architectural design, and consulting fees have been capitalized as construction in progress.

In 2023, Casa began remodeling a 1,299 SF ground floor unit at 119 W Hall Avenue into an accessory dwelling unit. The project includes interior upgrades and some exterior improvements, with no new site changes. Predevelopment costs of \$319,291 have been capitalized as construction in progress.

**Note 13. Board-Designated Endowment Fund at The San Diego Foundation**

Casa's Board of Directors established an Endowment Fund (the Fund) to provide annual funding for specific activities and general operations. Casa irrevocably transferred \$1,000,000 to The San Diego Foundation (TSDF) in accordance with a June 18, 2019, agreement. In accordance with the agreement, TSDF has all powers to carry out the purposes of the Fund, including the power to retain, invest, and reinvest the Fund in any manner within the "prudent person" standard and the power to commingle the assets of the Fund with those of other funds for investment purposes, subject however, to the requirements of Sections 5231 and 5240 of the California Corporations Code.

Distributions from the Fund may be made from income and realized and unrealized net appreciation as determined by the Board of Governors of TSDF. Earnings on investment activity in the amount of \$739,732 have been reinvested. The balance of the Fund at June 30, 2024 is \$1,739,732.

**Note 14. Lease Commitments**

Casa evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent Casa's right to use underlying assets for the lease term, and the lease liabilities represent Casa's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from finance leases, were calculated based on the present value of future lease payments over the lease terms. The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2024, was 2.8% for the Casa's equipment leases.

Casa leases office equipment under finance leases expiring in various years through 2028. Cash paid for financing leases for the year ended June 30, 2024, was \$21,773. There were no noncash investing and financing transactions related to leasing.

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 14. Lease Commitments (continued)**

Minimum future lease payments under capital leases as of June 30, 2024, are as follows:

30-Jun	Total
2025	\$ 6,665
2026	7,104
2027	5,833
Total Lease Payments	19,602
Less: Present Value Discount	(739)
Total Lease Obligations	\$ 18,863

**Note 15. Revolving Credit Facilities**

Casa has a line of credit agreement with Citibank. The credit limit in accordance with the agreement is \$100,000. The interest rate was the prime rate as published in The Wall Street Journal plus 4.75%. There were no borrowings during the year ended June 30, 2023. Casa additionally has a line of credit agreement with BBVA USA. The credit limit in accordance with the agreement is \$100,000. The interest rate on the line of credit is 5.75%. There were no borrowings during the year ended June 30, 2024.

**Note 16. Casa Owned Properties Promissory Notes**

The promissory notes for the properties Casa own are as follows:

**145-149 W. San Ysidro Blvd., San Ysidro:** art gallery, events space, and two apartment rental units. The property is financed with a loan as follows:

Loan a) \$590,914 from Western Alliance Bank obtained in July 2015 to pay off two loans from Western Alliance Bank. The monthly payments of principal and interest of \$3,092 calculated based on a variable interest rate of 4.5% and principal amortization over 30 years are due beginning September 4, 2015 through August 4, 2020. On August 4, 2020 the interest rate may be adjusted. The adjusted monthly payments would be due through August 4, 2025, at which time the entire amount of outstanding principal and interest would be due. The principal balance as of June 30, 2024 is \$438,477.

**1111 D Street and 1101-1119 E Street, National City:** seventeen affordable units and one manager's unit operate as low and very low-income housing for fifty-five years. Casa charges the project \$900 per month for management services, which is reported as the project's management fee expense and Casa's management fee revenue. A portion of Casa's payroll, office, and other expenses related to the project's operations is charged to the project. Casa is required to set aside replacement reserves of \$7,650 annually, subject to the revision upward by CDC. The reserves should be maintained in a separate account and disbursements may be made only after the written consent of CDC. The funds have been transferred as required. The property is financed with the loans as follows:

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 16. Casa Owned Properties Promissory Notes (continued)**

Loan b) \$1,016,000 from Healy Family Trust, the seller of the property, obtained in 2008. The note is secured by the real property and is payable to Wells Fargo bank at an interest rate of 5.50% per annum for the term of forty years. The principal balance as of June 30, 2023, is \$925,242.

Loan c) \$669,653 from the Community Development Commission of National City (CDC Permanent loan), secured by the real property. Permanent Financing Loan Agreement (Agreement) was signed on November 9, 2009. The note bears interest at 3%. Annually, on November 15<sup>th</sup>, Casa should calculate its residual receipts for the immediately previous fiscal year and pay to the CDC 19% of such residual receipts. The remaining unpaid principal and accrued interest are due in fifty-five years. No residual receipts were applied in the current fiscal year. The balances of principal and accrued interest as of June 30, 2024, are \$669,653 and \$271,431 accordingly.

Loan d) \$1,110,347 from CDC (HUD Home loan), signed in 2009, secured by the real property. In accordance with the Agreement, the note bears interest at 3% simple interest per annum. Annually, on November 15, Casa should calculate its residual receipts for the immediately previous fiscal year and pay to the CDC 31% of such residual receipts. The remaining unpaid principal and accrued interest are due in fifty-five years. No residual receipts were applied in the current fiscal year. The balances of principal and interest as of June 30, 2024, are \$1,110,347 and \$450,057 accordingly.

**304 East 5<sup>th</sup> Street, National City:** nine affordable units and one manager's unit operate as low and very low-income housing for fifty-five years. Casa charges the project management fee of \$710 monthly which is reported as the project's management fee expense and Casa's management fee revenue. Also, a portion of Casa's payroll, office, and other expenses related to the project's operations is charged to the project. Casa is required to set aside replacement reserves of \$4,250 annually, subject to the revision upward by CDC. The reserves should be maintained in a separate account and disbursements may be made only after the written consent of CDC. The funds have been transferred as required. The property is financed with the loans as follows:

Loan e) \$835,000 from CDC, signed in October 2009. This is a HUD HOME program loan. In accordance with the Acquisition, Rehabilitation and Permanent Financing Loan Agreement the promissory note bears interest at 2% simple interest per annum. According to the Agreement, annually, on November 15, Casa should calculate its residual receipts for the immediately previous fiscal year and pay CDC 33% of residual receipts toward the loan principal. No residual receipts were applied in the current fiscal year. The remaining unpaid principal and accrued interest are due in fifty-five years. The balances of principal and accrued interest at June 30, 2024 are \$835,000 and \$187,072 accordingly.

Loan f) \$654,086 from Western Alliance Bank obtained in July 2015. The monthly payments of principal and interest of \$3,340 calculated based on a variable interest rate of 4.5% and principal amortization over 30 years are due beginning September 4, 2015 through August 4, 2020. The adjusted monthly payments would be due through August 4, 2025, at which time the entire amount of outstanding principal and interest would be due. The principal balance at June 30, 2022 is \$543,259.

**148-152 W. San Ysidro Boulevard:** twenty-five affordable units and one commercial space operate as low and very low-income housing for fifteen years. Loan g) \$2,490,000 from Neighborhood National Bank signed in December 2021. The note bears interest at 3.625%. The remaining unpaid principal and accrued interest are due in fifteen years. The balance of principal at June 30, 2024 is \$2,490,000.

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 16. Casa Owned Properties Promissory Notes (continued)**

Loan h) \$1,950,000 from PNC Bank obtained in July 2023 to finance the purchase of a property located at 1019-1049 E Ave, National City. The loan is structured as an interest rate swap, with monthly payments based on a fixed interest rate of 5.7%. The payments are due over the term of the loan, which terminates in July 2033. The principal balance as at June 30, 2024 is \$1,891,685.

Future maturities of notes payable are as follows:

	Western Alliance Bank (a)	Wells Fargo Bank (b)	City of National City*	Western Alliance Bank (f)	Neighborhood National Bank (g)	PNC Bank (h)	Total
June 30,							
2025	\$ 15,479	\$ 6,150	\$ -	\$ 15,615	-	\$ 37,873	\$ 75,117
2026	422,998	6,497	-	527,644	-	39,534	996,673
2027	-	6,864	-	-	-	42,798	49,662
2028	-	7,251	-	-	-	47,122	54,373
2029	-	7,660	-	-	-	49,880	57,539
Thereafter	-	890,821	2,615,000	-	2,490,000	1,674,478	7,670,299
Total	<u>\$ 438,477</u>	<u>\$ 925,242</u>	<u>\$ 2,615,000</u>	<u>\$ 543,259</u>	<u>\$ 2,490,000</u>	<u>\$ 1,891,685</u>	<u>\$ 8,903,664</u>
* loan c)			\$ 669,653				
loan d)			1,110,347				
loan e)			835,000				
			<u>\$ 2,615,000</u>				

**Note 17. BQuest Foundation Loan Payable**

On January 01, 2023, BQuest Foundation (BQuest) advanced a recoverable grant to Casa in the amount of \$350,000. According to the terms of the agreement, the funds are to be used for pre-development activities for the La Semilla Neighborhood Parl. \$50,000 of the loan was forgiven and recognized on the statement of activities on June 30, 2023. Repayments on the loan are due and payable as and when funds are available by Casa. The remaining balance of \$300,000 is expected to be repaid in full after the three year maturity.

**Note 18. Leverage Loan Receivable from Living Rooms at the Border NMTC Investment Fund, LLC**

On October 16, 2018, Casa funded a loan in the amount of \$6,434,762 to Living Rooms at the Border NMTC Investment Fund, LLC (Investment Fund). Casa used Source Loan funds (See Note 19), certain grant funds, and Casa's funds to fund the loan. In accordance with the loan agreement, interest only payments at 4.6797% of outstanding principal balance are due quarterly. On October 16, 2025, a principal payment of \$3,861,754 is due.

Beginning on March 15, 2036, through September 15, 2053, quarterly payments of interest and principal sufficient to amortize the outstanding principal amount over the remaining term of the loan in accordance with the Amortization Schedule are due. Any remaining balance of principal and all accrued interest are payable on October 16, 2053. For the year ended June 30, 2024, Casa received interest income of \$301,135.

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 18. Leverage Loan Receivable from Living Rooms at the Border NMTC Investment Fund, LLC (continued)**

According to the Pledge, Assignment and Security Agreement, the Investment Fund granted to Casa a first priority security interest in all of the equity interest of the Investment Fund in the CDE (Community Development Entity), Civic San Diego, (See Note 19), including all rights of the Investment Fund to distributions and allocations of profits and losses by the CDE, all rights to all capital accounts in the CDE, and all other benefits to which the Investment Fund may be entitled in its capacity as the owner of 99.9% of the equity interest in the CDE.

On November 9, 2023, Casa funded a loan in the amount of \$4,944,100 to Casa Familiar Support & Advocacy Foundation (the Foundation). Casa used Source Loan funds (See Note 19), certain grant funds, and Casa's funds to fund the loan. In accordance with the loan agreement, interest only payments at 1% of outstanding principal balance are due quarterly. Commencing on December 15, 2023 and through November 9, 2048, the Fund shall make quarterly payments of accrued and unpaid interest due and payable, partially in advance and partially in arrears, on the fifteenth (15th) day of each March, June, September and December. Payment of all outstanding principal and accrued and unpaid interest shall be due and payable on November 9, 2048. The Leverage Loan is secured by the Pledged Collateral as defined in the Pledge Agreement dated November 9, 2023.

As of June 30, 2024, the loans receivable balance was \$4,944,100. As of June 30, 2024, there was no interest receivable.

**Note 19. Source Loan Payable**

In connection with the development of Living Rooms project, on October 16, 2018, Casa entered into a Source Loan Agreement (Source Loan) with Capital Impact Partners for \$4,400,000 in order to fund the Leverage Loan to Living Rooms at the Border NMTC Investment Fund, LLC (See Note 18).

The Source Loan carries an interest rate of 6.75% and matures on October 16, 2025. Commencing on the date of the Source Loan and for 36 months thereafter, accrued and unpaid interest only on the outstanding principal amount for the immediately preceding quarter is payable in quarterly installments commencing with the first payment due on January 10, 2019. Beginning on October 10, 2021, and continuing thereafter until the maturity date, payments of principal of \$30,000 are due quarterly, in addition to accrued and unpaid interest. On March 19, 2024, the outstanding balance of the loan, \$2,869,607, was fully paid.

**Note 20. New Markets Tax Credit Financing**

In October 2018, Casa entered into a debt transaction to access additional funds through the New Markets Tax Credit (NMTC) Program. These funds were used towards the construction of Living Rooms. The NMTC Program permits taxpayers to claim federal tax credits for making Qualified Equity Investments (QEI) in a designated Community Development Entity (CDE). The CDE must use substantially all of the proceeds to make Qualified Low-Income Community Investments (QLICs). The tax credits are claimed over a seven-year period and equate to 39% of the QLICs. Casa has partnered with an investor, Citibank, N.A., to utilize the NMTC program.



**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 20. New Markets Tax Credit Financing (continued)**

Citibank, N.A., established a special purpose entity, Living Rooms at the Border NMTC Investment Fund, LLC (Investment Fund) to raise the capital for the transaction. The Investment Fund was funded with \$3,091,238 of equity from Citibank, N.A. (the Investor Contribution) and \$6,434,762 Leverage Loan from Casa (See Note 16). The capital raised by the Investment Fund in the amount of \$9,325,000 was contributed to the CDE, Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE VI, LLC (Civic SD). The Investment Fund holds a 99.99% investor member interest in Civic SD.

Civic SD made loans in the aggregate principal amount of \$9,091,875 (Note A1, Note A2, Note A3, Note B1, Note B2, Note B3, the “QLICI Loans”) to Living Rooms as follows:

Note A1 Pursuant to the QLICI Note A1 dated October 16, 2018, Civic SD made a loan to Living Rooms in the principal amount of \$2,444,597 (“Note A1”). Interest on Note A1 accrues at a rate of 3.3139% per annum. Commencing on December 1, 2018, and continuing on the first day of each March, June, September, and December (the “Payment Dates”) thereafter through and including September 1, 2025, accrued and unpaid interest is due and payable quarterly, partially in arrears and partially in advance. On September 1, 2025, principal in the amount of \$2,444,597 is due. On the seventh anniversary of Note A1, any unpaid principal is due together with all unpaid accrued interest. Pursuant to the Loan Agreement dated October 16, 2018, Note A1 is secured by the Deed of Trust, Assignment of Leases and Rents, Security Agreement, and Fixture Filing dated October 16, 2018 (the “Deed of Trust”).

Note A2 Pursuant to the QLICI Note A2 dated October 16, 2018, Civic SD made a loan to Living Rooms in the principal amount of \$1,417,157. Interest on Note A2 accrues at a rate of 3.3139% per annum. Commencing on December 1, 2018 and continuing on the Payment Dates thereafter through and including September 1, 2025, accrued and unpaid interest is due and payable quarterly, partially in arrears and partially in advance. On September 1, 2025, principal in the amount of \$1,417,157 is due. On the seventh anniversary of Note A2, any unpaid principal is due together with all unpaid accrued interest. Note A2 is secured by the Deed of Trust.

Note A3 Pursuant to the QLICI Note A3 dated October 16, 2018, Civic SD made a loan to Living Rooms in the principal amount of \$2,573,008. Interest on Note A3 accrues at a rate of 3.3139% per annum. Commencing on December 1, 2018 and continuing on the Payment Dates thereafter through and including December 1, 2035, accrued and unpaid interest is due and payable quarterly, partially in arrears and partially in advance. Commencing on January 1, 2036, and continuing on the Payment Dates, principal and interest in an annual amount of \$86,000 paid in quarterly installments is due and payable. Commencing on January 1, 2037, the annual amount shall increase by \$14,000 on January 1<sup>st</sup> of each year until October 16, 2053 (the “Maturity Date”). On the Maturity Date, all unpaid principal balance, together with all unpaid accrued interest shall be due and payable. Note A3 is secured by the Deed of Trust.

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 20. New Markets Tax Credit Financing (continued)**

Note B1 Pursuant to the QLICI Note B1 dated October 16, 2018, Civic SD made a loan to Living Rooms in the principal amount of \$919,153. Interest on Note B1 accrues at a rate of 3.3139% per annum. Commencing on December 1, 2018 and continuing on the Payment Dates thereafter through and including December 1, 2035, accrued and unpaid interest is due and payable quarterly, partially in arrears and partially in advance. Commencing on January 1, 2036, and continuing on the Payment Dates, principal and interest in an annual amount of \$30,900 paid in quarterly installments is due and payable. Commencing on January 1, 2037, the annual amount shall increase by \$5,000 on January 1<sup>st</sup> of each year until the Maturity Date. On the Maturity Date, all unpaid principal balance, together with all unpaid accrued interest shall be due and payable. Note B1 is secured by the Deed of Trust.

Note B2 Pursuant to the QLICI Note B2 dated October 16, 2018, Civic SD made a loan to Living Rooms in the principal amount of \$532,843. Interest on Note B2 accrues at a rate of 3.3139% per annum. Commencing on December 1, 2018 and continuing on the Payment Dates thereafter through and including December 1, 2035, accrued and unpaid interest is due and payable quarterly, partially in arrears and partially in advance. Commencing on January 1, 2036, and continuing on the Payment Dates, principal and interest in an annual amount of \$17,900 paid in quarterly installments is due and payable. Commencing on January 1, 2037, the annual amount shall increase by \$2,900 on January 1<sup>st</sup> of each year until the Maturity Date. On the Maturity Date, all unpaid principal balance, together with all unpaid accrued interest shall be due and payable. Note B2 is secured by the Deed of Trust.

Note B3 Pursuant to the QLICI Note B3 dated October 16, 2018, Civic SD made a loan to Living Rooms in the principal amount of \$1,205,117. Interest on Note B3 accrues at a rate of 3.3139% per annum. Commencing on December 1, 2018 and continuing on the Payment Dates thereafter through and including December 1, 2035, accrued and unpaid interest is due and payable quarterly, partially in arrears and partially in advance. Commencing on January 1, 2036, and continuing on the Payment Dates, principal and interest in an annual amount of \$40,000 paid in quarterly installments is due and payable. Commencing on January 1, 2037, the annual amount shall increase by \$6,600 on January 1<sup>st</sup> of each year until the Maturity Date. On the Maturity Date, all unpaid principal balance, together with all unpaid accrued interest shall be due and payable. Note B3 is secured by the Deed of Trust.

Future maturities of QLICI loans are as follows:

June 30,	
2025	\$ -
2026	3,861,754
2027	-
2028	-
2029	-
Thereafter	9,091,875
Total	<u>\$ 12,953,629</u>

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 20. New Markets Tax Credit Financing (continued)**

In November 2023, Casa entered into a debt transaction to access additional funds through the New Markets Tax Credit (NMTC) Program. These funds were used towards the financing and reimbursement of the working capital needs of the Company, including payroll and employee benefits, in connection with the provision of and continued and expanded community services programming at several locations. The NMTC Program permits taxpayers to claim federal tax credits for making Qualified Equity Investments (QEI) in a designated Community Development Entity (CDE). The CDE must use substantially all of the proceeds to make Qualified Low-Income Community Investments (QLICIs). The tax credits are claimed over a seven-year period and equate to 33% of the QLICIs. Casa has partnered with an investor, Wells Fargo to utilize the NMTC program.

A special purpose entity, Casa Familiar Investment Fund, LLC (Investment Fund) to raise the capital for the transaction. The Investment Fund was funded with \$1,880,900 of equity from Wells Fargo (the Investor Contribution) and \$4,944,100 Leverage Loan from Casa (See Note 16). The capital raised by the Investment Fund in the amount of \$ 6,825,000 was contributed to CCP NMTC Sub-CDE XXIV, LLC (Sub-CDE). The Investment Fund holds a 99.99% investor member interest in Sub-CDE.

Sub-CDE made loans in the aggregate principal amount of \$ 6,825,000 (promissory note A and promissory note B) to Casa as follows:

Promissory Note A: Pursuant to the QLICI Promissory Note A dated November 9, 2023, Sub-CDE made a loan to Casa in the principal amount of \$4,944,100. Interest on the note accrues at a rate of 1.25% per annum. Commencing on December 5, 2023, and continuing on the first day of each March, June, September, and December (the “Payment Dates”) thereafter through and including December 5, 2030, accrued and unpaid interest is due and payable quarterly, partially in arrears and partially in advance. Thereafter, Casa shall make quarterly payments of principal and interest, partially in advance and partially in arrears, in an amount sufficient to fully repay the sum of the principal amount then outstanding, plus interest, in level quarterly payments over the remaining term of the note which matures on November 9, 2053.

Promissory Note B: Pursuant to the QLICI Promissory Note B dated November 9, 2023, Sub-CDE made a loan to Casa in the principal amount of \$1,880,900. Interest on this note accrues at a rate of 1.25% per annum. Commencing on December 5, 2023, and continuing on the first day of each March, June, September, and December (the “Payment Dates”) thereafter through and including December 5, 2030, accrued and unpaid interest is due and payable quarterly, partially in arrears and partially in advance. Thereafter, Casa shall make quarterly payments of principal and interest, partially in advance and partially in arrears, in an amount sufficient to fully repay the sum of the principal amount then outstanding, plus interest, in level quarterly payments over the remaining term of the note which matures on November 9, 2053.

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 20. New Markets Tax Credit Financing (continued)**

Loans receivable and loans payable related to the NMTC financing reflected on the consolidated statement of financial position as of June 30, 2024, are as follows:

	<u>Casa Familiar, Inc</u>	<u>Living Rooms at Casa</u>	<u>Casa Familiar Support &amp; Advocacy Foundation</u>
Leverage loan receivable	\$ 6,434,762		\$ 4,944,100
QLICI Note A1	\$ 4,944,100	\$ 2,444,597	
QLICI Note A2	1,880,900	1,417,157	
QLICI Note A3	-	2,573,008	
QLICI Note B1	-	919,153	
QLICI Note B2	-	532,843	
QLICI Note B3	-	1,205,117	
Total loans payable	<u>6,825,000</u>	<u>9,091,875</u>	
Less: debt issuance costs	<u>(373,543)</u>	<u>(392,403)</u>	
Loans payable, net	<u>\$ 6,451,457</u>	<u>\$ 8,699,472</u>	

**Note 21. Net Assets with Donor Restrictions**

Net assets with donor restrictions are comprised of the following:

	<u>June 30, 2023</u>	<u>2024</u>		<u>June 30, 2024</u>
		<u>Additions</u>	<u>Released</u>	
Subject to expenditure for specified purpose:				
Alliance Health	\$ -	\$ 30,000	\$ -	\$ 30,000
Alex Morgan Foundation	20,000	-	(20,000)	-
Community Health Improvement Partners	2,042	-	(2,042)	-
PNC Foundation	-	17,500	-	17,500
County of San Diego	2,760,000	-	(509,142)	2,250,858
Catalyst of San Diego	80,000	113,326	(20,000)	173,326
Raza Development Fund	231,278	-	(231,278)	-
The Greenlining Institute	132,141	-	(132,141)	-
The San Diego Foundation (Casa Verde Youth STEM)	116,758	18,000	(116,758)	18,000
Mellon Foundation	-	250,000	-	250,000
The Office - Artist at Work (Art Work)	10,000	-	(10,000)	-
Total	<u>\$ 3,352,219</u>	<u>\$ 428,826</u>	<u>\$ (1,041,362)</u>	<u>\$ 2,739,684</u>

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 22. Lessor Donated Use of Facilities and Utilities**

In November 1993, Casa entered into an operating lease agreement with the City of San Diego (the City) for the sole purpose of operating recreational and social services programs at a recreation center. The facilities were to be used to benefit the San Ysidro Community and the residents of the City and for such other related or incidental purposes as may first be approved in writing by the City Manager. The estimated fair market value of the donated rent and utilities for the year ended June 30, 2024, is \$231,405.

**Note 23. Employee Benefit Plans**

Casa maintains a Tax-Sheltered Annuity retirement plan with a SIMPLE individual retirement plan under section 408(p) of the Internal Revenue Code. This is a tax deferred retirement plan, under which Casa matches eligible employee contributions up to 3% of the employee's salary. Employer contributions totaled \$140,340 for the fiscal year ended June 30, 2024.

Casa maintains a "Cafeteria Plan" for the benefit of its employees. The Plan allows employees working at least 20 hours per week to pay certain qualified expenses on a pre-tax basis.

Effective November 2010, Casa adopted a 457(b) Non-Qualified Deferred Compensation Top Hat Plan (Plan). The Plan is a supplemental retirement plan available to a select group of management or highly compensated employees. The Plan is funded by the participants' payroll deductions on a pre-tax basis and Casa's contributions. All amounts of compensation deferred under the Plan and all income attributable to such amounts remain an asset of Casa until distribution, therefore, Casa reports assets and liabilities of equal amounts attributable to the amount deferred. No contributions to the plan were made during the year ended June 30, 2024. The balance is \$6,160 at June 30, 2024.

**Note 24. Grants Payable**

In October 2020, Casa began discussions with the City of San Diego elected officials and Parks & Recreation department to support in designing and building an 8-acre park, Beyer Park, for the San Ysidro community. The park is expected to enrich the community and would include a skate park for the youth of San Ysidro. Casa's total contributions towards the park as of June 30, 2024, are \$396,900.

**Note 25. Functionalized Expenses**

Directly identifiable expenses are charged to programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Casa and subsidiaries. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel and related expenses, equipment and supplies, utilities, telephone, cable, and internet, which are allocated on the basis of estimates of time and effort.

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 26. Master Lease Agreement**

Casa evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent Casa’s right to use underlying assets for the lease term, and the lease liabilities represent Casa’s obligation to make lease payments arising from these leases. The ROU asset and lease liability arise from an operating lease, was calculated based on the present value of future lease payments over the lease terms. Casa has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2023, was 3.81% for the office lease.

Pursuant to the Master Lease Agreement between Casa and Living Rooms dated October 16, 2018, Casa leases the property from Living Rooms payable in equal quarterly installments commencing upon substantial completion of the project. Under ASC 842, the ROU lease asset and lease liability were capitalized to Casa’s statement of net position and related interest expense and ROU asset amortization were recognized in the Casa statement of activities. The transactions relating to ROU Assets, Liabilities and rental were eliminated in consolidation.

Future minimum lease payments are as follows:

June 30,	
2025	\$ 329,709
2026	483,959
2027	612,500
2028	612,500
2029	612,500
Thereafter	<u>14,878,646</u>
Less imputed Interest	<u>(6,429,272)</u>
Total	<u>\$ 11,100,542</u>

**Note 27. Related Parties**

Casa’s Chief Executive Officer, Elizabeth Cuestas, also serves as President of Casa’s Board of Directors, Chief Executive Officer of Living Rooms, President of Living Rooms’ Board of Directors and President of Casa Familiar Support and Advocacy Foundation.

Classic Lake Consulting, a company owned by a member of Living Rooms’ Board of Directors, Kayle Walton, has provided consulting services in accordance with the Consulting Agreement for New Markets Tax Credit Financing. \$23,000 was paid to Classic Lake Consulting as of June 30, 2024.

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 28. Solar Panel Loan**

In January 2020, Casa entered into a contract for the installation of solar panels for Living Rooms. The solar panels were placed into service during the 2022 fiscal year and have a remaining outstanding loan balance of \$72,177.

Future minimum payments of the Solar Panel Loan are as follows:

	June 30,			
	2025	\$	6,436	
	2026		6,691	
	2027		6,957	
	2028		7,233	
	2029		7,520	
	Thereafter		37,341	
	Total	\$	72,177	

**Note 29. Contingencies**

Pursuant to the Tax Credit Reimbursement and Indemnity Agreement dated October 16, 2018 (the “Indemnification Agreement”) upon the occurrence of an event or condition that results in a recapture of all or any portion of NMTCs (“Recapture Event”), Living Rooms and Casa (each, an “Indemnitor”), shall pay the NMTC Recapture Amount, as defined in the Indemnification Agreement, to Citibank but only if and to the extent that such Recapture Event in the result of:

- i. The failure of any QLICI Loan to constitute a loan or investment to as a result of any Indemnitor to treat any of the QLICI Loans as indebtedness of Living Rooms, and any failure of Living Rooms to maintain its status as a qualified active low-income community business;
- ii. The failure of any of Living Rooms’ tenants or subtenants under any lease or sublease, if any, to comply with the requirements for lessees under Treasury Regulations Section 1.45D-1(d)(5)(ii);
- iii. Prepayment of any principal on the QLICI Loans in violation of the investment documents, whether voluntarily, involuntarily, or through foreclosure or other exercise of remedies by Civic SD or otherwise;
- iv. The failure to satisfy the substantially-all requirement (within the meaning of Treasury Regulations Section 1.45D-1(c)(1)(ii)(5)) which failure is caused by a default by any Indemnitor under any of the investment documents or the inaccuracy of any of the representations, warranties or covenants made by any Indemnitor;
- v. The redemption (within the meaning of Treasury Regulations Section 1.45D-1(e)(2)(iii)) of any portion of the fund contribution; provided that such redemption shall have occurred as a result of a violation or default by any Indemnitor under the investment documents;
- vi. Living Rooms or any affiliate’s gross negligence, fraud, willful misconduct, malfeasance, material violation of any law, breach of any material provision of the investment documents or breach of the representations contained in the investment documents;

**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 29. Contingencies (continued)**

- vii. Any other act or omission by or within the control of any Indemnitor;
- viii. Any violation of the investment documents;
- ix. Any use by Living Rooms of the proceeds of the QLICI loans that is in violation of the terms of the loan documents; or
- x. Changes in the IRC or Treasury Regulations which cause Citibank to receive less than the amount of tax credits it would have otherwise been eligible to receive, if (and only if) the adverse effects thereof could reasonably be mitigated by the Indemnitors, at the request of and in cooperation with Citibank and Civic SD, without material expense or other material adverse effect on the Indemnitors, and the Indemnitors fail or refuse to do so within a reasonable time.

As of June 30, 2024, no claims or payments had been made relative to the indemnity and Casa and Living Rooms are not aware of the occurrence of any Recapture Event. Casa and Living Rooms have determined the likelihood of a Recapture Event to be remote after considering related factors. Accordingly, no liability has been recorded relative to the indemnity.

On November 9, 2023, Casa Familiar, Inc. secured loans as part of a NMTC program transaction. As a result of making the loans, Wells Fargo Bank, N.A., a national banking association (the “NMTC Investor”), is eligible for federal income tax credits under the NMTC program implemented by Congress in December 2000.

Pursuant to the QALICB Indemnity Agreement dated November 9, 2023 (the “Indemnification Agreement”), upon the occurrence of an event or condition that results in a recapture of all or any portion of NMTCs (“Recapture Event”), the Organization and Casa Familiar (each, an “Indemnitor”) shall pay NMTC Recapture Amount, as defined in the Indemnification Agreement, to Wells Fargo Community Investment Holdings, LLC but only if and to the extent that such Recapture event is the result of:

- i. any act or failure to act by Casa Familiar or any person or entity acting on behalf of Casa Familiar which causes the Portion of the Business (“POB”) to fail or cease to qualify as a Qualified Active Low-Income Community Business (“QALICB”);
- ii. any failure of the QLICI loans, as defined in the Indemnification Agreement, or any portion thereof to constitute a Qualified Low-Income Community Investment (“QLICI”) as a result of any violation by Casa Familiar or any person or entity acting on behalf of Casa Familiar of any of the representations, warranties, or covenants set forth in the Loan Documents, as defined in the Indemnification Agreement;
- iii. any prepayment of the QLICI loans (whether voluntary or as a result of acceleration, foreclosure or otherwise) in violation of the Loan Documents, as defined in the Indemnification Agreement;
- iv. the failure of any tenant or subtenant in the Fund to qualify as a Qualified Business, as defined in the Indemnification Agreement;
- v. any gross negligence, fraud, willful misconduct, material violation of law, or breach or violation of any material provision of the Loan Documents, in each case, by the Indemnitor, as defined in the Indemnification Agreement;
- vi. the redemption by the Sub-CDE (within the meaning of Treasury Regulation Section 1.45D-1(e)(3)(iii)) of any portion of the Equity Investment in the Sub-CDE caused directly or indirectly by the Borrower’s violation of the Loan Documents; and
- vii. any other act or omission by or within the control of any Indemnitor.



**Casa Familiar, Inc., and Subsidiaries**  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2024

**Note 29. Contingencies (continued)**

As of June 30, 2024, no claims or payments had been made relative to the indemnity and the Organization is not aware of the occurrence of any Recapture Event. The Organization has determined the likelihood of a Recapture Event to be remote after considering related factors. Accordingly, no liability has been recorded relative to the indemnity.

**Note 30. Date of Management Review**

Management has evaluated subsequent events through January 15, 2025, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require adjustment to, or disclosure in, the financial statements.

**SUPPLEMENTARY INFORMATION**

**Casa Familiar, Inc., and Subsidiaries**  
**Consolidated Schedule of Revenue & Expenses**  
**For the Year Ended June 30, 2024**  
**(With Summarized Comparative Information for the Year Ended June 30, 2023)**

	PROGRAM SERVICES								SUPPORTING SERVICES			2024	2023
	Housing	Senior Group Home	Casa Services	Arts Division	Advocacy	National City Properties	Living Rooms	Casa Familiar Support & Advocacy Foundation	Total Programs	Management & General	Fund-Raising		
<b>SUPPORT, REVENUE, &amp; GAINS:</b>													
Contributions of financial assets	\$ 1,100	\$ -	\$ 3,134,346	\$ 869,472	\$ 261,877	\$ 60,000	\$ -	\$ -	\$ 4,326,796	\$ -	\$ -	\$ 4,326,796	\$ 5,537,073
Contributions of non-financial assets	48,000	-	231,405	-	-	-	-	-	279,405	-	-	279,405	279,405
Special event	-	-	-	-	-	-	-	-	-	-	203,359	203,359	109,837
Less: direct special event costs	-	-	-	-	-	-	-	-	-	-	(181,118)	(181,118)	(104,166)
Program service fees	136,111	-	259,002	-	-	-	-	-	395,113	-	-	395,113	313,749
Management fees	191,444	-	-	-	-	-	-	-	191,444	-	-	191,444	194,291
Rentals (net of vacancies)	1,295,337	13,680	-	12,360	-	193,002	198,386	-	1,712,764	-	-	1,712,764	1,410,618
Tenant assistance payments	46,277	-	-	-	-	8,335	-	-	54,612	-	-	54,612	45,986
Housing partnerships	1,186,090	-	-	-	-	-	-	-	1,186,090	-	-	1,186,090	1,101,500
Dividend income	301,135	-	-	-	-	171	4,147	33,179	338,632	421,336	-	759,968	-
Interest	-	-	-	-	-	-	-	7,075	7,075	-	-	7,075	477,710
Gain on investments	-	-	-	-	-	-	-	14,586	14,586	411,554	-	426,140	(444,061)
Other income	-	-	-	-	-	-	-	-	-	8,871	-	8,871	166
<b>Total support, revenue, &amp; gains</b>	<b>3,205,494</b>	<b>13,680</b>	<b>3,624,753</b>	<b>881,832</b>	<b>261,877</b>	<b>261,508</b>	<b>202,533</b>	<b>54,840</b>	<b>8,506,517</b>	<b>841,761</b>	<b>22,241</b>	<b>9,370,520</b>	<b>8,922,108</b>
<b>EXPENSES &amp; LOSSES:</b>													
<b>Payroll &amp; related expenses</b>													
Salaries & wages	14,415	-	2,928,599	-	2,660	-	-	-	2,945,674	976,200	-	3,921,874	3,185,976
Payroll taxes	-	-	231,571	-	-	-	-	-	231,571	77,190	-	308,761	243,311
Employee benefits	2,960	-	309,410	-	5,431	-	-	-	317,801	103,137	-	420,938	505,756
<b>Total payroll &amp; related exp.</b>	<b>17,375</b>	<b>-</b>	<b>3,469,580</b>	<b>-</b>	<b>8,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,495,046</b>	<b>1,156,527</b>	<b>-</b>	<b>4,651,573</b>	<b>3,935,043</b>
<b>Operating expenses</b>													
Contract services	26,537	-	-	-	-	330	2,408	-	29,275	359,359	-	388,634	285,934
Subscriptions, filing, loan fees	3,089	-	-	153	-	1,050	66,671	12,798	83,761	92,641	1,698	178,100	129,751
Utilities	88,653	1,997	-	4,913	-	25,268	35,384	-	156,215	22,948	-	179,163	157,557
Equipment & supplies	7,926	24	87,038	4,614	1,770	336	-	-	101,708	89,524	-	191,232	164,623
Telephone, cable, internet	4,359	-	-	-	632	-	113	-	5,104	50,953	-	56,057	44,849
Postage & printing	187	-	-	97	-	-	13	-	297	9,069	-	9,366	6,427
Program	5,077	-	636,975	47,766	37,145	-	-	-	726,963	-	-	726,963	288,468
Property taxes	129,723	-	-	29	-	8,736	648	-	139,136	3,103	-	142,239	164,285
Management fees	8,525	-	-	-	-	10,800	-	-	19,325	-	-	19,325	19,325
Repairs & maintenance	56,043	4,820	-	1,367	-	9,977	10,912	-	83,119	28,323	-	111,442	115,957
Insurance	-	-	-	-	-	-	-	-	-	95,929	-	95,929	110,083
Interest	396,087	-	-	-	-	104,629	353,246	-	853,962	83,287	-	937,249	815,481
Events	-	-	4,774	33,513	-	-	-	-	38,287	-	-	38,287	29,942
Depreciation & amortization	43,260	-	-	-	-	88,849	292,195	-	424,303	335,281	-	759,584	676,209
Conferences & meetings	441	-	-	-	-	-	-	-	441	30,742	-	31,183	29,391
Miscellaneous	10,919	-	-	1,348	-	2,750	11,223	-	26,240	57,344	-	83,582	54,956
Mileage, travel, & vehicle exp.	10,683	-	-	1,131	24	426	-	-	12,265	34,921	140	47,326	43,570
Donations from Casa	-	-	-	-	-	-	-	-	-	-	-	-	50,280
Donated facilities	48,000	-	231,405	-	-	-	-	-	279,405	-	-	279,405	279,405
<b>Total operating expenses</b>	<b>839,507</b>	<b>6,841</b>	<b>960,193</b>	<b>94,932</b>	<b>39,571</b>	<b>253,151</b>	<b>772,812</b>	<b>12,798</b>	<b>2,979,806</b>	<b>1,293,425</b>	<b>1,838</b>	<b>4,275,067</b>	<b>3,466,494</b>
<b>Total expenses &amp; losses</b>	<b>856,882</b>	<b>6,841</b>	<b>4,429,772</b>	<b>94,932</b>	<b>47,662</b>	<b>253,151</b>	<b>772,812</b>	<b>12,798</b>	<b>6,474,852</b>	<b>2,449,951</b>	<b>1,838</b>	<b>8,926,639</b>	<b>7,401,536</b>
<b>Change in net assets</b>	<b>\$ 2,348,612</b>	<b>\$ 6,839</b>	<b>\$ (805,019)</b>	<b>\$ 786,900</b>	<b>\$ 214,215</b>	<b>\$ 8,357</b>	<b>\$ (570,278)</b>	<b>\$ 5,496,142</b>	<b>\$ 2,031,665</b>	<b>\$ (1,608,190)</b>	<b>\$ 20,403</b>	<b>\$ 443,881</b>	<b>\$ 1,520,572</b>

See independent auditors' report

**Casa Familiar, Inc., and Subsidiaries**  
**Consolidating Statement of Financial Position**  
**June 30, 2024**

	Casa Familiar, Inc.	Living Rooms at Casa	Casa Familiar Support & Advocacy Foundation	Eliminations	Total
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash & cash equivalents	\$ 9,066,006	\$ 1,128	\$ 29,799	\$ -	\$ 9,096,933
Restricted cash	623,131	83,228	-	-	706,359
Grants & contributions receivable	339,756	-	-	-	339,756
Housing partnership distributions & fees receivable	283,116	-	-	-	283,116
Rent, staff advances, and other receivable	278,873	-	-	-	278,873
Due from living looms	187	-	-	(187)	-
Prepaid expenses & deposits	191,746	-	-	-	191,746
Deferred rent	-	1,114,927	-	(1,114,927)	-
Deferred charges, net	-	14,192	-	-	14,192
Investment - scholarship fund	150,344	-	-	-	150,344
Investment - advocacy fund	-	-	522,243	-	522,243
Investment - fidelity	2,231,784	-	-	-	2,231,784
Top hat plan	6,160	-	-	-	6,160
<b>Total Current Assets</b>	<b>13,171,103</b>	<b>1,213,475</b>	<b>552,042</b>	<b>(1,115,114)</b>	<b>13,821,506</b>
<b>Noncurrent Assets</b>					
Leverage loan receivable - living rooms	6,434,762	-	-	-	6,434,762
Leverage loan receivable - advocacy	-	-	4,944,100	-	4,944,100
Board-designated endowment fund	1,739,732	-	-	-	1,739,732
Investments in housing partnerships	71,708	-	-	-	71,708
Net property & equipment used for operations	24,527,463	8,425,375	-	-	32,952,838
Net property under development	2,058,258	-	-	-	2,058,258
<b>Total Noncurrent Assets</b>	<b>34,831,923</b>	<b>8,425,375</b>	<b>4,944,100</b>	<b>-</b>	<b>48,201,398</b>
<b>ROU Asset</b>					
ROU asset, net of accumulated amortization	10,572,075	-	-	(10,553,880)	18,195
<b>TOTAL ASSETS</b>	<b>\$ 58,575,101</b>	<b>\$ 9,638,850</b>	<b>\$ 5,496,142</b>	<b>\$ (11,668,994)</b>	<b>\$ 62,041,099</b>
<b>LIABILITIES &amp; NET ASSETS</b>					
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 245,169	\$ -	\$ -	\$ -	\$ 245,168
Due to casa familiar	-	187	-	(187)	-
Grants payable	396,900	-	-	-	396,900
Payroll & related liabilities	167,174	-	-	-	167,174
Security deposits	118,430	-	-	-	118,430
Top hat plan liability	6,160	-	-	-	6,160
Accrued interest payable	918,950	-	-	-	918,950
Mortgages payable - casa owned properties, current portion	75,117	-	-	-	75,117
Solar panel loan current portion	6,436	-	-	-	6,436
Finance lease liabilities, current portion	336,372	-	-	(329,707)	6,665
<b>Total Current Liabilities</b>	<b>2,270,708</b>	<b>187</b>	<b>-</b>	<b>(329,894)</b>	<b>1,941,000</b>
<b>Noncurrent Liabilities</b>					
Note payable for housing partnership interests	25,000	-	-	-	25,000
B-Quest bridge loan-la semilla	300,000	-	-	-	300,000
Mortgages payable - casa owned properties, non-current portion	8,828,547	-	-	-	8,828,547
NMTC loans payable, net of debt issuance cost - living rooms	-	8,699,472	-	-	8,699,472
NMTC loans payable, net of debt issuance cost - casa advocacy	6,451,457	-	-	-	6,451,457
Solar panel loan non-current portion	65,741	-	-	-	65,741
Finance lease liabilities, non-current portion	10,783,031	-	-	(10,770,833)	12,198
<b>Total Noncurrent Liabilities</b>	<b>26,453,776</b>	<b>8,699,472</b>	<b>-</b>	<b>(10,770,833)</b>	<b>24,382,415</b>
<b>TOTAL LIABILITIES</b>	<b>28,724,484</b>	<b>8,699,659</b>	<b>-</b>	<b>(11,100,727)</b>	<b>26,323,415</b>
<b>NET ASSETS</b>					
<b>Without donor restrictions</b>					
Undesignated	25,071,202	369,191	5,496,142	1,733	30,938,268
Designated by the board for new program development	300,000	-	-	-	300,000
Designated by the board for endowment	1,739,732	-	-	-	1,739,732
<b>With donor restrictions</b>					
Purpose restrictions	2,739,683	570,000	-	(570,000)	2,739,683
<b>TOTAL NET ASSETS</b>	<b>29,850,617</b>	<b>939,191</b>	<b>5,496,142</b>	<b>(568,267)</b>	<b>35,717,683</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 58,575,101</b>	<b>\$ 9,638,850</b>	<b>\$ 5,496,142</b>	<b>\$ (11,668,994)</b>	<b>\$ 62,041,099</b>

See independent auditors' report

**Casa Familiar, Inc., and Subsidiaries**  
**Consolidating Schedule of Activities**  
**June 30, 2024**

	Casa Familiar, Inc.			Living Rooms at Casa			Casa Familiar Support & Advocacy Foundation			Eliminations	Total		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total	Without Donor	With Donor	Total		Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions		Restrictions	Restrictions			Restrictions		
<b>SUPPORT, REVENUE, &amp; GAINS:</b>													
Contributions of financial assets	\$ 3,897,970	\$ 428,826	\$ 4,326,796	\$ -	\$ -	\$ -	\$ 5,454,100	\$ -	\$ 5,454,100	\$ (5,454,100)	\$ 3,897,970	\$ 428,826	\$ 4,326,796
Contributions of non-financial assets	279,405	-	279,405	-	-	-	-	-	-	-	279,405	-	279,405
Special event	203,359	-	203,359	-	-	-	-	-	-	-	203,359	-	203,359
Less: direct special event costs	(181,118)	-	(181,118)	-	-	-	-	-	-	-	(181,118)	-	(181,118)
Program service fees	395,113	-	395,113	-	-	-	-	-	-	-	395,113	-	395,113
Management fees	191,444	-	191,444	-	-	-	-	-	-	-	191,444	-	191,444
Rental revenue	1,712,764	-	1,712,764	556,437	-	556,437	-	-	(556,437)	-	1,712,764	-	1,712,764
Tenant assistance payments	54,612	-	54,612	-	-	-	-	-	-	-	54,612	-	54,612
Housing partnerships	1,186,090	-	1,186,090	-	-	-	-	-	-	-	1,186,090	-	1,186,090
Interest	725,554	-	725,554	1,236	-	1,236	33,179	-	33,179	-	759,969	-	759,969
Dividend income	-	-	-	-	-	-	7,075	-	7,075	-	7,075	-	7,075
Gain/loss on investments	411,554	-	411,554	-	-	-	14,586	-	14,586	-	426,140	-	426,140
Other income	8,871	-	8,871	-	-	-	-	-	-	-	8,871	-	8,871
Satisfaction of program restrictions	1,041,362	(1,041,362)	-	-	-	-	-	-	-	-	1,041,362	(1,041,362)	-
Total support, revenues, & gains	9,926,978	(612,536)	9,314,444	557,673	-	557,673	5,508,940	-	5,508,940	(6,010,537)	9,983,056	(612,536)	9,370,520
<b>EXPENSES:</b>													
<b>Program Services:</b>													
Housing-casa's programs	856,882	-	856,882	-	-	-	-	-	-	-	856,882	-	856,882
Senior group home	6,841	-	6,841	-	-	-	-	-	-	-	6,841	-	6,841
Casa services	4,429,772	-	4,429,772	-	-	-	-	-	-	-	4,429,772	-	4,429,772
Arts division	94,932	-	94,932	-	-	-	-	-	-	-	94,932	-	94,932
Advocacy	47,662	-	47,662	-	-	-	-	-	-	-	47,662	-	47,662
National city properties	253,151	-	253,151	-	-	-	-	-	-	-	253,151	-	253,151
Living rooms at casa	531,301	-	531,301	682,828	-	682,828	-	-	(441,317)	-	772,812	-	772,812
Casa familiar support/advocacy foundation	-	-	-	-	-	-	12,798	-	12,798	-	12,798	-	12,798
<b>Supporting services:</b>													
Management & general	7,904,051	-	7,904,051	-	-	-	-	-	(5,454,100)	-	2,449,951	-	2,449,951
Fund-raising	1,838	-	1,838	-	-	-	-	-	-	-	1,838	-	1,838
Total expenses	14,126,430	-	14,126,430	682,828	-	682,828	12,798	-	12,798	(5,895,417)	8,926,639	-	8,926,639
Total expenses & losses	14,126,430	-	14,126,430	682,828	-	682,828	12,798	-	12,798	(5,895,417)	8,926,639	-	8,926,639
Change in net assets	(4,199,452)	(612,536)	(4,811,986)	(125,155)	-	(125,155)	5,496,142	-	5,496,142	(115,120)	1,056,417	(612,536)	443,881
Net assets at beginning of year	31,310,386	3,352,219	34,662,605	494,346	570,000	1,064,346	-	-	-	(453,147)	31,351,585	3,922,219	35,273,804
Net assets at end of year	\$ 27,110,934	\$ 2,739,683	\$ 29,850,619	\$ 369,191	\$ 570,000	\$ 939,191	\$ 5,496,142	\$ -	\$ 5,496,142	\$ (568,267)	\$ 32,408,001	\$ 3,309,683	\$ 35,717,685

See independent auditors' report

Casa Familiar, Inc.  
Audited Financial Statements  
For the Year Ended June 30, 2023



**Presented by**  
Pinnacle Accounting & Financial Services  
**A Professional Corporation**

**CASA FAMILIAR, INC.  
AND LIVING ROOMS AT CASA  
Consolidated Financial Statements  
with Independent Auditors' Report  
For the Year Ended June 30, 2023**

TABLE OF CONTENTS

	<b><u>Page</u></b>
<b>Independent Auditors' Report</b>	1-2
<b>Consolidated Financial Statements:</b>	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7-27
<b>Supplementary Information</b>	
Consolidated Schedule of Revenue and Expenses	28
Consolidating Schedule of Financial Position	29
Consolidating Schedule of Activities	30
<b>GOVERNMENTAL AUDIT REPORTS</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31-32
Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	33-34
Schedule of Expenditures of Federal Awards	35
Notes to Schedule of Expenditures of Federal Awards	36
Schedule of Findings and Questioned Costs	37



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& FINANCIAL SERVICES

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**Casa Familiar, Inc. and Living Rooms at Casa**  
**San Ysidro, California**

### **Opinion**

We have audited the accompanying consolidated financial statements of Casa Familiar, Inc. including Living Rooms at Casa (California nonprofit organizations), which comprises the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Casa Familiar, Inc. including Living Rooms at Casa as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Living Rooms at Casa, a wholly owned subsidiary, whose statements reflect total assets constituting 17 percent and 18 percent, respectively, of consolidated total assets at June 30, 2023 and 2022, and total revenues constituting 6 percent and 9.5 percent, respectively, of consolidated total revenues for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Living Rooms at Casa, is based solely on the report of the other auditors.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Casa Familiar, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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 the 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 the Casa Familiar, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditors' 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 auditors' 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 and *Government 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 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 and *Government 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 the Casa Familiar, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Casa Familiar, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited the consolidated financial statements of Casa Familiar, Inc. including Living Rooms at Casa as of and for the year ended June 30, 2022, and expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 01, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2024, on our consideration of the Casa Familiar, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Casa Familiar, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Casa Familiar, Inc.'s internal control over financial reporting and compliance.

*Pinnacle Accounting & Financial Services*

Pinnacle Accounting & Financial Services  
Sacramento, CA  
January 16, 2024

**CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA**

Consolidated Statement of Financial Position

June 30, 2023

(With Comparative Information for June 30, 2022)

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current Assets		
Cash & cash equivalents	\$ 12,965,608	\$ 7,796,482
Restricted cash	481,518	528,249
Grants & contributions receivable	208,640	398,286
Housing partnership distributions & fees receivable	336,621	324,345
Rent, staff advances, and other receivable	208,544	233,821
Prepaid expenses & deposits	252,816	150,902
Deferred charges, net	14,673	15,153
Investments-non-endowment Fund at The San Diego Foundation	-	6,109,749
Investment-Scholarship Fund at The San Diego Foundation	137,944	147,148
Investment advocacy Fund 5122 at The San Diego Foundation	583,160	622,249
Other investments	2,103,163	-
Top Hat Plan	7,363	6,870
Total Current Assets	<u>17,300,050</u>	<u>16,333,254</u>
Noncurrent Assets		
Board-designated endowment at The San Diego Foundation	1,593,740	1,693,703
Leverage loan receivable	6,434,762	6,434,762
Investments in housing partnerships	71,708	71,708
Net property & equipment used for operations	29,596,390	29,017,171
Net property under development	974,618	702,957
Total Noncurrent Assets	<u>38,671,218</u>	<u>37,920,301</u>
ROU Asset		
ROU asset, net of accumulated amortization	49,049	-
<b>TOTAL ASSETS</b>	<u>\$ 56,020,317</u>	<u>\$ 54,253,555</u>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 223,522	\$ 155,350
Grants payable	396,900	396,900
Payroll & related liabilities	107,825	69,644
Security deposits	93,712	88,903
Top Hat Plan liability	7,363	6,870
Accrued interest payable	849,967	825,280
Mortgages payable-casa owned properties, current portion	35,405	33,903
Source loan payable, current portion, net of debt issuance cost	120,000	120,000
Finance lease liabilities, current portion	21,778	31,963
Total Current Liabilities	<u>1,856,473</u>	<u>1,728,813</u>
Noncurrent Liabilities		
Note payable for housing partnership interests	25,000	25,000
B-Quest Bridge Loan-La Semilla	300,000	-
Mortgages payable-Casa owned properties, non-current portion	7,031,079	7,082,139
NMTC loans payable, net of debt issuance cost	8,676,631	8,654,631
Solar panel loan	74,213	74,213
Source loan payable, non-current portion, net of debt issuance cost	2,764,253	2,895,486
Finance lease liabilities, non-current portion	18,864	40,041
Total Noncurrent Liabilities	<u>18,890,039</u>	<u>18,771,510</u>
<b>TOTAL LIABILITIES</b>	<u>20,746,513</u>	<u>20,500,323</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	30,027,845	31,459,755
Designated by the Board for new program development	300,000	300,000
Designated by the Board for endowment	1,593,740	1,693,703
With donor restrictions		
Purpose restrictions	3,352,219	299,774
<b>TOTAL NET ASSETS</b>	<u>35,273,804</u>	<u>33,753,232</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 56,020,317</u>	<u>\$ 54,253,555</u>

The accompanying notes are an integral part of these consolidated financial statements

**CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA**

Consolidated Statement of Activities

For the Year Ended June 30, 2023

(With Summarized Comparative Information for the Year Ended June 30, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
<b>SUPPORT, REVENUE, &amp; GAINS:</b>				
Contributions of financial assets	\$ 2,194,854	\$ 3,342,219	\$ 5,537,073	\$ 2,554,336
Contributions of non-financial assets	279,405	-	279,405	231,405
Special event	109,837	-	109,837	47,343
Less: direct special event costs	(104,166)	-	(104,166)	(11,752)
Program service fees	313,749	-	313,749	315,844
Management fees	194,291	-	194,291	181,142
Rental revenue	1,410,618	-	1,410,618	1,300,125
Tenant assistance payments	45,986	-	45,986	43,179
Housing partnerships	1,101,500	-	1,101,500	1,757,553
Interest	477,700	-	477,700	310,324
Loss on investments	(444,061)	-	(444,061)	(855,560)
Other income	176	-	176	70
Satisfaction of program restrictions	289,774	(289,774)	-	-
Total support, revenue, & gains	<u>5,869,663</u>	<u>3,052,445</u>	<u>8,922,108</u>	<u>5,874,009</u>
<b>EXPENSES &amp; LOSSES:</b>				
<b>Program Services:</b>				
Housing	744,504	-	744,504	1,925,691
Senior group home	4,413	-	4,413	30,608
Casa services	3,449,578	-	3,449,578	1,969,916
Arts division	60,773	-	60,773	111,340
Advocacy	13,725	-	13,725	189,917
National City properties	262,736	-	262,736	349,297
Living Rooms at Casa	746,433	-	746,433	750,728
<b>Supporting services:</b>				
Management & general	2,113,745	-	2,113,745	873,223
Fund-raising	5,629	-	5,629	20,042
Total expenses	<u>7,401,536</u>	<u>-</u>	<u>7,401,536</u>	<u>6,220,762</u>
Change in net assets	(1,531,873)	3,052,445	1,520,572	(346,753)
Net assets at beginning of year	33,457,458	299,774	33,753,232	34,099,985
Net assets at end of year	<u>\$ 31,925,585</u>	<u>\$ 3,352,219</u>	<u>\$ 35,273,804</u>	<u>\$ 33,753,232</u>

The accompanying notes are an integral part of these consolidated financial statements

**CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA**  
Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2023  
(With Summarized Comparative Information for the Year Ended June 30, 2022)

	PROGRAM SERVICES							SUPPORTING SERVICES		2023 Total	2022 Total	
	Housing	Senior Group Home	Casa Services	Arts Division	Advocacy	National City Properties	Living Rooms at Casa	Total Programs	Management and General			Fund- Raising
Payroll & related expenses												
Salaries & wages	\$ 7,020	\$ -	\$ 2,383,539	\$ -	\$ 904	\$ -	\$ -	\$ 2,391,463	\$ 794,513	\$ -	\$ 3,185,976	\$ 2,478,378
Payroll taxes	-	-	182,483	-	-	-	-	182,483	60,828	-	243,311	195,114
Employee benefits	22,041	-	362,786	-	-	-	-	384,827	120,929	-	505,756	526,836
Total payroll & related expenses	29,061	-	2,928,807	-	904	-	-	2,958,773	976,269	-	3,935,043	3,200,328
Operating expenses												
Contract services	133,726	-	-	-	3,500	1,685	3,093	142,004	143,930	-	285,934	151,562
Subscriptions, filing, loan fees	6,975	-	488	251	-	6,028	66,500	80,242	45,268	4,241	129,751	135,080
Utilities	80,992	1,938	-	7,124	-	15,699	32,011	137,764	19,793	-	157,557	127,672
Equipment & supplies	15,272	-	82,563	34	-	5,660	1,139	104,668	59,955	-	164,623	187,501
Telephone, cable, internet	964	-	-	-	-	-	-	964	43,885	-	44,849	48,682
Postage & printing	36	-	-	-	-	-	-	36	6,391	-	6,427	4,459
Program	52,228	-	199,970	25,700	9,320	-	-	287,218	-	1,250	288,468	317,362
Property taxes	145,498	-	-	-	-	11,711	4,830	162,039	2,246	-	164,285	59,238
Management fees	8,525	-	-	-	-	10,800	-	19,325	-	-	19,325	19,325
Repairs & maintenance	59,239	2,475	-	1,446	-	14,822	14,475	92,457	23,500	-	115,957	71,388
Insurance	-	-	-	-	-	-	-	-	110,083	-	110,083	74,461
Interest	-	-	-	-	-	104,367	323,294	427,661	387,820	-	815,481	779,350
Events	-	-	5,421	24,522	-	-	-	29,942	-	-	29,942	52,716
Depreciation	70,933	-	-	-	-	88,849	292,195	451,976	224,233	-	676,209	661,345
Conferences & meetings	-	-	-	-	-	-	-	-	29,391	-	29,391	20,039
Miscellaneous	31,348	-	924	1,696	-	2,750	8,898	45,615	9,341	-	54,956	44,754
Mileage, travel, & vehicle expenses	11,427	-	-	-	-	365	-	11,792	31,639	138	43,569	30,995
Donations from Casa	50,280	-	-	-	-	-	-	50,280	-	-	50,280	3,100
Donated facilities	48,000	-	231,405	-	-	-	-	279,405	-	-	279,405	231,405
Total operating expenses	715,442	4,413	520,771	60,772	12,820	262,736	746,434	2,323,388	1,137,476	5,629	3,466,493	3,020,434
Total expenses by function	744,503	4,413	3,449,578	60,772	13,724	262,736	746,434	5,282,161	2,113,745	5,629	7,401,535	6,220,762
Total expenses included in the expense section in the statement of activities	\$ 744,503	\$ 4,413	\$ 3,449,578	\$ 60,772	\$ 13,724	\$ 262,736	\$ 746,434	\$ 5,282,161	\$ 2,113,745	\$ 5,629	\$ 7,401,535	\$ 6,220,762

The accompanying notes are an integral part of these consolidated financial statements

**CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA**  
Consolidated Statement of Cash Flows  
For the Year Ended June 30, 2023  
(With Comparative Information for the Year Ended June 30, 2022)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,520,572	\$ (346,753)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized & unrealized (gains)/losses on investments	(444,061)	855,560
Depreciation	651,682	637,504
Amortization	24,527	23,841
(Increase) Decrease in:		
Grants, contributions, partnership fees & other receivable	202,648	895,211
Prepaid expenses & deposits	(101,913)	1,966
Top Hat Plan asset	(493)	1,784
Increase (Decrease) in:		
Accounts payable	68,172	65,843
Grants Payable	-	(53,100)
Payroll & related liabilities	38,182	5,463
Accrued interest payable	24,687	127,019
Security deposits	4,809	37,805
Top Hat Plan liability	493	(1,784)
Net cash provided by operating activities	1,989,303	2,250,361
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property	(1,530,410)	(9,379,726)
Purchases of equipment	(45,243)	(103,978)
Purchase of Investments - Fidelity	(2,103,163)	-
Sale/(Purchase) of Investments at The San Diego Foundation	6,702,065	(4,000,000)
Net cash used by investing activities	3,023,249	(13,483,704)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayments of mortgage principal	(49,558)	(49,791)
Repayments of Source Loan Payable	(109,235)	(50,049)
Proceeds from National City loans payable	-	2,490,000
Proceeds from B-Quest Bridge Loan-La Semilla	300,000	-
Net cash on lease liability	(31,361)	6,136
Net cash provided/(used) by financing activities	109,845	2,396,296
Net increase (decrease) in cash, cash equivalents & restricted cash	5,122,398	(8,837,047)
Cash, cash equivalents, & restricted cash at beginning of year	8,324,729	17,161,776
Cash, cash equivalents, & restricted cash at end of year	\$ 13,447,126	\$ 8,324,729
Cash & cash equivalents	\$ 12,965,608	\$ 7,796,481
Restricted cash	481,518	528,248
Total cash, cash equivalents, & restricted cash	\$ 13,447,126	\$ 8,324,729
<b>SUPPLEMENTAL CASH FLOW DISCLOSURE</b>		
Cash paid for interest expensed	\$ 815,481	\$ 681,389

The accompanying notes are an integral part of these consolidated financial statements

## CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

### Note 1. Organization

Casa Familiar, Inc. (Casa) is a nonprofit public benefit corporation organized in 1973 under the laws of the State of California. Casa provides community services through various programs including social services, counseling services, youth services, fitness center for the public, a computer center providing training in computer usage applications and job training for students and job seekers, and affordable housing in San Ysidro, National City, and Chula Vista. Casa is supported primarily by affordable housing related income, grants and contributions, service fees, and housing partnerships income.

Casa operates at the following locations:

- Senior Group Home and Social Services Center located at 119-121 West Hall Avenue in San Ysidro.
- Two recreation facilities under lease from the City of San Diego at 212 West Park Avenue and 268 East Park Avenue in San Ysidro.
- Teen Center at 3604 Beyer Boulevard in San Ysidro.
- A building, The Front, at 145-149 West San Ysidro Boulevard in San Ysidro which includes art gallery, meetings and events space, and two apartment rental units.
- A building at 249 Willow Road in San Ysidro sublet to Episcopal Community Services for childcare programs, including daycare and two apartment units used for transitional housing rent free.
- Administrative offices, computer lab, social services, preschool and daycare in Villa Nueva Apartment building at 1901 Del Sur Boulevard in San Ysidro.
- Two apartment buildings at 1111 D Street and 1101-1119 E Street in National City with seventeen affordable units and one manager's unit operated as low and very low-income housing.
- An apartment building at 304 East 5th Street in National City with nine affordable units and one manager's unit operated as low and very low-income housing.
- Project under development at 125 Cypress Avenue in San Ysidro.
- Project under development at 151 W San Ysidro Boulevard.
- Undeveloped land at 317 Cottonwood Road in San Ysidro.
- Undeveloped land at 213 W. Park Avenue in San Ysidro
- Apartments and single-family homes for rent at 155-159 San Ysidro Boulevard in San Ysidro operated as low and very low-income housing.
- Apartments and housing for rent at: A) 120 Madison Avenue in Chula Vista, B) 210-240 S Vista Ave in San Ysidro, C) 1802 E 12th Street in National City, D) 148-152 W San Ysidro Boulevard in San Ysidro and E) 1019 – 1049 E Avenue in National City operated as low and very low-income housing
- Commercial space for lease at 161 W San Ysidro Boulevard in San Ysidro.

In April 2018, Casa formed Living Rooms at Casa (Living Rooms), a California nonprofit public benefit corporation, to build a project including ten units of affordable housing, a theatre, a renovated historic church, an open-air pavilion, and accessory buildings including a space for social services office and shops. The project was constructed on the land acquired by Casa in 2000 at 114-122 West Hall Avenue in San Ysidro. Construction was completed in January 2020 and the project is entirely leased to Casa (see Note 26).

## CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA

### Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

#### **Note 2. Summary of Significant Accounting Policies**

*Basis of consolidation:* As required by accounting guidance on reporting of related entities, Casa has consolidated Living Rooms due to Casa's financial interest and control over Living Rooms. All significant interorganizational balances and transactions have been eliminated in consolidation.

*Basis of Accounting:* The consolidated financial statements have been prepared on the accrual basis of accounting. Essentially, all revenue is recognized when earned and expenses are recognized when incurred.

*Net Assets:* 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 therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor restrictions. These generally result from contributions without donor restrictions and program service revenue less expenses incurred in providing program services and performing fundraising and administrative functions. Casa's Board of Directors designated, from net assets without donor restrictions, net assets for new program development and board-designated endowment.

*Net Assets with Donor Restrictions* - Net assets subject to donor-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 those 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.

*Contributions of financial assets:* Contributions are recognized when the donor makes a promise to give that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. 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.

*Cash and Cash Equivalents:* Cash and cash equivalents consist of cash and highly liquid investments with an initial maturity of three months or less. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the consolidated statement of cash flows. Cash restricted for construction projects, endowments that are perpetual in nature, and cash reserves required by loan agreements are excluded from this definition.

*Grants and contributions receivable:* Grants and contributions receivable are recorded at net realizable value consisting of the carrying amount less an allowance for uncollectible. The allowance, if any, is established based on factors such as historical experience and the age of the account balances. Grants and contributions receivable as of June 30, 2023, are fully collectible, therefore, no allowance for uncollectible accounts have been recorded.

## CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA

### Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

#### **Note 2. Summary of Significant Accounting Policies (continued)**

Deferred lease charges: Deferred lease charges are amortized over the expected lease period of 136 months of the Master Lease, using straight line method. As of June 30, 2023, deferred charges of \$14,673 were recorded.

Property and Equipment: All acquisitions of property and equipment in excess of \$2,000 are capitalized. Maintenance and repairs are expensed. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally five to seven years for furniture and equipment and forty years for buildings and building improvements.

Debt issuance costs: Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the debt to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Impairment of Long-lived Assets: Investments in long-lived assets, including projects under development, are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows from the use or disposition of an asset are less than the carrying value, a write-down is recorded to reduce the asset to its estimated fair value.

Contributions of non-financial Assets: The estimated fair value of donated goods and services is recorded in the financial statements. The donated goods are recorded at fair value. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Casa and Living Rooms. Volunteers provide services throughout the year that are not recognized as contributions since the recognition criteria were not met.

Comparative Financial Information: The financial statements include certain prior year summarized comparative information of Casa in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, it should be read in conjunction with Casa's and Living Rooms' financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses: The costs of providing various services and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.



## CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA

### Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

#### **Note 2. Summary of Significant Accounting Policies (continued)**

*Leases:* Casa determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the balance sheet. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. Casa does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

*Recently Adopted Accounting Guidance:* During the 2023 fiscal year Casa adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. Casa has elected not to restate the comparative period (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. At July 1, 2022 as a result of implementing ASU No. 2016-02, Casa recognized right-of-use assets of \$130,482 and lease liabilities totaling \$130,482 on the statement of financial position as of June 30, 2023.

During the 2023 fiscal year Casa adopted Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

#### **Note 3. Income Taxes**

Casa and Living Rooms are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California State Revenue and Taxation Code. Casa and Living Rooms may be subject to tax on income which is not related to their exempt purposes. No such unrelated business taxable income was reported for the year ended June 30, 2023.

Casa's and Living Rooms' tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and a period of four years for California taxing authorities.

#### **Note 4. Restricted Cash**

Loan agreements between Casa and the Community Development Commission of National City require Casa to deposit funds into separate reserve accounts for the properties financed (See Note 16). Lender reserve accounts are required by the lenders (See Notes 18 and 19). Living Rooms' restricted cash also includes a construction disbursement account established for construction and reimbursements to lenders for asset management fees and administrative expenses.

## CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA

### Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

#### Note 4. Restricted Cash (continued)

As of June 30, 2023, restricted cash is as follows:

	<u>Casa</u>	<u>Living Rooms</u>	<u>Total</u>
Reserves-National City properties	\$ 183,806	\$ -	\$ 183,806
Lender reserve account	152,946	144,763	297,709
Construction disbursement account	-	3	3
	<u>\$ 336,752</u>	<u>\$ 144,766</u>	<u>\$ 481,518</u>

#### Note 5. Liquidity and Availability of Financial Assets

Casa's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 12,965,608
Grants and contributions receivable	208,640
Partnership distributions and fees receivable	336,621
Rent and staff advances receivable	208,544
Investments	<u>2,824,267</u>
	16,543,680
Funds subject to donor-imposed restrictions	(3,352,219)
Board-designated funds	<u>(300,000)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 12,891,461</u>

Casa receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. Casa must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year.

As part of Casa's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of June 30, 2023, Casa's Board of Directors designated \$300,000 for new program development, but the funds remain available and may be spent at the discretion of the Board.

As of June 30, 2023, Living Rooms does not have any financial assets that are available to meet general operating expenditures over the next twelve months because all financial assets were used to develop the project. Living Rooms' goal is generally to maintain financial assets to meet 90 days of operating expenses, in addition to funds committed to be used for the construction and development of the Property. Living Rooms does not expect to have unrestricted cash balances beyond this amount. Unrestricted cash balances as of June 30, 2023, are \$2,144.

## CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA

### Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

#### **Note 6. Concentrations of Credit Risk**

Casa maintains its cash balances in six financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the year there were balances in the bank over the FDIC limit. As of June 30, 2023, the uninsured cash balance was \$11,781,304.

Living Rooms maintains its cash balances in two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2023, all cash balances were insured.

As of June 30, 2023, 90% or \$301,955 of Casa's housing partnership distributions receivable is receivable from one partnership. The balance was collected in full after year end. Casa receives a significant portion of its revenues from government grants and contributions. Revenues from such sources comprised approximately 62% of total revenue and support during the year ended June 30, 2023.

#### **Note 7. Fair Value Measurements**

Casa and Living Rooms measure fair value at the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Authoritative guidance establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values, requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets.

Level 2: Unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Significant unobservable inputs for the asset or liability. In these situations, Casa and Living Rooms develop inputs using the best information available in the circumstances.

Casa's investment in the Scholarship fund at The San Diego Foundation (See Note 8), the Advocacy fund at The San Diego Foundation (See Note 8), Fidelity Investments (See Note 9) and Top Hat Plan assets (See Note 21) are classified within Level 1 because they comprise funds with readily determinable fair values based on daily redemption values. The fair value of endowment funds held by The San Diego Foundation (See Note 13) is determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of investments as reported by The San Diego Foundation and is considered to be Level 3.

**CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA**

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

**Note 7. Fair Value Measurements (continued)**

Fair values of assets measured on a recurring basis as of June 30, 2023, are as follows:

	Total	Level 1	Level 2	Level 3
Investment in Scholarship Fund	\$ 137,944	\$ 137,944	\$ -	\$ -
Investment Advocacy Fund 5122	583,160	583,160	-	-
Investment Fidelity	2,103,163	2,103,163	-	-
Top Hat Plan assets	7,363	7,363	-	-
Community Foundation Funds	1,593,740	-	1,593,740	-
Total	\$ 4,425,370	\$ 2,831,630	\$ 1,593,740	\$ -

Certain assets are measured at fair value on a non-recurring basis. These assets are investments in unconsolidated partnerships measured at acquisition cost. These valuations represent Level 3 fair value measurements due to significant unobservable inputs.

Fair values of assets measured on a nonrecurring basis as of June 30, 2023, are as follows:

	Total	Level 1	Level 2	Level 3
Investment in Housing Partnerships	\$ 71,708	\$ -	\$ -	\$ 71,708
Total	\$ 71,708	\$ -	\$ -	\$ 71,708

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2023 and 2022:

	2023	2022
Balance at beginning of year	\$ 71,708	\$ 71,708
Contributions	-	-
Unrealized gain (loss)	-	-
Balance at end of year	\$ 71,708	\$ 71,708

## CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA

### Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

#### **Note 8. Investments at The San Diego Foundation**

Casa established a Scholarship Fund at The San Diego Foundation in accordance with a February 1, 2021, agreement. The assets in the amount of \$150,000 are invested in global equity and short-term fixed income securities. Distributions of earnings and principal are made upon Casa's request. The balance of the Fund as of June 30, 2023, including losses on investment activity is \$137,944.

Casa established an Advocacy Fund at The San Diego Foundation in accordance with a February 1, 2021, agreement. The assets in the amount of \$640,364 are invested in global equity and short-term fixed income securities. Distributions of earnings and principal are made upon Casa's request. The balance of the Fund as of June 30, 2023, including losses on investment activity is \$583,160.

#### **Note 9. Investment at Fidelity Investments**

Casa opened an investment at Fidelity Investments with the purpose of investing funds in global equity markets and short-term fixed income securities. The balance of the Investment as of June 30, 2023, including losses on investments activity is \$2,103,163.

#### **Note 10. Investment in Unconsolidated Housing Partnerships**

At June 30, 2022, Casa has partnership agreements with six different limited housing partnerships. All six partnership agreements shall continue in full force and effect in accordance with the agreements. In the case of five partnerships, Casa has acquired a partnership interest as a "donation" without making any payment for the acquisition. For the remaining one partnership, Casa issued a note payable to the partners in the amount of \$25,000, equal to the value of the partnership interest obtained as consideration for the investment. The investments were recorded at fair value at the time of acquisition.

In the case of one partnership, Casa entered into a verbal agreement at inception of the partnership to serve as the partnership's contact point with the San Ysidro community, for which the partnership would build and give to Casa a childcare center built to existing State Regulations, for Casa's use or as a sublet leasehold to another group and that the apartment residents would get some priority in terms of use of this facility. The verbal agreement allowed Casa to conduct a transitional housing project on the property, contributed rent-free two apartments of at least two bedrooms per unit, and should Casa acquire further monies to expand the transitional housing project the partnership would rent them to Casa at a reduced rate. Donated rent in the amount of \$48,000 has been recognized on the statement of activities for the donated center and rent-free units.

Casa acts as a managing General Partner for each of the partnerships. According to the partnership agreements, Casa, as a managing General Partner, is not liable for any debts, obligations, or negative cash flows of the partnerships. Casa is also not liable in any way in the event of a judicial foreclosure, and the Administrative General Partners agree to indemnify and hold the managing General Partner harmless from any such claims and/or liabilities. However, it is not certain whether Casa, under the provisions of California General Partnership Law, can be exempted from any partnership liabilities as set forth in the partnership agreements.

**CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA**

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

**Note 10. Investment in Unconsolidated Housing Partnerships (continued)**

Casa received the following fees from the partnerships for the year ended June 30, 2023:

Partnership distributions	\$	1,138,119
Management fees		174,966
Resident services fees		146,323
Total	\$	<u><u>1,459,408</u></u>

**Note 11. Property and Equipment**

Property and equipment consist of the following at June 30, 2023:

	Casa	Living Rooms	Total
Property and equipment used for operations			
Land	\$ 12,968,737	\$ 570,000	\$ 13,538,737
Building and improvements	10,443,492	8,952,389	19,395,881
Furniture and equipment	412,888	203,542	616,430
Less: Accumulated depreciation	<u>(2,945,816)</u>	<u>(1,008,842)</u>	<u>(3,954,658)</u>
Net property and equipment used for operations	20,879,301	8,717,089	29,596,390
Property under development			
Land-125 Cypress Avenue	90,198	-	90,198
Predevelopment costs-125 Cypress Avenue	600,570	-	600,570
Predevelopment costs-213 W. Park Avenue	<u>283,850</u>	<u>-</u>	<u>283,850</u>
Net property under development	<u>974,618</u>	<u>-</u>	<u>974,618</u>
Total property and equipment	<u><u>\$ 21,853,919</u></u>	<u><u>\$ 8,717,089</u></u>	<u><u>\$ 30,571,008</u></u>

**Note 12. Project under Development**

In 2000, Casa acquired a property at 125 Cypress Avenue in San Ysidro with the intention to construct an affordable housing project, “Los Abuelitos”, for grandparents whose grandchildren are under their full custody. Predevelopment costs, including architectural design, consulting and engineering fees have been capitalized as construction in progress.

In 2018, a decision was made to significantly alter the original plan. In accordance with the new plan, Casa would build an affordable housing project under the community land trust model. An impaired asset write-down to the estimated fair value of predevelopment costs was recorded. As of June 30, 2023, the fair market value of predevelopment costs is estimated to be \$600,570.

In 2021, Casa acquired a property at 213 E. Park Avenue in San Ysidro with the intention to construct a multi-purpose community space, including space for cultural activities, meeting spaces, a community bike shop, and a parking lot with chargers for electric cars. Predevelopment costs of \$283,850, including architectural design, and consulting fees have been capitalized as construction in progress.

## CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA

### Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

#### **Note 13. Board-Designated Endowment Fund at The San Diego Foundation**

Casa's Board of Directors established an Endowment Fund (the Fund) to provide annual funding for specific activities and general operations. Casa irrevocably transferred \$1,000,000 to The San Diego Foundation (TSDF) in accordance with a June 18, 2019, agreement. In accordance with the agreement, TSDF has all powers to carry out the purposes of the Fund, including the power to retain, invest, and reinvest the Fund in any manner within the "prudent person" standard and the power to commingle the assets of the Fund with those of other funds for investment purposes, subject however, to the requirements of Sections 5231 and 5240 of the California Corporations Code.

Distributions from the Fund may be made from income and realized and unrealized net appreciation as determined by the Board of Governors of TSDF. Earnings on investment activity in the amount of \$593,740 have been reinvested. The balance of the Fund at June 30, 2023 is \$1,593,740.

#### **Note 14. Lease Commitments**

Casa evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent Casa's right to use underlying assets for the lease term, and the lease liabilities represent Casa's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from finance leases, were calculated based on the present value of future lease payments over the lease terms. The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2023, was 2.8% for the Casa's equipment leases.

Casa leases office equipment under finance leases expiring in various years through 2028. Cash paid for financing leases for the year ended June 30, 2023, was \$35,712. There were no noncash investing and financing transactions related to leasing.

Minimum future lease payments under the capital leases as of June 30, 2023, are as follows:

30-Jun	Total
2024	\$ 22,608
2025	7,104
2026	7,104
2027	7,104
2028	7,104
Total Lease Payments	51,024
Less: Present Value Discount	(10,383)
Total Lease Obligations	\$ 40,641

## CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

### **Note 15. Revolving Credit Facilities**

Casa has a line of credit agreement with Citibank. The credit limit in accordance with the agreement is \$100,000. The interest rate was the prime rate as published in The Wall Street Journal plus 4.75%. There were no borrowings during the year ended June 30, 2023. Casa additionally has a line of credit agreement with BBVA USA. The credit limit in accordance with the agreement is \$100,000. The interest rate on the line of credit is 5.75%. There were no borrowings during the year ended June 30, 2023.

### **Note 16. Casa Owned Properties Promissory Notes**

The promissory notes for the properties Casa own are as follows:

**145-149 W. San Ysidro Blvd., San Ysidro:** art gallery, events space, and two apartment rental units. The property is financed with a loan as follows:

Loan a) \$590,914 from Western Alliance Bank obtained in July 2015 to pay off two loans from Western Alliance Bank. The monthly payments of principal and interest of \$3,092 calculated based on a variable interest rate of 4.5% and principal amortization over 30 years are due beginning September 4, 2015 through August 4, 2020. On August 4, 2020 the interest rate may be adjusted. The adjusted monthly payments would be due through August 4, 2025, at which time the entire amount of outstanding principal and interest would be due. The principal balance as of June 30, 2023 is \$491,251.

**1111 D Street and 1101-1119 E Street, National City:** seventeen affordable units and one manager's unit operate as low and very low-income housing for fifty-five years. Casa charges the project \$900 per month for management services, which is reported as the project's management fee expense and Casa's management fee revenue. A portion of Casa's payroll, office, and other expenses related to the project's operations is charged to the project. Casa is required to set aside replacement reserves of \$7,650 annually, subject to the revision upward by CDC. The reserves should be maintained in a separate account and disbursements may be made only after the written consent of CDC. The funds have been transferred as required. The property is financed with the loans as follows:

Loan b) \$1,016,000 from Healy Family Trust, the seller of the property, obtained in 2008. The note is secured by the real property and is payable to Wells Fargo bank at an interest rate of 5.50% per annum for the term of forty years. The principal balance as of June 30, 2023, is \$948,097.

Loan c) \$669,653 from the Community Development Commission of National City (CDC Permanent loan), secured by the real property. Permanent Financing Loan Agreement (Agreement) was signed on November 9, 2009. The note bears interest at 3%. Annually, on November 15<sup>th</sup>, Casa should calculate its residual receipts for the immediately previous fiscal year and pay to the CDC 19% of such residual receipts. The remaining unpaid principal and accrued interest are due in fifty-five years. No residual receipts were applied in the current fiscal year. The balances of principal and accrued interest as of June 30, 2023, are \$669,653 and \$251,342 accordingly.

Loan d) \$1,110,347 from CDC (HUD Home loan), signed in 2009, secured by the real property. In accordance with the Agreement, the note bears interest at 3% simple interest per annum. Annually, on November 15, Casa should calculate its residual receipts for the immediately previous fiscal year and pay to the CDC 31% of such residual receipts. The remaining unpaid principal and accrued interest are due in fifty-five years. No residual receipts were applied in the current fiscal year. The balances of principal and interest as of June 30, 2023, are \$1,110,347 and \$416,750 accordingly.



**CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA**

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

**Note 16. Casa Owned Properties Promissory Notes (continued)**

**304 East 5<sup>th</sup> Street, National City:** nine affordable units and one manager’s unit operate as low and very low-income housing for fifty-five years. Casa charges the project management fee of \$710 monthly which is reported as the project’s management fee expense and Casa’s management fee revenue. Also, a portion of Casa’s payroll, office, and other expenses related to the project’s operations is charged to the project. Casa is required to set aside replacement reserves of \$4,250 annually, subject to the revision upward by CDC. The reserves should be maintained in a separate account and disbursements may be made only after the written consent of CDC. The funds have been transferred as required. The property is financed with the loans as follows:

Loan e) \$835,000 from CDC, signed in October 2009. This is a HUD HOME program loan. In accordance with the Acquisition, Rehabilitation and Permanent Financing Loan Agreement the promissory note bears interest at 2% simple interest per annum. According to the Agreement, annually, on November 15, Casa should calculate its residual receipts for the immediately previous fiscal year and pay CDC 33% of residual receipts toward the loan principal. In 2023, a residual receipts payment in the amount of \$339 was made to the City of National City. The remaining unpaid principal and accrued interest are due in fifty-five years. The balances of principal and accrued interest at June 30, 2023 are \$835,000 and \$170,372 accordingly.

Loan f) \$654,086 from Western Alliance Bank obtained in July 2015. The monthly payments of principal and interest of \$3,340 calculated based on a variable interest rate of 4.5% and principal amortization over 30 years are due beginning September 4, 2015 through August 4, 2020. The adjusted monthly payments would be due through August 4, 2025, at which time the entire amount of outstanding principal and interest would be due. The principal balance at June 30, 2022 is \$571,694.

**148-152 W. San Ysidro Boulevard:** five affordable units and one manager’s unit operate as low and very low-income housing for fifteen years. Loan g) \$2,490,000 from Neighborhood National Bank signed in December 2021. The note bears interest at 3.625%. The remaining unpaid principal and accrued interest are due in fifteen years. The balance of principal at June 30, 2023 is \$2,490,000.

Future maturities of notes payable are as follows:

June 30,	Western Alliance Bank (a)	Wells Fargo Bank (b)	City of National City*	Western Alliance Bank (f)	Neighborhood National Bank (g)	Total
2024	\$ 14,729	\$ 5,822	\$ -	\$ 14,854	\$ -	\$ 35,405
2025	15,479	6,150	-	15,615	-	37,244
2026	436,635	6,497	-	527,644	-	970,776
2027	-	6,864	-	-	-	6,864
2028	-	7,251	-	-	-	7,251
Thereafter	-	903,945	2,615,000	-	2,490,000	6,008,945
Total	<u>\$ 466,843</u>	<u>\$ 936,528</u>	<u>\$ 2,615,000</u>	<u>\$ 558,113</u>	<u>\$ 2,490,000</u>	<u>\$ 7,066,484</u>
* loan c)			\$ 669,653			
loan d)			1,110,347			
loan e)			835,000			
			<u>\$ 2,615,000</u>			

## CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA

### Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

#### **Note 17. BQuest Foundation Loan Payable**

On January 01, 2023, BQuest Foundation (BQuest) advanced a recoverable grant to Casa in the amount of \$350,000. According to the terms of the agreement, the funds are to be used for pre-development activities for the La Semilla Neighborhood Parl. \$50,000 of the loan has been forgiven and recognized on the statement of activities as of June 30, 2023. Repayments on the loan are due and payable as and when funds are available by Casa. The remaining balance of \$300,000 is expected to be repaid in full after the three year maturity.

#### **Note 18. Leverage Loan Receivable from Living Rooms at the Border NMTC Investment Fund, LLC**

On October 16, 2018, Casa funded a loan in the amount of \$6,434,762 to Living Rooms at the Border NMTC Investment Fund, LLC (Investment Fund). Casa used Source Loan funds (See Note 19), certain grant funds, and Casa's funds to fund the loan. In accordance with the loan agreement, interest only payments at 4.6797% of outstanding principal balance are due quarterly. On October 16, 2025, a principal payment of \$3,861,754 is due.

Beginning on March 15, 2036, through September 15, 2053, quarterly payments of interest and principal sufficient to amortize the outstanding principal amount over the remaining term of the loan in accordance with the Amortization Schedule are due. Any remaining balance of principal and all accrued interest are payable on October 16, 2053. For the year ended June 30, 2023, Casa received interest income of \$301,239.

According to the Pledge, Assignment and Security Agreement, the Investment Fund granted to Casa a first priority security interest in all of the equity interest of the Investment Fund in the CDE (Community Development Entity, Civic San Diego, (See Note 19), including all rights of the Investment Fund to distributions and allocations of profits and losses by the CDE, all rights to all capital accounts in the CDE, and all other benefits to which the Investment Fund may be entitled in its capacity as the owner of 99.9% of the equity interest in the CDE.

#### **Note 19. Source Loan Payable**

In connection with the development of Living Rooms project, on October 16, 2018, Casa entered into a Source Loan Agreement (Source Loan) with Capital Impact Partners for \$4,400,000 in order to fund the Leverage Loan to Living Rooms at the Border NMTC Investment Fund, LLC (See Note 18).

The Source Loan carries an interest rate of 6.75% and matures on October 16, 2025. Commencing on the date of the Source Loan and for 36 months thereafter, accrued and unpaid interest only on the outstanding principal amount for the immediately preceding quarter is payable in quarterly installments commencing with the first payment due on January 10, 2019. Beginning on October 10, 2021, and continuing thereafter until the maturity date, payments of principal of \$30,000 are due quarterly, in addition to accrued and unpaid interest. The Source Loan principal balance as of June 30, 2023, is \$2,884,253. Total interest paid for the year ended June 30, 2023, is \$205,856

The Source Loan is secured by the mortgaged property. In accordance with the Collateral Assignment of Lease, Casa has agreed to collaterally assign to Capital Impact Partners all of Casa's rights, title, and interest in the lease between Living Rooms and Casa. Also, Casa's lender reserve account was pledged to Capital Impact Partners as additional collateral security.

## CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA

### Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

#### **Note 19. Source Loan Payable (continued)**

Future maturities of Source Loan payable are as follows:

June 30,	
2024	\$ 120,000
2025	120,000
2026	120,000
2027	120,000
2028	120,000
Thereafter	2,329,608
Less: debt issuance costs	(45,355)
Total	<u>\$ 2,884,253</u>

#### **Note 20. New Markets Tax Credit Financing**

In October 2018, Casa entered into a debt transaction to access additional funds through the New Markets Tax Credit (NMTC) Program. These funds were used towards the construction of Living Rooms. The NMTC Program permits taxpayers to claim federal tax credits for making Qualified Equity Investments (QEI) in a designated Community Development Entity (CDE). The CDE must use substantially all of the proceeds to make Qualified Low-Income Community Investments (QLICs). The tax credits are claimed over a seven-year period and equate to 39% of the QLICs. Casa has partnered with an investor, Citibank, N.A., to utilize the NMTC program.

Citibank, N.A., established a special purpose entity, Living Rooms at the Border NMTC Investment Fund, LLC (Investment Fund) to raise the capital for the transaction. The Investment Fund was funded with \$3,091,238 of equity from Citibank, N.A. (the Investor Contribution) and \$6,434,762 Leverage Loan from Casa (See Note 16). The capital raised by the Investment Fund in the amount of \$9,325,000 was contributed to the CDE, Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE VI, LLC (Civic SD). The Investment Fund holds a 99.99% investor member interest in Civic SD.

Civic SD made loans in the aggregate principal amount of \$9,091,875 (Note A1, Note A2, Note A3, Note B1, Note B2, Note B3, the “QLICI Loans”) to Living Rooms as follows:

*Note A1* Pursuant to the QLICI Note A1 dated October 16, 2018, Civic SD made a loan to Living Rooms in the principal amount of \$2,444,597 (“Note A1”). Interest on Note A1 accrues at a rate of 3.3139% per annum. Commencing on December 1, 2018, and continuing on the first day of each March, June, September, and December (the “Payment Dates”) thereafter through and including September 1, 2025, accrued and unpaid interest is due and payable quarterly, partially in arrears and partially in advance. On September 1, 2025, principal in the amount of \$2,444,597 is due. On the seventh anniversary of Note A1, any unpaid principal is due together with all unpaid accrued interest. Pursuant to the Loan Agreement dated October 16, 2018, Note A1 is secured by the Deed of Trust, Assignment of Leases and Rents, Security Agreement, and Fixture Filing dated October 16, 2018 (the “Deed of Trust”).

## CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA

### Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

#### **Note 20. New Markets Tax Credit Financing (continued)**

Note A2 Pursuant to the QLICI Note A2 dated October 16, 2018, Civic SD made a loan to Living Rooms in the principal amount of \$1,417,157. Interest on Note A2 accrues at a rate of 3.3139% per annum. Commencing on December 1, 2018 and continuing on the Payment Dates thereafter through and including September 1, 2025, accrued and unpaid interest is due and payable quarterly, partially in arrears and partially in advance. On September 1, 2025, principal in the amount of \$1,417,157 is due. On the seventh anniversary of Note A2, any unpaid principal is due together with all unpaid accrued interest. Note A2 is secured by the Deed of Trust.

Note A3 Pursuant to the QLICI Note A3 dated October 16, 2018, Civic SD made a loan to Living Rooms in the principal amount of \$2,573,008. Interest on Note A3 accrues at a rate of 3.3139% per annum. Commencing on December 1, 2018 and continuing on the Payment Dates thereafter through and including December 1, 2035, accrued and unpaid interest is due and payable quarterly, partially in arrears and partially in advance. Commencing on January 1, 2036, and continuing on the Payment Dates, principal and interest in an annual amount of \$86,000 paid in quarterly installments is due and payable. Commencing on January 1, 2037, the annual amount shall increase by \$14,000 on January 1<sup>st</sup> of each year until October 16, 2053 (the "Maturity Date"). On the Maturity Date, all unpaid principal balance, together with all unpaid accrued interest shall be due and payable. Note A3 is secured by the Deed of Trust.

Note B1 Pursuant to the QLICI Note B1 dated October 16, 2018, Civic SD made a loan to Living Rooms in the principal amount of \$919,153. Interest on Note B1 accrues at a rate of 3.3139% per annum. Commencing on December 1, 2018 and continuing on the Payment Dates thereafter through and including December 1, 2035, accrued and unpaid interest is due and payable quarterly, partially in arrears and partially in advance. Commencing on January 1, 2036, and continuing on the Payment Dates, principal and interest in an annual amount of \$30,900 paid in quarterly installments is due and payable. Commencing on January 1, 2037, the annual amount shall increase by \$5,000 on January 1<sup>st</sup> of each year until the Maturity Date. On the Maturity Date, all unpaid principal balance, together with all unpaid accrued interest shall be due and payable. Note B1 is secured by the Deed of Trust.

Note B2 Pursuant to the QLICI Note B2 dated October 16, 2018, Civic SD made a loan to Living Rooms in the principal amount of \$532,843. Interest on Note B2 accrues at a rate of 3.3139% per annum. Commencing on December 1, 2018 and continuing on the Payment Dates thereafter through and including December 1, 2035, accrued and unpaid interest is due and payable quarterly, partially in arrears and partially in advance. Commencing on January 1, 2036, and continuing on the Payment Dates, principal and interest in an annual amount of \$17,900 paid in quarterly installments is due and payable. Commencing on January 1, 2037, the annual amount shall increase by \$2,900 on January 1<sup>st</sup> of each year until the Maturity Date. On the Maturity Date, all unpaid principal balance, together with all unpaid accrued interest shall be due and payable. Note B2 is secured by the Deed of Trust.

**CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA**

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

**Note 20. New Markets Tax Credit Financing (continued)**

Note B3 Pursuant to the QLICI Note B3 dated October 16, 2018, Civic SD made a loan to Living Rooms in the principal amount of \$1,205,117. Interest on Note B3 accrues at a rate of 3.3139% per annum. Commencing on December 1, 2018 and continuing on the Payment Dates thereafter through and including December 1, 2035, accrued and unpaid interest is due and payable quarterly, partially in arrears and partially in advance. Commencing on January 1, 2036, and continuing on the Payment Dates, principal and interest in an annual amount of \$40,000 paid in quarterly installments is due and payable. Commencing on January 1, 2037, the annual amount shall increase by \$6,600 on January 1<sup>st</sup> of each year until the Maturity Date. On the Maturity Date, all unpaid principal balance, together with all unpaid accrued interest shall be due and payable. Note B3 is secured by the Deed of Trust.

Future maturities of QLICI loans are as follows:

June 30,		
2024	\$	-
2025		3,861,754
2026		-
2027		-
2028		-
Thereafter		<u>5,230,121</u>
Total	\$	<u><u>9,091,875</u></u>

Loans receivable and loans payable related to the NMTC financing reflected on the consolidated statement of financial position as of June 30, 2023, are as follows:

	Casa	Living Rooms
Leverage loan receivable	\$ <u>6,434,762</u>	
QLICI Note A1		\$ 2,444,597
QLICI Note A2		1,417,157
QLICI Note A3		2,573,008
QLICI Note B1		919,153
QLICI Note B2		532,843
QLICI Note B3		<u>1,205,117</u>
Total loans payable		<u>9,091,875</u>
Less: debt issuance costs		<u>(415,246)</u>
Loans payable, net		<u><u>\$ 8,676,629</u></u>
Source loan payable	\$ 2,929,608	
Less: debt issuance costs	<u>(45,355)</u>	
Loan payable, net	<u><u>\$ 2,884,253</u></u>	

**CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA**

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

**Note 20. New Markets Tax Credit Financing (continued)**

For the years ended June 30, 2023, debt issuance costs amortized into interest expense were \$21,998, none which was capitalized into fixed assets. Debt issuance costs on Source Loan amortized into interest were \$18,767, which were expensed in the year ended June 30, 2023. The 2023 effective interest rate was 3.73%.

**Note 21. Net Assets with Donor Restrictions**

Net assets with donor restrictions are comprised of the following:

	June 30, 2022	2023		June 30, 2023
		Additions	Released	
Subject to expenditure for specified purpose:				
Alliance Foundation (Community Land Trust)	\$ 45,000	\$ -	\$ (45,000)	\$ -
Alex Morgan Foundation	-	20,000	-	20,000
Community Health Improvement Partners	-	2,042	-	2,042
County of San Diego	-	2,760,000	-	2,760,000
County of San Diego - District Attorney (Corredor Cultural)	26,767	-	(26,767)	-
Catalyst of San Diego	-	80,000	-	80,000
CARB (Air Quality/Environmental Justice)	78,145	-	(78,145)	-
NALAC (Arts Divison grant-Latino Arts and Culture)	14,149	-	(14,149)	-
Raza Development Fund	-	231,278	-	231,278
The Energy Foundation (Air Quality/Environmental Justice)	31,579	-	(31,579)	-
The Greenlining Institute	-	132,141	-	132,141
The San Diego Foundation (Casa Verde Youth STEM)	13,135	116,758	(13,135)	116,758
The Solution Project (Environmental Justice)	54,000	-	(54,000)	-
The Office - Artist at Work (Art Work)	10,000	-	-	10,000
The Parker Foundation (Organization development & Capacity building)	27,000	-	(27,000)	-
Total	\$ 299,774	\$ 3,342,219	\$ (289,774)	\$ 3,352,219

**Note 22. Lessor Donated Use of Facilities and Utilities**

In November 1993, Casa entered into an operating lease agreement with the City of San Diego (the City) for the sole purpose of operating recreational and social services programs at a recreation center. The facilities were to be used to benefit the San Ysidro Community and the residents of the City and for such other related or incidental purposes as may first be approved in writing by the City Manager. The estimated fair market value of the donated rent and utilities for the year ended June 30, 2023, is \$231,405.

**Note 23. Employee Benefit Plans**

Casa maintains a Tax-Sheltered Annuity retirement plan with a SIMPLE individual retirement plan under section 408(p) of the Internal Revenue Code. This is a tax deferred retirement plan, under which Casa matches eligible employee contributions up to 3% of the employee's salary. Employer contributions totaled \$140,340 for the fiscal year ended June 30, 2023.

## CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

### **Note 23. Employee Benefit Plans (continued)**

Casa maintains a "Cafeteria Plan" for the benefit of its employees. The Plan allows employees working at least 20 hours per week to pay certain qualified expenses on a pre-tax basis.

Effective November 2010, Casa adopted a 457(b) Non-Qualified Deferred Compensation Top Hat Plan (Plan). The Plan is a supplemental retirement plan available to a select group of management or highly compensated employees. The Plan is funded by the participants' payroll deductions on a pre-tax basis and Casa's contributions. All amounts of compensation deferred under the Plan and all income attributable to such amounts remain an asset of Casa until distribution, therefore, Casa reports assets and liabilities of equal amounts attributable to the amount deferred. No contributions to the plan were made during the year ended June 30, 2023. The balance is \$7,363 at June 30, 2023.

### **Note 24. Grants Payable**

In October 2020, Casa began discussions with the City of San Diego elected officials and Parks & Recreation department to support in designing and building an 8-acre park, Beyer Park, for the San Ysidro community. The park is expected to enrich the community and would include a skate park for the youth of San Ysidro. Casa's total contributions towards the park as of June 30, 2023, are \$396,900.

### **Note 25. Functionalized Expenses**

Directly identifiable expenses are charged to programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Casa and Living Rooms. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel and related expenses, equipment and supplies, utilities, telephone, cable, and internet, which are allocated on the basis of estimates of time and effort.

### **Note 26. Master Lease Agreement**

Casa evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent Casa's right to use underlying assets for the lease term, and the lease liabilities represent Casa's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. Casa has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2023, was 3.81% for the office lease.

Pursuant to the Master Lease Agreement between Casa and Living Rooms dated October 16, 2018, Casa leases the property from Living Rooms payable in equal quarterly installments commencing upon substantial completion of the project. Under ASC 842, the ROU lease asset and lease liability were capitalized to Casa's statement of net position and related interest expense and ROU asset amortization were recognized in the Casa statement of activities. The transactions relating to ROU Assets, Liabilities and rental were eliminated in consolidation.

**CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA**

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

**Note 26. Master Lease Agreement (continued)**

Future minimum lease payments are as follows:

<u>30-Jun</u>	<u>Total</u>
2024	\$ 304,000
2025	329,708
2026	483,959
2027	612,500
2028	612,500
Thereafter	<u>15,491,147</u>
Total Lease Payments	17,833,814
Less: Present Value Discount	<u>(6,795,177)</u>
Total Lease Obligations	<u>\$ 11,038,637</u>

**Note 27. Related Parties**

Casa's Chief Executive Officer, Elizabeth Cuestas, also serves as President of Casa's Board of Directors, Chief Executive Officer of Living Rooms, and President of Living Rooms' Board of Directors.

Classic Lake Consulting, a company owned by a member of Living Rooms' Board of Directors, Kayle Walton, has provided consulting services in accordance with Consulting Agreement for New Markets Tax Credit Financing. \$25,000 was paid to Classic Lake Consulting as of June 30, 2023.

**Note 28. Solar Panel Loan**

In January 2020, Casa entered into a contract for the installation of solar panels for Living Rooms. The solar panels were placed into service during the 2022 fiscal year and have a remaining outstanding loan balance of \$74,213.

Future minimum payments of the Solar Panel Loan are as follows:

June 30,	
2024	\$ 6,190
2025	6,436
2026	6,691
2027	6,957
2028	7,233
Thereafter	<u>40,707</u>
Total	<u>\$ 74,213</u>



## CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA

### Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

#### **Note 29. Contingencies**

Pursuant to the Tax Credit Reimbursement and Indemnity Agreement dated October 16, 2018 (the “Indemnification Agreement”) upon the occurrence of an event or condition that results in a recapture of all or any portion of NMTCs (“Recapture Event”), Living Rooms and Casa (each, an “Indemnitor”), shall pay the NMTC Recapture Amount, as defined in the Indemnification Agreement, to Citibank but only if and to the extent that such Recapture Event in the result of:

- i. The failure of any QLICI Loan to constitute a loan or investment to as a result of any Indemnitor to treat any of the QLICI Loans as indebtedness of Living Rooms, and any failure of Living Rooms to maintain its status as a qualified active low-income community business;
- ii. The failure of any of Living Rooms’ tenants or subtenants under any lease or sublease, if any, to comply with the requirements for lessees under Treasury Regulations Section 1.45D-1(d)(5)(ii);
- iii. Prepayment of any principal on the QLICI Loans in violation of the investment documents, whether voluntarily, involuntarily, or through foreclosure or other exercise of remedies by Civic SD or otherwise;
- iv. The failure to satisfy the substantially-all requirement (within the meaning of Treasury Regulations Section 1.45D-1(c)(1)(ii)(5)) which failure is caused by a default by any Indemnitor under any of the investment documents or the inaccuracy of any of the representations, warranties or covenants made by any Indemnitor;
- v. The redemption (within the meaning of Treasury Regulations Section 1.45D-1(e)(2)(iii)) of any portion of the fund contribution; provided that such redemption shall have occurred as a result of a violation or default by any Indemnitor under the investment documents;
- vi. Living Rooms or any affiliate’s gross negligence, fraud, willful misconduct, malfeasance, material violation of any law, breach of any material provision of the investment documents or breach of the representations contained in the investment documents;
- vii. Any other act or omission by or within the control of any Indemnitor;
- viii. Any violation of the investment documents;
- ix. Any use by Living Rooms of the proceeds of the QLICI loans that is in violation of the terms of the loan documents; or
- x. Changes in the IRC or Treasury Regulations which cause Citibank to receive less than the amount of tax credits it would have otherwise been eligible to receive, if (and only if) the adverse effects thereof could reasonably be mitigated by the Indemnitors, at the request of and in cooperation with Citibank and Civic SD, without material expense or other material adverse effect on the Indemnitors, and the Indemnitors fail or refuse to do so within a reasonable time.

As of June 30, 2023, no claims or payments had been made relative to the indemnity and Casa and Living Rooms are not aware of the occurrence of any Recapture Event. Casa and Living Rooms have determined the likelihood of a Recapture Event to be remote after considering related factors. Accordingly, no liability has been recorded relative to the indemnity.

## CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2023

### **Note 30. Date of Management Review**

During November 2023, Casa entered into an agreement with Civic Community Partners, Inc., for the formation of CCP NMTC SUB-CDE XXIV, LLC (The Company). Civic Community Partners, Inc., made a sub-allocation of New Markets Tax Credit of \$7,000,000. The funds will be used for qualified loans or other approved investments.

During July 2023, Casa purchased a new property in National City located at 1019-1049 E Ave. The property was purchased with a loan with a \$1,950,000 from PNC to pay for half of the total purchase price. The loan with PNC is structured as an interest rate swap, whereby Casa shall make payments at a fixed rate of 5.7% with a termination date of July 2033.

Management has evaluated subsequent events through January 16, 2024, the date the financial statements were available to be issued. Management is not aware of any other subsequent events that would require adjustment to, or disclosure in, the financial statements.

**SUPPLEMENTARY INFORMATION**

**CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA**  
**SUPPLEMENTARY INFORMATION**  
Consolidated Schedule of Revenue & Expenses  
For the Year Ended June 30, 2023  
(With Summarized Comparative Information for the Year Ended June 30, 2022)

	PROGRAM SERVICES							SUPPORTING SERVICES		2023 Total	2022 Total	
	Housing	Senior Group Home	Casa Services	Arts Division	Advocacy	National City Properties	Living Rooms	Total Programs	Management & General			Fund- Raising
<b>SUPPORT, REVENUE, &amp; GAINS:</b>												
Contributions of financial assets	\$ 3,467,141	\$ -	\$ 1,782,953	\$ 158,192	\$ 128,785	\$ -	\$ -	\$ 5,537,073	\$ -	\$ -	\$ 5,537,073	\$ 2,554,336
Contributions of non-financial assets	48,000.00	-	231,405	-	-	-	-	279,405	-	-	279,405	231,405
Special event	-	-	-	-	-	-	-	-	-	109,837	109,837	47,343
Less: direct special event costs	-	-	-	-	-	-	-	-	-	(104,166)	(104,166)	(11,752)
Program service fees	70,384	-	243,365	-	-	-	-	313,749	-	-	313,749	315,844
Management fees	194,291	-	-	-	-	-	-	194,291	-	-	194,291	181,142
Rentals (net of vacancies)	1,008,636	13,680	-	14,100	-	187,031	187,171	1,410,618	-	-	1,410,618	1,300,125
Tenant assistance payments	37,490	-	-	-	-	8,496	-	45,986	-	-	45,986	43,179
Housing partnerships	1,101,500	-	-	-	-	-	-	1,101,500	-	-	1,101,500	1,757,553
Interest	301,239	-	-	-	-	131	4,514	305,884	171,826	-	477,710	310,323
Gain on investments	-	-	-	-	-	-	-	-	(444,061)	-	(444,061)	(855,560)
Other income	166	-	-	-	-	-	-	166	-	-	166	70
<b>Total support, revenue, &amp; gains</b>	<b>6,228,847</b>	<b>13,680</b>	<b>2,257,723</b>	<b>172,292</b>	<b>128,785</b>	<b>195,658</b>	<b>191,685</b>	<b>9,188,672</b>	<b>(272,235)</b>	<b>5,671</b>	<b>8,922,108</b>	<b>5,874,008</b>
<b>EXPENSES &amp; LOSSES:</b>												
<b>Payroll &amp; related expenses</b>												
Salaries & wages	7,020	-	2,383,539	-	904	-	-	2,391,463	794,513	-	3,185,976	2,478,378
Payroll taxes	-	-	182,483	-	-	-	-	182,483	60,828	-	243,311	195,114
Employee benefits	22,041	-	362,786	-	-	-	-	384,827	120,929	-	505,756	526,836
<b>Total payroll &amp; related exp.</b>	<b>29,061</b>	<b>-</b>	<b>2,928,807</b>	<b>-</b>	<b>904</b>	<b>-</b>	<b>-</b>	<b>2,958,773</b>	<b>976,269</b>	<b>-</b>	<b>3,935,043</b>	<b>3,200,328</b>
<b>Operating expenses</b>												
Contract services	133,726	-	-	-	3,500	1,685	3,093	142,004	143,930	-	285,934	151,562
Subscriptions, filing, loan fees	6,975	-	488	251	-	6,028	66,500	80,242	45,268	4,241	129,751	135,080
Utilities	80,992	1,938	-	7,124	-	15,699	32,011	137,764	19,793	-	157,557	127,672
Equipment & supplies	15,272	-	82,563	34	-	5,660	1,139	104,668	59,955	-	164,623	187,501
Telephone, cable, internet	964	-	-	-	-	-	-	964	43,885	-	44,849	48,682
Postage & printing	36	-	-	-	-	-	-	36	6,391	-	6,427	4,459
Program	52,228	-	199,970	25,700	9,320	-	-	287,218	-	1,250	288,468	317,362
Property taxes	145,498	-	-	-	-	11,711	4,830	162,039	2,246	-	164,285	59,238
Management fees	8,525	-	-	-	-	10,800	-	19,325	-	-	19,325	19,325
Repairs & maintenance	59,239	2,475	-	1,446	-	14,822	14,475	92,457	23,500	-	115,957	71,388
Insurance	-	-	-	-	-	-	-	0	110,083	-	110,083	74,461
Interest	-	-	-	-	-	104,367	323,294	427,661	387,820	-	815,481	779,350
Events	-	-	5,421	24,522	-	-	-	29,942	-	-	29,942	52,716
Depreciation & Amortization	70,933	-	-	-	-	88,849	292,195	451,976	224,233	-	676,209	661,345
Conferences & meetings	-	-	-	-	-	-	-	0	29,391	-	29,391	20,039
Miscellaneous	31,348	-	924	1,696	-	2,750	8,897	45,615	9,341	-	54,956	44,754
Mileage, travel, & vehicle exp.	11,427	-	-	-	-	365	-	11,792	31,639	138	43,570	30,995
Donations from Casa	50,280	-	-	-	-	-	-	50,280	-	-	50,280	3,100
Donated facilities	48,000	-	231,405	-	-	-	-	279,405	-	-	279,405	231,405
<b>Total operating expenses</b>	<b>715,443</b>	<b>4,413</b>	<b>520,771</b>	<b>60,772</b>	<b>12,820</b>	<b>262,736</b>	<b>746,433</b>	<b>2,323,388</b>	<b>1,137,476</b>	<b>5,629</b>	<b>3,466,494</b>	<b>3,020,434</b>
<b>Total expenses &amp; losses</b>	<b>744,504</b>	<b>4,413</b>	<b>3,449,578</b>	<b>60,773</b>	<b>13,725</b>	<b>262,736</b>	<b>746,433</b>	<b>5,282,161</b>	<b>2,113,746</b>	<b>5,629</b>	<b>7,401,536</b>	<b>6,220,762</b>
<b>Change in net assets</b>	<b>\$ 5,484,343</b>	<b>\$ 9,267</b>	<b>\$ (1,191,855)</b>	<b>\$ 111,519</b>	<b>\$ 115,060</b>	<b>\$ (67,078)</b>	<b>\$ (554,748)</b>	<b>\$ 3,906,511</b>	<b>\$ (2,385,981)</b>	<b>\$ 42</b>	<b>\$ 1,520,572</b>	<b>\$ (346,754)</b>

See independent auditors' report

**CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA**

Consolidating Schedule of Financial Position

June 30, 2023

	Casa Familiar, Inc.	Living Rooms at	Eliminations	Total
		<i>Audited by Other Auditors</i>		
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & cash equivalents	\$ 12,963,464	\$ 2,144	\$ -	\$ 12,965,608
Restricted cash	336,752	144,766	-	481,518
Grants & contributions receivable	208,640	-	-	208,640
Housing partnership distributions & fees receivable	336,621	-	-	336,621
Rent, staff advances, and other receivable	208,544	-	-	208,544
Due from Living Rooms	187	-	(187)	-
Prepaid expenses & deposits	252,816	-	-	252,816
Deferred rent	-	862,492	(862,492)	-
Deferred charges, net	-	14,673	-	14,673
Investment-Scholarship Fund	137,944	-	-	137,944
Investment Advocacy Fund 5122	583,160	-	-	583,160
Other Investments	2,103,163	-	-	2,103,163
Top Hat Plan	7,363	-	-	7,363
<b>Total Current Assets</b>	<b>17,138,654</b>	<b>1,024,075</b>	<b>(862,679)</b>	<b>17,300,050</b>
<b>Noncurrent Assets</b>				
Leverage loan receivable	6,434,762	-	-	6,434,762
Board-designated endowment at The San Diego Foundation	1,593,740	-	-	1,593,740
Investments in housing partnerships	71,708	-	-	71,708
Net property & equipment used for operations	20,879,301	8,717,089	-	29,596,390
Net property under development	974,618	-	-	974,618
<b>Total Noncurrent Assets</b>	<b>29,954,129</b>	<b>8,717,089</b>	<b>-</b>	<b>38,671,218</b>
<b>ROU Asset</b>				
ROU asset, net of accumulated amortization	10,678,340	-	(10,629,292)	49,049
<b>TOTAL ASSETS</b>	<b>\$ 57,771,123</b>	<b>\$ 9,741,164</b>	<b>\$ (11,491,971)</b>	<b>\$ 56,020,317</b>
<b>LIABILITIES &amp; NET ASSETS</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 223,522	\$ -	\$ -	\$ 223,522
Due to Casa Familiar	-	187	(187)	-
Grants payable	396,900	-	-	396,900
Payroll & related liabilities	107,825	-	-	107,825
Security deposits	93,712	-	-	93,712
Top Hat Plan liability	7,363	-	-	7,363
Accrued interest payable	849,967	-	-	849,967
Mortgages payable-Casa owned properties, current portion	35,405	-	-	35,405
Source loan payable	120,000	-	-	120,000
Finance lease liabilities, current portion	325,778	-	(304,000)	21,778
<b>Total Current Liabilities</b>	<b>2,160,473</b>	<b>187</b>	<b>(304,187)</b>	<b>1,856,473</b>
<b>Noncurrent Liabilities</b>				
Note payable for housing partnership interests	25,000	-	-	25,000
B-Quest Bridge Loan-La Semilla	300,000	-	-	300,000
Mortgages payable-Casa owned properties, non-current portion	7,031,079	-	-	7,031,079
NMTC loans payable, net of debt issuance cost	-	8,676,631	-	8,676,631
Solar panel loan	74,213	-	-	74,213
Source loan payable, non-current portion	2,764,253	-	-	2,764,253
Finance lease liabilities, non-current portion	10,753,500	-	(10,734,636)	18,864
<b>Total Noncurrent Liabilities</b>	<b>20,948,045</b>	<b>8,676,631</b>	<b>(10,734,636)</b>	<b>18,890,039</b>
<b>TOTAL LIABILITIES</b>	<b>23,108,518</b>	<b>8,676,818</b>	<b>(11,038,823)</b>	<b>20,746,513</b>
<b>NET ASSETS</b>				
<b>Without donor restrictions</b>				
Undesignated	29,416,646	494,346	116,853	30,027,845
Designated by the Board for new program development	300,000	-	-	300,000
Designated by the Board for endowment	1,593,740	-	-	1,593,740
<b>With donor restrictions</b>				
Purpose restrictions	3,352,219	570,000	(570,000)	3,352,219
<b>TOTAL NET ASSETS</b>	<b>34,662,605</b>	<b>1,064,346</b>	<b>(453,147)</b>	<b>35,273,804</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 57,771,123</b>	<b>\$ 9,741,164</b>	<b>\$ (11,491,970)</b>	<b>\$ 56,020,317</b>

**CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA**  
Consolidating Schedule of Activities  
June 30, 2023

	Casa Familiar, Inc.			Living Rooms at Casa				Total		
	<i>Audited by Other Auditors</i>			<i>Audited by Other Auditors</i>				<i>Audited by Other Auditors</i>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT, REVENUE, &amp; GAINS:</b>										
Contributions of financial assets	\$ 2,194,854	\$ 3,342,219	\$ 5,537,073	\$ -	\$ -	\$ -	\$ -	\$ 2,194,854	\$ 3,342,219	\$ 5,537,073
Contributions of non-financial assets	279,405	-	279,405	-	-	-	-	279,405	-	279,405
Special event	109,837	-	109,837	-	-	-	-	109,837	-	109,837
Less: direct special event costs	(104,166)	-	(104,166)	-	-	-	-	(104,166)	-	(104,166)
Program service fees	313,749	-	313,749	-	-	-	-	313,749	-	313,749
Management fees	194,291	-	194,291	-	-	-	-	194,291	-	194,291
Rental revenue	1,410,618	-	1,410,618	556,437	-	556,437	(556,437)	1,410,618	-	1,410,618
Tenant assistance payments	45,986	-	45,986	-	-	-	-	45,986	-	45,986
Housing partnerships	1,101,500	-	1,101,500	-	-	-	-	1,101,500	-	1,101,500
Interest	476,108	-	476,108	1,592	-	1,592	-	477,700	-	477,700
Loss on investments	(444,061)	-	(444,061)	-	-	-	-	(444,061)	-	(444,061)
Other income	166	-	166	10	-	10	-	176	-	176
Satisfaction of program restrictions	289,774	(289,774)	-	-	-	-	-	289,774	(289,774)	-
Total support, revenues, & gains	<u>5,868,061</u>	<u>3,052,445</u>	<u>8,920,506</u>	<u>558,039</u>	<u>-</u>	<u>558,039</u>	<u>(556,437)</u>	<u>5,869,663</u>	<u>3,052,445</u>	<u>8,922,108</u>
<b>EXPENSES:</b>										
Program Services:										
Housing-Casa's programs	744,504	-	744,504	-	-	-	-	744,504	-	744,504
Senior group home	4,413	-	4,413	-	-	-	-	4,413	-	4,413
Casa services	3,449,578	-	3,449,578	-	-	-	-	3,449,578	-	3,449,578
Arts division	60,773	-	60,773	-	-	-	-	60,773	-	60,773
Advocacy	13,725	-	13,725	-	-	-	-	13,725	-	13,725
National City properties	262,736	-	262,736	-	-	-	-	262,736	-	262,736
Living Rooms at Casa	778,090	-	778,090	681,689	-	681,689	(713,346)	746,433	-	746,433
Supporting services:										
Management & general	2,113,745	-	2,113,745	-	-	-	-	2,113,745	-	2,113,745
Fund-raising	5,629	-	5,629	-	-	-	-	5,629	-	5,629
Total expenses	<u>7,433,193</u>	<u>-</u>	<u>7,433,193</u>	<u>681,689</u>	<u>-</u>	<u>681,689</u>	<u>(713,346)</u>	<u>7,401,536</u>	<u>-</u>	<u>7,401,536</u>
Total expenses & losses	<u>7,433,193</u>	<u>-</u>	<u>7,433,193</u>	<u>681,689</u>	<u>-</u>	<u>681,689</u>	<u>(713,346)</u>	<u>7,401,536</u>	<u>-</u>	<u>7,401,536</u>
Change in net assets	(1,565,132)	3,052,445	1,487,313	(123,650)	-	(123,650)	156,909	(1,531,874)	3,052,445	1,520,572
Net assets at beginning of year	<u>32,875,518</u>	<u>299,774</u>	<u>33,175,292</u>	<u>617,996</u>	<u>570,000</u>	<u>1,187,996</u>	<u>(610,056)</u>	<u>33,457,458</u>	<u>299,774</u>	<u>33,753,232</u>
Net assets at end of year	<u>\$ 31,310,386</u>	<u>\$ 3,352,219</u>	<u>\$ 34,662,605</u>	<u>\$ 494,346</u>	<u>\$ 570,000</u>	<u>\$ 1,064,346</u>	<u>\$ (453,147)</u>	<u>\$ 31,925,584</u>	<u>\$ 3,352,219</u>	<u>\$ 35,273,804</u>

See independent auditor's report



Pinnacle Accounting  
& FINANCIAL SERVICES

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**To the Board of Directors**

**Casa Familiar, Inc.  
and Living Rooms at Casa  
San Ysidro, California**

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Casa Familiar, Inc. including Living Rooms at Casa (California nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 16, 2024 .

**Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Casa Familiar, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Casa Familiar, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Casa Familiar, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Casa Familiar, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Pinnacle Accounting & Financial Services*

Pinnacle Accounting & Financial Services  
Sacramento, CA  
January 16, 2024





Pinnacle Accounting  
& FINANCIAL SERVICES

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**To the Board of Directors of  
Casa Familiar, Inc.  
and Living Rooms at Casa  
San Ysidro, California**

### **Report on Compliance for Each Major Federal Program**

We have audited Casa Familiar, Inc. and its wholly-owned subsidiary, living Rooms at Casa's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Casa Familiar, Inc.'s major federal programs for the year ended June 30, 2023. Casa Familiar, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Casa Familiar, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Casa Familiar, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Casa Familiar, Inc.'s compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Casa Familiar, Inc.'s federal programs.

### **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Casa Familiar, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Casa Familiar, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Casa Familiar, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Casa Familiar, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Casa Familiar, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Pinnacle Accounting & Financial Services*

Pinnacle Accounting & Financial Services  
Sacramento, CA  
January 16, 2024

**CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2023**

Federal Grantor/Program Title	Assistance Listing Number/ Contract Number	Expenditures
Department of Education		
Passed through South Bay Community Services Corporation		
Direct Programs:		
Promise Neighborhoods	84.215	\$ 480,308
Department of Health and Human Services		
Passed through San Diego University Foundation		
Direct Programs:		
Communities Fighting Covid	93.310	12,610
Department of Health and Human Services		
Passed through South Bay Community Services Corporation		
Direct Programs:		
Advancing Health Literacy Program	CPIMP211287-01-00	60,000
Juvenile Diversion Program	565892	220,730
Domestic Violence Prevention	R-COV-2212-19629	67,131
Covid-19 School Support	22230414	62,500
Department of Treasury		
Passed through San Diego Housing Commission		
Direct Programs:		
Housing Stability Assistance Program	RAD-22-07	16,667
Community Help Program	RAD-23-01B	24,000
Department of Transportation		
Passed through San Diego Association of Governments		
Direct Programs:		
Community-Based Outreach	S1061303	28,668
Department of Agriculture		
Passed through California Department of Social Services		
Direct Programs:		
Supplemental Nutrition Assistance Program	15.561	12,487
Total Expenditures of Federal Awards		\$ 985,101

The accompanying notes are an integral part of these financial statements.

**CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA**  
Schedule of Expenditures of Federal Awards  
June 30, 2023

Notes to Schedule of Expenditures of Federal Awards for The Year Ended June 30, 2023

**Note A: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Casa Familiar, Inc. under programs of the Federal Government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Casa Familiar, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of Casa Familiar, Inc.

**Note B: Summary of Significant Accounting Policies**

Expenditures in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C: Indirect Cost Rate**

Casa Familiar, Inc has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note E: Sub-Recipients**

Casa Familiar, Inc. did not have any sub-recipients of federal awards.

**CASA FAMILIAR, INC. AND LIVING ROOMS AT CASA**  
Schedule of Findings and Questioned Costs  
June 30, 2023

**I. Summary of Auditors' Results**

**FINANCIAL STATEMENTS**

- (a) Type of report issued on whether the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America: **Unmodified opinion**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
  - Material weaknesses identified: **No**
  - Significant deficiencies identified: **No**
- (c) Noncompliance material to the financial statements: **No**

**FEDERAL AWARDS**

- (d) Internal control over major programs:
  - Material weaknesses identified: No
  - Significant deficiencies identified: No
- (e) Type of report issued on compliance for major program: **Unmodified**
- (f) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a): No
- (g) Major program: See major programs per table on page 35.
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**
- (i) Auditee qualified as a low-risk auditee: **No**

**II. Financial Statement Findings**

None identified

**III. Findings and Questioned Costs-Major Federal Programs**

None identified

**IV. Schedule of Prior Year Findings and Questioned Costs**

None identified



November 6, 2023

Maurcell Gresham  
San Diego Housing Commission  
1122 Broadway Suite 300  
San Diego, CA 92101

**RE: REFERENCE LETTER FOR SAN DIEGO HOUSING COMMISSION FUNDING APPLICATION, NOFA FOR AFFORDABLE HOUSING**

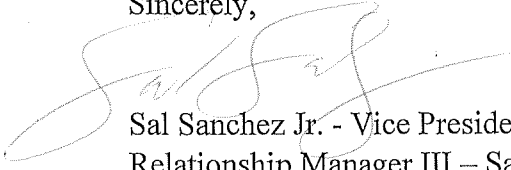
To whom it may concern:

I am writing in support of Casa Familiar, Inc., a nonprofit organization that is applying for the San Diego Housing Commission funding application. Casa Familiar's Avanzando San Ysidro Community Land Trust will develop a 103 mixed-use, multifamily affordable housing project located at two sites in San Ysidro Historic Village. This new development will allow residents to access retail, community services, public transit at close proximity, and recreational destinations.

For the past 50 years, Casa Familiar, Inc. has evolved to expand its free services and programs to cater the diverse and changing needs of South San Diego residents. Casa Familiar has successfully developed and maintained various housing development projects that have offered various supportive services to the community. These services include financial opportunities, social services, youth programs, arts and culture, environmental justice programs, and more. Casa Familiar, Inc. provides holistic development that envisions healthy, just, and sustainable communities that help members of the community reach their full potential.

Casa Familiar, Inc is a nonprofit organization that has been a long-time client of PNC Bank. We value the relationship with Casa Familiar, Inc. In addition, Casa Familiar has over 50 years of dedicated history serving all of San Diego County. Casa Familiar is a leader in servicing the communities needs.

Sincerely,



Sal Sanchez Jr. - Vice President  
Relationship Manager III – San Diego Commercial Banking  
Corporate & Institutional Banking

PNC Bank  
12255 El Camino Real 2nd Floor  
San Diego, CA 92130  
(p) 858.202.5516 | (c) 619-600-7341  
Salvador.SanchezJr@pnc.com  
Sincerely,



November 6, 2023

Maurcell Gresham  
San Diego Housing Commission  
1122 Broadway Suite 300, San Diego, CA 92101

**RE: REFERENCE LETTER FOR SAN DIEGO HOUSING COMMISSION FUNDING APPLICATION, NOFA FOR AFFORDABLE HOUSING**

To whom it may concern:

I am writing in support of Casa Familiar, Inc., a nonprofit organization that is applying for the San Diego Housing Commission funding available. Casa Familiar's Avanzando San Ysidro Community Land Trust will develop a 103 mixed-use, multifamily affordable housing project located at two sites in San Ysidro Historic Village. This new development will allow residents to access retail, community services, public transit at close proximity, and recreational destinations.

Alliance Healthcare Foundation provided some early feasibility grant funds to Casa Familiar during the initial phases of planning for this project. We have been immensely impressed by Casa's ability to envision this transformational project which will not only create new affordable housing units, but also put low-income residents on a path to future home ownership for family wealth generation. Casa's decision to transfer property they own into the Community Land Trust is a true testament to their civic leadership and commitment to the long-term best interests of the residents of San Ysidro.

In addition to expanding its free services and programs to cater to the diverse and changing needs of South San Diego residents, Casa Familiar has successfully developed and maintained various housing development projects that have offered supportive services to the community such as financial opportunities, social services, youth programs, arts and culture, environmental justice programs, and more. Casa Familiar, Inc. provides holistic development that envisions healthy, just, and sustainable communities where people can reach their full potential.

Alliance Healthcare Foundation wholeheartedly supports this unique project of Casa Familiar's, which will create multiple layers of transformational community impact beyond a traditional affordable housing development.

Sincerely,

Sarah Lyman

Executive Director, Alliance Healthcare Foundation | [sarah.lyman@alliancehf.org](mailto:sarah.lyman@alliancehf.org) | 858-875-3304





November 14, 2023

Maurcell Gresham  
San Diego Housing Commission  
1122 Broadway Suite 300  
San Diego, CA 92101

**RE: REFERENCE LETTER FOR SAN DIEGO HOUSING COMMISSION FUNDING APPLICATION, NOFA FOR AFFORDABLE HOUSING**

To whom it may concern:

On behalf of San Ysidro Health, I am writing in support of Casa Familiar, Inc., a nonprofit organization that is applying for the San Diego Housing Commission funding application. The mission of San Ysidro Health is to improve the health and well-being of the communities we serve with access for all. Casa Familiar's Avanzando San Ysidro Community Land Trust will develop a 103 mixed-use, multifamily affordable housing project located at two sites in San Ysidro Historic Village. This new development will allow residents to access retail, community services, public transit at close proximity, and recreational destinations.

For the past 50 years, Casa Familiar, Inc. has evolved to expand its free services and programs to cater the diverse and changing needs of South San Diego residents. Casa Familiar has successfully developed and maintained various housing development projects that have offered various supportive services to the community. These services include financial opportunities, social services, youth programs, arts and culture, environmental justice programs, and more. Casa Familiar, Inc. provides holistic development that envisions healthy, just, and sustainable communities that help members of the community reach their full potential.

The enduring collaboration between Casa Familiar, Inc. and San Ysidro Health stands as a beacon of sustained commitment to the well-being and health of the community we collectively serve along the US-Mexico border in San Ysidro. This longstanding partnership is rooted in a shared vision to address the multifaceted challenges that the community in this border region encounters by addressing the social determinants of health. Through community-driven programs, accessible healthcare services, and a deep understanding of the unique needs of the population, this enduring collaboration has become a cornerstone for improving the overall health and well-being of the community. San Ysidro Health is proud to continue to partner and support Casa Familiar, Inc.

Sincerely,

Veronica dela Rosa  
Executive Vice President of Operations



## **Board Resolution**

### **RESOLUTION OF BOARD OF DIRECTORS**

**OF**

### **CASA FAMILIAR, INC.**

WHEREAS, Casa Familiar, Inc., is a California Nonprofit Public Benefit Corporation, qualified pursuant to the provisions of Internal Revenue Code Section 501(c)(3); and

WHEREAS, Casa Familiar, Inc. is the Sole Manager of Avanzando San Ysidro, LLC, a California limited liability company; and

WHEREAS, Avanzando San Ysidro, LLC, is the Managing General Partner of Avanzando San Ysidro, LP, a California limited partnership; and

WHEREAS, Casa Familiar, Inc. recognizes that the community at large, and especially low-income residents have many diverse needs for social, housing, education and other services; and

WHEREAS, Casa Familiar, Inc. is committed to effectively serving the communities referenced in the prior recital; and

NOW, THEREFORE BE IT RESOLVED as follows:


1. That Casa Familiar, Inc. is committed to providing safe, decent and affordable housing for persons of very low, low and moderate income levels;
2. That on or about October 23 2023, the Board of Directors voted to authorize the Chief Executive Officer or her designee, to apply for and accept assistance of the Project located at 125 Cypress Dr, 210-240 S. Vista Dr., and 317 Cottonwood St., San Ysidro Ca 92173 for the purpose of obtaining financing and or a grant to provide for the construction of the Project, in an amount not to exceed \$15,000,000 from the San Diego Housing Commission and/or the Housing Authority of the City of San Diego.
3. That the Board of Directors further voted to authorize the Chief Executive Officer, or her designee, to execute any and all documents required by the San Diego Housing Commission and or the Housing Authority of the City of San Diego, including, without limitation, the Loan Agreement, the Note, the Deed of Trust, the Declaration of Covenants, Conditions and Restrictions, the Security Agreement, the Unsecured Environmental Indemnity Agreement, the UCC-1 Financing Statement, Escrow Instructions, Disclosure Statements, and any and all other documents requested by the San Diego Housing Commission and/or the Housing Authority, to document and secure its loan and or grant.
4. That the Board of Directors further authorized the Chief Executive Officer, or her designee, to perform all acts and to do all things necessary, in the opinion of the San Diego Housing Commission or the Housing Authority of the City of San Diego to implement the funding and making of the Loan and/or Grant.

I, the undersigned, certify that this Resolution was adopted at regularly or specially noticed meeting of the Board of Directors on October 23, 2023, at which a quorum of the Board of Directors was present, and at which the requisite percentage of the quorum voted to adopt the Resolution and that the Resolution has not been rescinded, modified or canceled as of the date of my execution of the same and that it remains in full force and effect as of this date. I further understand that the San Diego Housing Commission and or Housing Authority of the City of San Diego is relying on the validity of this Resolution in taking the actions to process and approve the application.

I declare under penalty of perjury, under the laws of the State of California that the foregoing is true and correct.

Executed this 23 day of October, 2023, at San Diego, California.

By:



\_\_\_\_\_  
Signature

\_\_\_\_\_  
Roman Partida- Lopez, Secretary



## Casa Familiar Board of Directors and Members

Position	Name	Contact Information	Start Term	Term Ends
<b>Chair</b>	<b>Anita Dharapuram</b>	<b>VP, Community Development Officer</b> <b>PNC Bank</b> 10250 Constellation Blvd, 15th Floor Century City, CA 90067 Email: anita.dharapuram@pnc.com Phone: (213) 457-2051 Mobile: (415) 816-1657	October 2018	October 2027
<b>Vice Chair</b>	<b>Omar Calleros</b>	<b>Director, Expanded Learning Programs</b> <b>CVESD</b> 84 E J Street Chula Vista, CA Chula Vista, CA 91910 Email: omar.calleros@cvesd.org Phone: (619) 425-9600 Ext. 181317 Mobile: (619) 820-0285	August 2021	August 2030
<b>President</b>	<b>Elizabeth Cuestas</b>	<b>President &amp; CEO</b> <b>Casa Familiar</b> 119 West Hall Avenue San Ysidro, CA 92173 Email: lisac@casafamiliar.org Phone: (619) 428-1115	February 2017	
<b>Treasurer</b>	<b>Ciro Villa</b>	<b>Senior Director Commercial Banking</b> <b>Torrey Pines Bank</b> 450 B Street, Ste 150 San Diego, CA 92101 Email: cvilla@torreypinesbank.com Phone: (619) 233-2525	2016	2025
<b>Secretary</b>	<b>Roman Partida-López</b>	<b>Legal Counsel for Transportation Equity</b> <b>The Greenlining Institute</b> 360 14th Street, 2nd Floor Oakland, CA 94612 Email: Romanpl@greenlining.org Phone: (619) 279-4766	May 2022	May 2031
<b>Board Member</b>	<b>Wilson Adam Schooley</b>	<b>Attorney</b> <b>Appellate Law Specialist</b> 8697-C La Mesa Blvd. #224 La Mesa, CA 91942 Email: waslawprose@cox.net Phone: (619) 465-9640	January 2023	January 2032



Position	Name	Contact Information	Start Term	Term Ends
Board Member	<a href="#">Roberto Carrillo</a>	<b>Executive Director</b> <b>San Diego County Office of Education</b> 1013 Red Oak Pl Chula Vista, CA 91910 Email: roberto.carrillo@sdcoe.net Phone: (619) 823-8517 Phone: (858) 290-5469	March 2023	March 2032
Board Member	<a href="#">Antonio Barbosa</a>	<b>Vice President Community Relations</b> <b>Wells Fargo Philanthropy and Community Impact</b> 4655 Executive Drive San Diego, CA 92108 Email: antonio.barbosa@wellsfargo.com	August 2024	August 2033
Board Member	<a href="#">Ana Melgoza</a>	<b>Vice President of External Affairs</b> <b>San Ysidro Health</b> 1601 Precision Park Lane San Diego, CA 92173 Email: amelgoza@syhealth.org Phone:	January 2025	January 2036
Board Member	<a href="#">Joanna Whitley</a>	<b>Manager, Community Investment</b> <b>Civic Communities</b> 8989 Rio San Diego Dr., Suite 100 San Diego, CA 92108 Email: whitley@civiccommunities.com Mobile: (510) 407-5506	January 2025	January 2036



## **Casa Familiar Board Meeting Minutes**

Location: San Ysidro Public Library  
4235 Beyer Blvd, San Diego CA 92173  
Wednesday, October 16<sup>th</sup>, 2024 10:00AM – 11:30AM

**In Attendance:** Antonio Barbosa, Roman Partida-Lopez, Beto Carillo (left at 10:40am), Ciro Villa, Omar Calleros (arrived at 10:45am), Wilson Schooley (arrived at 10:52am) & Lisa Cuestas

**Staff:** Elizabeth Aguilar, Emily Jacobs, Georgette Gomez; Kevin Linde (arrived 11:35am)

**Absent:** Anita Dharpurum – submitted all her votes via email

**Minutes by:** Monica Hernandez

I. Welcome and Approval of Agenda -[Lisa](#)

Meeting is called to order at 10:07am

- **ACTION: Approval of Agenda and August Minutes**

**Motion to approve Agenda & August Minutes made by Beto C.**

**Seconded by Ciro V.; Motion passes unanimously**

II. **ACTION: Board Officers Elections - [Lisa](#)**

**Motion to approve election of proposed slate of Board Officers made by Beto C.**

**Seconded by Ciro V.; Motion passes unanimously**

- Proposed Slate:
  - i. Anita Dharauram - Chair
  - ii. Omar Calleros - Vice Chair
  - iii. Ciro Villa -Treasurer
  - iv. Roman Partida - Secretary

III. “Construyendo Juntos” Engagement Campaign - Case for Support landing page - [Lisa](#)

- Case for Support link:  
<https://casafamiliar.mystagingwebsite.com/landing/>
- Community Engagement for: CLT + SY Blvd Project + Mobility & Workforce Development Solutions - To address parking issues & climate resiliency concerns - micro mobility, biking & share pool options. Will include workforce development program that will turn into a co-op program, can

be house on the blvd and transferred to the community land trust.  
Potential grant from EPA (approximately \$13MM).

- Discussion – Materials will be sent to Board members for review
  - Roman asked if there are any perspective funders to be approached. Lisa stated that Alliance Foundation. She plans to make a direct ask + referral to other significant funders; Plan is also to ask previous asylum seeker funders.
  - Beto asked to consider moving meeting to 3pm - 4pm; Had to leave due to work
    - 8:30am suggested for virtual
    - In-person meetings in evening are challenging for most but if date is far in advance then time could be scheduled via doodle
    - Next in-person meeting to be in March 2025

#### IV. ACTION: Resolution approval for “Affordable Housing Sustainable Communities (AHSC)

##### Award” - Lisa

- Casa, MTS & the City of San Diego were awarded \$33MM; \$20MM will go to construction (via a loan) and \$13.5MM are grant dollars that don't need to be paid back.
- Programming pieces include support for FOC work + rental assistance + working with promotoras on a wellness program. This programming will be housed at CLT in support of other direct social services + preparation for homeownership conversation of CLT residents
- MTS & City of San Diego will increase trolley frequency; free transit passes will be provided for 3 years to CLT residents; They will also make infrastructure improvements around transit centers.
- Antonio - asked for a shared dashboard or spreadsheet to be able to track financials, timelines and milestones on major projects
- Loan agreements are still being worked out; part of the pro forma is to keep affordable housing for 55 years; could be structured to be paid over 30 or 55 years; the terms will be known when as project deal closes.
- This project has been receiving lots of grant dollars (not common & extremely helpful).

**Motion to authorize and direct to accept and incur an obligation for the AHSC Program Loan Award in the amount of \$33,711,814 made by Roman P; Seconded by Antonio B.  
Motion passes unanimously**

V. **Budget Adjustment Report – Treasurer & CFO**

**Income**

4020 Grant revenue increase \$6.6MM to \$6.9 - due to actual grants received

4280 Unrestricted Other income increase \$2.2MM to \$2.6MM - received funding with restrictions (for instance multi-year funding)

4980 Investment Gains & Losses - \$334K to \$483K increase reflects positive gains

**Expenses**

5000 Personnel increase from \$6.2MM to \$6.5MM - new positions added to support administrative leads

6040 Consultant fees increased from \$325K to \$469K - related to community development needs

6090 Program expenses increased from \$458K to \$568K - related to grant expenditures

Overall bottom-line not much difference in budget even though there were more expenses but received more income than anticipated

- **ACTION: Approval of Budget Adjustments**  
**Motion to approve budget adjustments made by Omar C.**  
**Seconded by Antonio B; Motion passes unanimously**

VI. **Finance Committee Chair Update – Ciro**

- Committee met 9/11/24 and reviewed FY 24 financials & end of year report; only one minor update - \$928 difference that was updated (due to some grant revenue that was moved). Auditor will adjust ROU Accounts and totals will change.
- Also reviewed investment report; showed small gains; initial investment with Lido was \$2MM and increased to \$2.2MM; Move to Lido has also resulted in faster view of financial status & smoother communication and higher gains.

VII. **Audit & Risk Committee Chair Update - Wilson**

- Talked about goal to get CPA & real estate background on A&R committee
- Discussion about by-laws & policies (may be ready spring 2025); two law firms are helping with reviews & Casa can continue to receive their services for free.
- Will continue to work on procedures and protocols to safeguard organization, assets & finances



VIII. Casa Familiar Board Members Recommendations -[Anita & Roman](#)

- Ana Melgoza, Vice President of External Affairs – San Ysidro Health
  - i. Roman - Ana is interested; would be an asset to Board; Anita had a follow-up conversation; Lisa stated Ana’s expertise could be beneficial to future projects (i.e. identifying a pharmacy partnership which has been an expressed community need)
- Joanna Whitley, Manager Community Investment-Civic Communities
  - ii. Has worked w Civic San Diego; attends Casa events, very engaged with Casa; has background in real-estate and finances and that perspective would be an asset to the board.
- Next full board meeting is in January 2025; they would come in then if approved today
  - **ACTION: Approval to accept Ana Melgoza & Joanna Whitley as Casa Board Members as of January 2025**
  - Motion to approve acceptance of Ana Melgoza & Joanna Whitley as Casa Board Members as of January 2025 made by Roman P.**
  - Seconded by Beto C; Motion passes unanimously**

IX. Five-year Board Succession and Notable Events Timeline Overview - [Lisa](#)

- Culture corridor groundbreaking 2024
- 2025 - last piece of financial stacking for CLT - bonds and tax credits; will need to get a bridge loan of approximately \$2MM to ease process/gap while money hits
  - CLT spring groundbreaking
  - La Semilla ribbon cutting
  - Living rooms dissolves & it returns to Casa as an asset
  - Ciro terms out December 2025
- 2026
  - Lisa CEO 10 years - succession plans for C-level leadership & Board
  - Beyer Park phase 1 ribbon cutting
- 2027
  - CLT ribbon cutting
  - Chair terms out

- 2028
  - Villa Nueva distribution expected to dip; need to strategize and be ready for shift in refinance & serious decisions on Villa Nueva property
- Roman – Board needs to identify what expertise are terming out - will be useful to think about who we would want or what type of board member would be a good fit
- A Governance Committee was suggested by Antonio B.
- Omar C. suggested an Elected Officials policy to be added to bylaws

X. Meeting Adjourned at 11:50am by Omar C.



## Casa Familiar Board Meeting - Minutes

Location: Zoom; Wednesday, August 14<sup>th</sup>, 2024. 8:30AM – 10:00AM

In Attendance: Lisa C, Anita D, Antonio B, Ciro V, Roman LP; Roberto C; Wilson S; Omar C

Staff: Georgette G, Karla Samayoa, Emily J, Elizabeth A, & Stephanie M

Minutes by: Monica H

- I. Meeting is Called to Order at 8:32am
- II. Welcome and approval of agenda -[Anita](#)
  - **ACTION:** Approval of agenda and minutes  
**Motion to approve Agenda & Minutes made by Anita; Seconded by Ciro**  
**Motion passes unanimously**
- III. Introduction of new board member Antonio Barbosa -[Lisa](#)
  - Antonio shares his history with Casa – He used to be a board member about 10 years ago; He’s lived in San Diego for about 25 years; Came to San Diego through the Mexican Consulate & partnership with Wells Fargo; Today he manages Community Relation Strategy for Wells Fargo; Casa aligns with Wells Fargo’s community pillars; Also, previous recipient of Abrazo Award
- IV. FY2024 Financials -[Elizabeth](#)

End of Year Report Summary (see attached document - Consolidated Statement of Financial Position As of June 30, 2024 for full details)

**Current Assets by Entity & Consolidated**

  - Casa Familiar
    - 21.4MM total current assets
  - Living Rooms
    - 84K total current assets
  - CF Foundation
    - 5.4MM total current assets
  - Eliminations = internal transactions
  - Total consolidated assets \$61.9MM

**Total Liabilities & Equity**

  - Casa Familiar
    - 58.2MM in total liabilities & equity
  - Living Rooms
    - 9.6MM in total liabilities & equity
  - CF Foundation
    - 5.4MM in total liabilities & equity
  - Total consolidated liabilities & equity 61.9MM

### Income

- Casa Familiar
  - 10.3MM total income\*
    - \* moving forward expected annual grant revenue goal is about \$4MM
- Living Rooms
  - 557K total income
- CF Foundations
  - 5.5MM

Total consolidated income minus elimination \$10.3MM

### Expenses

- Casa Familiar
  - 14.2MM total expenses
- Living Rooms
  - 682K total expenses
- CF Foundations
  - 12K total expenses
- Total consolidated expenses minus elimination 8.7MM

Net income 526K\*

\*not reflecting 1MM from NMTC deal

- FY 22/23 Audit updated – 3 grants were not federal funds therefore the last 3 pages of audit were removed; single audit was not needed

## V. Community Development (CD) Dept. Org Chart and Roles Overview -Emily

- VP & Chief CD Officer restructures CD Dept to meet needs
  - 4 new positions added - Acquisition & Finance Officer + Real Estate Finance Director + Property Management Supervisor – to support day to day management of portfolio + Asset Manager – oversight of assets
- Wilson asked re Choreographer position
  - Coordinates community, partner relations & project management support
- Antonio asked if Community Development activities were all housing-related
  - CD includes housing projects as well as other activities such as infrastructure projects & La Semilla; intersects with Community Engagement & Services

## VI. Communications from Mitch Thompson – Lisa

- Has worked with Casa for in past; assisted with acquisition of Villa Nueva & other properties previously 60%; partner in National City; owner of property next to CLT on Cottonwood. He was interested in shared driveway to his property with CLT. Georgette met with him & things did not work with the design; He has been vocalizing public opposition to CLT. Casa has engaged with about 100 community residents + core group of 10-15 residents in weekly meetings and presented to planning group

Roman – asked if he will elevate this issue beyond the Board

Anita – Yes, he has already; reached out to SY Planning group; Casa is a much larger entity now with much more visibility; Urged Board to continue conversation on how Board members & Staff can best represent and support Casa moving forward

Lisa – With CLT, neighboring property values will not go up – that is likely also why Mitch is not supportive. Also not a supporter of rent caps or tenant rights

Antonio – Mitch is influential & has a lot of networks, may be better to work with him rather than to fight him since he will be a neighbor

Lisa – Casa also has similar network; Fencing issues with Mitch have consistently been fixed; his biggest issues - Casa is not engaging with his design and parking

Anita – We are not fighting him, we are just not engaging him; he has a history with these type of tactics

Omar – appreciates Antonio’s questions & asks if there is anything Mitch can do to trump project

Lisa – Project is well supported with buy-in from community and key stakeholders

VII. Historical recap of Avanzando San Ysidro CLT and where we are today update -[Lisa](#)

- Board Actions Overview
  - June 2020 Casa staff presents areas of investment in response to 17.8MM from Villa Nueva and Park Haven refinance influx of revenue
  - Oct 21, 2020 – Board approves CLT program
  - October 22, 2021 – Casa Board workshop facilitated by Sandra McNeill
  - Jan 2022 – Motion to approve engagement with lawyer to create Avanzando San Ysidro CLT; Gingerk Hitzke commits to passing knowledge/mentorship program; discussion on how LIHTC can be used for CLT
  - 2023-2024 – weekly engaged process with 10-15 core members; 9 workshops with 75 residents rendering design
  - 16.7MM mostly in grants to date
    - Includes \$4MM loan by SD Housing Commission to date
  - Stephanie Montes introduces herself – Project Manager Apprentice; has been with Casa for 1 year 2 months; been working closely with Ginger Hitzke
- Next steps (LIHTC)
  - Currently in the construction documents phase – architect & engineers identified early this year; submittal to City at end of August 2024; Will finalize design in next couple of months, Groundbreaking Summer 2025 expected
  - AHSC - \$34MM loan award-notified August 2024
  - About \$12MM going to infrastructure improvements in SY
  - CDLAC/CalHFA/TCAC (tax credits and bonds) – \$45MM application due 8/27/2024; decision by Dec24/Jan25

VIII. **BOARD ACTION: The staff of Casa Familiar Inc. is seeking approval to submit**

**applications to CDLAC and CTCAC and to carry out all necessary actions to implement the project for Avanzado San Ysidro, LP (“PROJECT”)**

**Motion to submit applications to CDLAC and CTCAC and to carry out all necessary actions to implement the project for Avanzado San Ysidro, LP (“PROJECT”) motion made by Anita, Seconded by Antonio; Motion passes unanimously**

- IX. Update October 16<sup>th</sup> Casa Familiar Annual Board Meeting in person at SY Library -[Lisa](#)
- Adjustment request:
    - Current start 8:30 am – Proposal start 10:00 am
    - Current ending 10:00 am – Proposal ending 11:30 am
    - Lunch can be hosted from 11:30 am-12:30 pm
    - Board members agreed to in person meeting with start time of 10AM
- X. Board members to provide Board recruitment updates -[Lisa](#)
- Lisa met with Civic San Diego employee - Joanna Whitley; background in Real Estate and Finance resident west side Chula vista; potential candidate
  - Roman met with Ana Melgoza from executive team of SY Health; she expressed interest at UnidosUS; her focus could be on fundraising; from South Bay; was a recent Abrazo Award recipient; knows the community and organization well; would be a great asset to the board. Follow-up meeting w/Anita, Roman & Ana.
  - Beto Carillo has a recommendation as well and will speak to board members; all board members to make recommendations in October
  - Goal is to find board members with finance, such as CPA and real estate/affordable housing experience
- XI. Meeting adjourned at 10:01am



## Casa Familiar Board Meeting Minutes

Location: Zoom Wednesday, June 26<sup>th</sup>, 2024; 8:30AM – 10:00AM

In attendance: Roberto Carillo, Anita Dharapuram, Roman Partida-Lopez, Wilson Schooley

Guest: Hayley Geier – Casa Familiar’s CPA

Staff: Elizabeth Aguilar, Monica Hernandez, Emily Jacobs, Karla Samayoa, Kevin Linde

- I. Welcome and approval of agenda – [Lisa](#)  
Minor changes to Agenda & Budget; sent before meeting
  - **ACTION: Approval of Agenda and Minutes**  
**Motion to approve Agenda & Minutes moved by Roberto**  
**Seconded by Roman; Motion passes unanimously**
  
- II. Financials and consolidation with both NMTC entities – [Hayley Geier](#)  
Hayley Geier – CPA helps with audits & consolidation of 3 entities; last time doing presentation for Board, Elizabeth will take over moving forward
  - Consolidating Schedule of Financial Positions
    - Shows Casa’s 3 entities:  
Casa Familiar, Inc. + Living Rooms + Support & Advocacy Foundation
    - Casa Total assets: \$58.8MM
      - \$28.5MM Liabilities
      - \$30.3 Net assets
    - Living Rooms assets: \$9.6MM
      - \$8.7MM Liabilities
      - \$961K Net assets
    - Support & Advocacy Foundation: \$5.4MM
      - No liabilities
      - \$5.4MM Net assets
    - Consolidated numbers:
      - \$9.5MM increase in consolidated noncurrent assets
      - \$5.4 MM increase in consolidated total liabilities
      - Minimal changes in total consolidated liabilities
  
  - Statement of Activities YTD April 30, 2024
    - Casa Familiar, Inc
      - \$8.2MM collected in revenue
      - Total expenses \$12.4MM most expenses related to housing & donation to the Support & Advocacy Foundation
    - Living rooms
      - \$464K in revenue
      - \$567K in expenses - operates as designed in negative net assets
    - Support & Advocacy Foundation

- \$5.4 donation from Casa to the Foundation (gets eliminated in consolidation)
      - Overall on consolidated basis trending positive on net assets
    - Q&A with CPA
      - Roberto questioned if Abrazo is profitable or is it an investment in community building; CEO answered it is both; grosses about 60K in unrestricted funds
      - Anita feels good about consolidation – looks cleaner, easier to look at & feels positive about trend; looks typical
- III. Present FY25 Budget -Eli & Lisa
- Budget FY25 (July24-June25) Presentation
    - Total Income \$14.1MM
      - Grant revenue \$6.6MM
      - \$5MM from Strategic Growth Council for construction
      - \$1.8MM for Programs – need to be at about \$3MM
      - \$1MM from NMTC is available but not reflected on budget but reflected on balance sheet
      - Fundraising Campaign “Construyendo Juntos” – \$500K goal for engagement efforts
        - \$100K from Abrazo
        - Of the \$6.6MM in grants, \$5MM will go to construction of Semilla; leaves about a \$835K gap for program expenses – this will be addressed by:
          - Increasing Development & Community Development team by bringing in 2 grant writers and a data & compliance person
    - Expenses
      - Total Expenses \$9.9MM
        - \$5MM of construction expenses is not reflected on budget but will reflect on balance sheet
        - \$6.2MM personnel expenses include: open positions + workers comp increase + benefits + 5% pay increase for staff + trainings + employee retention program distribution + Payroll fees
        - Consulting fees remain relatively close to last year
        - Increase in professional fees to implement systems (Sales Force, HR, Development)
        - Insurance increased by \$30K
        - Program expenses decreases by \$347K
        - Equipment furniture & fixtures expenses increased due to increase in properties recently purchased



- Living Rooms interest CIP loan – paid off
- New line items
  - 6259 \$85K for NMTC loan
  - 6261 \$600 interest expense
  - 6263 \$2.8K interest expense
- Looking at total net income of \$1.5MM
  
- Fundraising Engagement Campaign 500k-How the Board can play a role
  - Construyendo Juntos campaign materials will be available in August
  - The ask for Board members is to connect key staff to their networks to facilitate conversations and funding opportunities
  
- Questions and Discussion
  - Budget reflects investment in community development department - Anita
  - Roman asked question on how much space is there for personnel growth – currently there are several open positions
  
- **ACTION: CFO & CEO recommending Board Approval of FY25 Budget Motion to approve FY 25 Budget moved by Anita Seconded by Roberto; Motion passes unanimously**

#### V. Updates -Lisa

- Board Member Antonio Barbosa will start July 2024 and join A&R Committee
  - Will step in for Juan Vargas
  - Antonio with Wells Fargo is familiar with Casa; supports FOC and Community Development projects in the past.
    - Sponsoring groundbreaking for La Semilla
    - Will be joining the audit and risk committee
  
- Intro new Leadership Casa team Members – team members introduced themselves
  - Emily Jacobs, VP & Chief Community Development
    - New position; 4 weeks at Casa; background in affordable housing; over a decade at SDHC
  - Karla Samayoa, Chief Programs Officer
    - New position; 2 weeks at Casa; background in NGO space last two years CPO at 211SD; oversees programs & intersections with community development
  - Kevin Linde, Advocacy & Community Engagement Officer
    - New position; oversees Arts & Culture, Promotoras, Digital Media, & Reception; soon will be overseeing EJ



- Last request to urge networks to register for Abrazo
- Summer meet and great? August in person? – more info coming soon

VI. Meeting Adjourned at 9:54am



# CASA FAMILIAR INC.

## ORGANIZATION CHART

