Revitalizing the Central Area

Working to develop and preserve
more multifamily affordable housing and create job
opportunities in the Central Area
LETTER TO STAKEHOLDERS

The board and staff of the Central Area Development Association would like to take this opportunity to thank all of you who have maintained your support for our organization and to reflect on our accomplishments this past year, which are highlighted in this letter.

As a community-based organization, CADA will continue to focus on creating and preserving affordable and market-rate housing, commercial and retail space for small businesses and job opportunities in the Central Area.

We would like to hear your comments and ideas on how CADA can continue to serve the community. Please let us know by writing, e-mailing, or even calling us to share your thoughts.

Respectfully,

George M. Staggers
Chief Executive Officer

2004 Highlights

- Initiated pre-development activities of 17th and Jackson Project
- Completed Phase 1 of Union James Apartments renovation
- Completed the construction of Welch Plaza
- Exceeded all hiring targets for the construction of Welch Plaza
- Assisted with lease-up of over 70% of commercial space at Welch Plaza
- Successfully raised $37,500 for the Better Homes Program
- Completed six Better Homes projects
- Disbursed $13,274 in Good Neighbor improvement funds
- Received $192,500 in grants for CADA operating support
- Assisted the Central Area Senior Center with their annual clean-up and fundraising event.
- Completed the 2003 A-133 audit with no management letter.

"There are many persons ready to do what is right because in their hearts they know it is right. But they hesitate, waiting for the other person to make the first move and they, in turn, wait for you. The minute a person whose word means a great deal dares to take the open-hearted and courageous way, many others follow."

- Marian Anderson
### CENTRAL AREA DEVELOPMENT ASSOCIATION
### STATEMENT OF FINANCIAL POSITION
### AS OF DECEMBER 31, 2004

#### ASSETS
**Current Assets**
- Cash & Cash Equivalents (Note 5) | $814,469 | $709,116
- Reserve Accounts | 52,475 | 57,935
- Grants Receivable (Note 8) | 70,654 | 146,987
- Other Receivables (Note 10) | 22,506 | 35,744
- Prepaid Expenses & Other | 8,314 | 8,847
- Deposits | 14,673 | 17,479
**Total Current Assets** | **$983,091** | **$976,106**

**Investments (Note 7)** | 2,036,336 | 1,993,142
**Property & Equipment, net (Note 3)** | 3,944,903 | 3,854,583
**Unamortized Loan Costs, net of Accumulated Amortization of $2,503 in 2004 & $1,348 in 2003** | 9,048 | 10,203
**Total Assets** | **$6,973,378** | **$6,834,036**

#### LIABILITIES & NET ASSETS
**Current Liabilities**
- Accounts Payable (Note 11) | $66,626 | $77,992
- Payroll Taxes Payable | 233 | 7,029
- Benefits Payroll | 13,991 | 22,992
- Tenant Security Deposits | 14,496 | 17,107
- Prepaid Rent | 2,953 | 2,464
- Notes Payable, current portion | 35,302 | 33,191
**Total Current Liabilities** | **$133,601** | **$160,775**

**Notes Payable (Note 9)** | 3,444,656 | 3,291,749
**Total Liabilities** | **$3,578,257** | **$3,452,524**

**Net Assets**
- Unrestricted | 491,403 | 634,188
- Temporarily Restricted (Notes 2 & 6) | 2,503,718 | 2,497,324
- Permanently Restricted (Note 2) | 400,000 | 250,000
**Total Net Assets** | **3,395,121** | **3,381,512**
**Total Liabilities & Net Assets** | **$6,973,378** | **$6,834,036**

### INDEPENDENT AUDITOR'S UNQUALIFIED OPINION ON FINANCIAL STATEMENTS

We have audited the accompanying statement of financial position of Central Area Development Association as of December 31, 2004, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year ended. These financial statements are the responsibility of Central Area Development Association’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Area Development Association as of December 31, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2003, from which the summarized information was derived.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Central Area Development Association taken as a whole. The accompanying Schedule of Financial Position and Schedule of Activities as of and for the year ended December 31, 2004, on page 14 are presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Branch, Richards & Company, P.S. Certified Public Accountants, Seattle, Washington, February 18, 2005
17TH AND JACKSON

Project responds to community’s need for housing and services

CADA’s latest mixed-use project at 17th Avenue and South Jackson Street is moving forward with pre-development ground work. The 17th and Jackson project will transform an entire block that has been vacant for 30 years into apartments and retail shops. The lot, located between 17th and 18th Avenues along Jackson Street will be developed into between 45 and 50 mixed-income apartments and, possibly some town-homes, built above about 8,000 to 10,000 square feet of commercial retail space. Construction is scheduled to begin July 2006.

“We’re very excited about our 17th and Jackson project,” said George Staggers, CADA CEO. “It directly ties in with CADA’s continued revitalization efforts along Jackson Street. It represents another one of our projects that will displace blight and replenish the community with new housing.

75% of contracted firms are minority-owned or -managed with ties to the Central Area.

Employment and retail opportunities.”

The project marks CADA’s third mixed-use project near 23rd Avenue and South Jackson Street.

CADA has begun assembling the 17th and Jackson development team. The project team includes Tim Abell, project development consultant with Pacific NW Housing; Sam Cameron, project architect with Streeter & Associates; Don Mar, pre-construction consultant with Marpac Construction; Jim Yamaguchi, landscape architect with Nakano Associates; and, of course, the CADA staff.

Seventy-five percent of the contracted service firms are owned and/or managed by ethnic minorities, who have ties to the Central Area community.

On August 24, 2005, CADA held an open house at the CADA office to share its project development plans with the community and get community feedback. Attendees met some of the CADA staff and board of directors, as well as the project development team and had the chance to see preliminary plans for the project development. In turn, attendees provided CADA with some insightful ideas for the project.

The 17th and Jackson project is just one of the spurs of development activity currently happening along the Jackson Street corridor.

Pratt Fine Arts has proposed expanding their facilities by building a new state-of-the-art facility between 19th and 20th Avenues.

Fairfield Development has proposed to build 250 apartments over ground floor retail at the former Wonder Bread site, between 18th and 19th Avenues.

These exciting developments will extend the Central Area’s revitalization efforts further down Jackson Street.
UNION JAMES APARTMENTS

Apartments aid in resolving community's housing needs

The Union James Apartments have a new look! The two buildings that comprise the Union James Apartments recently underwent a substantial rehabilitation process. The most obvious change are the newly painted exteriors, but since CADA's acquisition, the Union James Apartments have received more than a good paint job.

CADA acquired the Union James Apartments to preserve affordable housing in the Central Area community. The Union James Apartments share one name, but have two different locations. The “Union” building is located on 20th and East Union Street; the “James” is located on 21st and East James Street.

These two buildings provide 24 affordable apartments to households at or below 30% of median income (earning less than $21,050 for a family of three; $13,800 for an individual).

"The buildings look fantastic. They really liven up the neighborhood; it looks much nicer. The tenants love it!"

- Bennie Walker, apartment manager

Both buildings received cosmetic and structural improvements in two phases. Phase work began in 2003 and was recently completed this past September. The rehabilitation work for the buildings included new roofs, repainting of hallways and common areas, new exterior paint, new carpeting, removal of water-damaged patios, new building windows and installation of new siding.

At the time of the building acquisitions, CADA anticipated performing deferred maintenance improvements. Through diligent work, CADA obtained approximately $421,000 from the City of Seattle's Office of Housing to make the repairs. Overall, CADA has invested nearly $445,000 to strengthen the structural and cosmetic integrity of the Union James Apartments.

The acquisition and rehabilitation of these apartments have positively impacted the building and surrounding neighborhood, while preserving quality affordable housing. The structural repairs strengthened the building’s safety, in addition to creating better curb appeal.

CADA also renewed the building’s expired contract with the Department of Housing and Urban Development (HUD), which provides tenant rent subsidies. The renewal of this contract preserved affordability at the 30% of area median income level and prevented tenant displacement from the building, enabling residents to remain in the neighborhood.

Providing affordable housing, such as the Union James, is an essential part of CADA's Central Area revitalization efforts. Households at or below 50% of the median income often have a difficult time obtaining quality affordable housing. It is especially difficult in Seattle and King County, where the median income for a family of four is $72,250.

This project exemplifies CADA's focus on revitalizing existing housing to minimize gentrification and not displace long-time Central Area residents.
WELCH PLAZA

Project's success demonstrates desirability of Central Area

Developers want to reflect on their past projects and feel a sense of accomplishment. CADA feels successful when reflecting upon Welch Plaza. Since its completion in 2004, Welch Plaza, a mixed-use project, continues to be a positive change in the Central Area community.

The three buildings that compose Welch Plaza cascade along 23rd Avenue and South Jackson Street. Lorig and Associates, a leading real estate developer co-developed the $25.8 million project with CADA. Welch was constructed as 162 apartments above 18,000 square feet of ground floor commercial space. Welch Plaza replaced a 30-year vacant lot and the vacant Welch Hardware store.

All indicators show that Welch Plaza is a thriving project. The Welch Plaza Apartments experience low vacancy. The building's population is diverse in ethnicity, income and age.

The plaza's commercial space is fully leased. Lorig Property Management, Rise 'N Shine, Quiznos, NPowers, Washington Mutual Bank and James Donaldson's Physical Therapy and Fitness Center are all first-time business leasors in the Central Area at Welch Plaza. These businesses employ approximately 60 people.

In early 2005, CADA converted one of the apartment buildings into Welch Plaza Condominiums, creating 72 homeownership opportunities. The building offers condos starting at $149,950. Currently, 65 percent are sold.

Welch Plaza reflects CADA's mission to enhance the economic vitality, affordability and livability of the Central Area community.

GOOD NEIGHBOR FUND

New facades improve look of local businesses—attracting customers

A longtime CADA program, the Good Neighbor Fund (GNF), continues to stimulate the Central Area's renaissance. Yesler Grocery recently participated in the GNF program, which provided the business with approximately $3,100 in façade improvement assistance. The neighborhood convenience store, located at 19th Avenue and East Yesler Way, transformed its storefront by installing a new door, new windows and a new awning. According to the owner, the store is attracting more customers.

This City of Seattle program gives grants to Central Area and selected Capitol Hill business and building owners to improve their storefront facades. The GNF program will provide up to $20,000 towards project material costs for exterior cosmetic improvements such as doors, signs, painting, windows and awnings.

Eight Central Area businesses have applied to participate in the program for 2005. If all eight businesses complete their projects this year, the program is projected to disburse $30,000.
BETTER HOMES
Program benefits low-income senior and disabled homeowners

Many senior and disabled homeowners living on fixed incomes find it difficult to maintain their homes because of the high cost of home repairs and physical limitations. They often postpone repairs and become caught in predicaments, living in unsafe conditions or becoming targets for unscrupulous contractors and predatory lenders that may lead them to selling or losing their home.

Fortunately, CADA’s Better Homes Program provides senior and disabled homeowners with no-cost minor home maintenance assistance.

This past summer, the Better Homes Program volunteers, along with some professionals, helped eight area residents improve the cosmetic and structural integrity of their homes.

When over 20 Home Depot volunteers descended on 40-year-resident Mrs. Kennedy’s home to do yard maintenance, paint the interior walls and install a new bathroom floor, she shrieked, "I am so excited. I can’t believe it. I just had to call my friend to tell her what is going on!"

Volunteers from the Pacific Northwest Bankers Association brought Ms. Johnson, a disabled 20-year resident, to tears as they cleaned her yard removing unwanted items and cutting back blackberry bushes that consumed her backyard.

CADA’s ongoing assistance through this program enables seniors and disabled homeowners to stay in the community, restores pride in their homeownership and reminds them they are valued community members.

CADA co-hosts annual Pacific District Executive Conference

In July, CADA and HomeSight proudly co-hosted the 2005 Pacific District Executive Conference for NeighborWorks® America. The conference was jointly held at Washington Mutual’s Cedar Brook Conference Center and the Central Area Senior Center.

Over 35 community-based organization executives from Alaska, California, Hawaii and Oregon participated. Attendees joined CADA’s Chief Executive Officer George Staggers and HomeSight’s Executive Director Tony To to discuss what works in community-based development. In addition to insightful discussions, conference attendees toured CADA and HomeSight developments.

All of the executives were from member organizations of NeighborWorks® America (NWA). NWA is a national nonprofit organization that provides financial support, technical assistance and educational training for community-based organizations.

NeighborWorks® America is comprised of 235 community-based organizations networked across the country. It is a major funding source for organizations such as CADA and HomeSight. CADA has been a member of NWA since 2001.

Home Depot volunteers participated in a Better Homes project for NeighborWorks Week this past summer. They weeded, did general yardwork and painted several interior rooms to the delight of the homeowner.
Thank you

Many thanks to our generous investors

City of Seattle, Office of Economic Development
City of Seattle, Office of Housing
Impact Capital
Key Bank
Microsoft
Neighborworks® America
Safeco Foundation
Seattle Foundation
Washington Mutual

We couldn't do it without our dedicated volunteers

Home Depot • Key Bank • Pacific Northwest Urban Bankers Association

CADA staffer wins national award

The Local Initiatives Support Corporation (LISC) presented CADA's Tricia Baran with a “CFO All Star” award. This national award recognizes Chief Financial Officers and Financial Managers who are at the top of their game. Tricia accepted her award this past July in Chicago, Illinois.

LISC, a national financial resource for nonprofit community development corporations, received nominations from executive directors across the nation in support of their staff. All nominee selections were based on detailed categories of criteria. Tricia was among four selected winners. Congratulations Tricia!