COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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WENDY L. WATANABE
ACTING AUDITOR-CONTROLLER

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
MARIA M. OMS

January 20, 2009

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Acting Auditor-Controller

SUBJECT: **D'VEAL FAMILY AND YOUTH SERVICES CONTRACT REVIEW – A DEPARTMENT OF CHILDREN AND FAMILY SERVICES WRAPAROUND APPROACH SERVICES PROGRAM PROVIDER**

We completed a fiscal review of D'Veal Family and Youth Services (D'Veal or Agency), a Department of Children and Family Services (DCFS) Wraparound Approach Services (Wraparound) Program provider.

Background

DCFS contracts with D'Veal, a private non-profit, community-based organization to provide and operate the Wraparound Program. Wraparound is a family-centered and needs-driven program providing individualized services to children and their families, such as therapy, housing, educational and social assistance. The target population for the Wraparound Program includes children who are currently or at risk of being placed in a Rate Classification Level of 12 to 14 group home, Metropolitan State hospital, etc. D'Veal is located in the Fifth District.

DCFS paid D'Veal on a fee-for-service basis at $4,184 per child, per month less placement costs or approximately $223,000 for Fiscal Year (FY) 2006-07.

Purpose/Methodology

The purpose of the review was to determine whether D'Veal complied with its contract terms and appropriately accounted for and spent Wraparound funds in providing

services to children and their families. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

Results of Review

D'Veal properly recorded and deposited cash receipts in a timely manner. However, D'Veal did not always comply with all the contract requirements. Specifically, D'Veal:

- Charged DCFS for office space that was not solely used by the Wraparound Program. The space leased from Bethel Missionary Baptist Church (Church) included two offices for three non-Wraparound employees and other common areas such as a chapel area and kitchen shared with the Church. There were only three offices solely occupied by the Wraparound staff. As a result, the excess amount D'Veal charged the Wraparound Program was $39,514 for space used by non-Wraparound staff for FY 2006-07.

- Charged DCFS $2,302 for inadequately supported costs or costs not related to the Wraparound Program.

- Allocated $1,236 to the Wraparound Program for insurance costs based on budget and not actual amounts.

- Assigned an employee with a criminal record to work on the Wraparound Program. We immediately notified DCFS and D'Veal removed the employee from the program at the request of DCFS.

- Did not accurately prepare bank reconciliations or resolve reconciling items in a timely manner. Bank reconciliations for July 2007 were not prepared for over 60 days and the book balances on the bank reconciliations did not agree with the Agency's general ledger. In addition, seventeen (41%) of the 41 outstanding checks totaling $11,632 had been outstanding for over two years.

In addition, at the end of a program year, the Agency is allowed to retain unspent Wraparound funds up to ten percent of their program expenditures and repay any funds in excess of ten percent to the County. For FY 2006-07, D'Veal's unspent revenue totaled $9,123 and program expenditures totaled $309,932. D'Veal did not set aside the revenue for future program expenditures. We recommend D'Veal place the $9,123 in a reserve account for future Wraparound expenditures or repay the County.

The details of our review along with recommendations for corrective action are attached.

Review of Report

We discussed our report with D'Veal and DCFS on February 4, 2008. In their attached response, D'Veal indicates disagreement with several of our recommendations as follows:

D'Veal's Response: Agency management indicated that the Church does not use the leased space.

A-C Response: We disagree with the Agency's response because at the time of our review, we noted a Church hosted community event in the chapel area which is leased to D'Veal. In addition, on Wednesdays the Church used the Chapel and provided food to seniors in the community. We also observed that only three offices were occupied by Wraparound staff. Other offices were occupied by non-Wraparound staff of the Agency, including the Agency's Chief Executive Officer who is also the Senior Pastor of the Church.

D'Veal's Response: Agency management indicated that the Agency appropriately charged payroll costs and appropriately allocated the insurance costs to the Wraparound Program.

A-C Response: The Agency allocated the costs based on a percentage of their total Wraparound Program budget compared to the Agency's total budget. The County contract requires contractors to allocate their shared costs based on actual not budget.

We notified DCFS of the results of our review and thank D'Veal for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

JTM:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Patricia S. Ploehn, Director, Department of Children and Family Services
Ted Myers, Chief Deputy Director, Department of Children and Family Services
Susan Kerr, Senior Deputy Director, Department of Children and Family Services
Anthony Knight, President, Board of Directors, D'Veal Family and Youth Services
John McCall, CEO, D'Veal Family and Youth Services
Public Information Office
Audit Committee

WRAPAROUND APPROACH SERVICES
D'VEAL FAMILY AND YOUTH SERVICES
FISCAL YEARS 2006-07 AND 2007-08

UNSPENT REVENUE

D'Veal Family and Youth Services' (D'Veal or Agency) Fiscal Year (FY) 2006-07 contract with the Department of Children and Family Services (DCFS) allowed the Agency to retain unspent revenue funds up to ten percent of their program expenditures. The Agency is required to place the excess funds in a reserve account for future Wraparound expenditures. Any funds in excess of ten percent are required to be returned to the County.

For FY 2006-07, D'Veal reported unspent revenue totaling $9,123 and program expenditures totaling $309,932. D'Veal did not place the $9,123 in a reserve account to be used for future Wraparound expenditures.

Recommendation

1. **D'Veal management reserve $9,123 and ensure that the funds are used to provide Wraparound program services in subsequent years.**

CASH/REVENUE

Objective

Determine whether cash receipts and revenues are properly recorded in D'Veal's financial records and deposited timely in the Agency's bank account. In addition, determine whether the Agency maintained adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the bank reconciliations for D'Veal's two bank accounts for June 2007.

Results

D'Veal properly recorded and deposited cash receipts in a timely manner. However, D'Veal did not prepare their bank reconciliations accurately or in a timely manner. Specifically:

- D'Veal had not reconciled their bank accounts for July 2007 for more than 60 days. The County contract requires the Agency to prepare bank reconciliations within 30 days of the bank statement date.

- The book balances on the June 2007 bank reconciliations did not agree with the Agency's general ledgers. The difference was $441,604. D'Veal management indicated that the Agency did not prepare the bank reconciliations for January through June 2007 until shortly before the commencement of our audit. Therefore, the bank reconciliations were not prepared accurately.

- Seventeen of the 41 outstanding checks totaling $11,632 had been outstanding for over two years.

- The bank reconciliations were also not signed by the preparer or reviewer.

Recommendations

D'Veal management:

2. **Prepare the bank reconciliation within 30 days of the bank statement date.**

3. **Ensure that bank reconciliations are prepared accurately and timely.**

4. **Ensure that reconciling items are resolved timely.**

5. **Ensure that the bank reconciliations are signed and dated by the preparer and reviewer.**

EXPENDITURES/PROCUREMENT

Objective

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation for 27 non-personnel expenditure transactions billed by the Agency from October 2006 through August 2007, totaling $9,677.

Results

D'Veal charged the Wraparound Program $41,816 for expenditures that were unallowable or undocumented. Specifically, D'Veal charged:

- For office space that was not solely used by the Wraparound Program. The space leased from Bethel Missionary Baptist Church (Church) included offices for three church employees who also worked for D'Veal on non-Wraparound programs and

other common areas such as a chapel area and kitchen shared with the Church. There were only three offices occupied by the Wraparound staff. As a result, D'Veal overcharged the Wraparound Program $39,514 for space not used exclusively for the Wraparound programs during FY 2006-07.

- $1,583 for telephone costs and flex funds advances to employees without adequate supporting documentation.

- $719 in flex funds for non-Wraparound Program purposes. Flex funds are monies reserved to purchase items and services to meet specific clients' needs. However, D'Veal spent $719 for office supplies, meals, gift cards and other employee incentives that were not used for the Wraparound Program clients/participants.

In addition, D'Veal did not maintain adequate segregation of duties over cash disbursements. The check preparer had custody of the signature stamp. D'Veal also did not establish written accounting policies and procedures and did not mark invoices paid to prevent duplicate payments.

Recommendations

D'Veal management:

6. **Repay DCFS $41,816 or provide appropriate documentation to support the amounts billed.**

7. **Maintain adequate supporting documentation for expenditures charged to the Wraparound Program.**

8. **Ensure the Wraparound funds are solely used for the program.**

9. **Establish adequate segregation of duties over cash disbursement functions.**

10. **Establish written accounting policies and procedures.**

11. **Require that invoices or receipts are marked "paid" to prevent duplicate payments.**

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether D'Veal's fixed assets and equipment purchased with Wraparound funds are used for the Wraparound Program and that the items are adequately safeguarded.

We did not perform test work in this section as D'Veal did not use Wraparound funding to purchase fixed assets or equipment.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures are appropriately charged to the Wraparound Program. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures totaling $14,068 for ten employees for July 2007 to the Agency's payroll records and time reports. We also reviewed the personnel files of the ten staff assigned to the Wraparound Program.

Results

D'Veal allocated $6,367 to the Wraparound Program for four employees based on budget not actual hours worked on each program. The employees did not indicate the hours worked each day by program on their timecards.

In addition, D'Veal assigned one employee with a criminal record to work on the Wraparound Program. We immediately notified DCFS and D'Veal removed the employee from the program at the request of DCFS.

Recommendations

D'Veal management:

12. **Provide documentation to support the payroll costs charged to the Wraparound Program and repay DCFS for amounts not supported.**

13. **Ensure that employees' timecards indicate actual hours worked each day by program.**

14. **Ensure that staff with criminal records are not assigned to work on the Wraparound Program.**

COST ALLOCATION PLAN

Objective

Determine whether D'Veal's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

Verification

We interviewed Agency personnel and selected a sample of expenditures incurred by the Agency during June and July 2007 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

D'Veal did not maintain a written Cost Allocation Plan and inappropriately allocated $1,236 in insurance based on the Agency's total budget and not based actual costs. In addition, as previously mentioned, D'Veal charged office space occupied by non-Wraparound Program staff as direct expenditures.

Subsequent to our review, D'Veal provided a written Cost Allocation Plan in compliance with the County contract.

Recommendations

D'Veal management:

15. **Repay DCFS $1,236.**

16. **Ensure that indirect costs are allocated in accordance with the approved Cost Allocation Plan and the County contract.**

Balanced Families
Balanced Youth
Balanced Lives

D'Veal Family and Youth Services

July 11, 2008

Wendy L. Watanabe
Acting Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
500 West Temple Street, Room 525
Los Angeles, CA 90012-2706

RE: D'Veal Family and Youth Services Response to – Fiscal Year 2006-07 Contract Compliance Review/Wraparound Approach Services

Dear Mrs. Watanabe:

We are in receipt of your 2006-07 Contract Compliance Review Report ("Report") for Wraparound Approach Services provided by D'Veal Family and Youth Services. We disagree with several of the recommendations listed in your report. Our response and recommendations are outlined in this report.

Recommendation 1: D'Veal management reserve the $9,123 to ensure that the funds are used to provide Wraparound program services in subsequent years.

D'Veal will place the $9,123 in a reserve account and use for Wraparound program services in fiscal year 2007-08.

Recommendation 2: Prepare the bank reconciliation within 30 days of the bank statement date.

D'Veal will prepare the bank reconciliation within 30 days of the bank statement date. The agency will purchase the necessary software to implement a dual system use to meet this goal.

Recommendation 3: Ensure the bank reconciliations are prepared accurately.

D'Veal's accounting staff will ensure the accuracy of the bank reconciliation.

Mail: P.O. Box 40255 • Pasadena, CA 91114-7255 • Tel: 626-296-8900 • Fax: 626- 296-8910
1845 N. Fair Oaks Avenue, Suite 2600 • Pasadena, CA 91103-1820 • Email: Dveal3@aol.com

Recommendation 4: Ensure reconciling items are resolved timely.

D'Veal's accounting staff will ensure that reconciling items are resolved timely.

Recommendation 5: Ensure that the bank reconciliations are signed and dated by the preparer and reviewer.

D'Veal's accounting staff will follow established agency guideline of ensuring bank reconciliations are signed and dated by the preparer and reviewer.

Recommendation 6: Repay DCFS $41,816.

D'Veal administration disagrees with this repayment recommendation for numerous reasons. As it relates the rental overpayment, according to the report at the time of its review, the Auditor-Controller personnel found only three offices occupied by Wraparound staff. This assertion is misleading. D'Veal appropriately charged the Department of Children and Family Services Wraparound Program for space leased at the Bethel Baptist Church. In fact, for fiscal year 2006-07, the dismissed Wraparound staff member occupied an office, which brought our total to 4 occupied offices. In addition, the Auditor-Controller's representatives refused to acknowledge the daily staff use of the 2nd floor conference room by Wraparound staff. Furthermore, all of the Wraparound staff makes daily use of the main office which contains the fax, copier, and Wraparound staff mail boxes (where staff picks up mail and office supplies). Wraparound personnel reports in/out from that office and their calls are received and transferred to them from that office. The Auditor-Controller has refused to acknowledge any use or financial allocation for the daily use of these two spaces. The lease agreement is for <u>five</u> offices on the second floor (4 offices and a conference room totaling 700 square feet). In view of the fact that multiple staff share a single office of only 140 square feet, the full utilization of other 2nd floor offices (along with the conference room for various scheduled meetings) is required and occurs on a daily basis. Please remember, also, that the remaining Wraparound staff are housed at two additional D'Veal leased spaces. These charges are currently not allocated to the Wraparound Program. In summary, all of the Wraparound staff report to the Bethel site and utilize leased space without restriction on both the first and second floors on a <u>daily</u> basis. The lease agreement also includes ample secured parking for Wraparound staff and clients. We believe that our negotiated lease payment is reasonable.

Contrary to the assertion of the Auditor-Controller, space utilized and cost allocated to the Wraparound Program does not include space utilized by any other D'Veal personnel. In the first paragraph of the Report (the section under Results of Review), the assertion that the employees who are housed in the remaining offices at the Bethel site are church employees is incorrect. The employees present during the audit in the remaining offices were <u>not</u> church employees. The use of the facility by the Bethel Church is primarily on Wednesday nights, Saturdays and Sundays. The leased space

by D'Veal is not shared by the Bethel Church. In addition, the Wraparound staff has full access to the remaining offices for use at any time. Use of additional space not noted in the agreed-upon lease agreement occurs on a regular basis. D'Veal Family and Youth Services retained the services of W.B. Stimson, Inc. to conduct a Comparative Rental Assessment (see attached). The attached Assessment not only provides a comparative rent schedule, but also details the type of building construction, access to parking, pictures of the leased space, and the appropriateness of the rent per square feet given the cost of other similar facilities.

The chapel area and kitchen are not shared with the Bethel Church Monday through Friday. It is the overriding philosophy of the Los Angeles County Department of Children and Family Services to develop and partner with faith-based entities and to develop effective relationships which can address the needs of the target population. Statistical data from zip codes 91103 and 91001 and the fact that D'Veal is a community-based organization housed within the targeted population area, clearly demonstrates our efforts in securing a program site within the target population zip code. Our co-location with a faith-based group, coupled with the type of space, accessibility of parking, and negotiated rate per square foot represents a cost effective and appropriate arrangement for the Los Angeles County Department of Children and Family Services. The cost is within reason and definitely should be allowed.

The space listed as the "Chapel" area in the lease is officially designated as the F.S. Stevens Family Life Center. It does not contain any religious emblems or offensive religious materials. Please see the attached picture in the W.B. Stimson Assessment. This room is set up for the various scheduled/unscheduled weekly meeting, trainings, staff meetings, and eating area for Wraparound staff, D'Veal staff, clients, meeting with DCFS staff, and outreach efforts to the community at large. The Bethel Church is not here during the Wraparound program hours or during the week to share the space.

The kitchen area (please see attached W.B. Stimson photograph) is utilized by the Wraparound staff daily for storing their food, coffee, preparing lunch, dinner, food for various meetings and trainings. The Bethel Church, again, is not here during the Wraparound program hours.

As the Chief Executive Officer of D'Veal, the value of this rental opportunity given the space access without use and time restrictions, parking, and location within the targeted community is well within the philosophy and expectation of the Los Angeles County Department of Children and Family Services and consistent with guidelines for the use of federal program dollars. We believe that neither the cost nor the staff usage associated with this rental lease is inconsistent with what would be expected in a well-executed facilities-use agreement.

D'Veal staff did not appropriately document Wraparound Flex funds and other funds used for support of the client and not the agency. Therefore, the charges of $1,583 and $719 should be repaid.

Our recommendation and records reflect the repayment to be $2,302.

Recommendation 7: Maintain adequate supporting documentation for expenditures charged to the Wraparound Program.

D'Veal program and accounting staff will ensure supporting documentation for expenditures to the Wraparound program are maintained.

Recommendation 8: Ensure Wraparound funds are solely used for the program.

Accounting and program staff will ensure funds are solely used for the program.

Recommendation 9: Establish adequate segregation of duties over cash disbursement functions.

The accounting department staff will follow established agency accounting guidelines regarding appropriate segregation of duties as it relates to cash disbursements.

Recommendation 10: Establish the Agency's accounting policies and procedures.

Agency accounting policies and procedures have been adopted and are in place.

Recommendation 11: Require that invoices and receipts are marked "paid" to prevent duplicate payments.

All agency receipts will be stamped "paid".

Recommendation 12: Provide documentation to support the payroll cost charged to the Wraparound Program and repay the amounts not supported.

D'Veal appropriately charged for staff assigned to the Wraparound program. We have documentation to support all payroll cost and will develop the appropriate allocation method to assigned respective cost to the Wraparound program.

Recommendation 13: Ensure that the employees timecards indicate actual hours worked each day by program.

Management will address issue of developing timecards to reflect hours worked in a particular program.

Recommendation 14: Ensure that criminal record clearances are obtained for all employees assigned to work on the Wraparound Program.

All D'Veal employees are required to have a criminal record clearance. No D'Veal employee with any current/past criminal record history will be assigned to the Wraparound Program.

Recommendation 15: Repay DCFS $1,236.

We disagree with the auditor recommendation of repayment in the amount of $1,236. The Auditor-Controller recommends repayment of $1,236 to the Wraparound Program, citing inappropriate cost allocation. The D'Veal insurance cost for the Bethel site is $662.00 per year. The remaining $574.00 is allocated to Professional Malpractice Insurance for the Wraparound staff. The overall agency Professional Malpractice Insurance cost is $21,000 per year. Our allocation plan needs to be adjusted upward to reflect the real cost of the Wraparound Professional Malpractice Insurance. This cost for year one of the Wraparound program is appropriate. If denied, it would mean that the Wraparound program operated without paying for any building/liability or professional malpractice insurance.

Recommendation 16: Ensure that indirect costs are allocated in accordance with the approved Cost Allocation Plan and the County contract.

D'Veal has a written Cost Allocation Plan developed in conjunction with our Certified Public Accounting firm which complies with the County contract. D'Veal will appropriately allocate all indirect program cost.

The staff and Board of Directors of D'Veal are committed to working toward meeting the recommendations within the Report. It is our hope that the Auditor-Controller considers this response and finds it satisfactory. If necessary, our agency is prepared to appeal directly to the Department of Children and Family Services for a determination of whether D'Veal has provided appropriate value for contract funds received.

If you have any additional questions, I can be reached at (626) 794-3136.

Sincerely,

John McCall, LCSW
Chief Executive Officer

c. M.L. Smith, Comptroller
Agnes Mills, Human Resources Director
Jesse Meadows, MFTI, Program Director
Anthony Knight, D'Veal Board President

Comparative Rent Schedule

File No. 1972 2W
Case No. N/A

W. B. Stimson Inc.

Data Sheets All	Subject	Comparable # 1	Comparable # 2	Comparable # 3
Address	1972 N. Fair Oaks Ave.	1724 E. Washington Bl	1330 &1332 N. Lake Ave	1027-1037 N. Lake Ave
Proximity to Subject		1.06 miles ESE	[illegible] miles ESE	1.5 miles SE
Map Reference	535-H7	566-C1	566-A1	566-A2
Year Built	1921	1926	1924	1908
Gross Building Area	3,380 (2,380 net leased)	1,515	3,272	2,222
Number of Stories	Two	One	One	Two
Current Vacancy %	0%	0%	0%	0%
Construction Type	Concrete Block	Wood Frame	Wood Frame	Wood Frame
Construction Quality	Average	Average	Average	Average
Condition	Average	Average	Average	Average
Parking	23 Parking Spaces	11 Parking Spaces	4 Parking Spaces	18 Parking Spaces
Date of Rent Survey	02-06-08	02-06-08	02-06-08	02-06-08
Asking Rent	4,000	2,400	5,750	4,200
Lease Period	Month-to-month	Month-to-month	Month-to-month	Month-to-month
Tenant Improvement Allowance	N/A	N/A	N/A	N/A
Concessions	Rent's deferred to 9-1-07	None known	None known	None known

Analysis/Comments: Subject Comments: An interior/exterior inspection of Subject was performed on 02-06-08. Subject's measured calculated gross building area does not include space being exclusively used by the Bethel Missionary Baptist Church specifically including the sanctuary, and does include the 2 stories comprising the eastern 2/3 of the structure. Rent per sq. ft. is calculated only from Subject's net leased space of 2,380. It is noted that Subject has the use and benefit of the entire 2nd floor, including 6 offices, 2 restrooms, and utility room, but is paying for only 5 offices as 700 sq. ft. of the approx. 1,680 sq. ft. of the 2nd floor, and uses the entire underlying first floor area of 1,680 sq. ft. as well. Subject is well maintained, and is currently undergoing parking lot renovations on its east side.

	Subject	Comparable # 1	Comparable # 2	Comparable # 3
Tenant Name	D'Vest Family & Youth	Aegis Medical Systems	Multiple Tenants	Multiple Tenants
Beginning Date	05-01-06	Unknown	Unknown	Unknown
Term	Month-to-month	Month-to-month	Month-to-month	Month-to-month
Lease Type*	Modified Gross	Unknown	Unknown	Unknown
Tenant Size (SF)	2,380	1,515	3,272	2,222
Rent Per SF	$ 1.68	$ 1.58	$ 1.77	$ 1.89
Rent Concessions Adj				
Adjusted Rent Per SF	$ 1.68	$ 1.58	$ 1.77	$ 1.89
Adjustment for Market Conditions				
Adjusted Rent Per SF	$ 1.68	$ 1.58	$ 1.77	$ 1.89
Location				
Quality				
Condition				
Total Adjustment	0	0	0	0
Indicated Market Rent	$ 1.68	$ 1.58	$ 1.77	$ 1.89

*Lease Types: Gross Lease (G), Net Lease (N), Triple Net Lease (TN), Modified Gross (MG), Escalation Passthroughs (P), Sales Overage Rents (O), Common Area Maintenance (C), Renewal Options (R)

Analysis/Comments: Comparables Comments:

An exterior only inspection was performed of all Comparables. Data sources used include FARES/MLS. All data was obtained from sources considered to be reliable. However, accuracy is not guaranteed. All comparables are located in competitive tracts that are considered to be of similar design, appeal, and construction quality. Adjustments for differences in location, quality, or condition were not considered to be warranted. Adjustment for differences in parking space count for Comparable #2 appears to be warranted at first glance with it having only 4 parking spaces. However, when considering that free parking is available for Comparable #2 in a nearby city lot, parking is considered to be adequate for Comparable #2 as well as for Subject and both other Comparables. Therefore parking adjustment is not considered to be warranted. One of the tenants of Comparable #2, being an office of Century 21 Golden Realty was observed to closed out, remains occupied, and is not currently offered for lease. Other tenants of Comparable #2 include: Express Taylor, and Family Hair Cuts. Tenants of Comparable #3 are various professional office space users who are not specifically identified. There are no known vacancies in any of the Comparables.

Final Value Estimate:

All comparables have an average adjusted sales price of approximately $1.75 per sq. ft. per month. The adjusted range of comparables in round numbers is $1.58 to $1.89. Subject's contract rent is between the lower and middle areas of the range; and is below the average price. Because Subject's rent falls handily into the observed range of actual market rents, Subject's actual contract rent of $1.68 per sq. ft. is considered to be equal to the market rate as observed for similar competing properties in Subject's market area on 02-06-08, which is the date of inspection, and is the effective date of this analysis.

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W. B. Simson, Inc.
SKETCH ADDENDUM

File No 1972.2w
Case No N/A

Borrower D Veal Family and Youth Services
Property Address 1972 N. Fair Oaks Avenue
City Pasadena County Los Angeles State CA Zip Code 91103
Lender/Client D Veal Family and Youth Services Address 1972 N. Fair Oaks Avenue, Pasadena, CA 91103

Comments

AREA CALCULATIONS SUMMARY

Code	Description	Net Size	Net Totals
GBA1	First Floor	1680.0	1680.0
GBA2	Second Floor	1680.0	1680.0
Net BUILDING Area		(rounded)	3360

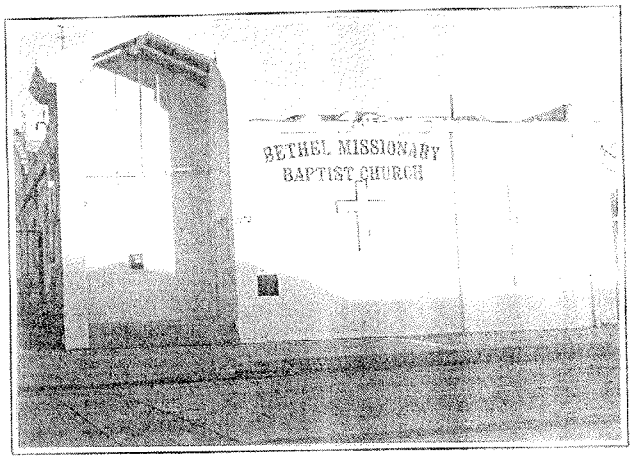
BUILDING AREA BREAKDOWN

Breakdown			Subtotals
First Floor			
35.0	x	48.0	1680.0
Second Floor			
35.0	x	48.0	1680.0
2 floors		(rounded)	3360

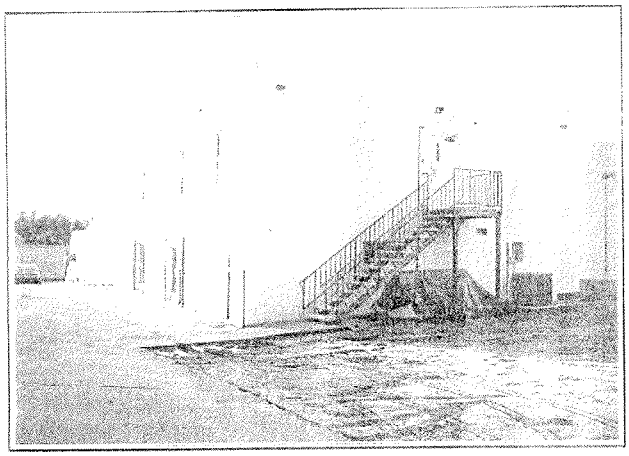
W. B. Stimson, Inc.
SUBJECT PHOTO ADDENDUM

File No. 1972.2A
Case No. N/A

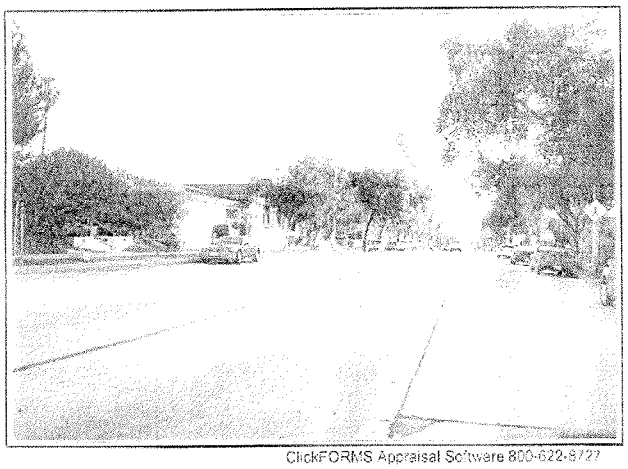
Borrower D'Vea: Family and Youth Services
Property Address 1972 N. Fair Oaks Avenue
City Pasadena County Los Angeles State CA Zip Code 91103
Lender/Client D'Vea: Family and Youth Services Address 1972 N. Fair Oaks Avenue, Pasadena, CA 91103



FRONT OF
SUBJECT PROPERTY
1972 N. Fair Oaks Avenue
Pasadena, CA 91103



REAR OF
SUBJECT PROPERTY



STREET SCENE

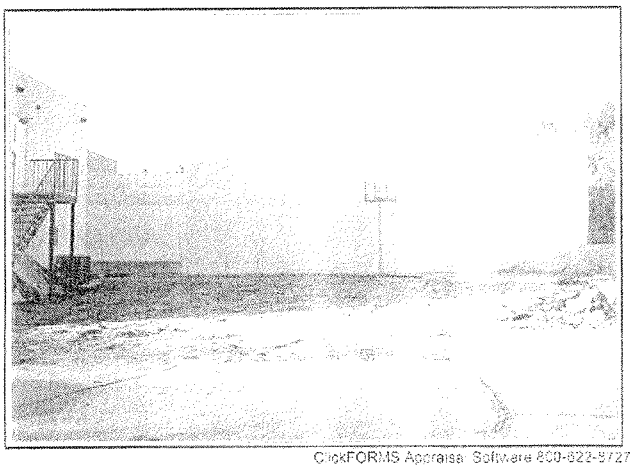
W. B. Stimson, Inc.
SUBJECT PHOTO ADDENDUM

File No. 1972.2w
Case No. N/A

Borrower D'Veal Family and Youth Services
Property Address 1972 N. Fair Oaks Avenue
City Pasadena County Los Angeles State CA Zip Code 91103
Lender/Client D'Veal Family and Youth Services Address 1972 N. Fair Oaks Avenue, Pasadena, CA 91103

Subject: South Side of Leased Facility

Subject: Parking lot of leased facility is gated/lockable.

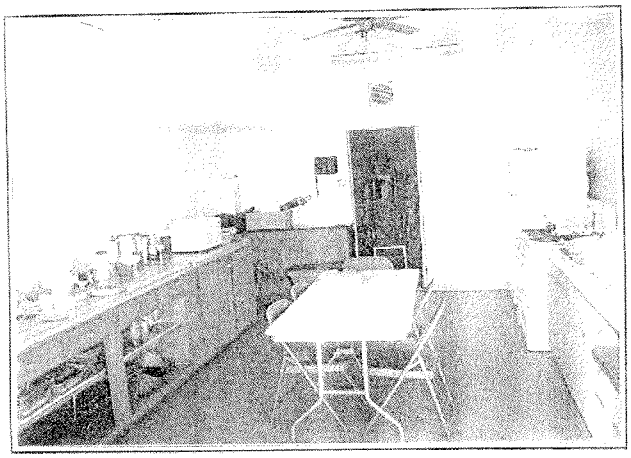


Basketball Court/Parking Lot east side are currently being removed/replaced.

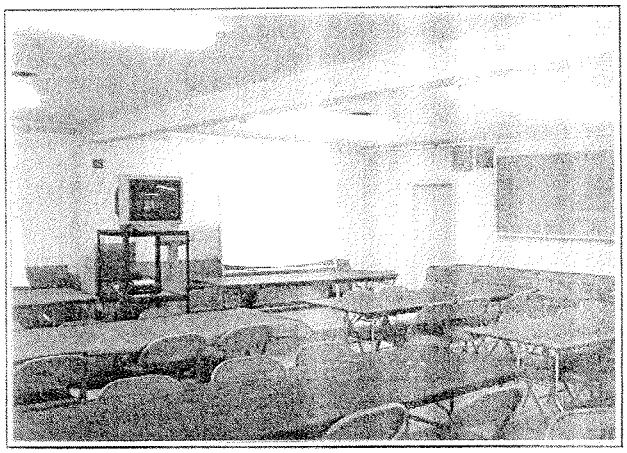
W. B. Stimson, Inc.
SUBJECT PHOTO ADDENDUM

File No. 1972.2w
Case No. N/A

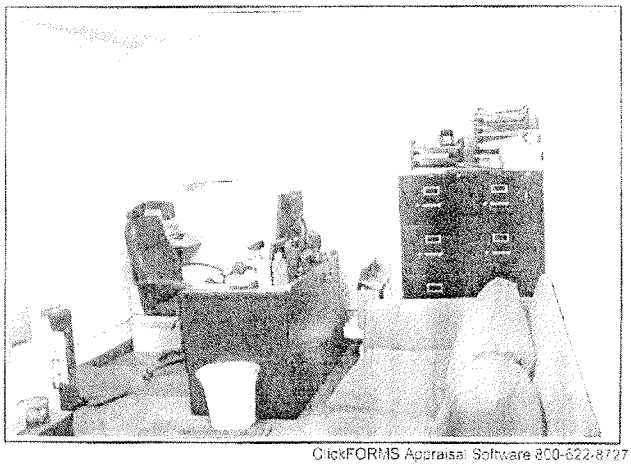
Borrower D'Veal Family and Youth Services
Property Address 1972 N. Fair Oaks Avenue
City Pasadena County Los Angeles State CA Zip Code 91103
Lender/Client D'Veal Family and Youth Services Address 1972 N. Fair Oaks Avenue, Pasadena, CA 91103



First Floor Kitchen



First Floor Meeting Room

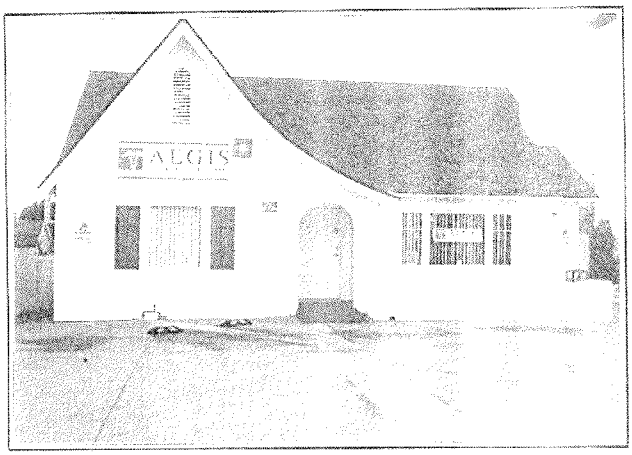


Leased Office (typical)

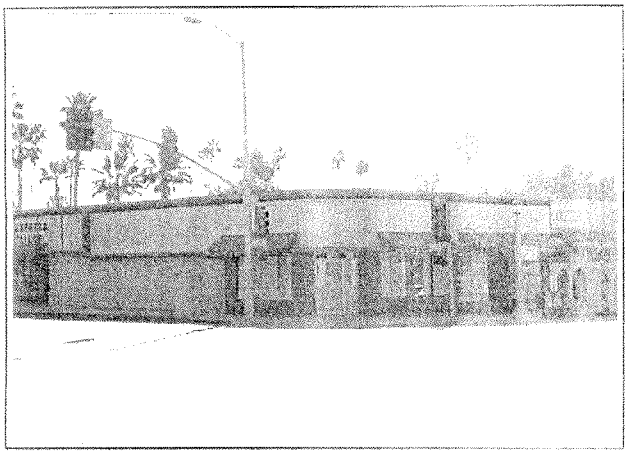
W. B. Stimson, Inc
RENTALS 1-2-3

File No. 1972.2w
Case No. N/A

Borrower: D'Veal Family and Youth Services
Property Address: 1972 N. Fair Oaks Avenue
City: Pasadena County: Los Angeles State: CA Zip Code: 91103
Lender-Client: D'Veal Family and Youth Services Address: 1972 N. Fair Oaks Avenue, Pasadena, CA 91103



COMPARABLE RENTALS # 1
1724 E. Washington Blvd
Pasadena, CA 91103



COMPARABLE RENTALS # 2
1330-1332 N. Lake Avenue &
906 E. Washington Blvd., Pasadena

COMPARABLE RENTALS # 3
1027-1037 N. Lake Avenue
Pasadena, CA 91103