

Agenda

MEETING OF THE SAN MARCOS COMMUNITY FOUNDATION

TUESDAY, DECEMBER 16, 2014 – 6:00 P.M.

SPECIAL SAN MARCOS COMMUNITY FOUNDATION BOARD MEETING
VALLEY OF DISCOVERY ROOM/1 CIVIC CENTER DRIVE, SAN MARCOS, CA 92069

Cell Phones: As a courtesy to others, please silence your cell phone or pager during the meeting and engage in conversations outside the Council Chambers.

Americans with Disabilities Act: If you need special assistance to participate in this meeting, please contact the Board Secretary at (760) 744-1050, ext. 3121. Notification 48 hours in advance will enable the City to make reasonable arrangements to ensure accessibility to this meeting. Assisted listening devices are available for the hearing impaired. Please see the Board Secretary if you wish to use this device.

Public Comment: If you wish to address the Board on any agenda item, please complete a "Request to Speak" form. Forms are located at the rear of the Council Chambers. Be sure to indicate which item number you wish to address. Comments are limited to FIVE minutes.

The Oral Communication segment of the agenda is for the purpose of allowing the public to address the Board on any matter NOT listed on the agenda. The Board is prohibited by state law from taking action on items NOT listed on the Agenda. However, they may refer the matter to staff for a future report and recommendation. If you wish to speak under "Oral Communications," please complete a "Request to Speak" form as noted above.

Agendas: Agenda packets are available for public inspection 72 hours prior to scheduled meetings at the Administration Department located on the second floor of City Hall, 1 Civic Center Drive, San Marcos, during normal business hours.

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

NEW BUSINESS

1. **GRANT APPLICATION PROPOSAL** Consider one (1) Regular Grant proposal by non-profit organizations requesting funds from the Foundation.

(A) **TRI-CITY HOSPITAL FOUNDATION** – Request for funding in the amount of \$6,250 for their Lung Cancer Screening Program, assessing and referring 25 high risk individuals who reside in San Marcos to screening with low-dose computed tomography (LDCT).

Recommendation: CONSIDER/APPROVE

2. **ORAL COMMUNICATIONS** Speakers are limited to five minutes. Please complete a "Request to Speak" form and place in basket provided. According to Board policy, FIFTEEN minutes has been established during this portion of the Agenda to allow citizens to speak on any matter NOT listed. The Board is prohibited by state law from taking action on items NOT listed on the Agenda. However they may refer the matter for a future report and recommendations.

3. RECEPTION

ITEMS FOR THE GOOD OF THE ORDER

4. MISCELLANEOUS

5. ADJOURNMENT

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) ss.
CITY OF SAN MARCOS)

AFFIDAVIT OF POSTING

I, Wendy Kaserman, hereby certify that I caused the posting of this Agenda on the bulletin board located at the north entrance to City Hall on Friday, December 12, 2014, at 5:00 pm.

DATE: Friday, December 12, 2014

Wendy Kaserman, Recording Secretary - SMCF

SAN MARCOS COMMUNITY FOUNDATION

Fall Quarter 2014- Funding Recommendation Worksheet

Asset Balance on 6/30/2014: \$1,300,541.17

San Marcos- Now and Forever Funds for Current Grantmaking FY 2014-2015: \$1,645

Available for Distribution for FY14-15: \$53,667 - \$66,672

Awarding Grants at 4% of Assets Available=\$53,667

Awarding Grants at 5% of Assets Available=\$66,672

Total FY14-15 Distributions Year to Date= \$20,668

Target distribution for each quarter to evenly distribute funds across all quarters:

Awarding Grants at 4% of Assets Available=\$13,417

Awarding Grants at 5% of Assets Available=\$16,668

Funds Remaining for the Fall Quarter at 4% Level=\$9,417

Funds Remaining for the Fall Quarter at 5% Level= \$12,668

Applicant	Grant Type	Summary of Request	Requested	GFC Recommended Funding
Tri-City Hospital Foundation	Regular	To assist with costs of the Lung Cancer Screening Program, assessing and referring 25 high risk individuals who reside in San Marcos to screening with low-dose computed tomography (LDCT). Serves 25 San Marcos residents.	\$6,250	\$4,500
Bayshore Preparatory Charter School	Regular	To purchase science materials to fulfill student requirements for hands-on science learning.	\$9,590.22	\$4,500

		Serves 54 San Marcos residents.		
Meals-On-Wheels Greater San Diego, Inc.	Regular	To help subsidize the cost of rent at its North County Service Center located at 930 Boardwalk Street, Unit C, San Marcos, CA 92078. Serves 152 San Marcos residents.	\$8,000	\$2,000
San Marcos High School Music Boosters	Regular	To assist with the costs of providing transportation to music students. Serves over 690 San Marcos residents.	\$10,000	\$1,000
American Red Cross	Regular	To assist with the costs of Prepare San Diego: Youth Outreach, a youth preparedness education program. Serves 4,050 San Marcos residents.	\$7,500	\$0
			Total Grants Requested: \$41,340.22	\$12,000



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

XX

(Choose one) MINI-GRANT (Choose one) XX REGULAR GRANT

Project Name: Lung Cancer Screening for People at High Risk Date Submitted:	Total # of people served: 100 Total # of San Marcos residents served: 25	Amount Requested: \$6,250
Non-Profit Organization Name and Address, Website Tri-City Hospital Foundation 4002 Vista Way Oceanside, CA 92056 www.tricitymed.org		Contact Person – Name, Title & Phone, email Glen W. Newhart, CFRE Executive Director, Vice President of Development (760) 940-3520 newhartgw@tcmc.com

Briefly describe your request for funds (to be expanded upon in narrative for regular grant):

Tri-City Hospital Foundation exists to support the initiatives and equipment acquisition of Tri-City Medical Center. Tri-City Medical Center (TCMC) will offer the Lung Cancer Screening Program assessing and referring high risk individuals who reside in San Marcos to screening with low-dose computed tomography (LDCT), the only recommended screening test for the disease. The service goal is to screen 25 people at high risk for lung cancer. The purpose of using LDCT during this pilot program is to increase incidence of early stage lung cancer diagnosis among high risk individuals to decrease morbidity, mortality and costs associated with late stage diagnosis. Early detection is a proven, successful strategy for fighting many forms of cancer. At a patient visit, the Registered Nurse, Medical Assistant, Health Educator, Medical Doctor (RN, MA, HE, MD) delivers the 3-question Lung Cancer Assessment tool. Education and counseling follows delivery of the assessment tool. Patients identified as high risk will be referred for LDCT.

Cost per patient per LDCT is \$250 to provide this life-saving screening and is provided at no cost to patients with few other resources. Patients identified at high risk of lung cancer will be screened which decreases cost and radiation exposure to individuals through deployment of this screening tool. In addition to the three-question assessment tool, a Flow Chart has been developed using clinical risk factors for developing lung cancer to further hone in on patients who may be at higher risk of disease and who should be monitored annually. The clinical pathway for referring to LDCT has been developed and guides the radiologic technician and radiologist through the process. The program goal is to find the lung cancers while they are still Stage I or Stage II which are more treatable and result in increased life expectancy than those lung cancers diagnosed at Stage III or Stage IV. In this pilot of the program, approximately 25 patients assessed as high risk will receive referral to TCMC Radiology for follow up LDCT imaging under this funding.

Briefly describe the significance of your request to the San Marcos community:

Significance to the San Marcos community is threefold: saving lives, saving healthcare costs, and saving productive years. For each individual screened, a measure of peace emerges because they now understand they are high risk, and know whether or not there is disease present. People can then integrate the knowledge and make lifestyle changes, or be aware that because of their lifestyle choices, they remain at high-risk and must be screened annually. Benefit to the community is decreased advanced stage disease; decreased loss in productive years, and potentially, if lifestyle changes are adopted, decreased risk of lung cancer among community members.

Please attach the following items.

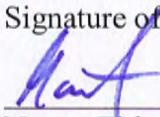
Both Mini-Grant & Regular:

1. Budget for request (use SMCF Budget Worksheet)
2. Annual Operating budget for the organization or unit
3. Federal & State Tax ID numbers
4. Board of Directors listing with affiliations
5. **Regular Grants Only:**
 - a. 1-2 page narrative
 - b. First 2 pages of Federal 990
 - c. Most recent year-end Statement or Audit including any management letters associated with Audit.
 - d. Signature of President or Authorized Officer on Application
 - e. Optional: letters of support

Expected date project will begin/end: 12/1/2014

Date by which funds will be expended: 11/30/2015

Signature of President or Authorized Officer



9/4/2014

Name, Title

Mark Newland, Executive Dir

Date

Submit Via Mail, In Person or Via Email to:

San Marcos Community Foundation

c/o City of San Marcos

1 Civic Center Drive

San Marcos, CA 92069

Email (PDF Format): wkaserman@san-marcos.net

September 1, 2014

San Marcos Community Foundation
Ms. Wendy Kaserman
1 Civic Center Drive
San Marcos, CA 92069

Dear Ms. Kaserman,

The Tri-City Health Foundation invites your partnership in delivering Low Dose Computed Tomography Screening for patients at high risk of lung cancer. Your commitment to the health and welfare of vulnerable people in San Marcos is mirrored by the Tri-City Medical Center's 50-year commitment to that same mission. We look to you as a leader across North County, and invite a partnership gift to launch this program in the amount of \$6,250 to assess and screen 25 San Marcos residents at high risk of lung cancer. The leading cause of cancer death in the United States, lung cancer decimates the lives of individuals, their families, and the wider community through lost productivity, lost economic contribution, and lost lives. We are committed to identifying the disease early and decreasing those individual and societal impacts through proactive measures.

About Tri-City

Celebrating its 50th year of services to the North Regions of San Diego County, Tri-City Hospital Foundation (TCHF) raises funds to support healthcare delivery and equipment purchase at the Tri-City Medical Center (TCMC). At Tri-City, we embrace an advanced approach to health. We're a quick step ahead with innovative robotic surgery, stroke care, orthopedic, maternity care and wellness support options to meet all of the community's healthcare needs. TCMC is a Gold Seal-approved full service, acute-care hospital with two advanced institutes and over 500 physicians practicing in 60 specialties making 142,350 patient encounters annually, with *service to 1,372 San Marcos residents*. TCMC has become the County's leader in robotic and minimally invasive surgical technologies, including being the exclusive county-wide provider for the Mazor Renaissance Surgical Guidance System for surgical repair of spinal deformities, injuries and rehabilitation. TCMC is also a nationwide destination for hip preservation surgery.

Proposed Program

Tri-City Medical Center (TCMC) will offer the Lung Cancer Screening Program assessing and referring high risk individuals to screening with low-dose computed tomography (LDCT), the only recommended screening test for the disease. The pilot project goal is to assess and screen a total of 100 individuals at high risk of lung cancer, 25 of whom are to be San Marcos residents at high risk for lung cancer. The purpose of using LDCT during this pilot program is to increase incidence of early stage lung cancer diagnosis among high risk individuals to decrease morbidity, mortality and costs associated with late stage diagnosis. Early detection is a proven, successful strategy for fighting many forms of cancer. At a patient visit, the Registered Nurse, Medical Assistant, Health Educator, Medical Doctor (RN, MA, HE, MD) delivers the 3-question Lung Cancer Assessment tool. Education and counseling follows delivery of the assessment tool. Patients identified as high risk will be referred for LDCT.

Cost per patient per LDCT is \$250 to provide this life-saving screening and is provided at no cost to patients with few other resources. Patients identified at high risk of lung cancer will be screened using LDCT which decreases cost and radiation exposure to individuals through deployment of this screening

tool. In addition to the three-question assessment tool, a Flow Chart has been developed using clinical risk factors for developing lung cancer to further hone in on patients who may be at higher risk of disease and who should be monitored annually. The clinical pathway for referring to LDCT has been developed and guides the radiologic technician and radiologist through the process. The program goal is to find the lung cancers while they are still Stage I or Stage II which are more treatable and result in increased life expectancy than those lung cancers diagnosed at Stage III or Stage IV. In this first year of the program, approximately 100 patients assessed as high risk will receive referral to TCMC Radiology for follow up LDCT imaging. Under this funding, 25 high risk San Marcos residents will be assessed and screened.

Lung Cancer and the Tri-City Patient

Early detection of lung cancer is associated with better survival rates. Early identification of lung cancer means it can be removed and/or treated with much better outcomes than late stage diagnosis (when a patient is symptomatic). One study cited by the American Cancer Society noted a 70% increased likelihood of survival over five years if lung cancer is detected in stage I or II. This is our target zone—early detection and intervention using a low impact test with great specificity.

The National Cancer Data Base (NCDB, 2013) identified Tri-City Medical Center (TCMC) as above the curve in the State of California with 32% of lung cancers detected between 2000 and 2011 as Stage I or II (NCDB, 2013). At TCMC we know we can improve: the remaining 68% of TCMC patients diagnosed during that period were diagnosed with Stage III or Stage IV lung cancer (2013). Low-dose computed tomography (LDCT) decreases late stage diagnosis by 20% (NCCN, 2011) and significantly reduces mortality from lung cancer (NLST, 2013).

The Tri-City service area includes the cities of Carlsbad, Oceanside, and Vista and parts of San Marcos with a total population of 380,843 people (SANDAG, 2014). Tri-City Medical Center serves 38% of those residents or 142,350 cases (TCMC Census, 2013). Dwyer-Lindgren (2014) charted 12% of males and 15% of females in San Diego County smoke cigarettes, the major risk factor for non-small cell lung cancer for an average of 13.5% of residents. Applying that estimate to the populations of the three cities TCMC serves identifies 50,336 people at high risk in the TCMC service area (absent inclusion of other lung cancer risks). Smoking contributes to 80% and 90 % of lung cancer deaths in women and men, respectively. Although ongoing patient education regarding smoking cessation is offered at every visit, if providers cannot change the behavior we can deploy the most effective methods of surveillance to preserve health.

The Tri-City service area population is aging. Advancing age increases risk of lung cancer: in 2010, 82% of those living with lung cancer were 60 years of age or older (NIH, 2011). For all cancers, Blacks have the highest cancer incidence rates: 60% more likely to develop cancer than are Hispanics and Asian/Pacific Islanders and more than twice as likely to develop cancer as American Indians (ACS, 2014). Although African-Americans represent the lowest percentage of the population in the service area (2.6%), their cancer incidence is overrepresented.

Of note is the high numbers of people who qualify for public insurance served at the Tri-City Hospital: 71,151 of 142,350 cases are publicly insured. We are North County's largest safety net hospital, an accountable care organization, serving as the hospital of choice for a large number of the Carlsbad, Oceanside, San Marcos and Vista population who receive Medicare, Medicaid or County Medical Services.

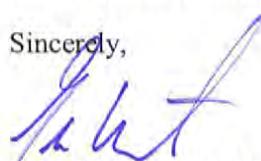
Impact

Impact is seen in saving lives and decreasing healthcare costs. Cipriano, et al. (2011) reported for a 72-year old diagnosed with lung cancer in 2000, the first six months after diagnosis costs range from \$60,000 to \$99,714 for Stage I or Stage II Lung Cancer (exclusive of surgery). For Stage III or IV disease, costs increase to 134% of these figures. When considering ongoing supportive care beyond active treatment, care in the continuing phase for early diseases \$1,996 to \$7,758 as compared to Stage III or Stage IV disease costs in the continuing phase of 139% to 216% of these figures. Again, with late stage disease, the costs of care in the last month of a patient's life were \$14,987 for death from lung cancer and \$19,173 for death from cardiac cause (2011).

All told, because non-small cell lung cancer caught early and treated have better 5-year survival rates: 49% survive five years with Stage I disease, 31% survive Stage II disease - as opposed to 14% for Stage III and 1% for Stage IV (ACS, 2014). The savings in life-years and healthcare costs accrue for each person diagnosed at Stage I or II rather than late stage diagnosis. Healthcare cost is an important factor – yet those human impacts that really matter: lost productivity, pain and suffering, requirements for a family caregiver take incremental tolls on the individual and his or her family. Our goal is to identify high risk people; provide education and counseling; screen; and, when identified, treat to prevent disease progression. Our goal is to save lives while improving quality of life.

Thank you for your commitment to the health of vulnerable populations. Thank you for your consideration of this partnership proposal.

Sincerely,



Glen W. Newhart, CFRE
Executive Director, VP of Development

SAN MARCOS COMMUNITY FOUNDATION

Budget Worksheet

Provide an itemized list of expenses for this project:
(example – 72 bicycle helmets at \$7.80 each including tax = \$561.60)

Total budget for this PROJECT: \$ 25,000

Grant Request Amount: \$ 6,250
(Mini-grants not to exceed \$1,500, Regular grants not to exceed \$10,000.)

Is this a challenge grant? No Could it be? No

Please list any other funding sources for this project.

**Indicate if funds are committed (C), conditional (CD), or pending (P).

\$ 10,000 (Genentech) ** (P)
\$ 5,000 (Norris Foundation) ** (P)
\$ _____ (Name of source) **
\$ _____ (Name of source) **

TRI-CITY HOSPITAL FOUNDATION
 BUDGET for the fiscal year ending 6/30/2015

	FY 2015	
	Budget	
REVENUE AND OTHER SUPPORT		
Contributions and grants	655,000	
Donated services and facilities	693,859	
Special event revenue	765,000	
TOTAL REVENUE AND OTHER SUPPORT	2,113,859	
EXPENSES		
Program Services		
Grants	1,000,000	
Scholarships	5,000	
Education and training	18,444	
Other programs	5,324	
Total Program Expenses	1,028,768	
Supporting Services		
Special Events	294,000	
Total Supporting Services	294,000	
Management and general		
Advertising	64,635	
Depreciation	1,970	
Dues & subscriptions	3,893	
Education and travel	11,767	
Insurance	8,300	
Legal and professional (audit)	25,000	
Miscellaneous	42,372	
Office space	68,836	
Operating salaries	329,934	
Outside services	99,568	
Printing and postage	26,162	
Supplies	28,205	
Other fees and disbursements	80,259	
Total Management and general	790,901	
TOTAL EXPENSES	2,113,669	
CHANGE IN NET ASSETS		190

Internal Revenue Service

Department of the Treasury

P. O. Box 2508
Cincinnati, OH 45201

Date: March 7, 2000

Tri - City Hospital Foundation
4002 Vista Way
Oceanside, CA 92056

Person to Contact:
Michael Fisher 31-03591
Customer Service Specialist
Toll Free Telephone Number:
8:00 A.M. to 9:30 P.M. EST
877-829-5500
Fax Number:
513-263-3756
Federal Identification Number:
95-6131483

Dear Sir or Madam:

This letter is in response to your request for a copy of your organization's determination letter. This letter will take the place of the copy you requested.

Our records indicate that a determination letter issued in April 1964 granted your organization exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. That letter is still in effect.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section 509(a)(2).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000, when a return is filed late; unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Tri - City Hospital Foundation
95-6131483

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

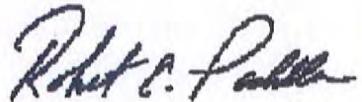
The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. You are also required to make available for public inspection a copy of your organization's exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of \$20 a day for each day you do not make these documents available for public inspection (up to a maximum of \$10,000 in the case of an annual return).

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms your organization's exempt status.

Sincerely,



Robert C. Padilla
Manager, Customer Service



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO BOX 1286
RANCHO CORDOVA CA 95741-1286

In reply refer to: 72514clr
Date: August 12, 2002

Tri-City Hospital Foundation

4002 Vista Way

Oceanside, CA 92056

Attn: Judy

LETTER OF GOOD STANDING FOR AN EXEMPT ORGANIZATION

ORGANIZATION NAME

Tri-City Hospital Foundation

CORPORATE NUMBER

0479255

STATUS DATE

10/13/1964

This organization is currently exempt from tax under Revenue and Taxation Code Section 23701D and is currently in good standing with the California Franchise Tax Board.

Please contact us again if we can be of any further assistance.

ASSISTANCE

Telephone assistance is available from 7 a.m. until 8 p.m. Monday through Friday and from 7 a.m. until 4 p.m. on Saturdays. From the first working day in January through the due date for filing a tax return (generally April 15), service is available from 6 a.m. until midnight, Monday through Friday and from 7 a.m. until 4 p.m. on Saturdays and holidays. We may modify these hours without notice to meet operational needs.

From within the United States, call (800) 852-5711
From outside the United States, call (not toll-free) (916) 845-8500

Website at: www.ftb.ca.gov

Assistance for persons with disabilities: We comply with the Americans with Disabilities Act. Persons with hearing or speech impairments, call from voice phone (800) 735-2922, or from TTY/TDD (800) 822-6268.



Committed to Community, Committed to You

Executive Committee

Kevin Stotmeister, Chairman

*President/CEO
Federal Health Sign Co.*

Tory Walker, Treasurer

*President
Tory R. Walker Engineering Inc.*

Phil Soule, Development Chair

*Principal
NTD Healthcare - A Member of Cunningham Group*

Neal J. Stehly, Secretary

*Executive Vice President, Benefits Division
Marrs Maddocks + Associates*

Julie Wright, Communications Chair

*President
(W)right On Communications*

Stan Prowse, Governance Chair

*Attorney At Law
The Law Office of Stanley D. Prowse*

Board Members

Sandee Carter

Retired Teacher and Community Leader

Gene Ma, MD

*Emergency Physician
Tri-City Emergency Medical Group*

Mehdi Chitgari

Owner, Classic Chariots

Jef (James) Farrell

*Vice President and Operations Manager
Swinerton Builders*

Jennifer Paroly

Community Leader

William P. "Bill" Morrow

*California State Senate, Ret.
The Morrow Law Firm*

John Todd

US Marines, Retired

Rita Geldert (LOA)

*Retired City Manager
City of Vista*

Emeritus Members

Robert H. Carter

*Retired, CPA
Community Leader*

Vicki Monahan

*Retired, Banker
Community Leader*

"Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)

► The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

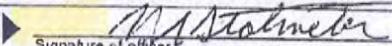
2012

Open to Public
Inspection

A For the 2012 calendar year, or tax year beginning 7/01		, 2012, and ending 6/30		, 2013	
B Check if applicable:		C		D Employer identification number 95-6131483	
<input type="checkbox"/> Address change		TRI-CITY HOSPITAL FOUNDATION 4002 VISTA WAY OCEANSIDE, CA 92056		E Telephone number (760) 940-3598	
<input type="checkbox"/> Name change		F Name and address of principal officer: Kevin Stotmeister Same As C Above		G Gross receipts \$ 2,142,072.	
<input type="checkbox"/> Initial return		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
<input type="checkbox"/> Terminated		H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If 'No,' attach a list. (see instructions)			
<input type="checkbox"/> Amended return		H(c) Group exemption number ►			
<input type="checkbox"/> Application pending		I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		J Website: ► www.tricityhospitalfoundation.org	
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►		L Year of formation: 1964		M State of legal domicile: CA	
Part I Summary					
1 Briefly describe the organization's mission or most significant activities: <u>Tri-City Hospital Foundation brings together the community to engage donors to support Tri-City Medical Center.</u>					
2 Check this box ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.					
3 Number of voting members of the governing body (Part VI, line 1a)..... 3 20					
4 Number of independent voting members of the governing body (Part VI, line 1b)..... 4 20					
5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)..... 5 0					
6 Total number of volunteers (estimate if necessary)..... 6 75					
7a Total unrelated business revenue from Part VIII, column (C), line 12. 7a 0.					
b Net unrelated business taxable income from Form 990-T, line 34. 7b 0.					
8 Contributions and grants (Part VIII, line 1h). Prior Year 468,296. Current Year 1,083,719.					
9 Program service revenue (Part VIII, line 2g). -15,688. 83,442.					
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d). 242,202. -78,016.					
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e). 694,810. 1,089,145.					
12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12). 1,906,063. 1,191,622.					
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3). 194,490. 122,314.					
14 Benefits paid to or for members (Part IX, column (A), line 4). 2,100,553. 1,313,936.					
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10). -1,405,743. -224,791.					
16a Professional fundraising fees (Part IX, column (A), line 11e). b Total fundraising expenses (Part IX, column (D), line 25) ►					
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e). Beginning of Current Year 4,071,389. End of Year 4,037,531.					
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25). 6,650. 0.					
19 Revenue less expenses. Subtract line 18 from line 12. 4,064,739. 4,037,531.					
20 Total assets (Part X, line 16). 21 Total liabilities (Part X, line 26). 22 Net assets or fund balances. Subtract line 21 from line 20.					

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	► 	Signature of officer	5/2/2014		
	► Kevin Stotmeister	Type or print name and title	Chairman		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Keith R. Griffiths, CPA	Keith R. Griffiths, CPA	5/2/14		P00012373
	Firm's name	► Griffiths & Assoc, CPAs, APC			
	Firm's address	► 931 Anza Avenue, Suite A Vista, CA 92084		Firm's EIN ► 33-0914930	

May the IRS discuss this return with the preparer shown above? (see instructions)

BAA For Paperwork Reduction Act Notice, see the separate instructions.

TEEA0113L 12/18/12

Form 990 (2012)

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response to any question in this Part III. 1 Briefly describe the organization's mission:

Tri-City Hospital Foundation brings together the community to engage donors to support Tri-City Medical Center.

2 Did the organization undertake any significant program services during the year which were not listed on the priorForm 990 or 990-EZ? Yes No

If 'Yes,' describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If 'Yes,' describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: _____) (Expenses \$ 1,191,622, including grants of \$ _____) (Revenue \$ _____)

Grants and allocations are for the purpose of reimbursing purchases of new medical equipment, establishing new medical programs, renovating medical facilities, training and updating the education of TCHD staff and employees and aiding in educating the general public.

4b (Code: _____) (Expenses \$ _____, including grants of \$ _____) (Revenue \$ _____)

4c (Code: _____) (Expenses \$ _____, including grants of \$ _____) (Revenue \$ _____)

4d Other program services. (Describe in Schedule O.)

(Expenses \$ _____, including grants of \$ _____) (Revenue \$ _____)

4e Total program service expenses ► 1,191,622

AUDITED FINANCIAL STATEMENTS

June 30, 2013

TRI-CITY HOSPITAL FOUNDATION

4002 VISTA WAY

OCEANSIDE, CA 92056

GRIFFITHS AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
931 ANZA AVENUE, SUITE A
VISTA, CALIFORNIA 92084

Griffiths & Associates
Certified Public Accountants
A Professional Corporation
931 Anza Avenue, Suite A Vista, CA 92084
(760)940-8297 Fax (760)940-0250

INDEPENDENT AUDITOR'S REPORT

June 3, 2014

To the Board of Directors of
Tri City Hospital Foundation

We have audited the accompanying statements of financial position of Tri City Hospital Foundation (a nonprofit organization) as of June 30, 2013 and 2012, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tri City Hospital Foundation as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Griffiths & Associates

**TRI-CITY HOSPITAL FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30,**

	ASSETS	
	2013	2012
Current Assets:		
Cash and cash equivalents	\$ 321,881	\$ 470,681
Other current receivables	484,547	0
Pledges receivable	41,697	18,995
	848,125	489,676
Total Current Assets	848,125	489,676
Other Assets:		
Investments	2,203,021	2,515,065
Pledges receivable - long term	156,507	206,530
Investment in LLC	8,910	6,000
Split-Interest contributions receivable	820,968	854,118
	3,189,406	3,581,713
Total Other Assets	3,189,406	3,581,713
Total Assets	<u><u>\$ 4,037,531</u></u>	<u><u>\$ 4,071,389</u></u>

LIABILITIES AND NET ASSETS

	2013	2012
Liabilities:		
Deferred revenue	\$ 0	\$ 6,650
Total Liabilities	<u><u>0</u></u>	<u><u>6,650</u></u>
Net Assets:		
Unrestricted	1,179,316	548,247
Temporarily restricted	2,167,487	2,397,532
Permanently restricted	690,728	1,118,960
	4,037,531	4,064,739
Total Net Assets	<u><u>4,037,531</u></u>	<u><u>4,064,739</u></u>
Total Liabilities and Net Assets	<u><u>\$ 4,037,531</u></u>	<u><u>\$ 4,071,389</u></u>

See Accompanying Notes to the Financial Statements.

TRICITY HOSPITAL FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2013			2012		
	Unre- stricted	Temporarily Restricted	Perma- nently Restricted	Unre- stricted	Temporarily Restricted	Perma- nently Restricted
REVENUE, GAINS AND OTHER SUPPORT						
Contributions and grants	\$ 423,272	226,368	\$ 0	\$ 649,640	\$ 105,709	\$ 362,387
Donated services and facilities	852,494	0	0	852,494	1,106,447	0
Investment return (losses)	17,529	170,414	90,175	278,118	4,481	(5,204)
Limited liability company (LLC) income	2,910	0	0	2,910		
Special event revenue	551,723	206,450	0	758,173	537,676	61,578
Change in value of split-interest agreement	0	(19,178)	0	(19,178)	0	(84,308)
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	1,847,928	584,054	90,175	2,522,157	1,754,313	334,653
EXPENSES						
Program Services	504,203	663,451	0	1,167,654	1,193,728	667,136
Grants	0	165	0	165	0	1,643
Scholarships	0	15,092	0	15,092	0	32,828
Education and training	0	8,713	0	8,713	0	10,529
Other programs	504,203	687,421	0	1,191,624	1,193,728	667,136
Total Program Expenses	255,379	127,553	0	382,932	225,314	47,430
Supporting Services	255,379	127,553	0	382,932	225,314	47,430
Special events						
Total Supporting Expenses						
Management and general	64,635	0	0	64,635	68,542	0
Advertising	2,200	42,920	0	45,120	4,698	24,843
Bad debts	31,059	0	0	31,059	31,315	0
Banking and investment fees	7,020	0	0	7,020	93,976	0
Capital campaign	1,281	0	0	1,281	124	0
Depreciation	0	0	0	0	5,817	0
Dues and subscriptions	4,107	0	0	4,107	1,375	0
Education and travel	2,051	0	0	2,051	2,051	0
Insurance	9,150	0	0	9,150	9,523	0
Legal and professional	42,372	0	0	42,372	67,659	0
Miscellaneous	68,836	0	0	68,836	68,836	0
Office space	389,826	0	0	389,626	366,729	0
Operating salaries	85,626	0	0	85,626	107,825	0
Outside services	5,225	0	0	5,225	62,277	0
Printing and postage	21,513	0	0	21,513	39,716	0
Supplies and other	197,188	0	0	197,188	345,659	0
Other fees and disbursements	931,889	42,920	0	974,809	1,276,932	24,843
Total Management and General	1,691,471	857,894	0	2,549,365	2,695,135	784,609
TOTAL EXPENSES	1,691,471	(273,840)	90,175	(27,203)	(940,822)	(449,956)
CHANGE IN NET ASSETS	156,457					
TRANSFER TO/FROM FUND	474,612	43,795	(\$18,407)	0	27,570	20,156
NET ASSETS, BEGINNING OF YEAR	548,247	2,397,532	1,118,860	4,064,739	1,461,499	2,827,332
NET ASSETS, END OF YEAR	\$ 1,179,316	\$ 2,167,487	\$ 690,728	\$ 4,037,531	\$ 548,247	\$ 2,397,532

See Accompanying Notes to the Financial Statements

**TRI-CITY HOSPITAL FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in net assets	\$ (27,207)	\$ (1,410,110)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Realized (gains) losses on investments	(5,899)	83,003
Unrealized (gains) losses on investments	(197,585)	4,367
Limited liability company (LLC) income	(2,910)	0
Change in value of contributions receivable	19,178	84,308
(Increase) Decrease in other current receivables	(470,576)	34,811
(Increase) Decrease in pledges receivable	27,320	(84,525)
(Increase) Decrease in split interest receivables	13,971	0
(Increase) Decrease in deferred revenue	<u>6,650</u>	<u>(9,270)</u>
Subtotal	<u>(609,851)</u>	<u>112,694</u>
Net cash provided (used) by operating activities	<u>(637,058)</u>	<u>(1,297,416)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment in LLC	0	(6,000)
Purchases of investments	(105,805)	(1,042,383)
Proceeds from sales and redemptions of investments	<u>594,063</u>	<u>871,436</u>
Net cash provided (used) by investing activities	<u>488,258</u>	<u>(176,947)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(148,800)	(1,474,363)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>470,681</u>	<u>1,945,044</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 321,881</u>	<u>\$ 470,681</u>
Supplementary information:		
Interest paid	<u>\$ 0</u>	<u>\$ 0</u>
Income taxes paid	<u>\$ 0</u>	<u>\$ 0</u>

See Accompanying Notes to the Financial Statements.

**TRI-CITY HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012**

Note 1. Summary of Significant Accounting Policies

Nature of Activities

Tri-City Hospital Foundation (the Organization) was incorporated on October 2, 1964, as a non-profit public benefit corporation. The Organization provides support and assistance for the activities, programs, services and facilities of Tri-City Hospital District. The Organization is supported primarily through donor contributions and grants.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the direct method of bad debt write off. Based on prior years' experience and management's analysis of specific promises made, management has determined that no allowance for uncollectible promises receivable is necessary. Bad debts in the amounts of \$45,120 and \$29,541 were written off in the years ended June 30, 2013 and 2012, respectively.

Split-Interest Agreements

The Organization is a beneficiary of certain irrevocable trusts (charitable remainder trusts, pooled income funds and charitable gift annuities) which provide for payments to the donors or other designated beneficiaries until death, at which time all or a portion of the trust assets will be distributed to the Organization. The Organization recognizes as revenue and a receivable, in the period such a trust is established, the present value of the estimated future benefit to be received. The account described as "change in value of contributions receivable" in the statement of activities represents any adjustments made to the discounted present values of the contributions receivable.

Investments

Investments in marketable securities with readily determined fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change of net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**TRI-CITY HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012**

Note 1. Summary of Significant Accounting Policies-Continued

Donated Services and Facilities

During the years ended June 30, 2013 and 2012, the fair value of contributed volunteer hours was not material and has not been recorded. As explained in Note 3, the contributed office space and services has been estimated at \$68,836 and \$783,658, respectively, for a total of \$852,494 in recorded donations on the financials for the year ended June 30, 2013.

Estimates

The Organization records long-term contributions receivable based upon investment value and life expectancy tables for trust funds that will transfer to the Foundation at donors' death. Investment values and actual dates of these transfers will be different than current estimates and the difference may be material.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted cash and other highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ended 2010, 2011, and 2012 are subject to examination by the IRS, generally for three years after they were filed.

Subsequent Events

The Organization has evaluated subsequent events through June 3, 2014, the date which the financial statements were available to be issued.

Note 2. Current and Long-term Receivables

Promises to Give

Pledges and contributions receivable are as follows at June 30:

Donor pledges:	<u>2013</u>	<u>2012</u>
Receivables in less than one year	\$ 41,697	\$ 18,995
Receivables in one year to five years	<u>156,507</u>	<u>206,530</u>
Subtotal	198,204	225,525
Less uncollectible pledges	0	0
Total pledges receivable	<u>\$198,204</u>	<u>\$225,525</u>

**TRI-CITY HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012**

Note 2. Current and Long-term Receivables-Continued

Split-Interest contributions receivable:

Contributions receivable are as follows at June 30:	2013	2012
Charitable remainder trusts	\$ 2,259,835	\$2,251,218
Pooled income fund	232,827	237,835
Charitable gift annuities	<u>489,423</u>	<u>483,822</u>
Subtotal	2,982,085	2,972,875
Less discounts to net present value	<u>(2,161,117)</u>	<u>(2,118,757)</u>
Total contributions receivable	<u>\$ 820,968</u>	<u>\$ 854,118</u>

Discount rates used on contributions receivable ranged from 5% to 10.6% in 2013 and 2012. The amounts of \$107,478 and \$98,823 in split-interest contributions receivable is restricted for use in hospice services and cancer/heart programs, for the years ending June 30, 2013 and 2012, respectively.

Note 3. Related Party Transactions

As stated in Note 1, the Tri-City Hospital Foundation provides support to Tri-City Hospital District in the form of equipment purchases, scholarships and other miscellaneous donations. For the years ended June 30, 2013 and 2012, the amount of the support totaled \$1,191,624 and \$1,906,064, respectively.

In return, the District provides all the basic operating expenses such as office space, employees, equipment, supplies and miscellaneous to the Organization. For the years ended June 30, 2013 and 2012, the operating expenses paid by the District totaled \$783,658 and \$1,037,611, respectively. These expenses have been paid continuously for many years, but there is no written contract between the two organizations.

Note 4. Fair Value Measurements

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2013 are as follows:

	FAIR VALUE	SIGNIFICANT OBSERVABLE INPUT (Level 1)	SIGNIFICANT OBSERVABLE INPUT (Level 3)
Long-term Investments:			
US Treasury notes	\$ 101,583	\$ 101,583	
Corporate stocks/funds	458,674	458,674	
Mutual funds	<u>1,642,764</u>	<u>1,642,764</u>	
Total Investments	<u>\$2,203,021</u>	<u>\$2,203,021</u>	
Contribution receivable-			
Split interest trusts	<u>\$820,968</u>		<u>\$820,968</u>

**TRI-CITY HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012**

Note 4. Fair Value Measurements-Continued

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2012 are as follows:

	<u>FAIR VALUE</u>	<u>SIGNIFICANT OBSERVABLE INPUT (Level 1)</u>	<u>SIGNIFICANT OBSERVABLE INPUT (Level 3)</u>
Long-term Investments:			
US Treasury notes	\$ 171,259	\$ 171,259	
Corporate stocks/funds	355,041	355,041	
Indexed funds	88,713	88,713	
Mutual funds	<u>1,900,052</u>	<u>1,900,052</u>	
Total Investments	<u>\$2,515,065</u>	<u>\$2,515,065</u>	
Contribution receivable- Split interest trusts	<u>\$ 854,118</u>		<u>\$854,118</u>

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2013 and 2012.

U.S. Government Securities, common stock, and mutual/indexed funds: Valued at the closing price reported in the active market in which the individual security is traded.

Split-interest Trusts: Valued calculated at net present value using discount rates and life expectancy to determine expected future income.

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended June 30, 2013 and 2012.

Note 5: Investments

The fair values of long-term investments totaled \$2,203,021 and \$2,515,065 at June 30, 2013 and 2012, respectively.

The following schedule summarizes investment return and their classification in the statement of activities for the years ended June 30,

	2013			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividend income	\$ 439	\$ 58,307	\$15,888	\$ 74,634
Realized gains (losses)	12,221	399	(6,721)	5,899
Unrealized gains (losses)	<u>4,869</u>	<u>111,708</u>	<u>81,008</u>	<u>197,585</u>
Totals	<u>\$17,529</u>	<u>\$170,414</u>	<u>\$90,175</u>	<u>\$278,118</u>

**TRI-CITY HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012**

Note 5: Investments-Continued

	2012			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividend income	\$ 571	\$ 40,326	\$ 26,418	\$ 67,315
Realized gains (losses)	(3,363)	(45,530)	(34,110)	(83,003)
Unrealized gains (losses)	<u>7,273</u>	<u>0</u>	<u>(11,640)</u>	<u>(4,367)</u>
Totals	<u>\$4,481</u>	<u>\$ (5,204)</u>	<u>\$(19,332)</u>	<u>\$(20,055)</u>

Note 6. Special Events

Special events for the year ended June 30, 2013 are as follows:

Unrestricted:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Diamond Ball (Baile de Esperanza)	<u>\$551,723</u>	<u>\$255,379</u>	<u>\$296,344</u>
Total unrestricted	<u>\$551,723</u>	<u>\$255,379</u>	<u>\$296,344</u>

Temporarily Restricted:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Fashion That Heals/Tennis Tournament	<u>\$ 206,450</u>	<u>\$ 127,553</u>	<u>\$ 78,897</u>
Total temporarily restricted	<u>\$ 206,450</u>	<u>\$ 127,553</u>	<u>\$ 78,897</u>
Total Special Events:	<u>\$758,173</u>	<u>\$382,932</u>	<u>\$375,241</u>

Note 7. Concentration of Credit Risk for Cash Held in Bank

As of June 30, 2013 and 2012, the Organization maintained \$266,587 and \$430,298, respectively, in privately-insured money market funds, which are not insured by the Federal Deposit Insurance Corporation.

**TRI-CITY HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012**

Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes for the year ended June 30,:

	<u>2013</u>	<u>2012</u>
Cancer Institute	\$ 96,303	\$ 261,342
Cardiology	15,468	82,531
Corporate Council	110,471	126,863
Education/Scholarship Funds	166,192	136,834
Emergency Room Fund	41,494	49,494
Employee Giving	327,818	301,329
Helping Hands	217	6,969
Hospice	397,035	482,298
Mariposa Children Fund	0	10,000
Miscellaneous Funds	180,516	65,042
Pediatric Fund	571	4,276
Prescription drugs	10,434	10,434
Split Interest Agreements	820,968	854,118
Women's Diagnostic	<u>0</u>	<u>6,002</u>
 Totals	 <u>\$2,167,487</u>	 <u>\$2,397,532</u>

Note 9. Permanently Restricted Net Assets

The Organization currently maintains four permanent endowment accounts and one board-imposed endowment account as of June 30, 2013 and 2012 at an aggregate market value of \$690,768 and \$1,118,960, respectively. The aggregate cost, including investment income, of these endowment accounts at June 30, 2013 and 2012, is \$690,618 and \$1,121,079, respectively. The donor-restricted amounts are \$350,947 for hospice, \$37,682 for children and senior services and \$250,386 for hospice and kidney disease. The remainder in the amount of \$51,753 is for future general needs. Investment income for the permanently restricted assets for the year ended June 30, 2013 is interest/dividend income of \$15,888, realized losses of \$6,721 and unrealized gains of \$81,008 or a total of \$90,175 in permanently restricted investment losses. As required by generally accepted accounting policies, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted fund that is not classified in permanently restricted net assets is classified as temporarily

TRI-CITY HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

Note 9. Permanently Restricted Net Assets-Continued

restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and the preservation of the various funds, (2) the purposes of the donor-restricted funds, (3) general economic conditions, (4) the possible effect of inflation and deflation (5) the expected total return from and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization has adopted investment and spending policies for endowment assets that attempt to subject the funds to low investment risk and provide interest and dividend income. The current spending policy is not expected to allow the Organization's endowment fund to grow as a result of investment returns. This is consistent with the Organization's objectives to preserve its endowment assets without subjecting them to substantial risk, and provide additional real growth through new gifts.

With court approval, endowment funds segregated for hospice in the amount of \$535,815 were released from the permanently restricted fund and distributed during the year ended June 30, 2013.

Note 10. Contingencies and Commitments

The board and management have indicated that as of the date of this report, no undisclosed claims and liabilities or pending lawsuits have been brought forward against the Organization.



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

(Choose one) MINI-GRANT (Choose one) REGULAR GRANT

Project Name:	Total # of people served: 110	Amount Requested: \$
Date Submitted:	Total # of San Marcos residents served: 54	
Non-Profit Organization Name and Address, Website Bayshore Preparatory Charter School 1175 Linda Vista Drive San Marcos CA 92078 www.bayshoreprep.org		Contact Person – Name, Title & Phone, email Beth Sneyd Administrative Assistant esneyd@bayshoreprep.org 760-471-0847

Briefly describe your request for funds (to be expanded upon in narrative for regular grant):

Please refer to attached narrative.

Briefly describe the significance of your request to the San Marcos community:

Please refer to attached description.

Please attach the following items. Both Mini-Grant & Regular: 1. Budget for request (use SMCF Budget Worksheet) 2. Annual Operating budget for the organization or unit 3. Federal & State Tax ID numbers 4. Board of Directors listing with affiliations 5. Signature of President or Authorized Officer on Application- <i>If using a fiscal sponsor, the signature must come from the President or an Authorized Officer of that organization.</i> 6. Regular Grants Only: a. 1-2 page narrative b. First 2 pages of Federal 990 c. Most recent year-end Statement or Audit including any management letters associated with Audit. d. Optional: letters of support	Expected date project will begin/end: <u>2014</u> Date by which funds will be expended: <u>2015</u> Signature of President or Authorized Officer <u>Nancy Spener</u> <u>9/29/14</u> Name, Title <u>Executive Director</u> Date
Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): wkaserman@san-marcos.net	

San Marcos Community Foundation - GRANT NARRATIVE

Respectfully submitted by Bayshore Charter Preparatory School

October 1, 2014

Bayshore Charter Preparatory School is a San Marcos-based college preparatory charter school committed to educating low-income and special needs students. Bayshore prides itself on offering quality education with an emphasis on individualized learning. With a current enrollment of 111 students, 57 are classified as low-income. Also, 20% of Bayshore students have individualized education plans (IEP's) which require intensive teaching and collaborative, hands-on learning. This is 7%-8% higher than the average number of IEP's in the local public school system.

Bayshore is a Kindergarten through 12th grade alternative to traditional public school with a focus on innovative, individualized learning. Research has proven that a higher percentage of students from charter schools are accepted into colleges. For San Marcos parents, Bayshore is a critical option with the high number of impacted local schools.

However, charter schools like Bayshore often lack funds to pay for necessary materials because they receive at least 7% less funding than traditional schools. Additionally, Bayshore has to pay for facilities and salaries from state funding in addition to payments to the authorizing school district, San Marcos Unified School District. Last year's payment to the district was \$22,000.

California education law mandates instruction in Science, Technology, Engineering, and Mathematics (STEM) curriculum. All students must take at least two years of high school level science in the areas of Earth Science, Chemistry, Physics, and Biology. **Bayshore is requesting a regular grant in the amount of \$9,590.22 in order to purchase materials to fulfill requirements for its students.** Please refer to the attached budget for a detailed breakdown of requested items and listed priorities.

Currently, Bayshore has basic science materials that provide only demonstration level classes rather than the hands-on classes that are required for science development. Students can "see" the science, but not "do" the

science. For example, in a full science class, there are only two microscopes and one Bunsen burner. There are minimal lab materials for Bayshore's new Physics course, which was recently approved by the UC university system as an a-g subject course. All of the science courses offered by Bayshore have a-g approval, allowing San Marcos students entrance into Cal State or UC schools. Without hands-on exploration, students will not be prepared for college.

Starting in 2016, teachers across the country will be required to use the Next Generation Science Standards in conjunction with California Common Core standards to achieve an integrative approach to teaching STEM subjects. Without proper teaching tools, it will be impossible for Bayshore to achieve those standards. Research done by the National Teacher's Association shows that students learn better when they are fully engaged with the materials and that multi-sensory, hands-on learning is the best way to engage them.

The city of San Marcos will also benefit from a STEM-educated population. According to Forbes.com, the "San Diego-Carlsbad-San Marcos area is number three in the country for technology hotspots. Over the past decade, tech employment has grown by almost 30% and STEM jobs by 13%."

Science teachers, Nadine Kunesh and Sarah Ladd, lead Bayshore's science department. They have over thirty years of teaching experience between them and both are fully trained to teach STEM courses. The hands-on science learning along with quality training will give students the ability to pursue college and to explore STEM careers. Funding from the San Marcos Community Foundation can make this a reality.

Thank you for the opportunity to request funding. If you have further questions or need more information, please contact Nadine Kunesh or Sarah Ladd at 760-471-0847.

SAN MARCOS COMMUNITY FOUNDATION
Budget Worksheet

Provide an itemized list of expenses for this project:
(example – 72 bicycle helmets at \$7.80 each including tax = \$561.60)

Please refer
to attached list.

Total budget for this PROJECT: \$ _____

Grant Request Amount: \$ _____
(*Mini-grants not to exceed \$1,500. Regular grants not to exceed \$10,000.*)

Is this a challenge grant? **no** Could it be?

Please list any other funding sources for this project.

**Indicate if funds are committed (C), conditional (CD), or pending (P).

\$ _____ (Name of source) _____ **
\$ _____ (Name of source) *n/a* _____ **
\$ _____ (Name of source) _____ **
\$ _____ (Name of source) _____ **

1. Budget for request- see attached SMCF Budget Worksheet
2. Annual Operating budget—see attached 2014-15 Budget
3. Federal & State Tax ID number: 20-2238710. Bayshore Prep is a 501(c)3 tax-exempt corporation.
4. Bayshore Preparatory Charter School Governing Board Members:

Frank Ogwaro- Board President; Co-Founder/Managing Director at REDMutual, President & CEO at Ogwaro Group Inc.

Thomas Estill- Board Secretary; Stewardship Director at Ensystex

Allison Magill- Board Member; Legal Counsel at California Charter Schools Association

William Jagger- Board Member; President at All Forces Supply

Kelley Keatly- Board Member, Parent Representative; Substitute Teacher/Writer at San Marcos Unified School District

5. Signature:  Nancy Spencer, Executive Director
6. A. Narrative- see attached
- B. First 2 pages of Federal 990- see attached
- C. Most recent year-end statement: see Audit Report June 30, 2013 (most recent completed audit) and 2013-14 Unaudited Actuals
- E. Optional Letter of Support-n/a

Description	Catalog	Item #	Price	Quantity	Total
Physics					
Science Physics A set Frey/ CPO		792-1800	\$2,325.00	1	\$2,325.00
Science Electric circuit CPO		792-1286	\$900.00	1	\$900.00
Science Lights and O CPO		792-1350	\$248	2	\$496
Physics Subtotal					3721
General:					
National Public Seatin Online: SchoolOutlet		SLT3072	\$408.09	2	816.18
Officiator 10 players-s Anderson Enterprises		10H-10C	\$257	1	257
					1073.18
					Shipping Included
Chemistry					
Electronic Balance Flinn		OB2136	\$155.65	1	155.65
Portable Burner Flinn		AP1032	\$53.41	2	106.82
Hot Plate, Flinn, 7" X Flinn		AP7234	\$249.20	1	249.2
2-cent Colorful Chem Flinn		AP8989	\$54.31	1	54.31
					565.98
Biology					
High School Compou Flinn		MS4080	\$255.00	2	510
Rat, Single Injected, f Flinn		PM3010	\$12.60	10	126
					636
Earth Science					
The Orbiter Planetariu Flinn		AP5134	\$177.75	1	177.75
					177.75
Elementary Science					
Lifeshore: See It Grov Lakeshore Learning		GR242	\$29.99	1	29.99
Lakeshore: Liquid Me Lakeshore Learning		RE313	\$29.99	1	29.99
Lakeshore: Precision Lakeshore Learning		DA118	\$39.99	1	39.99
Lakeshore: Magnet Kit Lakeshore Learning		PP512	\$49.99	1	49.99
Amazon: Butterfly Kit Amazon			\$18.31	1	18.31
Amazon: Woodstock Amazon			\$7.39	1	7.39
Amazon: World Percu Amazon			\$6.15	1	6.15
Amazon: Hohner Kids Amazon			\$14.11	1	14.11
Amazon: Hohner Kids Amazon			\$26.32	1	26.32
Lakeshore: Science Lakeshore Learning		RA716	\$87.50	1	87.5
					309.74
Top Priority Total:					6483.65

Extension Materials:					
Chemistry					
Flinn's Exploring Chemistry	Flinn	AP7630	\$159.95	1	159.95
Lewis Structures and Flinn		AP6852	\$61.60	1	61.6
Sublevel Orbitals of the Atom	Flinn	AP4544	\$76.95	1	76.95
Flinn's Exploring Chemistry	Flinn	AP7690	\$78.10	1	78.1
Analysis of Food Dye	Flinn	AP7642	\$28.95	1	28.95
					405.55
Biology					
Glow germ lotion	Flinn	AP9080	\$23.70	1	23.7
UV Light	Flinn	AP9030	\$41.60	1	41.6
ABO/Rh Simulated Blood	Flinn	FB1225	\$37.10	1	37.1
Heart Model	Flinn	FB1098	\$79.95	1	79.95
Brown Planaria, Cultured	Flinn	LM1094	\$8.85	1	8.85
Scalpel Blade, Stainle	Flinn	AB1057	\$2.65	4	10.6
Scissors, Dissecting	Flinn	AB1060	\$3.10	10	31
Owl Pellets, 15/pkg	Flinn	FB0095	\$49.95	1	49.95
					282.75
Earth Science					
Testing Pollution in T	Flinn	AP5955	\$77.70	1	77.7
Compass, Magnetic,	Flinn	AB1127	\$10.50	5	52.5
Igneous Rock Chart	Flinn	AP5207	\$59.95	1	59.95
Sedimentary Rock Chart	Flinn	AP5208	\$59.95	1	59.95
Metamorphic Rock Chart	Flinn	AP5210	\$59.95	1	59.95
					310.05
Curriculum					
POGIL Activities for H	Flinn	AP7554	\$50.35	1	50.35
POGIL Activities for H	Flinn	AP7553	\$50.35	1	50.35
					100.7
General					
Mimio Teach Wireless Touchboards		1762262	\$980.00	1	980
					980
					2079.05
					With Shipping Costs included
Extension Materials Total					
Total					8562.7
Estimated Tax and Shipping					1027.524
Total Requested Amount					9590.224

Bayshore Preparatory Charter Academy
2014-15 Final Budget (Draft A)
BUDGET SUMMARY

	Prior Year Estimated Actuals	July 1 Final Budget	Change from Prior Year																														
Projected P-2 ADA:	132	182	50																														
Revenues:																																	
General Purpose Entitlement	\$ 940,241	\$ 1,409,596	\$ 469,355																														
Federal Revenue	17,525	15,094	(2,431)																														
Other State Revenue	194,333	150,323	(44,010)																														
Other Local Revenue	3,935	3,935	-																														
TTL Revenues:	\$ 1,156,034	\$ 1,578,948	\$ 422,914																														
Expenditures:																																	
Certificated Salaries	\$ 520,573	\$ 550,417	\$ 29,844																														
Non-certificated Salaries	98,192	90,930	(7,263)																														
Benefits	113,646	131,223	17,577																														
Books/Supplies/Materials	141,090	176,719	35,629																														
Services/Operations	394,996	479,112	84,116																														
Capital Outlay	6,218	6,218	-																														
Other Outgo	-	-	-																														
TTL Expenditures:	\$ 1,274,715	\$ 1,434,618	\$ 159,903																														
Net Income	\$ (118,681)	\$ 144,329	\$ 263,010																														
Beginning Balance July 1	\$ 247,331	\$ 128,650																															
Ending Balance June 30	\$ 128,650	\$ 272,979																															
Ending Balance as % of Exp.:	10.09%	19.03%																															
<table border="1"> <tr> <td style="text-align: right;">\$1,800,000</td> <td style="text-align: right;">\$1,600,000</td> <td style="text-align: right;">\$1,400,000</td> <td style="text-align: right;">\$1,200,000</td> <td style="text-align: right;">\$1,000,000</td> <td style="text-align: right;">\$800,000</td> <td style="text-align: right;">\$600,000</td> <td style="text-align: right;">\$400,000</td> <td style="text-align: right;">\$200,000</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">■ TTL Revenues:</td> <td style="text-align: right;">■ TTL Expenditures:</td> <td style="text-align: right;">■ Ending Balance June 30</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">\$1,156,034</td> <td style="text-align: right;">\$1,274,715</td> <td style="text-align: right;">\$128,650</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>				\$1,800,000	\$1,600,000	\$1,400,000	\$1,200,000	\$1,000,000	\$800,000	\$600,000	\$400,000	\$200,000	\$0	■ TTL Revenues:	■ TTL Expenditures:	■ Ending Balance June 30								\$1,156,034	\$1,274,715	\$128,650							
\$1,800,000	\$1,600,000	\$1,400,000	\$1,200,000	\$1,000,000	\$800,000	\$600,000	\$400,000	\$200,000	\$0																								
■ TTL Revenues:	■ TTL Expenditures:	■ Ending Balance June 30																															
\$1,156,034	\$1,274,715	\$128,650																															

Bayshore Preparatory Charter Academy
2014-15 Final Budget (Draft A)
MULTI-YEAR PROJECTION SUMMARY

	July 1 Final Budget	2015-16 (YEAR 2)	2016-17 (YEAR 3)															
Projected P-2 ADA:	182.40	232.40	282.40															
Revenues:																		
General Purpose Entitlement	\$ 1,409,596	\$ 1,924,165	\$ 2,413,221															
Federal Revenue	15,094	20,794	26,494															
Other State Revenue	150,323	181,683	213,043															
Other Local Revenue	3,935	3,935	3,935															
TTL Revenues:	\$ 1,578,948	\$ 2,130,577	\$ 2,656,693															
Expenditures:																		
Certificated Salaries	\$ 550,417	\$ 673,294	\$ 803,049															
Non-certificated Salaries	90,930	119,331	149,355															
Benefits	131,223	157,028	176,463															
Books/Supplies/Materials	176,719	231,773	289,971															
Services/Operations	479,112	539,052	602,224															
Capital Outlay	6,218	6,218	6,218															
Other Outgo	-	-	-															
TTL Expenditures:	\$ 1,434,618	\$ 1,726,696	\$ 2,027,280															
Net Income	\$ 144,329	\$ 403,881	\$ 629,412															
Beginning Balance July 1	\$ 128,650	\$ 272,979	\$ 676,860															
Ending Balance June 30	\$ 272,979	\$ 676,860	\$ 1,306,272															
Ending Balance as % of Exp.:	19.0%	39.2%	64.4%															
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 33.33%;">July 1 Final Budget</th> <th style="text-align: center; width: 33.33%;">2015-16 (YEAR 2)</th> <th style="text-align: center; width: 33.33%;">2016-17 (YEAR 3)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">■ TTL Revenues:</td> <td style="text-align: center;">■ TTL Expenditures:</td> <td style="text-align: center;">■ Ending Balance June 30</td> </tr> <tr> <td style="text-align: center;">\$ 1,578,948</td> <td style="text-align: center;">\$ 1,434,618</td> <td style="text-align: center;">\$ 2,656,693</td> </tr> <tr> <td style="text-align: center;">\$ 144,329</td> <td style="text-align: center;">\$ 128,650</td> <td style="text-align: center;">\$ 272,979</td> </tr> <tr> <td style="text-align: center;">\$ 629,412</td> <td style="text-align: center;">\$ 676,860</td> <td style="text-align: center;">\$ 1,306,272</td> </tr> </tbody> </table>				July 1 Final Budget	2015-16 (YEAR 2)	2016-17 (YEAR 3)	■ TTL Revenues:	■ TTL Expenditures:	■ Ending Balance June 30	\$ 1,578,948	\$ 1,434,618	\$ 2,656,693	\$ 144,329	\$ 128,650	\$ 272,979	\$ 629,412	\$ 676,860	\$ 1,306,272
July 1 Final Budget	2015-16 (YEAR 2)	2016-17 (YEAR 3)																
■ TTL Revenues:	■ TTL Expenditures:	■ Ending Balance June 30																
\$ 1,578,948	\$ 1,434,618	\$ 2,656,693																
\$ 144,329	\$ 128,650	\$ 272,979																
\$ 629,412	\$ 676,860	\$ 1,306,272																

Bayshore Preparatory Charter Academy
2014-15 Final Budget (Draft A)
BUDGET DETAIL

Description	Prior Year Estimated Actuals	July 1 Final Budget	Change from Prior Year	Notes/Comments
P-2 ADA	132,40	182,40	50,00	Substantial projected growth in Blended Learning
REVENUES				
General Purpose Entitlement				
8011 - General Purpose Block Grant	559,928	869,663	309,735	Increased LCFF funding (see LCFF and Funding Calcs pages)
8012 - Education Protection Account	170,260	256,410	86,150	Increased LCFF funding (see LCFF and Funding Calcs pages)
8019 - Prior Year Corrections/Adjustments	4,250	-	(4,250)	One-time in 13-14
8096 - Funding in Lieu of Property Taxes	205,803	283,523	77,720	Same \$/ADA assumed
TTL General Purpose Entitlement	940,241	1,409,596	469,355	
Federal Revenue				
8181 - Federal IDEA Special Education	17,525	15,094	(2,431)	ADA-based
TTL Federal Revenue	17,525	15,094	(2,431)	
Other State Revenue				
8311 - State Special Education Revenue	84,290	108,738	24,448	ADA-based
8550 - Mandate Block Grant	5,666	7,739	2,073	ADA-based
8560 - State Lottery Revenue	21,252	29,796	8,544	ADA-based
8590 - Add'l State Revenues	83,125	4,050	(79,075)	No Common Core or Prop 39 Energy Planning Funds
TTL Other State Revenue	194,333	150,323	(44,010)	
Other Local Revenue				
8660 - Interest	600	600	-	
8699 - Local Donations/Contributions/Other	3,335	3,335	-	
TTL Other Local Revenue	3,935	3,935	-	
TTL REVENUES				
	1,156,034	1,578,948	422,914	

**Bayshore Preparatory Charter Academy
2014-15 Final Budget (Draft A)
BUDGET DETAIL**

Description	Prior Year Estimated Actuals	July 1 Final Budget	Change from Prior Year	Notes/Comments
EXPENDITURES				
1000 - Certificated Salaries				
1100 - Teachers' Salaries	337,308	372,752	35,444	
1130 - Certificated Substitutes	8,100	2,500	(5,600)	
1150 - Teacher's Extra Duty	1,467	1,467	-	
1300 - Certificated Supervisory/Admin	173,698	173,698	-	
TTL Certificated Salaries	520,573	550,417	29,844	
2000 - Non-Certificated Salaries				
2100 - Instructional Aide Salaries	32,967	25,704	(7,263)	
2400 - Clerical/Tech/Office Staff	65,226	65,226	-	
TTL Non-Certificated Salaries	98,192	90,930	(7,263)	
3000 - Employee Benefits				
3101 - STRS Certificated	41,172	52,290	11,118	
3102 - STRS Classified	165	-	(165)	STRS rate increase
3202 - PERS Classified	-	-	-	
3301 - Soc. Sec/Medicare Certificated	8,883	7,981	(902)	
3302 - Soc. Sec/Medicare Classified	7,388	6,956	(432)	
3401 - Health Insurance Benefits - Cert	41,933	49,062	7,129	
3402 - Health Insurance Benefits - Class	2,349	2,749	399	
3501 - State Unemployment Ins - Cert	521	550	30	
3502 - State Unemployment Ins - Class	98	91	(7)	
3601 - Workmen's Comp Certificated	9,370	9,908	537	
3602 - Workmen's Comp Classified	1,767	1,637	(131)	
TTL Employee Benefits	113,646	131,223	17,577	

Bayshore Preparatory Charter Academy
2014-15 Final Budget (Draft A)
BUDGET DETAIL

Description	Prior Year Estimated Actuals	July 1 Final Budget	Change from Prior Year	Notes/Comments
4000 - Books/Supplies/Materials				
4310 - Student Instructional Materials	105,156	141,219	36,063	Removed one time common core purchases
4320 - Office Supplies	10,000	15,000	5,000	Estimated
4330 - Student Incentives / Events	1,000	1,000	-	
4400 - Noncapitalized Equipment	24,434	19,000	(5,434)	No Common Core
4700 - Food	500	500	-	
TTL Books/Supplies/Materials	141,090	176,719	35,629	
5000 - Services & Operations				
5200 - Travel and Conferences	9,750	9,750	-	
5210 - Mileage	1,000	1,000	-	
5300 - Dues and Memberships	2,000	2,000	-	
5400 - Liability Insurance	14,000	14,000	-	
5510 - Utilities (General)	10,000	15,000	5,000	Estimated
5517 - Utilities (Garbage)	4,500	4,500	-	
5610 - Facility Rental	148,832	234,000	85,168	Based on \$17.5k+2.5k CAM
5620 - Equipment Leases	6,500	6,500	-	
5630 - Maintenance & Repair	12,000	12,000	-	
5800 - Professional/Consulting Services	49,168	38,940	(10,228)	No Common Core
5810 - Legal	12,500	12,500	-	
5820 - Audit/CPA Costs	6,000	6,000	-	
5825 - DMS Business Services	67,800	67,800	-	
5840 - Advertisement	12,000	12,000	-	
5850 - Authorizer Oversight Fee	9,919	14,096	4,177	New Object Code (moved from 7141)
5855 - Interest on Short-Term Debt (<1 yr)	3,521	3,521	-	New Object Code (moved from 7438)
5860 - Bank Fees	6,000	6,000	-	
5870 - Livescan (Fingerprinting)	1,250	1,250	-	
5880 - Instructional Consultants	12,500	12,500	-	
5910 - Telephone	4,750	4,750	-	
5930 - Postage	1,005	1,005	-	
TTL Services & Operations	394,996	479,112	84,116	

Bayshore Preparatory Charter Academy
 2014-15 Final Budget (Draft A)
BUDGET DETAIL

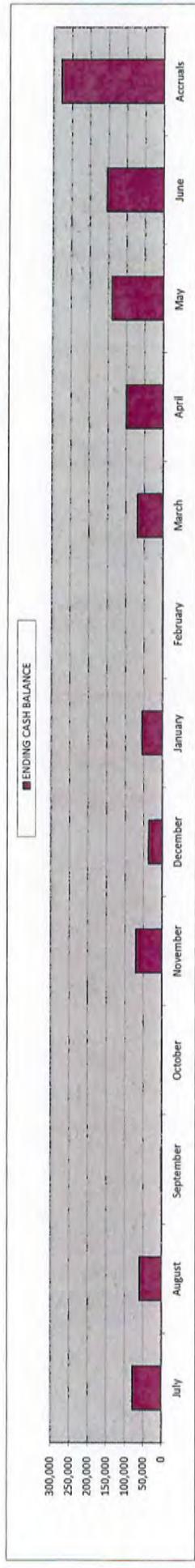
Description	Prior Year Estimated Actuals	July 1 Final Budget	Change from Prior Year	Notes/Comments
6000 - Capital Outlay	6,218	6,218	-	
6900 - Depreciation	6,218	6,218	-	
TTL Capital Outlay				
7000 - Other Outgo	-	-	-	
TTL Other Outgo				
TTL EXPENDITURES	1,274,715	1,434,618	159,903	
Revenues less Expenditures	(118,681)	144,329	263,010	
Beginning Fund Balance	247,331	128,650		
Net Revenues	(118,681)	144,329		
ENDING BALANCE	128,650	272,979		
ENDING BALANCE AS % OF OUTGO	10.09%	19.03%		

Bayshore Preparatory Charter Academy

2014-15 Final Budget (Draft A)

2014-15 Projected Monthly Cash Flow Statement

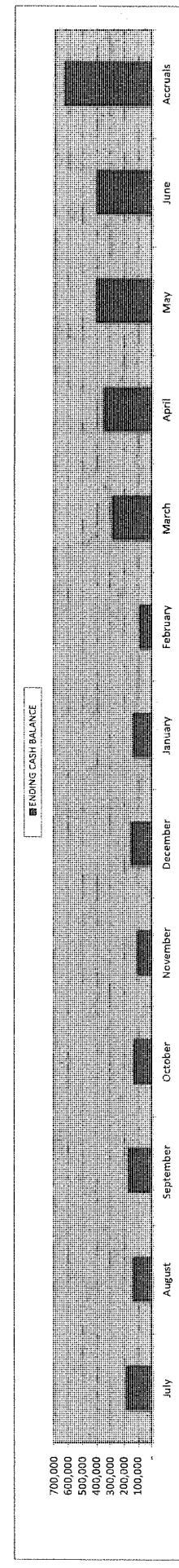
Description	2014-15 Budget	July	August	September	October	November	December	January	February	March	April	May	June	Accruals	Total For Year
BEGINNING CASH	59,325	78,750	59,397	1,133	158	69,443	36,212	55,511	498	68,570	99,856	140,568	153,764	59,325	
CASH INFLOWS															
REVENUES															
General Purpose Block Grant	869,663	-	27,996	27,996	50,394	50,394	50,394	50,394	50,394	112,341	112,341	112,341	112,341	112,341	869,663
Education Protection Account	256,410	-	-	42,585	-	-	42,565	-	42,565	85,640	-	-	85,640	-	256,410
In-Lieu-Of Property Taxes	283,523	-	12,348	24,696	16,464	16,464	16,464	16,464	16,464	54,719	27,360	27,360	27,360	-	283,523
Federal Revenues	15,094			2,516	-	-	2,516	-	2,516	-	2,516	-	-	2,516	15,094
Lottery Revenues	25,796			-	3,880	3,880	6,984	6,984	6,984	7,449	-	7,449	-	14,898	25,796
Other State Revenues	120,527	-	328	328	328	328	328	328	328	328	15,569	15,569	15,569	15,569	120,527
Other Local Revenues	3,935			-	-	-	-	-	-	-	-	-	-	-	3,935
TTL REVENUES	1,578,948	328	44,553	59,416	116,735	76,685	74,170	126,699	74,170	126,699	248,686	156,113	155,597	258,323	1,578,948
EXPENDITURES															
All Certificated Salaries	550,417	-	45,668	45,668	45,868	45,868	45,868	45,868	45,868	45,868	45,868	45,868	45,868	45,868	550,417
All Classified Salaries	90,330	3,789	6,995	6,995	6,995	6,995	6,995	6,995	6,995	6,995	6,995	6,995	6,995	6,995	90,330
All Benefits	131,223	775	10,816	10,816	10,816	10,816	10,816	10,816	10,816	10,816	10,816	10,816	10,816	10,816	131,223
All Materials & Supplies	176,719	8,836	8,836	22,090	22,090	11,781	11,781	11,781	11,781	23,563	11,781	11,781	11,781	8,836	176,719
All Services and Operations	479,112	31,940,811	31,941	31,941	31,941	31,941	31,941	31,941	31,941	41,941	41,941	41,941	41,941	45,822	479,112
All Capital Outlay	6,218	-	-	-	-	-	-	-	-	-	-	-	-	-	6,218
All Other Outgo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TTL EXPENSES	1,434,618	45,341	104,455	117,709	117,709	107,401	107,401	107,401	107,401	129,182	117,401	117,401	117,401	117,401	1,434,618
OTHER CASH INFLOWS/OUTFLOWS															
Accounts Receivable (net change)	140,718	15,550	29	-	-	-	-	-	-	-	-	-	-	-	156,297
Loan Proceeds and other Cash inflows	(40,000)	25,000	-	-	-	-	-	-	-	-	-	-	-	-	85,000
Net Change in Payables	(36,281)	-	-	-	-	-	-	-	-	-	-	-	-	-	(36,281)
Fixed Asset Acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,218)
Loan Repayment and Other Outflows	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(125,000)
TTL OTHER INFLOWS/OUTFLOWS	64,437	40,550	29	-	100,000	-	73,738								
ENDING CASH BALANCE	78,750	59,397	1,133	158	69,443	36,212	55,511	498	68,570	99,856	140,568	153,764	277,453		



Bayshore Preparatory Charter Academy
2014-15 Final Budget (Draft A)

2015-16 Projected Monthly Cash Flow Statement

Description	2015-16 Budget	July	August	September	October	November	December	January	February	March	April	May	June	Accruals	Total For Year	
BEGINNING CASH	153,764	179,899	130,460	161,917	124,365	100,334	1145,604	131,049	80,316	280,840	344,910	399,503	397,695	153,764		
CASH INFLOWS																
REVENUES																
General Purpose Block Grant	1,212,911	-	43,483	43,483	78,270	78,270	78,270	78,270	146,919	146,919	-	-	293,839	1,212,911		
Education Protection Account	350,011	-	-	64,103	-	64,103	-	110,903	-	110,903	-	-	-	350,011		
In-Lieu-of Property Taxes	361,243	-	17,011	34,023	22,682	22,682	22,682	22,682	65,600	32,800	32,800	32,800	-	361,243		
Federal Revenues	20,794	-	-	2,599	-	-	5,198	-	5,198	2,971	-	-	1,857	20,794		
Lottery Revenues	37,908	-	-	-	-	-	-	9,477	9,477	-	-	-	18,954	37,908		
Other State Revenues	143,775	-	5,154	5,154	9,278	9,278	9,278	9,278	17,415	17,415	-	-	34,831	143,775		
Other Local Revenues	3,935	98	358	358	358	358	358	358	358	358	358	358	358	3,935		
TOTAL CASH INFLOWS	2,130,577	98	65,747	149,720	110,587	110,587	110,587	110,587	120,064	110,587	146,394	209,940	200,463	144,061	382,441	2,130,577
EXPENDITURES																
All Certificated Salaries	673,294	-	56,108	56,108	56,108	56,108	56,108	56,108	56,108	56,108	56,108	56,108	56,108	56,108	673,294	
All Classified Salaries	119,331	4,972	9,179	9,179	9,179	9,179	9,179	9,179	9,179	9,179	9,179	9,179	9,179	9,179	119,331	
All Benefits	157,028	928	12,943	12,943	12,943	12,943	12,943	12,943	12,943	12,943	12,943	12,943	12,943	12,943	157,028	
All Materials & Supplies	231,773	11,589	28,972	28,972	15,452	15,452	15,452	15,452	30,903	15,452	15,452	15,452	15,452	15,452	231,773	
All Services and Operations	539,052	35,937	35,937	35,937	35,937	35,937	35,937	35,937	47,188	47,188	47,188	47,188	47,188	47,188	539,052	
All Capital Outlay	6,218	-	-	-	-	-	-	-	-	-	-	-	-	-	6,218	
All Other Outgo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL CASH OUTFLOWS	1,726,696	53,425	125,756	143,138	143,138	129,618	129,618	129,618	129,618	156,321	140,869	140,869	140,869	152,584	1,726,696	
Accounts Receivable (net change)																
Loan Proceeds and other Cash inflows		212,879	15,569	29,875	-	-	-	-	-	-	-	-	-	-	258,323	
Net Change in Payables		(128,417)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(128,417)	
Fixed Asset Acquisitions		-	-	-	-	-	-	-	-	-	-	-	-	-	(60,000)	
Loan Repayment and Other Outflows		79,462	10,569	24,875	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	-	
NET INFLOWS/OUTFLOWS	179,899	130,460	161,917	124,365	100,334	145,604	131,049	80,316	280,840	344,910	399,503	397,695	627,552	-	-	
ENDING CASH BALANCE																



Bayshore Preparatory Charter Academy
2014-15 Final Budget (Draft A)
FUNDING CALCULATIONS

2014-15 (Year 1)	Net State Funding COLA over prior year =			0.85%
GENERAL PURPOSE ENTITLEMENT				TOTALS
Total LCFF Funding (see LCFF page):	\$ 7,728.05	ADA 182.40	Subtotal \$ 1,409,596	
State Aid Portion:	\$ 4,767.89	182.40		869,663.00
Education Protection Account Portion:	\$ 1,405.75	182.40		256,410.00
Local In-Lieu-Of Property Tax Portion:	\$ 1,554.40	182.40		\$ 283,523.00
	TOTAL GENERAL PURPOSE ENTITLEMENT			\$ 1,409,596.00
FEDERAL REVENUES				
Title I Funding	\$ -			
Title II Part A				-
Title III LEP				-
Total Federal ESEA Funding:				
Other Federal Revenues				
PCSGP Startup/Implementation Grant	\$ -			
National School Lunch Program				-
Federal IDEA Special Education				15,093.60
Other Federal Revenue				-
Total Other Federal Revenues:				15,093.60
	TOTAL FEDERAL REVENUES			\$ 15,093.60
OTHER STATE REVENUES				
Non-Prop 20 Lottery (using P-2 ADA)	\$ 126.00	191	24,066.00	
Prop 20 Lottery (using P-2 ADA):	30.00	191	5,730.00	
				29,796.00
Additional Other State Revenues				
State Lunch Program Revenues				-
Mandate Block Grant				7,739.00
Facility Grant Program (lesser of 75% or \$750/ADA)				-
State Special Education (AB602)				84,809.00
SPED Mental Health (Tier 1)				4,000.00
SPED Mental Health (Tier 2)				19,929.00
SPED Mental Health (Tier 3)				-
Prior Year Corrections/Adjustments				-
Other State Revenues				4,050.00
Other State Revenues				-
Total Additional Other State Revenues:				120,527.00
	TOTAL OTHER STATE REVENUES			\$ 150,323.00
OTHER LOCAL REVENUES				
Interest Earnings	\$ 600.00			
Local Donations/Contributions				3,335.00
Other Local Revenues				-
	TOTAL OTHER LOCAL REVENUES			\$ 3,935.00
	TOTAL REVENUES			\$ 1,578,947.60

Bayshore Preparatory Charter Academy
2014-15 Final Budget (Draft A)
FUNDING CALCULATIONS

2015-16 (Year 2)	Net State Funding COLA over prior year =			2.19%
GENERAL PURPOSE ENTITLEMENT				TOTALS
Total LCFF Funding (see LCFF page):	\$ 8,279.54	ADA 232.40	Subtotal \$ 1,924,165	
State Aid Portion:	\$ 6,773.47	232.40		1,212,911.00
Education Protection Account Portion:	\$ 1,506.07	232.40		350,011.00
Local In-Lieu-Of Property Tax Portion:	\$ 1,554.40	232.40		\$ 361,243.00
	TOTAL GENERAL PURPOSE ENTITLEMENT			\$ 1,924,165.00
FEDERAL REVENUES				
Title I Funding		\$ -		
Title II Part A		\$ -		
Title III LEP		\$ -		
Total Federal ESEA Funding:				\$ -
Other Federal Revenues				
PCSGP Startup/Implementation Grant		\$ -		
National School Lunch Program		\$ -		
Federal IDEA Special Education			20,793.60	
Other Federal Revenue			\$ -	
Total Other Federal Revenues:				20,793.60
	TOTAL FEDERAL REVENUES			\$ 20,793.60
OTHER STATE REVENUES				
Non-Prop 20 Lottery (using P-2 ADA)	\$ 126.00	243	30,618.00	
Prop 20 Lottery (using P-2 ADA):	30.00	243	7,290.00	
				37,908.00
Additional Other State Revenues				
State Lunch Program Revenues		\$ -		
Mandate Block Grant			7,739.00	
Facility Grant Program (lesser of 75% or \$750/ADA)			\$ -	
State Special Education (AB602)			108,057.08	
SPED Mental Health (Tier 1)			4,000.00	
SPED Mental Health (Tier 2)			19,929.00	
SPED Mental Health (Tier 3)			\$ -	
Prior Year Corrections/Adjustments			\$ -	
Other State Revenues			4,050.00	
Other State Revenues			\$ -	
Total Additional Other State Revenues:				143,775.08
	TOTAL OTHER STATE REVENUES			\$ 181,683.08
OTHER LOCAL REVENUES				
Interest Earnings		\$ 600.00		
Local Donations/Contributions			3,335.00	
Other Local Revenues			\$ -	
	TOTAL OTHER LOCAL REVENUES			\$ 3,935.00
	TOTAL REVENUES			\$ 2,130,576.68

Bayshore Preparatory Charter Academy
2014-15 Final Budget (Draft A)
FUNDING CALCULATIONS

2016-17 (Year 3)	Net State Funding COLA over prior year =			2.14%
GENERAL PURPOSE ENTITLEMENT				TOTALS
Total LCFF Funding (see LCFF page):	\$ 8,545.40	ADA 282.40	<u>Subtotal</u> \$ 2,413,221	
State Aid Portion:	\$ 6,990.97	282.40		1,535,286.00
Education Protection Account Portion:	\$ 1,554.43	282.40		438,972.00
Local In-Lieu-Of Property Tax Portion:	\$ 1,554.40	282.40		\$ 438,963.00
	TOTAL GENERAL PURPOSE ENTITLEMENT			\$ 2,413,221.00
FEDERAL REVENUES				
Title I Funding		\$ -		
Title II Part A		\$ -		
Title III LEP		\$ -		
Total Federal ESEA Funding:				\$ -
Other Federal Revenues				
PCSGP Startup/Implementation Grant		\$ -		
National School Lunch Program		\$ -		
Federal IDEA Special Education			26,493.60	
Other Federal Revenue		\$ -		
Total Other Federal Revenues:				\$ 26,493.60
	TOTAL FEDERAL REVENUES			\$ 26,493.60
OTHER STATE REVENUES				
Non-Prop 20 Lottery (using P-2 ADA)	\$ 126.00	295	37,170.00	
Prop 20 Lottery (using P-2 ADA):	30.00	295	8,850.00	
				46,020.00
Additional Other State Revenues				
State Lunch Program Revenues		\$ -		
Mandate Block Grant			7,739.00	
Facility Grant Program (lesser of 75% or \$750/ADA)			\$ -	
State Special Education (AB602)			131,305.16	
SPED Mental Health (Tier 1)			4,000.00	
SPED Mental Health (Tier 2)			19,929.00	
SPED Mental Health (Tier 3)			\$ -	
Prior Year Corrections/Adjustments			\$ -	
Other State Revenues			4,050.00	
Other State Revenues			\$ -	
Total Additional Other State Revenues:				\$ 167,023.16
	TOTAL OTHER STATE REVENUES			\$ 213,043.16
OTHER LOCAL REVENUES				
Interest Earnings		\$ 600.00		
Local Donations/Contributions			3,335.00	
Other Local Revenues			\$ -	
	TOTAL OTHER LOCAL REVENUES			\$ 3,935.00
	TOTAL REVENUES			\$ 2,656,692.76

**Bayshore Preparatory Charter Academy
2014-15 Final Budget (Draft A)
LOCAL CONTROL FUNDING FORMULA CALCULATOR (2014-15 - YEAR 1)**

STEP 1: Calculate Start Point (2012-13 Actual Funding)

2012-13 General Purpose Block Grant	470,863
2012-13 General Purpose Block Grant	189,881
2012-13 In-Lieu-Of Property Taxes	227,005
2012-13 Categorical Block Grant (Main Portion)	60,100
2012-13 Categorical Block Grant (EIA Portion)	10,816
2012-13 Supplemental Categorical Grant	-
2012-13 Other "Flexed" Categoricals	<u>23,944</u>
2012-13 Actual Funding Total:	\$ 982,609
2012-13 P-2 ADA:	divided by <u>146.04</u>
2012-13 Actual Funding Per ADA:	<u>\$ 6,728.36</u>

Step 2: Calculate LCFF Target Amount:

2014-15 Projected Enrollment:	200			
2014-15 Total Unduplicated Count of Free/Red Lunch, EL and Foster Students:	122			
2014-15 Unduplicated % (13-14 + 14-15 Enrollment / 13-14 + 14-15 UC):	60.95%			
Local District Unduplicated % (n/a unless school U% is over 55%):	48.50%			
2014-15	K-3 / 9-12	Supp. Grant	Conc. Grant	Total Target
ADA	Base Grant	Add-on		
2014-15 K-3 ADA: 5.00	7,011	729	943	- 43,415
2014-15 4-6 ADA: 10.00	7,116		867	- 79,830
2014-15 7-8 ADA: 12.00	7,328		893	- 98,652
2014-15 9-12 ADA: 155.40	8,491	221	1,062	- 1,518,880
Totals: 182.40	1,513,652	37,988	189,136	- 1,740,777
LCFF Target:	\$ 1,740,777			
2014-15 P-2 ADA:	divided by <u>182.40</u>			
LCFF Target Per ADA:	<u>\$ 9,543.73</u>			

Step 3: Calculate Current Year LCFF Funding:

LCFF Target:	\$ 1,740,777
Starting Amount (2012-13 Actual Funding Per ADA x 2014-15 ADA):	(1,221,291)
Prior Year Gap per ADA x 2014-15 ADA:	<u>(59,128)</u>
Total Revised Gap Amount:	\$ 460,357
Percentage of Gap Covered in 2014-15:	28.060%
Dollar Amount of 2014-15 Gap Coverage:	\$ 129,176
Total 2014-15 LCFF Funding (2013-14 Funding + 14-15 Gap Coverage):	<u>\$ 1,409,596</u>
Total 2014-15 LCFF Funding Per 2014-15 ADA:	<u>\$ 7,728.05</u>
% Change in \$/ADA Funding from 2013-14 to 2014-15:	<u>9.317%</u>

Bayshore Preparatory Charter Academy

2014-15 Final Budget (Draft A)

LOCAL CONTROL FUNDING FORMULA CALCULATOR (2015-16 - YEAR 2)

STEP 1: Calculate Start Point (2012-13 Actual Funding)

2012-13 General Purpose Block Grant	470,863
2012-13 General Purpose Block Grant	189,881
2012-13 In-Lieu-Of Property Taxes	227,005
2012-13 Categorical Block Grant (Main Portion)	60,100
2012-13 Categorical Block Grant (Main Portion)	10,816
2012-13 Supplemental Categorical Grant	-
2012-13 Other "Flexed" Categoricals	23,944
2012-13 Actual Funding Total:	\$ 982,609
2012-13 P-2 ADA:	divided by 146.04
2012-13 Actual Funding Per ADA:	\$ 6,728.36

Step 2: Calculate LCFF Target Amount:

2015-16 Projected Enrollment:	250				
2015-16 Total Unduplicated Count of Free/Red Lunch, EL and Foster Students:	152				
2015-16 Unduplicated % (13-14, 14-15 & 15-16 Enrollment / 13-14, 14-15 & 15-16)	60.88%				
Local District Unduplicated % (n/a unless school U% is over 55%):	48.50%				
2015-16 ADA	Base Grant	K-3 / 9-12 Add-on	Supp. Grant	Conc. Grant	Total Target
2015-16 K-3 ADA: 15.00	7,165	745	963	-	133,095
2015-16 4-6 ADA: 20.00	7,272		886	-	163,160
2015-16 7-8 ADA: 22.00	7,488		912	-	184,800
2015-16 9-12 ADA: 175.40	8,677	226	1,084	-	1,751,720
Totals:	232.40	1,939,597	50,815	242,363	2,232,775
LCFF Target:	\$ 2,232,775				
2015-16 P-2 ADA:	divided by 232.40				
LCFF Target Per ADA:	\$ 9,607.47				

Step 3: Calculate Current Year LCFF Funding:

LCFF Target:	\$ 2,232,775
Starting Amount (2012-13 Actual Funding Per ADA x 2015-16 ADA):	(1,549,511)
Prior Year Gaps per ADA x 2015-16 ADA:	(239,923)
Total Revised Gap Amount:	\$ 443,341
Percentage of Gap Covered in 2015-16:	30.390%
Dollar Amount of 2015-16 Gap Coverage:	\$ 134,731
Total 2015-16 LCFF Funding (2013-14 Funding + 15-16 Gap Coverage):	\$ 1,924,165
Total 2015-16 LCFF Funding Per 2015-16 ADA:	\$ 8,279.54
% Change in \$/ADA Funding from 2014-15 to 2015-16:	7.136%

**Bayshore Preparatory Charter Academy
2014-15 Final Budget (Draft A)
LOCAL CONTROL FUNDING FORMULA CALCULATOR (2016-17 - YEAR 3)**

STEP 1: Calculate Start Point (2012-13 Actual Funding)

2012-13 General Purpose Block Grant	470,863
2012-13 General Purpose Block Grant	189,881
2012-13 In-Lieu-Of Property Taxes	227,005
2012-13 Categorical Block Grant (Main Portion)	60,100
2012-13 Categorical Block Grant (Main Portion)	10,816
2012-13 Supplemental Categorical Grant	-
2012-13 Other "Flexed" Categoricals	<u>23,944</u>
2012-13 Actual Funding Total:	\$ 982,609
2012-13 P-2 ADA:	divided by <u>146.04</u>
2012-13 Actual Funding Per ADA:	<u>\$ 6,728.36</u>

Step 2: Calculate LCFF Target Amount:

2016-17 Projected Enrollment:	300
2016-17 Total Unduplicated Count of Free/Red Lunch, EL and Foster Students:	183
2016-17 Unduplicated % (14-15, 15-16 & 16-17 Enrollment / 14-15, 15-16 & 16-17 Local District Unduplicated % (n/a unless school U% is over 55%):	60.93%
	48.50%

	2016-17 ADA	Base Grant	K-3 / 9-12 Add-on	Supp. Grant	Conc. Grant	Total Target
2016-17 K-3 ADA:	25.00	7,318	761	985	-	226,600
2016-17 4-6 ADA:	30.00	7,428		905	-	249,990
2016-17 7-8 ADA:	32.00	7,648		932	-	274,560
2016-17 9-12 ADA:	195.40	8,863	230	1,108	-	1,993,275
Totals:	<u>282.40</u>	<u>2,382,356</u>	<u>63,967</u>	<u>298,102</u>	-	<u>2,744,425</u>

LCFF Target:	\$ 2,744,425
2016-17 P-2 ADA:	divided by <u>282.40</u>
LCFF Target Per ADA:	<u>\$ 9,718.22</u>

Step 3: Calculate Current Year LCFF Funding:

LCFF Target:	\$ 2,744,425
Starting Amount (2012-13 Actual Funding Per ADA x 2016-17 ADA):	(1,877,731)
Prior Year Gaps per ADA x 2016-17 ADA:	<u>(455,260)</u>
Total Revised Gap Amount:	\$ 411,434
Percentage of Gap Covered in 2016-17:	19.500%
Dollar Amount of 2016-17 Gap Coverage:	\$ 80,230
Total 2016-17 LCFF Funding (2013-14 Funding + 15-16 Gap Coverage):	\$ 2,413,221
Total 2016-17 LCFF Funding Per 2016-17 ADA:	<u>\$ 8,545.40</u>
% Change in \$/ADA Funding from 2014-15 to 2016-17:	<u>3.211%</u>

Return of Organization Exempt From Income Tax

2012

Department of the Treasury
Internal Revenue ServiceUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

► The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2012 calendar year, or tax year beginning

07/01, 2012, and ending

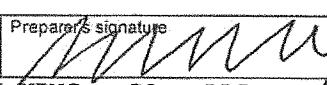
06/30, 2013

B Check if applicable:	C Name of organization BAYSHORE PREPARATORY CHARTER SCHOOL			D Employer identification number 20-2238710
Address change	Doing Business As			E Telephone number (760) 471-0847
Name change	Number and street (or P.O. box if mail is not delivered to street address) 1175 LINDA VISTA DRIVE			Room/suite
Initial return	City, town or post office, state, and ZIP code SAN MARCOS, CA 92078			G Gross receipts \$ 1,093,833.
Terminated	F Name and address of principal officer:			H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> X No
Amended return				H(b) Are all affiliates included? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> X No
Application pending				If "No," attach a list (see instructions)
I Tax-exempt status: <input checked="" type="checkbox"/> X 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.)		4947(a)(1) or	527	H(c) Group exemption number ►
J Website: ► N/A		K Form of organization: <input checked="" type="checkbox"/> X Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ► L Year of formation: 2005 M State of legal domicile: CA		

Summary	
1	Briefly describe the organization's mission or most significant activities: THE MISSION OF BAYSHORE PREP CHARTER SCHOOL IS TO EDUCATE K-12 STUDENTS THROUGH A RIGOROUS COLLEGE PREP CURRICULUM IN A FLEXIBLE STUDENT CENTERED LEARNING ENVIRONMENT.
2	Check this box ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.
3	Number of voting members of the governing body (Part VI, line 1a) 3 5.
4	Number of independent voting members of the governing body (Part VI, line 1b) 4 5.
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a) 5 11.
6	Total number of volunteers (estimate if necessary) 6 5.
7a	Total unrelated business revenue from Part VIII, column (C), line 12 7a 0
b	Net unrelated business taxable income from Form 990-T, line 34 7b 0
Revenue	
8	Contributions and grants (Part VIII, line 1h) 957,161. 1,088,583.
9	Program service revenue (Part VIII, line 2g) 25,754. 5,121.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d) 232. 129.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 0 0
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) 983,147. 1,093,833.
Expenses	
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3) 0 0
14	Benefits paid to or for members (Part IX, column (A), line 4) 0 0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 522,237. 617,818.
16a	Professional fundraising fees (Part IX, column (A), line 11e) 0 0
b	Total fundraising expenses (Part IX, column (D), line 25) ► 0
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) 402,401. 401,113.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) 924,638. 1,018,931.
19	Revenue less expenses. Subtract line 18 from line 12 58,509. 74,902.
Net Assets or Fund Balances	
20	Total assets (Part X, line 16) 326,661. 490,830.
21	Total liabilities (Part X, line 26) 154,232. 243,499.
22	Net assets or fund balances. Subtract line 21 from line 20. 172,429. 247,331.

Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	► Signature of officer	Date			
	► Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name P. ROBERT WILKINSON	Preparer's signature 	Date	Check <input type="checkbox"/> if self-employed	PTIN P01414359
	Firm's name ► WILKINSON HADLEY KING & CO., LLP		Firm's EIN ► 52-2354566		
	Firm's address ► 218 W. DOUGLAS AVENUE EL CAJON, CA 92020		Phone no.	619-447-6700	

May the IRS discuss this return with the preparer shown above? (see instructions) X Yes No

For Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2012)

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response to any question in this Part III

1 Briefly describe the organization's mission:

ATTACHMENT 1

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: _____) (Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)

K-12 EDUCATION DELIVERED THROUGH HOME BASED INDEPENDENT LEARNING

PROGRAMS, COOPERATIVE ACTIVITIES AND SUPPLEMENTAL LEARNING

PROJECTS IDENTIFIED BY AN EDUCATIONAL LEARNING TEAM COMPOSED OF

PARENTS, STUDENTS, AND CERTIFICATED STAFF MEMBERS.

4b (Code: _____) (Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)

4c (Code: _____) (Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)

4d Other program services (Describe in Schedule O.)

(Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)

4e Total program service expenses ► 861,095.



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO BOX 1286
RANCHO CORDOVA CA 95741-1286

In reply refer to
755:G :EMM

August 18, 2008

BAYSHORE PREPATORY
100 N RANCHO SANTA FE RD
SAN MARCOS CA 92069-1279

Purpose : SCHOOL
Code Section : 23701d
Form of Organization : Corporation
Accounting Period Ending: June 30
Organization Number : 2732092

EXEMPT DETERMINATION LETTER

We determined you are exempt from California franchise or income tax under the California Revenue and Taxation Code section shown above.

The tax-exempt status is effective as of 01/21/2005.

To retain exempt status, organizations are required to be organized and operating for nonprofit purposes within the provisions of the above section. An inactive organization is not entitled to exemption.

This decision is based on information you submitted and assumes that your present operations continue unchanged or conform to those proposed in your application. Any change in operation, character, or purpose of the organization must be reported immediately to this office so that we may determine the effect on your exempt status. Any change of name or address must also be reported.

In the event of a change in relevant statutory, administrative, judicial case law, a change in federal interpretation of federal law in cases where our opinion is based upon such an interpretation, or a change in the material facts or circumstances relating to your application upon which this opinion is based, this opinion may no longer be applicable. It is your responsibility to be aware of these changes should they occur. This paragraph constitutes written advice, other than a chief counsel ruling, within the meaning of Revenue and Taxation Code Section 21012(a)(2).

August 18, 2008
BAYSHORE PREPATORY
ENTITY ID : 2732092
Page 2

For the organization's filing requirements, read enclosed Pub. 1068, Exempt Organizations - Requirements for Filing Returns and Paying Filing Fees. You may download the publication at www.ftb.ca.gov.

Note: This exemption is for state franchise or income tax purposes only. For information regarding sales tax exemption, contact the Board of Equalization at (800) 400-7115 or website www.boe.ca.gov.

A copy of this letter has been sent to the Registry of Charitable Trusts.

E DIALA
EXEMPT ORGANIZATIONS
BUSINESS ENTITIES SECTION
TELEPHONE (916) 845-4186
FAX NUMBER (916) 843-2076

EO :
CC :ANDREA C. SEXTON

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: MAY 21 2008

BAYSHORE PREPARATORY
C/O SHARON RIDDLE
100 N RANCHO SANTA FE RD STE 110
SAN MARCO, CA 92069

Employer Identification Number:
20-2238710
DLN:
608079007
Contact Person:
JENNIFER NICOLIN ID# 95152
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
June 30
Public Charity Status:
170(b)(1)(A)(ii)
Form 990 Required:
Yes
Effective Date of Exemption:
January 21, 2005
Contribution Deductibility:
Yes
Addendum Applies:
Yes

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

BAYSHORE PREPARATORY

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,


Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Enclosures: Publication 4221-PC

BAYSHORE PREPARATORY

INFORMATION FOR CHARTER SCHOOLS

You are not subject to the specific publishing requirements of Revenue Procedure 75-50, 1975-2 C.B., page 587, as long as you are operating under a contract with the local government. If your method of operation changes to the extent that your charter is terminated, cancelled, or not renewed, you should notify us. You will also be required to comply with Revenue Procedure 75-50.

BAYSHORE PREPARATORY CHARTER SCHOOL
SAN DIEGO COUNTY
SAN MARCOS, CALIFORNIA
AUDIT REPORT
JUNE 30, 2013



**WILKINSON HADLEY
KING & CO. LLP**
CPAs AND ADVISORS

218 W. Douglas Avenue • El Cajon, CA 92020
Tel. (619) 447-6700 • Fax (619) 447-6707

BAYSHORE PREPARATORY CHARTER SCHOOL

Financial Statements and Supplemental Information

Year Ended June 30, 2013

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Independent Auditor's Report

To the Board of Directors
Bayshore Preparatory Charter School
San Marcos, California

Report on Financial Statements

We have audited the accompanying financial statements of Bayshore Preparatory Charter School, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bayshore Preparatory Charter School as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, as required by the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13*, published by the Education Audit Appeals Panel is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2013 on our consideration of Bayshore Preparatory Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bayshore Preparatory Charter School's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 11, 2013

FINANCIAL STATEMENTS

BAYSHORE PREPARATORY CHARTER SCHOOL
Statement of Financial Position
June 30, 2013

ASSETS

Current Assets

Cash and cash equivalents	\$ 194,699
Accounts receivable	243,548
Prepaid expenditures	11,778
Total Current Assets	450,025

Noncurrent Assets

Capital assets, net	<u>17,213</u>
---------------------	---------------

Other Assets

Deposits	<u>23,592</u>
----------	---------------

TOTAL ASSETS	\$ 490,830
---------------------	-------------------

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 143,499
Loan payable, current portion	100,000
Total Current Liabilities	243,499

Total Liabilities	<u>243,499</u>
--------------------------	-----------------------

Net Assets

Unrestricted	<u>247,331</u>
Total Net Assets	<u>247,331</u>

TOTAL LIABILITIES AND NET ASSETS	\$ 490,830
---	-------------------

The accompanying notes to the financial statements are an integral part of this statement.

BAYSHORE PREPARATORY CHARTER SCHOOL

Statement of Activities

Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Revenue			
Charter school general purpose grant	\$ 660,744	\$ -	\$ 660,744
State aid, prior year	2,081	-	2,081
Payments in lieu of property taxes	227,005	-	227,005
Other state revenue	194,575	4,178	198,753
Interest	129	-	129
Other local revenue	5,119	-	5,119
Total Revenues	1,089,653	4,178	1,093,831
Net assets released from restrictions:			
Grant restrictions satisfied	4,178	(4,178)	-
TOTAL REVENUE AND SUPPORT	1,093,831	-	1,093,831
EXPENSES			
Certificated salaries	445,424	-	445,424
Classified salaries	57,432	-	57,432
Taxes and employee benefits	114,964	-	114,964
Books and supplies	53,132	-	53,132
Rentals, leases and repairs	138,584	-	138,584
Other operating expenditures	181,953	-	181,953
Debt service interest	3,557	-	3,557
Depreciation expense	23,885	-	23,885
TOTAL EXPENSES	1,018,931	-	1,018,931
CHANGE IN NET ASSETS	74,900	-	74,900
NET ASSETS, BEGINNING OF YEAR	172,431	-	172,431
NET ASSETS, END OF YEAR	\$ 247,331	\$ -	\$ 247,331

The accompanying notes to the financial statements are an integral part of this statement.

BAYSHORE PREPARATORY CHARTER SCHOOL**Statement of Cash Flows****Year Ended June 30, 2013****CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 74,900
Depreciation	23,885
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(A) Increase (Decrease) resulting from changes in assets:	
Accounts receivable	(85,091)
Prepaid expenses	9,462
Increase (Decrease) resulting from changes in liabilities:	
Accounts payable	(10,730)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	12,426

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from loan payable	100,000
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	100,000

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 112,426**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** 82,273**CASH AND CASH EQUIVALENTS, END OF YEAR** \$ 194,699

The accompanying notes to the financial statements are an integral part of this statement.

BAYSHORE PREPARATORY CHARTER SCHOOL

Notes to the Financial Statements

Year Ended June 30, 2013

A. Organization and Summary of Significant Accounting Policies

Organization

Bayshore Preparatory Charter School (the School) was formed on January 21, 2005 as a charter school pursuant to California Education Code §47600 under a charter agreement with San Marcos Unified School District (the District). The School became a nonprofit public benefit corporation on January 21, 2005. The charter agreement was approved by San Marcos Unified School District and submitted to the California Board of Education in March 2005. The school began operations on August 29, 2005.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958, Financial Statements of Not-for-Profit Organizations. Under ASC No. 958, the School is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor or grant restrictions.
- Temporarily restricted net assets consist of contributed funds or grants subject to donor or grant imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the School may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

The School had no permanently restricted net assets during the year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the School considers all highly liquid debt equity instruments purchased with an original maturity of three months or less to be cash equivalents.

BAYSHORE PREPARATORY CHARTER SCHOOL

Notes to the Financial Statements, Continued

Year Ended June 30, 2013

A. Organization and Summary of Significant Accounting Policies

Investments

The School's method of accounting for investments, in accordance with generally accepted accounting principles, is the fair value method. Fair value is determined by published quotes. Changes in fair value of investments results in increases or decreases in unrealized fair values of equity investments. Adjustments to fair values are reflected as unrealized gain/loss on investments in the accompanying statement of activities.

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. No allowance was considered necessary as management believes that all amounts are collectible.

Capital Assets

Property and equipment are recorded at cost, or estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. The cost of assets sold or retired and related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and any resulting gain or loss is included in the School's earnings. Management has elected to capitalize and depreciate all assets costing \$5,000 or more; all other assets are charged to expense in the year incurred. The School's policy is to evaluate the remaining lives and recoverability in light of the current conditions. It is reasonably possible that the School's estimate to recover the carrying amount of the property and equipment will change. Estimated useful lives range from three to fifty years depending on the asset.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition or when resources are received by the School prior to the School meeting the requirements for legal claim to the resources.

In subsequent periods, when both revenue recognition criteria are met or when the School has legal claim to the resources, the liability for unearned revenue is removed from the statement of financial position and revenue is recognized.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any restrictions.

All donor or grant restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

BAYSHORE PREPARATORY CHARTER SCHOOL

Notes to the Financial Statements, Continued

Year Ended June 30, 2013

A. Organization and Summary of Significant Accounting Policies (Continued)

Contributed Materials and Services

Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to operations as appropriate. The School receives services donated by volunteers in carrying out the School's operations. The services do not meet the criteria as contributions and are, therefore, not recognized in the financial statements.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contribution of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The School reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Block Grant Revenues and Payments in Lieu of Property Taxes

The School's primary funding source is a combination of local property taxes and state revenues. The California Department of Education computes two block grants based on statewide charter school rates multiplied by the School's average daily attendance (ADA) as reported at the Second Principal apportionment period (P2). The result is then reduced by property tax revenues transferred from the District to the School, which is funding in lieu of property taxes. The balance is paid from the state General Fund, in the form of the General Purpose Block Grant and the Categorical Block Grant.

Advertising

Advertising costs are expensed when incurred.

Income Taxes

The School is a 509(a)(1) publicly supported non-profit organization that is exempt from income taxes under Sections 501(a) and 501(c)(3) of the Internal Revenue Code. The School is also exempt from California franchise or income tax under Section 23701d of the California Revenue and Taxation Code. The School may be subject to tax on income which is not related to its exempt purpose. For the year ended June 30, 2013, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The School follows provisions of uncertain tax positions as addressed in ASC 958. The School recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the year ended June 30, 2013.

BAYSHORE PREPARATORY CHARTER SCHOOL

Notes to the Financial Statements, Continued

Year Ended June 30, 2013

A. Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The School files informational and income tax returns in the United States and in the state of California. The federal income tax and informational returns are subject to examination by the Internal Revenue Service for three years after the returns are filed. State and local jurisdictions have statutes of limitation that generally range from three to five years.

Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through December 11, 2013, the date the financial statements were available to be issued.

B. Cash and Cash Equivalents

Cash in County Treasury

The School maintains a portion of its cash in the San Diego County Treasury as part of the common investment pool (\$189,881 as of June 30, 2013). The county is restricted by Government Code §53635 pursuant to §53601 to invest in time deposits, U.S. Government Securities, state registered warrants, notes or bonds, State Treasurer's investment pool, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse agreements.

Cash in Bank

The remainder of the School's cash (\$4,618 and in the revolving fund \$200 as of June 30, 2013) is held in financial institutions which are either insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor or certain non-interest bearing accounts that are fully insured by the FDIC. As of June 30, 2013, the School did not have any cash that was exposed to uninsured deposit risk.

C. Capital Assets

As of June 30, 2013 capital assets consisted of:

	Beginning Balance	Increases	Decreases	Ending Balance
Building	73,718	-	-	73,718
Equipment	31,092	-	-	31,092
Total capital assets	104,810	-	-	104,810
Less accumulated depreciation	(63,711)	(23,886)	-	(87,597)
Capital assets, net	<u>\$ 41,099</u>	<u>\$ (23,886)</u>	<u>\$ -</u>	<u>\$ 17,213</u>

BAYSHORE PREPARATORY CHARTER SCHOOL
Notes to the Financial Statements, Continued
Year Ended June 30, 2013

D. Accounts Receivable

As of June 30, 2013 accounts receivable consisted of:

	<u>Accounts Receivable</u>
State Government:	
General Purpose Block Grant	134,079
Categorical Block Grant	27,120
Lottery Revenue	12,646
Other State Grants	49,142
Local Sources:	
In Lieu of Property Taxes	19,221
Other Local Sources	<u>1,340</u>
Total Accounts Receivable	<u>\$ 243,548</u>

E. Accounts Payable

As of June 30, 2013 accounts payable consisted of:

	<u>Accounts Payable</u>
Vendors payable	\$ 107,098
Accrued payroll liabilities	<u>36,401</u>
Total Accounts Payable	<u>\$ 143,499</u>

F. Loan Payable

On December 15, 2012 the School entered into a short-term loan agreement with Delta Managed Solutions, Inc. to supplement cash flows. The loan was in the amount of \$100,000 and matures August 15, 2013. The interest rate on the loan was 6.5%. On July 26, 2013, the School repaid the loan in full.

G. Operating Lease

On August 1, 2010 the School entered into a lease agreement with Linda Vista Properties, LLC for use of facilities. The agreement does not meet the requirements for capitalization. As such, the lease has not been recorded on the statement of financial position. The agreement contains a termination clause providing for cancellation after a specified number of days written notice to the lessor, but it is unlikely that the School will cancel the agreement prior to the expiration date.

BAYSHORE PREPARATORY CHARTER SCHOOL
 Notes to the Financial Statements, Continued
 Year Ended June 30, 2013

G. Operating Lease (Continued)

Future minimum lease payments under the agreement are as follows:

Year Ended June 30,	Lease Payments
2014	\$ 134,300
2015	<u>11,244</u>
Total	<u><u>\$ 145,544</u></u>

H. Functional Expenses

As of June 30, 2013 functional expenses consisted of:

	Program Services	Management and General	Total
Compensation of officers, directors, trustees and key employees	\$ 141,646	\$ -	\$ 141,646
Other salaries and wages	303,777	57,431	361,208
Pension plan accruals and contributions	36,725	-	36,725
Payroll taxes	70,690	7,549	78,239
Fees for services (non-employees):			
Management	54,240	13,560	67,800
Legal	3,760	940	4,700
Accounting	5,320	1,330	6,650
Other	22,658	5,664	28,322
Books and supplies	48,495	4,637	53,132
Advertising and promotion	10,059	2,515	12,574
Occupancy	106,448	26,612	133,060
Travel	1,274	318	1,592
Conferences, conventions and meetings	12,909	3,227	16,136
Interest	2,846	711	3,557
Depreciation	19,108	4,777	23,885
Insurance	9,544	2,386	11,930
All other expenses	<u>30,220</u>	<u>7,555</u>	<u>37,775</u>
Total expenses	<u><u>\$ 879,719</u></u>	<u><u>\$ 139,212</u></u>	<u><u>\$ 1,018,931</u></u>

BAYSHORE PREPARATORY CHARTER SCHOOL

Notes to the Financial Statements, Continued

Year Ended June 30, 2013

I. Commitments and Contingencies

State and Federal Allowances, Awards, and Grants

The School has received state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement will not be material. As a result, no liability has been accrued.

Sick Leave

Sick leave is accumulated for each employee based on the length of employment. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulate sick leave. Employees, therefore, are never paid for any sick leave balance at termination of employment or any other time. Therefore, it is not appropriate to accrue the value of the accumulated sick leave.

J. Employee Retirement System

Qualified employees are covered under multiple-employer defined benefit pension plans by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (CalSTRS). The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

1. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of the other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
3. If the School chooses to stop participating in some of its multi-employer plans, the School may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The School's participation in these plans for the fiscal year ended June 30, 2013, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2013 and 2012 is for the plan's year-end at June 30, 2012 and June 30, 2011, respectively. The zone status is based on information that the School received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

BAYSHORE PREPARATORY CHARTER SCHOOL

Notes to the Financial Statements, Continued

Year Ended June 30, 2013

J. Employee Retirement System (Continued)

Pension Fund	EIN/ Pension Plan Number	Pension Protection		FIP/RP Status Pending/ Implemented	Contributions of School			Number of Employees Participating	Surcharge Imposed
		Act Zone	Status Year Ended June 30		2013	2012	2011		
CalSTRS	NPA	Yellow	Yellow	No	36,725	32,242	31,988	8	No

NPA-Not publicly available.

CalSTRS:

The School contributes to the State Teachers' Retirement System (CalSTRS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. Required contribution rates are set by the California Legislature and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level of percentage of payroll using the entry age normal actuarial cost method. CalSTRS also uses the level percentage of payroll method to calculate the amortization of any unfunded liability. Copies of the STRS annual report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

For the fiscal year ended June 30, 2013 active plan members were required to contribute 8% of their salary and the employer contribution rate was 8.25% of annual payroll. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. The School made contributions as noted above. For the year ended June 30, 2013 the State contributed \$23,053 on behalf of the School.

K. Joint Ventures (Joint Powers Agreements)

The School entered into a Joint Powers Agreement (JPA) known as the "California Charter School Association Joint Powers Authority (CCSA-JPA)", a self-insurance plan for workers' compensation, property/casualty, and school board liability insurance. The CCSA-JPA is governed by a board consisting of a representative from each member organization. The board controls the operation of the CCSA-JPA including selection of management and approval of operating budgets, independent of any influence by the member organizations beyond their representation on the board. Each member organization pays a premium commensurate with the level of coverage requested and share surpluses and deficits proportionate to their participation in the CCSA-JPA. The CCSA-JPA is a separate entity which is audited by an independent accounting firm.

The School also entered into a Joint Powers Agreement (JPA) known as the Southern Counties Special Education Charter Consortium (SCSECC) for special education purposes. The SCSECC is governed by a board consisting of a representative from each member organization. The board controls the operation of the SCSECC including selection of management and approval of operating budgets, independent of any influence by the member organizations beyond their representation on the board. The SCSECC is a separate entity which is audited by an independent accounting firm.

SUPPLEMENTAL INFORMATION

BAYSHORE PREPARATORY CHARTER SCHOOL

Organization Structure

Year Ended June 30, 2013

Bayshore Preparatory Charter School (Charter #723) was established in 2005. The authorizing entity is San Marcos Unified School District.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Frank Ogwaro	President	Two Year Term Expires July 2014
Wendy Hamson	Secretary	Two Year Term Expires July 2013
Tom Estill	Member	Two Year Term Expires July 2013
Mark Istratoff	Member	Two Year Term Expires July 2013
Allison Magill	Member	Two Year Term Expires July 2014

ADMINISTRATION

Nancy Spencer
Executive Director

BAYSHORE PREPARATORY CHARTER SCHOOL**Schedule of Average Daily Attendance****Year Ended June 30, 2013**

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
Non-Classroom Based Attendance:				
Kindergarten	0.72	N/A	0.58	N/A
Grades 1-3	2.78	N/A	2.46	N/A
Grades 4-6	6.59	N/A	6.32	N/A
Grades 7-8	6.62	N/A	7.49	N/A
Grades 9-12	129.33	N/A	132.72	N/A
Total Non-Classroom Based Attendance	146.04	N/A	149.57	N/A
Total Attendance	146.04	N/A	149.57	N/A

N/A – There were no audit findings which resulted in revisions to the second period or annual reports of attendance.

Average daily attendance (ADA) is a measure of the number of pupils attending classes of the School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

BAYSHORE PREPARATORY CHARTER SCHOOL

Schedule of Financial Trends and Analysis

Year Ended June 30, 2013

	Budget			
	2014	2013	2012	2011
Revenues	\$ 1,471,610	\$ 1,093,831	\$ 983,147	\$ 1,007,976
Expenses	1,153,419	1,018,931	924,638	952,417
Change in Net Assets	<u>318,191</u>	<u>74,900</u>	<u>58,509</u>	<u>55,559</u>
Ending Net Assets	<u>\$ 565,522</u>	<u>\$ 247,331</u>	<u>\$ 172,431</u>	<u>\$ 113,922</u>
Unrestricted Net Assets	<u>\$ 565,522</u>	<u>\$ 247,331</u>	<u>\$ 172,431</u>	<u>\$ 113,922</u>
Unrestricted net assets as a percentage of total expenses	<u>49.03%</u>	<u>24.27%</u>	<u>18.65%</u>	<u>11.96%</u>
Average Daily Attendance at P2	<u>195.00</u>	<u>146.04</u>	<u>138.87</u>	<u>142.87</u>

This schedule discloses the School's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the School's ability to continue as a going concern for a reasonable period of time.

BAYSHORE PREPARATORY CHARTER SCHOOL

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

Year Ended June 30, 2013

June 30, 2013 annual financial and budget report fund balance	<u>\$ 247,331</u>
Adjustments and reclassifications	-
Total adjustments and reclassifications	-
June 30, 2013 audited financial statement net assets	<u>\$ 247,331</u>

This schedule provides the information necessary to reconcile the fund balance as reported on the Annual Financial and Budget Report Alternative Form to the net assets reported in the audited financial statements.

OTHER INDEPENDENT AUDITORS' REPORTS

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

To the Board of Directors
Bayshore Preparatory Charter School
San Marcos, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bayshore Preparatory Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bayshore Preparatory Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bayshore Preparatory Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bayshore Preparatory Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King & Co., LLP

El Cajon, California

December 11, 2013

Independent Auditor's Report on State Compliance

To the Board of Directors
Bayshore Preparatory Charter School
San Marcos, California

Report on State Compliance

We have audited Bayshore Preparatory Charter School's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the School's state programs identified below for the fiscal year ended June 30, 2013.

Management's Responsibility for State Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit Guide *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13* published by the Education Audit Appeals Panel. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the comptroller General of the United States; and the State's audit guide *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13* published by the Education Audit Appeals Panel. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine the School's compliance with the state laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools		
Attendance Accounting:		
Attendance Reporting	6	N/A
Teacher Certification and Misassignments	3	N/A
Kindergarten Continuance	3	N/A
Independent Study	23	N/A
Continuation Education	10	N/A
Instructional Time:		
School Districts	6	N/A
County Offices of Education	3	N/A
Instructional Materials, General Requirements	8	N/A
Ratios of Administrative Employees to Teachers	1	N/A
Classroom Teacher Salaries	1	N/A
Early Retirement Incentive	4	N/A
Gann Limit Calculation	1	N/A
School Accountability Report Card	3	N/A
Juvenile Court Schools	8	N/A
School Districts and Charter Schools		
Class Size Reduction:		
General Requirements	7	N/A
Option One	3	N/A
Option Two	4	N/A
Only One School Serving Grades K-3	4	N/A
After School Education and Safety Program:		
General Requirements	4	N/A
After School Component	5	N/A
Before School Component	6	N/A
Charter Schools		
Contemporaneous Records of Attendance	1	Yes
Mode of Instruction	1	Yes
Nonclassroom-Based Instruction/Independent Study	15	Yes
Determination of Funding for Nonclassroom Based Instruction	3	Yes
Annual Instructional Minutes – Classroom Based	4	N/A

The term N/A is used above to mean either the School did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

In our opinion, Bayshore Preparatory Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2013.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13*, published by the Education Audit Appeals Panel. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 11, 2013

FINDINGS AND RECOMMENDATIONS

BAYSHORE PREPARATORY CHARTER SCHOOL

Schedule of Auditor's Results

Year Ended June 30, 2013

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
One or more material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
One or more significant deficiencies identified that are not considered material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

STATE AWARDS

Any audit findings disclosed that are required to be reported in accordance with <i>Standards and Procedures for Audits of California K-12 Local Education Agencies</i> ?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Type of auditor's report issued on compliance for state programs:	<u>Unmodified</u>	

BAYSHORE PREPARATORY CHARTER SCHOOL

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

A. Financial Statement Findings

None

B. State Award Findings

None

BAYSHORE PREPARATORY CHARTER SCHOOL

Schedule of Prior Year Audit Findings

Year Ended June 30, 2013

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation if Not Implemented</u>
There were no findings reported in the prior year audit.	N/A	N/A

Tammah Watts
1572 Archer Road
San Marcos, CA 92078

September 30, 2014

San Marcos Community Foundation
1 Civic Center Drive
San Marcos, CA. 92069

Dear San Marcos Community Foundation Committee Members:

When I learned of Bayshore Preparatory Charter School's intention to apply for a grant to assist with the further development of a Science Lab for its students, I eagerly volunteered to write this letter of support.

About Our Family

In 2002, our family moved to San Elijo Hills. Our three youngest children, identical twin daughters and a son, attended the neighborhood San Marcos public schools from Kindergarten through their freshman year at San Marcos High School.

All three children have been active in extracurricular activities both at their schools and in the greater San Marcos community. They have participated in Boy and Girl Scouts, various youth sports, SEMS Bands and Drumline, classes at the San Marcos Community Center and have volunteered their time at the San Marcos Library and their former elementary school.

They have been recognized for exemplary academic accomplishments at the state and national level. Our children, now in their teen years, are highly motivated to pursue college and university educations, all in the STEM fields.

Unfortunately, each child developed a debilitating recurrent illness which rendered their continued attendance at the traditional high school impossible.

Choosing Bayshore Prep

Although their physical bodies are challenged by disease, our children's desire to persevere with their academic goals continues. Given this, it was paramount that I, as a parent, find an educational setting that could accommodate them accordingly. Following extensive research, I contacted Bayshore Preparatory Charter School. I was encouraged with their online information indicating several learning modalities, a strong and diverse teaching staff and adherence with State and Federal course guidelines for students to graduate eligible for CSU and UC California admissions. Meeting with school administrators and teachers allowed our children to comfortably select Bayshore. They have been able to complete rigorous coursework and receive personalized support. They have been able to participate in the Independent Study model, participate

in on-site courses and field trips. Additionally, Bayshore has collaborated with Palomar Community College to permit students to take college level courses as well.

The preparation needed to do this is significant. Our children have had the benefit of taking Biology and Chemistry with labs from Mrs. Ladd. She has proven to be a steadfast educator who has positively encouraged our children to learn, learn more and to excel.

Our son entered Bayshore behind in his classes due to his illnesses. He was able to finish his course work at a moderate pace and complete the required labs. In fact, the labs are his favorite aspect of the science courses!

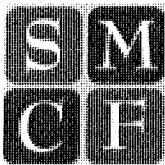
Bayshore Prep has afforded our daughter, now a senior, to successfully complete several science/science lab and advanced math courses at Palomar College. Most recently, Mrs. Ladd was instrumental in facilitating an on-site volunteer opportunity for her to assist the K—2 grades teacher with developing a science lab experiment in accordance with curriculum the students were learning. Our daughter found this experience most rewarding and it allowed her to apply what she has learned to work with others.

Recently, she has begun an internship with the Centers for Disease Control and Prevention (San Diego). Her coursework at Bayshore Prep and her ongoing direct teacher supervision from Mrs. Ladd has been instrumental in her confidence at the CDC.

In Support of Bayshore Prep

From a parent's perspective, it seems that Bayshore Prep is a most deserving candidate. I am personally aware of the science teachers' efforts to creatively prepare labs for the various science courses offered using limited materials yet meeting and exceeding educational standards. Their commitment to their students is evident in the supplemental learning materials and field trips developed to reinforce learning.

The grant would prove so beneficial to everyone currently at the school as well as those to follow. A good science lab with good equipment and materials will allow many more students to pursue the STEM fields with confidence and most importantly, with passion.



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

(Choose one) **MINI-GRANT** (Choose one) **REGULAR GRANT**

Project Name: Senior Hunger	Total # of people served: 152 San	2700 Total served in San Diego County	
Date Submitted: 10-1-14	Total # of San Marcos residents served:	Marcos Residents	Amount Requested: \$ 8,000
Non-Profit Organization Name and Address, Website Meals-on-Wheels Greater San Diego, Inc. 2254 San Diego Avenue, #200 San Diego, Ca 92110		Contact Person – Name, Title & Phone, email Heidi Kone, Development Manager - Grants 619-278-4012/hkone@meals-on-wheels.org	

Briefly describe your request for funds (to be expanded upon in narrative for regular grant):

Meals-on-Wheels Greater San Diego, Inc. (MOWGSD) is requesting \$8,000.00 to help subsidize the cost of rent at its North County Service Center located at 930 Boardwalk Street, Unit C, San Marcos, Ca 92078. Savings in Operating Funds will help MOWGSD to serve the expected increase in homebound senior residents to be served in San Marcos. Expected meal delivery is forecasted to increase from 17,133 in 2014 to 20,046 in 2015 (19% increase).

Briefly describe the significance of your request to the San Marcos community:

MOWGSD currently serves 152 homebound seniors living in San Marcos. The senior population (60+) residing in San Marcos currently represents 17% of the entire population. Expected growth rate of seniors 60+ in San Marcos is 21% for 2015 and 47% for seniors 85+. MOWGSD expects a significant increase in the need of its services to homebound seniors living in San Marcos. With operating funds released for the delivery of meals to homebound seniors in San Marcos, MOWGSD is better prepared to meet the needs of the community.

Please attach the following items. Both Mini-Grant & Regular: 1. Budget for request (use SMCF Budget Worksheet) 2. Annual Operating budget for the organization or unit 3. Federal & State Tax ID numbers 4. Board of Directors listing with affiliations 5. Signature of President or Authorized Officer on Application- <i>If using a fiscal sponsor, the signature must come from the President or an Authorized Officer of that organization.</i> 6. Regular Grants Only: a. 1-2 page narrative b. First 2 pages of Federal 990 c. Most recent year-end Statement or Audit including any management letters associated with Audit. d. Optional: letters of support	Expected date project will begin/end: 10/1/14 Date by which funds will be expended: 9/30/15 Signature of President or Authorized Officer Name, Title _____ Date _____ Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): wkaserman@san-marcos.net
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San Marcos Community Foundation Narrative (1 to 2 pages)

Describe your request

Meals-on-Wheels Greater San Diego, Inc. (MOWGSD) respectfully requests \$8,000 in grant funding to be used toward rental costs for the North County Service Center located at 930 Boardwalk Street in San Marcos. The Service Center has occupied this space for over (17) years and it serves all of North County including the unincorporated areas.

MOWGSD's primary mission is to support the independence and well-being of seniors by providing the delivery of affordable fresh meals to homebound seniors throughout San Diego County. Many seniors experience chronic illnesses and disabilities making activities of daily living difficult. In many cases, seniors will become temporarily and/or permanently homebound. Becoming homebound prevents seniors from performing the most basic activities of daily living such as obtaining food, healthcare, support services, and engagement in social activities. MOWGSD provides the following:

1. Home delivery of nutritious, healthy, pre-prepared meals for every day of the week
2. Warm, caring social contact and support
3. Wellness checks to determine if a senior is in need of additional services
4. Referrals to other support services as appropriate

Describe the Significance of your request to the San Marcos Community

The senior population (60 years and older) residing in San Marcos currently represents 17% of the entire population and/or 14,689 people in the area. Projections in relation to the growth of seniors for the area correspond with the significant growth projections for seniors both nationally and statewide.

Based on the San Diego Association of Governments (SANDAG) growth projections for San Marcos alone, there will be a 21% increase in the age group 60+ in 2015. The age group 85+ will increase by 47% from the year prior. This growth is significant and MOWGSD is preparing to meet the rise in demand for its services by the senior population living in North County and, in particular, San Marcos.

The total number of meals delivered to San Marcos homebound seniors thus far for MOWGSD's fiscal year 2014 is 17,133 with 11,703 beverages. The anticipated number of meals to be delivered for fiscal year 2014 and forecasted in MOWGSD's Regular Grant Proposal to the San Marcos Community Foundation in 2013 was 14,500. *This equates to 16% increase above and beyond what was projected.* The San Marcos Community Foundation charitably granted \$7,000 in funding to be used toward the cost of rent for the North County Service Center located in San Marcos. To that end, MOWGSD was able to free funds to be used for operating expenses to subsidize additional meals and delivery services to homebound seniors living in San Marcos.

84% of MOWGSD clients are not only homebound but are also low income and experience severe financial limitations. These financial constraints are further challenged by the high cost of living in California and, in particular, San Diego. The financial issues San Diego seniors face are also combined with the major transformations taking place in California in relation to long-term services and supports. This is due in part to the sheer number of seniors that currently make-up the population coupled with what we know the future holds in terms of growth for adults 65+ and, in particular, 85+. Most Californians cannot afford the high cost of long-term services. The cost of home care is 82% of median household income, while nursing home care is 241% of median household income. The average annual

cost of a nursing home in California is \$91,250 a year. Seniors and/or their families often pay these expenses out of pocket and deplete all assets until the only option becomes Medicaid (The SCAN Foundation, Policy Brief, June 2014).

Larry's story demonstrates this common dilemma:

Larry is a MOWGSD client who is 91 years old and was married to his wife Judy since 1962. Over the years Judy fell ill and became homebound. Having Judy go into a long-term care facility was not an affordable option for the couple. As a result, Larry tried to take over domestic duties and be a full-time caregiver, but he did not have the skills or knowledge to prepare healthy meals they both needed. MOWGSD stepped in and started to deliver meals for Judy. Due to Judy's illness, Larry did not want to leave Judy alone as he feared an emergency could occur if she was unaccompanied. Therefore, even though Larry was mobile, he became homebound as well. Shortly after Judy started to receive meals, a volunteer noticed that Judy and Larry both were starting to lose weight. Upon further investigation it was determined that they were sharing the lunch and dinner that was being delivered for Judy because Larry couldn't leave the house to shop for himself and couldn't afford meals for both of them (subsidized at \$3.50 for 2 meals delivered). At this time, MOWGSD managed to find the funds through grants to buy down fees to provide them both

IF MOWGSD were granted \$8,000 in funding from the San Marcos Community Foundation for rental expenses for the North County Service Center in San Marcos, savings would be used to provide additional delivery of meals to homebound seniors living in San Marcos. MOWGSD is currently forecasting a 19% increase in the number of clients it will serve in San Marcos for 2015 equating to the delivery of approximately 20,046 meals. Based on projections from SANDAG in relation to the growth of seniors aged 60+ in San Marcos and national and state trends, the number of meals and clients served in San Marcos could far exceed the 19% projected.

SAN MARCOS COMMUNITY FOUNDATION

Budget Worksheet

Provide an itemized list of expenses for this project:
(example – 72 bicycle helmets at \$7.80 each including tax = \$561.60)

Rent for the North County Service Center located in San Marcos:
\$850.00/mo x 12 months = \$10,200 \$10,200

Total budget for this PROJECT: **\$8,000**

Grant Request Amount: **\$8,000**
(Mini-grants not to exceed \$1,500, Regular grants not to exceed \$10,000.)

Is this a challenge grant? No Could it be? No

Please list any other funding sources for this project.

**Indicate if funds are committed (C), conditional (CD), or pending (P).

MOWGSD has a robust development department and receives private grants and donations from a large number of individuals and grantors. We receive only very limited indirect public funds through Community Block Grants. *MOWGSD just recently started its Fiscal Year 2015 which runs from Oct 1, 2014 through September 30, 2015.* The following are grants that have been submitted and are pending for Fiscal Year 2015. Only San Marcos Community Foundation is specifically for rental relief for the North County Service Center in San Marcos.

In addition to grants and donations received, MOWGSD recruits 2600 volunteers annually. It takes 150 volunteers a day to deliver meals throughout San Diego County which equates to 211,575 volunteer hours and 725,400 miles annually. For San Marcos alone, delivery and office volunteers donate approximately 3,600 hours in service and drive over 14,000 miles annually. Volunteer time is calculated at \$24.75 an hour and mileage is calculated at \$0.565/mile.

\$2,500 - Escondido Rotary Foundation – C
\$70,000 – Walmart State Giving – P
\$5,000 – Thursday Club Foundation – P
\$5,000 – Bank of America – P
\$6,800 – Grossmont Healthcare District – C
\$28,125 – District 4 (Ron Roberts) Neighborhood Reinvestment Program – P
\$30,000 – Zable Foundation – P
\$7,800 – French-Weaver Fund - P
\$5,000 – Safeway – P
\$10,000 – Cox Cares Foundation – P
\$5,000 – Heller Foundation – P
\$5,000 – Country Friends – P
\$20,000 – AIS Senior Nutrition Program – P
\$8,000 – San Marcos Community Foundation – P

MEALS-ON-WHEELS GREATER SAN DIEGO, INC.

FISCAL YEAR 2015 BUDGET

Final Approved

A/C #	Line Item	2015 TOTALS
4300	Program service fees	\$ 1,690,637
4000	Contributions	1,085,250
4003	Gifts in Kind*	265,986
4050	Bequests	-
4100	Private Grants	464,000
4200	Government Grants	62,300
4900	Community Outreach	250,000
4910	Investment Income	107,800
4750	Cause Marketing	18,000
4800	Special Events	395,850
4940	Other Income	12,845
TOTAL REVENUE		\$ 4,352,667
5000	Salary & wage expense	\$ 1,717,555
5100	Employee benefits	240,568
5200	Pension expense	-
5300	Payroll taxes	156,159
5400	Workers compensation	51,245
5600	Fee for services (non-employee)	133,900
5500	Staff & Board development	5,500
TOTAL HUMAN RESOURCES		2,304,927
7000	Food & Packaging	\$ 967,890
TOTAL FOOD		\$ 967,890
6000	Supplies	33,200
6050	Contracts & leases	84,917
6100	Telecommunications	32,140
6200	Postage & shipping	62,125
6300	Occupancy	187,353
6400	Printing & copying	67,877
6500	Travel	64,462
6605	Donor development	1,000
6650	Volunteer program	7,000
6700	Advertising & marketing	11,222
6800	Equipment < \$1000	2,000
6900	Repair & maintenance	62,055
6920	Special Events	108,205
6925	Gifts in Kind Expense	265,986
6930	General Insurance	49,577
6950	Bank Charges	21,855
6980	Bad Debt Acct.	18,500
7200	Projects Materials & Supplies	-
TOTAL OPERATING		\$ 1,079,474
TOTAL EXPENSE		\$ 4,352,291
NET REV + /< - > EXP		\$ 376

Meals-on-Wheels Greater San Diego, Inc.

Federal Tax I.D. #952660509

State Tax I.D. #0602451

Meals-on-Wheels Greater San Diego, Inc.

Name	Committee	Email	Company	Title
Belmer, Ryan	Audit Chair	ryan.belmer@ubs.com	UBS Financial Services Inc.	First VP Investments Portfolio Manager
Browning-Baity, Clara	Finance Committee Member	cmbbaity@pacbell.net	N/A	Retired Registered Dietitian
Dathe, Stephanie	Marketing & RDC Chair	stephanie@encompass.net	Encompass	Event Planner
Dethoff, Tyson	Finance Chair	tysond@allenbrooke.com	Allenbrooke Insurance Services, Inc.	Vice President
English, John	Marketing & RDC Member	johnnyenglish@mee.com	NuVasive, Inc.	Director, Legal Affairs
Gramling, Gary	Services Committee Member	ggramling@aol.com	Gramling Construction , Inc.	President
Ives, Gail	Board Development Chair	gail.ives@unionbank.com	Union Bank	St. Vice President
Katsell, Noah	Chair:	noah.katsell@dlapiper.com	DLA Piper	Partner
Levin, Jason	Audit Committee Member	Jason.Levin@dosgringos.net	Dos Gringos	Founder/President
McMahon, Kevin	Audit Committee Member	kevin@mcmahonsteel.com	McMahon Steel	Vice President/COO
North, Tom	Marketing & RDC Member	northprops@gmail.com	North Properties	Realtor
Pavao, Peter	Board Development Member	PPavao@semprauilities.com	SDG & E	Technical Analysis Manager
Pieper, Kristi	Secretary & Board Development Member	rosspieper@aol.com	Five K Family Trust	Property Manager
Porter, Nanci	Services Chair & Vice Chair	nancipoter@gmail.com	Founder	
Ramirez, Diana	Marketing & RDC Committee Member	dianaramirez@gmail.com	Care Innovations	Vice President, Marketing
Richardson, Joan	Board Development Member	joan.richardson03@gmail.com	Richardson Insurance Agency	President & CEO
Rodriguez, Tom	Services Committee Member	trodriguez@mw.com	The Men's Wearhouse	General Manager
Thomas, Peter	Finance Committee Member	pthomas@yahoo.com	Retired	Physician
Woods, Hon. Margie G.	Services Committee Member	margie.woods@sdcourt.ca.gov	San Diego Superior Court	Judge
Alumni Council (non-voting members)			Company	Title
Baddour, Daralyne		happyfax@sbcglobal.net	Daralyne Baddour, CPA	CPA
Burzynski, Bill		william.burzynski@bankofthewest.com billbch@aoi.com	Bank of the West	Vice President
Hage, Bonnie		bonnie.hage@cox.net	Philanthropist	
Morse, Karen		zunimouse@yahoo.com	N/A	Retired Pharmacist
Stirling, Jason		jason.stirling@pillsburylaw.com	Pillsbury Law	Senior Associate
Stratton, Cindi		cstratton@sglawcorp.com	Stratton & Green	Partner
Wichard, Christine		ljoy@san.rr.com	N/A	Retired
Trustee Emeritus (non-voting members)				
Hermann, John		kingoftheapsis@znet.com	N/A	Retired Real Estate
Kronemyer, Nancy		n01muzzy@aol.com	N/A	N/A
Leford, Joy		j.ledford@cox.net		
Staff			Company	Title
Case, Debbie		dcase@meals-on-wheels.org	MOWGSD	President/CEO

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2012

Open to Public
InspectionDepartment of the Treasury
Internal Revenue ServiceUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

► The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2012 calendar year, or tax year beginning		10/01	, 2012, and ending	09/30	, 2013
B Check if applicable:		C Name of organization		D Employer identification number	
<input type="checkbox"/> Address change		MEALS-ON-WHEELS GREATER SAN DIEGO INC		95-2660509	
<input type="checkbox"/> Name change		Doing Business As		E Telephone number	
<input type="checkbox"/> Initial return		Number and street (or P.O. box if mail is not delivered to street address)		619-260-6110	
<input type="checkbox"/> Terminated		Room/suite		G Gross receipts \$ 5,063,558	
<input type="checkbox"/> Amended return		2254 San Diego Avenue Suite 200		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<input type="checkbox"/> Application pending		City, town or post office, state, and ZIP code		H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No	
		San Diego, CA 92110		If "No," attach a list (see instructions)	
		F Name and address of principal officer: Deborah Case 2254 San Diego Avenue, Suite 200, El Cajon, CA 92110		H(c) Group exemption number ►	
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c)() (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527					
J Website: ► www.meals-on-wheels.org					
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►		L Year of formation: 1970		M State of legal domicile: CA	

Part I Summary

1 Briefly describe the organization's mission or most significant activities: Meals-on-Wheels supports the independence and well-being of seniors by providing regular nutrition and daily contact with a caring volunteer. Meals prepared using Area Agency on Aging Nutrition Center guidelines are delivered to seniors homes throughout San Diego County.

2 Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets.

3 Number of voting members of the governing body (Part VI, line 1a) 3 20

4 Number of independent voting members of the governing body (Part VI, line 1b) 4 20

5 Total number of individuals employed in calendar year 2012 (Part V, line 2a) 5 88

6 Total number of volunteers (estimate if necessary) 6 2,800

7a Total unrelated business revenue from Part VIII, column (C), line 12 7a 0

b Net unrelated business taxable income from Form 990-T, line 34 7b 0

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	2,578,970	2,484,273
9 Program service revenue (Part VIII, line 2g)	1,268,649	1,373,242
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	121,394	116,851
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-100,015	-50,813
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	3,868,998	3,923,563

	Prior Year	Current Year
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0	0
14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	1,959,857	1,992,001
16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b Total fundraising expenses (Part IX, column (D), line 25) ► 465,688	465,688	
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	1,766,110	1,845,452
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	3,725,967	3,937,453
19 Revenue less expenses. Subtract line 18 from line 12	143,031	-13,900

	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	5,102,480	5,319,788
21 Total liabilities (Part X, line 26)	173,734	162,262
22 Net assets or fund balances. Subtract line 21 from line 20	4,928,746	5,157,526

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	<i>Deborah Case</i>		Date 10-4-14
	Signature of officer	Preparer's signature	
Deborah Case, President and CEO			
Type or print name and title			

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►			Firm's EIN ►	
	Firm's address ►			Phone no.	

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response to any question in this Part III 1 Briefly describe the organization's mission:

The mission of Meals-on-Wheels Greater San Diego, Inc. is to support the independence and well-being of seniors.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 3,187,653 including grants of \$ 0) (Revenue \$ 1,373,242)

Meals-on-Wheels prepares and home-delivers two meals a day, for seven days a week (including holidays), and provides modified diets to seniors age 60 and older throughout San Diego County. Meals, specially formulated for senior nutrition using Area Agency on Aging Nutrition Center guidelines are delivered to seniors' homes by volunteers. Frequently the volunteer may be the only person the senior sees all day, providing human contact and a safety net, particularly for those seniors living alone. Diabetic friendly, reduced fat/reduced sodium, easy to chew and general meals are available diet options. In fiscal year 2013, 2,800 volunteers delivered 381,849 meals.

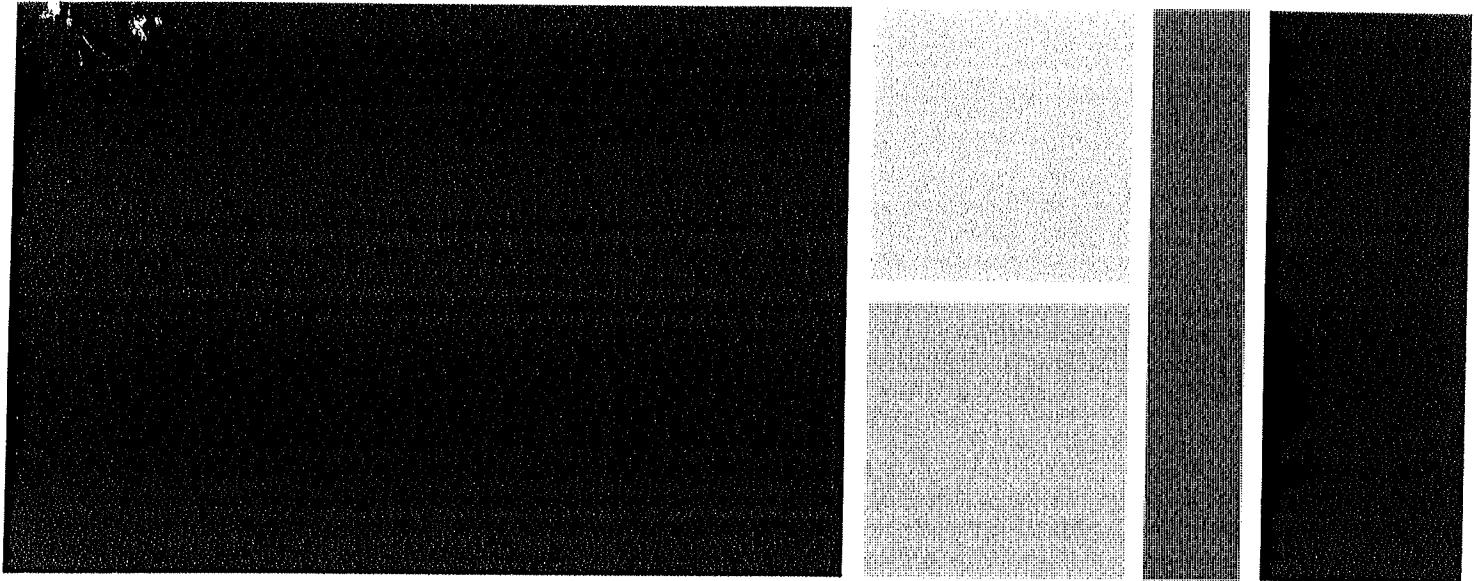
4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O.)

(Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)

4e Total program service expenses ► 3,187,653



**MEALS-ON-WHEELS GREATER
SAN DIEGO, INC.**

Financial Statements

Years Ended September 30, 2013 and 2012



MEALS-ON-WHEELS GREATER SAN DIEGO, INC.

Financial Statements

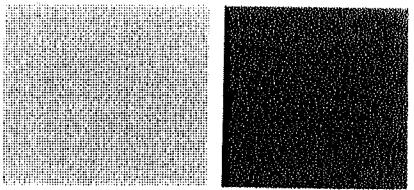
Years Ended September 30, 2013 and 2012

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CPAS AND BUSINESS CONSULTANTS



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
of Meals-on-Wheels Greater San Diego, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Meals-on-Wheels Greater San Diego, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals-on-Wheels Greater San Diego, Inc. as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

AKT LLP

San Diego, California
January 28, 2014

MEALS-ON-WHEELS GREATER SAN DIEGO, INC.

Statements of Financial Position

September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 18,289	\$ 29,208
Short-term investments	642,791	629,977
Accounts receivable, net of allowance for doubtful accounts of \$5,000 (2013) and \$3,500 (2012)	166,558	141,183
Prepaid expenses	45,432	40,291
Inventory	<u>12,041</u>	<u>13,305</u>
Total Current Assets	885,111	853,964
Long-Term Investments	3,257,414	3,018,134
Deposits	13,960	16,437
Property and Equipment, net of accumulated depreciation	<u>1,163,303</u>	<u>1,213,945</u>
Total Assets	<u>\$ 5,319,788</u>	<u>\$ 5,102,480</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 44,076	\$ 71,094
Accrued expenses	<u>118,186</u>	<u>102,640</u>
Total Current Liabilities	162,262	173,734
Net Assets:		
Unrestricted	1,763,450	1,760,697
Temporarily restricted	691,676	465,649
Permanently restricted	<u>2,702,400</u>	<u>2,702,400</u>
Total Net Assets	<u>5,157,526</u>	<u>4,928,746</u>
Total Liabilities and Net Assets	<u>\$ 5,319,788</u>	<u>\$ 5,102,480</u>

MEALS-ON-WHEELS GREATER SAN DIEGO, INC.

Statement of Activities

Year Ended September 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Support:				
Contributions	\$ 1,313,010	\$ 249,803	\$ -	\$ 1,562,813
Fees for services	1,373,242	-	-	1,373,242
Special events	442,939	-	-	442,939
Less: Special events expenses	(239,457)	-	-	(239,457)
	203,482	-	-	203,482
Bequests	308,039	-	-	308,039
Community outreach	260,641	255	-	260,896
Government grants	84,909	-	-	84,909
Other income	13,322	-	-	13,322
Gain on sale of property and equipment	5,300	-	-	5,300
Investment return	117,993	231,252	-	349,245
Net assets released from restrictions, satisfaction of program restrictions	255,283	(255,283)	-	-
Total Revenue and Support	3,935,221	226,027	-	4,161,248
Program and Supporting Expenses:				
Program services	3,193,505	-	-	3,193,505
Supporting services:				
Management and general	279,464	-	-	279,464
Fundraising	459,499	-	-	459,499
Total supporting services	738,963	-	-	738,963
Total Program and Supporting Expenses	3,932,468	-	-	3,932,468
Change in Net Assets	2,753	226,027	-	228,780
Net Assets, beginning	1,760,697	465,649	2,702,400	4,928,746
Net Assets, ending	\$ 1,763,450	\$ 691,676	\$ 2,702,400	\$ 5,157,526

MEALS-ON-WHEELS GREATER SAN DIEGO, INC.

Statement of Activities

Year Ended September 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Support:				
Contributions	\$ 1,172,939	\$ 552,868	\$ -	\$ 1,725,807
Fees for services	1,268,649	-	-	1,268,649
Special events	374,764	-	-	374,764
Less: Special events expenses	(238,407)	-	-	(238,407)
	136,357	-	-	136,357
Community outreach	298,144	275	-	298,419
Bequests	242,049	-	-	242,049
Government grants	67,317	-	-	67,317
Gain on sale of property and equipment	19,512	-	-	19,512
Other income	9,006	-	-	9,006
Investment return	152,636	315,734	-	468,370
Net assets released from restrictions, satisfaction of program restrictions	<u>554,686</u>	<u>(554,686)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	3,921,295	314,191	-	4,235,486
Program and Supporting Expenses:				
Program services	2,992,237	-	-	2,992,237
Supporting services:				
Management and general	257,722	-	-	257,722
Fundraising	470,661	-	-	470,661
Total supporting services	<u>728,383</u>	<u>-</u>	<u>-</u>	<u>728,383</u>
Total Program and Supporting Expenses	3,720,620	-	-	3,720,620
Change in Net Assets	200,675	314,191	-	514,866
Net Assets, beginning	1,560,022	151,458	2,702,400	4,413,880
Net Assets, ending	\$ 1,760,697	\$ 465,649	\$ 2,702,400	\$ 4,928,746

MEALS-ON-WHEELS GREATER SAN DIEGO, INC.

Statement of Functional Expenses

Year Ended September 30, 2013

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 1,209,807	\$ 185,728	\$ 246,643	\$ 432,371	\$ 1,642,178
Meal purchases	759,553	-	-	-	759,553
Employee benefits	157,198	22,520	20,630	43,150	200,348
In-kind expenses	197,577	292	1,587	1,879	199,456
Occupancy	160,301	2,837	3,841	6,678	166,979
Payroll taxes	111,554	13,975	20,983	34,958	146,512
Consulting services	77,342	22,272	15,911	38,183	115,525
Depreciation	96,756	3,350	7,824	11,174	107,930
Contract services fees	49,502	5,499	19,517	25,016	74,518
Travel	60,663	779	3,860	4,639	65,302
Printing and materials	16,941	550	46,833	47,383	64,324
Postage	12,335	8,229	42,460	50,689	63,024
Repair and maintenance	54,585	2,653	4,961	7,614	62,199
Workers compensation	54,570	2,081	2,836	4,917	59,487
General insurance	37,755	3,088	3,182	6,270	44,025
Packaging supplies	34,746	-	-	-	34,746
Telecommunications	25,321	1,027	5,263	6,290	31,611
Supplies	25,466	1,900	3,427	5,327	30,793
Other	17,381	1,259	7,798	9,057	26,438
Bad debts	16,189	-	-	-	16,189
Advertising and marketing	11,917	-	1,099	1,099	13,016
Staff and board development	4,281	1,306	705	2,011	6,292
Equipment	1,765	119	139	258	2,023
Total Program and Supporting Expenses	3,193,505	279,464	459,499	738,963	3,932,468
Special Events	-	-	239,457	239,457	239,457
Total Expenses	\$ 3,193,505	\$ 279,464	\$ 698,956	\$ 978,420	\$ 4,171,925

MEALS-ON-WHEELS GREATER SAN DIEGO, INC.

Statement of Functional Expenses

Year Ended September 30, 2012

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 1,187,124	\$ 178,839	\$ 249,461	\$ 428,300	\$ 1,615,424
Meal purchases	690,870	-	-	-	690,870
Employee benefits	158,063	21,712	18,105	39,817	197,880
Occupancy	152,042	2,798	3,615	6,413	158,455
Payroll taxes	112,370	13,755	22,948	36,703	149,073
Consulting services	94,926	9,685	22,291	31,976	126,902
In-kind expenses	108,038	1,028	1,802	2,830	110,868
Depreciation	68,719	3,061	7,238	10,299	79,018
Printing and materials	24,778	2,170	48,036	50,206	74,984
Contract services fees	51,599	1,343	20,235	21,578	73,177
Travel	61,245	1,787	1,603	3,390	64,635
Postage	12,351	6,072	44,140	50,212	62,563
Repair and maintenance	53,608	2,839	4,610	7,449	61,057
Workers compensation	43,967	2,335	3,568	5,903	49,870
General insurance	35,446	2,487	2,746	5,233	40,679
Supplies	28,215	3,267	6,421	9,688	37,903
Telecommunications	25,809	1,581	5,128	6,709	32,518
Packaging supplies	31,192	-	-	-	31,192
Other	16,794	604	6,316	6,920	23,714
Bad debts	19,809	-	-	-	19,809
Advertising and marketing	9,272	390	574	964	10,236
Staff and board development	3,680	1,928	1,783	3,711	7,391
Equipment	2,320	41	41	82	2,402
Total Program and Supporting Expenses	2,992,237	257,722	470,661	728,383	3,720,620
Special Events	-	-	238,407	238,407	238,407
Total Expenses	\$ 2,992,237	\$ 257,722	\$ 709,068	\$ 966,790	\$ 3,959,027

MEALS-ON-WHEELS GREATER SAN DIEGO, INC.

Statements of Cash Flows

Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 228,780	\$ 514,866
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	107,930	79,018
Gain on sale of property and equipment	(5,300)	(19,512)
Donation of investment	(8,028)	-
Net realized and unrealized gains on investments	(255,788)	(368,704)
Changes in operating assets and liabilities:		
Accounts receivable, net	(25,375)	(3,152)
Prepaid expenses	(5,141)	(3,647)
Inventory	1,264	5,530
Accounts payable	(27,018)	47,222
Accrued expenses	<u>15,546</u>	<u>1,381</u>
Net Cash Flows Provided by Operating Activities	26,870	253,002
Cash Flows from Investing Activities:		
Proceeds from sale of investments	1,946,226	514,000
Purchases of investments	(1,934,504)	(398,341)
Proceeds from the sale of property and equipment	6,105	19,512
Purchases of property and equipment	(58,093)	(402,008)
Increase (decrease) in deposits	<u>2,477</u>	<u>(1,475)</u>
Net Cash Flows Used by Investing Activities	<u>(37,789)</u>	<u>(268,312)</u>
Net Decrease in Cash and Cash Equivalents	(10,919)	(15,310)
Cash and cash equivalents, beginning	<u>29,208</u>	<u>44,518</u>
Cash and cash equivalents, ending	<u>\$ 18,289</u>	<u>\$ 29,208</u>

MEALS-ON-WHEELS GREATER SAN DIEGO, INC.

Notes to Financial Statements

Years Ended September 30, 2013 and 2012

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

Meals-on-Wheels Greater San Diego, Inc. (Organization) is a California nonprofit corporation formed in May 1970. The Organization's purpose is to provide a variety of services throughout San Diego County to help senior adults remain independent. The Organization became active in January 1971, as the successor Organization to "Senior Adult Services," an unincorporated association.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

Cash and Cash Equivalents

Cash equivalents are highly liquid debt instruments with original maturities of three months or less. Temporary cash accounts are included with investment brokerage accounts.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Investments acquired by gift are recorded at their fair market value at the date of the gift. The fair value is determined using quoted market prices. The fair values are reported by the Organization in good faith. Unrealized gains and losses are included in the change in net assets in the statements of activities.

Accounts Receivable

Accounts receivable arise during the normal course of business. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts.

Investment return on restricted assets is reported as an increase in unrestricted net assets if the asset restriction expires in the reporting period in which the income is recognized. All other restricted investment return is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Inventory

Inventory consists primarily of food and packing supplies used in food preparation and is valued at the lower of cost (first-in, first-out method) or market.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift if donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of three to 40 years.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC.

Notes to Financial Statements

Years Ended September 30, 2013 and 2012

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as unrestricted support in that period.

Contributed Materials and Services

Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to expense as appropriate.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with various programs. The services do not meet the criteria for recognition as a contribution, and are not reflected in the financial statements. The fair market value of contributed professional services is reported as support and expense in the period in which the services are performed.

Income Tax Status

The Organization is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Organization remains subject to taxes on any net income which is derived from a trade or business regularly carried on and unrelated to its exempt purpose.

The Organization follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2013 or 2012 and therefore no amounts have been accrued.

The Organization files informational and income tax returns in the United States and various state and local jurisdictions. With few exceptions, the Organization's federal income tax returns for the years prior to 2010 are closed. State and local jurisdictions have statutes of limitations that generally range from three to five years.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

The Organization defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Organization applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs. The three levels are defined as follows:

MEALS-ON-WHEELS GREATER SAN DIEGO, INC.

Notes to Financial Statements

Years Ended September 30, 2013 and 2012

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Fair Value Measurements (continued)

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying value of cash, receivables, other current assets, and payables approximate fair values as of September 30, 2013 and 2012, due to the relative short maturities of these instruments.

Advertising

The cost of advertising is expensed as it is incurred.

Subsequent Events

The Organization has evaluated subsequent events through January 28, 2014, which is the date the financial statements were available to be issued.

Note 2 – Investments

Investments consist of the following:

	<u>2013</u>	<u>2012</u>
Short-term investments	\$ 642,791	\$ 629,977
Long-term investments	<u>3,257,414</u>	<u>3,018,134</u>
	<u><u>\$ 3,900,205</u></u>	<u><u>\$ 3,648,111</u></u>

MEALS-ON-WHEELS GREATER SAN DIEGO, INC.

Notes to Financial Statements

Years Ended September 30, 2013 and 2012

Note 2 – Investments, continued

The following table presents investments categorized according to the fair value hierarchy as of September 30, 2013:

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 532,256	\$ -	\$ -	\$ 532,256
U.S. Gov. Agency Discount Obligations	124,999	-	-	124,999
U.S. Gov. Mortgage Passthroughs	53,256	-	-	53,256
Real Estate Investment Trust	-	-	8,028	8,028
Mutual Funds:				
Fixed income taxable	906,070	-	-	906,070
Commodities	165,136	-	-	165,136
Large blend	410,089	-	-	410,089
Mid cap growth	387,317	-	-	387,317
Real estate	309,105	-	-	309,105
Small blend	471,761	-	-	471,761
Diversified emerging markets	128,432	-	-	128,432
Foreign large blend	403,756	-	-	403,756
	<u>\$ 3,892,177</u>	<u>\$ -</u>	<u>\$ 8,028</u>	<u>\$ 3,900,205</u>

An unrestricted bequest consisting of an investment in a privately held Real Estate Investment Trust (REIT) was received from an individual's estate in the amount of \$8,028 during the year ended September 30, 2013. The value of the REIT was determined using the market value approach of the underlying assets.

The following table presents investments categorized according to the fair value hierarchy as of September 30, 2012:

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 481,768	\$ -	\$ -	\$ 481,768
U.S. Gov. Agency Discount Obligations	199,994	-	-	199,994
U.S. Gov. Mortgage Passthroughs	87,004	-	-	87,004
Mutual Funds:				
Fixed income taxable	1,013,154	-	-	1,013,154
Commodities	180,632	-	-	180,632
Large blend	350,603	-	-	350,603
Mid cap growth	201,801	-	-	201,801
Real estate	295,358	-	-	295,358
Small blend	368,884	-	-	368,884
Diversified emerging markets	133,504	-	-	133,504
Foreign large blend	335,409	-	-	335,409
Total	<u>\$ 3,648,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,648,111</u>

MEALS-ON-WHEELS GREATER SAN DIEGO, INC.

Notes to Financial Statements

Years Ended September 30, 2013 and 2012

Note 2 – Investments, continued

The following schedule summarizes the investment return and its classification for the year ended September 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 34,358	\$ 64,085	\$ -	\$ 98,443
Investment expenses	(4,986)	-	-	(4,986)
Net realized gains	4,529	8,579	-	13,108
Net unrealized gains	<u>84,092</u>	<u>158,588</u>	<u>-</u>	<u>242,680</u>
	<u>\$ 117,993</u>	<u>\$ 231,252</u>	<u>\$ -</u>	<u>\$ 349,245</u>

The following schedule summarizes the investment return and its classification for the year ended September 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 36,768	\$ 68,245	\$ -	\$ 105,013
Investment expenses	(5,347)	-	-	(5,347)
Net realized gains (losses)	(4,921)	1,790	-	(3,131)
Net unrealized gains	<u>126,136</u>	<u>245,699</u>	<u>-</u>	<u>371,835</u>
	<u>\$ 152,636</u>	<u>\$ 315,734</u>	<u>\$ -</u>	<u>\$ 468,370</u>

Note 3 – Property and Equipment

Property and equipment consist of the following:

	<u>2013</u>	<u>2012</u>
Land	\$ 374,571	\$ 374,571
Building	839,921	829,608
Furniture and equipment	116,792	116,789
Kitchen equipment and supplies	256,802	235,273
Vehicles	182,252	181,948
Computers	114,858	119,431
	<u>1,885,196</u>	<u>1,857,620</u>
Less accumulated depreciation	<u>(721,893)</u>	<u>(643,675)</u>
	<u>\$ 1,163,303</u>	<u>\$ 1,213,945</u>

MEALS-ON-WHEELS GREATER SAN DIEGO, INC.**Notes to Financial Statements**

Years Ended September 30, 2013 and 2012

Note 4 – Restrictions on Net Assets .

Temporarily restricted net assets are available for the following purposes:

	<u>2013</u>	<u>2012</u>
Seniors - Encinitas	\$ 65,000	\$ 80,000
Other	28,910	12,931
Delivery van fuel	20,919	21,254
Holiday meals	10,000	-
Food cost	8,068	-
Rural initiative	5,866	2,638
Volunteer program	4,825	4,645
Vans	1,102	2,950
Dietician	-	13,911
Hispanic menu	-	6,874
North county operations	-	4,712
Unappropriated endowment earnings	<u>546,986</u>	<u>315,734</u>
	<u>\$ 691,676</u>	<u>\$ 465,649</u>

Permanently restricted net assets consist of the Sunshine Brooks Endowment funds and the Meals-on-Wheels Endowment. The income from these funds can be used to support the Organization's activities.

Note 5 – Operating Leases

The Organization has operating lease agreements for its offices and certain equipment expiring at various dates between December 2013 and September 2025. Total rent expense for the years ended September 30, 2013 and 2012 was approximately \$138,000 and \$127,000, respectively.

Future minimum lease payments at September 30, 2013 are as follows:

<u>Year Ending September 30,</u>	
2014	\$ 118,368
2015	112,078
2016	113,508
2017	106,225
2018	99,840
Thereafter	<u>779,824</u>
	<u>\$ 1,329,843</u>

Note 6 – Pension Plan

The Organization has a 401(k) Profit Sharing Plan covering all full-time employees that are at least 21 years old, have completed one year of service, and worked 1,000 hours during the calendar year. A qualified employee is fully vested after four years. Funding of the plan is made at the discretion of management. There was no pension expense for the years ended September 30, 2013 and 2012.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC.

Notes to Financial Statements

Years Ended September 30, 2013 and 2012

Note 7 – Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per financial institution. The Organization maintains cash balances at several banks which, at times, exceed the federal insurable limit. As of September 30, 2013, no losses have occurred in the bank deposit accounts and management does not believe that the Organization is exposed to any significant credit risk on cash.

Note 8 – Functional Allocation of Expenses

Salaries and related expenses are allocated to the various programs and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical, or are allocated based on space utilization.

Note 9 – Endowments

The Organization's endowment consists of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner that is consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization

At September 30, 2013, the endowment net assets composition by type of fund consists of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 546,986	\$ 2,702,400	\$ 3,249,386

MEALS-ON-WHEELS GREATER SAN DIEGO, INC.

Notes to Financial Statements

Years Ended September 30, 2013 and 2012

Note 9 – Endowments, continued

At September 30, 2012, the endowment net assets composition by type of fund consists of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 315,734	\$ 2,702,400	\$ 3,018,134

Changes in endowment net assets for the year ended September 30, 2013, consist of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 315,734	\$ 2,702,400	\$ 3,018,134
Investment Return:				
Investment income	-	64,085	-	64,085
Net realized and unrealized gains	-	167,167	-	167,167
Total Investment Return	-	231,252	-	231,252
Endowment net assets, end of year	\$ -	\$ 546,986	\$ 2,702,400	\$ 3,249,386

Changes in endowment net assets for the year ended September 30, 2012, consist of the following:

	Unrestricted	Restricted	Restricted	Total
Endowment net assets, beginning of year	\$ (88,268)	\$ -	\$ 2,702,400	\$ 2,614,132
Investment Return:				
Investment income	33,541	68,245	-	101,786
Investment expenses	(2,908)	-	-	(2,908)
Net realized and unrealized gains	57,635	247,489	-	305,124
Total Investment Return	88,268	315,734	-	404,002
Endowment net assets, end of year	\$ -	\$ 315,734	\$ 2,702,400	\$ 3,018,134

MEALS-ON-WHEELS GREATER SAN DIEGO, INC.

Notes to Financial Statements

Years Ended September 30, 2013 and 2012

Note 9 – Endowments, continued

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide funding for the operating expenses of programs supported by its endowments and increase the value of the original contributed capital by an amount not less than the annual increase in the Consumer Price Index (CPI). In order to meet this objective, the endowment asset portfolio is structured to achieve a compounded annual return, net of investment management expenses, of 6% plus the annual rate of inflation (Target Return) over ten years. In achieving the Target Return, the Organization seeks to maintain a level of portfolio risk, as measured by the annualized monthly standard deviation, commensurate with the portfolio's market-related index. The market-related index is made up of selected market indices that are representative of the asset classes in which the portfolio is invested and which is weighted in the same percentages as the asset classes in which the portfolio is invested.

Investment Strategy

The investment strategy of the Organization is to develop a diversified portfolio of investments. For equity investments, the selection of such holdings is based on the merits of long-term ownership without the intent of short-term trading. To achieve the Target Return, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy

The Organization has a policy of appropriating for distribution each year an amount equal to 5% of the average balance of the assets associated with the endowments for the previous twelve quarters. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow at the average annual rate of inflation over ten years. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return. The spending rate policy is reviewed annually by the Finance Committee. For the year ended September 30, 2012, the Organization suspended all spending from the endowment as the balance of endowment funds were less than the original corpus amount. For the year ended September 30, 2013, the Organization reinstated its spending policy.

Note 10 – Reclassifications

Certain items in the 2012 financial statements have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported changes in net assets.



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

(Choose one) **MINI-GRANT** (Choose one) **REGULAR GRANT**

Project Name: SMHS Music Boosters Date Submitted: 9/30/2014	Total # of people served: 230 Total # of San Marcos residents served: 690+	Amount Requested: \$10,000
Non-Profit Organization Name and Address, Website San Marcos High School Music Boosters 633 S. Rancho Santa Fe Rd., Ste. 658 San Marcos, CA 92078 www.knightregiment.org	Contact Person – Name, Title & Phone, email Linda Burke SMHS Music Boosters Co-President P: 760-331-7781 E: klburke6@msn.com	

Briefly describe your request for funds (to be expanded upon in narrative for regular grant):

The San Marcos High School Music Boosters respectfully appreciate your consideration of the music program and a \$10,000 grant request to support the transportation needs of the music students. This grant will assist the Music Boosters as they continue in their efforts to support the students with the best possible music education and experience.

Briefly describe the significance of your request to the San Marcos community:

San Marcos High School, the flagship high school in the San Marcos Unified School District currently serves a population of 2,518 students from west San Marcos and communities south of the 78 freeway. With Cal State San Marcos and Palomar College as our neighbors, San Marcos works in liaison with these educational institutions to provide students with a strong foundation in secondary education, including a coordinated, sequential 9-12 Humanities Program. Our award-winning music program has 230 students currently enrolled in the 2014/15 school year.

Please attach the following items. Both Mini-Grant & Regular: 1. Budget for request (use SMCF Budget Worksheet) 2. Annual Operating budget for the organization or unit 3. Federal & State Tax ID numbers 4. Board of Directors listing with affiliations 5. Regular Grants Only: a. 1-2 page narrative b. First 2 pages of Federal 990 c. Most recent year-end Statement or Audit including any management letters associated with Audit. d. Signature of President or Authorized Officer on Application e. Optional: letters of support	Expected date project will begin/end: Date by which funds will be expended: 6/14/15
	Signature of President or Authorized Officer Linda Burke, Co-President Date
	Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): wkaserman@san-marcos.net

SAN MARCOS COMMUNITY FOUNDATION
Budget Worksheet

Provide an itemized list of expenses for this project:

• Rancho Buena Vista Tournament: 5 buses + 3 trucks	\$ 640
• Poway Tournament: 5 buses + 3 trucks	\$ 1,240
• Vista Murietta Tournament: 5 buses + 3 trucks	\$ 3,660
• Mira Mesa Tournament: 5 buses + 3 trucks	\$ 1,600
• Westview Tournament: 5 buses + 3 trucks	\$ 1,600
• Championships at Chino Hills: 5 buses + 3 trucks	\$ 7,360
• Winter Guard tournament transportation x 4 tournaments (locations TBA)	\$ 2,000

Total budget for this PROJECT: **\$ 18,100**

Grant Request Amount: \$10,000
(Mini-grants not to exceed \$1,500, Regular grants not to exceed \$10,000.)

Is this a challenge grant? *No* Could it be? *No*

Please list any other funding sources for this project.

**Indicate if funds are committed (C), conditional (CD), or pending (P).

\$ 2,650	Transportation donations from SMHS music program families	** C
\$ 3,746	Rehearse-a-thon fundraising event	** C
\$ 690	U-T fundraising event	** P
\$ 500	Winter Guard transportation donations	** P

San Marcos High School Band Boosters Operating Budget

Fiscal Year starting July 1,

2014

Status: Approved 9/03/2014

Income		Year Total
Donations		
Parent - KC	\$	40,000
Parent - Transportation to SMHSMB	\$	1,000
Parent - Transportation to SMUSD	\$	2,600
Corporate / Matching	\$	4,800
Total Donations	\$	48,400
Events		
Physicals	\$	1,600
SMA Dinners	\$	4,000
Boomers	\$	500
Night of Jazz	\$	2,000
Rehearse-A-Thon	\$	10,000
Winter Concert	\$	1,500
Spring Concert	\$	5,000
Carlsbad Marathon	\$	5,000
WG Tournament #1	\$	1,000
WG Tournament #2	\$	10,000
Total Events	\$	40,600
Merchandise		
Show Shirt	\$	1,400
Scrip	\$	5,000
Spirit Wear Sales	\$	3,000
Total Merchandise	\$	9,400
Other Income		
eScrip / Amazon	\$	900
Other	\$	900
Uniform Shirt Sponsorship		
Total Other	\$	1,800
Total Income	\$	100,200
Expense		
Coaching		
Coach 1	\$	10,800
Coach 2	\$	10,000
Coach 3	\$	9,600
Coach 4	\$	9,000
Coach 5	\$	7,200
Coach 6	\$	4,800
Coach 7	\$	4,800
Coach 8	\$	2,400
Coach 9	\$	2,400
Coach 10	\$	4,000
Coach 11	\$	4,000
Coach 12	\$	2,880
Coach 13	\$	1,680
Coach 14	\$	1,680
Total Coaching	\$	75,240

Transportation

RBV (10/11 - 16 miles roundtrip)	\$	640
Poway (10/18 - 31 miles roundtrip)	\$	1,240
Vista Murietta (10/25 - 84 miles roundtrip)	\$	3,360
Mira Mesa (11/01 - 40 miles roundtrip)	\$	1,600
Westview (11/10 - 40 miles roundtrip)	\$	1,600
Championships (11/22 - 150 miles roundtrip)	\$	6,000
Winter Transportation	\$	2,000
Total Transportation	\$	16,440

Color Guard

Fall Choreography	\$	3,200
Fall Costumes	\$	1,000
Winter Choreography	\$	-
Entry Fees	\$	1,100
Flag Poles	\$	800
Flag Material	\$	500
Show Bid Expense	\$	200
Swing Flag Sticks	\$	100
Total CG	\$	6,900

Marching Band

Entry Fees	\$	1,250
Props and Costumes	\$	1,500
Uniform Cleaning	\$	-
Uniform Shirt	\$	1,500
Music (Percussion)	\$	750
Uniform Carts	\$	2,000
Show Development - 2015_2016	\$	1,600
Total Marching Band	\$	8,600

Winter Ensembles

Entry Fees (Jazz)	\$	550
Entry Fees (Wind Ensembles)	\$	1,000
Music	\$	3,500
Total Winter Ensembles	\$	5,050

Administrative

CHARMS	\$	-
Insurance	\$	1,200
Postage / Supplies	\$	1,000
PO Box	\$	270
Quickbooks	\$	360
Tax Preparation / 501 filings	\$	200
Web Hosting / Registration	\$	100
Total Administrative	\$	3,130

Miscellaneous

Awards	\$	1,000
Emergency Repairs	\$	500
Total Miscellaneous	\$	1,500

Total Expenses	\$	116,860
Income - Expense	\$	(16,660)

Federal Employer ID # 33-0874556
State of California Corporate # 2045679

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: OCT 21 2004

SAN MARCOS HIGH SCHOOL MUSIC
BOOSTERS
1615 W SAN MARCOS BLVD
SAN MARCOS, CA 92078-0600

Employer Identification Number:
33-0874556
DLN:
17053262737004
Contact Person:
DAN W BERRY ID# 31122
Contact Telephone Number:
(877) 829-5500
Public Charity Status:
170(b)(1)(A)(vi)

Dear Applicant:

Our letter dated MAY 2001, stated you would be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code, and you would be treated as a public charity, rather than as a private foundation, during an advance ruling period.

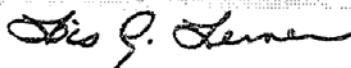
Based on the information you submitted, you are classified as a public charity under the Code section listed in the heading of this letter. Since your exempt status was not under consideration, you continue to be classified as an organization exempt from Federal income tax under section 501(c)(3) of the Code.

Publication 557, Tax-Exempt Status for Your Organization, provides detailed information about your rights and responsibilities as an exempt organization. You may request a copy by calling the toll-free number for forms, (800) 829-3676. Information is also available on our Internet Web Site at www.irs.gov.

If you have general questions about exempt organizations, please call our toll-free number shown in the heading between 8:00 a.m. - 6:30 p.m. Eastern time.

Please keep this letter in your permanent records.

Sincerely yours,



Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

2014-15 Executive Board

Co-Presidents

Doug Kosty – employed by Aeroflex Corporation, a Cobham Company

Linda Burke – freelance writer, Girl Scouts of San Diego (volunteer)

Co-Vice Presidents

Lisa King – employed by Care Fusion, Santa Clara Vanguard (volunteer)

Wendy Robinson – employed by San Diego Fire Rescue Association, W. Robinson Consulting, Mended Little Hearts (volunteer)

Co-Treasurers

Teresa Greger – employed by Metropolitan Heating & Air of San Marcos, Pam Lindamood for SMUSD Board (treasurer), Prop K Citizens Oversight Committee (member)

Debby Horton – Owner of Dream Dinners of San Marcos, Fan of the Feather (volunteer board member), Association of Professional Genealogists (member), National Association of Realtors (member)

Secretary

Susan Thompson – employed as Personal Chef, no additional affiliations

NARRATIVE

Goal - To offer music students the opportunity to compete and perform in a wide variety of public forums further enhancing their music education.

Objective - To enrich the music education and experience of the music students by offering them the opportunity to perform and experience a wide array of musical opportunities and to grow as musicians, performers, and individuals.

The history of the San Marcos High School Music Program has become especially storied over the last ten years. Since 2005, the music program has continued to experience a growth rate nearly unheard of in the high school music program arena. Part of this growth can be attributed to the outstanding music programs offered at the local middle schools, San Elijo Middle School and San Marcos Middle School, which are considered “feeder” schools for the high school music program. In 2005, the San Marcos High School marching band, Knight Regiment, was competing in the smallest division, 1A, in the marching band arena with just 32 students. Fast forward to 2010 and the Knight Regiment was competing in the coveted 6A division, reserved for high schools with over 150 marching band students.

While the rapid growth may seem daunting and even intimidating to some, the music directors and students faced the challenge with the utmost determination and spirit. The first year competing in the 6A division, the students persevered with an overwhelming sense of dedication, ultimately earning them much success in the marching band field show competitions. This success included placing first in several of the field show competitions as well as earning the highest award, Tournament Grand Champions. This success has continued over the last few years with the Knight Regiment earning the reputation of having some of the most creative and innovative field shows in the 6A competitive arena. Audiences often anxiously anticipate the Knight Regiment field show performances as they have consistently proven to be exciting as well as highly competitive in the 6A division.

Each year since 2005, the number of students participating in the program has continued to expand exponentially. In August, the Knight Regiment welcomed 220 marching band students, representing an all-time record number of students participating in the San Marcos High School program. The program is now the largest high school music program in San Diego County.

For marching band students, the combination of playing an instrument, with the added component of a physically demanding routine on the field, requires intense focus, discipline, and dedication. It reinforces the concept that success is the result of hard work, illustrates the benefits of team work, and fosters camaraderie among the students. Additionally, music programs further provide positive benefits to at-risk and economically disadvantaged youth. For the 2012-2013 school year, San Marcos High School had a student population in which 44% were deemed socioeconomically disadvantaged. The music program is able to provide an opportunity to improve these students’ futures by participating in the band and music program.

Regardless of the financial challenges, no student will ever be denied the opportunity to participate due to a financial inability to donate. Research has shown that music education has a profound effect on individuals who are involved in music, both in the short term and long term. Students have the

opportunity to be involved in leadership roles, act as mentors to their peers, and the effect on academic success and achievement cannot be overstated. Music education allows students to experience firsthand the value of commitment, tenacity, teamwork, and collaboration, skills that will ultimately be beneficial to them long after they have graduated from high school.

In the upcoming marching band season and the ensuing school years, the transportation needs will continue to be one of the most significant expenses of the program. With 230 students in the program, at least five buses will be required to transport the students to each of the marching band competitions during the fall semester. If the program adds even five additional students, an additional bus will be required to accommodate the students and their instruments. Given that bus rates are set by the San Marcos Unified School District and are based on miles traveled, an additional bus could mean a significant added expense in the budget. While the music program would never turn away a student with a desire to participate, it adds to the uncertainty of the actual transportation expenses the music program faces every year.

The cost of transportation is paid for through donations from band families and on-going fundraising events held throughout the year. The suggested transportation donation is \$50 per student, an amount which is largely determined by the San Marcos Unified School District. Parent support for transportation expenses averages 45% or less annually and this level of participation has remained unchanged for the past two years. Unfortunately, even if the donation rate was 100%, it would not cover the actual cost of the \$18,100 transportation expenses budgeted for this school year. With the addition of a fifth competition and a championship performance further away than the band has ever traveled, the transportation expenses continue to be one of the highest expenses for the program.

An additional \$500 donation per music student is suggested to assist in the financial support of other aspects of the music program. This donation rate typically reflects an average of 50% of music families contributing the suggested donation. For the 2014-2015 school year, the annual projected budget of \$120,000 for the music program has required the Music Boosters to be resourceful and vigilant in their fundraising efforts. The Music Boosters consistently explore all the possible options for financial assistance in order to continue to support this award-winning music program.

The San Marcos High School Music Boosters respectfully appreciate your consideration of the music program and a \$10,000 grant request to support the transportation needs of the music students. This grant will assist the Music Boosters as they continue in their efforts to support the students with the best possible music education and experience. Additionally, the music performances in public forums provide a highly visible example of the community of San Marcos as well as the San Marcos Unified School District, both at the local level and on the broader stage with performances throughout San Diego, Orange, and Riverside Counties.

Short Form Return of Organization Exempt From Income Tax

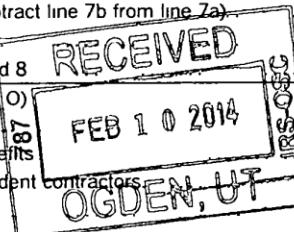
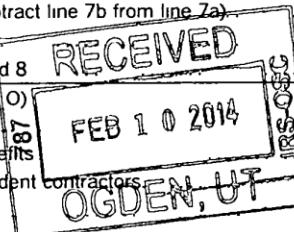
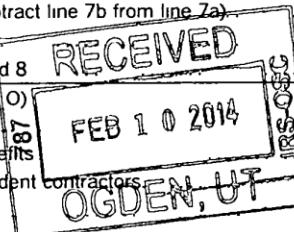
OMB No 1545-1150

2012

Open to Public
InspectionDepartment of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)

► Sponsoring organizations of donor advised funds, organizations that operate one or more hospital facilities, and certain controlling organizations as defined in section 512(b)(13) must file Form 990 (see instructions). All other organizations with gross receipts less than \$200,000 and total assets less than \$500,000 at the end of the year may use this form.
► The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2012 calendar year, or tax year beginning 7/01 , 2012, and ending 6/30 , 2013															
B Check if applicable <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"><input type="checkbox"/></td> <td style="width: 90%;">Address change</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Name change</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Initial return</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Terminated</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Amended return</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Application pending</td> </tr> </table>				<input type="checkbox"/>	Address change	<input type="checkbox"/>	Name change	<input type="checkbox"/>	Initial return	<input type="checkbox"/>	Terminated	<input type="checkbox"/>	Amended return	<input type="checkbox"/>	Application pending
<input type="checkbox"/>	Address change														
<input type="checkbox"/>	Name change														
<input type="checkbox"/>	Initial return														
<input type="checkbox"/>	Terminated														
<input type="checkbox"/>	Amended return														
<input type="checkbox"/>	Application pending														
C SAN MARCOS HIGH SCHOOL MUSIC BOOSTERS 1615 WEST SAN MARCOS BLVD SAN MARCOS, CA 92078		D Employer identification number 33-0874556													
E Telephone number 760-290-2200															
F Group Exemption Number <p style="text-align: right;">►</p>															
G Accounting Method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual Other (specify) ► _____															
I Website: ► N/A															
J Tax-exempt status (check only one) — <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527															
K Check ► <input type="checkbox"/> if the organization is not a section 509(a)(3) supporting organization or a section 527 organization and its gross receipts are normally not more than \$50,000. A Form 990-EZ or Form 990 return is not required though Form 990-N (e-postcard) may be required (see instructions). But if the organization chooses to file a return, be sure to file a complete return															
L Add lines 5b, 6c, and 7b, to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets (Part II, line 25, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ ► \$ 125,262.															
Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I) <p style="text-align: center;">Check if the organization used Schedule O to respond to any question in this Part I <input checked="" type="checkbox"/></p>															
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; vertical-align: top;"> REVENUE </td> <td style="width: 70%; vertical-align: top;"> 1 Contributions, gifts, grants, and similar amounts received 53,831. 2 Program service revenue including government fees and contracts 3 Membership dues and assessments 4 Investment income 5a Gross amount from sale of assets other than inventory b Less: cost or other basis and sales expenses 5a c Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a) 5b 6 Gaming and fundraising events a Gross income from gaming (attach Schedule G if greater than \$15,000) 6a b Gross income from fundraising events (not including \$ _____ of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000) 6b 59,184. c Less: direct expenses from gaming and fundraising events 6c 19,461. d Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c) 6d 39,723. 7a Gross sales of inventory, less returns and allowances 7a 12,247. b Less: cost of goods sold 7b 9,546. c Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a) 7c 2,701. 8 Other revenue (describe in Schedule O) 9 Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8 9 96,255. </td> <td style="width: 20%; vertical-align: top;"> 10 11 12 13 65,698. 14 15 16 34,507. 17 100,205. 18 -3,950. 19 32,865. 20 21 28,915. </td> </tr> <tr> <td style="width: 10%; vertical-align: top;"> EXPENSES </td> <td style="width: 70%; vertical-align: top;">  <p style="text-align: center;">See Schedule O</p> </td> <td style="width: 20%; vertical-align: top;"> 10 11 12 13 65,698. 14 15 16 34,507. 17 100,205. 18 -3,950. 19 32,865. 20 21 28,915. </td> </tr> </table>				REVENUE	1 Contributions, gifts, grants, and similar amounts received 53,831. 2 Program service revenue including government fees and contracts 3 Membership dues and assessments 4 Investment income 5a Gross amount from sale of assets other than inventory b Less: cost or other basis and sales expenses 5a c Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a) 5b 6 Gaming and fundraising events a Gross income from gaming (attach Schedule G if greater than \$15,000) 6a b Gross income from fundraising events (not including \$ _____ of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000) 6b 59,184. c Less: direct expenses from gaming and fundraising events 6c 19,461. d Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c) 6d 39,723. 7a Gross sales of inventory, less returns and allowances 7a 12,247. b Less: cost of goods sold 7b 9,546. c Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a) 7c 2,701. 8 Other revenue (describe in Schedule O) 9 Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8 9 96,255.	10 11 12 13 65,698. 14 15 16 34,507. 17 100,205. 18 -3,950. 19 32,865. 20 21 28,915.	EXPENSES	 <p style="text-align: center;">See Schedule O</p>	10 11 12 13 65,698. 14 15 16 34,507. 17 100,205. 18 -3,950. 19 32,865. 20 21 28,915.						
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BAA For Paperwork Reduction Act Notice, see the separate instructions.

Form 990-EZ (2012)

Part II Balance Sheets. (see the instructions for Part II.)

Check if the organization used Schedule O to respond to any question in this Part I.

	(A) Beginning of year	(B) End of year
22 Cash, savings, and investments	30,488	22 24,663.
23 Land and buildings		23
24 Other assets (describe in Schedule O)	2,377	24 4,252.
25 Total assets	32,865	25 28,915.
26 Total liabilities (describe in Schedule O)	0	26 0.
27 Net assets or fund balances (line 27 of column (B) must agree with line 21)	32,865	27 28,915.

Part III Statement of Program Service Accomplishments (see the instrs for Part III.)

Check if the organization used Schedule O to respond to any question in this Part III.

What is the organization's primary exempt purpose? See Schedule O

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. In a clear and concise manner, describe the services provided, the number of persons benefited, and other relevant information for each program title.

Expenses

(Required for section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts, optional for others)

28 See Schedule 0

(Grants \$ 100,205) If this amount includes foreign grants, check here 28a

29

(Grants \$) If this amount includes foreign grants, check here 29a

30

31

Part IV List of Officers, Directors, Trustees, and Key Employees. List each one even if not compensated. (see the instructions for Part IV)

Check if the organization used Schedule O to respond to any question in this Part IV.

Check if the organization used Schedule C

(a) Name and Title _____ **(b) Average hours per week devoted to** _____ **(c) Reportable compensation (Forms W-2/1099-MISC)** _____ **(d) Total amount of (including benefits) contributions to employee benefit plans (including** _____ **(e) Estimated amount of other compensation** _____

SMHS MUSIC BOOSTERS**BALANCE SHEET****As of Jun 30, 2014**

ASSETS		20-Jun-13
Current Assets		
Checking/Savings	\$	28,444.30
PayPal Account	\$	1,435.06
Outstanding Checks	\$	(135.00)
Scrip Bank Acct.	\$	3,962.69
Total Checking/Savings	\$	33,707.05
Other Current Assets		
Scrip on Hand	\$	2,388.00
Total Other Current Assets	\$	2,388.00
TOTAL ASSETS	\$	36,095.05
LIABILITIES & EQUITY		
Equity		
Unrestricted Net Assets	\$	29,140.30
Net Income	\$	6,954.75
Total Equity	\$	36,095.05
TOTAL LIABILITIES & EQUITY	\$	36,095.05

October 1, 2014

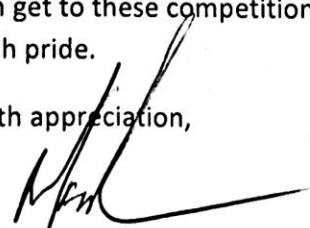
TO: San Marcos Community Foundation

The students, staff and volunteers of San Marcos High School music program, Knight Regiment, work hard to achieve excellence on and off the marching field. Our philosophy is to develop all facets of a student's potential using music as the common element. With an emphasis on strong academics, teamwork and leadership, our students learn skills that serve them well beyond the classroom, the stage or the marching field.

One of the avenues that we seek to employ, is giving students performance opportunities in different settings. Marching band takes students into the competitive arena, where they learn valuable lessons of teamwork, perseverance, and grace. Fall semester field show competitions require travel to six different venues throughout San Diego, Riverside and Orange Counties. Winter Guard competes in similar locations during the Spring semester. The challenge we face is the cost of transportation to move our group of 230 students, chaperones, and equipment. It costs \$5/mile to move Knight Regiment, requiring five school buses, three equipment trucks, and a trailer for each competition. This year, Championships will be held in Chino Hills – farther than we have ever had to travel for a competition.

While our volunteers and students have been working hard to fundraise, we are not able to fully fund the level of transportation that is required for this organization to meet the educational and experiential goals for which we strive. Your support will allow us to know we can get to these competitions and give students the opportunity to represent all of San Marcos with pride.

With appreciation,



Matthew Armstrong
Music Director
San Marco High School



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

(Choose one) MINI-GRANT (Choose one) REGULAR GRANT

Project Name: <i>Prepare San Diego: Youth Outreach</i> Date Submitted: 9/30/14	Total # of people served: 1,500 Total # of San Marcos residents served: 4,050	Amount Requested: \$7,500
Non-Profit Organization Name and Address, Website American Red Cross San Diego/Imperial Counties Chapter www.redcross.org/sandiego & www.preparesandiego.org 3950 Calle Fortunada San Diego, CA 92123	Contact Person – Name, Title & Phone, email Laura Rice, Director of Institutional Relations 858-309-1270 Laura.rice@redcross.org	
<p><u>Briefly describe your request for funds (to be expanded upon in narrative for regular grant):</u></p> <p><i>Prepare San Diego: Youth Outreach</i> addresses a significant gap in youth preparedness education. More than a quarter of our population is comprised of children and yet no other organization is reaching into schools to assist students in understanding how to prepare and react in disaster situations. Through this project, preparedness staff from the American Red Cross San Diego/Imperial Counties Chapter will directly address the welfare of children in San Marcos, one of San Diego County's most vulnerable communities, by empowering them to become prepared. Together, we will combine the power of awareness with education and resources to enhance decision-making and problem-solving skills and empower students to prepare for, prevent and react effectively to emergencies.</p>		
<p><u>Briefly describe the significance of your request to the San Marcos community:</u></p> <p>In conjunction with market research firm Competitive Edge Research, Inc., the Red Cross found San Marcos residents to be particularly susceptible to disasters as its residents know less about how to be prepared and why preparedness is important than do residents of other San Diego communities. In fact, preparedness levels in this community have decreased since 2010 and are now well below the County's average. Through <i>Prepare San Diego: Youth Outreach</i>, students will help their families begin talking about the need for disaster preparedness. Students in San Marcos will help their families to understand the need for preparedness. This will enhance each the capacity of each family and neighborhood to be self-sufficient during disasters, which will increase community welfare and alleviate the burden on strained community resources that provide for basic needs.</p>		
<p>Please attach the following items.</p> <p><u>Both Mini-Grant & Regular:</u></p> <ol style="list-style-type: none">1. Budget for request (use SMCF Budget Worksheet)2. Annual Operating budget for the organization or unit3. Federal & State Tax ID numbers4. Board of Directors listing with affiliations5. Regular Grants Only:<ol style="list-style-type: none">a. 1-2 page narrativeb. First 2 pages of Federal 990c. Most recent year-end Statement or Audit including any management letters associated with Audit.d. Signature of President or Authorized Officer on Applicatione. Optional: letters of support		<p>Expected date project will begin/end: Nov. 2014</p> <p>Date by which funds will be expended: June 2015</p> <p>Signature of President or Authorized Officer <i>Malinda McDonald</i> <i>10/1/14</i></p> <p>Name, Title Date</p> <p>Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): wkaserman@san-marcos.net</p>



PREPARE SAN DIEGO: YOUTH OUTREACH OVERVIEW

The San Diego/Imperial Counties Chapter of the American Red Cross invites the San Marcos Community Foundation to improve the lives of students in San Marcos and build community resiliency by transcending economic barriers to bring essential preparedness resources to one of San Diego County's most unprepared neighborhoods. The Red Cross requests a \$7,500 investment to empower underserved children and their families to take action to become prepared, enhancing their lives and increasing their ability to react appropriately to unexpected circumstances.

As many residents know, the wildfires that often plague San Diego lead to a time of chaos and confusion for hundreds of thousands of affected people. Though the San Diego region is one of the highest risk areas in the country for major disasters, an overwhelming number of residents are woefully unprepared for disasters and are not equipped to be ready when the time comes. Because of the San Diego community's need to bounce back quickly after disaster strikes, in September 2013 the American Red Cross launched ***Prepare San Diego* – a four-year, community-wide resiliency initiative to help prepare the San Diego region for human emergencies and disasters.**

Through *Prepare San Diego: Youth Outreach*, the Red Cross will directly address the welfare of children in San Diego County's most vulnerable communities by empowering them to become prepared. Building upon the earlier preparedness program supported by the San Marcos Community Foundation, the Red Cross will educate and equip each student and their family to actually take action to become prepared – such as making an emergency plan, building a disaster kit, or learning how to stay informed.

PROGRAM DESCRIPTION

In partnership with the Red Cross, Competitive Edge Research & Communications Inc. discovered that **preparedness levels in San Marcos have decreased over the past three years, and now fall well below the county's average**. As the recent wildfires have sparked renewed understanding around the importance of preparedness, this is an important time to help our community take action to become more resilient. *Prepare San Diego* will help one million people to take a step toward preparedness, moving beyond awareness and education to true action. In just the first year, more than 270,000 steps to preparedness have been made by San Diego County residents.

As demonstrated during the May 2014 wildfires in San Diego County, preparedness planning and communication have simplified disaster evacuations and increased the success of emergency response activities. **Individual and family preparedness is ever more critical as extreme weather patterns become increasingly common, making preparedness education an ongoing opportunity.** More than a quarter of our population is comprised of children, and assisting students in understanding how to react in urgent situations is one of the best ways to ensure a family takes action to become prepared, together.

Peer-to-peer training has been proven as the most effective manner of sharing critical preparedness information and motivating people to take action. *Prepare San Diego: Youth Outreach* uses child-focused presentation styles such as puppet shows to deliver strategic student preparedness training to grades K through 5 in targeted communities to enable youth, and their families, to become equipped to react appropriately during a disaster. Puppet shows deliver critical preparedness information in a peer-to-peer manner that is entertaining, educational and age-appropriate, and allows youth to retain preparedness information more effectively than through typical adult instruction. Incorporating preparedness action steps into Community Disaster Education (CDE) presentations gives students tools



to take home and share with family members, prompting the preparedness conversation. With this education, preparedness brochures, and materials, students can easily share the preparedness message within their families and help their family become more self-sufficient and prepared.

PROGRAM IMPACT

Over the course of this program, the Red Cross has seen the impact CDE programming and resources have made in other target regions: **when residents are educated about how to be prepared, they learn to prevent disasters and how to react to the challenges that come with urgent situations.** This resiliency increases family functioning and allows for greater lifelong success as students and family members learn skills to cope with any unexpected circumstance life may bring. As part of a comprehensive preparedness program which includes CDE presentations in age-appropriate formats such as puppet shows, *Prepare San Diego: Youth Outreach* will have a great impact.

Typically, each student represents the average county household size of 2.7 people. With the San Marcos Community Foundation's investment, the Red Cross will reach at least 1,500 students who in turn represent more than 4,000 residents who will become equipped with the critical skills to appropriately prepare for and react to disasters.

GOAL, OUTCOMES AND ACTIVITIES

Project Goal: **Increase preparedness levels of families living in San Marcos while also helping youth put emergencies into perspective.** Students in San Marcos will help their families and communities to understand the need for preparedness. The enhanced capacity of each family and neighborhood to be self-sufficient during disasters will increase community welfare and alleviate the burden on strained community resources that provide for basic needs.

Project Outcomes: The Red Cross will provide training throughout the 2014-2015 school year that enables 1,500 students to prepare for and react to emergency situations and natural disasters. *Prepare San Diego: Youth Outreach* will increase the number students who:

- Understand the importance of preparedness, with 90% indicating an increase in preparedness knowledge, as measured by pre- and post-test quizzes.
- Receive guidance as to personal disaster preparedness and prevention, including having the knowledge to personalize a preparedness pack for family needs.
- Are enabled to become advocates for preparedness in families and communities.

Project Activities: During age-appropriate CDE presentations like puppet shows, students will receive:

- *Prepare San Diego* preparedness planning booklet
- Guidance and practice on how to make a disaster kit, an emergency plan, and know how to stay informed during and be trained for disasters
- American Red Cross services overview

The San Marcos Community Foundation's primary mission is to enrich the quality of life for the community of San Marcos by connecting philanthropic resources with needs. San Marcos currently has a demonstrated need for increased preparedness training. The San Marcos Community Foundation's investment and partnership will make it possible for the Red Cross to dramatically impact disaster preparedness and community welfare outcomes for vulnerable students and their families. *Prepare San Diego: Youth Outreach* will address preparedness in way that resonates with children and enables them to become prepared, and serve as advocates for preparedness in their own families and communities.

SAN MARCOS COMMUNITY FOUNDATION
Budget Worksheet

Provide an itemized list of expenses for this project:
(example – 72 bicycle helmets at \$7.80 each including tax = \$561.60)

<u>Staff Time - Preparedness Manager</u>	\$ <u>6,420</u>
<u>Travel Expenses</u>	\$ <u>80</u>
<u>Preparedness Supplies & Materials</u>	\$ <u>1,000</u>
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
Total budget for this PROJECT:	\$ <u>7,500</u>

Grant Request Amount: \$ 7,500
(*Mini-grants not to exceed \$1,500, Regular grants not to exceed \$10,000.*)

Is this a challenge grant? No Could it be? No

Please list any other funding sources for this project.

**Indicate if funds are committed (C), conditional (CD), or pending (P).

Note: Sources listed are for overall Prepare San Diego support, not San Marcos-specific.

\$250,000 San Diego Gas & Electric **C

\$100,000 Gilbert J. Martin Foundation **C

\$300,000 Akaloa Resource Foundation **Received

American Red Cross
 San Diego Region
 FY14 Budget by Program

San Diego
 Region

Operating revenues and gains

Contributions:

Corporate, foundation, and individual giving	4,409,029
United way and other federated	139,866
Legacies and bequests	698,454
Services and materials	-
Product and services	1,106,924
Contracts, including federal government	6,789,928
Investment income	64,704
Other revenues	298,279
Support from other units	1,392,827

Total operating revenues and gains

14,900,011

Operating expenses:

Program services:

Services to the armed forces	1,689,336
Biomedical services	-
Community services	6,426,035
Domestic disaster services	2,027,391
Health and safety services	1,262,161
International relief and development services	48,716
National Disaster Relief and Humanitarian Services	-

Total program services

11,453,638

Supporting services:

Fundraising	2,321,422
Management and general	1,124,951

Total supporting services

3,446,373

Total operating services

14,900,011



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
P O Box 1286
Rancho Cordova CA 95741-1286

AMERICAN RED CROSS
BEVERLY HISSRICH
2025 E STREET NW
WASHINGTON DC 20006

Date: July 5, 2007
Case: 12100331553713216
Case Unit: 12100331553713230
In reply refer to: 760:RDM:F120

Regarding: Filing of Returns
Institution's Name: American Red Cross
Taxable Year(s): All Years

Based on the information presented, and assuming that the organizational structure and operations will conform to those described, we have determined that the American National Red Cross is a Federally chartered instrumentality of the United States qualifying as a nontaxable governmental entity.

There is no provision in the California Revenue and Taxation Code that authorizes the Franchise Tax Board to grant tax exemption to an operation supported and controlled by the courts or a political subdivision. In Housing Authority of Los Angeles county v. Dockweiler 14 C 2d, 437 (1939), the court determined that public bodies are not required to pay either income or franchise taxes since such taxes do not apply to those agencies.

Therefore, we are taking no further action to require submission of an exemption application required by section 23701 of the California Revenue and Taxation Code or filing of the Exempt Organization Annual Information Return, Form 199, as required by section 23772 of the Code or the unrelated business income tax return as required by Section 23731 of the Code.

Consequently, we are closing our file for this Federally chartered instrumentality of the United States.

Furthermore, Section 17201 of the California Revenue and Taxation Code confirms by reference to Internal Revenue Code Section 170(c) including the deductibility of contributions made to:

A State, a possession of the United States, or any political subdivision of any of the foregoing, or the United States or the District of Columbia, but only if the contribution or gift is made for exclusively public purposes.

Please contact this office if there are any questions.

July 5, 2007

Error! Reference source not found.

Case Unit

: 12100331553713230

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Ron D. Maddox

Telephone: (916) 845-6608

Fax: (916) 843-2162

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0752857589
Jan. 22, 2014 LTR 4205C 0
53-0196605 000000 00
00019595
BODC: TE

AMERICAN NATIONAL RED CROSS
SHARED SERVICES CENTER
600 FOREST POINT CIR STE A
CHARLOTTE NC 28273-5736



025802

Employer Identification Number: 53-0196605
Person to Contact: CUSTOMER SERVICE
Toll Free Telephone Number: 1-877-829-5500

Dear AMERICAN NATIONAL RED CROSS:

This is in response to your Jan. 10, 2014, request for information regarding your tax-exempt status. You have represented that you are a chapter, branch or auxiliary of the American National Red Cross.

Our records indicate that in December 1938, the American National Red Cross was held to be exempt from Federal income tax under section 101(6) of the Internal Revenue Act of 1938, which now corresponds to section 501(c)(3) of the Internal Revenue Code. In a subsequent determination, the American Red Cross was classified as a publicly supported organization described in sections 509(a)(1) and 170(b)(1)(a)(vi) of the Code.

Even though the American National Red Cross was issued an individual ruling, this ruling covers its chapters, branches, and auxiliaries.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to them or for their use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Kim D. Bailey
Operations Manager, AM Operations 3

Board of Directors

FY 2014 – 2015



American Red Cross

San Diego/Imperial Counties
Chapter

Chairman

Stan Hartman

*First Vice President, Alliant Insurance
Services, Inc.*

Vice-Chairman

David Geier

*Vice President, Electric Transmission &
System Engineering, San Diego Gas &
Electric (SDG&E)*

Jeffrey Block

Vice President and General Manager, KGTV

Bobby Brock

*Executive Director, Imperial Valley
Community Foundation*

Mary Ruth Carleton

*Vice President, University Relations &
Development
CEO, The Campanile Foundation, San Diego
State University*

Joe Craver

Retired CEO, American Red Cross

Rodger Dougherty

*Director of Public Relations, Kaiser
Permanente*

Wade Ebersole

Assistant Director, Veteran's Administration

Andy Fichthorn

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Diego*

Laura J. Hart

*Vice President, Business Operations,
Qualcomm Incorporated*

Rosemary Johnson

Formerly Interfaith Community Services

Darren Levack

Chief Operating Officer, GKN Aerospace

Ronda Sedillo

Chief Financial Officer, San Diego Padres

RDML Patrick Lorge, USN

*DoD Liaison, Commander, Navy Region
Southwest*

Represented by:

Keith Goosby, *Work and Family Life
Coordinator Navy Region Southwest*

Steve Stuckey

Market President, US Bank

Joanna Y. Tsai

Attorney at Law, JYT Law

Bill Trumpfheller

President, Nuffer, Smith, Tucker

Brigadier General James Bierman, Jr.

Commanding General, MCRD San Diego

Represented by:

Col. Rick Huenefeld, USMC (Ret)
*Community Plans & Liaison Officer, MCRD
San Diego*

Exempt Organization Declaration and Signature for
Electronic FilingFor calendar year 2012, or tax year beginning 07/01/2012, and ending 06/30/2013

For use with Forms 990, 990-EZ, 990-PF, 1120-POL, and 8868

2012

Department of the Treasury
Internal Revenue Service

Name of exempt organization

AMERICAN NATIONAL RED CROSS & ITS CONSTI

Employer identification number
53-0196605

Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the type of return being filed with Form 8453-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a below and the amount on that line of the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). If you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than one line in Part I.

1a Form 990 check here ► <input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12)	1b <u>3412238741</u>
2a Form 990-EZ check here ► <input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9)	2b _____
3a Form 1120-POL check here ► <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b _____
4a Form 990-PF check here ► <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b _____
5a Form 8868 check here ► <input type="checkbox"/>	b Balance due (Form 8868, Part I, line 3c or Part II, line 8c)	5b _____

Part II Declaration of Officer

6 I authorize the U.S. Treasury and its designated Financial Agent to initiate an Automated Clearing House (ACH) electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

If a copy of this return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I certify that I executed the electronic disclosure consent contained within this return allowing disclosure by the IRS of this Form 990/990-EZ/990-PF (as specifically identified in Part I above) to the selected state agency(ies).

Under penalties of perjury, I declare that I am an officer of the above named organization and that I have examined a copy of the organization's 2012 electronic return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund.

Sign
Here

► Bruce J. Rau | 2/14/14 ► CFO
Signature of officer Date Title

Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer (see instructions)

I declare that I have reviewed the above organization's return and that the entries on Form 8453-EO are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The organization officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the IRS, and have followed all other requirements in Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-File Providers for Business Returns. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above organization's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

ERO's Use Only	ERO's signature ► <u>SGTM</u>	Date 2/12/14	Check if also paid preparer <input checked="" type="checkbox"/>	Check if self- employed <input type="checkbox"/>	ERO's SSN or PTIN P00451522
	Firm's name (or yours if self-employed), address, and ZIP code	KPMG LLP 1676 INTERNATIONAL DRIVE MCLEAN			EIN 13-5565207 Phone no. 703-286-8000

Under penalties of perjury, I declare that I have examined the above return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer is based on all information of which the preparer has any knowledge.

Paid Preparer Use Only	Print/Type preparer's name Firm's name ► Firm's address ►	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
				Firm's EIN ► Phone no.	

For Privacy Act and Paperwork Reduction Act Notice, see back of form.

Form 8453-EO (2012)

Form 990

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

Department of the Treasury
Internal Revenue ServiceUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

► The organization may have to use a copy of this return to satisfy state reporting requirements.

2012

Open to Public
Inspection

A For the 2012 calendar year, or tax year beginning

07/01/2012, and ending

06/30, 2013

B Check if applicable		C Name of organization AMERICAN NATIONAL RED CROSS & ITS CONSTITUENT CHAPTERS AND BRANCHES		D Employer identification number 53-0196605	
Address change		Doing Business As		E Telephone number (202) 303-4498	
Name change		Number and street (or P.O. box if mail is not delivered to street address)		F City, town or post office, state, and ZIP code 2025 E STREET NW WASHINGTON, DC 20006-5009	
Initial return				G Gross receipts \$ 3,735,618,822.	
Terminated				H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Amended return				H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Application pending				If "No," attach a list. (see instructions)	
				H(c) Group exemption number ►	
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c)() (Insert no.)		4947(a)(1) or 527		J Website: ► WWW.REDCROSS.ORG	
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►		L Year of formation: 1900		M State of legal domicile: DC	

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THE AMERICAN NATIONAL RED CROSS PREVENTS AND ALLEVIATES HUMAN
SUFFERING IN THE FACE OF EMERGENCIES BY MOBILIZING THE POWER OF
VOLUNTEERS AND THE GENEROSITY OF DONORS.

2 Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets.

3 Number of voting members of the governing body (Part VI, line 1a) 3 19.

4 Number of independent voting members of the governing body (Part VI, line 1b) 4 18.

5 Total number of individuals employed in calendar year 2012 (Part V, line 2a) 5 28,973.

6 Total number of volunteers (estimate if necessary) 6 400,000.

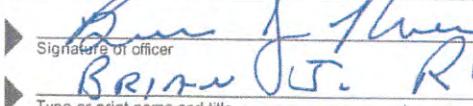
7a Total unrelated business revenue from Part VIII, column (C), line 12 7a 984,755.

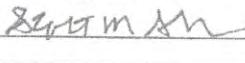
b Net unrelated business taxable income from Form 990-T, line 34 7b -1,296,059.

Activities & Governance	Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year		Current Year	
			741,190,737.	1,133,413,010.	2,290,746,478.	2,162,884,552.
		9 Program service revenue (Part VIII, line 2g)	59,037,356.	53,661,218.	63,563,472.	62,279,961.
		10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,154,538,043.	3,412,238,741.	212,460,308.	223,710,637.
		11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,723,401,133.	1,772,593,711.	0	0
		12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	0	0	1,393,292,266.	1,360,576,132.
		13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	3,329,153,707.	3,356,880,480.	-174,615,664.	55,358,261.
		14 Benefits paid to or for members (Part IX, column (A), line 4)	Beginning of Current Year	End of Year		
		15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	3,777,960,071.	3,898,835,153.		
		16a Professional fundraising fees (Part IX, column (A), line 11e)	2,182,737,621.	1,908,777,901.		
		b Total fundraising expenses (Part IX, column (D), line 25) ► 189,430,809.	1,595,222,450.	1,990,057,252.		
		17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)				
		18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)				
		19 Revenue less expenses. Subtract line 18 from line 12				
Net Assets or Fund Balances	20 Total assets (Part X, line 16)					
	21 Total liabilities (Part X, line 26)					
	22 Net assets or fund balances. Subtract line 21 from line 20					

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	►  Signature of officer BRUCE J. RHEA CPO	Date 2/14/2014
	Type or print name and title	

Paid Preparer Use Only	Print/Type preparer's name SCOTT M. SHERMAN	Preparer's signature 	Date 2/12/14	Check <input type="checkbox"/> if self-employed	PTIN P00451522
	Firm's name ► KPMG LLP			Firm's EIN ► 13-5565207	
	Firm's address ► 1676 INTERNATIONAL DRIVE MCLEAN, VA 22102			Phone no. 703-286-8000	

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

For Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2012)

JSA
2E1010 1.000

06583I 2502

V 12-7.12

426054

PAGE 2



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

XX

(Choose one) MINI-GRANT (Choose one) XX REGULAR GRANT

Project Name: Lung Cancer Screening for People at High Risk Date Submitted:	Total # of people served: 100 Total # of San Marcos residents served: 25	Amount Requested: \$6,250
Non-Profit Organization Name and Address, Website Tri-City Hospital Foundation 4002 Vista Way Oceanside, CA 92056 www.tricitymed.org		Contact Person – Name, Title & Phone, email Glen W. Newhart, CFRE Executive Director, Vice President of Development (760) 940-3520 newhartgw@tcmc.com

Briefly describe your request for funds (to be expanded upon in narrative for regular grant):

Tri-City Hospital Foundation exists to support the initiatives and equipment acquisition of Tri-City Medical Center. Tri-City Medical Center (TCMC) will offer the Lung Cancer Screening Program assessing and referring high risk individuals who reside in San Marcos to screening with low-dose computed tomography (LDCT), the only recommended screening test for the disease. The service goal is to screen 25 people at high risk for lung cancer. The purpose of using LDCT during this pilot program is to increase incidence of early stage lung cancer diagnosis among high risk individuals to decrease morbidity, mortality and costs associated with late stage diagnosis. Early detection is a proven, successful strategy for fighting many forms of cancer. At a patient visit, the Registered Nurse, Medical Assistant, Health Educator, Medical Doctor (RN, MA, HE, MD) delivers the 3-question Lung Cancer Assessment tool. Education and counseling follows delivery of the assessment tool. Patients identified as high risk will be referred for LDCT.

Cost per patient per LDCT is \$250 to provide this life-saving screening and is provided at no cost to patients with few other resources. Patients identified at high risk of lung cancer will be screened which decreases cost and radiation exposure to individuals through deployment of this screening tool. In addition to the three-question assessment tool, a Flow Chart has been developed using clinical risk factors for developing lung cancer to further hone in on patients who may be at higher risk of disease and who should be monitored annually. The clinical pathway for referring to LDCT has been developed and guides the radiologic technician and radiologist through the process. The program goal is to find the lung cancers while they are still Stage I or Stage II which are more treatable and result in increased life expectancy than those lung cancers diagnosed at Stage III or Stage IV. In this pilot of the program, approximately 25 patients assessed as high risk will receive referral to TCMC Radiology for follow up LDCT imaging under this funding.

Briefly describe the significance of your request to the San Marcos community:

Significance to the San Marcos community is threefold: saving lives, saving healthcare costs, and saving productive years. For each individual screened, a measure of peace emerges because they now understand they are high risk, and know whether or not there is disease present. People can then integrate the knowledge and make lifestyle changes, or be aware that because of their lifestyle choices, they remain at high-risk and must be screened annually. Benefit to the community is decreased advanced stage disease; decreased loss in productive years, and potentially, if lifestyle changes are adopted, decreased risk of lung cancer among community members.

Please attach the following items.

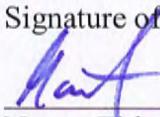
Both Mini-Grant & Regular:

1. Budget for request (use SMCF Budget Worksheet)
2. Annual Operating budget for the organization or unit
3. Federal & State Tax ID numbers
4. Board of Directors listing with affiliations
5. **Regular Grants Only:**
 - a. 1-2 page narrative
 - b. First 2 pages of Federal 990
 - c. Most recent year-end Statement or Audit including any management letters associated with Audit.
 - d. Signature of President or Authorized Officer on Application
 - e. Optional: letters of support

Expected date project will begin/end: 12/1/2014

Date by which funds will be expended: 11/30/2015

Signature of President or Authorized Officer



9/4/2014

Name, Title

Mark Newland, Executive Dir

Date

Submit Via Mail, In Person or Via Email to:

San Marcos Community Foundation

c/o City of San Marcos

1 Civic Center Drive

San Marcos, CA 92069

Email (PDF Format): wkaserman@san-marcos.net

September 1, 2014

San Marcos Community Foundation
Ms. Wendy Kaserman
1 Civic Center Drive
San Marcos, CA 92069

Dear Ms. Kaserman,

The Tri-City Health Foundation invites your partnership in delivering Low Dose Computed Tomography Screening for patients at high risk of lung cancer. Your commitment to the health and welfare of vulnerable people in San Marcos is mirrored by the Tri-City Medical Center's 50-year commitment to that same mission. We look to you as a leader across North County, and invite a partnership gift to launch this program in the amount of \$6,250 to assess and screen 25 San Marcos residents at high risk of lung cancer. The leading cause of cancer death in the United States, lung cancer decimates the lives of individuals, their families, and the wider community through lost productivity, lost economic contribution, and lost lives. We are committed to identifying the disease early and decreasing those individual and societal impacts through proactive measures.

About Tri-City

Celebrating its 50th year of services to the North Regions of San Diego County, Tri-City Hospital Foundation (TCHF) raises funds to support healthcare delivery and equipment purchase at the Tri-City Medical Center (TCMC). At Tri-City, we embrace an advanced approach to health. We're a quick step ahead with innovative robotic surgery, stroke care, orthopedic, maternity care and wellness support options to meet all of the community's healthcare needs. TCMC is a Gold Seal-approved full service, acute-care hospital with two advanced institutes and over 500 physicians practicing in 60 specialties making 142,350 patient encounters annually, with *service to 1,372 San Marcos residents*. TCMC has become the County's leader in robotic and minimally invasive surgical technologies, including being the exclusive county-wide provider for the Mazor Renaissance Surgical Guidance System for surgical repair of spinal deformities, injuries and rehabilitation. TCMC is also a nationwide destination for hip preservation surgery.

Proposed Program

Tri-City Medical Center (TCMC) will offer the Lung Cancer Screening Program assessing and referring high risk individuals to screening with low-dose computed tomography (LDCT), the only recommended screening test for the disease. The pilot project goal is to assess and screen a total of 100 individuals at high risk of lung cancer, 25 of whom are to be San Marcos residents at high risk for lung cancer. The purpose of using LDCT during this pilot program is to increase incidence of early stage lung cancer diagnosis among high risk individuals to decrease morbidity, mortality and costs associated with late stage diagnosis. Early detection is a proven, successful strategy for fighting many forms of cancer. At a patient visit, the Registered Nurse, Medical Assistant, Health Educator, Medical Doctor (RN, MA, HE, MD) delivers the 3-question Lung Cancer Assessment tool. Education and counseling follows delivery of the assessment tool. Patients identified as high risk will be referred for LDCT.

Cost per patient per LDCT is \$250 to provide this life-saving screening and is provided at no cost to patients with few other resources. Patients identified at high risk of lung cancer will be screened using LDCT which decreases cost and radiation exposure to individuals through deployment of this screening

tool. In addition to the three-question assessment tool, a Flow Chart has been developed using clinical risk factors for developing lung cancer to further hone in on patients who may be at higher risk of disease and who should be monitored annually. The clinical pathway for referring to LDCT has been developed and guides the radiologic technician and radiologist through the process. The program goal is to find the lung cancers while they are still Stage I or Stage II which are more treatable and result in increased life expectancy than those lung cancers diagnosed at Stage III or Stage IV. In this first year of the program, approximately 100 patients assessed as high risk will receive referral to TCMC Radiology for follow up LDCT imaging. Under this funding, 25 high risk San Marcos residents will be assessed and screened.

Lung Cancer and the Tri-City Patient

Early detection of lung cancer is associated with better survival rates. Early identification of lung cancer means it can be removed and/or treated with much better outcomes than late stage diagnosis (when a patient is symptomatic). One study cited by the American Cancer Society noted a 70% increased likelihood of survival over five years if lung cancer is detected in stage I or II. This is our target zone—early detection and intervention using a low impact test with great specificity.

The National Cancer Data Base (NCDB, 2013) identified Tri-City Medical Center (TCMC) as above the curve in the State of California with 32% of lung cancers detected between 2000 and 2011 as Stage I or II (NCDB, 2013). At TCMC we know we can improve: the remaining 68% of TCMC patients diagnosed during that period were diagnosed with Stage III or Stage IV lung cancer (2013). Low-dose computed tomography (LDCT) decreases late stage diagnosis by 20% (NCCN, 2011) and significantly reduces mortality from lung cancer (NLST, 2013).

The Tri-City service area includes the cities of Carlsbad, Oceanside, and Vista and parts of San Marcos with a total population of 380,843 people (SANDAG, 2014). Tri-City Medical Center serves 38% of those residents or 142,350 cases (TCMC Census, 2013). Dwyer-Lindgren (2014) charted 12% of males and 15% of females in San Diego County smoke cigarettes, the major risk factor for non-small cell lung cancer for an average of 13.5% of residents. Applying that estimate to the populations of the three cities TCMC serves identifies 50,336 people at high risk in the TCMC service area (absent inclusion of other lung cancer risks). Smoking contributes to 80% and 90 % of lung cancer deaths in women and men, respectively. Although ongoing patient education regarding smoking cessation is offered at every visit, if providers cannot change the behavior we can deploy the most effective methods of surveillance to preserve health.

The Tri-City service area population is aging. Advancing age increases risk of lung cancer: in 2010, 82% of those living with lung cancer were 60 years of age or older (NIH, 2011). For all cancers, Blacks have the highest cancer incidence rates: 60% more likely to develop cancer than are Hispanics and Asian/Pacific Islanders and more than twice as likely to develop cancer as American Indians (ACS, 2014). Although African-Americans represent the lowest percentage of the population in the service area (2.6%), their cancer incidence is overrepresented.

Of note is the high numbers of people who qualify for public insurance served at the Tri-City Hospital: 71,151 of 142,350 cases are publicly insured. We are North County's largest safety net hospital, an accountable care organization, serving as the hospital of choice for a large number of the Carlsbad, Oceanside, San Marcos and Vista population who receive Medicare, Medicaid or County Medical Services.

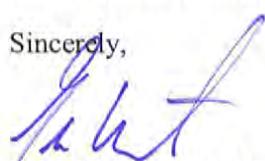
Impact

Impact is seen in saving lives and decreasing healthcare costs. Cipriano, et al. (2011) reported for a 72-year old diagnosed with lung cancer in 2000, the first six months after diagnosis costs range from \$60,000 to \$99,714 for Stage I or Stage II Lung Cancer (exclusive of surgery). For Stage III or IV disease, costs increase to 134% of these figures. When considering ongoing supportive care beyond active treatment, care in the continuing phase for early diseases \$1,996 to \$7,758 as compared to Stage III or Stage IV disease costs in the continuing phase of 139% to 216% of these figures. Again, with late stage disease, the costs of care in the last month of a patient's life were \$14,987 for death from lung cancer and \$19,173 for death from cardiac cause (2011).

All told, because non-small cell lung cancer caught early and treated have better 5-year survival rates: 49% survive five years with Stage I disease, 31% survive Stage II disease - as opposed to 14% for Stage III and 1% for Stage IV (ACS, 2014). The savings in life-years and healthcare costs accrue for each person diagnosed at Stage I or II rather than late stage diagnosis. Healthcare cost is an important factor – yet those human impacts that really matter: lost productivity, pain and suffering, requirements for a family caregiver take incremental tolls on the individual and his or her family. Our goal is to identify high risk people; provide education and counseling; screen; and, when identified, treat to prevent disease progression. Our goal is to save lives while improving quality of life.

Thank you for your commitment to the health of vulnerable populations. Thank you for your consideration of this partnership proposal.

Sincerely,



Glen W. Newhart, CFRE
Executive Director, VP of Development

SAN MARCOS COMMUNITY FOUNDATION
Budget Worksheet

Provide an itemized list of expenses for this project:
(example – 72 bicycle helmets at \$7.80 each including tax = \$561.60)

Total budget for this PROJECT: \$ 25,000

Grant Request Amount: \$ 6,250
(Mini-grants not to exceed \$1,500, Regular grants not to exceed \$10,000.)

Is this a challenge grant? No Could it be? No

Please list any other funding sources for this project.

**Indicate if funds are committed (C), conditional (CD), or pending (P).

\$ 10,000 (Genentech) ** (P)
\$ 5,000 (Norris Foundation) ** (P)
\$ _____ (Name of source) **
\$ _____ (Name of source) **

TRI-CITY HOSPITAL FOUNDATION
 BUDGET for the fiscal year ending 6/30/2015

	FY 2015	
	Budget	
REVENUE AND OTHER SUPPORT		
Contributions and grants	655,000	
Donated services and facilities	693,859	
Special event revenue	765,000	
TOTAL REVENUE AND OTHER SUPPORT	2,113,859	
EXPENSES		
Program Services		
Grants	1,000,000	
Scholarships	5,000	
Education and training	18,444	
Other programs	5,324	
Total Program Expenses	1,028,768	
Supporting Services		
Special Events	294,000	
Total Supporting Services	294,000	
Management and general		
Advertising	64,635	
Depreciation	1,970	
Dues & subscriptions	3,893	
Education and travel	11,767	
Insurance	8,300	
Legal and professional (audit)	25,000	
Miscellaneous	42,372	
Office space	68,836	
Operating salaries	329,934	
Outside services	99,568	
Printing and postage	26,162	
Supplies	28,205	
Other fees and disbursements	80,259	
Total Management and general	790,901	
TOTAL EXPENSES	2,113,669	
CHANGE IN NET ASSETS		190

Internal Revenue Service

Department of the Treasury

P. O. Box 2508
Cincinnati, OH 45201

Date: March 7, 2000

Tri - City Hospital Foundation
4002 Vista Way
Oceanside, CA 92056

Person to Contact:
Michael Fisher 31-03591
Customer Service Specialist
Toll Free Telephone Number:
8:00 A.M. to 9:30 P.M. EST
877-829-5500
Fax Number:
513-263-3756
Federal Identification Number:
95-6131483

Dear Sir or Madam:

This letter is in response to your request for a copy of your organization's determination letter. This letter will take the place of the copy you requested.

Our records indicate that a determination letter issued in April 1964 granted your organization exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. That letter is still in effect.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section 509(a)(2).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000, when a return is filed late; unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Tri - City Hospital Foundation
95-6131483

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

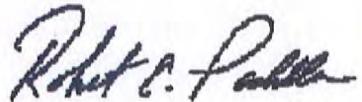
The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. You are also required to make available for public inspection a copy of your organization's exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of \$20 a day for each day you do not make these documents available for public inspection (up to a maximum of \$10,000 in the case of an annual return).

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms your organization's exempt status.

Sincerely,



Robert C. Padilla
Manager, Customer Service



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO BOX 1286
RANCHO CORDOVA CA 95741-1286

In reply refer to: 72514clr
Date: August 12, 2002

Tri-City Hospital Foundation

4002 Vista Way

Oceanside, CA 92056

Attn: Judy

LETTER OF GOOD STANDING FOR AN EXEMPT ORGANIZATION

ORGANIZATION NAME

Tri-City Hospital Foundation

CORPORATE NUMBER

0479255

STATUS DATE

10/13/1964

This organization is currently exempt from tax under Revenue and Taxation Code Section 23701D and is currently in good standing with the California Franchise Tax Board.

Please contact us again if we can be of any further assistance.

ASSISTANCE

Telephone assistance is available from 7 a.m. until 8 p.m. Monday through Friday and from 7 a.m. until 4 p.m. on Saturdays. From the first working day in January through the due date for filing a tax return (generally April 15), service is available from 6 a.m. until midnight, Monday through Friday and from 7 a.m. until 4 p.m. on Saturdays and holidays. We may modify these hours without notice to meet operational needs.

From within the United States, call (800) 852-5711
From outside the United States, call (not toll-free) (916) 845-8500

Website at: www.ftb.ca.gov

Assistance for persons with disabilities: We comply with the Americans with Disabilities Act. Persons with hearing or speech impairments, call from voice phone (800) 735-2922, or from TTY/TDD (800) 822-6268.



Committed to Community, Committed to You

Executive Committee

Kevin Stotmeister, Chairman

*President/CEO
Federal Health Sign Co.*

Tory Walker, Treasurer

*President
Tory R. Walker Engineering Inc.*

Phil Soule, Development Chair

*Principal
NTD Healthcare - A Member of Cunningham Group*

Neal J. Stehly, Secretary

*Executive Vice President, Benefits Division
Marrs Maddocks + Associates*

Julie Wright, Communications Chair

*President
(W)right On Communications*

Stan Prowse, Governance Chair

*Attorney At Law
The Law Office of Stanley D. Prowse*

Board Members

Sandee Carter

Retired Teacher and Community Leader

Gene Ma, MD

*Emergency Physician
Tri-City Emergency Medical Group*

Mehdi Chitgari

Owner, Classic Chariots

Jef (James) Farrell

*Vice President and Operations Manager
Swinerton Builders*

Jennifer Paroly

Community Leader

William P. "Bill" Morrow

*California State Senate, Ret.
The Morrow Law Firm*

John Todd

US Marines, Retired

Rita Geldert (LOA)

*Retired City Manager
City of Vista*

Emeritus Members

Robert H. Carter

*Retired, CPA
Community Leader*

Vicki Monahan

*Retired, Banker
Community Leader*

"Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)

► The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

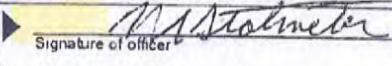
2012

Open to Public
Inspection

A For the 2012 calendar year, or tax year beginning 7/01		, 2012, and ending 6/30		, 2013			
B Check if applicable:		C		D Employer identification number 95-6131483			
<input type="checkbox"/> Address change	<input type="checkbox"/> Name change	TRI-CITY HOSPITAL FOUNDATION 4002 VISTA WAY OCEANSIDE, CA 92056		E Telephone number (760) 940-3598			
<input type="checkbox"/> Initial return	<input type="checkbox"/> Terminated			F Gross receipts \$ 2,142,072.			
<input type="checkbox"/> Amended return	<input type="checkbox"/> Application pending	F Name and address of principal officer: Kevin Stotmeister Same As C Above		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.)		J Website: ► www.tricityhospitalfoundation.org		H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If 'No,' attach a list. (see instructions)			
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►		L Year of formation: 1964		M State of legal domicile: CA			
Part I Summary							
Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <u>Tri-City Hospital Foundation brings together the community to engage donors to support Tri-City Medical Center.</u>					2 Check this box ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
	2 Check this box ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.						
Revenue	3 Number of voting members of the governing body (Part VI, line 1a).....					3 20	
	4 Number of independent voting members of the governing body (Part VI, line 1b).....					4 20	
Expenses	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a).....					5 0	
	6 Total number of volunteers (estimate if necessary).....					6 75	
Net Assets or Fund Balances	7a Total unrelated business revenue from Part VIII, column (C), line 12.....					7a 0.	
	b Net unrelated business taxable income from Form 990-T, line 34.....					7b 0.	
						Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h).....						468,296.	1,083,719.
9 Program service revenue (Part VIII, line 2g).....						-15,688.	83,442.
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d).....						242,202.	-78,016.
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e).....						694,810.	1,089,145.
12 Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12).....						1,906,063.	1,191,622.
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3).....						194,490.	122,314.
14 Benefits paid to or for members (Part IX, column (A), line 4).....						2,100,553.	1,313,936.
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10).....						-1,405,743.	-224,791.
						Beginning of Current Year	End of Year
16a Professional fundraising fees (Part IX, column (A), line 11e).....						4,071,389.	4,037,531.
b Total fundraising expenses (Part IX, column (D), line 25).....						6,650.	0.
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e).....						4,064,739.	4,037,531.
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25).....							
19 Revenue less expenses. Subtract line 18 from line 12.....							
20 Total assets (Part X, line 16).....							
21 Total liabilities (Part X, line 26).....							
22 Net assets or fund balances. Subtract line 21 from line 20.....							

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	► 	Signature of officer		5/2/2014	
	► Kevin Stotmeister	Type or print name and title		Chairman	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Keith R. Griffiths, CPA	Keith R. Griffiths, CPA	5/2/14		P00012373
	Firm's name ► Griffiths & Assoc, CPAs, APC				
	Firm's address ► 931 Anza Avenue, Suite A Vista, CA 92084			Firm's EIN ► 33-0914930	

May the IRS discuss this return with the preparer shown above? (see instructions)

BAA For Paperwork Reduction Act Notice, see the separate instructions.

TEEA0113L 12/18/12

Form 990 (2012)

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response to any question in this Part III. 1 Briefly describe the organization's mission:

Tri-City Hospital Foundation brings together the community to engage donors to support Tri-City Medical Center.

2 Did the organization undertake any significant program services during the year which were not listed on the priorForm 990 or 990-EZ? Yes No

If 'Yes,' describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If 'Yes,' describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.4a (Code: _____) (Expenses \$ 1,191,622, including grants of \$ _____) (Revenue \$ _____)

Grants and allocations are for the purpose of reimbursing purchases of new medical equipment, establishing new medical programs, renovating medical facilities, training and updating the education of TCHD staff and employees and aiding in educating the general public.

4b (Code: _____) (Expenses \$ _____, including grants of \$ _____) (Revenue \$ _____)

4c (Code: _____) (Expenses \$ _____, including grants of \$ _____) (Revenue \$ _____)

4d Other program services. (Describe in Schedule O.)

(Expenses \$ _____, including grants of \$ _____) (Revenue \$ _____)

4e Total program service expenses ► 1,191,622

AUDITED FINANCIAL STATEMENTS

June 30, 2013

TRI-CITY HOSPITAL FOUNDATION

4002 VISTA WAY

OCEANSIDE, CA 92056

GRIFFITHS AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
931 ANZA AVENUE, SUITE A
VISTA, CALIFORNIA 92084

Griffiths & Associates
Certified Public Accountants
A Professional Corporation
931 Anza Avenue, Suite A Vista, CA 92084
(760)940-8297 Fax (760)940-0250

INDEPENDENT AUDITOR'S REPORT

June 3, 2014

To the Board of Directors of
Tri City Hospital Foundation

We have audited the accompanying statements of financial position of Tri City Hospital Foundation (a nonprofit organization) as of June 30, 2013 and 2012, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tri City Hospital Foundation as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Griffiths & Associates

**TRI-CITY HOSPITAL FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30,**

	ASSETS	
	2013	2012
Current Assets:		
Cash and cash equivalents	\$ 321,881	\$ 470,681
Other current receivables	484,547	0
Pledges receivable	41,697	18,995
	848,125	489,676
Total Current Assets	848,125	489,676
Other Assets:		
Investments	2,203,021	2,515,065
Pledges receivable - long term	156,507	206,530
Investment in LLC	8,910	6,000
Split-Interest contributions receivable	820,968	854,118
	3,189,406	3,581,713
Total Other Assets	3,189,406	3,581,713
Total Assets	<u><u>\$ 4,037,531</u></u>	<u><u>\$ 4,071,389</u></u>

LIABILITIES AND NET ASSETS

	2013	2012
Liabilities:		
Deferred revenue	\$ 0	\$ 6,650
Total Liabilities	<u><u>0</u></u>	<u><u>6,650</u></u>
Net Assets:		
Unrestricted	1,179,316	548,247
Temporarily restricted	2,167,487	2,397,532
Permanently restricted	690,728	1,118,960
	4,037,531	4,064,739
Total Net Assets	<u><u>4,037,531</u></u>	<u><u>4,064,739</u></u>
Total Liabilities and Net Assets	<u><u>\$ 4,037,531</u></u>	<u><u>\$ 4,071,389</u></u>

See Accompanying Notes to the Financial Statements.

TRICITY HOSPITAL FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2013			2012		
	Unre- stricted	Tempo- rarily Restricted	Perma- nently Restricted	Unre- stricted	Tempo- rarily Restricted	Perma- nently Restricted
REVENUE, GAINS AND OTHER SUPPORT						
Contributions and grants	\$ 423,272	226,368	\$ 0	\$ 649,640	\$ 105,709	\$ 362,387
Donated services and facilities	852,494	0	0	852,494	1,106,447	0
Investment return (losses)	17,529	170,414	90,175	278,118	(5,204)	(19,332)
Limited liability company (LLC) income	2,910	0	0	2,910	4,481	(20,055)
Special event revenue	551,723	206,450	0	758,173	537,676	0
Change in value of split-interest agreement	0	(19,178)	0	(19,178)	0	599,254
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	1,847,928	584,054	0	90,175	2,522,157	(84,308)
EXPENSES						
Program Services	504,203	663,451	0	1,167,654	1,193,728	667,136
Grants	0	165	0	165	0	1,643
Scholarships	0	15,092	0	15,092	0	32,828
Education and training	0	8,713	0	8,713	0	10,529
Other programs	504,203	687,421	0	1,191,624	1,193,728	667,136
Total Program Expenses	255,379	127,553	0	382,932	225,314	47,430
Supporting Services						
Special events	255,379	127,553	0	382,932	225,314	47,430
Total Supporting Expenses	255,379	127,553	0	382,932	225,314	47,430
Management and general						
Advertising	64,635	0	0	64,635	68,542	0
Bad debts	2,200	42,920	0	45,120	4,698	24,843
Banking and investment fees	31,059	0	0	31,059	31,315	0
Capital campaign	7,020	0	0	7,020	93,976	0
Depreciation	1,281	0	0	1,281	124	0
Dues and subscriptions	0	0	0	0	5,817	0
Education and travel	4,107	0	0	4,107	1,375	0
Insurance	2,051	0	0	2,051	2,051	0
Legal and professional	9,150	0	0	9,150	9,523	0
Miscellaneous	42,372	0	0	42,372	67,659	0
Office space	68,836	0	0	68,836	68,836	0
Operating salaries	389,826	0	0	389,626	366,729	0
Outside services	85,626	0	0	85,626	107,825	0
Printing and postage	5,225	0	0	5,225	62,277	0
Supplies and other	21,513	0	0	21,513	39,716	0
Other fees and disbursements	197,188	0	0	197,188	345,659	0
Total Management and General	931,889	42,920	0	974,809	1,276,932	24,843
TOTAL EXPENSES	1,691,471	857,894	0	2,549,365	2,695,135	784,609
CHANGE IN NET ASSETS	156,457	(273,840)	90,175	(27,203)	(940,822)	(449,956)
TRANSFER TO/FROM FUND	474,612	43,795	(\$18,407)	0	27,570	20,156
NET ASSETS, BEGINNING OF YEAR	548,247	2,397,532	1,118,860	4,064,739	1,461,499	2,827,332
NET ASSETS, END OF YEAR	\$ 1,179,316	\$ 2,167,487	\$ 690,728	\$ 4,037,531	\$ 548,247	\$ 2,397,532

See Accompanying Notes to the Financial Statements

**TRI-CITY HOSPITAL FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in net assets	\$ (27,207)	\$ (1,410,110)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Realized (gains) losses on investments	(5,899)	83,003
Unrealized (gains) losses on investments	(197,585)	4,367
Limited liability company (LLC) income	(2,910)	0
Change in value of contributions receivable	19,178	84,308
(Increase) Decrease in other current receivables	(470,576)	34,811
(Increase) Decrease in pledges receivable	27,320	(84,525)
(Increase) Decrease in split interest receivables	13,971	0
(Increase) Decrease in deferred revenue	<u>6,650</u>	<u>(9,270)</u>
Subtotal	<u>(609,851)</u>	<u>112,694</u>
Net cash provided (used) by operating activities	<u>(637,058)</u>	<u>(1,297,416)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment in LLC	0	(6,000)
Purchases of investments	(105,805)	(1,042,383)
Proceeds from sales and redemptions of investments	<u>594,063</u>	<u>871,436</u>
Net cash provided (used) by investing activities	<u>488,258</u>	<u>(176,947)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(148,800)</u>	<u>(1,474,363)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>470,681</u>	<u>1,945,044</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 321,881</u>	<u>\$ 470,681</u>
Supplementary information:		
Interest paid	<u>\$ 0</u>	<u>\$ 0</u>
Income taxes paid	<u>\$ 0</u>	<u>\$ 0</u>

See Accompanying Notes to the Financial Statements.

**TRI-CITY HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012**

Note 1. Summary of Significant Accounting Policies

Nature of Activities

Tri-City Hospital Foundation (the Organization) was incorporated on October 2, 1964, as a non-profit public benefit corporation. The Organization provides support and assistance for the activities, programs, services and facilities of Tri-City Hospital District. The Organization is supported primarily through donor contributions and grants.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the direct method of bad debt write off. Based on prior years' experience and management's analysis of specific promises made, management has determined that no allowance for uncollectible promises receivable is necessary. Bad debts in the amounts of \$45,120 and \$29,541 were written off in the years ended June 30, 2013 and 2012, respectively.

Split-Interest Agreements

The Organization is a beneficiary of certain irrevocable trusts (charitable remainder trusts, pooled income funds and charitable gift annuities) which provide for payments to the donors or other designated beneficiaries until death, at which time all or a portion of the trust assets will be distributed to the Organization. The Organization recognizes as revenue and a receivable, in the period such a trust is established, the present value of the estimated future benefit to be received. The account described as "change in value of contributions receivable" in the statement of activities represents any adjustments made to the discounted present values of the contributions receivable.

Investments

Investments in marketable securities with readily determined fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change of net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**TRI-CITY HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012**

Note 1. Summary of Significant Accounting Policies-Continued

Donated Services and Facilities

During the years ended June 30, 2013 and 2012, the fair value of contributed volunteer hours was not material and has not been recorded. As explained in Note 3, the contributed office space and services has been estimated at \$68,836 and \$783,658, respectively, for a total of \$852,494 in recorded donations on the financials for the year ended June 30, 2013.

Estimates

The Organization records long-term contributions receivable based upon investment value and life expectancy tables for trust funds that will transfer to the Foundation at donors' death. Investment values and actual dates of these transfers will be different than current estimates and the difference may be material.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted cash and other highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ended 2010, 2011, and 2012 are subject to examination by the IRS, generally for three years after they were filed.

Subsequent Events

The Organization has evaluated subsequent events through June 3, 2014, the date which the financial statements were available to be issued.

Note 2. Current and Long-term Receivables

Promises to Give

Pledges and contributions receivable are as follows at June 30:

Donor pledges:	<u>2013</u>	<u>2012</u>
Receivables in less than one year	\$ 41,697	\$ 18,995
Receivables in one year to five years	<u>156,507</u>	<u>206,530</u>
Subtotal	198,204	225,525
Less uncollectible pledges	0	0
Total pledges receivable	<u>\$198,204</u>	<u>\$225,525</u>

**TRI-CITY HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012**

Note 2. Current and Long-term Receivables-Continued

Split-Interest contributions receivable:

Contributions receivable are as follows at June 30:	2013	2012
Charitable remainder trusts	\$ 2,259,835	\$2,251,218
Pooled income fund	232,827	237,835
Charitable gift annuities	<u>489,423</u>	<u>483,822</u>
Subtotal	2,982,085	2,972,875
Less discounts to net present value	<u>(2,161,117)</u>	<u>(2,118,757)</u>
Total contributions receivable	<u>\$ 820,968</u>	<u>\$ 854,118</u>

Discount rates used on contributions receivable ranged from 5% to 10.6% in 2013 and 2012. The amounts of \$107,478 and \$98,823 in split-interest contributions receivable is restricted for use in hospice services and cancer/heart programs, for the years ending June 30, 2013 and 2012, respectively.

Note 3. Related Party Transactions

As stated in Note 1, the Tri-City Hospital Foundation provides support to Tri-City Hospital District in the form of equipment purchases, scholarships and other miscellaneous donations. For the years ended June 30, 2013 and 2012, the amount of the support totaled \$1,191,624 and \$1,906,064, respectively.

In return, the District provides all the basic operating expenses such as office space, employees, equipment, supplies and miscellaneous to the Organization. For the years ended June 30, 2013 and 2012, the operating expenses paid by the District totaled \$783,658 and \$1,037,611, respectively. These expenses have been paid continuously for many years, but there is no written contract between the two organizations.

Note 4. Fair Value Measurements

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2013 are as follows:

	FAIR VALUE	SIGNIFICANT OBSERVABLE INPUT (Level 1)	SIGNIFICANT OBSERVABLE INPUT (Level 3)
Long-term Investments:			
US Treasury notes	\$ 101,583	\$ 101,583	
Corporate stocks/funds	458,674	458,674	
Mutual funds	<u>1,642,764</u>	<u>1,642,764</u>	
Total Investments	<u>\$2,203,021</u>	<u>\$2,203,021</u>	
Contribution receivable-			
Split interest trusts	<u>\$820,968</u>		<u>\$820,968</u>

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Note 4. Fair Value Measurements-Continued

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2012 are as follows:

	<u>FAIR VALUE</u>	<u>SIGNIFICANT OBSERVABLE INPUT (Level 1)</u>	<u>SIGNIFICANT OBSERVABLE INPUT (Level 3)</u>
Long-term Investments:			
US Treasury notes	\$ 171,259	\$ 171,259	
Corporate stocks/funds	355,041	355,041	
Indexed funds	88,713	88,713	
Mutual funds	<u>1,900,052</u>	<u>1,900,052</u>	
Total Investments	<u>\$2,515,065</u>	<u>\$2,515,065</u>	
Contribution receivable- Split interest trusts	<u>\$ 854,118</u>		<u>\$854,118</u>

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2013 and 2012.

U.S. Government Securities, common stock, and mutual/indexed funds: Valued at the closing price reported in the active market in which the individual security is traded.

Split-interest Trusts: Valued calculated at net present value using discount rates and life expectancy to determine expected future income.

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended June 30, 2013 and 2012.

Note 5: Investments

The fair values of long-term investments totaled \$2,203,021 and \$2,515,065 at June 30, 2013 and 2012, respectively.

The following schedule summarizes investment return and their classification in the statement of activities for the years ended June 30,

	2013			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividend income	\$ 439	\$ 58,307	\$15,888	\$ 74,634
Realized gains (losses)	12,221	399	(6,721)	5,899
Unrealized gains (losses)	<u>4,869</u>	<u>111,708</u>	<u>81,008</u>	<u>197,585</u>
Totals	<u>\$17,529</u>	<u>\$170,414</u>	<u>\$90,175</u>	<u>\$278,118</u>

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Note 5: Investments-Continued

	2012			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividend income	\$ 571	\$ 40,326	\$ 26,418	\$ 67,315
Realized gains (losses)	(3,363)	(45,530)	(34,110)	(83,003)
Unrealized gains (losses)	<u>7,273</u>	<u>0</u>	<u>(11,640)</u>	<u>(4,367)</u>
Totals	<u>\$4,481</u>	<u>\$ (5,204)</u>	<u>\$(19,332)</u>	<u>\$(20,055)</u>

Note 6. Special Events

Special events for the year ended June 30, 2013 are as follows:

Unrestricted:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Diamond Ball (Baile de Esperanza)	<u>\$551,723</u>	<u>\$255,379</u>	<u>\$296,344</u>
Total unrestricted	<u>\$551,723</u>	<u>\$255,379</u>	<u>\$296,344</u>

Temporarily Restricted:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Fashion That Heals/Tennis Tournament	<u>\$ 206,450</u>	<u>\$ 127,553</u>	<u>\$ 78,897</u>
Total temporarily restricted	<u>\$ 206,450</u>	<u>\$ 127,553</u>	<u>\$ 78,897</u>
Total Special Events:	<u>\$758,173</u>	<u>\$382,932</u>	<u>\$375,241</u>

Note 7. Concentration of Credit Risk for Cash Held in Bank

As of June 30, 2013 and 2012, the Organization maintained \$266,587 and \$430,298, respectively, in privately-insured money market funds, which are not insured by the Federal Deposit Insurance Corporation.

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Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes for the year ended June 30,:

	<u>2013</u>	<u>2012</u>
Cancer Institute	\$ 96,303	\$ 261,342
Cardiology	15,468	82,531
Corporate Council	110,471	126,863
Education/Scholarship Funds	166,192	136,834
Emergency Room Fund	41,494	49,494
Employee Giving	327,818	301,329
Helping Hands	217	6,969
Hospice	397,035	482,298
Mariposa Children Fund	0	10,000
Miscellaneous Funds	180,516	65,042
Pediatric Fund	571	4,276
Prescription drugs	10,434	10,434
Split Interest Agreements	820,968	854,118
Women's Diagnostic	<u>0</u>	<u>6,002</u>
 Totals	 <u>\$2,167,487</u>	 <u>\$2,397,532</u>

Note 9. Permanently Restricted Net Assets

The Organization currently maintains four permanent endowment accounts and one board-imposed endowment account as of June 30, 2013 and 2012 at an aggregate market value of \$690,768 and \$1,118,960, respectively. The aggregate cost, including investment income, of these endowment accounts at June 30, 2013 and 2012, is \$690,618 and \$1,121,079, respectively. The donor-restricted amounts are \$350,947 for hospice, \$37,682 for children and senior services and \$250,386 for hospice and kidney disease. The remainder in the amount of \$51,753 is for future general needs. Investment income for the permanently restricted assets for the year ended June 30, 2013 is interest/dividend income of \$15,888, realized losses of \$6,721 and unrealized gains of \$81,008 or a total of \$90,175 in permanently restricted investment losses. As required by generally accepted accounting policies, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted fund that is not classified in permanently restricted net assets is classified as temporarily

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Note 9. Permanently Restricted Net Assets-Continued

restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and the preservation of the various funds, (2) the purposes of the donor-restricted funds, (3) general economic conditions, (4) the possible effect of inflation and deflation (5) the expected total return from and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization has adopted investment and spending policies for endowment assets that attempt to subject the funds to low investment risk and provide interest and dividend income. The current spending policy is not expected to allow the Organization's endowment fund to grow as a result of investment returns. This is consistent with the Organization's objectives to preserve its endowment assets without subjecting them to substantial risk, and provide additional real growth through new gifts.

With court approval, endowment funds segregated for hospice in the amount of \$535,815 were released from the permanently restricted fund and distributed during the year ended June 30, 2013.

Note 10. Contingencies and Commitments

The board and management have indicated that as of the date of this report, no undisclosed claims and liabilities or pending lawsuits have been brought forward against the Organization.