



## REPORT

**DATE ISSUED:** December 8, 2010

**REPORT NO:** HAR11-001

**ATTENTION:** Members of the Housing Authority  
For the Agenda of January 11, 2011

**SUBJECT:** Loan for Veterans Village Phase IV

Council District: 2

**REQUESTED ACTION:**

Recommend Housing Authority of the City of San Diego ("Housing Authority") approval of a loan for the development of 24 transitional housing beds at Veterans Village of San Diego.

**STAFF RECOMMENDATION:**

- (1) Housing Authority approval of a residual receipts loan of up to \$1,492,425 for the development of a 24-bed transitional rental housing facility for very low-income military veterans.
- (2) Housing Authority approval of a revision adding \$299,194 of prior year Home Program funds to the FY2011 Housing Commission budget for this project.
- (3) Authorize the President and Chief Executive Officer (CEO) of the Housing Commission, or designee, to execute all necessary documents.

**SUMMARY:**

The developer of the proposed project is Veterans Village of San Diego ("VVSD"), a 501(c)(3) nonprofit corporation organized in 1981 with the mission of providing housing, substance abuse recovery, mental health services, job training, and job placement assistance to homeless military veterans in San Diego County.

VVSD currently owns approximately 500 transitional housing beds in San Diego County including 320 beds in the Pacific Highway facility which were financed in part with loans from the Housing Commission. The Veterans Village campus is located at 4141 Pacific Highway within the North Bay Redevelopment Project Area. The five-acre complex was developed in three phases and consists of 320 beds, administrative offices, a cafeteria, courtyard, and small classrooms.

The following table outlines the Housing Commission's total previous participation in the financing of Veterans Village:

Phase	Loan #'s	Units	Completion Year	Description	Housing Commission Funding
I	(HCR05-94)	112 beds	2006	Forgivable Loan	\$ 675,000
II	(HCR06-88)	112 beds	2009	Forgivable loan and Grant	\$4,234,526
III	(HCR09-018)	96 beds	2010	Residual Receipts Loan	\$2,300,000
<b>Total</b>		<b>320 beds</b>			<b>\$7,209,526</b>

**Proposed Phase IV - VVSD** submitted a loan application for Phase IV of its Veterans Village development in response to the Housing Commission's current Notice of Funding Availability (NOFA) for Construction, Acquisition, and Operation of Affordable Rental Housing dated September 10, 2010. Consistent with the previous phases, VVSD has also made application to the Redevelopment Agency of the City of San Diego ("Agency") for a residual receipts loan for the project.

VVSD's plan is to construct a 12,772 square foot building that would house classroom facilities and 24 new beds to be occupied by VVSD transitional housing program participants. The Veterans Village Phase IV project is the organization's first facility tailored to the unique issues and needs of homeless veterans of the current Iraq and Afghanistan wars. The proposed facility would include resident community space to be utilized as three classrooms, a lounge, offices, and 12 rooms (each featuring two beds), a study area, and a private bath for a total capacity of 24 beds. The same VVSD development team that worked on the previous phases will be in place for Phase IV, and includes the following:

ROLE/FIRM	CONTACT	OWNED BY
<b>Owner-</b> Vietnam Veterans of San Diego	Mr. Phil Landis, Executive Director	VVSD / a 501(c)(3) nonprofit corporation
<b>Developer-</b> Vietnam Veterans of San Diego	Mr. Phil Landis, Chief Executive Officer	VVSD / a 501(c)(3) nonprofit corporation
<b>Financial Consultant</b> – The Trimble Company	Mr. Kent Trimble, President	The Trimble Company, LLC (private)
<b>Architect</b> – Delawie Wilkes	Mr. Michael Asaro	Delawie Wilkes Architecture Firm (private)

The project is designed specifically to house younger veterans returning from Iraq and Afghanistan that fit a different profile from the typical Vietnam veteran. Many of these young veterans are recently returning from war and have had shorter periods of mental illness than the older veteran population who require a different type of treatment. They are also more technologically advanced and tend to benefit more from interactions with their peers rather than from the older veteran population. Residency in Phase IV will also be for residents that will be working in the community, but still benefit from the Veterans Village programs offering support in maintaining substance abuse recovery and dealing with other personal issues.

Commensurate with the affordability terms of Phase I, II, and III, 65-year rent and occupancy restrictions would be recorded against the Phase IV property by the Housing Commission. Twenty four (24) beds would be rent-restricted for tenants with annual incomes at or below 50 and 60 percent of Area Median Income ("AMI"). Because the targeted tenant population is characteristically extremely low-income, actual rents would be lower because no tenant would pay more than 30 percent of their annual income in rent. Monthly rents of \$200 are currently expected to be paid by each resident. Occupancy of all 24 beds would be restricted at 50 and 60 percent of AMI to provide VVSD with the flexibility to accommodate higher income tenants when necessary.

It is expected that after two years, the majority of Phase IV residents would achieve and maintain incomes sufficient for them to obtain housing away from the VVSD campus. Although those tenants may not be required to relocate, move outs would be encouraged. Program participants meeting the requirements of their treatment plans and successful in obtaining higher income levels would be eligible to receive financial and other assistance from VVSD to ensure their success in living independently away from Veterans Village. Program graduates living off-site would continue to receive support from

VVSD in maintaining control over physical and mental health problems, substance abuse, and other personal issues.

### **Established Need for Veteran's Housing in San Diego**

According to the City of San Diego's FY2005 – FY2009 Consolidated Plan, up to 40 percent of San Diego's population of homeless men are military veterans. The plan identifies the urban population of homeless male and female veterans as a group of residents in critical need of transitional housing with attending supportive services. Additionally, according to the Regional Task Force on the Homeless, (2009) in the course of a year, over 3,000 San Diego County homeless veterans receive services in our region. Finally, according to USA Today (2009), over 27,000 Iraq/Afghan veterans live in San Diego County, the highest of any region in the U.S.

As San Diego's largest provider of transitional housing for homeless veterans, VVSD helps the City meet its objective of reducing homelessness in San Diego. The organization has received accolades from the U.S. Department of Veterans Affairs ("VA") and veterans organizations for the success of its programs. According to VVSD, a recent independent study indicated that approximately 70 percent of their graduates were sober and spent no nights homeless six months after leaving Veterans Village.

### **FISCAL CONSIDERATIONS:**

The estimated total development cost for Phase IV is \$3,210,438 with \$2,255,121 in hard construction costs. Because some of the tenants may be physically disabled, the structures will be designed to meet the durability and accessibility standards of commercial buildings. Any contingency not used and any other cost savings would be used to reduce the principals of the Housing Commission and Agency loans commensurate with their commitments.

Both the Agency and the Housing Commission will record new deeds of trust securing their respective promissory notes for Phase IV. Consistent with the previous phase, the Agency's loans will be in a higher position as they donated the land for the project and have more overall resources in the project. Subsequent to the closing for Phase IV, lien priority will be as follows:

1. A first priority EHAP Loan Deed of Trust in the amount of \$1,000,000.00 (Phase III). Note: This loan will be forgiven after 10 years.
2. A second priority Agency Residual Receipts Loan Deed of Trust in the amount of \$1,250,000 (Phase III)
3. A third priority Agency Residual Receipts Loan Deed of Trust in the approximate amount of \$800,000 (New Phase IV Loan)
4. A fourth priority Housing Commission Loan Deed of Trust in the amount of \$2,300,000 (Phase III)
5. A fifth priority Housing Commission Loan Deed of Trust in the approximate amount of \$1,492,425 (New Phase IV Loan)
6. A sixth priority Agency Residual Receipts Loan Deed of Trust in the amount of \$863,000. (Phase III)
7. A seventh priority Affordable Housing Program ("AHP") loan in the approximate amount of \$600,000. (New Phase IV Loan)

The parties will execute subordination agreements as necessary to attain the lien priority listed above.

## Operations

Rents for residents will be set based on 50 and 60 percent of AMI, with residents making a \$200 monthly rent payment based on 30 percent of their income. Rent limits for one bedroom units are currently \$688 for 50 percent units and \$825 for 60 percent units. The remainder of the rent would be subsidized through the VA's Grant and Per Diem Program and an existing VVSD award from the Employment Development Department (EDD). The total rental subsidy anticipated for the project is \$132,768 annually. Rent may be collected from veterans provided it does not exceed 30 percent of their adjusted gross income.

VVSD projects total operating expenses of \$89,260 annually or \$3,719 per bed per annum (excluding services). The combination of operating expenses and replacement reserves total \$4,219 per bed per year.

VVSD will look to four different sources to fund their service program, including: 1) VA Grant & Per Diem; 2) County Alcohol & Drug Services; 3) California Community Foundation; and 3) The Employment Development Department (EDD).

<b>Projected Operating Results Year 1 of Operations</b>		
<b>Revenues</b>	<b>Total</b>	<b>Per Unit</b>
Rental Receipts from Veterans	\$57,600	\$2,400
VA Grant & Per Diem	\$132,768	\$5,532
Less Vacancy at 5%	(\$9,518)	(\$397)
<b>Total Revenues</b>	<b>\$180,850</b>	<b>\$7,525</b>
<b>Operating Expenses</b>		
Utilities	\$30,000	\$1,250
Contract Services (Repairs, Maint, etc)	\$31,000	\$1,292
Management & Prof Services	\$15,000	\$625
Insurance	\$10,000	\$417
Administration & Monitoring	\$3,260	\$136
<b>Total Operating Expenses</b>	<b>\$89,260</b>	<b>\$3,719</b>
<b>Net Operating Income</b>	<b>\$91,590</b>	<b>\$3,816</b>
Less Replacement Reserves	(\$12,000)	(\$500)
<b>Residual Cash Flow</b>	<b>\$79,590</b>	<b>\$3,316</b>

## Cash Flow

VVSD is proposing to retain 50 percent of the residual receipts to be used for operation of the Veterans Village campus. The remaining 50 percent would be split pro-rata between the Housing Commission and the Redevelopment Agency. Any unpaid principal and interest of the Housing Commission loan would be forgiven at the end of the 65-year term if VVSD complies with the Housing Commission loan agreement.

The VA grants to VVSD are monitored on an annual basis by the VA and have been renewed since the inception of the Veterans Village facility. While unlikely, should the project lose its VA rent and per-diem operating subsidy, risk would be somewhat mitigated by Phase IV rental income paid by the residents and the fact that there will be no hard debt on the project.

Although it is customary for affordable housing developers to receive a developer fee to pay for corporate overhead and project-related costs, VVSD did not request a developer fee for Phase IV because the organization receives financial support for its administrative activities through grants and charitable contributions.

## Sources of Funding

VVSD is requesting total financing from the Housing Commission of \$1,492,425 which consists of \$1,193,231 of HOME Program funds included in the approved FY2011 Housing Commission budget and \$299,194 from the approval of the proposed revision adding remaining balance on a prior year commitment from Phase III to the current budget. VVSD is also applying to the Redevelopment Agency for a residual receipts loan of \$1,118,012 and to The Federal Home Loan Bank of San Francisco for an Affordable Housing Program (AHP) grant of \$600,000.

There is no construction loan for Phase IV as VVSD is requesting that all of the funding sources come in during construction.

Projected Funding Sources			
Sources	Type	Terms	Amount
San Diego Housing Commission	Loan	Residual Receipts	\$1,492,425
Redevelopment Agency	Loan	Residual Receipts	\$1,118,012
Federal Home Loan Bank – AHP	Grant	N/A	\$600,000
Total Funding Sources			\$3,210,438

Note: Commitment from AHP has not yet been received. Should VVSD not secure an AHP award, the Housing Commission and Agency loans will not be funded.

## Uses of Funding

<b>Projected Uses</b>			
<b>Development Cost</b>	<b>Cost</b>	<b>%</b>	<b>\$ Per Sq Foot</b>
Hard Construction Costs	\$2,255,121	70%	\$177
Bond Premium	\$37,648	1%	\$3
Architectural/Engineering	\$291,000	9%	\$23
Legal, Permit, Audit	\$193,169	6%	\$15
Other Soft Costs	\$433,500	14%	\$34
<b>Total(s)</b>	<b>\$3,210,438</b>	<b>100%</b>	<b>\$251</b>

The relatively high cost per square foot for Phase IV can be explained by a number of factors. The project will be built to a Bachelor Enlisted Quarters (BEQ) standard which is very durable and allows for high turnover and increased wear. Additionally, both the common areas and bedrooms will be furnished to accommodate the recently returning veterans. The common area will contain a lounge with additional bathrooms as well as meeting space for the clinical staff to sit with clients as part of the early treatment program. The area required for the treatment program is not a normal component of an affordable housing project and adds additional cost to the per bed calculation.

### **PREVIOUS COUNCIL and/or COMMITTEE ACTION:**

Housing Commission approved the action item for the loan request at its Board Meeting on November 12, 2010.

### **COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:**

A three-phase development at the site was approved in 2001 by Midway Planning Group, Little Italy Association, and North Bay Redevelopment Agency. Additionally, VVSD has committed to keeping the neighborhood planning groups updated on the final phase of construction.

### **ENVIRONMENTAL REVIEW:**

In compliance with the National Environmental Policy Act (NEPA) and HUD Environmental Review Procedures, the California Environmental Quality Act (CEQA) and State CEQA Guidelines, the City of San Diego conducted a CEQA Initial Study and NEPA Environmental Assessment and determined that the project could have a significant environmental effect in the following areas: geology, water quality, hydrology, air quality, health and safety, and historical resources (archeology). Subsequent revisions in the project proposal created the specific measures as identified in Section V of the Mitigated Negative Declaration and Finding of No Significant Impact (FONSI) dated April 24, 2003. The project as revised avoids or mitigates the potentially significant environmental effects previously identified, and the preparation of an Environmental Impact Report (EIR) and Environmental Impact Statement (EIS) is not required. A copy of the Mitigated Negative Declaration is on file at the offices of the Housing Commission. On October 21, 2010, the City of San Diego certified that a re-evaluation of environmental assessments and other environmental findings is not warranted by this activity pursuant to 24 CFR Part

58.47 a(1) through a(3) of the NEPA guidelines. Furthermore, no conditions are present that prompt any action identified in Section 58.47 b(1) through b(3).

**KEY STAKEHOLDERS & PROJECTED IMPACTS:**

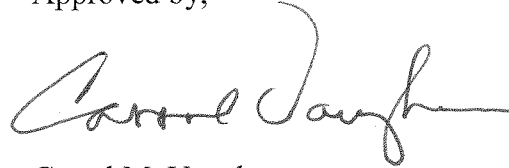
Key stakeholders include the Redevelopment Agency and the Housing Commission as lenders, VVSD as the developer, and the City of San Diego because the proposed housing would reduce homelessness in San Diego.

Respectfully submitted,

Approved by,



Michael Pavco  
Financial Analyst  
Real Estate Department



Carrol M. Vaughan  
Executive Vice President &  
Chief Operating Officer

- Attachments:
1. Development Timeline
  2. Location Map
  3. Site Plan, Rendering, & Floor Plan
  4. Developer Disclosure Statement
  5. Developer Financial Information

Hard copies are available for review during business hours at the Housing Commission offices at 1122 Broadway, San Diego, CA 92101, Main Lobby and at the Office of the City Clerk, 202 C Street, San Diego, CA 92101. You may review complete docket materials on the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).

ATTACHMENT – 1  
(Development Timeline)

VETERANS VILLAGE PHASE IV  
TRANSITIONAL RENTAL HOUSING

September 2010 – Loan Applications Submitted to Housing Commission and Redevelopment Agency

October 2010 – FHLB San Francisco AHP Application

November 2010 – Housing Commission Loan Approval

December 2010 – FHLB San Francisco Award Notification

June 2011 – Begin Construction of Phase IV

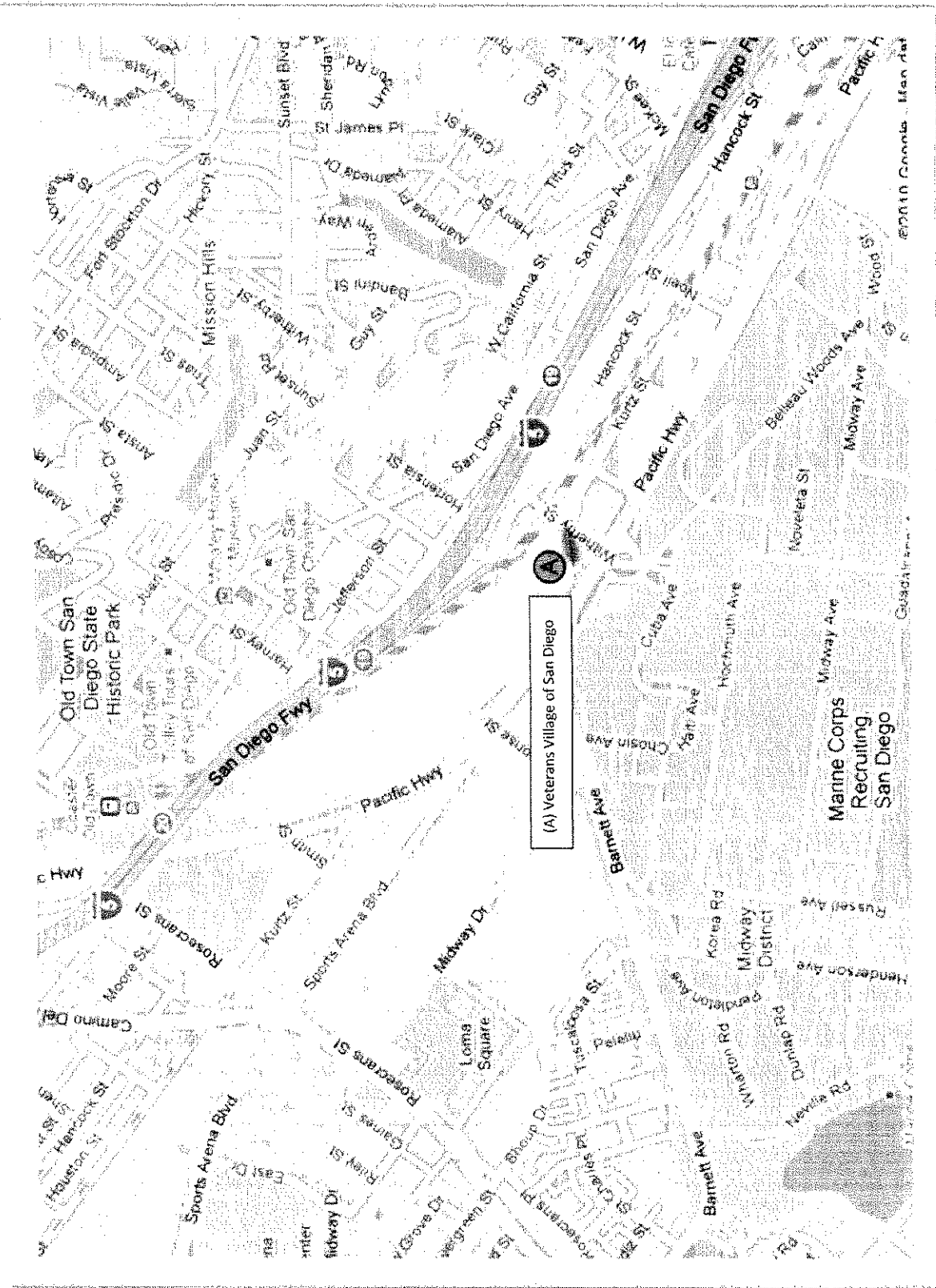
June 2011 – Apply to California Community Foundation for Social Services Grant

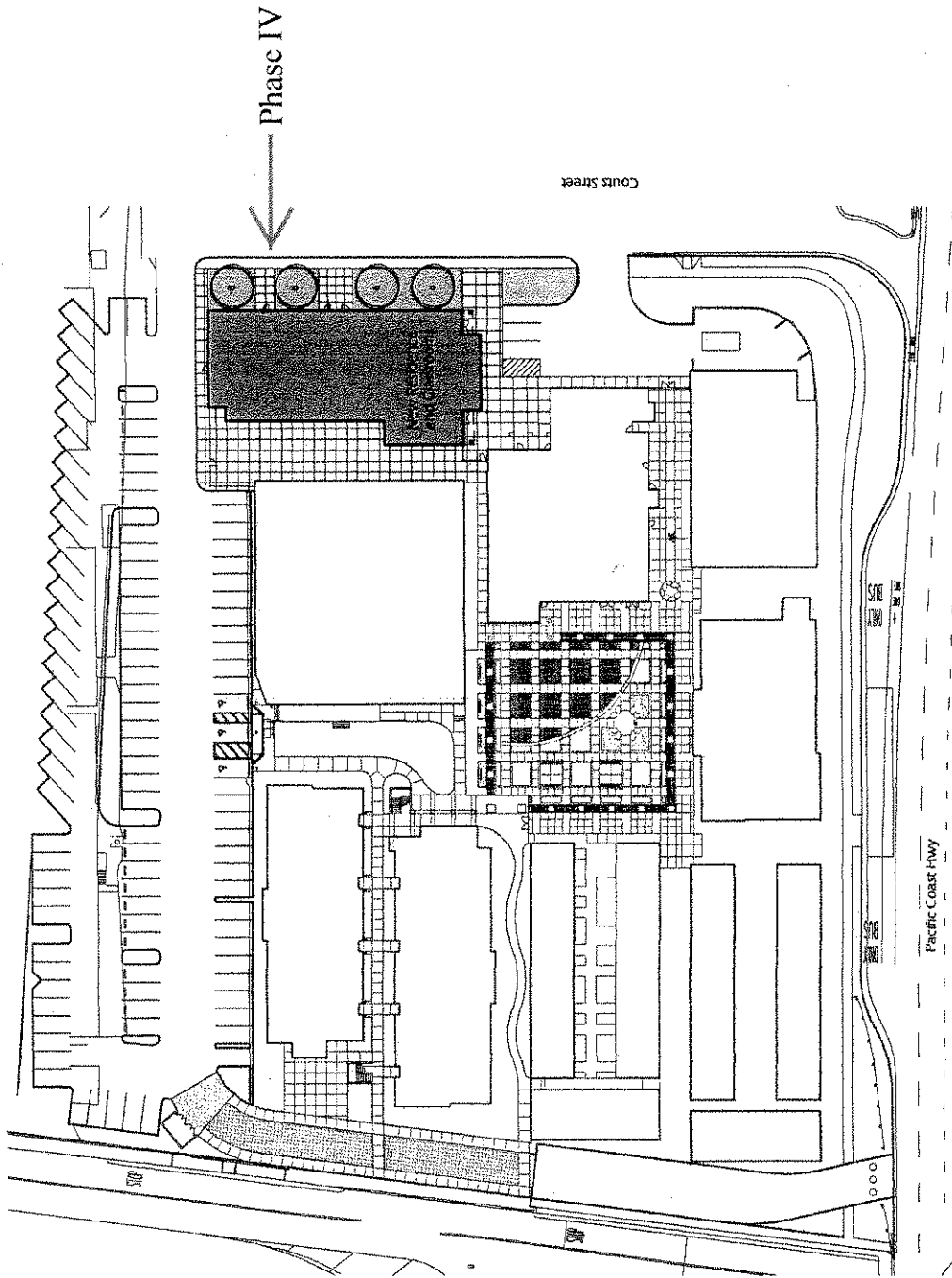
October 2011 – Apply to VA for Grant & Per Diem Program

February 2012 – Apply to County Alcohol and Drug Services for Grant

August 2012 –Begin Operations



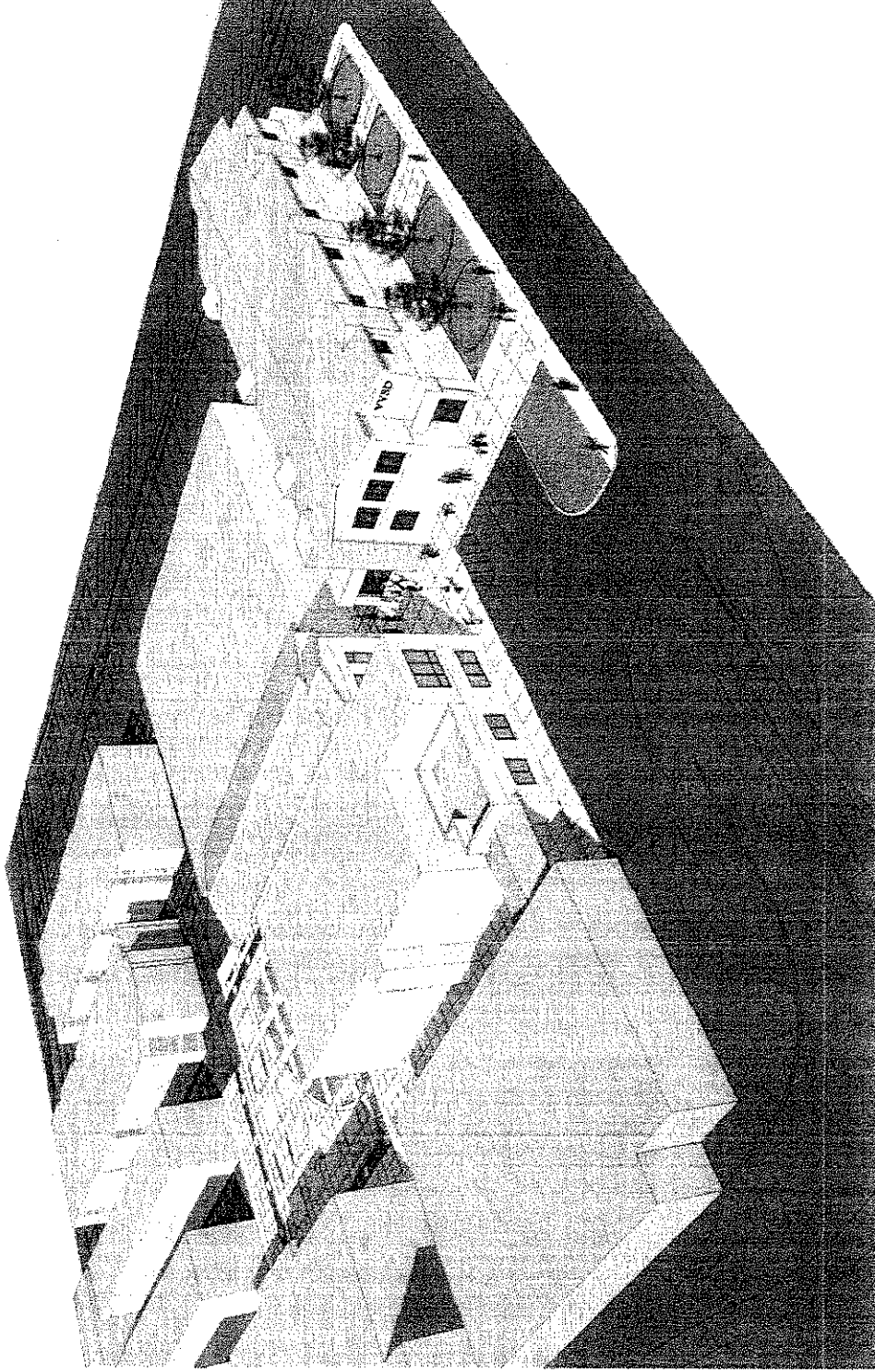




Veterans Village of San Diego  
Sonabend Site Redevelopment

SITE PLAN

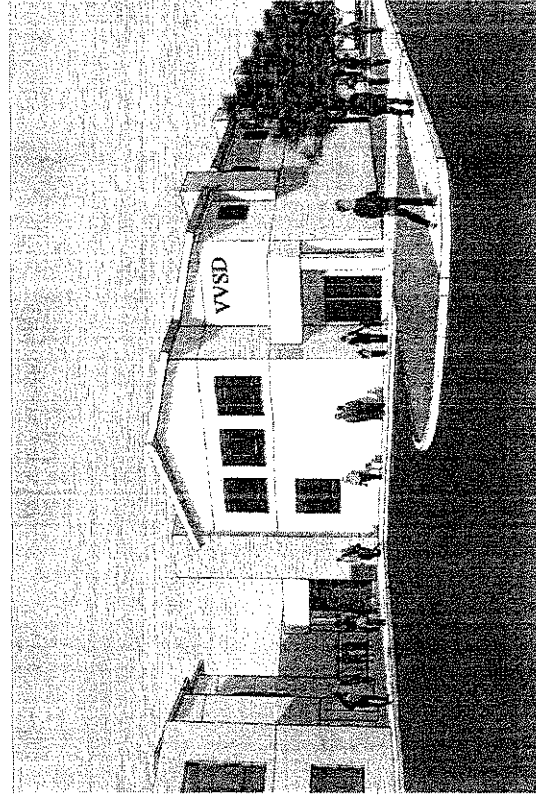
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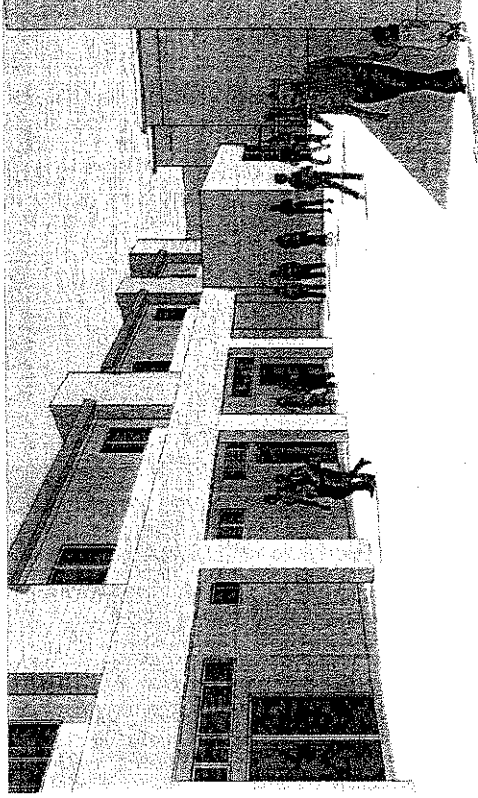
CAMPUS VIEW

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Veterans Village of San Diego  
Sonabend Site Redevelopment



ENTRY VIEW



COURTYARD VIEW

## VIEWS

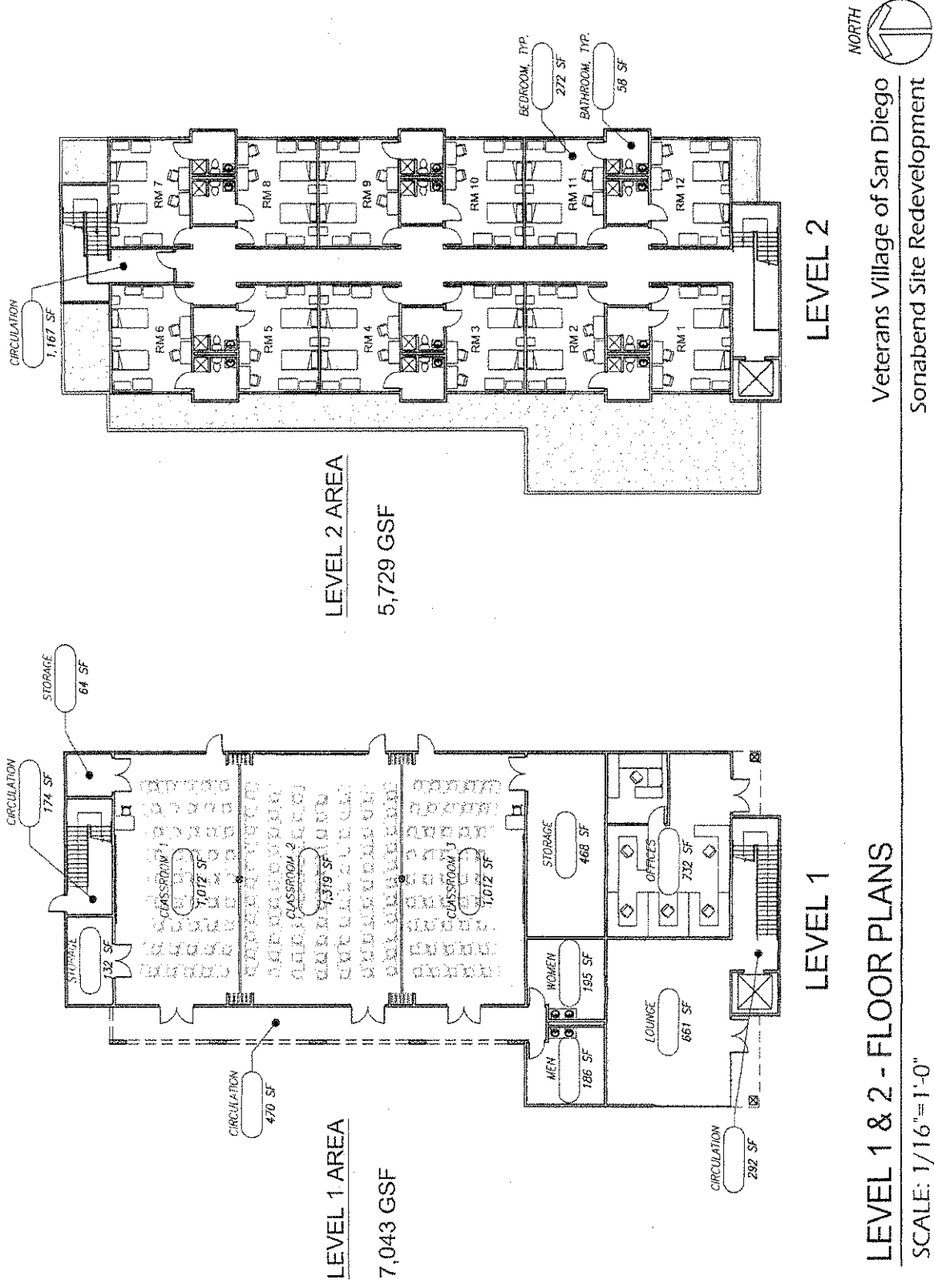
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Delaware  
 Wilkes  
 Rodrigues  
 Barber  
 Architects

Veterans Village of San Diego  
 Sonabend Site Redevelopment

03.19.2010



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 ("COMMISSION"), 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 COMMISSION, 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 COMMISSION, 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 COMMISSION, 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 10 day of SEPTEMBER, 2010, at San Diego, California.

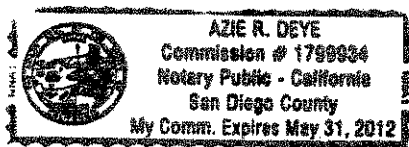
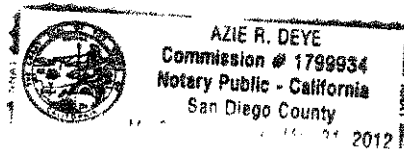
CONTRACTOR

By: Phil Landis

Signature

Phil Landis, President & CEO

Title



CERTIFICATION

The CONTRACTOR, VUS/D, 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: THH ANGIS

Title: PRESIDENT/CEO

Dated: 9/10/2010

By: Dave Siegler

Title: V.P. Grant

Dated: 9/10/2010

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

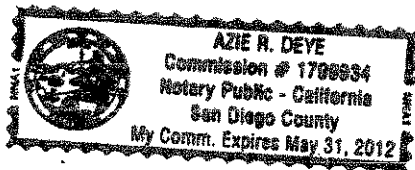
County of SAN Diego

Subscribed and sworn to (or affirmed) before me on this 10 day of Sep, 20 10

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

Azie R. Deye  
Signature of Notary

SEAL



DISCLOSE.PUB

ATTACHMENT 5

VIETNAM VETERANS OF SAN DIEGO  
dba VETERANS VILLAGE OF SAN DIEGO

FINANCIAL STATEMENTS

JUNE 30, 2009



VIETNAM VETERANS OF SAN DIEGO  
dba VETERANS VILLAGE OF SAN DIEGO

FINANCIAL STATEMENTS AND AUDIT REPORTS

JUNE 30, 2009

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Tel: (760) 749-6696

DOUGLAS G. GRIFFIN  
CERTIFIED PUBLIC ACCOUNTANT

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doug@douglasgriffin.com

The Board of Directors  
VIETNAM VETERANS OF SAN DIEGO  
dba VETERANS VILLAGE OF SAN DIEGO  
4141 Pacific Highway  
San Diego, CA 92110

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statement of financial position of Vietnam Veterans of San Diego dba Veterans Village of San Diego (a nonprofit corporation) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vietnam Veterans of San Diego dba Veterans Village of San Diego as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards", I have also issued a report dated October 30, 2009 on my consideration of Vietnam Veterans of San Diego dba Veterans Village's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matter. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance Government Auditing standards and should be considered in assessing there results of my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of Vietnam Veterans of San Diego dba Veterans Village of San Diego taken as a whole. The accompanying schedules of revenues and expenses for operations, and support, revenue and expenses by fund and schedule of expenditures of federal awards are presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the 2009 audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in dark ink, appearing to read "D. H. Smith", is positioned above the typed name and date.

San Diego, California  
October 30, 2009

VIETNAM VETERANS OF SAN DIEGO  
dba VETERANS VILLAGE OF SAN DIEGO  
COMPARATIVE STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2009 AND JUNE 30, 2008

	2009	2008
<b>ASSETS</b>		
Current assets		
Cash in bank	\$ 214,497	\$ 381,726
Money market mutual fund	158,109	333,249
Treasury money market fund	217,512	181,543
Cash and cash equivalents	590,118	896,518
Fund control (Vision)	33,870	205,413
Grants receivable	856,862	751,148
Allowance for doubtful accounts	(1,772)	(3,552)
Inventory, at cost	9,910	8,461
Other receivables	-	92,357
Prepaid expenses and deposits	87,647	111,072
Total current assets	1,576,635	2,061,417
Construction in progress	1,014,327	4,110,401
Property and equipment	21,137,231	14,329,952
Less accumulated depreciation	(1,586,005)	(1,248,998)
Net property and equipment	19,551,226	13,080,954
<b>TOTAL ASSETS</b>	<b>\$ 22,142,188</b>	<b>\$ 19,252,772</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 121,421	\$ 157,347
Accrued vacation, salaries, payroll taxes and other expenses	366,129	245,446
Pension payable	3,737	4,079
Credit card liability	3,644	-
Deferred revenue	279,273	348,787
Bank lines of credit	446,375	312,000
Current portion of long-term debt	42,215	55,335
Total current liabilities	1,262,794	1,122,993
Forgivable grant-loans	10,085,811	6,921,804
Long-Term debt	493,977	547,231
Total Liabilities	11,842,582	8,592,028
<b>NET ASSETS</b>		
Unrestricted	10,245,264	10,603,959
Temporarily restricted	54,342	56,785
Total Net Assets	10,299,606	10,660,744
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 22,142,188</b>	<b>\$ 19,252,772</b>

See accompanying notes to financial statements

VIETNAM VETERANS OF SAN DIEGO  
dba VETERANS VILLAGE OF SAN DIEGO  
COMPARATIVE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009 AND JUNE 30, 2008

	2009	2008
UNRESTRICTED NET ASSETS		
Unrestricted Revenues		
Grant revenue	\$ 5,844,910	\$ 5,075,774
Grant revenue - Vision project	50,000	420,000
Rent revenue	136,752	155,043
Food stamp revenue	58,859	39,640
Contributions	136,962	217,263
Donated goods and services	1,299,088	1,099,793
Interest	11,944	11,275
Other revenue (expense)	(29,454)	(4,323)
Total Unrestricted Support	7,509,061	7,014,465
NET ASSETS RELEASED FROM RESTRICTIONS		
Expiration of use restrictions	56,785	53,494
TOTAL UNRESTRICTED REVENUES	7,565,846	7,067,959
EXPENSES		
Program services	7,792,345	6,835,580
Supporting Services		
Management and general	45,670	142,816
Fund raising	86,527	15,382
Total Expenses	7,924,542	6,993,778
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(358,696)	74,181
TEMPORARILY RESTRICTED NET ASSETS		
Contributions - Stand Down	54,342	56,785
Net assets released from restrictions		
Contributions - Stand Down	(56,785)	(53,494)
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	(2,443)	3,291
INCREASE (DECREASE) IN NET ASSETS	(361,139)	77,472
NET ASSETS AT BEGINNING OF YEAR	10,660,744	10,583,273
NET ASSETS AT END OF YEAR	<u>\$ 10,299,606</u>	<u>\$ 10,660,744</u>

See accompanying notes to financial statements

VIETNAM VETERANS OF SAN DIEGO  
d/b/a VETERANS VILLAGE OF SAN DIEGO  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2009 and June 30, 2008

	2009				2008			
	Program Services	Supporting Services Management & General	Fund Raising	Total	Program Services	Supporting Services Management & General	Fund Raising	Total
Salaries	\$ 3,031,818	628	\$ 36,086	\$ 3,068,532	\$ 2,632,444	\$ 56,338	\$ -	\$ 2,688,782
Payroll tax & benefits	705,884	-	8,543	714,427	600,023	-	-	600,023
Building rent	165,653	-	-	165,653	240,731	1,802	-	242,533
Equipment rental	84,331	606	-	84,937	81,768	2,229	-	83,997
Repairs and maintenance	164,363	608	-	164,971	145,638	142	-	145,780
Insurance	66,056	-	230	66,286	66,737	142	293	67,172
Utilities	198,458	-	-	198,458	173,460	-	88	173,548
Telephone	73,268	4,720	-	77,988	76,044	1,867	-	78,011
Food and kitchen supplies	370,003	14,480	-	384,483	315,197	14,849	-	330,046
Participant support expenses	559,788	356	-	560,144	477,165	8,391	-	485,556
Contract services	129,692	12,866	-	142,558	127,888	-	-	127,888
Diagnostic testing	31,496	-	-	31,496	33,990	-	-	33,990
Legal and accounting	57,817	20	-	57,837	60,582	14,433	-	75,015
Fund raising	0	-	41,668	41,668	1,000	-	12,972	13,972
Other expenses	2,640	269	-	2,909	3,945	20,296	-	22,241
Supplies and postage	211,277	6,448	-	217,725	125,798	-	-	123,175
Training and Travel	65,034	1,276	-	66,310	46,862	9,819	-	56,681
Minor equipment purchased	235,802	1,145	-	236,947	59,304	-	-	59,304
Property taxes	7,224	-	-	7,224	4,722	-	-	4,722
Special events	9,514	138	-	9,652	3,545	12	-	3,557
Interest - bank charges	43,769	2,076	-	45,845	44,394	12,065	2,030	58,489
Licenses and permit	7,973	(10)	-	7,963	37,008	190	-	37,198
Depreciation	345,025	-	-	345,025	310,925	-	-	310,925
Advertising expenses	15,466	45	-	15,511	14,434	143	-	14,577
Capitalized expenses	(210,119)	-	-	(210,119)	(29,402)	-	-	(29,402)
Indirect cost allocated	116,761	-	-	116,761	82,557	-	-	82,557
Donated expenses	1,303,349	-	-	1,303,349	1,100,822	-	-	1,100,822
Total Expenses	\$ 7,792,345	\$ 45,670	\$ 86,527	\$ 7,924,542	\$ 6,835,580	\$ 142,816	\$ 15,382	\$ 6,993,778

See accompanying notes to financial statements

VIETNAM VETERANS OF SAN DIEGO  
dba VETERANS VILLAGE OF SAN DIEGO  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009 AND JUNE 30, 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ (361,139)	\$ 77,472
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	345,025	310,925
(Increase) Decrease in operating assets		
Accounts and grants receivable	(105,714)	100,157
Inventory	(1,449)	(599)
Prepaid expenses and deposits	23,423	(24,922)
Allowance for doubtful accounts	(1,780)	(1,448)
Other receivables	92,357	(89,684)
Fund control	171,543	(205,413)
Increase (Decrease) in operating liabilities:		
Credit card liability	3,644	(5,470)
Accounts payable and accrued expenses	(35,926)	(51,031)
Accrued vacation and related payroll	64,427	74,334
Other accrued expenses	(342)	(3,974)
Deferred revenue	(69,514)	323,518
Net Cash Provided by Operations	124,555	503,865
CASH FLOWS FROM INVESTING ACTIVITIES		
Net book adjustment for asset disposed	130,958	160,250
Purchase of furniture & equipment	(177,152)	(203,892)
Completion of construction of Phase 2	(6,769,099)	(3,257,693)
Decrease in construction in progress	3,152,330	-
Net Cash Used by Investing Activities	(3,662,963)	(3,301,335)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of mortgages payable	(66,375)	(34,608)
Proceeds/(Payment) on line of credit	134,375	292,000
Proceeds from forgivable loans	3,164,007	3,372,427
Net Cash Provided by Financing Activities	3,232,007	3,629,819
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(306,401)	832,349
BEGINNING CASH AND CASH EQUIVALENTS	896,518	64,169
ENDING CASH AND CASH EQUIVALENTS	\$ 590,117	\$ 896,518
SUPPLEMENTAL DISCLOSURE OF CASH FLOW		
Taxes paid	\$ -	\$ -
Interest paid	\$ 45,845	\$ 55,673

See accompanying notes to financial statements