



Agenda

MEETING OF THE SAN MARCOS COMMUNITY FOUNDATION

WEDNESDAY, January 14, 2015 – 6:00 P.M.

**MEETING OF THE
SAN MARCOS COMMUNITY FOUNDATION
GRANT FUNDING COMMITTEE**

**SAN MARCOS 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 meeting room.

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. 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

ROLL CALL

OLD BUSINESS

1. GRANT AWARD HISTORY

Recommendation: **NOTE & FILE**

NEW BUSINESS

- #### 2. REGULAR GRANT APPLICATION PROPOSALS
- Consider four (4) Regular Grant proposals by non-profit organizations requesting funds from the Foundation. Recommend Funding to the SMCF Board.
-

- (A) **INTERFAITH COMMUNITY SERVICES** – Request for funding in the amount of \$10,000 for their Senior Services Program to provide aid and support to vulnerable and low income senior citizens in the North County San Diego Community.

Recommendation: **CONSIDER/RECOMMEND**

- (B) **JUST IN TIME FOR FOSTER YOUTH** – Request for funding in the amount of \$9,600.00 to provide transitioning foster youth with the necessary computers, technology tools, school and dorm supplies to support their college success.

Recommendation: **CONSIDER/RECOMMEND**

- (C) **PHOENIX FOODS USA** – Request for funding in the amount of \$7,610 to purchase cosmetically imperfect food from grocery stores, wholesalers, and farmers, and transform it into meals and products in order to provide nutritious meals for seniors in San Marcos and food bank clients throughout North San Diego County.

Recommendation: **CONSIDER/RECOMMEND**

- (D) **SOLUTIONS FOR CHANGE, INC.** – Request for funding in the amount of \$10,000 to support their Solutions Case Management program. The grant will fund the supportive services provided by their corps of coaches who provide constant mentoring to address the specific issues and needs of the homeless.

Recommendation: **CONSIDER/RECOMMEND**

3. **WILDLIFE FUND GRANT APPLICATION PROPOSAL** Consider one (1) Wildlife Fund Grant proposal by a non-profit organization requesting funds from the Foundation. Recommend Funding to the SMCF Board.

- (A) **NURTURED BY NATURE** – Request for funding in the amount of \$5,000 to support their wildlife accessibility project, including the installation of boardwalks and the purchase of a people-moving off-road cart to transport visitors with mobility impairments to enclosures throughout the Nurtured by Nature facilities.

Recommendation: **CONSIDER/RECOMMEND**

4. **RECONSIDERATION AND POSSIBLE APPROVAL OF REQUEST FROM SAN MARCOS HISTORICAL SOCIETY** The San Marcos Historical Society has submitted a request for approval of the expenditure of funds for the purchase of items outside the original scope of the mini-grant approved on May 22, 2014 for various technology updates.

Recommendation: **RECONSIDER/APPROVE**

CONSENT CALENDAR

5. **WAIVER OF TEXT** This item is to waive the reading of the text of all Resolutions and Policies adopted at this meeting. Resolutions and Policies shall be **adopted** by title.

Recommendation: **WAIVE**

6. APPROVAL OF MINUTES SMCF Grant Funding Committee Meeting, November 12, 2014.

Recommendation: **CONSIDER/APPROVE**

- 7. 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 recommendation.

ITEMS FOR THE GOOD OF THE ORDER

8. NEXT MEETING DATE

The next meeting of the Grant Funding Committee is scheduled for Wednesday, February 11, 2015. The next meeting of the SMCF Board of Directors is scheduled for Tuesday, February 17, 2015.

9. MISCELLANEOUS

10. ADJOURNMENT

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

I, Wendy Kaserman, Secretary of the San Marcos Community Foundation Grant Funding Committee, hereby certify that I caused the posting of this agenda in the glass display case at the north entrance of City Hall on Friday, January 9, 2015, at 5:00 pm.

Wendy Kaserman, Secretary - SMCF

SAN MARCOS COMMUNITY FOUNDATION
Grants Awarded FY 2014-2015 (As of 12/17/2014)

Organization	Request	Type	Award	Mtg. Date	Rptg. Date	Report Received	Project Summary
Summer Quarter 2014							
Alzheimer's Association of SD/Imperial	\$1,500.00	M	\$1,500.00	8/13/2014	2/13/2015		To provide informational packets about Alzheimer's and resources available to families in need. Funding would provide packets to approximately 300 San Marcos families.
Foundation for Senior Well Being	\$1,500.00	M	\$1,200.00	8/13/2014	2/13/2015		To assist with the organization's efforts to compile information about organizations provide service to seniors in North County and become the clearing house directing seniors to resources available. Will serve the senior population of San Marcos, estimated to be approximately 8,527 San Marcos residents.
The Boys & Girls Club of San Marcos	\$10,000.00	R	\$4,153.00	8/19/2014	2/19/2015	Reporting documentation received 1/6/2015	To help expand The Victory Project (formerly the Academic Success Program), an after-school program that provides extra/remedial support for youth in grades 2nd – 5th who have scored below basic or far below basic in math and reading on standardized testing. Serves 120 San Marcos residents.
North County Health Services	\$4,315.00	R	\$4,315.00	8/19/2014	2/19/2015		To purchase a new auditory screening unit for the organization's Project All Ready (PAR) program. Through this program the organization provides free hearing and vision screenings to children 18 months old to 5 years old at preschools, day cares, and Head Starts. Estimated to serve 400 San Marcos residents.
Partnerships with Industry	\$10,000.00	R	\$2,000.00	8/19/2014	2/19/2015		To provide vocation training, assessment, placement and ongoing support to adults living with disabilities in San Marcos to help them thrive in the work environment. Serves 10 San Marcos residents.
The Angel's Depot	\$5,000.00	R	\$500.00	8/19/2014	2/19/2015		To help support the Senior Emergency Meal Box Program which provides a specifically formulated, nutritious nonperishable box meal to age and income qualified seniors. Funding will provide 60 boxed meals every month to seniors living in poverty in San Marcos.
Casa de Amparo	\$5,000.00	R	\$3,000.00	8/19/2014	2/19/2015		To assist with the Residential Services Program, specifically costs associated with medical assessments and coordination, transportation to medical appointments, education and tutoring, job readiness, nutrition education and recreational and therapeutic activities. Program will serve 60 San Marcos residents, age prenatal to 21 years old.
Total Grants Awarded Summer Quarter			\$16,668.00				
Fall Quarter 2014							
Kiwanis Club of San Marcos Foundation	\$1,500.00	M	\$1,500.00	9/10/2014	3/10/2015		To provide partnership support for the San Marcos Holiday Parade.
Positive Action Community Theatre (PACT)	\$1,500.00	M	\$1,500.00	9/10/2014	3/10/2015		To fund theatre/life skills workshops for children with autism at the Country School in San Marcos.

REINS(Riding Emphasizing Indiv Needs&Strengths)	\$1,000.00	M	\$1,000.00	10/8/2014	4/8/2015	Reportind Documentation received 12/15/2014	To assist with the organization's Equipment Update Project which will allow REINS to purchase equipment for their riding program
Bayshore Preparatory Charter School	\$9,590.22	R	\$4,500.00	11/18/2014	5/18/2015		To purchase science materials to fulfill student requirements for hands-on science learning.
Meals-on-Wheels Greater San Diego Inc.	\$8,000.00	R	\$2,000.00	11/18/2014	5/18/2015		To help subsidize the cost of rent at its North County Service Center located at 930 Boardwalk #C, San Marcos, CA 92078
San Marcos High School Music Boosters	\$10,000.00	R	\$1,000.00	11/18/2014	5/18/2015		To assist with the costs of providing transportation to music students.
Tri-City Hospital Foundation	\$6,250.00	R	\$4,500.00	12/16/2014	6/16/2015		To assist with the costs of the Lung Cancer Screening Program, which will assess and refer 25 high risk individuals who reside in San Marcos to screening with low-dose computed tomography (LDCT).
Total Grants Awarded Fall Quarter			\$16,000.00				
TOTAL GRANTS AWARDED FY 2014-2015			\$32,668.00				

Funds Available for Distribution Fiscal Year 2014-2015

Assets available on 6/30/2014 of \$1,300,541.17

\$1,300,541

San Marcos Now and Forever Campaign for Current Grantmaking for FY2014-2015

\$0

Maximum Grant Making at 4% of Assets Available Combined with Now and Forever Funds

\$53,667

Maximum Grant Making at 5% of Assets Available Combined with Now and Forever Funds

\$66,672

Funds Available Per Quarter for Fiscal Year 2014-2015

4%

\$13,417

5%

\$16,668

Total Funds Remaining for FY 2014 -2015 Distribution

4%

\$20,998.65

5%

\$34,004.06

SAN MARCOS COMMUNITY FOUNDATION

Winter Quarter 2015- Funding Recommendation Worksheet (Regular Grants)

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

Total FY14-15 Distributions Year to Date= \$32,668

Total Remaining Funds for FY if Awarding Grants at 4% of Assets Available=\$20,998.65

Total Remaining Funds for FY if Awarding Grants at 5% of Assets Available=\$34,004.06

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 Winter Quarter at 4% Level=\$13,417

Funds Remaining for the Winter Quarter at 5% Level= \$16,668

Applicant	Grant Type	Summary of Request	Requested	GFC Recommended Funding
INTERFAITH COMMUNITY SERVICES	Regular	To provide funding towards the organization's Senior Services Program to provide aid and support to vulnerable and low income senior citizens in the North County San Diego Community. Serves 150 San Marcos residents.	\$10,000	
JUST IN TIME FOR FOSTER YOUTH	Regular	To provide transitioning foster youth with the necessary computers,	\$9,600	

		technology tools, school and dorm supplies to support their college success. Serves 15-20 San Marcos residents.		
PHOENIX FOODS USA	Regular	To purchase cosmetically imperfect food from grocery stores, wholesalers, and farmers, and transform it into meals and products in order to provide nutritious meals for seniors in San Marcos and food bank clients throughout North San Diego County. Serves 200-700 San Marcos residents.	\$7,610	
SOLUTIONS FOR CHANGE, INC	Regular	To support their Solutions Case Management program. The grant will fund the supportive services provided by their corps of coaches who provide constant mentoring to address the specific issues and needs of the homeless. Serves 24 San Marcos residents.	10,000	
			Total Grants Requested: \$37,210	

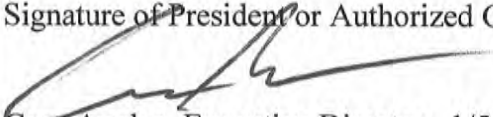
Winter Quarter 2015- Funding Recommendation Worksheet (Wildlife Fund Grant Application)

Funds Available for Grantmaking: \$5,407.49

Applicant	Grant Type	Summary of Request	Requested	GFC Recommended Funding
NURTURED BY NATURE	Regular	To support their wildlife accessibility project, including the installation of boardwalks and the purchase of a people-moving off-road cart to transport visitors with mobility impairments to enclosures throughout the Nurtured by Nature facilities. Serves 300 San Marcos residents annually.	\$10,000	

SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

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

Project Name: Senior Services	Total # of people served: 500	Amount Requested: \$10,000.00
Date Submitted: 1/5/15	Total # of San Marcos residents served: 150	
Non-Profit Organization: Interfaith Community Services 550 West Washington Avenue Escondido, CA www.interfaithservices.org		Contact Person: Caitlin Kosec Grants & Communications Manager 760.489.6380 ckosec@interfaithservices.org
<p>Briefly describe your request for funds (to be expanded upon in narrative for regular grant): Interfaith Community Services' Senior Services program provides aid and support to vulnerable and low income senior citizens in the North County San Diego community. Services include: nutritional support, shelter and housing, emergency financial support, case managed social services, and minor in-home safety repairs. Within the past fiscal year, ICS's Senior Services program has provided aid and support to nearly 500 senior clients in North County.</p>		
<p>Briefly describe the significance of your request to the San Marcos community: Increased funding will enable Interfaith to provide support specifically to San Marcos seniors through its Senior Services Program. Funding will be used to support personnel costs associated with operating the Senior Services program's senior emergency account, minor home repairs, nutritional assistance and corresponding case managed social services for approximately 150 vulnerable San Marcos seniors over the next year.</p>		
Please attach the following items. Both Mini-Grant & Regular: <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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: 1/1/2015 Date by which funds will be expended: 12/31/2015 Signature of President or Authorized Officer  <u>Greg Anglea, Executive Director</u> <u>1/5/2015</u> 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

SAN MARCOS COMMUNITY FOUNDATION Budget Worksheet

Provide an itemized list of expenses for this project:

Personnel expenses: client advocate, minor home repair coordinator;

percentage of program manager, program director & accounting staff \$ 105,491

Program services: minor home repair materials, rental assistance,

other emergency assistance for seniors in crisis \$ 28,500

Occupancy expenses: rent for leased office space, repairs & maintenance

for owned office space, utilities \$ 5,628

Professional fees & insurance: audit expense, technology support

\$ 1,260

Other expenses: Office supplies, staff & volunteer mileage, telephones

\$ 10,609

copier, software

\$ _____

\$ _____

\$ _____

\$ _____

Total budget for this PROJECT:

\$ 151,488

Grant Request Amount:

\$ 10,000

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

The \$10,000 requested will support personnel expenses associated with operating ICS's senior emergency fund, minor home repairs, and case managed social services which are not fully covered by current foundation or government grant sources.

Is this a challenge grant? No

Could it be? Yes

Please list any other funding sources for this project.

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

\$ 10,000	Foundation for Senior Well Being (approximate grant amount)	** P
\$ 36,910	Rancho Santa Fe Foundation	** C
\$ 55,000	County Aging & Independence Services	** C
\$ 14,633	City of Vista (CDBG)	** C
\$ 5,000	Escondido Senior Enterprise	** C



**Interfaith Community Services FY 2015 Budget
For the 12 Month Period of July 1, 2014 through June 30, 2015**

In \$	FY 2015 Budget
Revenues	
Grants and Contracts	5,544,216
Contributions	2,200,000
Rental Income	422,214
Interest income	118,600
Other Income	93,568
Total Revenues	8,378,598
Expenses	
Personnel & Related	5,842,655
Program Services	1,096,654
Occupancy Expense	852,438
Professional Fees	174,814
Business Insurance	75,976
Interest Expense	82,764
Depreciation Expense	440,974
Other Expenses	446,853
Total Expenses	9,013,128
Gain/(Loss) from Operations	-634,530
Total Gain / (Loss)	-634,530



Department of the Treasury
Internal Revenue Service

P.O. Box 2508, Room 4010
Cincinnati OH 45201

In reply refer to: 4077550286
June 03, 2013 LTR 4168C 0
95-3837714 000000 00

00032869
BODC: TE

INTERFAITH COMMUNITY SERVICES INC
550 W WASHINGTON AVENUE
ESCONDIDO CA 92025-1643



005682

Employer Identification Number: 95-3837714
Person to Contact: Vaida Singleton
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Mar. 08, 2013, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in February 1984.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your 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.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

4077550286
June 03, 2013 LTR 4168C 0
95-3837714 000000 00
00032870

INTERFAITH COMMUNITY SERVICES INC
550 W WASHINGTON AVENUE
ESCONDIDO CA 92025-1643

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

Sincerely yours,

A handwritten signature in cursive script that reads "Cindy Thomas".

Cindy Thomas
Manager, EO Determinations



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0540

Entity Status Letter

Date: 11/13/2013

ESL ID: 6041986171

According to our records, the following entity information is true and accurate as of the date of this letter.

Entity ID: 1120020

Entity Name: INTERFAITH COMMUNITY SERVICES, INC.

- ☒ 1. The entity is in good standing with the Franchise Tax Board.
- ☐ 2. The entity is **not** in good standing with the Franchise Tax Board.
- ☒ 3. The entity is currently exempt from tax under Revenue and Taxation Code (R&TC) Section 23701 d.
- ☐ 4. We do not have current information about the entity.

The above information does not necessarily reflect:

- The entity's status with any other agency of the State of California, or other government agency.
- If the entity's powers, rights, and privileges were suspended or forfeited at any time in the past, or the entity did business in California at a time when it was not qualified or not registered to do business in California:
 - The status or voidability of any contracts made in California by the entity at a time when the entity was suspended or forfeited (R&TC Sections 23304.1, 23304.5, 23305a, 23305.1).
 - For entities revived under R&TC Section 23305b, any time limitations on the revivor or limitation of the functions that can be performed by the entity.

Internet and Telephone Assistance

Website: ftb.ca.gov

Telephone: 800.852.5711 from within the United States

916.845.6500 from outside the United States

TTY/TDD: 800.822.6268 for persons with hearing or speech impairments

Interfaith Community Services Board of Directors

Updated October, 2014

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Interfaith Community Services Board of Directors

Updated October, 2014

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Grant Narrative to San Marcos Community Foundation

Program Background and History

According to a recent study administered by the San Diego Association of Governments, the senior citizen population of San Diego County is growing at a rapid pace. Studies demonstrate that within a ten-year span, the senior population has grown by 15 percent. In San Marcos, the 65+ population is projected to increase 77 percent from 10,476 to 18,576. With the influx of aging seniors within the San Diego community, ongoing and reliable care and services are in high demand. The San Diego Aging and Independence Services "Survey of Older Americans" (April 2012) found that over a quarter of San Diego County respondents lived alone, nearly half of these seniors felt that isolation and loneliness was affecting their quality of life, and 40 percent of these seniors over the age of 85 were experiencing difficulty preparing meals.

Interfaith Community Services' (ICS) Senior Services program seeks to respond to this growing need by providing a variety of support and services to seniors throughout San Diego's North County region. ICS empowers vulnerable, low-income, or disabled seniors to live independently. ICS's Senior Services program provides clients with a safety net, allowing them to feel connected, supported, and appreciated by their community. Services include: nutritional support, shelter and housing, emergency financial support, case managed social services, and minor in-home safety repairs. Within the past fiscal year, ICS's Senior Services program has provided aid and support to nearly 500 senior clients in North County.

The Senior Services program continues to have a significant impact in aiding San Marcos seniors to live independent and healthy lives. Over the past six months, ICS has provided over 45 San Marcos seniors with free minor home repairs, such as installing grab bars and outdoor ramps, to prevent accidents and promote in-home safety. During the same time period, ICS supported 4 San Marcos residents with essential emergency financial assistance, such as medical bills or rent payments, coupled with case managed social services to prevent homelessness.

Grant Objectives

Funding from the San Marcos Community Foundation will help to close an existing funding gap for personnel services associated with operating ICS's Senior Services program. Specifically, funding will be used to support personnel costs associated with operating the Senior Services program's senior emergency account, minor home repairs, nutritional assistance and corresponding case managed social services for approximately 150 vulnerable San Marcos seniors over the next year.

Increased funding will enable Interfaith to focus on the following issues:

- **Ensure Capacity of Senior Services staff to provide case management and supportive services.** ICS's Senior Services staff is the key component to overall effectiveness of the program. The Senior Services team is comprised of five part-time staff members: a program manager, two project coordinators, a client advocate (case manager) and a senior outreach specialist. Funding to support these staff positions will ensure continued capacity to provide case managed social services to help San Marcos seniors remain

independent and self-sufficient after receiving minor home repairs, emergency financial support, or nutritional assistance.

- **Continue and expand access to the North County Senior Connections program.**

Senior Connections is a collaborative pilot program ICS operates with partner nonprofits, Rancho Santa Fe Foundation and Dreams for Change. Senior Connections provides vulnerable senior citizens access to nutritious meals, educational and social events, exercise opportunities, and community resources. The program focuses on a food-friends-wellness approach to healthy living through a mobile food truck model. Since its launch in November of this year, ICS has provided lunches and supportive services to over 180 senior citizens in Vista and San Marcos. Two sites are located within San Marcos, including the San Marcos Lutheran Church and El Dorado Mobile Home Park.

Through this collaboration, ICS expects to receive continued funding to expand the program to additional surrounding North County areas along the Highway 78 corridor over the next year. Funding from the San Marcos Community Foundation will support adequate staffing to serve San Marcos seniors seeking emergency financial assistance and minor home repairs, coupled with case managed social services. With two Senior Connection sites currently located within San Marcos, ICS expects the number of seniors enrolling in its Senior Services programs from to increase over the next year. Support from the San Marcos Community Foundation will help close an existing gap in funding to support personnel costs associated with providing comprehensive social services to vulnerable and low income seniors.

Strategy

To support the success of the Senior Services program, ICS's robust development department is continuously seeking diverse funding sources including: corporations, foundations, and individual donors. ICS is currently in conversations with several key North County individual donors to provide major gifts to support senior supportive services. ICS is also in the planning process with the Rancho Santa Fe Foundation to expand funding support for additional Senior Connections meal sites. ICS is dedicated to implementing and operating social service programs that are responsive to the increasing needs of senior citizens in North County.

Evaluation Process

ICS collects qualitative and quantitative data on all programs and clients. Through monthly surveys and assessments, ICS tracks the effectiveness of programs and outreach efforts. The success of this grant's outcome will be evaluated in the form of a report to the San Marcos Community Foundation detailing how the funds were allocated and an evaluation of the program effectiveness.

Anticipated Challenge

As the senior citizen population continuously increases, the most significant challenge that ICS anticipates in implementing the Senior Services program is an increase in demand for services. ICS strives to build program capacity that will meet those demands, by providing adequate and sustainable supportive services to North County seniors.

Form **990**

Department of the Treasury
Internal Revenue Service

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 **AUG 1, 2012** and ending **JUN 30, 2013**

B Check if applicable:

- ☐ Address change
☐ Name change
☐ Initial return
☐ Terminated
☐ Amended return
☐ Application pending

C Name of organization

INTERFAITH COMMUNITY SERVICES, INC.

Doing Business As

Number and street (or P.O. box if mail is not delivered to street address)

550 W WASHINGTON AVE B

Room/suite

City, town, or post office, state, and ZIP code

ESCONDIDO, CA 92025

F Name and address of principal officer: **RICHARD BATT**
SAME AS C ABOVE

D Employer identification number

95-3837714

E Telephone number

760-489-6380

G Gross receipts \$

13,098,183.

H(a) Is this a group return

for affiliates?

☐ Yes ☒ No

H(b) Are all affiliates included?

☐ Yes ☐ No

If "No," attach a list. (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) () (insert no.) ☐ 4947(a)(1) or ☐ 527

J Website: **WWW.INTERFAITHSERVICES.ORG**

K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation: **1979** **M** State of legal domicile: **CA**

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: SOCIAL SERVICES TO ADDRESS THE NEEDS OF LOW-INCOME, HOMELESS, AND UNDERSERVED POPULATIONS.		
	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	17
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	17
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	217
	6 Total number of volunteers (estimate if necessary)	6	2500
	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)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	3,514,337.	7,123,193.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	5,341,662.	5,330,375.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	92,537.	330,934.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	0.	<28,229.>
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	8,948,536.	12,756,273.
	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)	0.	0.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	4,819,696.	5,260,043.
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 620,049.	0.	0.
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	4,222,289.	4,007,461.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	9,041,985.	9,267,504.
	19 Revenue less expenses. Subtract line 18 from line 12	<93,449.>	3,488,769.
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 26)	17,455,152.	21,305,813.
	22 Net assets or fund balances. Subtract line 21 from line 20	3,002,387.	3,154,243.
		14,452,765.	18,151,570.

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	<i>James Burke</i>	Date	5-8-14
	Type or print name and title	JAMES BURKE, CFO		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name ▶ CBIZ MHM, LLC	<i>Robert C. Gellman</i>	5/2/14	P00183739
	Firm's address ▶ 10616 SCRIPPS SUMMIT COURT, STE 100	Firm's EIN ▶ 01-0826173		
	SAN DIEGO, CA 92131	Phone no. 858-795-2000		

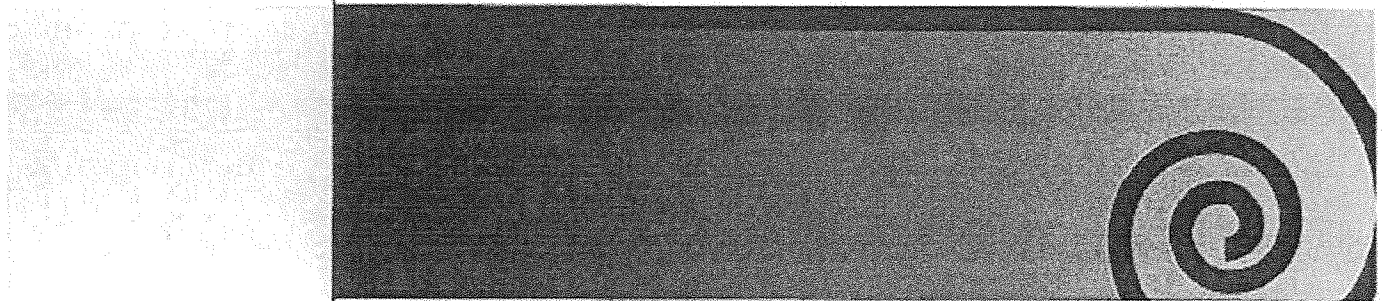
May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

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

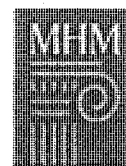
- 1 Briefly describe the organization's mission:
TO IMPLEMENT PROGRAMS FOR BASIC NEEDS, SOCIAL SERVICES, AND PERSONAL ECONOMIC DEVELOPMENT, WHICH WILL EMPOWER THE DISADVANTAGED IN OUR COMMUNITY. SHARE MEMBER CONCERNS WITH ISSUES AND DEAL WITH PROBLEMS, WHICH AFFECT THE RELIGIOUS COMMUNITY WHEN BY COMMON CONSENT, THE
- 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 \$ **1,241,114.** including grants of \$) (Revenue \$ **753,406.**)
SHELTERS AND HOMES - INTERFAITH COMMUNITY SERVICES, INC (ICS) PROVIDES SOBERING AND REHABILITATION PROGRAMS AND HOUSING, PROVIDES EMERGENCY HOUSING AND CARE FOR THE MENTALLY ILL HOMELESS WOMEN AND MEN. THESE PROGRAMS INCLUDE CASE MANAGEMENT, SCREENING, AND REFERRALS FOR OTHER PROGRAMS AND SERVICES.
- 4b (Code:) (Expenses \$ **1,686,606.** including grants of \$) (Revenue \$ **240,524.**)
SOCIAL SERVICES - ICS PROVIDES LOW INCOME AND UNEMPLOYED INDIVIDUALS AND FAMILIES EMERGENCY FOOD, BASIC EMPLOYMENT SERVICES, FREE TAX PREPARATION, RENTAL ASSISTANCE, UTILITIES ASSISTANCE AND REFERRALS FOR OTHER SERVICES. ICS ALSO SUPPLIES DAILY BREAKFAST AND LUNCH, AND BASIC SERVICES, SUCH AS SHOWERING, LAUNDRY FACILITIES AND MAIL RECEIPT FOR THE HOMELESS.
- 4c (Code:) (Expenses \$ **2,762,556.** including grants of \$) (Revenue \$ **2,694,834.**)
VETERANS' SERVICES - ICS PROVIDES VETERANS WITH THE RESOURCES NECESSARY TO REGAIN SELF-SUFFICIENCY THROUGH TEMPORARY HOUSING, JOB SEARCH, JOB TRAINING, COUNSELING, AND HELP APPLYING FOR FEDERAL BENEFITS, SUCH AS SOCIAL SECURITY AND VETERANS ADMINISTRATION BENEFITS. ICS ALSO PROVIDES RECUPERATIVE CARE SERVICES FOR RECENTLY RELEASED HOSPITALIZED VETERANS.
- 4d Other program services (Describe in Schedule O.)
 (Expenses \$ **2,313,730.** including grants of \$) (Revenue \$ **1,641,611.**)
- 4e Total program service expenses **8,004,006.**

Interfaith Community Services, Inc.



Financial Statements

Eleven Month Period Ended June 30, 2013



Mayer
Hoffman
McCann P.C.
An Independent CPA Firm

INTERFAITH COMMUNITY SERVICES, INC.
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Eleven Month Period Ended June 30, 2013

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Mayer Hoffman McCann P.C.
An Independent CPA Firm

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Independent Auditors' Report

To the Audit Committee
Interfaith Community Services, Inc.
Escondido, CA

Report on the Financial Statements

We have audited the accompanying financial statements of **Interfaith Community Services, Inc.** (the "Organization"), which comprise the statement of financial position as of June 30, 2013, and the related statement of activities, and cash flows for the eleven month period 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.

Auditors' 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 auditors' 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 **Interfaith Community Services, Inc.** as of June 30, 2013, and the changes in its net assets and its cash flows for the eleven month period then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 or to the financial statements themselves, and other additional procedures 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 18, 2013 on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Organization taken as a whole. The accompanying statement of functional expenses on page 7, report of actual operating costs (Form 180) on page 28, actual cash flow analysis (Form 181) on page 29, and annual report reserve balances and supplemental information (Form 182) on page 30 are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures 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 taken as a whole.

Mayer Hoffman McCann P.C.

December 18, 2013

INTERFAITH COMMUNITY SERVICES, INC.**Statement of Financial Position**June 30, 2013

ASSETS

Cash	\$	171,308
Contracts receivable		865,945
Prepaid expenses and other current assets		66,563
Investments		7,300,008
Property and equipment, net of accumulated depreciation		<u>12,901,991</u>
Total Assets	\$	<u><u>21,305,815</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$	179,742
Accrued expenses		469,347
Accrued interest		369,563
Capital lease		87,487
Notes payable		<u>2,048,103</u>
Total Liabilities		3,154,242

Net Assets:

Unrestricted:		
Undesignated		10,712,055
Board designated long-term		<u>1,874,998</u>
		12,587,053
Temporarily restricted		200,818
Permanently restricted		<u>5,363,702</u>
Total Net Assets		<u>18,151,573</u>
Total Liabilities and Net Assets	\$	<u><u>21,305,815</u></u>

See accompanying notes to financial statements.

INTERFAITH COMMUNITY SERVICES, INC.**Statement of Activities**

Eleven Month Period Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support:				
Federal contract revenue	\$ 4,604,326	\$ -	\$ -	\$ 4,604,326
Other contract revenue	281,610	-	-	281,610
Contributions	1,822,489	51,093	4,287,376	6,160,958
In-kind donations	1,368,056	-	-	1,368,056
Rental income	362,986	-	-	362,986
Investment return	500,399	40,566	-	540,965
Other income	115,763	-	-	115,763
Net assets released from restrictions, satisfaction of program restrictions	228,304	(228,304)	-	-
Total Revenue and Support	9,283,933	(136,645)	4,287,376	13,434,664
Expenses:				
Program Services:				
Shelters and homes	1,287,795	-	-	1,287,795
Transitional housing	527,215	-	-	527,215
Low income housing	411,824	-	-	411,824
Veterans transitional housing	2,804,151	-	-	2,804,151
Other veterans services	676,643	-	-	676,643
Social services	1,852,015	-	-	1,852,015
Other community services	766,654	-	-	766,654
Total Program Services	8,326,297	-	-	8,326,297
Supporting Services:				
Management and general	678,832	-	-	678,832
Fundraising	730,730	-	-	730,730
Total Supporting Services	1,409,562	-	-	1,409,562
Total Expenses	9,735,859	-	-	9,735,859
Increase (Decrease) in Net Assets	(451,926)	(136,645)	4,287,376	3,698,805
Net assets, beginning	13,038,979	337,463	1,076,326	14,452,768
Net assets, ending	\$ 12,587,053	\$ 200,818	\$ 5,363,702	\$ 18,151,573

See accompanying notes to financial statements.

Eleven Month Period Ended June 30, 2013

% of total expense by activity

INTERFAITH COMMUNITY SERVICES, INC.**Statement of Cash Flows**Eleven Month Period Ended June 30, 2013

Cash Flows from Operating Activities:

Increase in net assets	\$ 3,698,805
Adjustments to reconcile increase in net assets to net cash used by operating activities:	
Depreciation	438,068
Realized and unrealized gain on investments	(511,946)
Contributions of securities restricted for endowment	(4,280,710)
Contribution of securities	(4,014)
Changes in operating assets and liabilities:	
Contracts receivable	(260,284)
Prepaid expenses and other current assets	43,784
Accounts payable	72,544
Accrued expenses	(240,920)
Accrued interest	369,563
Net Cash Used by Operating Activities	(675,110)

Cash Flows from Investing Activities:

Purchases of property and equipment	(14,867)
Proceeds from sales of investments	375,481
Net Cash Provided by Investing Activities	360,614

Cash Flows from Financing Activities:

Principal payments on capital lease	(9,238)
Payments on notes payable	(40,092)
Net Cash Used by Financing Activities	(49,330)
Net Decrease in Cash	(363,826)

Cash, beginning	535,134
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Cash, ending	\$ 171,308
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Supplemental Disclosures of Cash Flow Information:

Interest paid	\$ 49,480
---------------	-----------

Noncash Financing Activities:

During the eleven month period ended June 30, 2013, the Organization received investments with a fair value of \$4,280,710 to be invested in perpetuity. As required by the donor, investment income and interest from the securities will be used exclusively for programs which serve children's needs and those of their families.

See accompanying notes to financial statements.

Note 1 – Organization and Summary of Significant Accounting Policies

Name Change

Interfaith Community Services, Inc. (the Organization) changed its legal name from North County Interfaith Council, Inc. effective October 2012. In addition, effective October 2012, the veterans' services division of the Organization obtained the dba Veterans Assistance of San Diego. The dba has no effect on the operations or recording of transactions of the veterans' services division.

Change to Fiscal Year End

The Organization changed its fiscal year end from July 31st to June 30th. The financial statements for fiscal year ended June 30, 2013 are for eleven months.

Nature of Activities

The Organization is a nonprofit corporation established in August 1982 to assist persons needing assistance in meeting basic human needs such as food, clothing, and shelter. The Organization provides a variety of social services including transitional housing, shelters and homes, low income housing, veterans' services, and other community services principally in the North San Diego County, California area.

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.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to 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.

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:

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.

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

The carrying values of cash, receivables, and payables approximate fair values as of June 30, 2013, due to the relative short maturities of these instruments.

Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Contracts Receivable

The contracts receivable arise in the normal course of operations. It is the policy of management to review the outstanding receivables 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. No allowance was considered necessary at June 30, 2013, because management believes that all amounts are collectible.

Promises to Give

Unconditional written pledges to the Organization in the future are recorded as promises to give and revenue in the year promised at the present value of expected cash flows. Unconditional written pledges must be evidenced by donor signature and deemed legally enforceable by the Board of Directors. Conditional pledges are recognized as revenue when the conditions are met. Intentions to pledge are recognized as revenue when the funds are actually received. After pledges are originally recorded, an allowance for uncollectible pledges may be established based on specific circumstances. No allowance was considered necessary at June 30, 2013, because management believes that all amounts are collectible. No discount was imputed at June 30, 2013, because management determined the amount of imputed interest to be insignificant.

Investments

The Organization has investments held by the Jewish Community Foundation San Diego which are invested in various pools and are valued at the Organization's percentage interest in the total pools. The Organization also has investments held at an outside broker. At June 30, 2013, the Organization's investments included domestic and international equities, domestic and international fixed income, and other investments. All investments have been recorded at fair market value and are valued using a market approach. The fair values of investments in securities traded on national exchanges are valued at the closing price on the last day of business of the fiscal year. The fair value of other investments held by the Jewish Community Foundation San Diego are determined by investment managers in good faith using methods appropriate, and are subject to oversight and review by the Jewish Community Foundation San Diego's management. Realized and unrealized gains and losses on investments are included in the change in net assets in the Statement of Activities.

Property and Equipment

Acquisitions of property and equipment of \$5,000 or more are capitalized. Property and equipment are stated at cost, or if donated, at the approximate fair market value at the date of donation. Expenditures for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of five to thirty-nine years.

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 Statement 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.

Revenue from grants/contracts is recognized to the extent of eligible costs incurred up to an amount not to exceed the total grant/contract authorized.

Note 1 – 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 fair market value of contributed professional services is reported as support and expense in the period in which the services are performed. In addition, the Organization receives a substantial amount of nonprofessional services donated by volunteers in carrying out the Organization's program services. These services do not meet the generally accepted accounting principles criteria as contributions and are, therefore, not recognized in the financial statements.

Income Taxes

The Organization is exempt from federal income and California franchise taxes under Sections 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code, respectively.

All tax-exempt entities are subject to review and audit by federal, state, and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the Organization as a tax-exempt entity under Internal Revenue Code Section and applicable state statutes.

At June 30, 2013, the federal statute of limitations remains open for the 2010 through 2013 tax years. The statute of limitations for the state income tax returns remains open for the 2009 through 2013 tax years.

Note 2 – Concentration of Credit Risk

The Organization maintains cash balances in bank accounts which, at times, exceed the federal insurable limit. The Organization has not experienced any losses from cash concentrations and management does not believe the Organization is exposed to any significant risk.

Note 3 – Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets at June 30, 2013, consisted of the following:

Deposits	\$	34,770
Other accounts receivable		12,900
Promises to give		11,667
Prepaid insurance		7,226
Total prepaid expenses and other current assets	\$	<u>66,563</u>

Note 4 – Investments

The Organization's Level 1 investments consist of endowment funds held at an outside broker. The fair value of these investments was determined using the market approach by using the closing price on the last day of business of the fiscal year.

The Organization's Level 2 investments consist of endowment funds held by the Jewish Community Foundation San Diego in a balanced pool portfolio that includes primarily publicly traded securities. The Organization has variance power over the funds. The pooled investments are categorized as Level 2 because they have no direct observable inputs.

INTERFAITH COMMUNITY SERVICES, INC.
Notes to Financial Statements
 Eleven Month Period Ended June 30, 2013

Note 4 – Investments, continued

The following table summarizes the valuation of the Organization's investments in accordance with authoritative fair value guidance at June 30, 2013:

	Level 1	Level 2	Total
Cash and cash equivalents	\$ 281,169	\$ -	\$ 281,169
Domestic equities	1,470,811	1,336,187	2,806,998
International equities	162,772	286,116	448,888
Domestic fixed income	2,042,887	752,157	2,795,044
International fixed income	392,730	368,705	761,435
Other	-	206,474	206,474
	<u>\$ 4,350,369</u>	<u>\$ 2,949,639</u>	<u>\$ 7,300,008</u>

Investment return for the eleven month period ended June 30, 2013, consisted of the following:

Interest and dividends	\$ 234,826
Realized and unrealized gain	306,139
Investment fees	<u>(29,020)</u>
	<u>\$ 511,945</u>

Note 5 – Property and Equipment

Property and equipment at June 30, 2013, consisted of the following:

Land	\$ 5,023,695
Buildings	10,993,521
Leasehold improvements	900,731
Furniture and equipment	472,508
Software	6,369
Vehicles	<u>102,255</u>
	17,499,079
Less accumulated depreciation	<u>(4,597,088)</u>
	<u>\$ 12,901,991</u>

Note 6 – Line of Credit

The Organization has a line of credit with Wells Fargo Bank in the amount of \$500,000 that is secured by all personal property of the Organization. Interest only is payable monthly at the greater of 1.50% above the Wall Street Journal's prime rate (3.25% at June 30, 2013) or the floor rate of 5.00%. The line of credit expires in June 2014. The Organization had no outstanding balance at June 30, 2013.

Note 7 – Notes Payable

Notes payable at June 30, 2013 consisted of the following:

Notes payable to City of Escondido for \$443,000, secured by real property, due December 2018. Annual payments of principal and interest (3.00% per annum) are due only to the extent that the Home Project provides positive cash flow.	\$ 443,000
Note payable to Union Bank in aggregate monthly payments of \$3,182 including interest at 4.50% per annum, secured by real property, due July 2025.	357,286

INTERFAITH COMMUNITY SERVICES, INC.
Notes to Financial Statements
 Eleven Month Period Ended June 30, 2013

Note 7 – Notes Payable, continued

Note payable to an individual in aggregate monthly payments of \$1,381 (interest only at 4.25% per annum), secured by real property. The principal balance is due the earlier of June 2015 or sale of the property. 390,000

In December 2010, the Organization entered into residual receipts loan agreement with the City of Oceanside (City) for \$350,000. The note bears interest at 3.00% per annum. The term is 55 years with 50.00% of the annual residual receipts paid to City for calendar years ending 2011 through 2065. All principal and accrued interest is due December 8, 2065. The City recorded a deed of trust which is subordinate to Wells Fargo Bank NA. 350,000

Note payable to California Department of Housing and Community Development for \$245,000, secured by real property, due July 2057. Annual payments of principal and interest (3.00% per annum) are due only to the extent that the CASA Program provides positive cash flow. The Development was constructed in 1964 and is made up of eight units. 245,000

Note payable to Wells Fargo Bank in monthly payments of \$1,416 including interest at 5.50% per annum, secured by real property, remaining balance of principal and interest due December 2020. 103,962

Mortgage payable to Midland Loan Services in monthly payments of \$845 including adjustable rate interest of 0.50% above bank prime rate (3.75% at June 30, 2013), secured by real property, due June 2025. 97,634

Mortgages payable to Midland Loan Services in monthly payments of \$1,060 including interest at 7.00% per annum, secured by real property, due June 2019. 61,221
 \$ 2,048,103

Future principal payments on notes payable at June 30, 2013, are due as follows:

Year Ending June 30,	
2014	\$ 49,313
2015	441,890
2016	54,589
2017	57,496
2018	60,539
Thereafter	1,384,276
	<u>\$ 2,048,103</u>

Notes payable contain certain financial and non-financial covenants.

Note 8 – Capital Lease

The Organization leases solar equipment under a non-cancelable capital lease, which was included in property and equipment as of June 30, 2013, as follows:

Solar equipment	\$ 119,972
Less accumulated depreciation	(37,134)
	<u>\$ 82,838</u>

INTERFAITH COMMUNITY SERVICES, INC.
Notes to Financial Statements
Eleven Month Period Ended June 30, 2013

Note 8 – Capital Lease, continued

Depreciation expense related to this capitalized lease was approximately \$16,000 for the eleven month period ended June 30, 2013.

Future minimum lease payments are as follows:

<u>Year Ending</u> <u>June 30,</u>		
2014	\$	19,930
2015		20,919
2016		21,968
2017		23,075
2018		22,110
Total minimum lease payments		<u>108,002</u>
Amount representing interest		<u>(20,515)</u>
Present value of minimum lease payments	\$	<u>87,487</u>

Note 9 – Commitments

Operating Leases

The Organization leases space for its Coastal Service Center in Oceanside, California under a non-cancellable operating lease that expires in April 2014. The monthly lease payment is approximately \$10,000. Total rent expense was approximately \$112,000 for the eleven month period ended June 30, 2013.

The Organization also leases copiers under an operating lease which expired March 2013. The monthly lease payment was approximately \$1,000. Total lease expense was approximately \$8,000 for the eleven month period ended June 30, 2013.

Future minimum lease payments under operating leases at June 30, 2013, are due as follows:

<u>Year Ending</u> <u>June 30,</u>		
2014	\$	104,650

Note 10 – Contingencies

Grants and Contracts

The Organization receives a significant portion of its revenues from government grants and contracts which are subject to audit. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined. Management believes that any liability which may result from these audits is not significant.

Repayment Contingency

The Organization received a contribution of \$463,907 from the City of Escondido that was used to purchase its headquarters which is included in property and equipment in the Statement of Financial Position. The contribution amount is to be repaid in the event that the property is sold or is no longer used for its designated purpose. The Organization has not expressed intent to sell the property and plans to continue to operate the facility consistent with its designated purpose.

Litigation

In the normal course of operations, the Organization is occasionally named as a defendant in various lawsuits. It is the opinion of management and of legal counsel that the outcome of any pending lawsuits will not materially affect the operation or the financial position of the Organization.

INTERFAITH COMMUNITY SERVICES, INC.
Notes to Financial Statements
 Eleven Month Period Ended June 30, 2013

Note 11 – Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following at June 30, 2013:

Purpose and Time Restrictions:	
Employment services	\$ 52,790
Oceanside purchase	50,000
Other	21,529
Confia en Ti	17,600
Minor home repair	13,333
Time Restrictions:	
Unappropriated endowment earnings	40,566
Promises to give	5,000
	<u>\$ 200,818</u>

Note 12 – Permanently Restricted Endowment

The Organization's donor-restricted endowment consists of pooled funds at the Jewish Community Foundation of San Diego and is established for a variety of purposes, as well as investments held at an outside broker established to serve children's needs and those of their families. 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 Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("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 June 30, 2013, the endowment net asset composition by type of fund consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 40,566	\$ 5,363,702	\$ 5,404,268

INTERFAITH COMMUNITY SERVICES, INC.
Notes to Financial Statements
 Eleven Month Period Ended June 30, 2013

Note 12 – Permanently Restricted Endowment, continued

Changes in endowment net assets for the eleven months ended June 30, 2013, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (53,451)	\$ -	\$ 1,076,326	\$ 1,022,875
Activity:				
Donations	-	-	4,287,376	4,287,376
Interest and dividends	140,796	40,566	-	181,362
Realized and unrealized gain	216,067	-	-	216,067
Investment expense	(21,490)	-	-	(21,490)
Appropriations	(281,922)	-	-	(281,922)
Net Activity	53,451	40,566	4,287,376	4,381,393
Endowment net assets, end of year	\$ -	\$ 40,566	\$ 5,363,702	\$ 5,404,268

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. In order to limit risk exposure, account features such as asset allocation, diversity, duration of holding each security, return on investment, and investment quality shall be applied, measured, and reviewed.

Investment Strategy

The investment strategy of the Organization is to develop a diversified portfolio of passive 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 investment objectives, 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 annually an amount equal to 5% of the investment accounts balances as of the last day of the prior calendar year. The Organization expects the current spending policy to allow its endowment to meet the needs of the Organization. This is consistent with the Organization's objective to provide funding for the operating expenses of programs as well as to provide additional real growth through new gifts and investment return.

Note 13 – Board Designated Long-Term

The Organization also has unrestricted funds held in a pooled account at the Jewish Community Foundation of San Diego. The Board of Directors has designated these funds to support the Organization for a long but unspecified period of time. These funds are invested in a manner similar to the permanently restricted endowment funds. All earnings related to the board designated long-term funds are recorded in the undesignated net asset balance.

Board designated long-term investments, beginning of year	\$ 1,874,998
Board designated contributions	-
Board designated long-term investments, end of year	\$ 1,874,998

Note 14 – Pension Plan

The Organization had a 401(k) retirement plan which covered substantially all employees 21 years of age or older who had completed one year of service as of December 31, 2012. Effective January 1, 2013 the plan was amended and covered substantially all employees 18 years of age or older who have completed three months of service. A contribution to the plan is paid monthly at a rate determined by the Board of Directors. Employee contributions to the plan are at the discretion of each eligible employee and are matched by the Organization monthly at a percentage determined by the Board of Directors. For the period January 1, 2013 through June 30, 2013 the Organization contributed approximately \$64,000 to the Plan, representing a 2% employer contribution and a 2% employer match.

Note 15 – Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 16 – Subsequent Events

A resolution was passed by the Board of Directors in May 2013 to merge Interfaith Community Services, Inc. and Community Resource Center. The target date for completion of the merger was June 30, 2014, at which time Community Resource Center would become a part of Interfaith Community Services, Inc. Effective July 1, 2013 the Organizations had the same Chief Executive Officer and Chief Financial Officer and identical Boards of Directors. In December 2013, the Board of Directors of Community Resource Center and Interfaith Community Services, Inc. unanimously decided to suspend the merger, but will continue to partner together whenever possible to best serve those in need within North San Diego County.

The Organization has evaluated subsequent events through December 18, 2013, which is the date the financial statements were available to be issued.

INTERFAITH COMMUNITY SERVICES, INC.
Schedule of Expenditures of Federal Awards
 Eleven month period ended June 30, 2013

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Direct programs:			
Genesis I	14.235	CA0699B9D100801	\$ 113,633
Genesis II	14.235	CA0700L9D011205	71,575
Casa	14.235	CA0711L9D011205	74,503
Raymond's Refuge	14.235	CA0944L9D011203	75,559
Spruce Street	14.235	CA0710L9D011205	365,044
Shelter Plus Care	14.238	CA0693C9D100801	159,040
Pass-through from Veterans Village of San Diego:			
New Resolve	14.235	n/a	51,337
Veterans Homelessness Demonstration Program	14.260	n/a	95,710
Pass-through from County of San Diego:			
Emergency Shelter Grant	14.231	523693	45,076
Pass-through from State Department of Housing and Community Development:			
Federal Emergency Shelter Grant	14.231	08-FESG-4405	9,837
Federal Emergency Shelter Grant	14.231	08-FESG-4405	5,531
Pass-through from City of Carlsbad:			
Social Services	14.218	n/a	4,418
Pass-through from City of Vista:			
Senior Services	14.218	n/a	8,030
Pass-through from City of Escondido via North County Community Services:			
Winter Shelter - Haven House	14.218	n/a	30,000
			<u>1,109,293</u>
<u>U.S. Department of Labor</u>			
Direct program:			
Homeless Veterans Reintegration Program	17.805	HV-16397-07-60-5-6	289,234
Pass-through from San Diego Workforce Partnership:			
TYA WIA Gang Prevention	17.259	260-20	164,880
Pass-through from California Employment Development Dept:			
Cal EDD WIA VEAP 25%	17.802	K183176	236,685
			<u>690,799</u>
<u>U.S. Department of Justice</u>			
Pass-through from City of Escondido:			
Department of Justice - ECSS	16.745	n/a	8,182
			<u>8,182</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-through from County of San Diego:			
Via North County Lifeline - Family Self-Sufficiency	93.571	525092	88,410
Family Self-Sufficiency Services - Inland	93.571	544434	31,279
Passed-through to Escondido Education Compact	93.571	544434	7,424
Family Self-Sufficiency Services - Coastal	93.571	544433	20,987
Passed-through to Community Resource Center	93.571	544433	14,185
Passed-through to Catholic Charities	93.571	544433	4,080
Passed-through to Vista Community Clinic	93.571	544433	9,085
Minor Home Repair	93.052	525028	36,900
			<u>212,350</u>
<u>Department of Homeland Security</u>			
Pass-through program from Catholic Charities:			
EFSP	97.024	n/a	50,853
			<u>50,853</u>
<u>U.S. Department of Veteran Affairs</u>			
Direct programs:			
Veterans Transitional Housing - Oceanside	64.024	07-716-CA	921,389
Veterans Transitional Housing - Aster	64.024	98-027-CA	348,310
Veterans Transitional Housing - Merle's Place	64.024	05-016-CA	556,889
Veterans Recuperative Beds	64.024	VA262-P-0438	706,261
			<u>2,532,849</u>
			<u>\$ 4,604,326</u>

See independent auditors' report and notes to schedule of expenditures of federal awards

INTERFAITH COMMUNITY SERVICES, INC.
Notes to Schedule of Expenditures of Federal Awards
Eleven Month Period Ended June 30, 2013

- 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Organization under programs of the federal government for the eleven month period ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.
- 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-profit Organizations wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.
- 3. Subrecipients**

See Schedule of Expenditures of Federal Awards for amounts provided to subrecipients.



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Independent Auditors' 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 Audit Committee
Interfaith Community Services, Inc.
Escondido, 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 **Interfaith Community Services, Inc.** ("the Organization"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the eleven month period then ended, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2013-1 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2013-2.

We noted certain matters that we reported to management of the Organization in a separate letter dated December 18, 2013.



The Organization's Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mayron Hoffman McCann P.C.

December 18, 2013



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Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Audit Committee
Interfaith Community Services, Inc.
Escondido, California

Report on Compliance for Each Major Federal Program

We have audited the compliance of **Interfaith Community Services, Inc.** ("the Organization") compliance with the types of requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the eleven month period ended June 30, 2013. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization'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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the eleven month period ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.



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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-2 that we consider to be a significant deficiency.

The Organization's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mayer Hoffman McCann P.C.

December 18, 2013

INTERFAITH COMMUNITY SERVICES, INC.
Schedule of Findings and Questioned Costs
 Eleven Month Period Ended June 30, 2013

I. Summary of Independent Auditors' Results

Financial Statements

- (a) The type of auditors' report issued on the basic financial statements:
Unqualified opinion
- (b) **Internal Control Over Financial Reporting:**
 Material weakness(es) identified? **No**
- (c) Significant deficiency(ies) identified that are not considered to be material weaknesses?
See item 2013-01. **Yes**
- (d) Noncompliance, material to the financial statements: **No**

Federal Awards

- (e) **Internal Control Over Major Programs:**
 Material weakness(es) identified? **No**
- (f) Significant deficiency(ies) identified that are not considered to be material weaknesses?
See items 2013-02. **Yes**
- (g) The type of auditors' report issued on compliance for major programs:
Unqualified opinion
- (h) Any audit findings that are required to be reported under Section .510(a) of OMB Circular A-133: **Yes**
- (i) Major Programs:
- | <u>CFDA Numbers</u> | <u>Name of Federal Program</u> | <u>Amount Expended</u> |
|---------------------|---|------------------------|
| 64.024 | VA Homeless Providers Grant
And Per Diem Program | \$2,532,849 |
- (j) Dollar threshold used to distinguish between Type A and Type B programs:
\$300,000
- (k) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133 **No .**

INTERFAITH COMMUNITY SERVICES, INC.
Schedule of Findings and Questioned Costs
Eleven Month Period Ended June 30, 2013

II. Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards:

Item: 2013-01

Subject: Notes Payable

Condition, Criteria, Effect:

While **Interfaith Community Services, Inc.** monitored non-financial and compliance covenant requirements during the year, in two cases, required compliance information was submitted late. The result of not providing timely reporting to funding sources could have a potential impact on the Organization's relationship with these sources.

Recommendation:

There needs to be an understanding of all loan covenants at a level higher than the program managers and procedures implemented to ensure oversight of this process. Additionally, as new agreements are entered into, procedures need to be implemented to communicate those requirements and develop the oversight process. We recommend that the Organization educate its staff as to the risks associated with non-compliance of these covenants.

Corrective Action Plan:

The Organization will continue to monitor the non-financial and compliance covenant requirements and submit the required reporting on a timely fashion.

III. Findings Relating to the Federal Awards and Questioned Costs:

Item: 2013-02

Agency: VA Homeless Providers Grant and Per Diem Program, CFDA # 64.024,
U.S Department of Veteran Affairs

Award(s): Veterans Recuperative Beds, 10/1/12 – 9/30/13, VA262-12-R-0581

Subject: Daily Sign-in Log

Condition, Criteria, Effect:

We noted that the grant agreements and the GPD Guide Capital Grant Recipient stated, "Periodically, liaisons should verify invoices by asking to see the supporting documentation, (i.e., daily sign-in log, or other documentation showing that the Veteran was present and receiving services on that day)". MHM noted that the above specific requirement is not being fulfilled in one of the four VA programs listed above. Out of a sample of 10 individuals selected for testing, 2 had not signed in one day for the period selected for testing, which was a month or less. These individuals also did not sign a certification that they had received services for the days that they had not signed in.

Recommendation:

We recommend having the sign in sheets audited for missing signatures (as is currently being done in three of the four programs) and then monthly during their meeting with the Case Managers having program participants with missing signatures sign a certification stating that, although they did not sign-in for X number of days during the month (billing period), they did receive services.

Corrective Action Plan:

The Organization has implemented a program-wide standard operating procedure of sign-in logs that include daily, weekly, and monthly audits by responsible leaders and managers including the resident managers, case managers, and program manager. The Organization has also established joint bi-monthly audits by the VA Liaison and the Program Manager. Corrective actions to missing signatures mandate responsible managers to issue and ensure residents sign an absentee form to certify the number of days of occupancy and services received.

Questioned Costs: N/A

IV. Summary Schedule of Prior Audit Findings

A. Findings Relating to the Financial Statements Prepared in Accordance with Government Auditing Standards:

Item: 2012-01

Subject: Notes Payable

Condition, Criteria, Effect:

North County Interfaith Council, Inc. was unable to provide timely support that the non-financial and compliance covenant requirements were monitored during the year to make sure that the Organization is in compliance with all applicable loan covenants. The result of not having documented controls in place to incoming finance employees could have a potential impact on the Organization's relationship with its funding sources. Near the end of audit fieldwork, a summary of the non-financial and compliance covenant requirements was provided documenting the current status of applicable loan covenants.

Recommendation:

There needs to be an understanding of all loan covenants at a level higher than the program managers and procedures implemented to ensure oversight of this process. Additionally, as new agreements are entered into, procedures need to be implemented to communicate those requirements and develop the oversight process. We recommend that the Organization educate its staff as to the risks associated with non-compliance of these covenants.

Current Status:

Finding is repeated see 2013-01 above.

B. Findings Relating to the Federal Awards and Questioned Costs:

Item: 2012-02

Agency: VA Homeless Providers Grant and Per Diem Program, CFDA # 64.024,
U.S Department of Veteran Affairs

Award(s): Veterans Transitional Housing - Oceanside, 4/1/11 – 3/31/12, 07-716-CA

Veterans Transitional Housing - Aster, 4/1/11 – 3/31/12, 98-027-CA

Veterans Transitional Housing - Merle's Place, 4/1/11 – 3/31/12, 05-016-CA

Veterans Recuperative Beds, 7/1/11 – 3/31/12, VA262-P-0438

Subject: Daily Sign-in Log

Condition, Criteria, Effect:

We noted that the grant agreements and the GPD Guide Capital Grant Recipient stated, "Periodically, liaisons should verify invoices by asking to see the supporting documentation, (i.e., daily sign-in log, or other documentation showing that the Veteran was present and receiving services on that day)". MHM noted that the above specific requirement is not being fulfilled in one of the four VA programs listed above. Out of a sample of 40 individuals selected for testing, 4 had not signed in every day for the period selected for testing, which was a month or less. These individuals also did not sign a certification that they had received services for the days that they had not signed in.

Additionally, MHM noted that in determining that a client is eligible to receive assistance under this program the VA liaison will sign the Referral, Admissions and Transfer (**RAT**) form. Out of a sample of 40 individuals selected for testing, 2 did not have the signature of the VA liaison on the RAT form.

Recommendation:

We recommend having the sign in sheets audited for missing signatures (as is currently being done in three of the four programs) and then monthly during their meeting with the Case Managers having program participants with missing signatures sign a certification stating that, although they did not sign-in for X number of days during the month (billing period), they did receive services.

Additionally, we recommend that a supervisory review of files is in place to ensure that all RAT forms are appropriately signed by the VA liaison prior to clients being admitted to the program.

Current Status:

All RAT's selected for testing had VA liaison signatures. Remainder of finding is repeated see 2013-02 above.

Questioned Costs: N/A

Annual Report
Actual Operating Costs
AMC 160 (Rev. Oct 2009)

FAMILIES MOVING TO WORK (FMTW)

8. REPORT OF ACTUAL OPERATING COSTS

Reporting Period: 8/1/2012 to 08/30/2013

Contract No: 99-FMTW-010
Project Name: CASAWorks Apartments
Prepared by:
Date Prepared:

Units – Assisted: 8
Units – Total: 8
Unit Months: 96

ACCOUNT NAME	ACCOUNT CODES	UNIT EXPENSES						PROJECT TOTALS		
		Approved Assisted (A)	Actual Assisted	Approved Non-Assisted	Actual Non-Assisted	Proposed Commercial	Actual Commercial	Approved Total Expenses	Total Actual Expenses (B)	Project Variance (C)
MANAGEMENT FEE: 6200/6300										
1 Management Fee or Sponsor Overhead	6320	0	0	0	0	0	0	0	0	0
ADMINISTRATIVE EXPENSES: 6200/6300										
2 Advertising	6210	0	0	0	0	0	0	0	0	0
3 Apartment Resale Expense (Cooperatives)	6235	0	0	0	0	0	0	0	0	0
4 Other Renting Expenses	6250	0	0	0	0	0	0	0	0	0
5 Office Salaries	6310	0	3,602	0	0	0	0	0	3,602	(3,602)
6 Office Supplies	6311	0	701	0	0	0	0	0	701	(701)
7 Office or Model Apartment Rent	6312	0	0	0	0	0	0	0	0	0
8 Manager and Superintendent Salaries	6330	0	21,615	0	0	0	0	0	21,615	(21,615)
9 Manager's or Superintendent's Rent Free Unit	6331	0	0	0	0	0	0	0	0	0
10 Legal Expense - Project	6340	0	0	0	0	0	0	0	0	0
11 Audit Expense - Project	6350	0	6,691	0	0	0	0	0	6,691	(6,691)
12 Bookkeeping Fees/Accounting Services	6351	0	0	0	0	0	0	0	0	0
13 Telephone and Answering Service Expenses	6360	0	506	0	0	0	0	0	506	(506)
14 Bad Debt Expense	6370	0	0	0	0	0	0	0	0	0
15 Miscellaneous Administrative Expenses (specify)	6390	0	333	0	0	0	0	0	333	(333)
16 TOTAL ADMINISTRATIVE EXPENSES	6200/6300T	0	33,448	0	0	0	0	0	33,448	(33,448)
UTILITIES EXPENSES: 6400										
17 Fuel Oil/Coal	6420	0	0	0	0	0	0	0	0	0
18 Electricity	6450	0	2,379	0	0	0	0	0	2,379	(2,379)
19 Water	6451	0	5,244	0	0	0	0	0	5,244	(5,244)
20 Gas	6452	0	0	0	0	0	0	0	0	0
21 Sewer	6453	0	0	0	0	0	0	0	0	0
22 TOTAL UTILITIES EXPENSES	6400T	0	7,623	0	0	0	0	0	7,623	(7,623)
OPERATING AND MAINTENANCE EXPENSES: 6500										
23 Janitor and Cleaning Payroll	6510	0	0	0	0	0	0	0	0	0
24 Janitor and Cleaning Supplies	6515	0	0	0	0	0	0	0	0	0
25 Janitor and Cleaning Contracts	6517	0	633	0	0	0	0	0	633	(633)
26 Exterminating Payroll/Contract	6519	0	427	0	0	0	0	0	427	(427)
27 Exterminating Supplies	6520	0	0	0	0	0	0	0	0	0
28 Garbage and Trash Removal	6525	0	3,006	0	0	0	0	0	3,006	(3,006)
29 Security Payroll/Contract	6530	0	0	0	0	0	0	0	0	0
30 Grounds Payroll	6535	0	0	0	0	0	0	0	0	0
31 Grounds Supplies	6536	0	0	0	0	0	0	0	0	0
32 Grounds Contract	6537	0	3,341	0	0	0	0	0	3,341	(3,341)
33 Repairs Payroll	6540	0	2,573	0	0	0	0	0	2,573	(2,573)
34 Repairs Material	6541	0	5,907	0	0	0	0	0	5,907	(5,907)
35 Repairs Contract	6542	0	11,260	0	0	0	0	0	11,260	(11,260)
36 Elevator Maintenance/Contract	6545	0	0	0	0	0	0	0	0	0
37 Heating/Cooling Repairs and Maintenance	6546	0	0	0	0	0	0	0	0	0
38 Swimming Pool Maintenance/Contract	6547	0	0	0	0	0	0	0	0	0
39 Snow Removal	6548	0	0	0	0	0	0	0	0	0
40 Decorating/Payroll Contract	6550	0	0	0	0	0	0	0	0	0
41 Decorating Supplies	6551	0	0	0	0	0	0	0	0	0
42 Vehicle and Maint. Equipment Operation/Repairs	6570	0	1,065	0	0	0	0	0	1,065	(1,065)
43 Misc. Operating and Maintenance Expenses (specify)	6590	0	3,962	0	0	0	0	0	3,962	(3,962)
44 TOTAL OPERATING & MAINTENANCE EXPENSES	6500T	0	32,174	0	0	0	0	0	32,174	(32,174)
TAXES AND INSURANCE: 6700										
45 Real Estate Taxes	6710	0	72	0	0	0	0	0	72	(72)
46 Payroll Taxes (Project's Share)	6711	0	4,695	0	0	0	0	0	4,695	(4,695)
47 Misc. Taxes, Licenses and Permits	6719	0	0	0	0	0	0	0	0	0
48 Property and Liability Insurance (Hazard)	6720	0	2,109	0	0	0	0	0	2,109	(2,109)
49 Fidelity Bond Insurance	6721	0	0	0	0	0	0	0	0	0
50 Worker's Compensation	6722	0	1,033	0	0	0	0	0	1,033	(1,033)
51 Health Insurance and Other Employee Benefits	6723	0	9,661	0	0	0	0	0	9,661	(9,661)
52 Other Insurance	6729	0	0	0	0	0	0	0	0	0
53 TOTAL TAXES AND INSURANCE	6700T	0	17,570	0	0	0	0	0	17,570	(17,570)
ASSISTED LIVING/BOARD & CARE EXPENSES: 6900										
54 Food	6932	0	1,006	0	0	0	0	0	1,006	(1,006)
55 Recreation and Rehabilitation	6980	0	0	0	0	0	0	0	0	0
56 Rehabilitation Salaries	6983	0	23,674	0	0	0	0	0	23,674	(23,674)
57 Other Service Expenses	6990	0	14,886	0	0	0	0	0	14,886	(14,886)
58 TOTAL ASSISTED LIVING EXPENSES	6900T	0	39,566	0	0	0	0	0	39,566	(39,566)
61 TOTAL OPERATING COSTS		0	130,381	0	0	0	0	0	130,381	(130,381)

FAMILIES MOVING TO WORK (FMTW)
9. ACTUAL CASH FLOW ANALYSIS

Reporting Period: 08/01/2012 to 06/30/2013

Contract No: 99-FMTW-010
Project Name: CASAWorks Apartments
Prepared by:
Date Prepared:

Units -- Assisted: 8
Units -- Total: 8
Unit Months: 96

ACCOUNT NAME	Account Codes	Assisted Units Approved Cashflow (A) Actual Cashflow (B)	Non-Assisted Units Approved Cashflow (C) Actual Cashflow (D)	Commercial Proposed Cashflow (E) Actual Cashflow (F)	Total Project Approved Cashflow (G) Actual Cashflow (H)	Project Variance Cashflow Variance (I)
REVENUE ACCOUNTS/RENT REVENUE: 5100						
1 Rent Revenue	5120	0	12,454	0	0	12,454
2 Tenant Assistance Payments	5121	0	0	0	0	0
3 Rent revenue - Stores and Commercial	5140	0	0	0	0	0
4 Garage and Parking Spaces	5170	0	0	0	0	0
5 Flexible Subsidy Revenue	5185	0	106,293	0	0	106,293
6 Miscellaneous Rent Revenue	5190	0	0	0	0	0
7 Excess Rent	5191	0	0	0	0	0
8 Rent Revenue/Insurance	5192	0	0	0	0	0
9 Special Claims Revenue	5193	0	0	0	0	0
10 Retained Excess Income	5194	0	0	0	0	0
11 GROSS RENT REVENUE	5100T	0	118,747	0	0	118,747
Total Vacancies (HCD Use Only)	5200T	0	0	0	0	0
ASSISTED LIVING/BOARD & CARE REVENUES: 5300						
17 Food	5332	0	0	0	0	0
18 Recreation (Activities) and Rehabilitation	5380	0	0	0	0	0
19 Rehabilitation	5385	0	0	0	0	0
20 Other Service Revenue	5390	0	0	0	0	0
Total Living Revenue	6300T	0	0	0	0	0
FINANCIAL REVENUE: 5400						
21 Financial Revenue - Project Operations	5410	0	0	0	0	0
Total Financial Revenue	5400T	0	0	0	0	0
OTHER REVENUE: 5900						
22 Laundry and Vending Revenue	5910	0	530	0	0	530
23 NSF and Late Charges	5920	0	0	0	0	0
24 Damages and Cleaning Fees	5930	0	0	0	0	0
25 Forfeited Tenant Security Deposits	5940	0	0	0	0	0
26 Other Revenue	5990	0	0	0	0	0
Total Other Revenue	5900T	0	530	0	0	530
27 EFFECTIVE GROSS RENT (EGR)	5152T	0	119,277	0	0	119,277
28 TOTAL OPERATING EXPENSES	6000T	0	130,381	0	0	(130,381)
29 NET OPERATING INCOME (NOI)	5000T	0	(11,104)	0	0	(11,104)
FINANCIAL EXPENSES: 6800						
30 Non-Contingent Debt Service (specify lender)	6895					
1st Mortgage =		0	0	0	0	0
2nd Mortgage =		0	0	0	0	0
3rd Mortgage =		0	0	0	0	0
31 HCD Required Payments	6890	0	0	0	0	0
32 Lease Payment	6890	0	0	0	0	0
33 Miscellaneous Financial Expenses	6890	0	0	0	0	0
Total Financial Expenses	6800T	0	0	0	0	0
FUNDED RESERVES:						
34 Escrow Deposits	1310	0	0	0	0	0
35 Replacement Reserve-Deposit	1320	0	0	0	0	0
36 Operating Reserve-Deposit	1300	0	0	0	0	0
37 Other Reserves (specify)						
#1	1330	0	0	0	0	0
#2	1330	0	0	0	0	0
#3	1330	0	0	0	0	0
Total Reserve Deposits		0	0	0	0	0
38 PROJECT CASH FLOW (CF)		0	(11,104)	0	0	(11,104)
ADDITIONAL REVENUE:						
39 (not used)		0	0	0	0	0
40 Withdrawal from Operating Reserves		0	0	0	0	0
41 Borrower Contribution		0	11,104	0	0	11,104
42 Other (specify)		0	0	0	0	0
Total Additional Revenue		0	11,104	0	0	11,104
USE OF CASH FLOW:						
43 HCD Interest Payments		0	0	0	0	0
44 Asset Mgmt Fee (CHRP-R/SUHRP & HOME-pre-UMR Only)		0	0	0	0	0
45 Asset Mgmt Fee/Partship Costs (MHP/HOME under UMR)		0	0	0	0	0
46 Borrower Distributions		0	0	0	0	0
47 Residual Receipt Loan Payments		0	0	0	0	0
48 Other (specify)		0	0	0	0	0
Total Use of Cash Flow		0	0	0	0	0

AMC 182 - RESERVE AND OTHER ACCOUNT BALANCES

Project Name: CASA Works Apartments
HCD Contract #(s): 96-FMTW-010
Prepared By: Joseph Stemmler
Date Prepared: 11/7/13
Reporting period - from (mm/dd/yyyy): 3/1/12
Reporting period - to (mm/dd/yyyy): 6/30/13

Please complete the following table with the appropriate amounts for each Account.
For CHRP-R, DDS, HCD HOME CHDO & SUHRP Projects attach corresponding reserve account bank statements.

	Operating Reserve Account	Replacement Reserve Account	Transition Reserve Account	Other Reserve (specify)	Tenant Security Deposits	
Account Numbers:						
Annual Required Deposits						
A. Beginning Account Balance:					\$ 302	
Actual Deposits (if different than required Deposits, explain below)						
Security Deposits Received					\$ -	
Interest Earned						
Section A Subtotal:	\$ -	\$ -	\$ -	\$ -	\$ 302	
Explanation of Deposits:						
B. Withdrawals (enter withdrawal request number, date and amount below):						
Withdrawal Request Number	Date of Withdrawal from Account	Operating Reserve	Replacement Reserve	Transition Reserve	Other Reserve	Tenant Security Deposits
Bank Charges/Fees Paid						
Other Debits/Reductions (explain below)						
Security Deposit Amounts Returned to Tenants						\$ -
Security Deposit Amounts Deducted for Tenant Accounts Receivable						
Interest Paid upon Move-Out						
Section B Subtotal:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
C. Ending Account Balance:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 302
Explanation of Withdrawals (include explanation of withdrawals made without HCD approval):						

Additional Requested Information (explain any "No" and "N/A" answers):

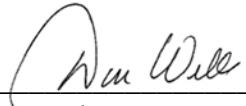
Item	Yes	No	N/A	Comments
1. Operating Reserves: Have deposits been made as required by HCD?	<input type="radio"/> Yes	<input checked="" type="radio"/> No	<input type="radio"/> N/A	No project cashflow for the period
2. Replacement Reserves: Have deposits been made as required by HCD?	<input type="radio"/> Yes	<input checked="" type="radio"/> No	<input type="radio"/> N/A	No project cashflow for the period
3. Transition Reserves: Have deposits been made as required by HCD?	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	
4. Other Reserves (specify): Have deposits been made as required by HCD?	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	
5. Reserve Accounts: Are all Accounts insured by the Federal Government?	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	
6. Reserve Accounts: Was HCD approval obtained prior to Account withdrawals?	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A	
7. Security Deposit Accounts: Balance equal to/greater than security deposit liability plus interest?	<input type="radio"/> Yes	<input checked="" type="radio"/> No	<input type="radio"/> N/A	Security deposits are minimal. They are accounted for separately but not maintained in separate bank account due to the cost of such account.



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

(Choose one) MINI-GRANT

(Choose one) ☒ REGULAR GRANT

Project Name: Just in Time for Foster Youth College Bound Date Submitted: 1/7/2015	Total # of people served: Approximately 70 former foster youth Total # of San Marcos residents served: 15-20 students	Amount Requested: \$9,600
Non-Profit Organization Name and Address, Website Just in Time for Foster Youth PO Box 81292 San Diego, CA 92138	Contact Person -Name, Title & Phone, email Don Wells, Executive Director 858.663.2081 dwells@jitfosteryouth.org	
<p><u>Briefly</u> describe your request for funds (to be expanded upon in narrative for regular grant):</p> <p>Historically there are 15-20 transitioning foster youth residing in San Marcos who participate in the Just in Time for Foster Youth College Bound Program. Just in Time (JIT) requests a \$9,600 grant from the San Marcos Community Foundation to provide 8 of those transitioning foster youth with the necessary computers, technology tools, school and dorm supplies to support success on their new journey as college students. These resources will be provided along with a caring and committed JIT College Bound Coach (volunteer) to provide the encouragement, support and attention that will eventually help lead to graduation. This grant request does not fund personnel or administrative costs - only essential tech tools, equipment and supplies going directly to youth to help them succeed in college.</p>		
<p><u>Briefly</u> describe the significance of your request to the San Marcos community:</p> <p>For the 10% of transitioning foster youth entering college, many have tuition covered but do not have the essential resources, including human resources, to be truly successful. Without these support systems, the college graduation statistics for former foster youth would stay at their traditional 2-4% levels rather than the more promising rates since College Bound's inception. Since 2009, 81% of the students enrolled in our College Bound program have either graduated, gone on to graduate school, or are still enrolled. Achieving these outcomes is about more than providing the doorway to higher education. It requires a commitment to follow through by keeping track of their progress and deepening their connections to our programs and community.</p>		
<p>Please attach the following items.</p> <p><u>Both</u> Mini-Grant & Regular:</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 affiliations <p>a. Regular Grants Only:</p> <ol style="list-style-type: none">1-2 page narrativeFirst 2 pages of Federal 990Most recent year-end Statement or Audit including any management letters associated with Audit.Signature of President or Authorized Officer on Applicatione. Optional: letters of support		<p>Expected date project will begin/end: 2/1/2015 Date by which funds will be expended: 11/30/2015</p> <p>Signature of President or Authorized Officer</p> <p> 1/7/2015</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): wkasennan@san-marcos.net</p>

SAN MARCOS COMMUNITY FOUNDATION BUDGET WORKSHEET
Just in Time for Foster Youth's College Bound Program

65 Youth Awards	
Laptop, printer, books, dorm set up, school supplies @\$1,200 each	\$78,000
15 Youth Laptops (Year Round) @\$500 each	\$7,500
6 Youth Tuition Fees Assistance @ \$300 each	\$1,800
15 Youth Book Assistance @ \$200 each	\$3,000
Transportation Assistance	\$1,850
25 Youth with bus passes @ \$74 each	
10 Youth with School Supplies @ \$60 each	\$600
College Bound Event/Year Long Events	\$5,000
1 Graduate Scholarship	\$2,000
Computer Repairs/software for Youth	\$1,000
Program Coordinator	\$20,000
Administrative Costs	\$5,000
Total Budget for this PROJECT:	\$125,750
Grant Request Amount:	\$9,600

Is this a challenge grant? No

Could it be? Possibly

Please list any other funding sources for this project.

Committed (C) or Pending (P)

\$20,000	Farrell Family Foundation	C
\$10,000	Goldberg Charitable Trust	C
\$10,000	Crevier Family Foundation	C
\$10,000	Cox Cares Foundation	C
\$10,000	Ashford Education	P
\$7,500	Issa Family Foundation	C
\$5,000	Weil Foundation	C
\$5,000	Mission Bch Women's Club	P
\$5,000	AmericanWest Bank	P
\$5,000	Hill Charitable Trust	C
\$4,000	Day For Change	C

Just in Time For Foster Youth
Statement of Activity - San Diego
FY15 Budget

	<u>FY15 Budget</u>
REVENUE	
Direct Public Support	
Corporations	\$ 155,000
Foundations	405,000
Individuals	530,000
Civic and Faith Organizations	50,000
Special Events	
Gross Revenue Special Events	187,000
Less Direct Costs of Special Events	-
Special Events - Net Revenue	<u>187,000</u>
Total Direct Public Support	<u>1,327,000</u>
Government Agencies	<u>13,000</u>
Grants Restricted	<u>-</u>
Subtotal Revenue	<u>1,340,000</u>
 In-Kind Donations	
Youth Awards	210,000
Rent	51,120
SVP In-kind Donations	25,000
Total In-Kind Donations	<u>286,120</u>
Interest and Dividend Income	
TOTAL REVENUE	<u>1,626,120</u>

AWARDS AND EXPENSES

Program Awards	
Basic Needs	80,000
My First Home	34,000
College Bound/Vocational	100,000
Career Horizons	29,300
Bridge to Success	28,700
Financial Fitness	72,000
Coaching/Volunteer	16,412
Ambassador/ LEAP/Take Charge	5,000
Community and other	5,000
Payroll and Indirect Expense Allocations	426,314
Total Program Awards	<u>796,726</u>
In-Kind Awards	
Educational & Vocational	6,000
Basic Needs	23,000
Career Horizons	6,000
Home Furnishings	103,000
Miscellaneous	72,000
Total In-Kind Awards	<u>210,000</u>

	FY15 Budget
Development and Fundraising Expenses	
Advertising/Promotional	32,200
Consultants (including SVP inkind \$10k)	37,000
Credit Card Charges	
Event Expense	10,000
Miscellaneous/Rent	12,000
Printing, Copying & Postage	6,400
Travel/Meals/Entertainment	1,200
Sales Force Software Services	
Payroll and Indirect Expense Allocations	258,006
Total Development and Fundraising Expense	356,806
Administrative and Office Expenses	
Personnel Expenses	
Employees Salaries	553,720
Insurance - Healthcare	72,220
Payroll Service Fees	-
Payroll Taxes	45,462
Workers' Compensation	3,351
Total Personnel Expenses	674,753
Other Administrative and Office Expenses	
Bank Fees	410
Computer and Internet	9,960
Contract Services	80,000
Credit Card Fees	6,000
Insurance - Liability, D and O	6,800
Telephone, Telecommunications	6,600
Office Supplies	5,300
Printing and Copying	6,200
Advertising/Promotional	6,000
Office Rent - In-kind	51,120
Office Rent - Annex	4,596
Registration and Licensing Fees	160
Staff Development	8,000
Travel and Meetings	4,400
Depreciation Expense	3,600
Total Other Administrative and Office Expenses	199,146
Total Administrative and Office Expenses	873,899
Payroll and Indirect Expense Allocations	(708,642)
Net Administrative and Office Expenses	165,257
TOTAL AWARDS AND EXPENSES	1,528,789
CHANGE IN NET ASSETS	\$ 97,331

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

DEPARTMENT OF THE TREASURY

Date: JUN 14 2007

JUST IN TIME FOR FOSTER YOUTH
C/O KATHRYN VAUGHN
3363 HARBOR VIEW DR
SAN DIEGO, CA 92106

Employer Identification Number:
20-5448416
DLN:
17053089008007
Contact Person:
RENEE RILEY NORTON ID# 31172
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
June 30
Public Charity Status:
170(b)(1)(A)(vi)
Form 990 Required:
Yes
Effective Date of Exemption:
July 16, 2006
Contribution Deductibility:
Yes
Advance Ruling Ending Date:
June 30, 2011

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. During your advance ruling period, you will be treated as a public charity. Your advance ruling period begins with the effective date of your exemption and ends with advance ruling ending date shown in the heading of the letter.

Shortly before the end of your advance ruling period, we will send you Form 8724, Support Schedule for Advance Ruling Period. You will have 90 days after the end of your advance ruling period to return the completed form. We will then notify you, in writing, about your public charity status.

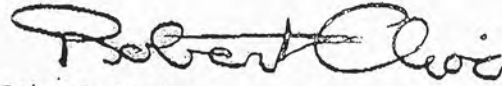
Please see enclosed Information for Exempt Organizations Under Section 501(c)(3) for some helpful information about your responsibilities as an exempt organization.

Letter 1045 (DO/CG)

JUST IN TIME FOR FOSTER YOUTH

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

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Choi". The signature is fluid and cursive, with the first name "Robert" and last name "Choi" clearly distinguishable.

Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Enclosures: Information for Organizations Exempt Under Section 501(c)(3)
Statute Extension

Letter 1045 (DO/CG)

Just in Time for Foster Youth
Board of Directors Roster, Affiliations, and Tenure
FY 2014/2015

Board membership has a minimum two-year term with no term limits. 100% of board members contribute financially to the JIT organization. There is a “Give or Get” requirement of \$3,000 per year, and every board member is required to actively participate in at least one committee, make every effort to attend key JIT events, and attend at least 75% of the board meetings.

Kristy Gregg

Board Chair, *Retired Bank Executive*

2 years

Keith Brandt

Vice-Chair, *President, California Wealth Transitions*

2 years

Krystal Joscelyne

Treasurer, *Strategic & Financial Planning Manager, Sempra Energy*

1 year

Patricia Benesh

Secretary, Owner, *AuthorAssist.com; 7Memories.com*

6 years

Walter Borschel

Retired Health Care Administrator

Incoming

Chris Burr

Senior VP/Relationship Manager, AmericanWest Bank

Incoming

Gabrielle Durand

Project Manager, Workforce Intelligence, John Deere; Durand Mobile Notary

1 year

Theodore DeFrank

President and CFO, Active Motif

1 year

Kristin Fitzner

Manager, Corporate Marketing & Sponsorship, U.S. Bank

Incoming

Lisa Foussianes

Vice President, Client Manager, Square 1 Bank
5 years

Pamela Hunt

Retired Educator
1 year

James Lepanto

Behavioral Health Consultant
1 year

Jennell Mott

Business Operations Manager, Managed Solution
Incoming

Brad Norris

Philanthropist and Community Volunteer
2 years

Jessica Preese

Account Manager, United Health Group
2 years

Marge Schingle

Senior Director, WageWorks
1 year

Tina Thomas

Retired Architect
1 year

ADVISORY COUNCIL

Jorge Cabrera

Supervisor, Casey Family Programs

Harriet Carter, Esq.

A Professional Law Corporation

Margie de Ruyter

Consultant, Community and Workforce Development

Lynne Doyle

Chief Financial Officer, Sand River Holdings

Sean Ferrel

CEO/President, Managed Solution

Judy Forrester

President/CEO, USO San Diego

Barney King

CEO, Macnas Consulting International

Marcy Morrison

President, Careers With Wings

Alan Sorkin

Chair, Vistage International

Duane Trombly

Principal, PointeBreak Solutions, Inc.

Maurice Wilson

Executive Director, National Veterans Transition Services

HONORARY BOARD/CO-FOUNDERS

Diane Cox

Co-Founder/Past Board Chair, Professional Coach and Development Consultant

Jeanette Day, Esq.

Co-Founder, Former Child Advocacy Attorney

Tony Hsu

Co-Founder/Past Treasurer, Founder/Chief Investment Officer, Alethea Capital Management, LLC

Louarn Sorkin

Co-Founder, Board of Directors, San Diego Social Venture Partners

Kathryn Vaughn, Esq.

Co-Founder/Past President, Partner, Law Offices of Vaughn and Vaughn



Help from the heart to
end the cycle of foster care.

COLLEGE BOUND NARRATIVE

THE NEED

While there is some support for transitioning foster youth in the form of housing, college scholarships, and other services, JIT mobilizes the community to fill the gaps of essential resources. We use a unique, relationship-based, extended family model to meet the fundamental need for a consistent caring connection that has eluded foster youth while in care and in transition.

Specifically, College Bound addresses the need for effective long-term support to navigate higher education. We have attached the heartwarming story of a young woman, sponsored by your foundation, whose introduction to Cal State San Marcos this past fall was clearly transformed from one of angst, panic, and discouragement to one of stability, confidence and joy. Continuous opportunities for positive relationships and networking connections are at the heart of what we do and also what sets us apart from agencies that simply provide resources.

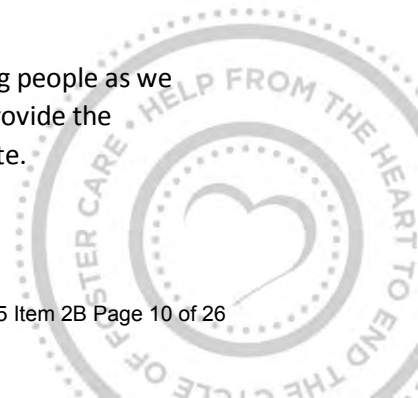
By supporting the youth through this holistic approach, we are able to achieve outcomes very different from the sobering statistics on former foster youth in our state and nation, including one alarming education statistic reported by The *Cities, Counties and Schools (CCS) Partnership* that found that 70% of foster youth reported a desire to go to college, while only 10% attend and 1-3% graduate. The reported graduation rates have improved slightly since that time (3-5%) with growing attention to the graduation gap but they are still at unacceptable levels, which reinforces our commitment to our model.

THE COLLEGE BOUND MODEL

Through our College Bound program, the JIT extended family comes together to give transitioning foster youth the resources and encouragement they need to begin a new life chapter as college students. Specifically, JIT annually identifies 50-75 highly motivated former foster youth who have beaten the odds by graduating high school and having earned acceptance to college. Historically, 15-20 of participants are San Marcos residents and often enrolled in colleges located in San Marcos, California. Since 2009, 81% of our College Bound participants have either graduated, gone on to graduate school, or are still enrolled in school!

In 2015, as in years past, they will be connected with potential lifelong mentors and successful JIT College Bound Alumni, receive laptops and printers, learn valuable tips on money management, legal matters and practical purchases, and pair up with a JIT volunteer guide for a shopping spree to buy essential dorm furnishings and school supplies. They will also be eligible to participate in other JIT programs such as Financial Fitness, Emergency/Basic Needs, and Mentoring/Guidance.

The College Bound Class of 2015 will join other dedicated, deserving and grateful young people as we fulfill the promise, not only to help get them started in higher education, but to also provide the consistent, caring connection that will encourage them to stay in school and to graduate.





Help from the heart to
end the cycle of foster care.

TYPES OR AMOUNTS OF SERVICE TO BE PROVIDED

JIT's College Bound program specifically addresses two key issues for transitioning foster youth who have beaten the odds and earned acceptance into college, which are lack of resources and lack of family support.

Each youth will receive items necessary for college success, including: laptops, software, printers, other technology tools, basic school supplies (e.g., printer ink, paper, backpack, etc.), and gift cards to purchase necessary items for dorm set-ups. The distribution of resources is accompanied by a connection to a caring adult mentor, one who assists the youth with making prudent choices while shopping for essentials and dorm furnishings. Often, these adults become invested in the youth and his or her college success and, like a family, offer encouragement and additional resources to the youth over the long-term.

At a cost of \$1,200 per youth, the grant funds of \$9,600 from the San Marcos Community Foundation will enable Just in Time to meet the needs of 8 transitioning foster youth who reside in San Marcos.

OUTCOMES/MEASURES

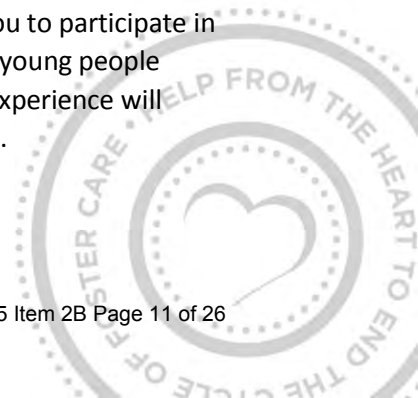
College Bound participants are tracked and monitored throughout their time in higher education and regular reports are developed based on the JIT Self-Sufficiency Scale. Success is evaluated based on school enrollment over time, graduation or certification, and continuation on to graduate studies. The data collected is done through staff contact, connections to JIT volunteers (Faculty), and mandatory online surveys. For example, we tracked nearly 400 students who have been in the program since it launched and know that 89% have either graduated or remain enrolled in school.

The long-term goal of all of JIT's programs, including College Bound, is to give disadvantaged youth the resources and community connections needed to help them become independent, self-sufficient, thriving adults who ultimately will make meaningful contributions to our community.

Of all the students who received laptops and other support from the San Marcos Community Foundation during the last grant period, 100% are still enrolled in school with the one exception of a student who graduated.

CLASS OF 2015

Soon, JIT will begin the process of recruiting new College Bound participants. We invite members of the San Marcos Community Foundation to participate in the process by reviewing the applicant essays to get a powerful picture of the young people your funds help support. We also invite you to participate in the College Bound event this June, including engaging as volunteer shoppers with the young people from San Marcos whom the SDCF is supporting. We are confident that this first-hand experience will clearly demonstrate that your investment is not only worthwhile but transformational.



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

1 Briefly describe the organization's mission:

JUST IN TIME FOR FOSTER YOUTH (JIT) PROVIDES TRANSITIONING FOSTER YOUTH WITH OPPORTUNITIES FOR SELF-SUFFICIENCY THROUGH EMERGENCY SUPPORT, ESSENTIAL RESOURCES, AND CARING PERSONAL GUIDANCE AT CRITICAL JUNCTURES ON THEIR PATH TO INDEPENDENCE.

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 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 \$ 296,100. including grants of \$ 237,248.) (Revenue \$)

EMERGENCY/BASIC NEEDS AND MY FIRST HOME PROGRAMS PROVIDE IMMEDIATE FINANCIAL AND OTHER SUPPORT TO FORMER FOSTER YOUTH IN EMERGENCY SITUATIONS. ASSISTANCE MAY INCLUDE RENT MONEY, FURNITURE, CLOTHING, BUS PASSES, CAR REPAIRS AND GROCERY GIFT CARDS.

4b (Code:) (Expenses \$ 221,621. including grants of \$ 150,402.) (Revenue \$)

COLLEGE BOUND AND FINANCIAL FITNESS PROVIDE FORMER FOSTER YOUTH WITH A VOLUNTEER MENTOR, COMPUTERS, SOFTWARE, PRINTERS, ADDITIONAL TECHNOLOGY TOOLS, BOOKS AND SCHOOL SUPPLIES, AS WELL AS BASIC DORMITORY OR APARTMENT FURNITURE. IN ADDITION, THROUGH THE FINANCIAL FITNESS PROGRAM FORMER FOSTER YOUTH ARE LEARNING SOUND MONEY MANAGEMENT SKILLS, ARE ASSIGNED AN ASSET ADVISOR WHO PROVIDES GUIDANCE AND MENTORING, AND THEY ESTABLISH SAVINGS ACCOUNTS WITH MATCHING FUNDS.

4c (Code:) (Expenses \$ 143,085. including grants of \$ 41,908.) (Revenue \$)

BRIDGES TO SUCCESS FOR YOUNG MEN, CAREER HORIZONS FOR YOUNG WOMEN, AND AMBASSADOR LEAP PROGRAMS PROVIDE CONSISTENT CONNECTIONS TO VOLUNTEERS COMMITTED TO CREATING A STRONG ENVIRONMENT OF SUCCESS FOR FORMER FOSTER YOUTH. THE PROGRAMS ALSO INCLUDE IMMEDIATE FINANCIAL AND OTHER SUPPORT INCLUDING TUITION AND CLOTHING ASSISTANCE FOR VOCATIONAL EDUCATION, TRAINING AND EMPLOYMENT.

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

(Expenses \$ 104,226. including grants of \$ 51,747.) (Revenue \$)

4e Total program service expenses ▶ 765,032.

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.

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

A For the 2012 calendar year, or tax year beginning 7/01, 2012, and ending 6/30, 2013	
B Check if applicable: <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 JUST IN TIME FOR FOSTER YOUTH P.O BOX 81292 SAN DIEGO, CA 92138
D Employer identification number 20-5448416	
E Telephone number 858-663-2081	
G Gross receipts \$ 1,570,407.	
F Name and address of principal officer: DON WELLS SAME AS C ABOVE	
H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
H(b) Are all affiliates included? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'No,' attach a list. (see instructions)	
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.JITFOSTERYOUTH.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: 2006 M State of legal domicile: CA	

Part I Summary

1 Briefly describe the organization's mission or most significant activities: JUST IN TIME FOR FOSTER YOUTH PROVIDES TRANSITIONING FOSTER YOUTH WITH OPPORTUNITIES FOR SELF-SUFFICIENCY.																																																					
2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.																																																					
Activities & Governance	3 Number of voting members of the governing body (Part VI, line 1a)..... 12																																																				
	4 Number of independent voting members of the governing body (Part VI, line 1b)..... 12																																																				
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)..... 10																																																				
	6 Total number of volunteers (estimate if necessary)..... 600																																																				
7a Total unrelated business revenue from Part VIII, column (C), line 12..... 0.	7b Net unrelated business taxable income from Form 990-T, line 34..... 0.																																																				
	<table><thead><tr><th></th><th>Prior Year</th><th>Current Year</th></tr></thead><tbody><tr><td>8 Contributions and grants (Part VIII, line 1h).....</td><td>765,503.</td><td>1,050,736.</td></tr><tr><td>9 Program service revenue (Part VIII, line 2g).....</td><td></td><td>305.</td></tr><tr><td>10 Investment income (Part VIII, column (A), lines 3, 4, and 7d).....</td><td>489.</td><td>226,443.</td></tr><tr><td>11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e).....</td><td>79,683.</td><td>1,277,484.</td></tr><tr><td>12 Total revenue — add lines 8 through 11 (must equal Part VIII, column (A), line 12).....</td><td>845,675.</td><td>481,307.</td></tr><tr><td>13 Grants and similar amounts paid (Part IX, column (A), lines 1-3).....</td><td>508,364.</td><td>398,299.</td></tr><tr><td>14 Benefits paid to or for members (Part IX, column (A), line 4).....</td><td>273,936.</td><td></td></tr><tr><td>15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10).....</td><td></td><td></td></tr><tr><td>16a Professional fundraising fees (Part IX, column (A), line 11e).....</td><td></td><td></td></tr><tr><td>b Total fundraising expenses (Part IX, column (D), line 25) ▶ 218,532.</td><td></td><td></td></tr><tr><td>17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e).....</td><td>158,931.</td><td>237,154.</td></tr><tr><td>18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25).....</td><td>941,231.</td><td>1,116,760.</td></tr><tr><td>19 Revenue less expenses. Subtract line 18 from line 12.....</td><td>-95,556.</td><td>160,724.</td></tr><tr><td rowspan="3">Net Assets or Fund Balances</td><td>20 Total assets (Part X, line 16).....</td><td>305,805.</td><td>444,014.</td></tr><tr><td>21 Total liabilities (Part X, line 26).....</td><td>44,251.</td><td>21,736.</td></tr><tr><td>22 Net assets or fund balances. Subtract line 21 from line 20.....</td><td>261,554.</td><td>422,278.</td></tr></tbody></table>			Prior Year	Current Year	8 Contributions and grants (Part VIII, line 1h).....	765,503.	1,050,736.	9 Program service revenue (Part VIII, line 2g).....		305.	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d).....	489.	226,443.	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e).....	79,683.	1,277,484.	12 Total revenue — add lines 8 through 11 (must equal Part VIII, column (A), line 12).....	845,675.	481,307.	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3).....	508,364.	398,299.	14 Benefits paid to or for members (Part IX, column (A), line 4).....	273,936.		15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10).....			16a Professional fundraising fees (Part IX, column (A), line 11e).....			b Total fundraising expenses (Part IX, column (D), line 25) ▶ 218,532.			17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e).....	158,931.	237,154.	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25).....	941,231.	1,116,760.	19 Revenue less expenses. Subtract line 18 from line 12.....	-95,556.	160,724.	Net Assets or Fund Balances	20 Total assets (Part X, line 16).....	305,805.	444,014.	21 Total liabilities (Part X, line 26).....	44,251.	21,736.	22 Net assets or fund balances. Subtract line 21 from line 20.....	261,554.
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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	Date 5-6-2014			
	DON WELLS Type or print name and title. EXECUTIVE DIRECTOR				
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input checked="" type="checkbox"/> if self-employed	PTIN
	STEVEN W. NORTHCOTE	STEVEN W. NORTHCOTE	5/01/14		P00085554
	Firm's name ▶ LEAF & COLE, LLP				
	Firm's address ▶ 2810 CAMINO DEL RIO SOUTH, SUITE 200 SAN DIEGO, CA 92108-3820	Firm's EIN ▶ 95-2076568 Phone no. 619.294.7200			

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

JUST IN TIME FOR FOSTER YOUTH

FINANCIAL STATEMENTS

JUNE 30, 2014



Leaf & Cole, LLP
Certified Public Accountants

	<u>Page</u>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

Independent Auditor's Report

To the Board of Directors
Just in Time for Foster Youth

Report on the Financial Statements

We have audited the accompanying financial statements of Just in Time for Foster Youth, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses 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 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. 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 Just in Time for Foster Youth as of June 30, 2014, 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.

Report on Summarized Comparative Information

We have previously audited Just in Time for Foster Youth's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 5, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leaf & Cole LLP

San Diego, California
November 20, 2014

ASSETS

	<u>2014</u>	<u>2013</u>
<u>Assets:</u> (Notes 1, 2 and 3)		
Cash and cash equivalents	\$ 295,460	\$ 228,590
Contributions receivable, net	149,094	205,773
Prepaid expenses and other assets	9,158	5,149
Furniture and equipment, net	<u>873</u>	<u>4,502</u>
TOTAL ASSETS	\$ <u>454,585</u>	\$ <u>444,014</u>

LIABILITIES AND NET ASSETS

<u>Liabilities:</u> (Note 1)		
Accounts payable and accrued expenses	\$ 14,521	\$ 6,807
Accrued payroll and related liabilities	<u>15,095</u>	<u>14,929</u>
Total Liabilities	<u>29,616</u>	<u>21,736</u>
<u>Commitments</u> (Note 5)		
<u>Net Assets:</u> (Notes 1 and 4)		
Unrestricted	173,512	306,033
Temporarily restricted	<u>251,457</u>	<u>116,245</u>
Total Net Assets	<u>424,969</u>	<u>422,278</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>454,585</u>	\$ <u>444,014</u>

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

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
<u>Revenue and Support:</u>				
Contributions	\$ 838,329	\$ 305,560	\$ 1,143,889	\$ 1,101,852
Interest income	236	-	236	305
Net assets released from restrictions	170,348	(170,348)	-	-
Revenue and Support Before Special Events	1,008,913	135,212	1,144,125	1,102,157
Special Events:				
Revenue	270,949	-	270,949	519,366
Less: Costs	(85,554)	-	(85,554)	(292,923)
Total Special Events, Net	185,395	-	185,395	226,443
Total Revenue and Support	1,194,308	135,212	1,329,520	1,328,600
<u>Expenses:</u>				
Program Services	928,552	-	928,552	801,325
Supporting Services:				
Fundraising	277,095	-	277,095	225,689
General and administrative	121,182	-	121,182	140,862
Total Supporting Services	398,277	-	398,277	366,551
Total Program and Supporting Services	1,326,829	-	1,326,829	1,167,876
Change in Net Assets	(132,521)	135,212	2,691	160,724
Net Assets at Beginning of Year	306,033	116,245	422,278	261,554
NET ASSETS AT END OF YEAR	\$ 173,512	\$ 251,457	\$ 424,969	\$ 422,278

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

	Program Services											Supporting Services		2014 Total	2013 Total
	Basic Needs	My First Home	Financial Fitness	Bridge to Success	Career Horizons	College Bound/ Education	Community	Contra Costa	Other	Program Administration	Total Program Services	General and Administrative	Fundraising		
Salaries and related benefits	\$ 44,229	\$ 28,496	\$ 28,048	\$ 41,606	\$ 19,550	\$ 15,487	\$ 57,049	\$ 20,454	\$ 13,845	\$ 65,456	\$ 334,220	\$ 50,104	\$ 149,289	\$ 533,613	\$ 401,385
Program awards	139,845	149,370	44,791	12,863	12,270	78,531	12,040	6,574	25,268	83	481,635	-	-	481,635	481,305
Professional services	-	-	-	-	-	-	-	177	-	-	177	49,597	47,257	97,031	73,102
Office expense	4,555	3,725	3,430	3,725	2,546	1,715	5,842	2,198	7,006	17,739	52,481	10,183	29,680	92,344	80,719
Contract labor	2,331	1,879	1,740	1,879	1,322	870	2,888	20,731	731	8,977	43,348	2,609	8,837	54,794	78,390
Promotional events	-	-	-	-	-	112	-	74	1,426	-	1,612	-	31,202	32,814	14,716
Printing	362	292	271	292	206	135	449	569	114	1,396	4,086	406	4,697	9,189	12,724
Insurance	437	352	326	352	248	163	541	137	137	1,682	4,375	489	1,656	6,520	2,392
Bank fees	-	-	-	-	-	-	-	-	-	-	-	5,085	10	5,095	1,286
Conference, meetings and training	100	80	74	80	57	37	356	547	31	384	1,746	2,341	737	4,824	3,193
Depreciation	244	196	181	196	138	91	301	76	76	936	2,435	272	922	3,629	6,726
Postage and shipping	55	45	41	45	31	21	666	172	17	213	1,306	62	1,396	2,764	1,818
Travel	30	61	23	24	60	11	37	606	163	116	1,131	34	1,412	2,577	3,968
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,152
Total Program and Supporting Services Expenses	\$ <u>192,188</u>	\$ <u>184,496</u>	\$ <u>78,925</u>	\$ <u>61,062</u>	\$ <u>36,428</u>	\$ <u>97,173</u>	\$ <u>80,169</u>	\$ <u>52,315</u>	\$ <u>48,814</u>	\$ <u>96,982</u>	\$ <u>928,552</u>	\$ <u>121,182</u>	\$ <u>277,095</u>	\$ <u>1,326,829</u>	\$ <u>1,167,876</u>

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

	<u>2014</u>	<u>2013</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 2,691	\$ 160,724
Adjustments to reconcile change in net assets to		
net cash provided by (used in) operating activities:		
Depreciation	3,629	6,726
(Increase) Decrease in:		
Contributions receivable, net	56,679	(163,773)
Prepaid expenses and other assets	(4,009)	278
Inventory	-	8,107
Increase (Decrease) in:		
Accounts payable and accrued expenses	7,714	(5,179)
Accrued payroll and related liabilities	166	2,014
Deferred revenue	-	(19,350)
Net Cash Provided by (Used in) Operating Activities	<u>66,870</u>	<u>(10,453)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	66,870	(10,453)
Cash and Cash Equivalents at Beginning of Year	<u>228,590</u>	<u>239,043</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 295,460</u></u>	<u><u>\$ 228,590</u></u>

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

Note 1 - Organization and Significant Accounting Policies:

Organization

Just in Time for Foster Youth (the “Organization”), a not-for-profit organization incorporated in the State of California in 2006, envisions a future in which every youth leaving the foster care system has a community of caring adults waiting for them when they turn eighteen and leave the foster care system.

The Organization believes consistent, long-term help from the heart is the foundation for the success of our youth so that they can thrive and enjoy productive, satisfying lives.

The Organization mobilizes a caring community as an extended family for transitioning foster youth. This is done through consistent relationships and emergency resources provided by individuals, agencies, businesses and foundations that share the core values and mission.

While other programs might assist with support such as transitional housing or college scholarships, the Organization looks where there is a critical need and fills that gap to ensure that motivated youth reach their goal of self-sufficient adulthood. The Organization also fills the most important gap of all: connections to caring adults, who then become a lifelong support system and the consistent community for the youth served.

Significant Accounting Policies

Method of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (GAAP) and, accordingly, reflects all significant receivables, payables, and other liabilities.

Financial Statement Presentation

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

- Unrestricted net assets – Net assets not subject to donor imposed stipulations
- Temporarily restricted net assets – Net assets subject to donor imposed stipulations that will be met by actions of the Organization and/or the passage of time. When a donor stipulated time restriction ends or a 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.
- Permanently restricted net assets – Net assets subject to donor imposed stipulations requiring that they be maintained permanently by the Organization. The income from these assets is available for either general operations or specific programs as specified by the donor.

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Estimates

The preparation of a financial statement in conformity with accounting principles generally accepted in the United States of America 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 statement. Actual results could differ from those estimates.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The Organization had no financial instruments at June 30, 2014 and 2013.

Allowance for Doubtful Accounts

Management believes that all contributions receivable were fully collectible; therefore, no allowance for doubtful accounts was recorded as of June 30, 2014 and 2013.

Contributions

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.

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of \$2,000 for furniture and equipment at cost, while donations of furniture and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as restricted. Furniture and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Furniture and fixtures	5 - 7 years
Office equipment and computers	5 years

Depreciation totaled \$3,629 and \$6,726 for the years ended June 30, 2014 and 2013, respectively.

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Capitalization and Depreciation (Continued)

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Compensated Absences

Accumulated unpaid vacation totaling \$15,096 and \$14,929 at June 30, 2014 and 2013, respectively, is accrued when earned and included in accrued payroll and related liabilities.

Donated Services, Support and Facilities

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the year ended June 30, 2014 and 2013, did not meet the requirements above, therefore no amounts were recognized in the financial statements.

The Organization received in-kind donations totaling \$239,615 and \$220,265 for the years ended June 30, 2014 and 2013, respectively, which have been recorded as contributions revenue and expenses in the statement of activities.

The Organization occupies office facilities donated by Casey Family Programs. Donated facilities totaled \$51,116 and \$51,116 for the years ended June 30, 2014 and 2013, respectively, were recorded at fair value at the date of donation, and have been included in contributions revenue and expenses in the statement of activities.

Allocated Expenses

Expenses by function have been allocated among program and supporting service classifications on the basis of internal records and estimates made by the Organization's management.

Income Taxes

The Organization is a public charity and 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. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statement. The Organization is not a private foundation.

The Organization's Return of Organization Exempt from Income Tax for the years ended June 30, 2014, 2013, 2012 and 2011 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts and money market funds which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Comparative Totals for June 30, 2013

The financial statements include certain prior year summarized comparative information in total but not by net asset class. This summarized information is for comparative purposes only, and accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized comparative information was derived.

Cash and Cash Equivalents

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

Subsequent Events

The Organization has evaluated subsequent events through November 20, 2014, which is the date the financial statement is available for issuance, and concluded that there were no events or transactions that needed to be disclosed.

Note 2 - Contributions Receivable:

Contributions receivable consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Receivable due in less than one year	\$ 70,700	\$ 127,250
Receivable due in one to five years	80,000	80,000
Less: Discounts to present value	<u>(1,606)</u>	<u>(1,477)</u>
Contributions Receivable, Net	<u>\$ 149,094</u>	<u>\$ 205,773</u>

The contributions receivable have been discounted to their present value using a discount rate of .88% and .66% at June 30, 2014 and 2013, respectively.

Note 3 - Furniture and Equipment:

Furniture and equipment consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Office equipment and computers	\$ 26,774	\$ 26,774
Furniture and fixtures	<u>1,554</u>	<u>1,554</u>
Subtotal	28,328	28,328
Less: Accumulated depreciation	<u>(27,455)</u>	<u>(23,826)</u>
Furniture and Equipment, Net	<u><u>\$ 873</u></u>	<u><u>\$ 4,502</u></u>

Note 4 - Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Coaching	\$ 139,987	\$ -
Time Restriction	78,394	78,523
College Bound	25,086	27,436
Vocation	7,719	-
Computer/Tech	271	-
Career Horizons	-	5,545
Contra Costa	-	4,741
Total Temporarily Restricted Net Assets	<u><u>\$ 251,457</u></u>	<u><u>\$ 116,245</u></u>

Net assets totaling \$170,348 were released from donor restrictions due to the satisfaction of purpose or time restrictions during the year ended June 30, 2014.

Note 5 - Commitments:

The Organization has a lease for office space that expires December 31, 2015. The landlord has provided the space rent-free subject to the terms and conditions of the lease agreement. (Note 1)

The Organization leases office space under a lease agreement that expires March 31, 2016 with two, one-year options to renew. Rent expense totaled \$14,950 and \$5,861 for the years ended June 30, 2014 and 2013, respectively, and is included with office expenses on the statement of functional expenses. The related future minimum lease payments are as follows:

Years Ended June 30	
2015	\$ 18,075
2016	<u>13,859</u>
Total	<u><u>\$ 31,934</u></u>

Invest in a Life, Transform a Community

A week before her move-in day at Cal State San Marcos, Erika was without a place to stay. It reminded her of what she missed most while in foster care, "a support system, anyone who would care and listen" and, as she says, "just treat me like a living, breathing person."

Fortunately, the Ace Scholars program at CSUSM connected Erika to Just in Time's College Bound program where her volunteer shopper, Pamela, helped her purchase all the essential resources she would need for school. But Erika was surprised when Pamela and her husband, David, also opened their home to her until she could move into her dorm. "I've never felt so welcomed, like I belonged there!"

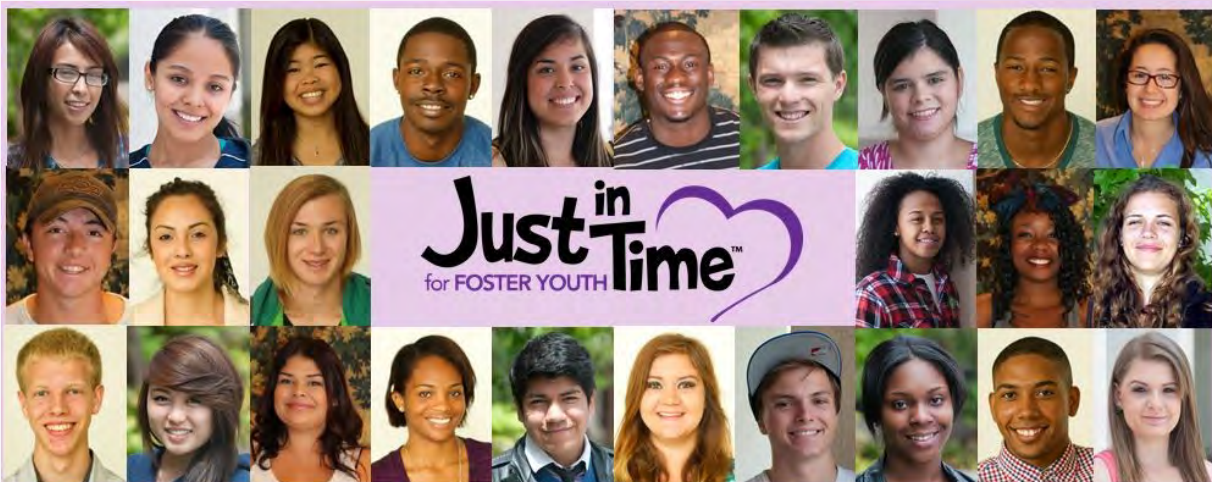


When the time came, David did what most fathers do -helping Erika with a school budget and moving her into her dorm room. And, once she was settled in, the three of them enjoyed the Parent/Student dinner hosted by the university – a memory Erika will cherish forever.



Without family or community support, young adults like Erika are at risk of being homeless, unemployed, and under-educated. All too often they are placed on the path towards life-long dependence or prison. 50% of former foster youth become homeless within 18 months of emancipation.

While other programs might assist with support such as transitional housing or college scholarships, JIT fills the most essential gaps that still remain, ensuring that motivated youth reach their goal of self-sufficient and satisfied lives. In doing so, we also fill the most important gap of all: connections to caring adults who then become a lifelong support system and the consistent community for the youth we serve.




Over 700 smiling faces in 2014...

Don Wells, Executive Director • don@jitfosteryouth.org • (858) 663-2081



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

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

Project Name: Nutritious Meals for San Marcos Seniors Date Submitted: 12/22/14	Total # of people served: 11,395 Total # of San Marcos residents served: 200-700	Amount Requested: \$7,610
Non-Profit Organization Name and Address, Website Phoenix Foods USA 3032 Avenida Christina Carlsbad CA 92009 www.phoenixfoodsusa.org	Contact Person – Name, Title & Phone, email Aviva Paley Director of Programs 410-960-4588 aviva@phoenixfoodsusa.org	
Briefly describe your request for funds (to be expanded upon in narrative for regular grant): Phoenix Foods USA's (PFUSA) aims to bridge the gap between wasted food and hunger in San Diego by purchasing cosmetically imperfect food from grocery stores, wholesalers, and farmers, and transforming it into meals and products that not only feed, but also improve the health of vulnerable populations. We plan to launch our operation this spring in the San Marcos Senior Center Kitchen with a focus on nutritious meal services to serve the growing health needs among older adults. In our pilot year in this kitchen we will cut down on our region's rampant food waste while providing 10,100 meals for seniors in San Marcos and 34,000 meals for food bank clients throughout North County San Diego. Currently the San Marcos Senior Center Kitchen has limited capacity for large-scale meal production, so grant funds will be used for launch costs associated with expanding kitchen operations, including industrial kitchen equipment, labor, and food costs.		
Briefly describe the significance of your request to the San Marcos community: In our pilot year our primary focus will be on improving and expanding the meal services to serve growing health needs amongst older adults in San Marcos. PFUSA plans to provide a café style option at the Senior Center that offers a menu of items from which seniors can choose based on their health and dietary preferences. Our client-choice driven menu will focus on nutritious ingredients, seasonal produce, and ethnically diverse cuisines. This shift will mark a huge improvement from the current food options for seniors, which generally favor highly processed foods, and limited fresh fruits and vegetables. This kitchen will also represent an engaging volunteer opportunity for San Marcos residents who will assist in cooking meals for seniors and hungry families throughout San Diego. The meals prepared by volunteers and staff will also be distributed to hungry families in San Marcos through Feeding America's Mobile Pantry program.		
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: 3/15/2015 Date by which funds will be expended: 6/15/2015 Signature of President or Authorized Officer Chuck Samuelson, Executive Director Name, Title Date: 12/22/14  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:
(example – 72 bicycle helmets at \$7.80 each including tax = \$561.60)

<u>Food cost for first 3 weeks of Senior Meals Program</u>	\$2,325.00
<u> </u>	\$
<u>1 Everest ESRF2 2 door reach in freezer</u>	\$3,205.00
<u> </u>	\$
<u>Labor cost for 1 Senior Meals Cook at \$13/hr for 1 month to launch program</u>	\$2,080.00
<u> </u>	\$
<u> </u>	\$
<u> </u>	\$
<u> </u>	\$
<u> </u>	\$
<u> </u>	\$
<u> </u>	\$

Total budget for this PROJECT: \$7,610.00

Grant Request Amount: \$7,610.00
(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).**

\$ 71,000.00	(Name of source) <u>Private Donors</u>	** <u>C</u>
\$ 6,754.00	(Name of source) <u>County Employees CECO grant</u>	** <u>P</u>
\$ 50,000.00	(Name of source) <u>Cal Fresh Works grant</u>	** <u>P</u>
\$	(Name of source) <u> </u>	** <u> </u>

San Marcos Senior Center Kitchen

PROGRAM COSTS															
*PROGRAM RELATED SALARIES	\$ 2,713	\$ 3,712	\$ 2,715	\$ 3,712	\$ 3,713	\$ 3,712	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 56,775	
*LEOR				\$ 4,557	\$ 4,557	\$ 4,557	\$ 4,557	\$ 4,557	\$ 4,557	\$ 4,557	\$ 4,557	\$ 4,557	\$ 4,557	\$ 41,013	*LABOR
EMPLOYEE BENEFITS	\$ 291	\$ 881	\$ 881	\$ 1,985	\$ 1,985	\$ 1,985	\$ 2,474	\$ 2,474	\$ 2,474	\$ 2,474	\$ 2,474	\$ 2,474	\$ 2,474	\$ 23,469	
*MATERIALS/PACKAGING				\$ 125	\$ 250	\$ 500	\$ 500	\$ 1,000	\$ 1,000	\$ 1,500	\$ 1,500	\$ 2,000	\$ 2,000	\$ 8,375	MATERIALS/PACKAGING
FODD COST-FASD Meals				\$ 150	\$ 150	\$ 300	\$ 300	\$ 600	\$ 600	\$ 900	\$ 900	\$ 1,200	\$ 1,200	\$ 5,100	FODD COST-FASD Meals
FODD COST-Senior Meals				\$ 3,112	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,410	\$ 3,410	\$ 3,410	\$ 3,865	\$ 3,865	\$ 3,865	\$ 29,772	FODD COST-Senior Meals
TOTAL	\$ 4,604	\$ 4,603	\$ 4,604	\$ 13,641	\$ 13,755	\$ 14,154	\$ 16,681	\$ 17,791	\$ 17,791	\$ 18,581	\$ 18,746	\$ 19,545	\$ 19,545	\$ 164,504	TOTAL PROGRAM COSTS

[illegible]

TOTAL EXPENSES MINUS REVENUE	\$ (154,662) TOTAL EXPENSES MINUS REVENUE
------------------------------	---

SECURED GRANTS AND FUNDING	\$ 71,000 SECURED GRANTS AND FUNDING
----------------------------	--------------------------------------

GRANT MONIES/DONATIONS NEEDED \$ (83,662) GRANT MONIES/DONATIONS NEEDED

NOTES

Costs of FASD meals will be substantially offset by food donations and is currently listed as 15%.

*Meal production to start at 250/meals per week for Month 4, 500/week for Months 5 & 6, 1000/week for Months 7 & 8, 1500/week for Month 9

Based on reimbursement of \$1 per meal.

****Senior Meal Feeding Program at \$7.75/meal average for 50 per day Monday-Friday with anticipated growth.**

***Production of "Super Sauce", nutritionally enhanced Tomato Sauce. T&D. Dependent on donated ingredients.

Just Good Food Products will pay rent to Phoenix Foods USA for kitchen rental space and will return 10% of all revenue to PFUSA from product sales at farmer's markets. The monthly sales

reflect 10% of anticipated sales. This could increase substantially.

labor is for 2 full-time staff at \$15/hr beginning at the start of the second quarter.

Employee benefits are for health care and FICA/SSI

¹Includes packaging costs for rescued food meals to be donated at no charge to partner agencies TBD.

YEAR ONE GOALS

Year one goals: 34,000 Healthy vacuum packed/frozen meals to FASD for distribution. An additional 3,000 rescued product meals to FASD for distribution

\$,000 Healthy Senior Meals served, an increase of 15% which will reverse a trend of decreased meal served

1950 Gallons of Super Sauce produced and sold to FASO

GOALS BY QUARTER	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
FAST MEALS	R & D	4,000	10,000	20,000
DONATED MEALS		1,000	1,500	2,000
SENIOR MEALS		3,000	2,400	3,700
SUPER SAUCE			800	1,150

There is substantial additional revenue potential via production of juices, smoothies, Baked Goods, and the development of Bento Box Meals for takeout and home delivery.

Additional potential revenue sources are for minimally processed fruits and vegetables for institutional feeding programs at schools, cafeterias, wholesalers, and the like.

Not shown are program costs and revenues from the Culinary Training Program tentatively slated for 3rd quarter of year one.

To be reimbursed by City of San Marcos at some future point

PFUSA will generate all of its first year operating budget through revenue programs.

\$71,000 donation from private donors in December 2014

MEAL COST BREAKDOWN FOR FASD

FOOD COST	\$0.60
PACKAGING	\$0.10
LABOR	\$0.00
TRANSPORTATION	\$0.00
NET COST PER MEAL*	\$0.70

Food cost can be substantially reduced by use of donated meal components and/or purchase of reduced pri

Packaging costs will vary depending on pack type and can be reduced via buld purchasing of bags/trays

Labor is not included in line item cost. Some labor is done by paid staff and some by volunteers

Transportation for meals will be done by FASD pickup and/or volunteer delivery.

***Estimate**

*Meal production to start at 250/meals per week for October, 500/week for November through December, and April, and 2000/week from May to September. Based on reimbursement of \$1 per meal.

**Production of "Super Sauce", nutritionally enhanced Tomato Sauce. TBD. Dependent on sourcing ingredi

PROFESSIONAL SERVICES

	Month 1	
Legal	\$ 1,000.00	
Exceptional Solutions	\$ 4,980.00	
HR services	<u>\$ 1,000.00</u>	\$ 250.00 monthly
TOTAL	\$ 6,980.00	

Exceptional Solutions is a Consultancy Service for nonprofits and has been instrumental in managing the legal an

OFFICE COSTS BREAKDOWN

Computers	\$1,500.00	
Furniture*	\$750.00	
Software	\$1,250.00	Includes Nutritional Analysis Software
Supplies	\$250.00	\$ 100.00 monthly
Miscellaneous	<u>\$250.00</u>	
TOTAL	\$4,000.00	

*We have found a nonprofit agency that will donate all the office furniture for minimal exchange fees and v

*Meal production to start at 250/meals per week for October, 500/week for November through December, and April, and 2000/week from May to September. Based on reimbursement of \$1 per meal.

**Production of "Super Sauce", nutritionally enhanced Tomato Sauce. TBD. Dependent on sourcing ingredi

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Business Entity Detail

Data is updated to the California Business Search on Wednesday and Saturday mornings. Results reflect work processed through Tuesday, January 28, 2014. Please refer to [Processing Times](#) for the received dates of filings currently being processed. The data provided is not a complete or certified record of an entity.

Entity Name:	PHOENIX FOODS USA, INC
Entity Number:	C3639170
Date Filed:	01/21/2014
Status:	ACTIVE
Jurisdiction:	CALIFORNIA
Entity Address:	3032 AVENIDA CHRISTINA
Entity City, State, Zip:	CARLSBAD CA 92009
Agent for Service of Process:	L CHARLES SAMUELSON
Agent Address:	3032 AVENIDA CHRISTINA
Agent City, State, Zip:	CARLSBAD CA 92009

* Indicates the information is not contained in the California Secretary of State's database.

- If the status of the corporation is "Surrender," the agent for service of process is automatically revoked. Please refer to California Corporations Code [section 2114](#) for information relating to service upon corporations that have surrendered.
- For information on checking or reserving a name, refer to [Name Availability](#).
- For information on ordering certificates, copies of documents and/or status reports or to request a more extensive search, refer to [Information Requests](#).
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INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: JUL 22 2014

PHOENIX FOODS USA INC
3032 AVENIDA CHRISTINA
CARLSBAD, CA 92009

Employer Identification Number:
46-3278605
DLN:
17053122338014
Contact Person:
CUSTOMER SERVICE ID# 31954
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Public Charity Status:
170(b)(1)(A)(vi)
Form 990 Required:
Yes
Effective Date of Exemption:
January 2, 2014
Contribution Deductibility:
Yes
Addendum Applies:
No

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.

For important information about your responsibilities as a tax-exempt organization, go to www.irs.gov/charities. Enter "4221-PC" in the search bar to view Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, which describes your recordkeeping, reporting, and disclosure requirements.

Sincerely,



Director, Exempt Organizations

Letter 947



Board of Directors

Phoenix Foods USA is in the process of creating a strong and diverse Board of Directors, which will represent a broad mix of food industry professionals, non-profit experts, philanthropists and much more. We are actively seeking board members and are in conversations with several other candidates at this time. As we receive confirmation from board candidates we can send an updated list to all potential funders.

Chuck Samuelson

Founder and Executive Director of Phoenix Foods USA

Chuck has worked for over 40 years in the Food and Beverage Industry working his way up from dishwasher to Executive Chef, award winning Restaurateur, Caterer, and Hospitality Consultant. Prior to launching Phoenix Foods USA, Chuck served as the Senior Manager of Food Services at Stone Brewing Company. The idea for Phoenix Foods USA came to him several years ago while seeing how much produce was being thrown away at a local organic market. For five years he has volunteered at local hunger relief charities including Just Call Us Kitchen and Feeding America. Chuck Samuelson is member of the Assiniboine tribe and was raised on the reservation in northeast Montana.

Robert Egger

Founder and Executive Director of LA Kitchen

Robert pioneered the model for Phoenix Foods USA during his 24 year tenure as the President of the [DC Central Kitchen](#), the country's first "community kitchen", where food donated by hospitality businesses and farms is used to fuel a nationally recognized culinary arts job training program. Since opening in 1989, DC Central Kitchen (which is a \$10 million a year, self-sustaining, social enterprise) has produced over 26 million meals and helped 1,000 men and women gain full time employment. The Kitchen operates its own revenue generating business, [Fresh Start Catering](#), as well as the [Campus Kitchens Project](#), which coordinates similar recycling/meal programs in 33 colleges and high school based kitchens. In 2013 he launched a west coast venture, LA Kitchen, which will build on this excellent model of job training, financial sustainability, and diverting food waste.

Jeff Johnson

Executive Vice President McKellar McGowan Real Estate Development

Jeff earned a B.A. in Economics from the University of California at Berkeley in 1980 and in 1983 earned a J.D. from Hastings College of the Law. He clerked for the California Court of Appeal and worked at Gray Cary Ames & Frye from 1984 to 1988, primarily in real estate. He currently volunteers as a judge pro tem in the San Diego County Superior Court, as a board member and finance chair of La Jolla Community Church, and as a board member of Project Mercy, building homes for the working poor in Tijuana, Mexico. Mr. Johnson is a member of the California State Bar and is a licensed California real estate broker.

We are also looking to find individuals experienced in start-ups, finance, philanthropy, and health and nutrition.

Program Narrative for Phoenix Foods USA

Program Summary: Phoenix Foods USA's (PFUSA) mission is to reclaim healthy food that would otherwise go to waste, and use it to both strengthen the local food economy, and empower, nourish and engage the community. We aim to bridge the gap between wasted food and hunger in San Diego by rescuing and purchasing cosmetically imperfect food from grocery stores, wholesalers, and farmers, and transforming it into meals and products that not only feed, but also improve the health of vulnerable populations. This food processing will be the base for our culinary job-training program, which will help empower unemployed individuals to become productive and skilled members in their community. We will plan to launch our operation this spring in the San Marcos Senior Center Kitchen with a focus on nutrition and meal services to serve growing needs among older adults. At this site we will recover cosmetically imperfect food, prepare nutritious meals for senior meal programs and prepare meals and products to be distributed at food banks. In our pilot year we will cut down on our region's rampant food waste while providing 10,100 meals for seniors in San Marcos and 34,000 meals for food bank clients throughout North County San Diego.

Grant funds will be used for launch costs associated with starting kitchen operations, including industrial kitchen equipment, labor and food costs. Currently the San Marcos Senior Center Kitchen has limited capacity for large-scale meal production, with limited refrigeration. With the San Marcos Community Foundation funds we will purchase a larger refrigerator, and cover initial startup costs associated with labor and food. With this \$7610 grant we will be able to scale our operations and prepare more meals for hungry San Diegans and San Marcos seniors.

About Phoenix Foods USA: While we are a newly launched organization, our team's past endeavors, our partnerships and our experienced board members position PFUSA to address San Diego's most pressing challenges of diet related disease, food waste and hunger. PFUSA is building on the experience of our team to operate efficient and health conscious food services. Founder and Executive Director, Chuck Samuelson, has 45 years experience as chef and restaurateur, and most recently was the Senior Manager of Food Services for Stone Brewing Company. We are also fortunate to have Robert Egger, founder of DC Central Kitchen and LA Kitchen, two organizations that pioneered this model, mentoring PFUSA in its pilot year and serving on its Board of Directors. A SMCF Grant of \$7000 is an opportunity to invest in a truly innovative project that fulfills the needs of San Diego residents as well as expands the capacity of other social service agencies.

The Need:

Seniors: San Diego is home to a rapidly growing senior population on fixed incomes who often face difficult choices whether to pay for food or medicines. Among seniors in San Diego, 25% have diabetes, 22% are classified as obese, and 18% live with cardiovascular disease.¹ These conditions can often be prevented or reversed by improved diet and exercise. However, the majority of meals currently offered to seniors through government programs or food assistance do not meet clients' health, dietary, or cultural needs. Most contract meal programs are classified as "American Meals," which favor processed foods, and limited fresh fruits and vegetables. While attendance and participation in programs at senior centers such as San Marcos's are rising, senior meal programs have seen lower attendance over the years as a more health-conscious elderly generation looks for other options. Lack of savings, rising healthcare costs, and financial circumstances will force tomorrow's seniors to participate in federal meal programs at higher levels. At the same time, they will demand better quality food that is fresh, and nutritious.

Food Waste: California's farmland spans 25 million acres, and produces nearly half of the nation's fruits, vegetables, and nuts, but millions of tons of the state's edible produce never make it to the market. In fact 40% of all edible food goes to waste, costing more than \$165 billion each year.² Half of that waste is fresh fruit and vegetables that have cosmetic imperfections or lack commercial demand in the market. From fruits that are too ripe to sell, to vegetables with superficial blemishes, or eggs that are too big or too small to fit supermarket standards, there is a tremendous amount of food that is highly nutritious, but going to waste nonetheless. With a smarter food recovery network, we can divert the fresh produce from landfills to stomachs.

¹ Center for Disease Control

² Gunderson, Dana. Wasted Issue Paper. Natural Resource Defense Council, 2012.

Hunger: Hunger is a critical issue throughout the United States and locally in San Diego County, where 1 in 6 people are food insecure³. That means 460,000 individuals in San Diego County, including more than 160,000 children, are unsure where their next meal will come from. Our program will serve clients of the Feeding America San Diego food bank. Among these clients nearly half of all households lack health insurance of any kind (including Medicaid) and a quarter report having a family member in poor health.

Measurable Objectives: A grant of \$7000 from the San Marcos Community Foundation will allow us to purchase the necessary equipment and food to begin operations at the San Marcos Senior Center Kitchen. Once this space is outfitted with the appropriate equipment we will:

- Improve and expand the meal services to serve growing health needs amongst older adults, beginning with the San Marcos Senior Center. PFUSA plans to provide a café style option which offers a menu of items from which seniors can choose based on their health and dietary preferences. Our client-choice driven menu will generate revenue for our programs, while improving the health of the senior population. These healthy meals will focus on nutritious ingredients, seasonal produce, and ethnically diverse cuisines. San Marcos Senior Center currently provides meals to 50 seniors each day, but with improved menu and client choice we believe we can increase this number to 100-150 meals a day.
- Reduce food waste and support regional farmers by collecting and purchasing for reduced rates 8500lbs of fruits and vegetables annually that are unmarketable due to cosmetic issues or lack of commercial demand. This 'seconds' purchasing will allow farmers to make a profit on produce they would otherwise discard.
- Provide nutritious meals to food-insecure families in North County San Diego. Our primary partner in this work is Feeding America San Diego food bank (FASD), who will assist in rescuing food from grocery stores and wholesalers, and then distributing prepared foods to hungry families. Our kitchen adds an additional processing step to the traditional food bank model, whereby FASD transports fresh ingredients to our kitchen, where it is processed into 2000 frozen meals a week, and then distributed to their clients through the Mobile Pantry Program. This food processing is critical in reducing food waste and scaling capacity of hunger relief as currently FASD throws away 10% of food donations that are either close to expiration, frozen in sizable quantities, or have cosmetic imperfections. In our pilot year we will produce 34,000 nutritious meals for food bank clients.

Timeline: After the Request for Proposals process is completed for the Senior Center in late January, we hope to have access to the kitchen starting in March. After basic equipment and furnishings are purchased and installed we plan to begin production of lunches for the senior center in late March. By the summer we expect to be producing at least 500 meals a week for Feeding America San Diego. We will phase in our culinary job-training program in late 2015.

Methods: The heart of PFUSA is its production kitchen. Here we will recover cosmetically imperfect food from farmers and wholesalers, prepare meals and products to be distributed at food banks, and prepare nutritious meals for senior lunch programs. We will both pick up and receive deliveries from farmers and wholesalers of fresh produce. Two staff with the help of volunteers will prepare meals for the San Marcos senior program. We will host larger volunteer groups on the weekends to assist in the preparation of meals for FASD. Additionally, we will partner with Produce Good and The Society of St. Andrew, two gleaning organizations that work with a network of volunteers to glean produce from farmers and wholesalers.

Evaluation: We will work with San Marcos Senior Center staff to perform client evaluations to evaluate dietary preferences, health improvements and program feedback. These client interviews will be compiled quarterly and synthesized into a year-end report to be reviewed by our Board and then help us improve the client experience. For meals for food insecure families, FASD will track individuals served and perform client evaluations, as agreed upon in our Memorandum of Understanding (MOU) with FASD.

Sustainability: PFUSA is a unique non-profit in its commitment to social enterprise and financial sustainability. In our pilot year we will generate 50% of our total annual budget through the revenue from meals and products. This revenue is through a processing fee to be paid by FASD (see attached MOU), and government reimbursements to be paid by Aging and Independent Services for senior meals. Our revenue-generating activities allow us to direct donor funds solely towards program costs, create good jobs, and be decisive in directing our own resources when new needs and opportunities arise. We have currently secured \$71,000 in initial investments and we are actively seeking out other grant and donor opportunities.

³ San Diego Hunger Coalition

Form **990-EZ****Short Form****Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

OMB No. 1545-1150

2014**Open to Public Inspection**Department of the Treasury
Internal Revenue Service

▶ Do not enter social security numbers on this form as it may be made public.

▶ Information about Form 990-EZ and its instructions is at www.irs.gov/form990.

A For the 2014 calendar year, or tax year beginning , 2014, and ending , 20	
B Check if applicable:	
<input type="checkbox"/> Address change	C Name of organization PHOENIX FOODS USA, INC
<input type="checkbox"/> Name change	Number and street (or P.O. box, if mail is not delivered to street address) Room/suite 3032 AVENIDA CITRISTINA
<input type="checkbox"/> Initial return	City or town, state or province, country, and ZIP or foreign postal code CARLSBAD, CA 92009
<input type="checkbox"/> Final return/terminated	D Employer identification number 46-3278605
<input type="checkbox"/> Amended return	E Telephone number 619-851-4091
<input type="checkbox"/> Application pending	F Group Exemption Number ▶

G Accounting Method: ☒ Cash ☐ Accrual Other (specify) ▶

H Check ☐ If the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

I Website: ▶ www.phoenixfoodsusa.org

J Tax-exempt status (check only one) — ☒ 501(c)(3) ☐ 501(c) () ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527

K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other

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, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ ▶ \$

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I)

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

Revenue	1 Contributions, gifts, grants, and similar amounts received	1	71,000.00
	2 Program service revenue including government fees and contracts	2	
	3 Membership dues and assessments	3	
	4 Investment income	4	
	5a Gross amount from sale of assets other than inventory	5a	
	b Less: cost or other basis and sales expenses	5b	
	c Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)	5c	
	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		
c Less: direct expenses from gaming and fundraising events	6c		
d Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)	6d		
7a Gross sales of inventory, less returns and allowances	7a		
b Less: cost of goods sold	7b		
c Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c		
8 Other revenue (describe in Schedule O)	8		
9 Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8 ▶	9	71,000.00	
Expenses	10 Grants and similar amounts paid (list in Schedule O)	10	
	11 Benefits paid to or for members	11	
	12 Salaries, other compensation, and employee benefits	12	
	13 Professional fees and other payments to independent contractors	13	6,420.00
	14 Occupancy, rent, utilities, and maintenance	14	5,475.00
	15 Printing, publications, postage, and shipping	15	250.00
	16 Other expenses (describe in Schedule O)	16	
	17 Total expenses. Add lines 10 through 16 ▶	17	12,345.00
Net Assets	18 Excess or (deficit) for the year (Subtract line 17 from line 9)	18	58,655.00
	19 Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	0.00
	20 Other changes in net assets or fund balances (explain in Schedule O)	20	0.00
	21 Net assets or fund balances at end of year. Combine lines 18 through 20 ▶	21	58,655.00

For Paperwork Reduction Act Notice, see the separate instructions.

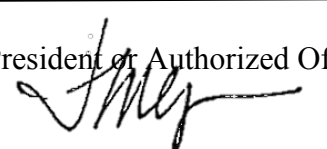
Cat. No. 106421

Form **990-EZ** (2014)



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

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

Project Name: Solutions Case Management Date Submitted: 1/05/15	Total # of people served: 484 Total # of San Marcos residents served: 24	Amount Requested: \$10,000
Non-Profit Organization Name and Address, Website Solutions for Change, Inc. 722 W. California Avenue Vista, CA 92083 www.solutionsforchange.org		Contact Person – Name, Title & Phone, email Tammy Megison Executive Vice-President (760) 941-6545 ext. 304 tammy@solutionsforchange.org
<u>Briefly describe your request for funds (to be expanded upon in narrative for regular grant):</u> Solutions for Change is seeking a grant to support our <i>Solutions Case Management program</i> , the program at the heart of our families' 1,000-day journey out of homelessness. The grant will fund the supportive services provided by our highly skilled corps of coaches who provide constant mentoring and follow a highly individualized plan crafted to address each individual's specific issues and needs. That plan includes classes addressing substance abuse patterns, mental health issues, histories of violence and trauma and all other barriers to self-reliance.		
<u>Briefly describe the significance of your request to the San Marcos community:</u> We believe the critical issue of our time in this region is family homelessness. Locally, the San Diego Regional Task Force on the Homeless reports there are more than 2,000 homeless children and their parents in San Diego County. The community you serve in San Marcos is sadly not immune to this plight. A good number of the families we serve come from within the San Marcos city limits. 2/3 of those are children, accompanying their parents from shelter to shelter, or living out of their cars, rarely knowing where their next meal will come from. These families represent critical members of our North County community - flung into homelessness by drug addiction, domestic violence, illness, or a perfect storm of events. Addressing these critical issues for the most vulnerable families in San Marcos is essential for our community. Please join us in investing in their futures and creating a community we can all be proud of.		
Please attach the following items. <u>Both Mini-Grant & Regular:</u> 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 <u>5. Regular Grants Only:</u> 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: 7/01/15 Date by which funds will be expended: 6/30/16 Signature of President or Authorized Officer  <u>Tammy Megison, Executive Vice-President 1/5/15</u> <div style="display: flex; justify-content: space-between;">Name, TitleDate</div> 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**

Wages and salaries	\$336,070
<i>(1) Director of Programs @ 20% FTE</i>	
<i>(1) Associate Director @ 50% FTE</i>	
<i>(1) Director of Social Enterprises @ 50% FTE</i>	
<i>(7) Case Managers @ 100% FTE</i>	
Personnel benefits @ 30%	\$100,821
Materials and supplies	\$7,500
Program expenses and evaluation	
Rent and utilities	
Insurance	
Mileage	
Incentives and Special Events	
Indirect costs @ 15%	\$66,659

Total Budget for this PROJECT: **\$511,049**

Grant Request Amount: **\$10,000**

Is this a challenge grant? **NO** Could it be? **N/A**

Please list any other funding sources for this project.

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

\$90,000	Genentech Foundation	**	C
\$66,000	Forte for Kids	**	C
\$50,000	Isbrandt Family Trust	**	C
\$44,000	Alliance Healthcare Foundation	**	C
\$42,000	San Diego Shelter + Care	**	C
\$35,000	Diane and Bruce Halle Foundation	**	C
\$28,500	Welk Family Foundation	**	C
\$25,000	Bob Baker Toyota	**	C
\$21,000	Tri-City Healthcare Foundation	**	C
\$10,000	Stein Family Foundation	**	C
\$100,000	Donations and Contributions (2014-2015)	**	P



Solutions for Change

Solutions for Change Organizational Budget (2015)

Income	
Fundraising	\$1,150,000
Foundations	\$545,000
Public Funds	\$366,552
Donations	\$210,481
Developer Fee	\$122,139
Property Management	\$116,121
Rent	\$360,645
Laundry & Vending	\$7,000
Damages & Cleaning Fees	\$2,625
NSF & Late Charges	\$1,750
Vacancy	-\$18,032
Social Enterprise	\$187,000
Total Income	\$3,051,281
Expenses	
Salaries	\$1,672,289
Benefits	\$87,631
Payroll Taxes	\$141,964
Workers Comp	\$95,489
Meetings, Training & Travel	\$45,000
Farm Expense	\$86,551
Advertising	\$52,000
Fundraising Expense	\$375,000
Professional Fees	\$66,617
Property and Liability Insurance	\$93,000
Rent	\$104,388
Repairs/Maintenance	\$121,000
Telephone/Communications	\$65,000
Utilities	\$165,000
Supplies	\$85,440
Dues/Subscriptions	\$6,000
Furniture/Equipment	\$0
IT	\$48,000
Payroll Expense	\$4,000
Interest	\$134,090
Taxes, license, permits & fees	\$65,000
Total Expenses	\$3,513,459
Net Operating Income	-\$462,178
Sale 1130 Melrose net	\$118,000
Pledges Receivable	\$893,400
Other Costs	
Replacement Reserves	-\$40,033
Principal Payments	-\$258,889
Farm Capital Improvements	-\$250,000
Net Cash Flow	\$0

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

DEPARTMENT OF THE TREASURY

Date: **APR 13 2004**

NORTH COUNTY SOLUTIONS FOR CHANGE
INC
890 E VISTA WAY
VISTA, CA 92084

Employer Identification Number:
33-0902617
DLN:
17053087749074
Contact Person:
THOMAS C KOESTER ID# 31116
Contact Telephone Number:
(877) 829-5500
Public Charity Status:
170(b)(1)(A)(vi)

Dear Applicant:

Our letter dated June 2000, 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 during an advance ruling period.

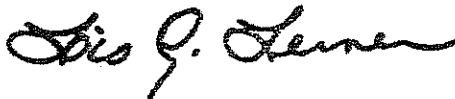
Based on our records and on the information you submitted, we are pleased to confirm that you are exempt under section 501(c)(3) of the Code, and you are classified as a public charity under the Code section listed in the heading of this letter.

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

Letter 1050 (DO/CG)



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

In reply refer to
755:G :JCA

July 18, 2000

NORTH COUNTY SOLUTIONS FOR CHANGE INC
245 BLOCKTON RD
VISTA CA 92083-7671

Purpose : CHARITABLE
Code Section : 2370ld
Form of Organization : Corporation
Accounting Period Ending: December 31
Organization Number : 2048058

You are exempt from state franchise or income tax under the section of the Revenue and Taxation Code indicated above.

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).

You may be required to file Form 199 (Exempt Organization Annual Information Return) on or before the 15th day of the 5th month (4 1/2 months) after the close of your accounting period. Please see annual instructions with forms for requirements.

You are not required to file state franchise or income tax returns unless you have income subject to the unrelated business income tax

July 18, 2000
NORTH COUNTY SOLUTIONS FOR CHANGE, INC.
ENTITY ID : 2048058
Page 2

under Section 23731 of the Code. In this event, you are required to file Form 109 (Exempt Organization Business Income Tax Return) by the 15th day of the 5th month (4 1/2 months) after the close of your annual accounting period.

Please note that an exemption from federal income or other taxes and other state taxes requires separate applications.

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

J AMAYA
EXEMPT ORGANIZATION SECTION
PROCESSING SERVICES BUREAU
TELEPHONE (916) 845-6644

EO :
CC :LAWRENCE J KAPLAN



A North San Diego County Community

Initiative to Solve Family Homelessness

1,000 Days to a Permanent Solution ★ One Family ★ One Community at a Time

COMMUNITY LEADERSHIP TEAM

CHAIRMAN

MARK KING, CEO & PRESIDENT
TaylorMade Golf Company

SAM ABED, MAYOR
City of Escondido

TONY BARON, DIRECTOR
Azusa Pacific University

BOBBI DEPORTER, PRESIDENT
Quantum Learning Network

JIM DESMOND, MAYOR
City of San Marcos

GLORIA FOOTE, PARTNER
Financial Focus

MATT HALL, MAYOR
City of Carlsbad

REV. TED HAMILTON, SENIOR PASTOR
New Life Presbyterian Church

DARRELL ISSA, CONGRESSMAN
49th Congressional District

TERESA MOSELEY, VICE PRESIDENT
Wells Fargo Bank

REV. MICHAEL RATAJCZAK, PASTOR
St. Thomas More Catholic Church

JUDY RITTER, MAYOR
City of Vista

SANDRA SHUDA, VP of HR
Watkins Manufacturing Corp.

JIM WOOD, MAYOR
City of Oceanside

2015 Board of Directors

DUNCAN WALLACE

Chairman

Owner, Kand Medical

GENE FORD

Board Treasurer

Retired, Bank Executive

JERRY WATSON

Board Secretary

Retired, Communication Specialist

WALTER KUCHINSKY

Industrial Mechanic, Watkins Manufacturing Corporation

SANDRA SHUDA

Vice President of People Strategy & Services,
Watkins Manufacturing Corporation

CHRIS SMITH

Director, St. Thomas More Catholic Church



Solutions for Change

Solutions for Change
Regular Grant Request to the San Marcos
Community Foundation



Solutions for Change is a local nonprofit with 15 years of experience solving family homelessness in San Diego County. Since its founding in 1999, Solutions has built an innovative model for solving family homelessness that differs dramatically from the multitude of strategies employed in the region - the traditional approaches of temporary shelters and the occasional meal that often perpetuate dependence on support with limited focus on breaking the causal cycle of homelessness.

At Solutions for Change, we look at things differently. Our focus is assisting the whole individual and solving the whole problem. We know homelessness is not just about nutrition; not just about mental health; and, not just about having a roof over one's head. It is about supportive housing, along with a wealth of supportive services that will lead our families out of homelessness permanently.

Solutions for Change does this through a 1,000-day partnership with our homeless men and women. The model, known as the Solutions University, blends affordable housing, educational opportunities, employment training and health-related solutions all within one cohesive strategic partnership that aims to solve family homelessness permanently.

On any given day, more than 130 families and 300 children are participating in our programs (~500 individuals). *They come to us from a variety of North County communities – with a considerable number hailing from within the San Marcos city limits.* Some represent a second or third generation of homelessness, held captive by lack of education and opportunity. Others are war veterans (increasingly women) who return wounded in many ways and who are struggling to exist in a world very different from the one they've just exited. And still others are people whose seemingly-solid middle or lower-middle class existence was suddenly torn from them by an unforeseen “perfect storm” of circumstances that may include death or disability of a spouse, divorce or separation, major illness or injury, spousal abuse, unemployment, birth of a special needs child, loss of support from extended family, inability to find comparably-priced housing after termination of a lease, and many other vicissitudes.

These circumstances are often coupled with other complex, underlying issues. Last year's survey showed 39% of our residents suffered from some kind of substance abuse; 36% fled domestic violence; 25% experience mental illness; 16% have a physical disability; and, 1% have a learning disability. These individuals are looking for a way out of the cycle of poverty.

These complex issues are met head-on through our *Solutions Case Management program*. These are the supportive services provided by our highly skilled corps of coaches who provide constant mentoring throughout the program, guiding each individual to their most productive, independent life. They follow a highly individualized plan crafted to address each individual's specific issues and needs. That plan includes classes addressing substance abuse patterns, mental health issues, histories of violence and trauma and all other barriers to self-reliance. Children are provided case management as well and enrolled in a variety of programs that help them with coping skills, self-esteem building, anger management and overall social skills – all culminating in a comprehensive suite of services that sets our children up for the long-term success they so deserve.

These programs are carried out at our core facility, a 32,000 square foot complex on two acres in Vista, where we have 33 apartments, classrooms, a counseling center, and our administrative facilities. We have 133 Solutions-owned-and-operated affordable housing located throughout North San Diego County, with 77 new units on the horizon for 2015.

Case management is provided under the direction of Executive Vice-President, Tammy Megison, who directs all programs at the agency. For 23 years, Tammy Megison has served in executive level management positions responsible for all facets of non-profit administration and operations. She oversees Solutions' professional corps of case managers, who cumulatively have decades of experience and Master's level training within the field. They bring to Solutions expertise with family therapy, women's issues, and the unique needs of military families, as well as vast experience with the substance abuse and mental health challenges within our complex population.

For our families, these supports help to unravel the deep physical, psychological and emotional damage that often result from the circumstances under which they've lived. The one-on-one guidance makes sure that any issues that arise are immediately addressed and worked on, while ensuring that families feel supported throughout their very difficult journey out of homelessness.

Following the completion of the program, families are armed with the skills, knowledge and resources they require to establish themselves as self-sufficient, stable members of the community. The program is highly successful, with 76% of the families entering our Intake and Access Center able to progress to our on-campus transitional housing (up from 65% several years ago). From there, 93% cumulatively for the last three years have graduated. These families exit with stable housing, \$2,000 in savings, and the knowledge needed for long-term resilience.

If you agree that our goals and yours are aligned, we would welcome the opportunity to partner, once more, with the San Marcos Community Foundation to benefit the homeless families of San Marcos. Solutions for Change is grateful to the San Marcos Community Foundation for its past support and its consideration of this request. We welcome any inquiries and look forward to a successful, ongoing partnership benefitting families in need and all of San Marcos.

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

- ▶ Do not enter Social Security numbers on this form as it may be made public.
▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

A For the 2013 calendar year, or tax year beginning , 2013, and ending ,	
B Check if applicable: <input type="checkbox"/> Address change <input checked="" type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C SOLUTIONS FOR CHANGE, INC. 722 W CALIFORNIA AVENUE VISTA, CA 92083 F Name and address of principal officer: CHRIS MEGISON SAME AS C ABOVE 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
D Employer Identification Number 33-0902617 E Telephone number (760) 941-6545 G Gross receipts \$ 3,982,748.	
H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'No,' attach a list. (see instructions) H(c) Group exemption number ▶	
J Website: WWW.SOLUTIONSFORCHANGE.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: 1999 M State of legal domicile: CA	

Part I Summary				
Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <u>THE VISION IS TO SOLVE FAMILY HOMELESSNESS, ONE FAMILY, ONE COMMUNITY AT A TIME.</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	7	
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	7	
Revenue	5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	62	
	6 Total number of volunteers (estimate if necessary)	6	250	
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.	
	7b Net unrelated business taxable income from Form 990-T, line 34	7b	0.	
Expenses			Prior Year	Current Year
	8 Contributions and grants (Part VIII, line 1h)		1,972,284.	1,923,961.
	9 Program service revenue (Part VIII, line 2g)		893,829.	1,812,649.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)			
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		-59,352.	-59,484.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)		2,806,761.	3,677,126.
	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)			
	14 Benefits paid to or for members (Part IX, column (A), line 4)			
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)		1,334,755.	1,765,802.
	16a Professional fundraising fees (Part IX, column (A), line 11e)			
Net Assets or Fund Balances	b Total fundraising expenses (Part IX, column (D), line 25) ▶	383,412.		
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)		1,816,938.	2,237,527.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)		3,151,693.	4,003,329.
	19 Revenue less expenses. Subtract line 18 from line 12		-344,932.	-326,203.
			Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)		9,406,079.	10,183,304.
	21 Total liabilities (Part X, line 26)		8,464,290.	9,625,275.
22 Net assets or fund balances. Subtract line 21 from line 20			941,789.	558,029.

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		Date 9/17/14		
	CHRIS MEGISON Type or print name and title.		PRESIDENT & CEO		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input checked="" type="checkbox"/> if self-employed	PTIN
	JULIE A. FIRL	JULIE A. FIRL	9/10/14		P00085551
	Firm's name ▶ LEAF & COLE, LLP				
	Firm's address ▶ 2810 CAMINO DEL RIO SOUTH, SUITE 200 SAN DIEGO, CA 92108-3820	Firm's EIN ▶ 95-2076568 Phone no. 619.294.7200			

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 or note to any line in this Part III ☒ **X****1** Briefly describe the organization's mission:THE VISION IS TO SOLVE FAMILY HOMELESSNESS, ONE FAMILY, ONE COMMUNITY AT A TIME.**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 \$ 3,353,821. including grants of \$) (Revenue \$ 1,803,478.)SEE SCHEDULE O**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 **3,353,821.**



Solutions for Change

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012



Leaf & Cole, LLP
Certified Public Accountants

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Leaf & Cole, LLP
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Independent Auditor's Report

To the Board of Directors
Solutions for Change, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Solutions for Change, Inc., which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Solutions for Change, Inc. as of December 31, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 27 to 32 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is also not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures 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 consolidated 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 May 15, 2014, on our consideration of Solutions for Change, Inc.'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 Solutions for Change, Inc.'s internal control over financial reporting and compliance.

Leaf & Cole LLP

San Diego, California
May 15, 2014

ASSETS

	<u>2013</u>	<u>2012</u>
<u>Current Assets:</u> (Notes 1, 2, 3 and 4)		
Cash and cash equivalents	\$ 98,511	\$ 192,936
Grants and other receivables	75,434	83,246
Related party receivables, current portion	420,343	-
Pledges receivable, current portion	378,450	176,577
Prepaid expenses and deposits	45,009	26,553
Inventory	6,500	9,483
Tenant trust funds	32,428	24,611
Tenant security deposits	25,167	27,774
Total Current Assets	<u>1,081,842</u>	<u>541,180</u>
<u>Property and Equipment, Net</u> (Notes 1, 6 and 9)	<u>13,769,134</u>	<u>13,639,842</u>
<u>Other Assets:</u> (Notes 1, 3, 4, 5 and 12)		
Related party receivables, net, noncurrent	503,269	-
Pledges receivable, net, noncurrent	258,529	500,941
Operating reserve	89,200	89,200
Replacement reserves	149,967	182,002
Deposits	9,000	25,000
Total Other Assets	<u>1,009,965</u>	<u>797,143</u>
TOTAL ASSETS	<u>\$ 15,860,941</u>	<u>\$ 14,978,165</u>

LIABILITIES AND NET ASSETS

	<u>2013</u>	<u>2012</u>
<u>Current Liabilities:</u> (Notes 1, 7 and 9)		
Accounts payable	\$ 125,116	\$ 93,527
Accrued expenses	131,011	111,758
Tenant trust funds	36,644	33,433
Tenant security deposits	25,167	27,774
Interest payable	17,733	8,587
Lines-of-credit payable	-	190,000
Current portion of long-term liabilities	<u>1,025,585</u>	<u>22,589</u>
Total Current Liabilities	<u>1,361,256</u>	<u>487,668</u>
<u>Long-Term Liabilities:</u> (Notes 8 and 9)		
Share of deficiency in partnerships	39	-
Notes payable, net of current portion	12,448,759	12,292,268
Interest payable	<u>1,495,309</u>	<u>1,256,472</u>
Total Long-Term Liabilities	<u>13,944,107</u>	<u>13,548,740</u>
 Total Liabilities	 <u>15,305,363</u>	 <u>14,036,408</u>
<u>Commitments and Contingencies</u> (Notes 11 and 12)		
<u>Minority Interest in Subsidiary</u>	<u>(2,451)</u>	<u>(32)</u>
<u>Net Assets:</u> (Notes 1 and 10)		
Unrestricted	(163,517)	245,078
Temporarily restricted	<u>721,546</u>	<u>696,711</u>
Total Net Assets	<u>558,029</u>	<u>941,789</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>15,860,941</u>	 \$ <u>14,978,165</u>

The accompanying notes are an integral part of the consolidated financial statements.

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<u>Support and Revenue:</u>						
Contributions	\$ 1,640,180	\$ 201,413	\$ 1,841,593	\$ 1,949,680	\$ 166,753	\$ 2,116,433
Grants	748,395	-	748,395	456,085	-	456,085
Rental income	428,259	-	428,259	304,813	-	304,813
In-kind donations	294,845	-	294,845	208,241	-	208,241
Developer fees	689,861	-	689,861	150,000	-	150,000
Social enterprise	33,661	-	33,661	33,782	-	33,782
Interest and miscellaneous	15,742	-	15,742	33,396	-	33,396
Net assets released from restriction	176,578	(176,578)	-	394,596	(394,596)	-
Total Support and Revenue	<u>4,027,521</u>	<u>24,835</u>	<u>4,052,356</u>	<u>3,530,593</u>	<u>(227,843)</u>	<u>3,302,750</u>
<u>Operating Expenses:</u>						
Program services	3,088,448	-	3,088,448	2,458,288	-	2,458,288
Fundraising	383,412	-	383,412	364,326	-	364,326
Management and general	266,096	-	266,096	214,675	-	214,675
Total Operating Expenses	<u>3,737,956</u>	<u>-</u>	<u>3,737,956</u>	<u>3,037,289</u>	<u>-</u>	<u>3,037,289</u>
Change in Net Assets Before Nonoperating Revenue and (Expenses)	289,565	24,835	314,400	493,304	(227,843)	265,461
<u>Nonoperating Revenue and (Expenses):</u>						
Minority interest in deficit of revenue and support over expenses of subsidiary	2,419	-	2,419	2,404	-	2,404
Partnership loss	(39)	-	(39)	-	-	-
Depreciation	(461,703)	-	(461,703)	(379,350)	-	(379,350)
Interest - residual receipts debt	(238,837)	-	(238,837)	(182,934)	-	(182,934)
Total Nonoperating Revenue and (Expenses)	<u>(698,160)</u>	<u>-</u>	<u>(698,160)</u>	<u>(559,880)</u>	<u>-</u>	<u>(559,880)</u>
Change in Net Assets	(408,595)	24,835	(383,760)	(66,576)	(227,843)	(294,419)
Net Assets at Beginning of Year	<u>245,078</u>	<u>696,711</u>	<u>941,789</u>	<u>311,654</u>	<u>924,554</u>	<u>1,236,208</u>
NET ASSETS AT END OF YEAR	<u>\$ (163,517)</u>	<u>\$ 721,546</u>	<u>\$ 558,029</u>	<u>\$ 245,078</u>	<u>\$ 696,711</u>	<u>\$ 941,789</u>

The accompanying notes are an integral part of the consolidated financial statements.

	Program Services			Supporting Services		
	Solutions For Change Programs	Solutions Family Center	Total Program Services	Management and General	Fundraising	Total
Operating Expenses:						
Salaries and wages	\$ 1,498,691	\$ 23,004	\$ 1,521,695	\$ 58,651	\$ 78,976	\$ 1,659,322
In-kind expense	294,845	-	294,845	-	-	294,845
Fundraising expenses	-	-	-	-	284,967	284,967
Insurance	154,980	26,121	181,101	17,220	12,504	210,825
Repairs and maintenance	137,348	27,867	165,215	15,261	-	180,476
Utilities and refuse removal	84,177	56,257	140,434	9,353	-	149,787
Professional fees	92,527	-	92,527	45,796	-	138,323
Interest	128,547	8,587	137,134	-	-	137,134
Payroll taxes	118,724	3,000	121,724	4,304	6,456	132,484
Meetings and seminars	49,946	-	49,946	74,918	-	124,864
Rent	104,050	-	104,050	-	-	104,050
Advertising	61,108	-	61,108	144	-	61,252
Telephone	41,269	11,287	52,556	4,585	-	57,141
Office expense	43,365	100	43,465	7,079	-	50,544
Supplies	37,378	800	38,178	-	-	38,178
Automobile and truck	28,968	-	28,968	-	-	28,968
Other expense	19,726	-	19,726	-	-	19,726
Cost of goods sold	17,676	-	17,676	-	-	17,676
Bank and merchant fees	-	-	-	17,105	-	17,105
Property fees	-	-	-	10,796	-	10,796
Dues and subscriptions	8,150	-	8,150	-	-	8,150
Postage and printing	5,501	-	5,501	-	-	5,501
Payroll processing	2,374	-	2,374	509	509	3,392
Miscellaneous	2,075	-	2,075	375	-	2,450
Total Operating Expenses	<u>2,931,425</u>	<u>157,023</u>	<u>3,088,448</u>	<u>266,096</u>	<u>383,412</u>	<u>3,737,956</u>
Nonoperating Expenses:						
Depreciation	296,400	165,303	461,703	-	-	461,703
Interest - residual receipts debt	125,996	112,841	238,837	-	-	238,837
Total Nonoperating Expenses	<u>422,396</u>	<u>278,144</u>	<u>700,540</u>	<u>-</u>	<u>-</u>	<u>700,540</u>
TOTAL EXPENSES	<u>\$ 3,353,821</u>	<u>\$ 435,167</u>	<u>\$ 3,788,988</u>	<u>\$ 266,096</u>	<u>\$ 383,412</u>	<u>\$ 4,438,496</u>

The accompanying notes are an integral part of the consolidated financial statements.

	Program Services			Supporting Services		
	Solutions For Change Programs	Solutions Family Center	Total Program Services	Management and General	Fundraising	Total
<u>Operating Expenses:</u>						
Salaries and wages	\$ 1,100,061	\$ 23,004	\$ 1,123,065	\$ 58,651	\$ 78,976	\$ 1,260,692
Fundraising expenses	-	-	-	-	265,957	265,957
In-kind expense	208,241	-	208,241	-	-	208,241
Rent	177,620	-	177,620	-	-	177,620
Insurance	101,278	26,220	127,498	11,253	12,504	151,255
Repairs and maintenance	78,600	31,281	109,881	8,442	-	118,323
Utilities and refuse removal	49,350	56,133	105,483	5,483	-	110,966
Payroll taxes	92,308	3,000	95,308	4,304	6,456	106,068
Meetings and seminars	39,873	-	39,873	59,810	-	99,683
Professional fees	59,238	-	59,238	30,436	-	89,674
Advertising	84,944	-	84,944	157	-	85,101
Bad debt expense	70,250	-	70,250	-	-	70,250
Supplies	64,418	800	65,218	175	-	65,393
Office expense	48,560	549	49,109	5,396	-	54,505
Telephone	36,195	9,469	45,664	4,022	-	49,686
Interest	39,431	8,587	48,018	-	-	48,018
Automobile and truck	38,112	-	38,112	-	-	38,112
Bank and merchant fees	-	-	-	14,705	-	14,705
Property fees	-	-	-	10,716	-	10,716
Dues and subscriptions	5,131	-	5,131	-	-	5,131
Postage and printing	3,616	-	3,616	-	-	3,616
Payroll processing	2,019	-	2,019	433	433	2,885
Miscellaneous	-	-	-	693	-	693
Total Operating Expenses	<u>2,299,245</u>	<u>159,043</u>	<u>2,458,288</u>	<u>214,675</u>	<u>364,326</u>	<u>3,037,289</u>
<u>Nonoperating Expenses:</u>						
Depreciation	220,656	158,694	379,350	-	-	379,350
Interest - residual receipts debt	70,093	112,841	182,934	-	-	182,934
Total Nonoperating Expenses	<u>290,749</u>	<u>271,535</u>	<u>562,284</u>	<u>-</u>	<u>-</u>	<u>562,284</u>
TOTAL EXPENSES	<u>\$ 2,589,994</u>	<u>\$ 430,578</u>	<u>\$ 3,020,572</u>	<u>\$ 214,675</u>	<u>\$ 364,326</u>	<u>\$ 3,599,573</u>

The accompanying notes are an integral part of the consolidated financial statements.

	<u>2013</u>	<u>2012</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ (383,760)	\$ (294,419)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	461,703	379,350
Partnership loss	39	-
Interest - residual receipts debt	238,837	182,934
Minority interest deficit of revenue and support over expenses of subsidiary	(2,419)	(2,404)
(Increase) Decrease in:		
Grants and other receivables	7,812	(19,550)
Pledges receivable, net	40,539	247,036
Prepaid expenses and deposits	(18,456)	21,280
Inventory	2,983	(9,483)
Tenant trust funds	(7,817)	9,429
Tenant security deposits	2,607	1,050
Increase (Decrease) in:		
Accounts payable	31,589	17,101
Accrued expenses	19,253	49,759
Tenant trust funds	3,211	(12,435)
Interest payable	9,146	-
Tenant security deposits	(2,607)	(3,860)
Net Cash (Used in) Provided by Operating Activities	<u>402,660</u>	<u>565,788</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of property and equipment	(590,995)	(2,982,265)
Related party receivables advance	(923,612)	-
Withdrawals from (deposits to) replacement reserves, net	32,035	(47,025)
Refund of deposits	16,000	52,000
Net Cash Used in Investing Activities	<u>(1,466,572)</u>	<u>(2,977,290)</u>

(Continued)

The accompanying notes are an integral part of the consolidated financial statements.

	<u>2013</u>	<u>2012</u>
<u>Cash Flows From Financing Activities:</u>		
Proceeds from lines-of-credit payable	-	190,000
Proceeds from notes payable	1,068,184	2,081,650
Payments on notes payable	(98,697)	(78,929)
Net Cash Provided by Financing Activities	<u>969,487</u>	<u>2,192,721</u>
Net Decrease in Cash and Cash Equivalents	(94,425)	(218,781)
Cash and Cash Equivalents at Beginning of Year	<u>192,936</u>	<u>411,717</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 98,511</u>	<u>\$ 192,936</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid for interest, net of capitalized interest (Note 1)	<u>\$ 127,988</u>	<u>\$ 56,605</u>
Cash paid for Franchise tax	<u>\$ 800</u>	<u>\$ 800</u>
<u>Supplemental Disclosure of Non-Cash Financing Activities:</u>		
Lines of credit payable converted to notes payable	<u>\$ 190,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of the consolidated financial statements.

Note 1 - Organization and Significant Accounting Policies:

Organization

The consolidated financial statements of the Organization include the accounts of the following entities:

Solutions for Change, Inc.

Solutions for Change, Inc. (“Solutions for Change”), formerly North County Solutions for Change, was incorporated in the State of California on November 15, 1999. The mission of the Organization is to end family homelessness in North San Diego County. The Organization is supported primarily through donor contributions and grants.

Solutions Family Center, L.P.

Solutions Family Center, L.P. (the “Partnership”) was formed as a limited partnership under the laws of the State of California on December 18, 2000. The Partnership was established for the purpose and intent of constructing and operating a rental housing project. The rental housing project was placed into service in November 2004 and is located in Vista, California. The project consists of 33 units. The Organization is the General Partner and owns 99% of the Partnership.

Limited Liability Companies

Solutions Vista Terrace, LLC

Solutions Vista Terrace, LLC has a 0.005% interest in SFC Vista Terrace, L.P., which has been recorded on the equity method. Its sole member is Solutions for Change.

Solutions Parkview, LLC

Solutions Parkview, LLC has a 0.02% interest in Parkview San Marcos II, L.P., which has been recorded on the equity method. Its sole member is Solutions for Change.

Solutions for Change - Our Mission and our Model

In 2013, the Organization completed a plan outlining the Organization’s vision, priorities and implementation strategies for the next several years. The results of this work, conducted over several months and approved by the Board of Directors, produced the *Solutions for Change Vision, Priorities and Plan to Solve Family Homelessness*. This document will guide the Organization moving forward in its efforts to achieve its mission. Of particular note, the Organization made two larger organizational changes, which were reviewed and approved by the IRS. First, it changed its name from North County Solutions for Change, Inc. to Solutions for Change, Inc. and second, the Organization formally revised its mission statement from “to end family homelessness in North San Diego County” to “The mission of Solutions for Change is to solve family homelessness – one family, one community at a time”. These changes will allow Solutions for Change to better carry out its purpose.

Note 1 - Organization and Significant Accounting Policies: (Continued)

Consolidated Financial Statements

The consolidated financial statements include the accounts of Solutions for Change, Inc., Solutions Family Center, L.P. and the Limited Liability Companies, Solutions Vista Terrace, LLC and Solutions Parkview, LLC. All material intercompany transactions have been eliminated in consolidation.

Significant Accounting Policies

Method of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The consolidated financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

- Unrestricted net assets – Net assets not subject to donor imposed stipulations
- Temporarily restricted net assets – Net assets subject to donor imposed stipulations that will be met by actions of the Organization and/or the passage of time. When a donor stipulated time restriction ends or a 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.
- Permanently restricted net assets – Net assets subject to donor imposed stipulations requiring that they be maintained permanently by the Organization. The income from these assets is available for either general operations or specific programs as specified by the donor.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The Organization had no financial instruments as of December 31, 2013 and 2012.

Allowance for Doubtful Accounts

Management believes that all receivables were fully collectible; therefore no allowance for doubtful accounts was recorded as of December 31, 2013 and 2012.

Contributions

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 restriction expires 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.

Inventory

Inventory consists of operating supplies related to the operations of the Solutions Farm. Inventory is valued at the lower cost (first-in, first-out) or market.

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of \$2,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment is depreciated using the straight-line method over the estimated useful asset lives as follows:

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Capitalization and Depreciation (Continued)

Land improvements	20 years
Buildings and improvements	5 - 40 years
Furniture and fixtures	7 - 10 years
Machinery and equipment	5 - 7 years
Vehicles	5 years

Depreciation totaled \$461,703 and \$379,350 for the years ended December 31, 2013 and 2012, respectively.

Maintenance, repairs and minor renewals are charged to operations as incurred. Upon sale or disposition of property and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings.

Interest totaling \$0- and \$36,620 has been capitalized and is included in buildings and improvements for the years ended December 31, 2013 and 2012, respectively.

Impairment of Real Estate

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flows expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2013 and 2012.

Compensated Absences

Accumulated unpaid vacation totaling \$51,781 and \$25,494 at December 31, 2013 and 2012, respectively, is accrued as earned and included in accrued expenses.

Note 1 - Organization and Significant Accounting Policies: (Continued)**Significant Accounting Policies (Continued)****Tenant Trust Funds**

Tenant trust funds represent amounts held on behalf of tenants. In accordance with the funding agreement, the Organization holds 10% of the tenant rent in trust for tenants as a “set aside” to be used for rental of permanent housing when the tenant successfully completes the program. The Organization also maintains savings accounts for program participants. The tenant trust funds consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Set aside funds	\$ 4,216	\$ 8,822
Client savings funds	32,428	24,611
	<u>\$ 36,644</u>	<u>\$ 33,433</u>

Tenant Security Deposits

Tenant security deposits are held by the project and these funds are restricted to the extent of the tenant security deposit liability of \$25,167 and \$27,774 at December 31, 2013 and 2012, respectively.

Revenue Recognition

Rental income is recognized for apartment rents as it accrues. Advance receipts of rental income are deferred or classified as liabilities until earned.

Grant revenue is recognized in the period in which the related work is performed in accordance with the terms of the grant. Grants receivable are recorded when revenue earned under a grant exceeds the cash received. Deferred revenue is recorded when cash received under a grant exceeds the revenue earned.

Unrestricted Net Assets

The Organization’s unrestricted net assets include depreciation on property and equipment and accrued interest on loans for which the interest may only be paid from residual receipts. The amounts included in the unrestricted net assets totaled \$461,703 and \$379,350 for depreciation and \$238,837 and \$182,934 for interest on residual receipts debt, for the years ended December 31, 2013 and 2012, respectively.

Donated Services and Materials

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the consolidated financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended December 31, 2013 and 2012, did not meet the requirements above, therefore no amounts were recognized in the consolidated financial statements.

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Donated Services and Materials (Continued)

The Organization received in-kind contributions totaling \$294,845 and \$208,241 for the years ended December 31, 2013 and 2012, respectively, which have been recorded as contributions revenue and operating expenses in the statement of activities.

Allocated Expenses

Expenses by function have been allocated among program and supporting services classification on the basis of internal records and estimates made by the Organization's management.

Income Taxes

Solutions for Change is a public charity and 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. Solutions for Change believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. Solutions for Change is not a private foundation.

The Partnership and the Limited Liability Companies have recorded no provision or benefit for income taxes since taxable income (loss) passes through to, and is reportable by, the partners individually.

Solutions for Change's Return of Organization Exempt from Income Tax and the Partnership's tax returns for the years ended December 31, 2013, 2012, 2011, and 2010 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Note 1 - Organization and Significant Accounting Policies: (Continued)**Significant Accounting Policies (Continued)****Subsequent Events**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 15, 2014, the date the consolidated financial statements were available to be issued, and concluded that there were no events or transactions that needed to be disclosed except as disclosed in Note 13.

Reclassification

The Organization has reclassified certain prior year information to conform with the current year presentation.

Note 2 - Grants and Other Receivables:

Grants and other receivables consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
State of California	\$ 44,328	\$ 23,674
County of San Diego	16,396	49,037
Other	8,278	5,368
City of Vista	6,432	1,000
HUD SHP	-	4,167
Total Grants and Other Receivables	<u>\$ 75,434</u>	<u>\$ 83,246</u>

Note 3 - Pledges Receivable:

Pledges receivable consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Due in less than one year	<u>\$ 378,450</u>	<u>\$ 176,577</u>
Due in one to five years	266,800	525,000
Less: Discounts to present value	<u>(8,271)</u>	<u>(24,059)</u>
Due in more than one year	<u>258,529</u>	<u>500,941</u>
Pledges Receivable, Net	<u>\$ 636,979</u>	<u>\$ 677,518</u>

Pledges receivable have been discounted to their net present value using a discount rate of 3.00% for the years ended December 31, 2013 and 2012.

Note 4 – Related Party Receivables:

Related party receivables consist of the following at December 31:

The note receivable, which originated on July 1, 2012 and was amended effective April 11, 2013, from SFC Vista Terrace, L.P., in the original amount of \$798,438 (\$433,415 and \$-0- advanced as of December 31, 2013 and 2012, respectively) bears interest at 3% per annum. Principal and interest are payable from net cash flow and no payments are expected to be received on the note for the next five years. Principal and accrued interest are due July 1, 2067. Secured by a deed of trust. Accrued interest totaled \$5,697 and \$-0- at December 31, 2013 and 2012, respectively.

	<u>2013</u>	<u>2012</u>
	\$ 439,112	\$ -
Developer fee receivable from SFC Vista Terrace, L.P. in the original amount of \$612,000. The developer fee is paid from Limited Partner capital installments with any unpaid amounts payable from available cash flow.	484,500	-
Total Related Party Receivables	923,612	-
Less: Current portion	(420,343)	-
Related Party Receivables, Noncurrent	<u>\$ 503,269</u>	<u>\$ -</u>

Note 5 - Restricted Reserves:

According to the Partnership, loan and other regulatory agreements, the Organization is required to maintain the following reserves:

Operating Reserve

The Partnership is required to fund an operating reserve up to the amount of \$89,200. There is no annual funding requirement for this reserve. The operating reserve balance totaled \$89,200 at December 31, 2013 and 2012.

Replacement Reserves

The Partnership is required to fund a replacement reserve in the initial amount of \$20,000 in accordance with the regulatory agreement with the City of Vista. In accordance with the operating budget approved by the Department of Housing and Community Development, the Partnership is required to fund a replacement reserve of \$16,386 annually beginning March 24, 2005. The reserve requirement was reduced by the Department of Housing and Community Development by \$20,000 to offset the reserve mandated by the City of Vista. All replacement reserve requirements were met as of December 31, 2013 and 2012. The replacement reserve balance totaled \$16,436 and \$136,680 at December 31, 2013 and 2012, respectively.

Note 5 - Restricted Reserves: (Continued)**Replacement Reserves (Continued)**

The Organization is required to maintain replacement reserve accounts for each property obtained through Neighborhood Stabilization Program and HOME Investment Partnership Program funding. These amounts vary by property and must be funded annually beginning two months subsequent to the completion of rehabilitation. All replacement reserve requirements were met as of December 31, 2013 and 2012. The replacement reserve balance totaled \$133,531 and \$45,322 as of December 31, 2013 and 2012, respectively.

Note 6 - Property and Equipment:

Property and equipment consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Land	\$ 2,736,678	\$ 2,700,809
Land improvements	356,395	356,395
Buildings and improvements	12,567,727	12,077,747
Furniture and fixtures	144,615	144,615
Machinery and equipment	203,576	138,430
Vehicles	98,947	98,947
Subtotal	16,107,938	15,516,943
Less: Accumulated depreciation	(2,338,804)	(1,877,101)
Property and Equipment, Net	<u>\$ 13,769,134</u>	<u>\$ 13,639,842</u>

Note 7 - Lines-of-Credit:

The Organization had a line-of-credit with Pacific Western Bank in the amount of \$100,000 with interest at 6%. The line-of-credit expired on July 7, 2013, and was converted to a note payable in 2013. The outstanding balance totaled \$-0- and \$100,000 at December 31, 2013 and 2012, respectively.

The Organization had a line-of-credit with Pacific Western Bank in the amount of \$90,000 with interest at 6%. The line-of-credit was converted to a note payable in 2013. The outstanding balance totaled \$-0- and \$90,000 at December 31, 2013 and 2012, respectively.

Note 8 - Investments in Partnerships:

Solutions for Change is the sole member of two limited liability companies The Limited Liability Companies own general partner interests in partnerships that they account for on the equity method, which are their entire assets and liabilities. The following are the balances in the Limited Liability Companies' partnership tax basis capital accounts of the partnerships as of December 31:

	<u>2013</u>	<u>2012</u>
SFC Vista Terrace, L.P. (.005%)	\$ 39	\$ -
Parkview San Marcos II, L.P. (.02%)	-	-
Total Share of Deficiency in Partnerships	<u>\$ 39</u>	<u>\$ -</u>

Note 8 - Investments in Partnerships: (Continued)

Solutions for Change provided development and management services to the partnerships for which it earned the following amounts for the years ended December 31:

	2013		
	Management Fees	Other Services	Developer Fees
SFC Vista Terrace, L.P.	\$ 7,252	\$ 99,741	\$ 612,000
Parkview San Marcos II, L.P.	-	-	27,861
	<u>\$ 7,252</u>	<u>\$ 99,741</u>	<u>\$ 639,861</u>

	2012		
	Management Fees	Other Services	Developer Fees
SFC Vista Terrace, L.P.	\$ -	\$ -	\$ -
Parkview San Marcos II, L.P.	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 9 - Notes Payable:

Notes payable consist of the following at December 31:

	2013	2012
<u>Solutions for Change, Inc.</u>		
North Island Financial Credit Union payable in monthly installments of \$638 including interest at 6.5%, due December 15, 2015, secured by vehicle.	\$ 12,413	\$ 19,748
Promissory note, which was originated on March 29, 2006, held by the Department of Housing and Community Development in the original amount of \$924,850. Of this amount, \$864,542 and \$47,584 were provided for the purchase of the East Vista Way property. The note bears interest at 3% per annum. Repayment of principal and accrued interest are deferred as long as the Organization operates the facility as an emergency shelter or transition housing in compliance the terms of the agreement. In the event that the compliance standards are met, the loan will be forgiven at the maturity date of March 29, 2016 for the first draw and August 25, 2016 for the second draw. Secured by a deed of trust. Accrued interest totaled \$213,732 and \$186,368 at December 31, 2013 and 2012, respectively.	912,126	912,126

(Continued)

Note 9 - Notes Payable: (Continued)

	<u>2013</u>	<u>2012</u>
<u>Solutions for Change, Inc. (Continued)</u>		
The loan payable, which originated September 24, 2009, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$357,762. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of September 24, 2024. Secured by a deed of trust.	\$ 351,356	\$ 351,356
The loan payable, which originated November 16, 2009, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$79,156. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of November 16, 2024. Secured by a deed of trust.	79,156	79,156
The loan payable, which originated September 3, 2009, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$301,084. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of September 3, 2024. Secured by a deed of trust.	301,084	301,084
The loan payable, which originated February 3, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$461,369. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of February 3, 2025. Secured by a deed of trust.	456,518	456,518
The loan payable, which originated February 26, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$132,704. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of February 26, 2025. Secured by a deed of trust.	129,342	129,342

(Continued)

Note 9 - Notes Payable: (Continued)

	<u>2013</u>	<u>2012</u>
<u>Solutions for Change, Inc. (Continued)</u>		
The loan payable, which originated January 7, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$286,010. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of January 7, 2025. Secured by a deed of trust.	\$ 278,900	\$ 278,900
The loan payable, which originated August 4, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$332,847. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of August 4, 2025. Secured by a deed of trust.	323,095	323,095
The loan payable, which originated July 22, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$392,272. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of July 22, 2025. Secured by a deed of trust.	375,310	375,310
The loan payable, which originated April 13, 2011, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$3,421,452 (\$3,408,032 advanced as of December 31, 2013). The loan bears interest at 3% per annum. Principal and accrued interest are payable from residual receipts (50%) from the Primrose property with the remaining residual receipts (50%) to be held in a segregated operating reserve account. The Primrose property was placed in service in 2012. Principal and accrued interest are due April 1, 2066. Secured by a deed of trust. Accrued interest totaled \$229,069 and \$130,437 at December 31, 2013 and 2012, respectively.	3,408,032	2,848,634

(Continued)

Note 9 - Notes Payable: (Continued)**Solutions for Change, Inc. (Continued)**20132012

The loan payable, which originated April 1, 2011, is held by the Clearinghouse Community Development Financial Institution in the original amount of \$1,100,000. Principal and accrued interest are payable in monthly installments of \$6,419 including interest at 5.75% beginning March 1, 2012. Principal and accrued interest are due May 1, 2021. Secured by a deed of trust. Accrued interest totaled \$6,420 and \$-0- at December 31, 2013 and 2012, respectively.

\$ 1,024,042 \$ 1,027,587

The loan payable, which originated October 19, 2012, is held by First-Citizens Bank & Trust in the original amount of \$496,000. Principal and accrued interest are payable in monthly installments of \$3,155 including interest at 4.5%, beginning November 24, 2012. Principal and accrued interest are due October 24, 2019. Secured by a deed of trust.

474,326 492,603

The loan payable, which originated on October 23, 2012, is held by Veritas Services LLC in the original amount of \$120,000. Payable in monthly interest only payments at 8.5%. Principal and accrued interest are due November 1, 2014. Secured by a deed of trust.

120,000 120,000

The loan payable, which originated January 16, 2013, is held by First-Citizens Bank & Trust in the original amount of \$192,000. Principal and accrued interest are payable in monthly installments of \$1,221 including interest at 4.5%. Principal and accrued interest are due January 16, 2020. Secured by a deed of trust. Accrued interest totaled \$723 and \$-0- at December 31, and 2012, respectively.

186,455 -

The loan payable, which was originated on October 28, 2013, converted from a line of credit dated July 7, 2011, held by Pacific Western Bank in the original amount of \$100,000, reduced to \$90,000 upon conversion. Principal and accrued interest are payable in monthly installments of \$2,741 including interest at the bank's variable rate (6.0% at December 31, 2013). Principal and accrued interest are due October 7, 2016. Secured by a commercial security agreement. Accrued interest totaled \$443 and \$-0- at December 31, and 2012, respectively.

85,511 -

(Continued)

Note 9 - Notes Payable: (Continued)20132012**Solutions for Change, Inc. (Continued)**

The loan payable, which was originated on February 28, 2013, converted from a line of credit dated November 29, 2011, held by Pacific Western Bank in the original amount of \$90,000, reduced to \$80,000 upon conversion. Principal and accrued interest are payable in monthly installments of \$2,880 including interest at 6.0%. Principal and accrued interest are due August 28, 2015. Unsecured. Accrued interest totaled \$310 and \$-0- at December 31, 2013 and 2012, respectively.

\$ 57,280 \$ -

The loan payable, which was originated on December 31, 2013, held by Mr. Barter in the original amount of \$300,000. Interest is accrued at 5.0% per annum. Principal and accrued interest are payable by February 15, 2014. Accrued interest totaled \$1,250 and \$-0- at December 31, and 2012, respectively.

<u>300,000</u>	<u>-</u>
<u>8,874,946</u>	<u>7,715,459</u>

Total Solutions for Change, Inc.

Solutions Family Center, L.P.

The mortgage note, which was originated on March 8, 2005, is held by the California Department of Housing and Community Development (MHP) in the original amount of \$2,044,512. The note bears interest at 3% per annum. Payments in the amount of forty-two hundredths of one percent (.42%) per annum on the unpaid principal balance of the loan are payable beginning December 31, 2005 and continuing annually thereafter up to the twenty-ninth anniversary of the interest payment date. Commencing on the thirtieth (30th) anniversary of the interest payment date and continuing annually thereafter, payments shall equal the lesser of (1) the full amount of interest accruing on the unpaid principal balance during the year, or (2) the amount determined by the lender as to be necessary to cover the costs of continued monitoring of the compliance requirements under the loan. In addition, the note may require additional payments from net cash flow under the terms of the regulatory agreement. The note is due March 2060. Secured by a deed of trust. Accrued interest totaled \$463,164 and \$410,415 at December 31, 2013 and 2012, respectively, and the required interest payments totaled \$8,587 and \$8,587 for the years ended December 31, 2013 and 2012, respectively.

2,044,512 2,044,512

(Continued)

Note 9 - Notes Payable: (Continued)

	<u>2013</u>	<u>2012</u>
<u>Solutions Family Center, L.P. (Continued)</u>		
The mortgage note, which was originated on July 30, 2003, is held by the San Diego County Department of Housing and Community Development in the original amount of \$957,000. The note bears interest at 3% per annum. Principal and accrued interest are payable from residual receipts, as defined in the agreement, calculated annually. Principal and accrued interest are due July 2058. Secured by a deed of trust. Accrued interest totaled \$289,722 and \$261,012 at December 31, 2013 and 2012, respectively.	\$ 957,000	\$ 957,000
The mortgage note, which was originated on July 28, 2003, is held by the City of Vista in the original amount of \$550,000. The note bears interest at 3% per annum. Principal and accrued interest are payable from residual receipts, as defined in the agreement, calculated annually. Principal and accrued interest are due July 2058. Secured by a deed of trust. Accrued interest totaled \$164,986 and \$148,486 at December 31, 2013 and 2012, respectively.	550,000	550,000
The mortgage note, which was originated on July 31, 2003, is held by the City of Escondido in the original amount of \$375,100. The note is non-interest bearing. Principal is due July 2058. Secured by a deed of trust.	375,100	375,100
The mortgage note, which was originated on July 24, 2003, is held by the Bank of America for the Affordable Housing Program (AHP) in the original amount of \$176,700. The note is non-interest bearing provided that all compliance requirements of the loan are met. Principal is due July 2021. Secured by a deed of trust.	176,700	176,700
The mortgage note, which was originated on April 9, 2004, is held by the California Department of Housing and Community Development in the amount of \$496,086. The note bears interest at 3% per annum. In the event that all terms and obligations of the note have been met, the loan will be forgiven at the maturity date of April 19, 2014. Secured by a deed of trust. Accrued interest totaled \$143,223 and \$128,341 at December 31, 2013 and 2012, respectively.	496,086	496,086
Total Solutions Family Center, L.P.	<u>4,599,398</u>	<u>4,599,398</u>
Total Notes Payable	13,474,344	12,314,857
Less: Current Portion	<u>(1,025,585)</u>	<u>(22,589)</u>
Notes Payable, Long-Term	<u>\$ 12,448,759</u>	<u>\$ 12,292,268</u>

Note 9 - Notes Payable: (Continued)

The future principal payments on the notes payable are as follows:

<u>Years Ended December 31</u>	<u>Solutions for Change, Inc.</u>	<u>Solutions Family Center, L.P.</u>	<u>Total</u>
2014	\$ 529,499	\$ 496,086	\$ 1,025,585
2015	104,785	-	104,785
2016	985,022	-	985,022
2017	48,630	-	48,630
2018	51,154	-	51,154
Thereafter	7,155,856	4,103,312	11,259,168
Total	<u>\$ 8,874,946</u>	<u>\$ 4,599,398</u>	<u>\$ 13,474,344</u>

Note 10 - Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2013</u>	<u>2012</u>
Pledges receivable - Operations	\$ 636,978	\$ 677,519
Building improvements for Vista Terrace	84,568	19,192
	<u>\$ 721,546</u>	<u>\$ 696,711</u>

Net assets in the amount of \$176,578 and \$394,596 were released from donor restrictions by incurring expenses and events satisfying the purpose or time restrictions specified by donors for the years ended December 31, 2013 and 2012, respectively.

Note 11 - Contingencies:

The Partnership entered into loan agreements with several agencies for the purpose of building and maintaining the tenant housing facilities. These agreements specify requirements for the building maintenance. The loans will be forgiven at the end of the loan term if all requirements have been met. In the event that the Partnership does not comply with the agreement, sells the property, or desists using the facility for its original intended purposes, these notes may be called.

Note 12 - Commitments:

Leases

Office Space

In 2004, the Organization began occupying approximately 7,200 square feet of donated office space at the Center's facility located at 702 West California Avenue, Vista, California. Estimated fair market value of the donated facilities in 2013 and 2012 was \$129,600. Due to the elimination of intercompany transactions during the consolidation process, the rent accrual and expense are not reflected in the consolidated financial statements.

Vehicle

The Organization leases a vehicle under a three year lease agreement beginning November 2011 and ending in January 2015, with a monthly payment of \$602. Rent expense totaled \$7,224 for the years ended December 31, 2013 and 2012.

Contracts

On June 1, 2012, the Organization entered into a five year employment contract with the President, which provides a base salary plus an annual bonus based on performance and not to exceed 20% of the current salary. After the five years, there is an option to renew annually.

On June 1, 2012, the Organization entered into a five year employment contract with the Vice President, which provides a base salary plus an annual bonus based on performance and not to exceed 15% of the current salary. After the five years, there is an option to renew annually.

Property Purchase Agreement

The Organization has entered into purchase agreements for various real property. In connection with these agreements it has made deposits totaling \$9,000 and \$25,000 at December 31, 2013 and 2012, respectively.

The following is a schedule of future minimum payments related to the commitments:

<u>Years Ended December 31</u>	<u>Leases</u>	<u>Contracts</u>	<u>Total</u>
2014	\$ 7,224	\$ 225,000	\$ 232,224
2015	602	225,000	225,602
2016	-	225,000	225,000
2017	-	112,500	112,500
Total	<u>\$ 7,826</u>	<u>\$ 787,500</u>	<u>\$ 795,326</u>

Note 13 - Subsequent Events:

On February 7, 2014, the Organization formed, and is the sole member of, Solutions Weitzel, LLC, a California limited liability company. The new entity is an income tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23071(d) of the California Revenue and Taxation Code. Its purpose is to serve as the managing partner of one or more limited partnerships that own, operate and manage various multifamily affordable housing projects located in California. As of the date the consolidated financial statements were available to be issued, no operating activities have occurred within this new entity.

On February 14, 2014, the Organization formed, and is the sole member of, Solutions Escondido Boulevard, LLC, a California limited liability company. The new entity is an income tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23071(d) of the California Revenue and Taxation Code. Its purpose is to serve as the managing partner of one or more limited partnerships that own, operate and manage various multifamily affordable housing projects located in California. As of the date the consolidated financial statements were available to be issued, no operating activities have occurred within this new entity.

ASSETS

	Solutions For Change, Inc.	Solutions Family Center, L.P.	Eliminations	Consolidated
<u>Current Assets:</u>				
Cash and cash equivalents	\$ 96,982	\$ 1,529	\$ -	\$ 98,511
Grants and other receivables	75,434	-	-	75,434
Related party receivables, current portion	420,343	-	-	420,343
Pledges receivable, current portion	378,450	-	-	378,450
Prepaid expenses and deposits	43,905	1,104	-	45,009
Inventory	6,500	-	-	6,500
Tenant trust funds	32,428	-	-	32,428
Tenant security deposits	16,758	8,409	-	25,167
Total Current Assets	<u>1,070,800</u>	<u>11,042</u>	<u>-</u>	<u>1,081,842</u>
<u>Property and Equipment, Net</u>	<u>8,853,963</u>	<u>4,915,171</u>	<u>-</u>	<u>13,769,134</u>
<u>Other Assets:</u>				
Investment in subsidiary	(645,788)	-	645,788	-
Related party receivables, net, noncurrent	503,269	-	-	503,269
Pledges receivable, net, noncurrent	258,529	-	-	258,529
Operating reserve	-	89,200	-	89,200
Replacement reserves	133,531	16,436	-	149,967
Deposit	9,000	-	-	9,000
Total Other Assets	<u>258,541</u>	<u>105,636</u>	<u>645,788</u>	<u>1,009,965</u>
TOTAL ASSETS	<u>\$ 10,183,304</u>	<u>\$ 5,031,849</u>	<u>\$ 645,788</u>	<u>\$ 15,860,941</u>

LIABILITIES AND NET ASSETS

	Solutions For Change, Inc.	Solutions Family Center, L.P.	Eliminations	Consolidated
<u>Current Liabilities:</u>				
Accounts payable	\$ 117,121	\$ 7,995	\$ -	\$ 125,116
Accrued expenses	131,011	-	-	131,011
Tenant trust funds	33,453	3,191	-	36,644
Tenant security deposits	16,758	8,409	-	25,167
Interest payable	9,146	8,587	-	17,733
Current portion of long-term liabilities	529,499	496,086	-	1,025,585
Total Current Liabilities	<u>836,988</u>	<u>524,268</u>	<u>-</u>	<u>1,361,256</u>
<u>Long-Term Liabilities:</u>				
Share of deficiency in partnerships	39	-	-	39
Notes payable, net of current portion	8,345,447	4,103,312	-	12,448,759
Interest payable	442,801	1,052,508	-	1,495,309
Total Long-Term Liabilities	<u>8,788,287</u>	<u>5,155,820</u>	<u>-</u>	<u>13,944,107</u>
Total Liabilities	<u>9,625,275</u>	<u>5,680,088</u>	<u>-</u>	<u>15,305,363</u>
<u>Minority Interest in Subsidiary</u>	<u>-</u>	<u>-</u>	<u>(2,451)</u>	<u>(2,451)</u>
<u>Net Assets:</u>				
Unrestricted	(163,517)	(648,239)	648,239	(163,517)
Temporarily restricted	721,546	-	-	721,546
Total Net Assets	<u>558,029</u>	<u>(648,239)</u>	<u>648,239</u>	<u>558,029</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>10,183,304</u>	\$ <u>5,031,849</u>	\$ <u>645,788</u>	\$ <u>15,860,941</u>

ASSETS

	Solutions For Change, Inc.	Solutions Family Center, L.P.	Eliminations	Consolidated
<u>Current Assets:</u>				
Cash and cash equivalents	\$ 192,377	\$ 559	\$ -	\$ 192,936
Grants and other receivables	86,201	-	(2,955)	83,246
Pledges receivable, current portion	176,577	-	-	176,577
Prepaid expenses and deposits	25,575	978	-	26,553
Inventory	9,483	-	-	9,483
Tenant trust funds	24,611	-	-	24,611
Tenant security deposits	15,786	11,988	-	27,774
Total Current Assets	<u>530,610</u>	<u>13,525</u>	<u>(2,955)</u>	<u>541,180</u>
<u>Property and Equipment, Net</u>	<u>8,710,555</u>	<u>4,929,287</u>	<u>-</u>	<u>13,639,842</u>
<u>Other Assets:</u>				
Investment in subsidiary	(406,349)	-	406,349	-
Pledges receivable, net, noncurrent	500,941	-	-	500,941
Operating reserve	-	89,200	-	89,200
Replacement reserves	45,322	136,680	-	182,002
Deposit	25,000	-	-	25,000
Total Other Assets	<u>164,914</u>	<u>225,880</u>	<u>406,349</u>	<u>797,143</u>
TOTAL ASSETS	<u>\$ 9,406,079</u>	<u>\$ 5,168,692</u>	<u>\$ 403,394</u>	<u>\$ 14,978,165</u>

LIABILITIES AND NET ASSETS

	Solutions For Change, Inc.	Solutions Family Center, L.P.	Eliminations	Consolidated
<u>Current Liabilities:</u>				
Accounts payable	\$ 87,206	\$ 9,276	\$ (2,955)	\$ 93,527
Accrued expenses	111,758	-	-	111,758
Tenant trust funds	27,276	6,157	-	33,433
Tenant security deposits	15,786	11,988	-	27,774
Interest payable	-	8,587	-	8,587
Lines-of-credit payable	190,000	-	-	190,000
Current portion of long-term liabilities	22,589	-	-	22,589
Total Current Liabilities	<u>454,615</u>	<u>36,008</u>	<u>(2,955)</u>	<u>487,668</u>
<u>Long-Term Liabilities:</u>				
Notes payable, net of current portion	7,692,870	4,599,398	-	12,292,268
Interest payable	316,805	939,667	-	1,256,472
Total Long-Term Liabilities	<u>8,009,675</u>	<u>5,539,065</u>	<u>-</u>	<u>13,548,740</u>
Total Liabilities	<u>8,464,290</u>	<u>5,575,073</u>	<u>(2,955)</u>	<u>14,036,408</u>
<u>Minority Interest in Subsidiary</u>	<u>-</u>	<u>-</u>	<u>(32)</u>	<u>(32)</u>
<u>Net Assets:</u>				
Unrestricted	245,078	(406,381)	406,381	245,078
Temporarily restricted	696,711	-	-	696,711
Total Net Assets	<u>941,789</u>	<u>(406,381)</u>	<u>406,381</u>	<u>941,789</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>9,406,079</u>	\$ <u>5,168,692</u>	\$ <u>403,394</u>	\$ <u>14,978,165</u>

	Solutions For Change, Inc.	Solutions Family Center, L.P.	Eliminations	Consolidated
<u>Unrestricted Net Assets:</u>				
<u>Support and Revenue:</u>				
Contributions	\$ 1,640,180	\$ -	\$ -	\$ 1,640,180
Grants	748,395	-	-	748,395
Rental income	494,822	324,523	(391,086)	428,259
In-kind contributions	294,845	-	-	294,845
Developer fees	689,861	-	-	689,861
Social enterprise	33,661	-	-	33,661
Interest and miscellaneous	9,171	22,957	(16,386)	15,742
Net assets released from restriction	176,578	-	-	176,578
Total Support and Revenue	<u>4,087,513</u>	<u>347,480</u>	<u>(407,472)</u>	<u>4,027,521</u>
<u>Operating Expenses:</u>				
Program services	3,209,297	286,623	(407,472)	3,088,448
Fundraising	383,412	-	-	383,412
Management and general	241,525	24,571	-	266,096
Total Operating Expenses	<u>3,834,234</u>	<u>311,194</u>	<u>(407,472)</u>	<u>3,737,956</u>
Change in Unrestricted Net Assets Before Nonoperating Revenue and (Expenses)	<u>253,279</u>	<u>36,286</u>	<u>-</u>	<u>289,565</u>
<u>Nonoperating Revenue and (Expenses):</u>				
Excess (deficit) of support and revenue over expenses of subsidiary	(239,439)	-	241,858	2,419
Partnership loss	(39)	-	-	(39)
Depreciation	(296,400)	(165,303)	-	(461,703)
Interest - residual receipts debt	(125,996)	(112,841)	-	(238,837)
Total Nonoperating Revenue and (Expenses)	<u>(661,874)</u>	<u>(278,144)</u>	<u>241,858</u>	<u>(698,160)</u>
Change in Unrestricted Net Assets	<u>(408,595)</u>	<u>(241,858)</u>	<u>241,858</u>	<u>(408,595)</u>
<u>Temporarily Restricted Net Assets:</u>				
Contributions	201,413	-	-	201,413
Net assets released from restrictions	(176,578)	-	-	(176,578)
Change in Temporarily Restricted Net Assets	<u>24,835</u>	<u>-</u>	<u>-</u>	<u>24,835</u>
Net Assets at Beginning of Year	<u>941,789</u>	<u>(406,381)</u>	<u>406,381</u>	<u>941,789</u>
NET ASSETS AT END OF YEAR	<u>\$ 558,029</u>	<u>\$ (648,239)</u>	<u>\$ 648,239</u>	<u>\$ 558,029</u>

	Solutions For Change, Inc.	Solutions Family Center, L.P.	Eliminations	Consolidated
<u>Unrestricted Net Assets:</u>				
<u>Support and Revenue:</u>				
Contributions	\$ 1,949,680	\$ -	\$ -	\$ 1,949,680
Grants	456,085	-	-	456,085
Rental income	357,126	315,537	(367,850)	304,813
In-kind contributions	208,241	-	-	208,241
Developer fees	150,000	-	-	150,000
Social enterprise	33,782	-	-	33,782
Interest and miscellaneous	28,212	21,570	(16,386)	33,396
Net assets released from restriction	394,596	-	-	394,596
Total Support and Revenue	<u>3,577,722</u>	<u>337,107</u>	<u>(384,236)</u>	<u>3,530,593</u>
<u>Operating Expenses:</u>				
Program services	2,553,881	288,643	(384,236)	2,458,288
Fundraising	364,326	-	-	364,326
Management and general	197,373	17,302	-	214,675
Total Operating Expenses	<u>3,115,580</u>	<u>305,945</u>	<u>(384,236)</u>	<u>3,037,289</u>
Change in Unrestricted Net Assets Before Nonoperating Revenue and (Expenses)	<u>462,142</u>	<u>31,162</u>	<u>-</u>	<u>493,304</u>
<u>Nonoperating Revenue and (Expenses):</u>				
Excess (deficit) of support and revenue over expenses of subsidiary	(237,969)	-	240,373	2,404
Depreciation	(220,656)	(158,694)	-	(379,350)
Interest - residual receipts debt	(70,093)	(112,841)	-	(182,934)
Total Nonoperating Revenue and (Expenses)	<u>(528,718)</u>	<u>(271,535)</u>	<u>240,373</u>	<u>(559,880)</u>
Change in Unrestricted Net Assets	<u>(66,576)</u>	<u>(240,373)</u>	<u>240,373</u>	<u>(66,576)</u>
<u>Temporarily Restricted Net Assets:</u>				
Contributions	166,753	-	-	166,753
Net assets released from restrictions	<u>(394,596)</u>	<u>-</u>	<u>-</u>	<u>(394,596)</u>
Change in Temporarily Restricted Net Assets	<u>(227,843)</u>	<u>-</u>	<u>-</u>	<u>(227,843)</u>
Net Assets at Beginning of Year	<u>1,236,208</u>	<u>(166,008)</u>	<u>166,008</u>	<u>1,236,208</u>
NET ASSETS AT END OF YEAR	<u>\$ 941,789</u>	<u>\$ (406,381)</u>	<u>\$ 406,381</u>	<u>\$ 941,789</u>

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Community Development Block Grants/Entitlement Grants	14.218	\$ 445,509
Emergency Solutions Grants Program	14.231	6,825
Supportive Housing Program	14.235	22,494
Total Direct Programs		<u>474,828</u>
Pass-Through Programs:		
Community Development Block Grants/Entitlement Grants:	14.218	
City of Vista		23,654
County of San Diego Department of Housing and Community Development		<u>472,556</u>
Total Community Development Block Grants/Entitlement Grants		496,210
Emergency Solutions Grants Program:	14.231	
County of San Diego Department of Housing and Community Development		89,395
Shelter Plus Care :	14.238	
County of San Diego Department of Housing and Community Development		160,518
HOME Investment Partnerships Program:	14.239	
County of San Diego Department of Housing and Community Development		2,935,477
Neighborhood Stabilization Program (Recovery Act Funds):	14.256	
County of San Diego Department of Housing and Community Development		<u>2,294,761</u>
Total Pass-Through Programs		<u>5,976,361</u>
Total Expenditures of Federal Awards		<u>\$ 6,451,189</u>

Note - Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Solutions for Change, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.



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**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
Solutions for Change, Inc.

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 consolidated financial statements of Solutions for Change, Inc., which comprise the consolidated statement of financial position as of December 31, 2013, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated May 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Solutions for Change, Inc.'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Solutions for Change, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Solutions for Change, Inc.'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 entity's consolidated 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 Solutions for Change, Inc.'s consolidated 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 consolidated 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leaf & Cole LLP

San Diego, California
May 15, 2014



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**Independent Auditor's Report on Compliance
for Each Major Program and on Internal Control Over
Compliance Required by OMB Circular A-133**

To the Board of Directors
Solutions for Change, Inc.

Report on Compliance for Each Major Federal Program

We have audited Solutions for Change, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Solutions for Change, Inc.'s major federal programs for the year ended December 31, 2013. Solutions for Change, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Solutions for Change, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Solutions for Change, Inc.'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 on compliance for each major federal program. However, our audit does not provide a legal determination of Solutions for Change, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Solutions for Change, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of Solutions for Change, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Solutions for Change, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Solutions for Change, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Leaf & Cole LLP

San Diego, California
May 15, 2014

Section I - Summary of Auditor's Results:**Financial Statements**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ Yes ☒ NoSignificant deficiencies identified not considered
to be material weaknesses?☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No**Federal Awards**Type of auditor's report issued on compliance
for major programs:

Unmodified

Internal control over major programs:

Material weakness(es) identified?

☐ Yes ☒ None reportedSignificant deficiency identified not considered
to be material weakness(es)?☐ Yes ☒ NoAny audit findings disclosed that are required to be reported
in accordance with Circular A-133, Section .510(a)?☐ Yes ☒ No

Identification of major programs:

CDFA Number(s)

14.256

Neighborhood Stabilization Program

14.218

Community Development Block
Grant/Entitlement GrantsDollar threshold used to distinguish between
Type A and Type B programs:\$ 300,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No**Section II - Financial Statement Findings:**None**Section III - Federal Award Findings and Questioned Costs:**None

There were no prior audit findings for Solutions for Change, Inc. relative to federal awards.



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May 15, 2014

Tammy Megison
Solutions for Change, Inc
722 West California Avenue
Vista, California 92083

Dear Ms. Megison:

Enclosed is the single audit reporting package for Solutions for Change, Inc. for the year ended December 31, 2013. Following are the filing requirements for these reports.

1. Federal Audit Clearinghouse:

The single audit reporting package is required to be submitted electronically through the Federal Audit Clearinghouse Internet Data Entry System. We have entered the Form SF-SAC and uploaded the complete single audit package as required. The submission must still be certified by both the auditee and the auditor. Upon receipt of the e-mail from the Federal Audit Clearinghouse we will certify as the auditor.

You will receive an e-mail from the Federal Audit Clearinghouse with instructions as to how you enter your signature codes online to certify the submission. The federal Audit Clearinghouse will send e-mails to the auditee and auditor to confirm the receipt of the Form SF-SAC and single audit reporting package. Please print the e-mail and retain for your records.

Very truly yours,

LEAF & COLE, LLP

Julie A. Firl

Enclosures

Winter Quarter 2015- Funding Recommendation Worksheet (Wildlife Fund Grant Application)

Funds Available for Grantmaking: \$5,407.49

** Note that the Wildlife Fund is not endowed*

Applicant	Grant Type	Summary of Request	Requested	GFC Recommended Funding
NURTURED BY NATURE	Regular	To support their wildlife accessibility project, including the installation of boardwalks and the purchase of a people-moving off-road cart to transport visitors with mobility impairments to enclosures throughout the Nurtured by Nature facilities. Serves 300 San Marcos residents annually.	\$5,000	
			Total Grants Requested: \$5,000	



SAN MARCOS COMMUNITY FOUNDATION
Wildlife Grant Cover Page

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

Project Name: Wildlife Accessibility Project Date Submitted: 1/7/2015	Total # of people served: 2,000 annually Total # of San Marcos residents served: 300 annually	Amount Requested: \$5,000
Non-Profit Organization Name and Address, Website Nurtured by Nature 15630 Rim of the Valley Road Valley Center, CA 92082		Contact Person – Name, Title & Phone, email Wendy Yates Co-Founder/Treasurer wyates3401@sbcglobal.net 760-638-0880
<p><u>Briefly</u> describe your request for funds (to be expanded upon in narrative for regular grant):</p> <p>A grant will be used to support Nurtured by Nature's wildlife accessibility project, including the installation of boardwalks and the purchase of a people-moving off-road cart to transport visitors with mobility impairments to enclosures throughout the Nurtured by Nature facilities. These animal encounters provide physical interactions, education about nature and conservation for children with life threatening to terminal illness from San Marcos, throughout Southern California and beyond.</p>		
<p><u>Briefly</u> describe the significance of your request to the San Marcos community:</p> <p>Many families with seriously or terminally ill children live in the San Marcos community and have frequently visited the Nurtured by Nature facilities. Often, they are exposed to the Animal Education programs through the Make-A-Wish Foundation or Starlight Children's Foundation, but spread the word and return to experience the animals again and again. For San Marcos residents, Nurtured by Nature promotes physical interactions with nature, inspires a bond between humankind and animals and promotes preservation. It is a unique treasure that gives San Marcos families the opportunity to escape the rigors of hospitals, treatment and doctors for an afternoon, to learn about wildlife and conservation and most importantly, to have fun!</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. Signature of President or Authorized Officer on Application <p><u>6. Regular Grants Only:</u></p> <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. Optional: letters of support		<p>Expected date project will begin/end: 1/1/2015 to 6/1/2015</p> <p>Date by which funds will be expended: 6/1/2015</p> <p>Signature of President or Authorized Officer Name, Title Date Co-Founder, Sec, Treas. 1/7/15</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>

**SAN MARCOS COMMUNITY FOUNDATION
Budget Worksheet**

Itemized list of expenses for this project:

4 4x4 PT df #2 and btr.8' @ \$10.57	\$42.28
40 2x8 PT df #2 and btr. 10' @ \$17.57	\$702.80
8 2x8 PT df #2 and btr. 8' @ \$13.77	\$110.16
34 2x8 Joist Hangers @ \$1.11	\$37.74
13 Pier Blocks with straps @ \$5.29	\$68.77
20 60 lb. bags of ready mix @ \$2.85	\$57.00
1 EZ Go Express L6* \$10,000.00	\$10,000.00
120 Labor \$25 per hour	\$3,000.00
Tax @ 8%	\$881.50
Hardware and Contingency Allowance @ 15%	\$2,235.00
_____	\$ _____
_____	\$ _____

Total budget for this PROJECT: \$17,135.29

Prices taken from Home Depot Web Site

Could vary from Ecsondido Store

**<http://www.ezgo.com/personal/trail-leisure/expressl6.html>*

Grant Request Amount: \$5,000.00

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

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

Please list any other funding sources for this project.

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

\$500 (Office Depot Foundation) **Committed

\$5,000 (Leo Buscaglia Foundation) **Potential

\$1,000 (Contributions from Individuals) **Committed

\$2,000 (Nurtured by Nature) **Committed



2015 Nurtured by Nature Operating Budget

Income:	Including In-Kind	Excluding In-Kind
Fee for service (Otter Swim donations)*	\$35,000	\$35,000
Grant awards	\$15,000	\$15,000
Donations from individuals	\$9,000	\$9,000
Animal Keeper (in-kind)**	\$9,600	\$0
Animal Educators/Program Management (in-kind) ***	\$208,000	\$0
Facility upkeep and animal feeding (in-kind) ****	\$21,840	\$0
Total Income	\$298,440	\$59,000
Expenses:		
Care and feeding for 300 Otter Swims/ Animal Encounter Programs *	\$40,000	\$40,000
Animal Keeper (in-kind)**	\$9,600	\$0
Animal Educators/Program Management (in-kind) ***	\$208,000	\$0
Part-time Contract Grant Writer	\$6,000	\$6,000
Facility upkeep and animal feeding (in-kind)****	\$21,840	\$0
Miscellaneous Expenses	\$2,500	\$2,500
Refreshments for visitors	\$3,000	\$3,000
Advertising	\$3,600	\$3,600
Office expenses	\$1,500	\$1,500
Insurance	\$1,400	\$1,400
Volunteer recognition	\$1,000	\$1,000
Total Expenses	\$298,440	\$59,000

* 175-200 Otter swims are made possible through fee for service agreements; 100 additional swims each year are provided free of charge

** Animal Keeper position is a live/work agreement

*** Founders Kevin and Wendy provide approximately 6 hours per day, seven days a week directly to programs, valued at \$40/ hour

**** 14 volunteers per week that each work approx. 3 hours per visit

VALLEY CENTER, CA 92082-4646

Contact Telephone Number:

(877) 829-5500

Accounting Period Ending:

December 31

Public Charity Status:

170(b)(1)(A)(vi)

Form 990 Required:

Yes

Effective Date of Exemption:

January 22, 2008

Contribution Deductibility:

Yes

Addendum Applies:

No

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



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0540

Entity Status Letter

Date: 8/6/2014

ESL ID: 3229268127

According to our records, the following entity information is true and accurate as of the date of this letter.

Entity ID: 3088555

Entity Name: NURTURED BY NATURE

- ☒ 1. The entity is in good standing with the Franchise Tax Board.
- ☐ 2. The entity is **not** in good standing with the Franchise Tax Board.
- ☒ 3. The entity is currently exempt from tax under Revenue and Taxation Code (R&TC) Section 23701 d.
- ☐ 4. We do not have current information about the entity.

The above information does not necessarily reflect:

- The entity's status with any other agency of the State of California, or other government agency.
- If the entity's powers, rights, and privileges were suspended or forfeited at any time in the past, or the entity did business in California at a time when it was not qualified or not registered to do business in California:
 - The status or voidability of any contracts made in California by the entity at a time when the entity was suspended or forfeited (R&TC Sections 23304.1, 23304.5, 23305a, 23305.1).
 - For entities revived under R&TC Section 23305b, any time limitations on the revivor or limitation of the functions that can be performed by the entity.

Internet and Telephone Assistance

Website: ftb.ca.gov

Telephone: 800.852.5711 from within the United States
916.845.6500 from outside the United States

TTY/TDD: 800.822.6268 for persons with hearing or speech impairments



BOARD MEMBER AFFILIATIONS AND QUALIFICATIONS

Kevin Yates, President -Kevin has worked for the San Diego Zoological Society for the last 25 years, initially as an elephant keeper and now in the animal care center where he nurtures baby and sick animals. In addition, Kevin and his wife, Wendy, have a home business that Kevin started at least 25 years ago called Animal Educators, which originally provided educational shows with small exotic animals belonging to the business. Animal Educators has sold to and purchased animals from zoos and individual collections around the world. Kevin and Wendy have provided animals to shows like Jay Leno on the Tonight Show, Ellen Degeneres, The Bonnie Hunt Show, Conan OBrien, Chelsea Lately, Jimmy Kimmel and Jeff Corwin has presented our animals as ambassadors for the Animal Planet.

Wendy Yates, Secretary/Treasurer- Wendy has a Bachelor's Degree in Business Administration from Stetson University. She utilizes her knowledge and organizational skills developed from her 25 years of financial experience from various banking entities in Florida and Southern California.

Lisa Nelson, Vice President- Lisa is a board member and volunteer, has a B.S. in Animal Science and an M.S. in Embryology and Andrology, and currently works with embryology lab services in her professional life. At Nurtured by Nature, she assists with animal care, animal socialization, animal and kid wrangling at Starlight programs and TV programs. Her husband, Josh, has helped build cages and create specialized items for the animals' enclosures.

Dr. Jeffrey Lincer, Board Member & Advisor- Dr. Lincer is a board member and advisor, received his Bachelors and Masters degrees, in Wildlife Biology/Management, from Syracuse University and his Doctorate in Ecology and Toxicology from Cornell University. His background includes 40 years as a scientist, educator, scientific advisor and administrator in environmental research and management and is most well-known for his work with raptors and other T/E species. He has taught college environmental courses, produced over 100 scientific publications and papers, authored dozens of environmental reports, and served as advisor to high-level governmental offices and national/international conservation programs.

Mission Statement

Nurtured by Nature fosters hope and well-being to children with life threatening or terminal illness, promotes a healthy life outlook and healing for children who have suffered severe emotional trauma, and inspires a bond between humans and animals through physical interactions with nature. These long lasting bonds, developed through individual encounters will promote self-empowerment within the individual, as well as stimulate actions devoted to conservation and preservation of the natural world.

Purpose

Through memorable interactions with playful wild animals, Nurtured by Nature brings healing, education, and fun to children in need in the San Marcos area. The focus is on children and families those suffering terminal or life-threatening illnesses. The majority of Nurtured by Nature's young guests are part of low-income households. Virtually every family is coping with additional financial challenges as their loved ones undergo one medical treatment after another. Animal Encounters and Otter Swims are available to provided free of charge to families in need.

In the course of their experience with illness, permanent disability and trauma, many children express anguish, hopelessness, feelings of isolation, and even guilt. Nurtured by Nature programs take the principles of ecotherapy and animal-assisted therapy one step further by combining emotional healing with laughter and learning. Programs fully include family, extending therapeutic benefits to them and giving the whole family a rare chance to have fun together.

Core Nurtured by Nature programs include Animal Encounters and Otter Swims. Animal Encounters take participants up close and personal with some of the planet's most fascinating living creatures. The animal- friendly settings allow attendees an opportunity to meet, feed, and directly interact with kangaroos, sloths, porcupines, turtles, and more. Otter Swims bring families together with friendly Asian small-clawed otters. Families play and swim with otters while learning about behavior and habitat. Guests often credit Nurtured by Nature programs with reducing stress, bringing families closer together, and inspiring a lasting love for the natural world.

Project Title

Wildlife Accessibility Project - Disability Access Boardwalks

Project Description

A grant from the San Marcos Wildlife Fund will assist Nurtured by Nature to install a boardwalk to accommodate wheelchairs and mobility scooters. The otter pool itself is already wheelchair-accessible and many wheelchair-bound visitors have been thrilled to participate in water activities and to meet these curious little mammals. The accessibility project will ensure public access to the rest of the Nurtured by Nature facility by building a wide, even, sturdy boardwalk

throughout.

In addition to playful otters, Nurtured by Nature is home to twenty other wild animal species including kangaroos, sloths, turtles, and more. The Animal Encounters Program allows children in need and their families to get up close to the animals, a one-of-a-kind experience that brings joy, relieves stress, and creates beautiful memories during difficult times. As all of the animals are housed in spacious enclosures as similar to their natural habitats as possible, some of them at present are not accessible to guests with limited mobility. Program staff have therefore not been able to invite children too ill to walk long distances on their own. The boardwalk project is tremendously important because it would allow these children to fully experience all of Nurtured by Nature's incredible creatures.

A generous donation of \$5,000 from the San Marcos Wildlife Fund will be used to purchase building supplies such as wood, joist hangers, pier blocks, ready-mix concrete, to pay for a portion of the necessary labor needed to complete the accessibility project.

Accomplishments

Last year, Nurtured by Nature was able to:

- Provide over 175 otter/animal encounters, 72 of which were free of charge.
- Partner with Make-A-Wish Foundation to fulfill wishes for children and their families from throughout San Diego County including San Marcos; Virginia, Georgia, Texas, Michigan, and North Carolina
- Host 10 college interns from the San Diego Zoo's Institute for the day.
- Provide an internship opportunity for a Poway High School student to fulfill her senior project internship requirements by volunteering at our facility one day a week for the school year.
- Build new otter enclosures and began construction on sloth, paca, and Patagonian cavy interactive areas (with future plans for a kangaroo petting encounter as well).

With support from the San Marcos Wildlife Fund, we will expand our services and educational opportunities by 20% in the upcoming year, offering an even more memorable and meaningful experience to terminally and/or seriously ill children and their families in San Marcos area. We deeply appreciate your consideration of our request. Should you have any questions about our facility or this program, or would like to schedule a site visit at any time, please feel free to contact Wendy Yates at wyates3401@sbcglobal.net or 760-638-0880.



Exempt Organizations Select Check

[Exempt Organizations Select Check Home](#)

990-N (e-Postcard) filer information

Tax Period:

2013 (01/01/2013 - 12/31/2013)

Employer Identification Number (EIN):

41-2272934

Legal Name:

NURTURED BY NATURE

Mailing Address:

15630 Rim of the Valley
Valley Center, CA 92082
United States

Doing Business As:

Gross receipts not greater than:
\$50,000

Organization has terminated:

No

Principal Officer's Name and Address:

Wendy Yates
15630 Rim of the Valley
Valley Center, CA 92082
United States

Website URL:

nurturedbynature.org

Related 990-N (e-Postcard) Filings:

If the organization has filed additional Forms 990-N (e-Postcards), link(s) to additional e-Postcard filings are displayed below. Click on the link(s) to see the information included in those filing(s).

[Tax Year 2009](#)[Tax Year 2010](#)[Tax Year 2011](#)[Return to Search Results](#) [Return to Search Page](#)



Exempt Organizations Select Check

[Exempt Organizations Select Check Home](#)

990-N (e-Postcard) filer information

Tax Period:

2010 (01/01/2010 - 12/31/2010)

Employer Identification Number (EIN):

41-2272934

Legal Name:

NURTURED BY NATURE

Mailing Address:

15530 Rim of the Vly
Valley Center, CA 92062
United States

Doing Business As:

Gross receipts not greater than:
\$50,000

Organization has terminated:

No

Principal Officer's Name and Address:

Kevin Yates
1530 Rim of the Vly
Valley Center, CA 92052
United States

Website URL:

nurturedbynature.org

Related 990-N (e-Postcard) Filings:

If the organization has filed additional Forms 990-N (e-Postcards), link(s) to additional e-Postcard filings are displayed below. Click on the link(s) to see the information included in those filing(s).

[Tax Year 2009](#)[Tax Year 2011](#)[Tax Year 2013](#)[Return to Search Results](#) [Return to Search Page](#)



Exempt Organizations Select Check

[Exempt Organizations Select Check Home](#)

990-N (e-Postcard) filer information

Tax Period:

2011 (01/01/2011 - 12/31/2011)

Employer Identification Number (EIN):

41-2272934

Legal Name:

NURTURED BY NATURE

Mailing Address:

15630 Rim of the Valley
Valley Center, CA 92082
United States

Doing Business As:

Gross receipts not greater than:
\$50,000

Organization has terminated:

No

Principal Officer's Name and Address:

Kevin Yates
15630 Rim of the Valley
Valley Center, CA 92082
United States

Website URL:

nurturedbynature.org

Related 990-N (e-Postcard) Filings:

If the organization has filed additional Forms 990-N (e-Postcards), link(s) to additional e-Postcard filings are displayed below. Click on the link(s) to see the information included in those filing(s).

[Tax Year 2009](#)[Tax Year 2010](#)[Tax Year 2013](#)[Return to Search Results](#) [Return to Search Page](#)

**NURTURED BY NATURE
STATEMENT OF ACTIVITIES
FOR PERIOD JANUARY 1 THRU DECEMBER 31, 2014
(UNAUDITED)**

REVENUE:

Public Support

Contributed materials

10' chain link fencing

Estimated value

\$2,000.00

Donations

United Way

349.92

Sylvia Curley

40.00

Diane Clark

25.00

Janice Weems

200.00

Larry & Cindi Weaver

250.00

Total Donations

\$864.92

Paid Otter Swims

Lowe 400

Kibling 400

Herschman 200

Cassillo 400

Pearse 400

Spicer 400

Howell 200

Funk 400

Mott 600

Renner 400

Riley 400

Hinsley 400

Blackburn 400

Pearson 400

VanDyk 400

Rosso 400

Sullivan 400

daRosa 400

Syrek 400

Springle 400

Jones 200

Utnehermer 400

Grant 400

Hughes 600

Ho (GAD) 400

Brissey 400

Reina 400

Elmore (GAD) 200

Ho 200

Yost 600

McGunigle 400

Reid 400

McPharlin 600

Ortiz 400

Roberts 800

Rooney 400

Angelini 400

Matthews 400

King 400

Cali 400

Sarahsr 900

Hanoski 600

Molnar 400

Liu 400

Moen 400

Tucker 400

Boyle 400

Tambornini 400

Ross	600	
Weaver	600	
Euringer	600	
Gunn	400	
Simus	400	
Cunningham	400	
Lythgoe	400	
Davis	400	
Perez	400	
O'Dell	1000	
Yoder	400	
Woodward	600	
Oxford	400	
Shelton	600	
Owens	400	
Wyles	400	
Byrne	400	
Card	400	
Kirkpatrick	400	
Guy	400	
Miller	600	
Galovic	400	
Cramer	1000	
Riley	600	
Ribnik	400	
Rutherford	200	
Soboranis	400	
Phan	400	
Margulis	400	
Cole	400	
Burns	400	
McLaughlin	400	
Zirpoli	800	
Koehler	400	
Cancel	400	
Levin	400	
Altman	400	
Petrielli	600	
Mostella	400	
Allison	400	
Cutcher	400	
Young	200	
Yarvo	400	
Way	400	
Palmer	400	
Carp	1000	
Evans	400	
Logan	400	
Morris	400	
Devries	400	
Barna	600	
Cleesattle	600	
Dorn	600	
Otter Swim sub-total		\$45,100.00
Fundraisers		
San Diego Foundation giveBig Fundraiser	2,372.04	
Escrip	42.52	
Otter Naming Contest	3,423.00	
Ralphs	108.96	
Total Fundraisers		\$ 5,946.52
Grants		
Geico	2,500.00	
WalMart	2,500.00	
Rincon Band	1,000.00	
San Pasqual Band	500.00	
Total Grants		\$6,500.00
TOTAL PUBLIC SUPPORT		<u>\$ 60,411.44</u>

EXPENSES:

Value of free encounters	5,400.00
Klem Insurance	1,624.06
Sterling Productions	240.00
Animal lease	33,825.00
Merchant fees fees	392.40
Vista Print (business cards, etc)	292.66
Advertising	3,441.74
Office expense	323.82
ADA upgrades	7,127.56
Grant writing & research	1,745.00
Misc.	1,087.00
TOTAL EXPENSES	\$55,499.24
CHANGE IN NET ASSETS	<u>\$ 4,912.20</u>



San Marcos Historical Society & Heritage Park

1952 Sycamore Drive
San Marcos, CA 92069

January 8, 2015

Dear San Marcos Community Foundation Funding Committee:

Last May the San Marcos Historical Society submitted a grant proposal for \$1500.00 to upgrade our computer equipment and business machines for our office. We received \$1000.00 for that purpose. During the interim we had one computer and our telephone stop working. This request is to change our original request for some of the items on our list to other, more critical items needed for the day to day operations of the San Marcos Historical Society. Here is the revised list of items requested.

Dell Inspiron 3000 desktop computer	\$518.39
Lenova H535 Desktop Computer	\$356.39
Toshiba IT portable back up Hard Drive	\$ 54.99
Security Software	\$ 29.00
Phone System for Heritage Park	<u>\$ 48.58</u>
	\$ 1007.35 (Grant funding, \$1000)
Additional purchases (printer ink)	<u>94.48</u>
	\$1101.83

*We had also planned to purchase a new printer for the office, however we had a Brother All-in-One Printer donated to the Historical Society, and used some of the grant money to purchase printer ink for the donated printer.

The purpose of the original grant request was to upgrade the office machines at Heritage Park. The change request is due to items most needed to fulfill the original grant request.

Thank you for your consideration of this request.

Tanis Brown 1/8/2015

Tanis Brown
President, San Marcos Historical Society.



San Marcos Historical Society

May 2014 Mini Grant Report

December 12, 2014

The San Marcos Historical Society received a \$1000.00 Technology Grant from the San Marcos Community Foundation in May 2014 for the purpose of upgrading our office equipment including computer, printer and software, and if funds permitted purchase a projector. At the time our main computer and back up computer were both operating on a Windows XP format which were no longer being supported by Microsoft. With over 2000 digital photo files as well as archival information and documents, the need to upgrade was critically important to the daily operations of Heritage Park. Most of our office equipment had not been upgraded in several years. Our original budget request was for \$1500, with a wish list of approximately \$1600.

Here is how the money was spent:

Date	Purchase or donation*	Details	Cost of Item
September 2014	Desktop Computer	Dell Inspiron 600 Desktop Computer	\$518.39
	Back up Hard Drive	Toshiba 1T Portable Hard Drive	\$ 54.99
	Microsoft Office 365* (subscription through May 2015)	Software donation	0
	2 office chairs	2 New Office Chairs donated to SMHS	0
October 2014	Brother All-in-One Printer	New printer donated to SMHS	0
	Ink for donated Printer	Donation did not include ink	\$94.48
November 2014	Security Software	McAfee LiveSafe 1 year subscription, security software	\$ 29.00
	Phone system for HP office	Panasonic 2 phone with answering machine – office phone died	\$48.58
December 2014	Replacement desktop	Lenova H535 Desktop Computer – back up computer died	\$356.39
Total spent on Technology 6.2014 – 12.2014			\$1101.83

Evaluation of project:

These days most organizations cannot survive without technology and the San Marcos Historical Society is no exception. We use our computers in so many ways to carry out the daily communications and operations of the organization, but also as a means for documenting, archiving and storing thousands of historical records and photographs. The new computers, and back up hard drive purchased with the SMCF technology grant have provided the Historical Society with a system that should last at least 5 years, added storage and upgraded security. The replacement back up computer will be an essential component to the office. Our first student intern from CSUSM will begin regular hours after the first of the year, and we will be able to provide a dedicated space for a second person, with internet access. Our old back up was not connected to the internet. Luckily when it crashed, we had backed up all our files with the new portable hard drive.

We were fortunate also to receive donations of a printer and two new office chairs so we could use the grant money to go farther than originally expected. When our office phone system went dead, at the same time we were taking phone reservations for our theater productions, the grant money made it possible for us to make a quick purchase and get the new phone set up and working in a matter of hours. This was not included in our original request, however we feel that the replacement of a phone took precedence over the purchase of a projector at this time. After doing research on the kind of projector we should have for our operation, we felt that we would not have enough money to purchase one that would fit our needs. Our goal is to purchase a projector by spring 2015.



San Marcos Historical Society May 2014 Mini Grant Report December 12, 2014

2. The following pages of this report contain copies of receipts from purchases made between June and December 2014.
3. The last page of the report is a copy of a flyer posted in the office window in the Welcome Center. In addition we will be adding a public acknowledgement thanking the San Marcos Community Foundation for the technology grant on our website at www.smhistory.org.

The San Marcos Historical Society greatly appreciates the support of the San Marcos Community Foundation in helping our organization better serve our community. Thank you for the many resources you provide to the non-profit organizations in San Marcos.

Submitted on December 15, 2014 by Tanis Brown, President of the San Marcos Historical Society

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)

Dell Inspiron 3000 (i3847-3846BK desktop computer (\$449.99 + tax)	\$ 506.99
HP Office Jet All-in-One Printer (\$159.99 + tax)	\$ 172.49
Microsoft Office Professional Office (\$199.00 + tax)	\$ 215.00
Dragon Software (voice activated (\$99.00 + tax)	\$ 107.00
Epson Projector (ex3220 SVGA) (\$449.99 + tax)	\$ 506.99
2 desk chairs (49.99 each + tax)	\$ 108.00
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Total budget for this PROJECT: **\$ 1,616.49**

Grant Request Amount: **\$ 1,500.00**
(Mini-grants not to exceed \$1,500, Regular grants not to exceed \$10,000.)

Is this a challenge grant?

Could it be?

Please list any other funding sources for this project.

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

\$ 200.00	(Name of source) San Marcos Historical Society Bake Sale	** c
\$ _____	(Name of source) _____	** _____
\$ _____	(Name of source) _____	** _____
\$ _____	(Name of source) _____	** _____

**MINUTES
SAN MARCOS COMMUNITY FOUNDATION
GRANT FUNDING COMMITTEE
SAN MARCOS ROOM
1 CIVIC CENTER DRIVE
SAN MARCOS, CA 92069**

**MEETING OF THE GRANT FUNDING COMMITTEE
NOVEMBER 12, 2014 – 6:00 PM**

CALL TO ORDER BOARD PRESIDENT LUKOFF called the meeting to order at 6:03 p.m.

ROLL CALL

PRESENT: BOARD MEMBERS: LUKOFF, NAJERA, HALL

ABSENT: BOARD MEMBERS: NONE

ALSO PRESENT Recording Secretary, Wendy Kaserman

OLD BUSINESS

1. GRANT AWARD WORKSHEET. Fiscal year 2014-2015

Recommendation: **NOTE & FILE**

NEW BUSINESS

2. REGULAR GRANT APPLICATION PROPOSALS

A. TRI-CITY HOSPITAL FOUNDATION

BOARD PRESIDENT LUKOFF commented on the Board's challenges of fulfilling all of the grant requests with the limited amount of money there is to give. BOARD MEMBER NAJERA visited the facility and reported on her findings. She asked Glen Newhart, Executive Director/Vice President of Development of Tri-City Hospital Foundation to provide a summary of their plans for the money. The program would provide a no cost screen to heavy smokers in order to detect early stages of cancer.

BOARD PRESIDENT LUKOFF asked what the time frame would be for the money to be expended. Staff confirmed that the funds need to be expended within six months or they would need to request an extension from the Board. Glen Newhart stated they could start the program soon and the funds would be solely for San Marcos residents. The program would not be limited to low income residents. BOARD MEMBER NAJERA recommended funding.

B. BAYSHORE PREPARATORY CHARTER SCHOOL

BOARD MEMBER HALL visited the school and reported on his findings. He said he met with two of the science teachers and the science kits are very sustainable. They have 5-10 different kinds of kits and it appears to be a very effective program. He did not have any concerns and would recommend funding.

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

The Committee discussed how their program serves a lot of San Marcos residents and will recommend partial funding.

D. SAN MARCOS HIGH SCHOOL MUSIC BOOSTERS

The Committee watched a video provided by the San Marcos High School Music Boosters which was enjoyed by all members. The Board discussed past grants that were given to the Booster club and how they never have enough to give to all of the organizations. The Board will recommend partial funding.

E. AMERICAN RED CROSS SAN DIEGO/IMPERIAL COUNTIES CHAPTER

Due to limited resources available for grant making and the other grant requests received, the committee discussed recommending to the Board not funding this grant request.

BOARD PRESIDENT LUKOFF asked for a motion to approve the following Regular Grant recommendation to the Board of the San Marcos Community Foundation: \$4,500.00 to the Tri-City Hospital Foundation; \$4,500.00 to Bayshore Preparatory Charter School; \$2,000.00 to Meals-On-Wheels Greater San Diego, Inc.; and \$1,000.00 to the San Marcos High School Music Boosters. BOARD MEMBER HALL made the motion to approve the regular grant funding recommendation. BOARD MEMBER NAJERA seconded the motion. Motion passed by unanimous voice vote.

AYES: LUKOFF, HALL, NAJERA

NOES: NONE

ABSTENTION: NONE

ABSENT: NONE

CONSENT CALENDAR

MOTIONED BY BOARD MEMBER NAJERA AND SECONDED BY BOARD MEMBER HALL TO APPROVE THE CONSENT CALENDAR. MOTION PASSED BY UNANIMOUS VOICE VOTE.

AYES: LUKOFF, NAJERA, HALL

NOES: NONE

ABSTENTION: NONE

ABSENT: NONE

3. WAIVER OF TEXT – Waived

4. APPROVAL OF MINUTES – Approved - SMCF Grant Funding Committee Meeting minutes of October 8, 2014.

5. ORAL COMMUNICATIONS - No members of the public requested to speak.

ITEMS FOR THE GOOD OF THE ORDER

6. **NEXT MEETING DATE** – The next meeting of the SMCF Board of Directors is scheduled for Tuesday, November 18, 2014.

The next Grant Funding Committee meeting is scheduled for Wednesday, January 14, 2015.

7. **MISCELLANEOUS**

8. **ADJOURNMENT**

**MOTIONED BY BOARD MEMBER HALL AND SECONDED BY BOARD MEMBER NAJERA TO
ADJOURN THE MEETING. MOTION PASSED BY UNANIMOUS VOICE VOTE.**

Meeting adjourned at 6:52 PM.

Colleen Lukoff, Board President

ATTEST:

Wendy Kaserman, Recording Secretary