



OFFICE OF THE
CITY AUDITOR

**A FINANCIAL EVALUATION
OF THE EMERGENCY HOUSING CONSORTIUM**

- THE EMERGENCY HOUSING CONSORTIUM HAS IMPROVED ITS FINANCIAL VIABILITY THROUGH BETTER FINANCIAL MANAGEMENT AND DEBT RESTRUCTURING

A REPORT TO THE
SAN JOSE CITY COUNCIL
RULES COMMITTEE

MARCH 1996

96-02



CITY OF SAN JOSÉ, CALIFORNIA

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City Auditor

March 5, 1996

Honorable Members of the Rules Committee
801 N. First Street, Room 600
San Jose, CA 95110

Transmitted herewith is *A Financial Evaluation Of The Emergency Housing Consortium*. This evaluation is in accordance with Council Referral No. 2-6-96-7b(6)(a).

I will make myself available at the March 6, 1996, meeting of the Rules Committee to answer any questions the Committee might have. If you need any additional information in the interim, please let me know.

Respectfully submitted,

Gerald A. Silva
City Auditor

GS:mtn

Attachment

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INTRODUCTION

In response to a Rules Committee referral, we performed a financial evaluation of the Emergency Housing Consortium, Inc. (EHC). Our examination was limited to the procedures described in the scope section below.

SCOPE

We reviewed the Emergency Housing Consortium's (EHC) cash flow projections for the seven months ending June 30, 1996. Our objective was to determine whether the EHC has adopted adequate financial management procedures to facilitate the completion of its capital projects and the provision of its program services. Our examination included an assessment of the EHC's status as a going concern as defined in the American Institute of Certified Public Accountants' Statement of Auditing Standards Numbers 59 and 64. Accordingly, our examination included analytical audit procedures, a review of subsequent events, grant and loan agreements, insurance coverages, and the minutes of the board of directors' meetings, and inquiries of the EHC's legal counsel about litigation, claims, and assessments.

It should be noted that our audit was neither a performance nor a compliance audit. Specifically, we did not conduct tests to determine whether the EHC was performing effectively, efficiently, or economically, nor did we ascertain that the EHC's grant moneys or loan proceeds were used as intended in the grant or loan agreements.

BACKGROUND

The Emergency Housing Consortium, Inc. (EHC), was founded in 1980 as a California non-profit organization under Section 501(c)(3) of the Internal Revenue Code. Its mission is "*to seek to empower homeless people to develop independent, healthy and productive lives by (1) providing emergency, transitional, and permanent housing, food, clothing, training, and child care and (2) fostering a cooperative spirit with the Santa Clara Valley community to afford additional services and resources.*"

EHC's programs and projects under development include the following:

- **Cold Weather Shelter Program.** During winter, this program provides emergency shelter, food, and support services for the homeless at three national guard armories located in San Jose, Sunnyvale, and Gilroy, and at the Ochoa Migrant Family Center in Gilroy.
- **Santa Clara Family Living Center,** Agnews Development Center, city of Santa Clara. This facility provides temporary shelter and support services to homeless families in Santa Clara County. The Center has a 130 bed capacity, arranged in 33 single family units.
- **Monterey Glen Inn,** 2122 Monterey Road, San Jose. This permanent housing program started operations in January 1996. It provides 95 single room occupancy units for individuals and small families. Tenants include the working or employable poor and residents with a fixed income derived through government aid, retirement funds or other resources.
- **Transitional Housing Program.** This program provides housing for up to two years for 157 homeless adults, including 65 beds for individuals with severe mental illness, and 40 beds for individuals with chronic substance abuse problems. The housing units are located in San Jose at 1077 and 1089 North 5th St.; 282 Younger St.; and 325, 327, and

329 Gifford St.; and the San Martin Family Living Center on Roosevelt Avenue, San Martin.

- **Youth Shelter Program.** The focus of this program--a 10-bed facility located in downtown San Jose--is to assist youth in getting off the streets and reuniting with their families or securing a stable living situation through counseling and active resource management.
- **Reception Center,** Little Orchard Street, San Jose. This center is still in its pre-development stage. See page 12 for a more detailed discussion of this project.

As of January 31, 1996, the EHC's staff included 33 year-round and 61 seasonal employees and 59 regular volunteers. The EHC's June 30, 1995, audited financial statements showed total assets of \$7.7 million, which included \$7.5 million in land, buildings, and equipment.

The EHC receives the majority of its funding in the form of grants and loans from state and federal agencies and from the county of Santa Clara and various Santa Clara County cities, including the city of San Jose.

FINDING I

THE EMERGENCY HOUSING CONSORTIUM HAS IMPROVED ITS FINANCIAL VIABILITY THROUGH BETTER FINANCIAL MANAGEMENT AND DEBT RESTRUCTURING

For the year ended June 30, 1995, the Emergency Housing Consortium (EHC) experienced an operating deficit of \$171,602 and ended the year with a fund deficit of \$379,032. A major part of the deficit was the result of unanticipated events, including the write-off of development costs of a failed shelter project. Because of the deficit, the EHC was faced with a serious cash flow problem, necessitating some staff reduction. We reviewed the EHC's unaudited financial statements as of December 31, 1995, and its cash flow projection for the seven months ending June 30, 1996, and performed several other audit procedures. Our examination indicated that the EHC Executive Director and the EHC Board of Directors have taken steps to track revenues and expenditures, generally resulting in improved cash planning and control. Further, we determined that the EHC has restructured or is in the process of restructuring most of its debt. Additionally, we reviewed the status of the EHC's Reception Center. Based upon our review, we did not identify any information that significantly contradicts the going concern assumption of the EHC, as defined in the American Institute of Certified Public Accountants' Statement on Auditing Standards Numbers 59 and 64.

The Emergency Housing Consortium's Financial Statements For The Year Ended June 30, 1995, Showed A Deficit Of \$171,602

For the year ended June 30, 1995, the Emergency Housing Consortium (EHC) experienced an operating deficit of \$171,602 and ended the year with a fund

deficit of \$379,032. Appendix A shows the financial statements for the year ended June 30, 1995.

A major part of the 1994-95 deficit was the result of the write-off of development costs of a proposed housing project located at 1020 Timothy Drive in San Jose. The EHC had incurred expenditures of \$193,470 for various development costs for this project. Such costs included governmental fees, legal and consulting fees and supplies needed to investigate the feasibility of and arrangements for the financing of the project. Had the project been completed, the total costs would have been capitalized to an asset account. However, the EHC was unable to obtain the necessary permits at the project's location and decided to discontinue the acquisition of the property. Consequently, the development costs of \$193,470 were recorded as expenses in the year ended June 30, 1995.

According to the EHC Executive Director, other unanticipated events that led to the operating deficit during 1994-95 were the closing of the EHC's Gifford Transitional Housing Project for unplanned renovations and development delays for another major housing project, the Monterey Glen Inn.

In mid-October 1995, the EHC management realized the EHC had a potential cash flow problem. After discussing the matter with the EHC Board, the EHC executive director hired Murdock & Associates, Inc., a financial and accounting consultant company, to analyze the EHC's financial outlook and advise the EHC staff on cash management strategies.

During November 1995, the EHC completed its 1995-96 cash flow projections. The cash flow analysis indicated that the EHC would not be able to meet its financial obligations if the revenue and expenditure trends were to

continue. Accordingly, the executive director decided to reduce the EHC's administrative staff and put greater effort into its resource development program.

**The EHC's Unaudited Financial Statements As Of December 31, 1996,
And Cash Flow Projection For The Seven Months Ending June 30, 1996**

As part of our evaluation, we reviewed the EHC's unaudited financial statements and cash flow projections for 1995-96. As of December 31, 1995, the EHC's unaudited financial statements showed a fiscal year-to-date (July 1, 1995, to December 31, 1995) net income of \$8,140 on total revenues of \$1,569,453.

Further, according to the EHC's cash flow projection for the seven months ending June 30, 1996 (See Appendix B), the EHC expects to accumulate about \$140,000 in cash reserves by June 30, 1996.

We reviewed the EHC's cash flow assumptions for reasonableness, checked the computations in the EHC's cash flow projections for mathematical accuracy, and verified the EHC's cash receipt and payment schedules from grant and loan agreements, payroll registers, and other documents. We also reviewed the comparison between actual and projected cash receipts and disbursements for December 1995 and January 1996. We are satisfied with the mathematical accuracy and overall reasonableness of the assumptions in the EHC's cash flow projection for the seven months ending June 30, 1996.

Other Audit Procedures

We also reviewed the EHC's loan agreements and insurance coverages, and inquired of the EHC's legal counsel about litigation, claims, and assessments. We also reviewed the EHC's internal controls, specifically with regard to rent revenue collections.

Loan Agreements

As of June 30, 1995, the EHC had 13 separate mortgages and notes totaling approximately \$5.4 million. Of the EHC's 13 loans, five loans totaling \$3,953,818 were owed to the city of San Jose (City). As of January 31, 1996, the EHC owed the City \$4,135,712. As discussed on page 10 below, the EHC has restructured or is in the process of restructuring the majority of these loans.

Insurance Coverages

We contacted the EHC's insurance broker regarding the EHC's insurance coverages. The insurance broker confirmed that the EHC's insurance account was current, that all insurance coverages were in effect, and that the City is named as additional insured under the EHC's commercial general liability coverage.

Inquiry Of The EHC's Legal Counsel About Litigation, Claims, And Assessments

In response to our inquiry regarding litigation, claims and assessments, the EHC's legal counsel stated that there were no pending or threatened litigation, claims or assessments for which the legal counsel had been engaged to give substantive attention or represent the EHC during the twelve-month period ended January 31, 1996.

Review Of Rent Collection Controls

We noted some areas in which the EHC can improve its internal controls, specifically in the collection of rent revenues. We discussed our findings and recommendations with the EHC executive director and his staff.

The EHC Has Improved Its Cash Planning And Control

As mentioned above, the EHC has engaged Murdock & Associates, Inc., a financial and accounting consultant company, to analyze the EHC's financial outlook and advise the EHC staff on cash management strategies. Under the consultant's guidance, the EHC has prepared its 1995-96 cash flow projection. Each month, the EHC also compares actual cash receipts and disbursements against projected. In our opinion, this cash flow projection and monthly tracking provides the EHC with a framework for reviewing and controlling cash receipts and disbursements and an overview of the probable patterns of cash flows. Using this tool, the executive director can review and improve the EHC's collection and disbursement procedures. This tool will also be useful in demonstrating whether the EHC is financially capable of undertaking new housing projects or expanding existing programs. The EHC's cash flow projections will also give the executive director some lead time to take action, if necessary, to seek financing or cut back on operations.

In February 1995, the EHC entered into a contract with the Santa Clara County Housing Authority that provides the EHC with a ten-year \$6.6 million rental subsidy for the Monterey Glen Inn project. The U.S. Department of Housing and Urban Development's Section 8 Moderate Rehabilitation Program is the funding source for this subsidy. These funds cannot be used to pay off the City and Bank of the West construction loans when they mature in March 1996. However, a ten-year \$6.6 million rental subsidy will provide EHC with additional certainty regarding rental income in future EHC cash flow projections.

**The EHC Has Restructured Or Is In The Process
Of Restructuring Most Of Its Debt**

The EHC has restructured or is in the process of restructuring five loans from the City totaling \$4,135,712 and a \$1,537,457 loan from the Bank of the West. Table I below compares the currently constituted loan payments for these loans with the new or proposed payment terms.

TABLE I
EMERGENCY HOUSING CONSORTIUM
COMPARISON OF THE CURRENTLY
CONSTITUTED LOAN PAYMENTS FOR THE LOANS
TO BE RESTRUCTURED WITH THE NEW OR PROPOSED PAYMENT TERMS

Loan Description	Principal Balance As Of January 31, 1996	Current Payment Terms	New Or Proposed Payment Terms
30-year Loan from the City of San Jose for the Gifford Transitional Houses, February 22, 1995, for the maximum loan amount of \$300,000. (As of January 31, 1996, this loan was eleven months in arrears.)	\$278,769	Interest at 2.5% per annum. Monthly principal and interest payment of \$1,185.36. Late payment penalty of 5%.	The payment terms will remain the same. On March 1, 1996, the EHC requested that the Housing Department disburse a final payment for the project of \$10,514 and use the remaining \$10,717 (\$300,000-\$278,769-\$10,514) to pay the back payments due on this loan.
20-year Loan from the City of San Jose for 1085 North Fifth Street, June 24, 1992, for the principal sum of \$355,000. (As of January 31, 1996, this loan was seven months in arrears.)	\$355,000	Interest at 3% per annum from the date of recordation until the last day of the third year. Interest at 5% per annum from the first date of the fourth year until maturity. Monthly principal and interest payment of \$887.50 from the date of recordation until the last day of the third year. Monthly principal and interest payment of \$2,819.53 from the first date of the fourth year until maturity. Late payment penalty of 5%.	According to the Housing Department, the refinancing of 1085 North Fifth Street is proceeding. The principal amount of the new loan will include all outstanding payments due on the present loan.
30-year Loan from the City of San Jose for Transitional Housing Projects (1089 North Fifth, 282 East Younger, and 26 South Fifth), September 28, 1990, for the principal sum of \$937,243. (After the EHC made two payments totalling \$21,677.74 on January 25, 1996, this loan became current.)	\$541,943	No interest. Semi-annual principal payment of \$10,838.87 due on July 1 and January 1. Late payment penalty of 5% if not paid within 15 days of due date.	Payment terms remain the same. However, the payments due on July 1, 1995, and January 1, 1996, were paid on January 25, 1996. The Housing Department did not assess any penalties for late payments.
Note payable to the City of San Jose for predevelopment funds up to \$50,000 for acquisition and related costs of the project at Timothy Drive, San Jose, February 22, 1995. (The EHC terminated the Timothy Drive housing project in 1995.)	\$50,000	Interest at 4% per annum. Principal and interest due in February 1997.	According to the EHC executive director, the EHC will request that the City convert this loan to a grant.
One-year loan from the City of San Jose for acquisition and construction costs of Monterey Glen Inn, December 1, 1994, for the principal sum of \$2,910,000.	\$2,910,000	Interest at 4% per annum. The note matured on December 31, 1995. On February 14, 1996, the City extended the maturity date to March 15, 1996.	The San Jose Housing Department has received approval from the City Council to convert this loan into a \$3,043,290 30-year loan, with payments deferred for years 1 to 10 and amortized in monthly payments for years 11 to 30.
One-year loan from the Bank of the West for the construction costs of Monterey Glen Inn, December 1, 1994, for the maximum principal amount of \$1,835,000.	\$1,537,457	Interest at 1.5% over prime. Principal and interest due on maturity date on January 15, 1996. On February 14, 1996, the Bank of the West extended the maturity date to March 1, 1996.	According to the Bank of the West, this loan will be converted into a permanent loan no later than March 11, 1996. The permanent interest rate shall be 2 1/2% over the Index Rate. Payment on this loan will start at \$22,751 per month.
Total	\$5,673,169		

Status Of The EHC's Reception Center

The Reception Center, currently in its pre-development phase, is planned as a year-round emergency shelter program point-of-entry into a comprehensive array of services that will provide assessment, counseling, and referral, along with meals, shelter and shower facilities for the homeless. To be located at Little Orchard Street in San Jose, the emergency shelter will replace the Cold Weather Shelter Program that was closed at the San Jose National Guard Armory. The new shelter will accommodate up to 125 homeless adults and family members year-round, plus an additional 125 persons during the cold-weather months.

The estimated cost to acquire and develop the Reception Center is \$3.8 million (See Appendix C). The acquisition and development will be financed with San Jose Redevelopment Agency funds and various government grants. To secure an option on the property, the EHC has paid a \$10,000 refundable deposit. The project is awaiting approval of its Conditional Use Permit (CUP) from the City. Upon approval of the CUP (around mid-March 1996), the EHC expects to receive funding from a \$60,000 San Jose Housing Department pre-development loan and an initial \$300,000 Community Development Block Grant to complete the acquisition and start the construction of the Center. The EHC expects to close escrow in May 1996 and to start construction in August 1996. According to the EHC management, the EHC will not make any additional cash outlay for the project until it receives the grant and loan funds.

According to the San Jose Department of Planning, Building and Code Enforcement, the San Jose Planning Commission will hold a public hearing on March 13, 1996, to consider the CUP application and a protest of a negative

declaration relating to the project. As a result of the hearing, the Planning Commission may require the EHC to prepare an Environmental Impact Report (EIR). Such a report may take a long time to prepare and cost a substantial amount of money. The EHC management acknowledges that the project will likely be terminated if the EIR is required. If the project is terminated, the EHC will have to reclassify as current expense the pre-development costs of approximately \$50,000 that the EHC has incurred on the project.

**Going Concern As Defined In The American Institute
Of Certified Public Accountants' Statement
On Auditing Standards (SAS) Numbers 59 And 64**

The American Institute of Certified Public Accountants' (AICPA) Statement on Auditing Standards (SAS) Numbers 59 and 64 provide guidance to the auditor in conducting an audit of financial statements in accordance with generally accepted auditing standards with respect to evaluating whether there is substantial doubt about the entity's ability to continue as a going concern.

According to the standards:

Information that significantly contradicts the going concern assumption relates to the entity's inability to continue to meet its obligations as they become due without substantial disposition of assets outside the ordinary course of business, restructuring of debt, externally forced revisions of its operations, or similar actions. . . . The auditor has a responsibility to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time, not to exceed one year beyond the date of the financial statements being audited.¹

¹ American Institute of Certified Public Accountants, Codification of Statements on Auditing Standards, page 263.

Our review did not disclose any information that significantly contradicts the going concern assumption of the EHC.

CONCLUSION

Our examination indicated that the EHC has taken steps to track revenues and expenditures, generally resulting in improved cash planning and control. Further, we determined that the EHC has restructured or is in the process of restructuring most of its debt. Additionally, we reviewed the status of the EHC's Reception Center. Based upon our review, we did not identify any information that significantly contradicts the going concern assumption of the EHC, as defined in the American Institute of Certified Public Accountants' Statement on Auditing Standards Numbers 59 and 64.

APPENDIX A

EMERGENCY HOUSING CONSORTIUM

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 1995

EMERGENCY HOUSING CONSORTIUM
BALANCE SHEET
JUNE 30, 1995
(With Comparative Totals For June 30, 1994)

	<u>Unrestricted Fund</u>		<u>Restricted Fund</u>		<u>Land, Building and Equipment Fund</u>		<u>Total All Funds</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
<u>ASSETS</u>								
Cash and cash equivalents (Note 1)	\$ 79,138	\$ 37,168	-	-	-	-	\$ 79,138	\$ 37,168
Other receivables, net (Note 3)	130,277	144,112	-	-	-	\$ 13,175	130,277	157,287
Prepaid expenses	20,476	26,152	-	-	\$ 9,335	-	29,811	26,152
Land, building and equipment, net (Note 4)	-	-	-	-	7,457,459	3,342,135	7,457,459	3,342,135
Other assets	<u>6,163</u>	<u>30,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,163</u>	<u>30,840</u>
Total assets	<u>\$ 236,054</u>	<u>\$ 238,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,466,794</u>	<u>\$ 3,355,310</u>	<u>\$ 7,702,848</u>	<u>\$ 3,593,582</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Bank line of credit (Note 6)	\$ 300,000	\$ 200,000	-	-	-	-	\$ 300,000	\$ 200,000
Accounts payable and accrued expenses	184,747	112,500	-	-	\$ 260,603	\$ 21,300	445,350	133,800
Deferred revenue	119,000	-	-	-	-	-	119,000	-
Mortgages and note payable (Note 6)	<u>11,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,368,462</u>	<u>1,300,557</u>	<u>5,379,801</u>	<u>1,300,557</u>
Total liabilities	<u>615,086</u>	<u>312,500</u>	<u>-</u>	<u>-</u>	<u>5,629,065</u>	<u>1,321,857</u>	<u>6,244,151</u>	<u>1,634,357</u>
Fund balances (deficit):								
Undesignated	(379,032)	(74,228)	-	-	-	-	(379,032)	(74,228)
Restricted	-	-	-	-	-	-	-	-
Invested in land, building and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,837,729</u>	<u>2,033,453</u>	<u>1,837,729</u>	<u>2,033,453</u>
Total fund balances (deficit)	<u>(379,032)</u>	<u>(74,228)</u>	<u>-</u>	<u>-</u>	<u>1,837,729</u>	<u>2,033,453</u>	<u>1,458,697</u>	<u>1,959,225</u>
	<u>\$ 236,054</u>	<u>\$ 238,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,466,794</u>	<u>\$ 3,355,310</u>	<u>\$ 7,702,848</u>	<u>\$ 3,593,582</u>

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

EMERGENCY HOUSING CONSORTIUM
STATEMENT OF SUPPORT, REVENUE AND EXPENSES,
AND CHANGES IN FUND BALANCES (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 1995
(With Comparative Totals For Year Ended June 30, 1994)

	<u>Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Land, Building and Equipment Fund</u>	<u>Total All Funds</u>	
				<u>1995</u>	<u>1994</u>
Public support and revenue:					
Grants - Government	-	\$ 1,447,137	-	\$ 1,447,137	\$ 1,664,638
Private	\$ 277,870	-	-	277,870	355,340
United Way	219,621	-	-	219,621	283,338
Contributions - Individual	222,572	-	-	222,572	173,478
Program service fees	202,368	-	-	202,368	215,851
Private donations	27,056	-	-	27,056	79,583
Donated services and goods	1,200,728	-	-	1,200,728	641,740
Donated rentals	108,000	-	-	108,000	368,400
Pass through rent	87,984	-	-	87,984	67,065
Other income	71,497	-	-	71,497	1,052
	<u>2,417,696</u>	<u>1,447,137</u>	<u>-</u>	<u>3,864,833</u>	<u>3,850,485</u>
Total support and revenue					
Expenses:					
Program services	1,905,264	1,447,137	\$ 377,498	3,729,899	3,197,680
Supporting services:					
Management and general	338,390	-	924	339,314	311,331
Fund raising	345,644	-	504	346,148	269,719
	<u>684,034</u>	<u>-</u>	<u>1,428</u>	<u>685,462</u>	<u>581,050</u>
Total expenses	<u>2,589,298</u>	<u>1,447,137</u>	<u>378,926</u>	<u>4,415,361</u>	<u>3,778,730</u>
Excess (deficit) of public support and revenue over expenses	(171,602)	-	(378,926)	(550,528)	71,755
Capital additions:					
Grants - Private	-	-	50,000	50,000	13,175
Excess (deficit) of public support and revenue over expenses after capital additions	(171,602)	-	(328,926)	(500,528)	84,930
Other changes in fund balances:					
Transfers to land, building and equipment fund for acquisitions and principal debt service payments	(133,202)	-	133,202	-	-
Fund balances (deficit) at beginning of year	<u>(74,228)</u>	<u>-</u>	<u>2,033,453</u>	<u>1,959,225</u>	<u>1,874,295</u>
Fund balances (deficit) at end of year	<u>\$ (379,032)</u>	<u>\$ -</u>	<u>\$ 1,837,729</u>	<u>\$ 1,458,697</u>	<u>\$ 1,959,225</u>

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

EMERGENCY HOUSING CONSORTIUM
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1995

(With Comparative Totals For The Year Ended June 30, 1994)

	Program Services	Supporting Services			Total Program and Supporting Services Expenses	
		Management and General	Fund Raising	Total	1995	1994
Salaries	\$ 1,168,618	\$ 211,216	\$ 214,835	\$ 426,051	\$ 1,594,669	\$ 1,566,407
Payroll taxes and employee benefits	210,974	33,938	35,770	69,708	280,682	326,998
Donated services	902,849	-	-	-	902,849	495,237
Total salaries and related expenses	2,282,441	245,154	250,605	495,759	2,778,200	2,388,642
Donated rent	108,000	-	-	-	108,000	368,400
Donated goods	297,879	-	-	-	297,879	146,503
Occupancy, other cost	418,607	4,196	2,165	6,361	424,968	395,901
Assistance, other shelter program	5,599	190	-	190	5,789	8,460
Telephone	29,157	7,908	5,426	13,334	42,491	39,341
Printing and publications	8,418	1,440	24,923	26,363	34,781	30,123
Rentals and maintenance	78,275	2,139	2,341	4,480	82,755	65,453
Professional fees	41,020	27,459	43,022	70,481	111,501	51,462
Supplies	10,694	3,632	2,941	6,573	17,267	18,072
Local transportation	32,422	2,988	1,146	4,134	36,556	27,475
Interest expense	11,425	26,396	-	26,396	37,821	32,449
Other	28,464	16,888	13,075	29,963	58,427	36,101
Total expenses before depreciation and development costs	3,352,401	338,390	345,644	684,034	4,036,435	3,608,382
Development costs	193,470	-	-	-	193,470	-
Total expenses before depreciation	3,545,871	338,390	345,644	684,034	4,229,905	-
Depreciation of building and equipment	184,028	924	504	1,428	185,456	170,348
Total year ended June 30, 1995	\$ 3,729,899	\$ 339,314	\$ 346,148	\$ 685,462	\$ 4,415,361	
Total year ended June 30, 1994	\$ 3,197,680	\$ 311,311	\$ 269,719	\$ 581,050		\$ 3,778,730

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

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EMERGENCY HOUSING CONSORTIUM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1995
(With Comparative Totals For The Year Ended June 30, 1994)

	<u>Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Land, Building and Equipment Fund</u>	<u>Total All Funds</u>	
				<u>1995</u>	<u>1994</u>
Increase (decrease) in cash	-	-	-	-	-
Cash flows from operating activities:					
Excess (deficit) of public support and revenue over expenses	\$ (171,602)	-	\$ (328,926)	\$ (500,528)	\$ 84,930
Adjustments to reconcile net excess (deficit) support to net cash provided by operating activities:					
Depreciation	-	-	185,456	185,456	170,348
Changes in assets and liabilities:					
Receivables	13,835	-	13,175	27,010	12,102
Prepaid expenses	5,676	-	(9,335)	(3,659)	(14,881)
Other assets	24,677	-	-	24,677	(23,608)
Accounts payable and accrued expenses	72,247	-	285,204	357,451	(27,513)
Deferred revenue	119,000	-	-	119,000	-
Cash provided (used) by operating activities	<u>63,833</u>	<u>-</u>	<u>145,574</u>	<u>209,407</u>	<u>201,378</u>
Cash flows from investing activities:					
Capital expenditures	<u>-</u>	<u>-</u>	<u>(4,300,781)</u>	<u>(4,300,781)</u>	<u>(180,530)</u>
Cash used for investing activities	<u>-</u>	<u>-</u>	<u>(4,300,781)</u>	<u>(4,300,781)</u>	<u>(180,530)</u>
Cash flows from financing activities:					
Line of credit	100,000	-	-	100,000	(60,000)
Proceeds from debt	11,339	-	4,076,654	4,087,993	160,000
Mortgages and notes payable principal reduction	<u>-</u>	<u>-</u>	<u>(54,649)</u>	<u>(54,649)</u>	<u>(107,933)</u>
Cash (used for) provided by financing activities	<u>111,339</u>	<u>-</u>	<u>4,022,005</u>	<u>4,133,344</u>	<u>(7,933)</u>
Net increase (decrease) in cash and cash equivalents before transfers	175,172	-	(133,202)	41,970	12,915
Transfers	<u>(133,202)</u>	<u>-</u>	<u>133,202</u>	<u>-</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents after transfer	41,970	-	-	41,970	12,915
Cash and cash equivalents at beginning of year	<u>37,168</u>	<u>-</u>	<u>-</u>	<u>37,168</u>	<u>24,253</u>
Cash and cash equivalents at end of year	<u>\$ 79,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,138</u>	<u>\$ 37,168</u>

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

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EMERGENCY HOUSING CONSORTIUM
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1995

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Emergency Housing Consortium (a California nonprofit public benefit corporation) (EHC), formerly Emergency Housing Consortium of Santa Clara County, was organized in 1980. Its purpose is to provide emergency housing at a minimal cost for the homeless, needy families and those at the risk of being homeless in the San Francisco Bay Area.

Accounting Methods

EHC follows standards of accounting of financial reporting prescribed for voluntary health and welfare agencies. The accrual method of accounting is used to reflect income as earned and expenses as incurred. Restricted grants are included in income when earned and unrestricted grants and donations are recorded upon receipt. Liabilities for compensated absences have been accrued.

The amounts shown for 1994 in the accompanying financial statements and footnotes are presented to provide a basis for comparison with 1995 and, other than for the balance sheet, represent summarized totals only.

Fund Accounting

EHC maintains its accounts in accordance with the principles of fund accounting. All financial transactions have been recorded and reported on by the following fund groups:

Unrestricted fund

Represents unrestricted resources and the portion of expendable funds that are available for the Agency's operations.

Restricted fund

Represents resources arising from contributions which are currently available for use but only for purposes specified by the donor, grantor, or trust agreement.

Land, building and equipment fund

Represents all property and equipment used by the agency and includes funds legally restricted for the purchase of property and equipment that have not yet been expended.

Property, Equipment and Improvements

EHC records property, equipment and improvements at cost of acquisition or construction. The cost of maintenance and repairs is charged to expense as incurred and significant renewals and betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to thirty years.

EMERGENCY HOUSING CONSORTIUM
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1995

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Development Expenses

EHC incurs cost during the development phase of each housing project undertaken. Such costs include governmental fees, legal and consulting fees and supplies needed to investigate the feasibility and arrange for the financing of each project under consideration. The Corporation records these costs as assets (work in progress) until completion of the project. When the project is completed, the total costs are capitalized to the respective assets accounts. Any funds expended on a project that does not pass beyond the development stage are recorded as expenses when further activity on the project ceases.

Taxes

EHC is a public benefit corporation and is exempt from tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Management believes all activities of the organization are within the tax exempt purposes of the Corporation and that there is no unrelated business income.

Cash and Cash Equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the purchase date. Not included as cash equivalents are funds restricted as to their use, regardless of liquidity or the maturity dates of investments. Cash investments are pledged to secure potential shortfalls and deficits in connection with projects developed or to secure obligations in connection with construction in progress.

Donated Materials and Services

Donated materials, equipment and services are recorded as donated services and goods at their estimated fair value on the date of receipt.

NOTE 2 - SUPPLEMENTAL CASH FLOW INFORMATION

During 1994 and 1993, no amounts were paid for taxes and interest paid was approximately \$29,000 and \$22,000, respectively.

NOTE 3 - OTHER RECEIVABLES

Other receivables as of June 30, 1995 and June 30, 1994 are shown net of a provision for doubtful grants receivable of \$33,300 and \$0, respectively.

EMERGENCY HOUSING CONSORTIUM
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1995

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	1995	1994
Land and buildings	\$ 5,107,760	\$ 3,212,304
Building improvements	743,544	709,710
Furniture and equipment	268,739	226,148
Development costs (Notes 9 and 10)	2,444,615 ⁽¹⁾	115,713
Vehicles	49,705	59,705
	8,614,363	4,323,580
Less accumulated depreciation	1,156,903	981,445
	\$ 7,457,460	\$ 3,342,135

During fiscal 1995, EHC made improvements to shelters, purchased equipment, borrowed funds for development and made principal payments on existing obligations. Accordingly, approximately \$133,202 was transferred from the Unrestricted Fund to the Land, Building and Equipment Fund.

⁽¹⁾ Includes interest capitalized during the year \$130,796.

NOTE 5 - LEASES

EHC has lease agreements for shelters and its office premises which expire on various dates through 1999. The future aggregate minimum lease payments required under these operating leases at June 30, 1995 are as follows:

1996	\$ 25,400
1997	8,175
1998	7,200
1999	7,200
2000	3,000

Rent expense for 1995 and 1994 was approximately \$117,484 and \$107,673, respectively (Note 1). This includes the pass-through rents.

NOTE 6 - FINANCING ARRANGEMENTS

Line of Credit

EHC has a bank line of credit agreement which allows for borrowings up to \$300,000. The agreement bears interest at prime plus 2% (11% at June 30, 1995) and is secured by a first deed of trust with assignment of rents on a shelter located in San Jose, California. The outstanding borrowings under the line are \$300,000 as of June 30, 1995.

EMERGENCY HOUSING CONSORTIUM
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1995

NOTE 6 - FINANCING ARRANGEMENTS (Continued)

Mortgages and Notes Payable

Mortgages and notes payable consist of the following at June 30:

	<u>1995</u>	<u>1994</u>
1. Redevelopment Agency of the City of San Jose Note secured by first deed of trust	\$ 574,460	\$ 574,460 ⁽¹⁾
2. South County Housing Corporation Note secured by second deed of trust	174,000	174,000 ⁽²⁾
3. City of Gilroy Housing Rehabilitation Program Note secured by deed of trust	30,000	30,000 ⁽³⁾
4. GMAC Secured by related equipment	2,447	7,097 ⁽⁴⁾
5. Corporation for Supportive Housing	10,000	10,000 ⁽⁵⁾
6. Santa Clara County Note secured by deed of trust	100,000	100,000 ⁽⁶⁾
7. City of San Jose	-	50,000 ⁽⁷⁾
8. City of San Jose Note secured by deed of trust with assignments of rents	355,000	355,000 ⁽⁸⁾
9. Bank of the West	948,967	- ⁽⁹⁾
10. Santa Clara County	149,230	- ⁽¹⁰⁾
11. City of San Jose	48,693	- ⁽¹¹⁾
12. City of San Jose	2,910,000	- ⁽¹²⁾
13. City of San Jose	65,665	- ⁽¹³⁾
14. Santa Clara County	<u>11,339</u>	<u>-</u> ⁽¹⁴⁾
	<u>\$ 5,379,801</u>	<u>\$ 1,300,557</u>

EMERGENCY HOUSING CONSORTIUM
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1995

NOTE 6 - FINANCING ARRANGEMENTS (Continued)

- (1) The note payable to the Redevelopment Agency is a non-interest bearing note payable in semi-annual installments of approximately \$10,839. The note is secured by a first deed of trust with assignments of rents on the shelter located in San Jose, California.
- (2) The note payable to the South County Housing Corporation was executed in September 1984, is non-interest bearing, is secured by a second deed of trust and is payable upon sale of the related property.
- (3) The note payable to the City of Gilroy requires annual interest payments of \$600 with the principal due March 31, 2006, with the option of renegotiation or renewal and is secured by a deed of trust.
- (4) The note payable to GMAC requires monthly payments of \$387, including interest at 13.55% through November 1995.
- (5) The note payable to the Corporation for Supportive Housing is in the form of an unsecured line of credit with a maximum draw down of \$25,000 bearing interest at 4%. The line requires quarterly interest payments and is due when the Consortium's Rodeway Inn Housing Project (Note 9) funding is acquired or remodeling construction is completed, or in July 1995, whichever is earlier.
- (6) The note payable to Santa Clara County is secured by a deed of trust on property and bears interest at 3%. The note is to be repaid in equal installments of \$3,870 payable quarterly beginning September 30, 1996.
- (7) The note payable to City of San Jose was for predevelopment funds for the purchase and rehabilitation of the Consortium's Rodeway Inn Housing Project (Note 10), and was repaid from an additional loan from the City of San Jose in December 1994.
- (8) The note payable to the City of San Jose for \$355,000 has a term of 20 years and bears interest at 3% for the first three years and 5% thereafter. No payment is required for the first three years and monthly payments of approximately \$2,820 is required starting at the end of the third year and is secured by a deed of trust, with assignments of rents.
- (9) The note payable to the Bank of the West is a construction loan for purchase and rehabilitation of the Rodeway Inn Housing Project. The note is for a maximum principal amount of \$1,835,000 and bears interest at 1.5% over prime. The note is to be repaid within one year if not converted to permanent loan until that time. It is secured by a first deed of trust on the property.
- (10) The note payable to Santa Clara County bears simple interest at 3% per annum and is secured by a deed of trust on the property. Repayment of the note is deferred up to December 2004, and shall be amortized over the next twenty years.
- (11) The note payable to the City of San Jose is for predevelopment funds up to \$50,000 for acquisition and related costs of property at Timothy Drive, San Jose. The note bears interest at 4% per annum and is repayable in February 1997.

EMERGENCY HOUSING CONSORTIUM
 (A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1995

NOTE 6 - FINANCING ARRANGEMENTS (Continued)

- (12) The note payable to the City of San Jose is for acquisition and construction of the Rodeway Inn Project. The note is secured by a second deed of trust on the property, bears interest at 4% per annum, and is repayable in December 1995.
- (13) The note payable to the City of San Jose, is for a maximum amount of \$300,000 to be used for rehabilitation of property of 1077 N. Fifth Street, San Jose. The note is repayable within 30 years.
- (14) The loan of \$11,339 from Santa Clara County is an advance against MAC Services provided by EHC. It bears interest at 5.8%, and shall be offset against Health Care Finance Administration (HCFA) payments received by the County against MAC claims.

Future aggregate annual principal payments of these notes are approximately:

1996	\$ 3,934,146
1997	50,987
1998	52,208
1999	53,483
2000	54,814
Thereafter	<u>1,188,262</u>
	<u>\$ 5,333,900</u>

NOTE 7 - RETIREMENT PLAN

EHC established a 403(b) Retirement Savings Plan on January 1, 1993. Plan contributions amount to five percent of qualified earnings. All employees with a minimum of three years continuous, full-time, regular, permanent employment with EHC are eligible for the Plan. The current year's contributions were \$35,192.

NOTE 8 - ECONOMIC DEPENDENCY

EHC receives approximately 50% of its funding from government agencies. The continuation of this funding is dependent on the respective government agency's budget and revenue constraints.

NOTE 9 - DONATED PROPERTY

During December 1992, EHC received a donation of a 50% interest in property located at 480 E. Reed Street in San Jose. The intentions of the donor were that EHC rehabilitate the house, sell it and use the net proceeds of the house to help the homeless. During the year ended June 30, 1995, this property was sold and the net proceeds to EHC of \$27,056 has been recorded as contribution received.

EMERGENCY HOUSING CONSORTIUM
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1995

NOTE 10 - RODEWAY INN HOUSING PROJECT

EHC has acquired the Rodeway Inn (Rodeway), located at Monterey Road, San Jose. Rodeway is a 95 unit motel with a restaurant facility and an adjacent large lot. EHC and Community Housing Developers, Inc. have entered into an agreement to develop affordable housing at Rodeway and specifically serve individuals who are homeless or at risk of being homeless.

EHC has entered into a construction agreement for development and rehabilitation of this property for its intended purpose. Building cost and other costs associated with the development of the property amounting to \$2,187,689 are included in development costs.

These costs will be capitalized to the respective assets when construction is completed.

NOTE 11 - 1020 TIMOTHY DRIVE PROJECT

EHC had entered into an agreement to purchase a building located at 1020 Timothy Drive in San Jose for \$1,700,000. The purchase price included the cost to rehabilitate the building into a 250 bed shelter to serve individuals who are homeless or at risk of being homeless.

However, EHC has decided to relocate this project as it foresees difficulty in obtaining the necessary permits at the above location, and the acquisition was not completed.

EHC had incurred expenditures of \$193,470 for various development costs for this project. These have been recorded as expenses in the year ended June 30, 1995.

NOTE 12 - CAPITAL COMMITMENTS

During the year ended June 30, 1995, EHC entered into contracts for rehabilitation of its properties at Younger Avenue, and at Gifford Avenue in San Jose. As of June 30, 1995, the total amount of capital commitments outstanding on these contracts was approximately \$83,000.

NOTE 13 - SUBSEQUENT EVENTS

In August 1995, EHC entered into a contract for rehabilitation of the newly acquired property at Monterey Road in San Jose. The approximate total cost of the contract is \$838,700.

EMERGENCY HOUSING CONSORTIUM

SEVEN MONTH CASH FLOW PLAN

DECEMBER 1995 - JUNE 1996

*Presented to Board of
Dunwoody
12/14/95*

EHC Cash Flow Assumptions

- + FEMA Funding (Cash Receipts) reduced 30% due to expected reduction in the federal government programs.
- + Cash Receipts does not include any money from special events due to reduced staffing in RD.
- + Payroll Related Expenses include 15% for FICA, SUI and Worker's Compensation plus medical and dental benefits.
- + Program Expenses:
 - OCHOA closes on March 30, 1996.
 - CWSP closes on February 29, 1996 due to reduced funding from FEMA.
 - YOP program expanding in February 1996 upon receipt of \$73,000 from Applied materials.
 - MGI program begins in February 1996.
- + Property Management Expenses:
 - OCHOA closes March 30 and CWSP closes February 29.
 - Ochoa occupancy expenses are included in the program costs, not property management.
- + Projects Expenses:
 - Executive Director position funded through February 29, 1996.
- + MGI:
 - Assumes certain occupancy rates obtained as noted on the spreadsheet.
 - Units never occupied are subsidized a maximum of 60 days at 80% of the rental rate.
 - Units vacant between tenets are subsidized at 80% for 30 days.
 - The first mortgage payment is due March 1, 1996.
- + Allocations of indirect costs to the programs offered has not been included in this package.

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EHC Cash F Projection

	TOTAL EHC							95/96
	December	January	February	March	April	May	June	TOTAL
Total Cash In - Operating Fund	406,056	238,954	331,379	222,240	132,088	169,486	139,924	1,640,127
Total Cash In - Projects	15,500	12,500	40,301	27,500	12,500	62,500	12,500	183,301
Total Cash In- MGI	0	21,054	53,338	64,567	56,145	56,145	56,145	307,394
Cash In	421,556	272,508	425,018	314,307	200,733	288,131	208,569	2,130,822
Salaries	151,729	154,275	158,567	101,852	93,140	91,690	91,690	842,943
Payroll Related Exp	29,759	30,141	31,585	23,078	21,771	21,354	21,354	179,041
Total Personnel Cost	181,488	184,416	190,152	124,930	114,911	113,044	113,044	1,021,984
Occupancy Cost	34,736	29,901	29,721	29,721	28,126	16,450	16,450	185,105
Other Expenses	110,938	52,525	56,976	45,323	54,021	38,647	38,477	396,907
Loans & Interest	5,820	16,660	5,820	5,820	5,820	5,820	5,820	51,580
Project Expenses	12,190	12,190	12,190	19,360	4,360	54,360	4,360	119,010
MGI Expenses	0	15,753	16,805	42,867	55,007	43,007	43,007	216,447
Reception Center	?	?	?	?	?	?	?	0
Total Cash Out	345,172	311,445	311,664	268,021	262,245	271,328	221,158	1,991,033
Total Cash Excess (Deficit)	76,384	(38,937)	113,353	46,286	(61,512)	16,803	(12,589)	139,789
Cash Detail By Area:								
Operating Cash Excess (Deficit)	73,074	(44,548)	48,710	16,446	(70,790)	(4,475)	(33,867)	(15,449)
Project Cash Excess (Deficit)	3,310	310	28,111	8,140	8,140	8,140	8,140	64,291
MGI Cash Excess (Deficit)	0	5,302	36,532	21,700	1,138	13,138	13,138	90,947
Total Cash Excess (Deficit)	76,384	(38,937)	113,353	46,286	(61,512)	16,803	(12,589)	139,789

See Assumptions (Page1) for Additional Information

EHC Cas ejection
MGI

		TOTAL MGI							
		December	January	February	March	April	May	June	TOTAL
Cash In - Net		0	21,054	53,338	64,567	56,145	56,145	56,145	307,394
Salaries		0	0	0	0	0	0	0	0
Payroll Related Exp		0	0	0	0	0	0	0	0
Total Personnel Cost		0	0	0	0	0	0	0	0
Occupancy Cost		0	12,950	12,950	12,950	24,950	12,950	12,950	89,700
Other Expenses		0	2,803	3,855	29,917	30,057	30,057	30,057	126,747
Total Expenses		0	15,753	16,805	42,867	55,007	43,007	43,007	216,447
Net Cash Increase (Deficit)		0	5,302	36,532	21,700	1,138	13,138	13,138	90,947
Opens Jan 15 with 75% Occupancy Rate									
Occupied Rent + Subsidy		0	21,054	42,109	53,338	56,145	56,145	56,145	284,936
Unoccupied Subsidy for 60 days (payment received next month)	80%	0	0	11,229	11,229	0	0	0	22,458
Occupancy Rate			75%	75%	95%	100%	100%	100%	
Unoccupied			25%	25%	5%	0%	0%	0%	
Total Units (plus office)	96								
Manager Unit	-1								
Total Units for Rent	95	# Rented	71.25	71.3	90.3	95.0	95.0	95.0	
Rental Price per unit	591								
Occupancy Costs:									
Property Management (included on page 8)			0	0	0	0	0	0	0
Property Taxes			0	0	0	12,000	0	0	12,000
Utilities			5,150	5,150	5,150	5,150	5,150	5,150	30,900
Insurance			2,000	2,000	2,000	2,000	2,000	2,000	12,000
Maintenance			5,800	5,800	5,800	5,800	5,800	5,800	34,800
TOTAL			0	12,950	12,950	12,950	24,950	12,950	89,700
Other Expenses:									
5% Reserve Fund			1,053	2,105	2,667	2,807	2,807	2,807	14,247
Administration/Personnel			1,750	1,750	1,750	1,750	1,750	1,750	10,500
Mortgage Payment			0	0	25,500	25,500	25,500	25,500	102,000
TOTAL			0	2,803	3,855	29,917	30,057	30,057	126,747

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EHC CASH RECEIPTS PROJECTION

CASH IN	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
Foundation\Corporate\NP	31,000	17,250	18,900	33,900	11,650	7,400	19,900	140,000
Packard MGI Program	50,000							50,000
Applied Materials			73,000					73,000
CDBG Campbell			3,000			3,000		6,000
CDBG Gilroy								0
CDBG Morgan Hill		3,000		3,000		4,000		10,000
CDBG MV				3,750			11,248	14,998
CDBG SCC/SMFLC	2,573	2,600	2,600	2,600	2,600	2,025		14,998
CDBG SJ	5,784	5,784	5,784	5,784	5,784	5,784	5,784	40,488
CDBG Sunnyvale			12,000			12,410		24,410
Co Mental Health	4,000	4,000	4,000	4,000	4,000	4,000	4,000	28,000
Co Mental Health Adj	11,202							11,202
COA	728	728	728	728	728	728	728	5,096
County Armories	30,000	30,000	30,000	22,000				112,000
EHAPII		10,000			10,000			20,000
ESG/SMFLC	1,760				2,062			3,822
FEMA - Armories		41,333	41,333	41,334				124,000
FESG - SCFLA	30,000		30,000				15,000	75,000
SSA General	0	0	9,900	9,900	9,900	9,900	9,900	49,500
HHS - YOP	8,400	8,400	8,400	8,400	8,400	8,400	8,400	58,800
HOPWA	18,000	3,750	3,750	3,750	3,750	3,750	3,750	40,500
HUD SHP	7,500	7,500	7,500	7,500	7,500	7,500	7,500	52,500
HUD II	6,500	6,500	6,500	6,500	6,500	6,500	6,500	45,500
HUD III	12,500	12,500	12,500	11,600				49,100
Milpitas			875			875		1,750
Palo Alto	892	892	892	892	892	892	892	6,244
RDA City SC	3,020	3,020	3,020	3,020	3,020	3,020	3,020	21,140
SAFAH 1 & 2	4,000	4,000	4,000	4,885	4,885	4,885	4,885	31,540
Sheltor + Care (SCC)	3,000	3,000						6,000
SJ ESGP	11,530	11,530	11,530	11,530				46,120
SSA - Children	1,417	1,417	1,417	1,417	1,417	1,417	1,417	9,919
USDA	2,000		2,000		2,000		2,000	8,000
CHDO SJ (see Projects)								0
Housing Trust Fund	87,000					50,000		137,000
SJ Rehab Admin (see Projects)								0
Individual Donations	37,500	16,000	7,000	5,000	5,000	6,000	8,000	84,500
Rent	14,000	14,000	14,000	14,000	17,000	17,000	17,000	107,000
Rent - MGI Restaurant					4,250	4,250	4,250	12,750
Rent - Ochoa	11,000	11,000	11,000	11,000				44,000
United Way	5,750	20,750	5,750	5,750	20,750	5,750	5,750	70,250
Other	5,000							5,000
TOTAL	406,056	238,954	331,379	222,240	132,088	169,486	139,924	1,640,127
SUMMARY:								
Corporate/Foundation/NP	31,000	17,250	18,900	33,900	11,650	7,400	19,900	140,000
Special Corp	50,000	0	73,000	0	0	0	0	123,000
United Way	5,750	20,750	5,750	5,750	20,750	5,750	5,750	70,250
Individual	37,500	16,000	7,000	5,000	5,000	6,000	8,000	84,500
Govt Grants	251,806	159,954	201,729	152,590	73,438	129,086	85,024	1,053,627
Rents	25,000	25,000	25,000	25,000	21,250	21,250	21,250	163,750
Other	5,000	0	0	0	0	0	0	5,000
Total	406,056	238,954	331,379	222,240	132,088	169,486	139,924	1,640,127

APPENDIX C

**EMERGENCY HOUSING CONSORTIUM
THE RECEPTION CENTER**

CAPITAL BUDGET

Expenses

Acquisition		\$1,950,000
Pre-development expenses		\$150,000
Design and Engineering Fees		\$92,000
Utility Company and Public Works Fees		\$90,000
Building and Planning Department Fees		\$68,000
Site Development Costs		\$24,000
Building Construction Costs		\$1,020,000
Development Management Fee		\$150,000
		<hr/>
		\$3,544,000
Permanent Fixtures and Equipment		\$140,000
Contingency (10%)		\$160,000
		<hr/>
		\$3,844,000

Revenues

		Total
City of San Jose RDA	Awarded	\$1,500,000
City of San Jose CDBG	Awarded	\$1,100,000
City of San Jose Housing and Homeless Fund	Awarded	\$400,000
City of Santa Clara CDBG	Awarded	\$200,000
County of Santa Clara CDBG	Awarded	\$191,000
City of San Jose Housing Department	Awarded	\$100,000
City of Mountain View CDBG	Awarded	\$105,000
City of Sunnyvale CDBG	Awarded	\$50,000
City of Palo Alto CDBG	Awarded	\$50,000
City of Saratoga CDBG	Awarded	\$35,000
City of Milpitas CDBG	Awarded	\$13,000
City of Los Gatos CDBG	Awarded	\$10,000
County Housing Bond Trust Fund	Awarded	\$90,000
		<hr/>
		\$3,844,000

Source: Predevelopment Loan Application (10/19/95)