



HOUSING AUTHORITY REPORT

DATE ISSUED: April 28, 2009 REPORT NO. HAR09-010

ATTENTION: Members of the Housing Authority
For the Agenda of May 5, 2009

SUBJECT: Loan for North Park Inn
(Council District 3)

REQUESTED ACTION:

Approve a permanent loan for the acquisition and rehabilitation of eighteen units of multi-family rental housing.

STAFF RECOMMENDATION:

Approve a permanent residual receipts loan of up to \$2,050,000 for the acquisition and rehabilitation of seventeen rental housing units and one manager's unit to be used as permanent supportive rental housing for extremely low-income homeless men dually-diagnosed with mental illness and substance abuse, and authorize the President and Chief Executive Officer or designee to execute necessary documents.

SUMMARY:

The borrower and developer of the proposed project is Pathfinders of San Diego (Pathfinders), a 501(c)(3) nonprofit corporation organized in 1950 with the mission of providing substance abuse recovery services and housing to homeless men in San Diego. The organization operates supportive housing facilities for men recovering from substance abuse and those dually-diagnosed with mental illness. Pathfinders submitted a loan application for its North Park Inn development in response to the Housing Commission's Notice Of Funding Availability (NOFA) for Construction, Acquisition, and Operation of Affordable Rental Housing dated October 21, 2008.

The proposed project is located at 2621 and 2625 University Avenue, within the North Park Redevelopment Project Area, on an aggregate .23-acre parcel. The existing improvements consist of a deteriorating 6,512 square foot, 27-unit two-story motel constructed in 1983 and a 1,773 square foot single family home, built in 1910, that was converted into four additional units. Although tenants from the targeted population typically do not own cars, there is off-street surface parking sufficient for five vehicles. The owner and seller of the property is North Park Land Corp. represented by Mr. Jitendrabhai Bhakta. The sales price is \$1,750,000 based on an appraisal dated January 7, 2009. The following table outlines the development team:

| ROLE/FIRM | CONTACT | OWNED BY |
|--|---|--|
| Owner- Pathfinders | Mr. Stan Stanley, Exec. Director | Pathfinders of San Diego, Inc. / a 501(c)(3) nonprofit corporation |
| Developer- Pathfinders | Mr. Stan Stanley, Exec. Director | Pathfinders of San Diego, Inc. / a 501(c)(3) nonprofit corporation |
| Project Manager – Diamond One Construction | Mr. Mark Lukacs, Chief Executive Officer | Diamond One Construction |
| Financial Consultant – California Housing Partnership Corporation | Mr. Jahi Akobundu, Senior Program Manager | California Housing Partnership Corporation |
| Architect – BP Associates | Mr. Roger Basinger, Principal | BP Associates |
| Property Manager – Pathfinders of San Diego | Mr. Stan Stanley, Executive Director | Pathfinders / a 501(c)(3) nonprofit organization |

The property is within walking distance of public transportation and retail businesses on University Avenue including a grocery store and a pharmacy. Redevelopment of the North Park Inn would contribute to the improvement of a currently blighted section of University Avenue that has problems with street crime and other illegal activity.

The estimated total development cost for the proposed project is \$4,050,000 (\$225,000 per unit for eighteen units) which includes predevelopment costs, acquisition of the property, rehabilitation of the existing improvements, relocation of current residents, and a developer fee. Financing would be through a Housing Commission loan of up to \$2,050,000 and a \$2,000,000 loan from the Redevelopment Agency of the City of San Diego. An unsecured predevelopment loan of up to \$165,000 to Pathfinders from the Corporation For Supportive Housing and an unsecured \$50,000 predevelopment loan to Pathfinders from the Housing Commission would be repaid with proceeds of the permanent financing. The predevelopment loans paid the costs of environmental reports, a financial consultant, architecture, engineering, and a construction consultant until permanent financing is in place.

Because of the age of the complex and the likelihood of numerous concealed construction defects, the total estimated rehabilitation cost of \$1,722,899 (\$215 per square foot) includes a 24 percent contingency (\$406,940). Any contingency not used and any other cost savings, or financing from other sources, would be used to reduce the principals of the Housing Commission and Redevelopment Agency loans.

Pathfinders would substantially renovate the existing structures, including conversion of the smaller building into offices and a meeting space for the facility. Construction of the office and meeting space would be assisted with Housing Trust funds, which is permitted under the San Diego Housing Trust Fund Ordinance.

The floor plan of the motel structure would be reconfigured to provide fourteen studios and four one-bedroom apartments. One of the one-bedroom units would house the resident manager and would not be rent-restricted. Each unit would have a full bathroom and a kitchenette. Renovation

of the buildings would include structural upgrades and improvements enhancing accessibility for the physically disabled.

Pathfinders would utilize the federal Shelter Plus Care (S+C) program to obtain rent subsidies for the proposed seventeen affordable units. During the last thirteen years, Pathfinders has provided 25 S+C subsidized units at two locations including a leased seventeen-unit building at 3047 University Avenue. Preparing to redevelop the property, the owner of the 3047 University Avenue location would not renew the expired lease, making it necessary for Pathfinders to relocate the residents to less suitable housing on an interim basis.

Because the targeted tenant population is often homeless or at risk of becoming homeless, North Park Inn would contribute to meeting the City's goal, outlined in the FY2005 – FY2009 Consolidated Plan, of reducing homelessness in San Diego. The proposed North Park Inn facility would replace Pathfinder's previous University Avenue location and provide for long-term operation, under Pathfinders ownership of the property, while complying with S+C facility standards. The units would be used as permanent rental housing for residents graduating from Pathfinder's recovery facilities whose conditions are stabilized to a point where they are capable of independent living. There would be no services provided on the property.

The following table describes the units by size and proposed rents based on 2009 Housing Commission rent and occupancy restrictions:

| Unit Type | Number of Units | Proposed Monthly Rent | Percent of Area Median Income (AMI) of Occupancy and Rent Restriction | Annual Household Income for One Person |
|--------------|-----------------|-----------------------|---|--|
| studio | 4 | \$ 261 | 30 percent of AMI | \$17,350 |
| studio | 7 | \$ 261 | 50 percent of AMI | \$28,900 |
| studio | 3 | \$ 261 | 60 percent of AMI | \$34,680 |
| one bedroom | 1 | \$ 457 | 50 percent of AMI | \$28,900 |
| one bedroom | 2 | \$ 457 | 60 percent of AMI | \$34,680 |
| one bedroom | 1 | manager's unit | | |
| Total | 18 | | | |

The Housing Commission would record 55-year rent and occupancy restrictions against the property. Because the targeted tenant population is characteristically extremely low-income, Pathfinders would limit rents so no tenant would pay more than 30 percent of their income regardless of their income level.

Based on the incomes of the targeted tenant population, the fourteen studio apartments are estimated to produce monthly rents of \$261 and the three one-bedroom units are expected to produce monthly rents of \$457. The S+C program would subsidize the rents up to the applicable Federal Fair Market Rents for each unit size; however, the reasonableness of the rents would be verified by the Housing Commission prior to any S+C subsidy payments to Pathfinders.

FISCAL CONSIDERATIONS:

The first position debt would be a residual receipts loan of up to \$2,050,000 from the Housing Commission. A second trust deed would be held by the Redevelopment Agency for a residual receipts loan of \$2,000,000. The Housing Commission and Redevelopment Agency would each receive approximately 25 percent of the total annual residual receipts of the project for repayment of their loans based on pro-rata shares of the permanent financing. Pathfinders would retain 50 percent of the residual receipts. Although the Redevelopment Agency loan would be junior to the Housing Commission financing, provisions would be made in the loan documents for the Redevelopment Agency and the Housing Commission to each receive pro-rata shares of any funds recovered as a result of a foreclosure.

The following table outlines the proposed sources of funds:

| Position | Proposed Sources of Financing | Amount | Terms |
|-----------------|---|--------------------|---|
| 1st | San Diego Housing Commission loan | \$2,050,000 | 55 yrs. @ 3% simple int.; residual receipts |
| 2nd | Redevelopment Agency loan | \$2,000,000 | 55 yrs. @ 3% simple int.; residual receipts |
| | Total Estimated Development Cost | \$4,050,000 | |

Pathfinders would be required to deposit a minimum of \$8,500 per year into a dedicated replacement reserve account. The use of any project reserves would be subject to Housing Commission approval.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

The Housing Commission recommended this loan on February 20, 2009.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The proposed redevelopment of the North Park Inn was approved on October 21, 2008, by the North Park Community Planning Committee. On January 13, 2009, the North Park Redevelopment Project Area Committee voted to recommend the project for funding by the Redevelopment Agency.

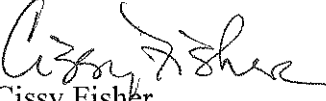
ENVIRONMENTAL REVIEW:

The proposed activity is categorically excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.35(a)(3)(ii) of the NEPA regulations. This project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA guidelines Section 15301 (existing facilities).


KEY STAKEHOLDERS & PROJECTED IMPACTS:

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

Respectfully submitted,


Cissy Fisher
Assistant Vice President
Housing Development & Finance

Approved by,

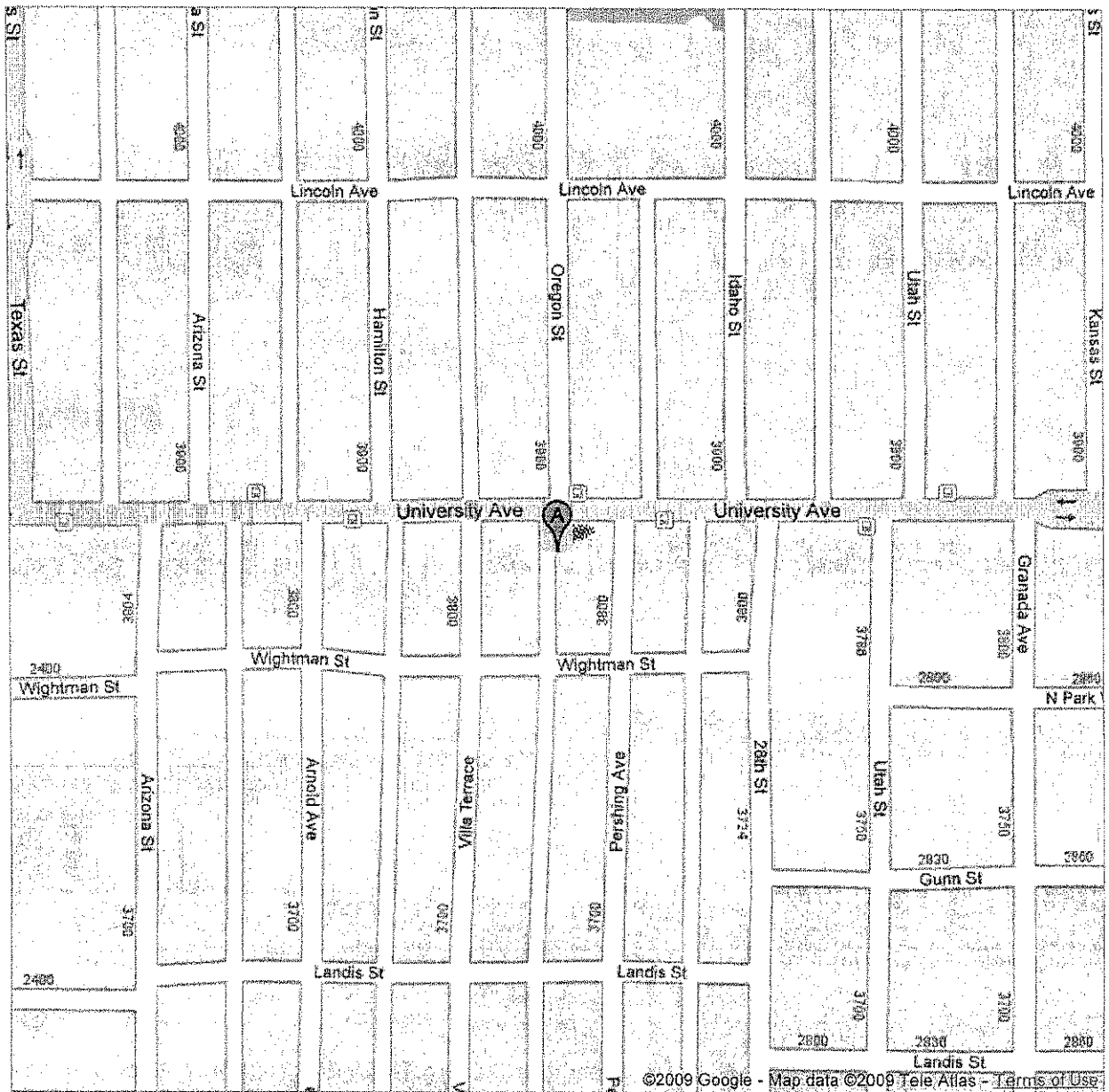

Carrol M. Vaughan
Executive Vice President & Chief
Operating Officer

- Attachments:
1. Location Map
 2. Development Summary
 3. Development Timeline
 4. General Application
 5. Developer Disclosure Statement
 6. Developer Financial Information

Copies 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.

Information: Mr. Dan Cady (619) 578-7594

Address 2625 University Ave
San Diego, CA 92104



ATTACHMENT - 2

DEVELOPMENT SUMMARY
PERMANENT SUPPORTIVE RENTAL HOUSING
April 28, 2009

Name: North Park Inn
Location: 2621 and 2625 University Avenue
Description: Permanent supportive rental housing for dually-diagnosed homeless men
Sponsor: Pathfinders of San Diego, Inc.

Unit Affordability

Total # of units: 18
Assisted units: 17
Restricted rents: 4 studios at 30 percent of AMI
7 studios and 1 one-bedroom unit at 50 percent of AMI
3 studios and 2 one-bedroom units at 60 percent of AMI
Affordability: 55 years

Development Cost

Total development cost: \$ 4,050,000
HC development cost (loan): \$ 2,050,000
Total development cost per unit: \$ 225,000 per unit / 18 units
HC cost per unit (loan): \$ 113,889 per unit / 18 units

Sources of Funds

Housing Commission loan \$ 2,050,000
Redevelopment Agency loan \$ 2,000,000

Pro Forma Summary

Estimated annual income: \$ 187,008 (year 1)
Estimated annual expense: \$ 111,878 (year 1)
Annual debt service: \$ 0
Annual reserves: \$ 8,500

ATTACHMENT - 3

**NORTH PARK INN
PERMANENT SUPPORTIVE RENTAL HOUSING
ESTIMATED TIMELINE**

| | |
|------------------|---------------------------------|
| June 12, 2009 | Housing Commission loan closing |
| June 15, 2009 | Start of rehabilitation |
| February 1, 2010 | Completion of Rehabilitation |

**SAN DIEGO HOUSING COMMISSION
GENERAL APPLICATION FORM - Project Overview**

Last revised: November 27, 2007

ATTACHMENT - 4

DATE: April 15, 2009

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED IN SHADED CELLS (Check all boxes that apply)

REQUEST FOR: EARLY ASSISTANCE PROJECT FUNDING \$ 2,050,000
 TECHNICAL ASSISTANCE PREDEVELOPMENT LOAN \$ _____
 _____ PROJECT SUPPORT GRANT \$ _____

PROJECT TYPE: ACQUISITION ACQUISITION & REHABILITATION RENTAL
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT CONDITION: UNIMPROVED SITE RESIDENTIAL COMMERCIAL
 YEAR BUILT: 1910 EXISTING STRUCTURE OTHER (DESCRIBE) conversion of motel into residential

PROJECT NAME: North Park Inn
 ADDRESS: 2621 & 2625 University Avenue San Diego CA 92104
STREET CITY STATE ZIP
 LEGAL DESCRIPTION: 15-19/39 67 Park Villas 453-081-03 & 453-081-11 14
LOT NO. BLOCK NO. SUBDIVISION NAME ASSESSORS PARCEL NO. CENSUS TRACT

SITE CONTROL: DEED OPTION OTHER (DESCRIBE) _____
 DWELLING UNITS: 14 4 _____ _____ _____ _____ 18 22
0-BEDROOM 1-BEDROOM 2-BEDROOM 3-BEDROOM 4-BEDROOM 5-BEDROOM TOTAL UNITS BEDROOMS
 HC Assisted Units: 14 3 _____ _____ _____ _____ 17 20
0-BEDROOM 1-BEDROOM 2-BEDROOM 3-BEDROOM 4-BEDROOM 5-BEDROOM TOTAL UNITS BEDROOMS

EXISTING USES OF PROPERTY: Motel

DESCRIPTION OF PROPOSED PROJECT: Acquisition and rehabilitation of subject property to provide permanent supportive housing for homeless men participating in the Pathfinders Shelter Plus Care Program.
 NO. OF BUILDINGS: 2

APPLICANT/BORROWER:
 NAME: Pathfinders of San Diego CONTACT PERSON: S. G. "Stan" Stanely
 ADDRESS: 3806 Grim Avenue San Diego CA 92104
STREET CITY STATE ZIP
 TELEPHONE: (619) 260-1605 FAX NO. (619) 260-1629 E-mail address: thfinders.sdcox

LEGAL DESCRIPTION OF APPLICANT:
 FOR PROFIT CORPORATION NONPROFIT CORPORATION PARTNERSHIP INDIVIDUAL OWNER
 CHDO OTHER _____
DESCRIBE

TAXPAYER IDENTIFICATION NUMBER 95-2157559

CURRENT OWNER/SELLER INFORMATION:
 NAME: Jitendrabhai C. Bhakta LEGAL DESCRIPTION: _____
 ADDRESS: _____
STREET CITY STATE ZIP
 TELEPHONE: (619) 840-1261 FAX NO. (_____) _____

ZONING: MCCPD-CL-1 COMMUNITY PLAN AREA: Greater North Park
 COUNCIL DISTRICT: 3 SCHOOL DISTRICT: San Diego Unified

 SIGNATURE PRINT NAME TITLE DATE

**SAN DIEGO HOUSING COMMISSION
APPLICANT INTEREST FORM - AI**

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED

NAME, ADDRESS, TITLE/POSITION, TELEPHONE, NATURE OF INTEREST AND PERCENT OF INTEREST FOR PROPOSED OWNERS, OFFICERS AND GENERAL PARTNERS - LIST ALL FOR SHAREHOLDERS, INVESTORS, LIMITED PARTNERS AND OTHERS - LIST ALL WITH A 10% OR HIGHER INTEREST

PROJECT NAME: North Park Inn
 ADDRESS: 2621 & 2625 University Avenue San Diego CA 92104
ADDRESS CITY STATE ZIP
 OWNERSHIP NAME: Pathfinders of San Diego DATE: January 28, 2009

| | | |
|--|--|--|
| 1. <u>Max Phelps</u> <small>NAME</small> | <u>President</u> <small>TITLE/POSITION</small> | <u>Board Member</u> <small>NATURE OF INTEREST</small> |
| <u>3319 Rancho Miguel Rd</u> <small>STREET/PO</small> | <u>(858) 492-0959</u> <small>BUSINESS TELEPHONE NO.</small> | <u>PERCENT INTEREST</u> |
| <u>Jamul</u> <u>CA</u> <u>91935</u> <small>CITY STATE ZIP</small> | | |

| | | |
|--|--|--|
| 2. <u>Margi Graig Farnsworth</u> <small>NAME</small> | <u>Vice President</u> <small>TITLE/POSITION</small> | <u>Board Member</u> <small>NATURE OF INTEREST</small> |
| <u>235 Quince Street</u> <small>STREET/PO</small> | <u>(619) 692-1435</u> <small>BUSINESS TELEPHONE NO.</small> | <u>PERCENT INTEREST</u> |
| <u>San Diego</u> <u>CA</u> <u>92103</u> <small>CITY STATE ZIP</small> | | |

| | | |
|---|--|--|
| 3. <u>John W. Baer, Jr.</u> <small>NAME</small> | <u>Secretary</u> <small>TITLE/POSITION</small> | <u>Board Member</u> <small>NATURE OF INTEREST</small> |
| <u>5050 Bluff Place</u> <small>STREET/PO</small> | <u>(619) 596-5130</u> <small>BUSINESS TELEPHONE NO.</small> | <u>PERCENT INTEREST</u> |
| <u>El Cajon</u> <u>CA</u> <u>92103</u> <small>CITY STATE ZIP</small> | | |

| | | |
|--|--|--|
| 4. <u>Pete Corso</u> <small>NAME</small> | <u>Treasurer</u> <small>TITLE/POSITION</small> | <u>Board Member</u> <small>NATURE OF INTEREST</small> |
| <u>10816 Redfern Circle</u> <small>STREET/PO</small> | <u>(858) 913-8286</u> <small>BUSINESS TELEPHONE NO.</small> | <u>PERCENT INTEREST</u> |
| <u>San Diego</u> <u>CA</u> <u>92131</u> <small>CITY STATE ZIP</small> | | |

| | | |
|--|--|--|
| 5. <u>David Gross</u> <small>NAME</small> | <u>Board Member</u> <small>NATURE OF INTEREST</small> | <u>Board Member</u> <small>NATURE OF INTEREST</small> |
| <u>4627 Edison Street</u> <small>STREET/PO</small> | <u>(619) 276-0566</u> <small>BUSINESS TELEPHONE NO.</small> | <u>PERCENT INTEREST</u> |
| <u>San Diego</u> <u>CA</u> <u>92117</u> <small>CITY STATE ZIP</small> | | |

| | | |
|---|--|--|
| 6. <u>Gene Taylor</u> <small>NAME</small> | <u>Board Member</u> <small>NATURE OF INTEREST</small> | <u>Board Member</u> <small>NATURE OF INTEREST</small> |
| <u>6678 Ave De las Pescas</u> <small>STREET/PO</small> | <u>(858) 459-7029</u> <small>BUSINESS TELEPHONE NO.</small> | <u>PERCENT INTEREST</u> |
| <u>La Jolla</u> <u>CA</u> <u>92037</u> <small>CITY STATE ZIP</small> | | |

| | | |
|--|--|--|
| 7. <u>Paul W. Miller</u> <small>NAME</small> | <u>Board Member</u> <small>NATURE OF INTEREST</small> | <u>Board Member</u> <small>NATURE OF INTEREST</small> |
| <u>4656 Mississippi Street</u> <small>STREET/PO</small> | <u>(619) 284-1161</u> <small>BUSINESS TELEPHONE NO.</small> | <u>PERCENT INTEREST</u> |
| <u>San Diego</u> <u>CA</u> <u>92116</u> <small>CITY STATE ZIP</small> | | |

| | | |
|--|--|--|
| 8. <u>Stan Stanley</u> <small>NAME</small> | <u>Executive Director</u> <small>TITLE/POSITION</small> | <u>Board Member</u> <small>NATURE OF INTEREST</small> |
| <u>1625 30th Street</u> <small>STREET/PO</small> | <u>(619) 260-1605</u> <small>BUSINESS TELEPHONE NO.</small> | <u>PERCENT INTEREST</u> |
| <u>San Diego</u> <u>CA</u> <u>92102</u> <small>CITY STATE ZIP</small> | | |

USE ADDITIONAL SHEETS AS NECESSARY

**SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM -RENTAL INCOME - RI**

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED - CHECK ALL BOXES THAT APPLY

DATE: April 15, 2009

PROJECT TYPE ACQUISITION ACQUISITION & REHABILITATION RENTAL
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: North Park Inn
 ADDRESS: 2621 & 2625 University Avenue San Diego CA 92104
 STREET CITY STATE ZIP

UTILITY INFORMATION [Input X, G, E, T, or L where indicated]

Type (X) in ONE box _____ Gas (G) or Electricity (E) _____ Paid by Tenant (T) or Owner/Landlord (L) _____
 FILL IN ALL BOXES G or E FILL IN ALL BOXES T or L

| | | | |
|---|----------------|---|---|
| <input checked="" type="checkbox"/> Apartment | Heat | G | L |
| <input type="checkbox"/> Duplex, Townhouse | Cooking | G | L |
| <input type="checkbox"/> House, Mobile Home | Water Heater | G | L |
| | Water/Sewer | | L |
| | Basic Electric | | L |

INCOME BY UNIT TYPE

| A | B | C | D | E | F | G | H | I | J | K | L | M |
|-----------------|--------------|--------------------|---------------------|----------------|--------------|-------------------------------|---------------------------------------|---|--|--|------------------------------|---------------------|
| BASIS FOR RENT* | NO. OF UNITS | BED-ROOMS PER UNIT | BATH-ROOMS PER UNIT | SQ FT PER UNIT | CURRENT RENT | MONTHLY HOUSING COST PER UNIT | LESS: MONTHLY UTILITY ALLOW. PER UNIT | EQUALS: MONTHLY Tenant Paid RENT PER UNIT | COMPARE TO: MONTHLY MARKET RENT PER UNIT | AFFORDABILITY LEVEL: PERCENT MEDIAN INCOME** | YEARLY GROSS RENTS ALL UNITS | YEARLY MARKET RENTS |
| | 14 | | 1.00 | | \$ N/A | \$ 261 | | \$ 261 | | 21 % | \$ 43,848 | \$ |
| | 3 | 1 | 1.00 | | \$ N/A | \$ 457 | | \$ 457 | | 33 % | \$ 16,452 | \$ |
| | | | | | \$ | \$ | | \$ | | % | \$ | \$ |
| | | | | | \$ | \$ | | \$ | | % | \$ | \$ |
| | | | | | \$ | \$ | | \$ | | % | \$ | \$ |
| | | | | | \$ | \$ | | \$ | | % | \$ | \$ |
| | | | | | \$ | \$ | | \$ | | % | \$ | \$ |
| | | | | | \$ | \$ | | \$ | | % | \$ | \$ |
| | | | | | \$ | \$ | | \$ | | % | \$ | \$ |
| | | | | | \$ | \$ | | \$ | | % | \$ | \$ |
| | | | | | \$ | \$ | | \$ | | % | \$ | \$ |
| | | | | | \$ | \$ | | \$ | | % | \$ | \$ |
| | | | | | \$ | \$ | | \$ | | % | \$ | \$ |
| MGR | 1 | 1 | | 750 | \$ | \$ | | \$ | | % | \$ | \$ |
| MGR | | | | | \$ | \$ | | \$ | | % | \$ | \$ |

* Indicate Tax Credit Rents with "TC", Housing Commission Rents with "SDHC", HOME rents with "HOME", and Resident Manager's unit(s) with "MGR (bottom two rows)."

** This calculation is based on a household size of one plus the bedroom type; Please note that using tax credit rents may produce a different AMI percentage.

| | | |
|-------------------------|-----------|----|
| TOTAL RENT (YEAR) | \$ 60,300 | \$ |
| Comp. to 90% of Market: | \$ 60,300 | \$ |

| | | |
|--------------|-------------------------------------|------------|
| OTHER INCOME | Shelter Plus Care Operating Subsidy | \$ 126,708 |
| | | \$ |
| | | \$ |

TOTAL ANNUAL INCOME \$187,008

TOTAL UNITS 18

TOTAL UNIT SQ. FT. 8,027 + TOTAL COMMUNITY FACILITIES SQ. FT.

TOTAL SQ. FT. 8,027

**SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM - OPERATING EXPENSE - OE**

DATE: April 15, 2009

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED - CHECK ALL BOXES THAT APPLY
Last revised: November 27, 2007

PROJECT TYPE: ACQUISITION ACQUISITION & REHABILITATION RENTAL
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: North Park Inn
ADDRESS: 2621 & 2625 University Avenue San Diego CA 92104
STREET CITY STATE ZIP
TOTAL NUMBER OF UNITS 18

| OPERATING EXPENSE ITEM | ANNUAL COST | COST PER UNIT | COST PER SQ. FT. |
|---|-------------|---------------|------------------|
| Administrative Expenses | | | |
| Office Supplies & Equipment | \$ 1,000 | \$ 56 | \$ 0.12 |
| Telephone | \$ 800 | \$ 44 | \$ 0.10 |
| Training & Travel | \$ | \$ | \$ |
| Payroll Services | \$ 5,600 | \$ 311 | \$ 0.70 |
| Program Services | \$ 12,000 | \$ 667 | \$ 1.49 |
| Other: On-Site Manager Payroll | \$ 28,000 | \$ 1,556 | \$ 3.49 |
| Subtotal Percent of Total <u>42%</u> | \$ 47,400 | \$ 2,633 | \$ 5.91 |
| Marketing Expenses | | | |
| Advertising | \$ | \$ | \$ |
| Other: | \$ | \$ | \$ |
| Subtotal Percent of Total _____ | \$ - | \$ - | \$ |
| Professional Fees | | | |
| Property Management | \$ 9,720 | \$ 540 | \$ 1.21 |
| Auditing Services | \$ 6,000 | \$ 333 | \$ 0.75 |
| Legal Services | \$ 2,500 | \$ 139 | \$ 0.31 |
| Other: | \$ | \$ | \$ |
| Subtotal Percent of Total <u>16%</u> | \$ 18,220 | \$ 1,012 | \$ 2.27 |
| Utilities | | | |
| Electric | \$ 4,700 | \$ 261 | \$ 0.59 |
| Gas | \$ 4,700 | \$ 261 | \$ 0.59 |
| Water/Sewer | \$ 4,300 | \$ 239 | \$ 0.54 |
| Other: | \$ | \$ | \$ |
| Subtotal Percent of Total <u>12%</u> | \$ 13,700 | \$ 761 | \$ 1.71 |
| Contract Services | | | |
| Exterminating | \$ 540 | \$ 30 | \$ 0.07 |
| Trash Removal | \$ 1,300 | \$ 72 | \$ 0.16 |
| Security Patrol | \$ | \$ | \$ |
| Building/Grounds Maintenance | \$ 3,060 | \$ 170 | \$ 0.38 |
| Janitorial Services | \$ 630 | \$ 35 | \$ 0.08 |
| Repair Services | \$ 8,640 | \$ 480 | \$ 1.08 |
| Elevator & Other Equipment | \$ | \$ | \$ |
| Garage Operations/Maintenance | \$ | \$ | \$ |
| Other: | \$ | \$ | \$ |
| Subtotal Percent of Total <u>13%</u> | \$ 14,170 | \$ 787 | \$ 1.77 |
| Cleaning & Decorating | | | |
| Painting Supplies | \$ 850 | \$ 47 | \$ 0.11 |
| Grounds Supplies | \$ 500 | \$ 28 | \$ 0.06 |
| Other: | \$ | \$ | \$ |
| Subtotal Percent of Total <u>1%</u> | \$ 1,350 | \$ 75 | \$ 0.17 |
| Taxes & Insurance | | | |
| Real Property Tax Assessment | \$ | \$ | \$ |
| Property Insurance | \$ 5,300 | \$ 294 | \$ 0.66 |
| Director's & Officer's Insurance | \$ 1,800 | \$ 100 | \$ 0.22 |
| Other: | \$ | \$ | \$ |
| Subtotal Percent of Total <u>6%</u> | \$ 7,100 | \$ 394 | \$ 0.88 |
| Other | | | |
| SDHC Monitoring Fees | \$ 1,170 | \$ 65 | \$ 0.15 |
| Other: Cable | \$ 3,700 | \$ 206 | \$ 0.46 |
| Other: SDHC S+C Administrative Fee | \$ 5,068 | \$ 282 | \$ 0.63 |
| Other: | \$ | \$ | \$ |
| Subtotal Percent of Total <u>9%</u> | \$ 9,938 | \$ 552 | \$ 1.24 |
| Total Annual Operating Costs | \$ 111,878 | \$ 6,215 | \$ 13.94 |

SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM - DEVELOPMENT COST - DC

Last revised: November 27, 2007

PLEASE PROVIDE ALL KNOWN INFORMATION AS REQUESTED - CHECK ALL BOXES THAT APPLY

DATE: April 15, 2009

PROJECT TYPE: ACQUISITION ACQUISITION & REHABILITATION RENTAL
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: North Park Inn
ADDRESS: 2621 & 2625 University Avenue San Diego CA 92104
STREET CITY STATE ZIP
Number of Units 18

| DEVELOPMENT COST ITEM | PERCENT | AMOUNT |
|--------------------------------------|---------|--------------|
| ACQUISITION / LAND COST | | |
| LAND | | \$ |
| BUILDINGS | | \$ 1,750,000 |
| SUBTOTAL | | \$ 1,750,000 |
| LEGAL/BROKER'S FEE/TITLE | | \$ |
| OTHER | | \$ |
| TOTAL ACQUISITION / LAND COST | | \$ 1,750,000 |
| REHABILITATION / CONSTRUCTION | | |
| SITE WORK | | \$ |
| DEMOLITION | | \$ |
| STRUCTURES | | \$ 1,154,350 |
| TOTAL HARD COSTS | | \$ 1,154,350 |
| GENERAL REQUIREMENTS | 4.0 % | \$ 46,174 |
| CONTRACTOR'S OVERHEAD | 6.0 % | \$ 69,261 |
| CONTRACTOR'S PROFIT | 4.0 % | \$ 46,174 |
| TOTAL REHABILITATION / CONSTRUCTION | | \$ 1,315,959 |
| CONSTRUCTION CONTINGENCY | 30.9 % | \$ 406,940 |
| BOND PREMIUM | | \$ 19,125 |
| CONSTRUCTION LOAN | | |
| CONSTRUCTION INTEREST COST | | \$ |
| APPLICATION FEE | | \$ |
| LOAN ORIGINATION FEE | | \$ |
| OTHER | | \$ |
| PERMANENT LOAN | | |
| APPLICATION FEE | | \$ |
| LOAN ORIGINATION FEE | | \$ |
| OTHER | | \$ |
| RELOCATION COST | | \$ 32,500 |
| ARCHITECTURAL FEES | | |
| DESIGN | | \$ 65,120 |
| SUPERVISION | | \$ 18,750 |
| TOTAL ARCHITECTURAL FEES | 0.1 % | \$ 83,870 |
| SURVEYS, SOIL BORINGS, & ENGINEERING | | \$ 46,000 |

| DEVELOPMENT COST ITEM | PERCENT | AMOUNT |
|---------------------------------------|----------|--------------|
| LEGAL, PERMIT, & AUDIT | | |
| SDHC'S LEGAL (not to exceed) | | \$ 5,000 |
| BORROWER'S LEGAL | | \$ 15,000 |
| LENDERS' LEGAL | | \$ |
| PERMITS | | \$ 10,000 |
| TITLE & RECORDING | | \$ 20,000 |
| INSURANCE | | \$ 8,756 |
| AUDIT | | \$ |
| TAXES DURING CONSTRUCTION | | \$ 14,000 |
| OTHER | | \$ |
| TOTAL LEGAL, PERMIT, & AUDIT | | \$ 72,756 |
| OTHER COSTS | | |
| DEVELOPER'S FEE | 1.5 % | \$ 60,000 |
| CONSULTANT FEE | 1.5 % | \$ 60,000 |
| APPRAISAL COSTS | | \$ 8,000 |
| ENVIRONMENTAL STUDY | | \$ 8,200 |
| MARKET STUDY | | \$ |
| MARKETING & RENT-UP | | \$ |
| SDHC MONITOR SET-UP | | \$ 500 |
| SDHC LOAN ORIGINATION FEE | | \$ 2,000 |
| REPLACEMENT RESERVE | 3 MONTHS | \$ 18,000 |
| OPERATING RESERVES | 4 MONTHS | \$ 37,293 |
| REHABILITATION PROJECTS: | | \$ |
| SDHC TECHNICAL SERVICES FEE (\$5,000) | | \$ 5,000 |
| Financial Consulting | | \$ 20,000 |
| Predevelopment Loan Fees & Interest | | \$ 7,162 |
| TOTAL OTHER COSTS | | \$ 226,155 |
| SOFT COSTS CONTINGENCY | 20.96 % | \$ 96,695 |
| TOTAL DEVELOPMENT COST | | \$ 4,050,000 |

PROJECT TYPE: ACQUISITION ACQUISITION & REHABILITATION RENTAL NEW CONSTRUCTION REHABILITATION OWNERSHIP

NUMBER OF UNITS: 18

PROJECT NAME: North Park Inn
 ADDRESS: 2621 & 2625 University Avenue San Diego CA 92104
STREET CITY STATE ZIP

SOURCES

| POSITION | TERMS | COMMITMENT | AMORTIZED | DEFERRED | TAX CREDIT | GRANT | EQUITY |
|--|--------------------|--|------------------------------------|--------------|------------|-------|--------|
| 1ST SDHC | 55 YRS, 3.00% RATE | <input checked="" type="checkbox"/> N, DATE OR EXPECTED: 3/24/2009 | \$ 117,647 (Subsidy/Assisted Unit) | \$ 2,050,000 | | | |
| (Select one) Residual Receipts or Amortized | | Subsidy/Assisted Bdr: \$ 102,500 | | | | | |
| 2ND Redevelopment Agency | 55 YRS, 3.00% RATE | <input checked="" type="checkbox"/> N, DATE OR EXPECTED: 3/24/2009 | | \$ 2,000,000 | | | |
| TAX CREDIT | | <input type="checkbox"/> Y/N, DATE OR EXPECTED: | | | \$ | | |
| EQUITY | | <input checked="" type="checkbox"/> Y/N, DATE OR EXPECTED: | | | | | \$ |
| TOTAL | | | \$ 4,050,000 | \$ 4,050,000 | \$ | \$ | \$ |

FUNDING SCHEDULE FOR SOURCES

| | TOTAL | CLOSING | CONSTRUCTION PERIOD | | | COMPLETION 4TH QUARTER | RENT UP QTRS 5 & 6 |
|----------------------|--------------|--------------|---------------------|-------------|-------------|------------------------|--------------------|
| | | | 1ST QUARTER | 2ND QUARTER | 3RD QUARTER | | |
| SDHC | \$ 2,050,000 | \$ 1,000,000 | \$ 400,000 | \$ 400,000 | \$ 190,000 | \$ 60,000 | \$ |
| Redevelopment Agency | \$ 2,000,000 | \$ 1,000,000 | \$ 500,000 | \$ 400,000 | \$ | \$ 100,000 | \$ |
| | \$ - | \$ | \$ | \$ | \$ | \$ | \$ |
| | \$ - | \$ | \$ | \$ | \$ | \$ | \$ |
| | \$ - | \$ | \$ | \$ | \$ | \$ | \$ |
| TOTAL | \$ 4,050,000 | \$ 2,000,000 | \$ 900,000 | \$ 800,000 | \$ 190,000 | \$ 160,000 | \$ - |

INFORMATION ON CONSTRUCTION LOAN

CONSTRUCTION LENDER: NA
 CONSTRUCTION TIME: (MONTHS)
 CONSTRUCTION INTEREST: %
 COMMITTED: YES NO
 DATE OF COMMITMENT/EXPECTE:

**SAN DIEGO HOUSING COMMISSION
DEVELOPMENT FORM - PRO FORMA - PF**

Last revised: November 27, 2007

PLEASE PROVIDE ALL KNOWN INFORMATION - CHECK ALL BOXES THAT APPLY

Date: April 15, 2009

PROJECT TYPE: ACQUISITION ACQUISITION & REHABILITATION RENTAL
 NEW CONSTRUCTION REHABILITATION OWNERSHIP

PROJECT NAME: North Park Inn
 ADDRESS: 2621 & 2625 University Avenue San Diego CA 92104
STREET CITY STATE ZIP

| | | | | | |
|-------------------------|------------|-------------------------|--------|----------------------------|------|
| Replacement Reserve | \$ 8,500 | LP Asset Mgmt Fee | \$ | GP Management Fee | \$ |
| Rental Income | \$ 60,300 | Project Income Increase | 2.50 % | Mortgage Amount | \$ 1 |
| Other Income | \$ 126,708 | Operating Exp. Increase | 3.50 % | Mortgage Rate | |
| Operating Expenses | \$ 111,878 | Vacancy Loss | 5.00 % | Mortgage Term (Years) | 55 |
| LP & GP Annual Increase | % | Deferred Dev. Fee | \$ | Interest on Deff. Dev. Fee | % |

| | | | | | |
|-----------------------|--------------|-------------------------------|--|---------------|---------|
| HC / RA Participation | \$ 4,050,000 | Residual Receipts or Amortize | <input checked="" type="checkbox"/> <input type="checkbox"/> | Interest Rate | 3.000 % |
| Residuals to HC/RA | 50% | | | Term (Years) | 55 |

| | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 |
|-------------------------|------------|------------|------------|------------|------------|
| Gross Project Income | \$ 187,008 | \$ 191,683 | \$ 196,475 | \$ 201,387 | \$ 206,422 |
| Vacancy | \$ 9,350 | \$ 9,584 | \$ 9,824 | \$ 10,069 | \$ 10,321 |
| Effective Gross Income | \$ 177,658 | \$ 182,099 | \$ 186,652 | \$ 191,318 | \$ 196,101 |
| Operating Expense | \$ 111,878 | \$ 115,794 | \$ 119,847 | \$ 124,041 | \$ 128,383 |
| Net Operating Income | \$ 65,780 | \$ 66,305 | \$ 66,805 | \$ 67,277 | \$ 67,718 |
| Debt Service (1st) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Coverage (1st) | | | | | |
| Replacement Reserve | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 |
| Cash Flow | \$ 57,280 | \$ 57,805 | \$ 58,305 | \$ 58,777 | \$ 59,218 |
| LP Asset Management Fee | \$ - | \$ - | \$ - | \$ - | \$ - |
| GP Management Fee | \$ - | \$ - | \$ - | \$ - | \$ - |
| Deferred Dev. Fee Pmt. | \$ - | \$ - | \$ - | \$ - | \$ - |
| Residual Receipts | \$ 28,640 | \$ 28,903 | \$ 29,152 | \$ 29,388 | \$ 29,609 |
| Net Cash Flow | \$ 28,640 | \$ 28,903 | \$ 29,152 | \$ 29,388 | \$ 29,609 |

| | YEAR 6 | YEAR 7 | YEAR 8 | YEAR 9 | YEAR 10 |
|-------------------------|------------|------------|------------|------------|------------|
| Gross Income | \$ 211,582 | \$ 216,872 | \$ 222,294 | \$ 227,851 | \$ 233,547 |
| Vacancy | \$ 10,579 | \$ 10,844 | \$ 11,115 | \$ 11,393 | \$ 11,677 |
| Effective Gross Income | \$ 201,003 | \$ 206,028 | \$ 211,179 | \$ 216,459 | \$ 221,870 |
| Operating Expense | \$ 132,876 | \$ 137,527 | \$ 142,340 | \$ 147,322 | \$ 152,478 |
| Net Operating Income | \$ 68,127 | \$ 68,502 | \$ 68,839 | \$ 69,137 | \$ 69,392 |
| Debt Service (1st) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Coverage (1st) | | | | | |
| Replacement Reserve | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 |
| Cash Flow | \$ 59,627 | \$ 60,002 | \$ 60,339 | \$ 60,637 | \$ 60,892 |
| LP Asset Management Fee | \$ - | \$ - | \$ - | \$ - | \$ - |
| GP Management Fee | \$ - | \$ - | \$ - | \$ - | \$ - |
| Deferred Dev. Fee | \$ - | \$ - | \$ - | \$ - | \$ - |
| Residual Receipts | \$ 29,814 | \$ 30,001 | \$ 30,169 | \$ 30,318 | \$ 30,446 |
| Net Cash Flow | \$ 29,814 | \$ 30,001 | \$ 30,169 | \$ 30,318 | \$ 30,446 |

| | YEAR 11 | YEAR 12 | YEAR 13 | YEAR 14 | YEAR 15 |
|-------------------------|------------|------------|------------|------------|------------|
| Gross Income | \$ 239,386 | \$ 245,371 | \$ 251,505 | \$ 257,793 | \$ 264,237 |
| Vacancy | \$ 11,969 | \$ 12,269 | \$ 12,575 | \$ 12,890 | \$ 13,212 |
| Effective Gross Income | \$ 227,417 | \$ 233,102 | \$ 238,930 | \$ 244,903 | \$ 251,026 |
| Operating Expense | \$ 157,815 | \$ 163,338 | \$ 169,055 | \$ 174,972 | \$ 181,096 |
| Net Operating Income | \$ 69,602 | \$ 69,764 | \$ 69,874 | \$ 69,931 | \$ 69,929 |
| Debt Service (1st) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Coverage (1st) | | | | | |
| Replacement Reserve | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 |
| Cash Flow | \$ 61,102 | \$ 61,264 | \$ 61,374 | \$ 61,431 | \$ 61,429 |
| LP Asset Management Fee | \$ - | \$ - | \$ - | \$ - | \$ - |
| GP Management Fee | \$ - | \$ - | \$ - | \$ - | \$ - |
| Deferred Dev. Fee | \$ - | \$ - | \$ - | \$ - | \$ - |
| Residual Receipts | \$ 30,551 | \$ 30,632 | \$ 30,687 | \$ 30,715 | \$ 30,715 |
| Net Cash Flow | \$ 30,551 | \$ 30,632 | \$ 30,687 | \$ 30,715 | \$ 30,715 |



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

1. Name of CONTRACTOR: Pathfinders of San Diego, Inc.

2. Address and Zip Code: 3806 Grim Avenue
San Diego, CA 92104

3. Telephone Number: 619-260-1605

4. Name of Principal Contact for CONTRACTOR: S. G. Stan Stanley
Executive Director

5. Federal Identification Number or Social Security Number of CONTRACTOR:
95-2157559

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: _____
(Name)

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: 1950

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. SEE ROSTER ENCLOSED
- 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%.

Name, Address and
Zip Code _____

Position Title (if any) and
percent of interest or description
of character and extent of interest

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. 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. NO

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

Name, Address and
Zip Code

Position Title (if any) and
extent of interest

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: SEE BOARD OF DIRECTORS ROSTER ENCLOSED

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. NO

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.

Last two years audits enclosed
September 30, 2008 Financial Statement enclosed

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:

Refer to San Diego Housing application

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

a.

Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$ _____

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

Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$ _____

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

| <u>Description</u> | <u>Market Value</u> | <u>Mortgages or Liens</u> |
|--------------------|---------------------|---------------------------|
| | \$ | \$ |

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

Union Bank of California
Contact: Henry Lira 619-220-7628

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 X 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 X No

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

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:

| <u>Bond Type</u> | <u>Project Description</u> | <u>Date of Completion</u> | <u>Amount of Bond</u> | <u>Action on Bond</u> |
|------------------|----------------------------|---------------------------|-----------------------|-----------------------|
|------------------|----------------------------|---------------------------|-----------------------|-----------------------|

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:
 Not Applicable.

a. Name and addresses of such contractor or builder:

- 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: \$ _____

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.

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

| to be | Identification of | Date | |
|-------|--------------------------------|-----------------|--------------------------------|
| | <u>Contract or Development</u> | <u>Location</u> | <u>Amount</u> <u>Completed</u> |

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

| <u>Awarding Agency</u> | <u>Amount</u> | <u>Date Opened</u> |
|------------------------|---------------|--------------------|
|------------------------|---------------|--------------------|

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

23. Does any member of the governing body of the San Diego Housing Commission ("COMMISSION"), 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 COMMISSION, 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:

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 coverages: List the amount of coverage (limits) currently existing in each category: See Certificates Attached.

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

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: See Certificate of Insurance

- Comprehensive Form
- Owned
- Hired
- Non-Owned

- c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
See Certificate of Insurance

- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
Directors and Officers - See Certificate of Insurance

- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]
Umbrella - See Certificate of Insurance

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 the COMMISSION setting forth the provisions of this nondiscrimination clause.

28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the COMMISSION, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the COMMISSION, 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 COMMISSION, 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 Commission 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 so state:

| <u>Government Entity</u> <u>Making Complaint</u> | <u>Date</u> | <u>Resolution</u> |
|---|-------------|-------------------|
|---|-------------|-------------------|

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. If so, please explain the circumstances in detail. If none, please so state:

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:

| <u>Governmental Description</u> | <u>LicenseDate Issued</u> | <u>Status</u> | <u>Revocation</u> |
|--|---------------------------|-------------------------|------------------------|
| <u>Agency</u> _____ <u>License</u> _____ | <u>Number</u> _____ | <u>(original)</u> _____ | <u>(current)</u> _____ |
| <u>(yes/no)</u> | | | |

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 COMMISSION.

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 COMMISSION.

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

| <u>Date</u> | <u>Entity Involved (i.e., CITY COMMISSION, etc.)</u> | <u>Status (Current, delinquent repaid, etc.)</u> | <u>Dollar Amount</u> |
|-------------|--|--|--------------------------|
|-------------|--|--|--------------------------|

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 who would be familiar with your previous construction project:

Name: _____

Address: _____

Phone: _____

Project Name and Description: _____

Name: _____

Address: _____

Phone: _____

Project Name and Description: _____

Name: _____

Address: _____

Phone: _____

Project Name and Description: _____

39. Give a brief statement respecting 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.

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

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 19 day of NOVEMBER, 2008, at San Diego, California.

CONTRACTOR FATHFINDERS of SAN DIEGO, INC

By:

[Signature]
Signature
EXECUTIVE DIRECTOR
Title

CERTIFICATION

The CONTRACTOR, PATRIARCHS of San Diego, Inc, 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: S.B. STANLEY

By: _____

Title: EXECUTIVE DIRECTOR

Title: _____

Dated: 11-19-08

Dated: _____

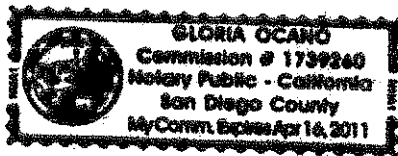
WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not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

ATTEST:

State of California

County of San Diego

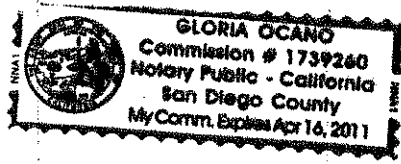
Subscribed and sworn to before me this 19th day of November, 2008.



Gloria Ocano
Signature of Notary

Gloria Ocano
Name of Notary

SEAL



THE PATHFINDERS OF SAN DIEGO, INC
(A California Nonprofit Corporation)
FINANCIAL STATEMENTS REPORT
FOR THE YEAR ENDED JUNE 30, 2008

CEFERINO M. FAJARDO, JR. CPA
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San Diego, California 92127

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CEFERINO M. FAJARDO, JR.
Certified Public Accountant

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To the Board of Directors
The Pathfinders of San Diego, Inc.
(A California Nonprofit Corporation)

Attached is the financial report of The Pathfinders of San Diego, Inc. for the years ended June 30, 2008, and 2007:

Auditor Information

Name: Ceferino M. Fajardo, Jr.

Address: 1442 Highland Avenue
San Diego, California
91950

Phone No.: (858) 229-6209

Auditor's Federal Identification Number

FEIN: 547-69-4833

San Diego, California
November 03, 2008

THE PATHFINDERS OF SAN DIEGO, INC.
(A California Nonprofit Corporation)
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June 30, 2008 and 2007

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
The Pathfinders of San Diego, Inc.
(A California Nonprofit Corporation)
San Diego, California

I have audited the accompanying statement of financial position of The Pathfinders of San Diego, Inc. (A California Nonprofit Corporation) (the Agency) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards 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 I 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 The Pathfinders of San Diego, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors
The Pathfinders of San Diego, Inc.
(A California Nonprofit Corporation)

Page 2

In accordance with *Government Auditing Standards*, I have also issued a report dated November 03, 2008, on my consideration of The Pathfinders of San Diego, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Ceferino M. Jagan Jr. CPB
San Diego, California
November 03, 2008

THE PATHFINDERS OF SAN DIEGO, INC.
Statement of Financial Position
June 30, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|---|--------------|-------------|
| <u>ASSETS</u> | | |
| <u>Current Assets</u> | | |
| Petty Cash (Note 3) | \$ 1,100 | \$ 1,100 |
| Cash in Bank (Notes 2 and 4) | 152,657 | 67,194 |
| Grant Receivable (Note 5) | 64,963 | 57,522 |
| Security Deposits | 7,580 | 7,580 |
| Total Current Assets | 226,300 | 133,396 |
| <u>Land, Property & Equipment (Notes 1 and 6)</u> | | |
| Land | 161,264 | 161,264 |
| Buildings | 548,944 | 548,944 |
| Building Improvement | 300,539 | 122,283 |
| Furniture & Equipment | 103,557 | 103,557 |
| Vehicles | 14,821 | 14,821 |
| Accumulated Depreciation | (486,195) | (464,297) |
| Total Property & Equipment | 642,930 | 486,572 |
| <u>Other Assets</u> | | |
| Balanced Pool, Endowment (Note 8) | 106,396 | 114,253 |
| Investments (Note 9) | 56,993 | 89,592 |
| | 163,389 | 203,845 |
| Total Assets | \$ 1,032,619 | \$ 823,813 |
| <u>LIABILITIES</u> | | |
| <u>Current Liabilities</u> | | |
| Accounts Payable | \$ 719 | \$ 298 |
| Total Current Liabilities | 719 | 298 |
| <u>NET ASSETS</u> | | |
| Unrestricted | 981,507 | 773,122 |
| Permanently Restricted | 50,393 | 50,393 |
| Total Net Assets | 1,031,900 | 823,515 |
| Total Liabilities and Net Assets | \$ 1,032,619 | \$ 823,813 |

The Accompanying Notes are an Integral Part of the Financial Statements

THE PATHFINDERS OF SAN DIEGO, INC.
Statement of Activities
For The Years Ended June 30, 2008 and 2007

| <u>Public Support and Revenue</u> | <u>2008</u> | <u>2007</u> |
|---|-------------------------|-----------------------|
| Public Support | | |
| Donations | \$ 189,223 | \$ 6,956 |
| Fund Raising | 8,153 | 11,003 |
| Total Public Support | <u>197,376</u> | <u>17,959</u> |
| Revenue | | |
| Grant Revenue - County of San Diego | 238,607 | 238,609 |
| Revenue - Shelter Plus Care | 222,550 | 223,736 |
| Resident Fees | 213,923 | 199,342 |
| Food Stamps | 15,621 | 20,177 |
| Interest and Dividend Income & Unrealized gains | 18,388 | 34,861 |
| AA Meetings | 15,870 | 12,688 |
| Other Income | 4,049 | 3,381 |
| Total Revenue | <u>729,008</u> | <u>732,794</u> |
| Total Public Support and Revenue | <u>926,384</u> | <u>750,753</u> |
| <u>Expenses</u> | | |
| Program Services | | |
| Alcohol Recovery | 350,036 | 379,531 |
| Shelter Plus Care I | 129,996 | 78,551 |
| Shelter Plus Care II | 94,110 | 109,231 |
| Total Program Services | <u>574,142</u> | <u>567,313</u> |
| Support Services | | |
| Management and General | 143,857 | -113,921 |
| Total Support Services | <u>143,857</u> | <u>113,921</u> |
| Total Expenses | <u>717,999</u> | <u>681,234</u> |
| Changes in Net Assets | 208,385 | 69,519 |
| Net Assets at the Beginning of Year | <u>823,515</u> | <u>753,996</u> |
| Net Assets at End of Year | <u>\$ 1,031,900</u> | <u>\$ 823,515</u> |

The Accompanying Notes are an Integral Part of the Financial Statements

THE PATHFINDERS OF SAN DIEGO, INC.
Statement of Cash Flows
For The Year Ended June 30, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|---|-------------------|------------------|
| Cash Flows From Operating Activities: | | |
| Changes in Net Assets | <u>\$ 208,385</u> | <u>\$ 69,519</u> |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided (used) by Operating Activities: | | |
| Depreciation | 21,898 | 15,927 |
| Changes in Assets and Liabilities: | | |
| (Increase) Decrease in Grant Receivables | (7,441) | (19,697) |
| Increase (Decrease) in Accounts Payable | <u>421</u> | <u>(183)</u> |
| Total Adjustments to Reconcile Change in Net Assets | <u>14,878</u> | <u>(3,953)</u> |
| Net Cash Provided by Operating Activities | <u>223,263</u> | <u>65,566</u> |
| Cash Flows From Investing Activities: | | |
| (Increase) Decrease in Investments | <u>(137,800)</u> | <u>(83,555)</u> |
| Net Cash Used by Investing Activities | <u>(137,800)</u> | <u>(83,555)</u> |
| Net Increase (Decrease) in Cash | 85,463 | (17,989) |
| Cash at Beginning of the Year | <u>68,294</u> | <u>86,283</u> |
| Cash at End of the Year | <u>\$ 153,757</u> | <u>\$ 68,294</u> |

The Accompanying Notes are an Integral Part of the Financial Statements

THE PATHFINDERS OF SAN DIEGO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2008
(With Comparative Total for 2007)

| | Program Services | | | | | | Support Services | | | 2007 Total Expenses |
|-----------------------------------|------------------|------------------------|-------------------------|------------------------------|------------|------------|---------------------------|-----------------|---------------------------|---------------------------|
| | Health Services | | | Shelter | | | Management and General | Fund Raising | Total Support Services | |
| | Recovery Home | Shelter Plus Care I | Shelter Plus Care II | Total Program Services | | | | | | |
| Salaries and Wages | \$ 162,598 | \$ 50,093 | \$ 38,700 | \$ 11,160 | \$ 89,953 | \$ 72,645 | \$ 72,645 | \$ 72,645 | \$ 147,905 | |
| Employee Benefits | 50,187 | 19,647 | 9,679 | 2,752 | 32,078 | 18,109 | 18,109 | 18,109 | 39,003 | |
| Total | 212,785 | 69,740 | 48,379 | 3,912 | 122,031 | 90,754 | 0 | 90,754 | 186,908 | |
| Accounting and ADP | 17,919 | 7,650 | 3,925 | 3,925 | 15,700 | 2,219 | 2,219 | 2,219 | 20,629 | |
| Books, Tapes & Literatures | 767 | 535 | 116 | 116 | 767 | 0 | 0 | 0 | 851 | |
| Building Rents & Leases | 53,800 | 33,600 | 33,600 | 33,600 | 33,600 | 20,200 | 20,200 | 20,200 | 51,400 | |
| Building Repair & Maintenance | 94,870 | 55,536 | 4,152 | 34,672 | 94,360 | 510 | 510 | 510 | 78,818 | |
| Conference & Conventions | 12,603 | 6,208 | 2,650 | 3,745 | 12,603 | 0 | 0 | 0 | 17,520 | |
| Consultant | 9,290 | 5,895 | 1,670 | 1,725 | 9,290 | 0 | 0 | 0 | 8,100 | |
| Equipment Rents & Leases | 10,816 | 4,907 | 1,261 | 3,347 | 9,535 | 1,281 | 1,281 | 1,281 | 12,747 | |
| Equipment Repair & Maintenance | 20,407 | 11,048 | 4,331 | 4,985 | 20,364 | 43 | 43 | 43 | 24,393 | |
| Equipment under \$5,000 | 3,408 | 265 | 114 | 864 | 1,233 | 2,175 | 2,175 | 2,175 | 1,314 | |
| Food | 78,024 | 77,952 | 36 | 36 | 78,024 | 0 | 0 | 0 | 82,492 | |
| Housekeeping Supplies | 12,647 | 11,755 | 443 | 410 | 12,608 | 39 | 39 | 39 | 14,105 | |
| In County Travel | 19,344 | 18,124 | 1,220 | 0 | 19,344 | 0 | 0 | 0 | 25,178 | |
| Insurance | 17,770 | 10,344 | 789 | 5,522 | 16,555 | 1,115 | 1,115 | 1,115 | 16,950 | |
| Interest Expense and Bank Charges | 240 | 4 | 2 | 2 | 6 | 234 | 234 | 234 | 220 | |
| Office Expense and Postage | 8,248 | 3,477 | 434 | 355 | 4,268 | 3,982 | 3,982 | 3,982 | 17,668 | |
| Other Expenses | 26,802 | 13,066 | 5,386 | 1,581 | 20,033 | 6,769 | 6,769 | 6,769 | 14,582 | |
| Printing & Reproduction | 522 | 290 | 116 | 116 | 522 | 0 | 0 | 0 | 1,446 | |
| Recreation | 3,543 | 3,243 | 150 | 150 | 3,543 | 0 | 0 | 0 | 5,128 | |
| Resident Services | 4,380 | 4,220 | 160 | 0 | 4,380 | 0 | 0 | 0 | 8,075 | |
| Taxes, License, Fees and Dues | 10,892 | 7,985 | 1,130 | 1,567 | 10,682 | 210 | 210 | 210 | 4,197 | |
| Telephone | 9,182 | 4,986 | 1,432 | 6,418 | 6,418 | 2,764 | 2,764 | 2,764 | 9,353 | |
| Utilities | 67,842 | 29,517 | 18,482 | 16,617 | 64,616 | 3,226 | 3,226 | 3,226 | 63,233 | |
| Totals before depreciation | 696,101 | 346,937 | 129,996 | 83,647 | 560,560 | 135,521 | 0 | 135,521 | 665,307 | |
| Depreciation | 21,898 | 3,099 | 0 | 10,463 | 13,562 | 8,336 | 8,336 | 8,336 | 15,927 | |
| Total Expenses | \$ 717,999 | \$ 350,036 | \$ 129,996 | \$ 94,110 | \$ 574,142 | \$ 143,857 | \$ - | \$ 143,857 | \$ 681,234 | |

The Accompanying Notes are an Integral Part of the Financial Statements

THE PATHFINDERS OF SAN DIEGO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2007
(With Comparative Total for 2006)

| | Program Services | | | | | | Support Services | | | 2006 Total Expenses |
|-----------------------------------|------------------|------------------------|-------------------------|------------------------------|------------|------------|---------------------------|-----------------|---------------------------|---------------------------|
| | Health Services | | | Total Program Services | | | Management and General | Fund Raising | Total Support Services | |
| | Recovery Home | Shelter Plus Care I | Shelter Plus Care II | | | | | | | |
| Salaries and Wages | \$ 81,719 | \$ 575 | \$ 5,445 | \$ 87,739 | \$ 60,166 | \$ 60,166 | \$ 198,532 | | | \$ 198,532 |
| Employee Benefits | 17,821 | 4,191 | | 22,012 | 16,991 | 16,991 | 54,975 | | | 54,975 |
| Total | 99,540 | 4,766 | 5,445 | 109,751 | 77,157 | 77,157 | 253,507 | 0 | | 253,507 |
| Accounting and ADP | 7,850 | 6,615 | 3,925 | 18,390 | 2,239 | 2,239 | 17,784 | | | 17,784 |
| Books, Tapes & Literatures | 534 | 133 | 184 | 851 | | | 970 | | | 970 |
| Building Rents & Leases | 36,797 | 18,744 | 23,176 | 78,717 | 18,500 | 18,500 | 46,843 | | | 46,843 |
| Building Repair & Maintenance | 7,980 | 4,750 | 4,750 | 17,480 | 101 | 101 | 73,468 | | | 73,468 |
| Conference & Conventions | 4,520 | 3,580 | | 8,100 | 40 | 40 | 18,390 | | | 18,390 |
| Consultant | 5,712 | 3,640 | 2,235 | 11,587 | 1,160 | 1,160 | 13,328 | | | 13,328 |
| Equipment Rents & Leases | 13,158 | 5,796 | 4,941 | 23,895 | 498 | 498 | 25,332 | | | 25,332 |
| Equipment Repair & Maintenance | 511 | 275 | 528 | 1,314 | | | 7,499 | | | 7,499 |
| Equipment under \$5,000 | 81,992 | 250 | 250 | 82,492 | | | 72,678 | | | 72,678 |
| Food | 12,167 | 728 | 1,009 | 13,904 | 201 | 201 | 11,116 | | | 11,116 |
| Housekeeping Supplies | 18,999 | 3,602 | 2,577 | 25,178 | | | 24,966 | | | 24,966 |
| In County Travel | 8,673 | 6,162 | 979 | 15,814 | 1,136 | 1,136 | 18,415 | | | 18,415 |
| Insurance | 17 | 4 | 108 | 129 | 91 | 91 | 260 | | | 260 |
| Interest Expense and Bank Charges | 10,580 | 917 | 922 | 12,419 | 5,249 | 5,249 | 11,327 | | | 11,327 |
| Office Expense and Postage | 10,484 | 2,998 | 1,100 | 14,582 | | | 14,221 | | | 14,221 |
| Other Expenses | 924 | 261 | 261 | 1,446 | | | 1,678 | | | 1,678 |
| Printing & Reproduction | 3,640 | 744 | 744 | 5,128 | | | 11,383 | | | 11,383 |
| Recreation | 6,025 | 1,025 | 1,025 | 8,075 | | | 6,324 | | | 6,324 |
| Resident Services | 1,789 | 1,050 | 1,100 | 3,939 | 258 | 258 | 2,982 | | | 2,982 |
| Taxes, License, Fees and Dues | 4,805 | 1,343 | 1,343 | 6,148 | 3,205 | 3,205 | 11,642 | | | 11,642 |
| Telephone | 26,907 | 16,091 | 16,149 | 59,147 | 4,086 | 4,086 | 61,177 | | | 61,177 |
| Utilities | | | | | | | | | | |
| Totals before depreciation | 363,604 | 78,551 | 109,231 | 551,386 | 113,921 | 113,921 | 714,000 | 0 | 113,921 | 714,000 |
| Depreciation | 15,927 | | | 15,927 | | | 19,706 | | | 19,706 |
| Total Expenses | \$ 379,531 | \$ 78,551 | \$ 109,231 | \$ 567,313 | \$ 113,921 | \$ 113,921 | \$ 733,706 | \$ - | \$ 113,921 | \$ 733,706 |

The Accompanying Notes are an Integral Part of the Financial Statements

THE PATHFINDERS OF SAN DIEGO, INC.
Notes to Financial Statements
June 30, 2008

Note 1. Organization and Nature of Activities

The Pathfinders of San Diego, Inc. (A California Nonprofit Corporation) (the Agency) was incorporated as a nonprofit corporation in 1966 for the purpose of providing care, treatment and rehabilitation of persons suffering from alcoholism and to cooperate with other fellowships, organizations and social agencies concerned with the problems of alcoholism.

The Social Model Recovery Services program of the Agency aims to increase opportunities for individuals and families to voluntarily participate in peer-managed and directed, experiential-based and mutually supportive alcohol recovery services. The purpose of the program is to continue to plan, develop and implement integrated residential and non-residential social model recovery services for individuals located primarily in the Golden Hill/North Park/Mid-City area of the City of San Diego as part of a comprehensive service system involving sobering services, short-term and long-term residential recovery services, non-residential recovery services and sober living centers offered in one community by another agency.

The Agency's Prevention Services Program contracted with the County Alcohol Services to facilitate the development of a community based, environment focused prevention project, the Alcohol and Drug Serial Inebriate Pilot Project (SIPP), North Park Prevention Project and to provide for a continuation of the community assessment and prevention training/education activities around the role the environment plays in alcohol problems and strategies for creating an environment that minimizes alcohol related problems.

North Park Prevention Project – The program funded by the County of San Diego provides environmental based strategies in the community of North Park to combat alcohol and other drug abuse. The Agency provides both program and administrative leadership to this community-based program.

Shelter Plus Care I and II - The program targets homeless individuals that have a substance abuse and/or mental illness disability. The program is funded by the Department of Housing and Urban Development (HUD) that is administered by the San Diego Housing Commission. The Agency provides all supportive services and rental assistance comes from HUD.

Sober Living Center – When a resident completes an Agency residential recovery program, Pathfinders encourage individuals to remain in a peer-managed, resident run, transitional living facility. The Agency operates eight apartment units on Streamview Drive in San Diego in which rent, furnishings and utilities are included in the rental price. This program was incorporated in the Shelter Plus Care Program.

THE PATHFINDERS OF SAN DIEGO, INC.
Notes to Financial Statements
June 30, 2008

Note 1. Organization and Nature of Activities (Continued)

Serial Inebriate Pilot Project (SIPP) – The program serves as community referral and screening resource. The program provides screening for individual in need of alcohol and drug treatment and recovery services to determine their need for program services and refer them to the appropriate social services. The program provides administrative screening and referral functions.

Building Management – The Agency operates an 18-unit apartment complex in the North Park area under onsite manager supervision and administered by the corporate office. Proceeds from the operation were used to support the Agency's recovery facilities.

Note 2. Summary of Significant Accounting Policies

Accounting method

The Agency uses the accrual method of accounting. Expenses are recorded in the period incurred and revenues recorded when earned.

Financial statement presentation

The Agency's financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

A description of the three net asset categories follows:

Unrestricted - net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purpose by action of The Board of Directors.

Temporarily restricted - net asset whose use by the fund is subject to donor-imposed restrictions that can be fulfilled by actions of the fund pursuant to those restrictions or that expire by the passage of time.

Permanently restricted - net assets subject to donor-imposed restrictions that they be maintained permanently by the fund. Permanently restricted assets were held during the years ended 2008 and 2007 totaled \$50,393, and accordingly, these financial statements do not reflect any activity related to this class of net assets.

THE PATHFINDERS OF SAN DIEGO, INC.
Notes To Financial Statements
June 30, 2008

Note 2. Summary of Significant Accounting Policies (Continued)

Public Support and Revenue

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. The majority of the promises to give are received from a broad base of North Park area contributors as a result of annual campaign.

Grants and other contributions of cash and other assets are reported as temporarily restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted contributions whose restrictions are fulfilled in the same time period are reported as temporarily restricted and reclassified to unrestricted.

Contributions

The Agency also adopted SFAS No. 116, Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Revenue recognition

All public support is recognized as income in the period received, unless specifically restricted by the donor or grantor. In those instances, support is considered deferred until the Agency has incurred expenditures in compliance with the specific award restrictions.

Fixed assets and depreciation

Fixed assets acquired with grant funds remain in the property of the granting agency or if the granting agency retains a reversionary interest under the terms of the applicable grant the fixed assets are expensed upon acquisition in accordance with the accounting policies prescribed by the granting agency. Capital items are capitalized, recorded at cost and depreciated over their estimated useful lives from 4-25 years using the straight-line method.

Depreciation expenses totaled \$21,898 and \$15,927 for the year ended June 30, 2008 and 2007, respectively.

THE PATHFINDERS OF SAN DIEGO, INC.
Notes To Financial Statements
June 30, 2008

Note 2. Summary of Significant Accounting Policies (Continued)

Classification of expenses

As reflected on the Statement of Functional Expenses, the costs of providing the Agency's various programs and activities have been summarized into categories. Moreover, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Agency considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Actual results could differ from those estimates.

Deposits with Financial Institutions

The Agency maintains cash balances at several banks at each institution that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash, sometimes, at one institution exceeds federally insured limits. Management believes that exposure to this limits have minimal effect on the financial statements.

Note 3. Petty Cash

The following comprised the petty cash at June 30,

| | <u>2008</u> | <u>2007</u> |
|----------------------------|----------------|----------------|
| Recovery Home | \$500 | \$500 |
| Shelter Plus Care I and II | 180 | 180 |
| Change Fund | 150 | 150 |
| Administration | <u>270</u> | <u>270</u> |
| Total | <u>\$1,100</u> | <u>\$1,100</u> |

THE PATHFINDERS OF SAN DIEGO, INC.
Notes To Financial Statements
June 30, 2008

Note 4. Cash in Bank

The following comprised the cash in bank at June 30,

| | <u>2008</u> | <u>2007</u> |
|---|------------------|-----------------|
| Union bank - checking | \$ 1,729 | \$61,396 |
| North island federal credit union – savings | <u>150,928</u> | <u>5,798</u> |
| Total | <u>\$152,657</u> | <u>\$67,194</u> |

Note 5. Contract Receivables

| | <u>2008</u> | <u>2007</u> |
|--------------------------|-----------------|-----------------|
| County funding contracts | <u>\$64,963</u> | <u>\$57,522</u> |

Note 6. Land, Property and Equipment

The Agency's land, property and equipment consist of the following:

| | <u>2008</u> | <u>2007</u> |
|-----------------------|----------------|----------------|
| <u>Land</u> | | |
| 2980 Cedar | \$9,693 | \$9,693 |
| 1530 Dale | 15,871 | 15,871 |
| 2952 Cedar | 19,600 | 19,600 |
| 5902 Streamview Drive | 58,050 | 58,050 |
| 5908 Streamview Drive | <u>58,050</u> | <u>58,050</u> |
| Total land | <u>161,264</u> | <u>161,264</u> |
| <u>Buildings</u> | | |
| 2980 Cedar | 153,567 | 153,567 |
| 1530 Dale | 31,988 | 31,988 |
| 2952 Cedar | 49,489 | 49,489 |
| 5902 Streamview Drive | 156,950 | 156,950 |
| 5908 Streamview Drive | <u>156,950</u> | <u>156,950</u> |
| Total building | <u>548,944</u> | <u>548,944</u> |

THE PATHFINDERS OF SAN DIEGO, INC.
Notes to Financial Statements
June 30, 2008

Note 6. Land, Property and Equipment continued

The Agency's land, property and equipment consist of the following:

| | <u>2008</u> | <u>2007</u> |
|----------------------------------|-------------------|-------------------|
| <u>Building Improvements</u> | <u>300,539</u> | <u>122,283</u> |
| <u>Furniture and Fixtures</u> | <u>103,557</u> | <u>103,557</u> |
| <u>Vehicles</u> | <u>14,821</u> | <u>14,821</u> |
| Total Land, Property & Equipment | 1,129,125 | 950,869 |
| Less: Accumulated Depreciation | <u>(486,195)</u> | <u>(464,297)</u> |
| Net Book value | <u>\$ 642,930</u> | <u>\$ 486,572</u> |

Note 7. Leased Facilities

The Pathfinders of San Diego, Inc. has two commercial leases on a month-to-month agreement. Rental expenses totaled \$53,800 and \$51,400 for the years ended June 30, 2008 and 2007, respectively.

Note 8. Investment

The Agency's financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 136, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others. Under SFAS No. 136, the Agency is required that the specified beneficiary recognizes its rights to the assets held by a recipient organization as an asset unless the donor has explicitly granted the recipient organization variance power. The Agency was the donor and is the specified beneficiary of a balanced pool endowment fund held by the San Diego Foundation, A California not-for-profit Corporation. In addition, the Agency did not grant the San Diego Foundation variance power. Therefore, the fund held under the Pathfinders of San Diego, Inc. carried as an asset on the Agency's books. The balanced pool endowment fund had a fair market value of \$106,396 and \$114,253 and original costs of \$75,000 for the years ended June 30, 2008 and 2007, respectively.

THE PATHFINDERS OF SAN DIEGO, INC.
Notes To Financial Statements
June 30, 2008

Note 9. Investment

Investment consisted of mutual funds and money market accounts held by Agency and maintained by an outside broker. Investments are recorded at fair market value and are classified as trading securities. The fair market value of the investment equaled to \$56,993 at the cost basis of \$62,700 for the year ended June 30, 2008. The fair market value of the investment equaled to \$89,592 and cost basis of \$85,000 for the year ended June 30, 2007.

Note 10. Grant Funds

Grant funds received by the Agency are subject to review by the grantor agencies. Such reviews could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grants. The Agency management believes that such disallowance, if any, will not be significant.

Note 11. Subsequent Events

Financial condition

The accompanying financial statements have been prepared assuming that the Agency will continue as a going concern. There are no subsequent events that came to my attention that would negate the status of the Agency as a going concern entity.

Real Estate Purchase

Subsequent to year end, the Agency entered into an agreement to purchase twenty nine motel units in San Diego, California. The units will be used to support the Agency's mission. The purchase was contingent upon the final approval of contract and loan commitment by the San Diego Housing Commission.

Note 12. Government Awards

The Agency's major awards with the state and county government agencies were renewed for fiscal year 2007.

Note 13. 2006 Financial Information

The 2006 amounts in the accompanying statement of functional expenses are included to provide a basis of comparison with 2007 and present summarized totals only. The 2006 amounts are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles.

CEFERINO M. FAJARDO, JR.
Certified Public Accountant

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REPORT ON COMPLIANCE ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To The Board of Directors
The Pathfinders of San Diego, Inc.
(A California Nonprofit Corporation)
San Diego, California

I have audited the financial statements of The Pathfinders of San Diego, Inc. (a California nonprofit corporation) as of and for the year ended June 30, 2008, and have issued my report thereon dated November 03, 2008. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether The Pathfinders of San Diego, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no material instances of noncompliance that are required to be reported under Government Auditing Standards.


To the Board of Directors
The Pathfinders of San Diego, Inc.
(A California Nonprofit Corporation)

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Internal Control Over Financial Reporting

In planning and performing my audit, I considered The Pathfinders of San Diego, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Cheryl M. Jorgensen, CPA
San Diego, California
November 03, 2008