



Agenda

MEETING OF THE SAN MARCOS COMMUNITY FOUNDATION

WEDNESDAY, APRIL 8, 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 seven (7) Regular Grant proposals by non-profit organizations requesting funds from the Foundation. Recommend Funding to the SMCF Board.

- (A) **CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION** – Request for funding in the amount of \$10,000 for their Alliance to Accelerate Excellence in Education admission program, which works to increase the number of low-income youth who earn entrance to CSUSM.
Recommendation: CONSIDER/RECOMMEND
- (B) **ELIZABETH HOSPICE** – Request for funding in the amount of \$7,500 to support their direct Hospice & Grief Counseling Services for residents of San Marcos. The grant will also support their extensive array of counseling services which is available to anyone in the community seeking bereavement, pre-bereavement, and grief and loss support, even if they have not been affiliated with an Elizabeth Hospice patient.
Recommendation: CONSIDER/RECOMMEND
- (C) **FRATERNITY HOUSE, INC.** – Request for funding in the amount of \$2,524 for transportation expenses at their licensed Residential Care Facility for the Chronically Ill located in Elfin Forest. Funds will cover 50% of their San Marcos home’s annual transportation expenses.
Recommendation: CONSIDER/RECOMMEND
- (D) **MIRACLE BABIES** – Request for funding in the amount of \$5,000 for general operating support for their Health Women Health Children (HWHC) program, which teaches pregnant women how to improve their health – benefiting not just themselves, but their pregnancies and their children’s health.
Recommendation: CONSIDER/RECOMMEND
- (E) **NORTH COUNTY COMMUNITY SERVICES** – Request for funding in the amount of \$10,000 to offset the cost of operating its food bank program which provides free food to six community distributions throughout North County, two of which are located in the City of San Marcos.
Recommendation: CONSIDER/RECOMMEND
- (F) **PALOMAR COLLEGE FOUNDATION** – Request for funding in the amount of \$4,752 to support their Bridge to Success initiative which helps first year Palomar College students identify and solve existing academic, study habit, and personal challenges that reduce their chances of success as they being college work.
Recommendation: CONSIDER/RECOMMEND
- (G) **PALOMAR HEALTH FOUNDATION** – Request for funding in the amount of \$10,000 for their Health Development Children’s Sensory Gym Project. Funds would be used to improve and expand on a health program unique to the North San Diego County region that promotes children’s developmental and behavioral health while providing valuable community service opportunities to low-income families.
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 design an interactive habitat map for visitors, purchase educational signage to be installed near animal enclosures, and design and print souvenir flashcards for the Nurtured by Nature facilities.

Recommendation: **CONSIDER/RECOMMEND**

CONSENT CALENDAR

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

Recommendation: **WAIVE**

5. **APPROVAL OF MINUTES** SMCF Grant Funding Committee Meeting, March 11, 2015.

Recommendation: **CONSIDER/APPROVE**

6. **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

7. **CORRESPONDENCE FROM KIWANIS CLUB OF SAN MARCOS** Consider request from Kiwanis Club of San Marcos to utilize remaining unused mini grant funds awarded September 2014.

8. **NEXT MEETING DATE**

The next meeting of the Grant Funding Committee is scheduled for Wednesday, May 13, 2015. The next meeting of the SMCF Board of Directors is scheduled for Tuesday, May 19, 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, April 3, 2015, at 5:00 pm.

Wendy Kaserman, Secretary - SMCF

San Marcos Community Foundation Fiscal Year 2014-2015 Year-to-Date Regular and Mini-Grant Awards

Sort Name	Type	Received	Date	Name of Project	Summary of Project
Alzheimers Association of San DiegoImperial Chapter	Mini-Grant	-1500	8/13/2014	Alzheimer's Informational Packets	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	Mini-Grant	-1200	8/13/2014	Senior Resource directory	To compile information about organizations that provide service to seniors in North County.
Boys & Girls Club of San Marcos	Regular Grant	-4153	8/19/2014	The Victory Project	To help expand the 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.
Casa de Amparo	Regular Grant	-3000	8/19/2014	Residential Services Program	To assist with costs associated with medical assessments, 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.
North County Health Services	Regular Grant	-4315	8/19/2014	Project All Ready (PAR) Program	To purchase a new auditory screening unit to provide free hearing and vision screenings to children 18 mos to 5 years old at preschools, day cares and Head Starts.
Partnerships With Industry	Regular Grant	-2000	8/19/2014	Assisting adults with disabilities	To provide vocation training, assessment, placement and ongoing support to adults living with disabilities in San Marcos in order to help them thrive in the work environment.

The Angel's Depot	Regular Grant	-500	8/19/2014	Senior Emergency Meal Box Program	To help support the meal box program which provides a specifically formulated, nutritious nonperishable meal to age and income qualified seniors.
Kiwanis Club of San Marcos Foundation	Mini-Grant	-1500	9/10/2014	San Marcos Holiday Parade	To provide partnership support for the San Marcos Holiday Parade.
Positive Action Community Theatre (PACT)	Mini-Grant	-1500	9/10/2014	Theatre/Life Skills Workshops	To fund theatre/life skills workshops for children with autism at the Country School in San Marcos.
REINS	Mini-Grant	-1000	10/8/2014	Equipment Update	To assist with the organization's Equipment Update Project which will allow REINS to purchase equipment for their riding program
Bayshore Preparatory Charter School	Regular Grant	-4500	11/18/2014	Assistance with purchasing science materials	Assistance with purchasing science materials to provide students with hands on science learning.
Meals-On-Wheels	Regular Grant	-2000	11/18/2014	Rent Assistance	To help subsidize the cost of rent at its North County Service Center located at 930 Boardwalk #C, San Marcos, CA
San Marcos High School Band Boosters	Regular Grant	-1000	11/18/2014	Transportation Assistance for the San Marcos High School Music Program	To assist with the costs of providing transportation for the San Marcos High School marching band to various competitions and events.
Tri-City Hospital Foundation	Regular Grant	-4500	12/16/2014	Lung Cancer Screening Program	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).
Interfaith Community Services	Regular Grant	-6534	2/17/2015	Senior Services Program	To provide funding towards the organization's Senior Services Program, which will provide aid and support to vulnerable and low income senior citizens in the north San Diego County area.

Just in Time for Foster Youth	Regular Grant	-3600	2/17/2015	Foster Youth College Bound Program	To provide transitioning foster youth with the necessary computers, technology tools, school and dorm supplies to support their college success.
Solutions for Change, Inc.	Regular Grant	-6534	2/17/2015	Solutions Case Management Program	To support their Solutions Case Management Program, which 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.
San Marcos Middle School Parent Teacher Org	Mini-Grant	-1500	3/11/2015	San Marcos MS Model United Nations Conference	To provide funding toward students on the Model United Nations Team from San Marcos Middle School to attend a three-day United Nations conference to be held at UN Headquarters in New York City from March 26-30, 2015.
		-50836 Total Grants Awarded Year-to-Date			

Spring Quarter 2015- Funding Recommendation Worksheet

Asset Balance on 6/30/2014:	\$1,300,541
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:	\$50,836
Total Remaining Funds for FY if Awarding Grants at 4% of Assets Available:	\$2,831
Total Remaining Funds for FY if Awarding Grants at 5% of Assets Available:	\$15,834
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:	\$16,688
Total Funds Remaining for the Spring Quarter at 4% Level:	\$11,917
Funds Remaining for the Spring Quarter at 5% Level:	\$15,168

Sort Name	Requested Amount	Type	Name of Project	Summary of Project
California State University San Marcos Foundation	\$ 10,000.00	RG	The Alliance to Accelerate Excellence in Education	To provide funding for the Alliance to Accelerate Excellence in Education admission program, which works to increase the number of low-income youth who earn entrance to CSUSM. To increase the number of low-income youth who earn entrance to CSUSM. Serves 10,000.
Elizabeth Hospice	\$ 7,500.00	RG	Hospice Care & Grief Counseling	To support their direct Hospice & Grief Counseling Services for residents of San Marcos. The grant will also support their extensive array of counseling services which is available to anyone in the community seeking bereavement, pre-bereavement, and grief and loss support, even if they have not been affiliated with an Elizabeth Hospice patient. Serves 309 San Marcos residents.
Fraternity House, Inc.	\$ 2,524.00	RG	Transportation Assistance	To provide transportation expenses at their licensed Residential Care Facility for the Chronically Ill located in Elfin Forest. Funds will cover 50% of their San Marcos home's annual transportation expenses. Serves 15 San Marcos residents.
Miracle Babies	\$ 5,000.00	RG	Healthy Women Health Children	To provide general operating support for their Health Women Health Children (HWHC) program, which teaches pregnant women how to improve their health – benefiting not just themselves, but their pregnancies and their children's health. Serves 100 San Marcos residents.
North County Community Services / North County Food Bank	\$ 10,000.00	RG	Relieving Hunger	To offset the cost of operating its food bank program which provides free food to six community distributions throughout north county, two of which are located in the City of San Marcos. Serves 300 San Marcos residents.
Palomar College Foundation	\$ 4,752.00	RG	Bridge to Success	To support their Bridge to Success initiative which helps first year Palomar College students identify and solve existing academic, study habit, and personal challenges that reduce their chances of success as they being college work. Serves 113 San Marcos residents.

Palomar Health Foundation	\$ 10,000.00	RG	Health Development Services Children's Sensory Gym Project	To improve and expand on a health program unique to the North San Diego County region that promotes children's developmental and behavioral health while providing valuable community service opportunities to low-income families. Serves 400 San Marcos residents.
Total Regular Grants Requested				
\$ 49,776.00				
Wildlife Fund Grant Requests				
Nurtured by Nature	\$ 5,000.00	RG	Educational Infrastructure Enhancement Project	To design an interactive habitat map for visitors, purchase educational signage to be installed near animal enclosures, and design and print souvenir flashcards for the Nurtured by Nature facilities. Serves 300 San Marcos residents.
Total Wildlife Fund Grant Requests				
\$ 5,000.00				



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

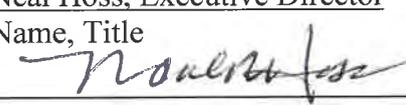
(Choose one) **MINI-GRANT** (Choose one) **REGULAR GRANT**

Project Name: The Alliance to Accelerate Excellence in Education Date Submitted: 4/01/15	Total # of people served: 177,770 Total # of San Marcos residents served: 10,000	Amount Requested: \$10,000
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Non-Profit Organization Name and Address, Website California State University San Marcos Foundation 333 S Twin Oaks Valley Road San Marcos, CA92096 www.csusm.edu/	Contact Person – Name, Title & Phone, email Jennifer Handy Director, Corporate and Foundation Relations (760) 750-7303 jhandy@csusm.edu
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Briefly describe your request for funds (to be expanded upon in narrative for regular grant):
 The Alliance to Accelerate Excellence in Education is the umbrella administrative office for the CSUSM guaranteed admission MOU's. The Alliance is the first of its kind, a collaborative, regional guaranteed admission program that unites a broad array of community stakeholders toward one common goal: increasing the success and livelihood of youth throughout San Diego County. The Alliance will make an immediate impact by increasing the number of youth who earn entrance to California State University San Marcos (CSUSM) through existing guaranteed admission programs. These youth are predominantly from low-income families, under-represented communities, and are first in their family to attend college.

Briefly describe the significance of your request to the San Marcos community:
 At the heart of the Alliance's mission is the belief that the more that can be done to prepare the region's youth for success in college, the more the entire region benefits. Now more than ever, the labor market places a large and growing emphasis on academic skills and educational attainment. According to the Public Policy Institute of California, in 2025, if trends continue, 41% of jobs will require at least a bachelor's degree. By working together collaboratively with its K-12 partners and the community, CSUSM is doing its part to ensure that more people in North San Diego County will have the necessary skills for tomorrow's jobs, reducing their dependence on the social safety net.

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: Project is ongoing Date by which funds will be expended: 6/30/16
	Signature of President or Authorized Officer Neal Hoss, Executive Director 4/1/15 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:

Alliance Student Enrichment Coordinator (10 months)	\$45,000
Field Trip Expenses	\$75,000
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$

Total budget for this PROJECT: **\$120,000**

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

Is this a challenge grant? **Yes** Could it be?

Please list any other funding sources for this project.

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

\$50,000	(Name of source) Bank of America	** <u>P</u>
\$	(Name of source)	**
\$	(Name of source)	**
\$	(Name of source)	**

Cal State San Marcos
Fiscal Year 2014-15 Operating Fund Budget Summary
Distribution by Division

Summary Divisional Budget	President	Academic Affairs	Student Affairs	Community Engagement	Finance & Admin. Services	University Advancement	Total Divisions	Campus Wide Activities	Provisions for Allocation	University Reserve	Total Other	Total GF Operating Budget
13/14 Base Budget	3,863,179	39,542,053	9,969,882	728,512	15,799,912	1,849,983	71,753,521	41,907,956	1,386,642	475,433	43,770,031	115,523,552
14/15 New Base Budget Allocations	529,157	3,534,330	961,368	100,000	755,008	235,000	6,114,863	5,543,400	1,539,312	26,425	7,109,137	13,224,000
14/15 Total Base Budget	\$4,392,336	\$43,076,383	\$10,931,250	\$828,512	\$16,554,920	\$2,084,983	\$77,868,384	\$47,451,356	\$2,925,954	\$501,858	\$50,879,168	\$128,747,552
14/15 New One-Time Budget	15,000	2,579,892	536,826	100,000	750,456	160,000	4,142,174	1,348,536	1,561,477	201,829	3,111,842	7,254,016
Division PY Carry Over Funding	97,306	232,725	2,403,174	106,507	1,076,981	247,535	4,164,228	576,785	0	0	576,785	4,741,013
14/15 Total One-Time Budget	\$112,306	\$2,812,617	\$2,940,000	\$206,507	\$1,827,437	\$407,535	\$8,306,402	\$1,925,321	\$1,561,477	\$201,829	\$3,688,627	\$11,995,029
Total Base and One-Time Budget Allocations	\$4,504,642	\$45,889,000	\$13,871,250	\$1,035,019	\$18,382,357	\$2,492,518	\$86,174,786	\$49,376,677	\$4,487,431	\$703,687	\$54,567,795	\$140,742,581
14/15 Total Incremental Budget Increase (Base + One-Time)	\$544,157	\$6,114,222	\$1,498,194	\$200,000	\$1,505,464	\$395,000	\$10,257,037	\$6,891,936	\$3,100,789	\$228,254	\$10,220,979	\$20,478,016

Cal State San Marcos
Fiscal Year 2014-15 Operating Fund Budget Summary
Distribution by Division

	Fund	Office of the President	Academic Affairs	Student Affairs	Community Engagement	Finance & Admin Services	University Advancement	Campus Wide Activities	Provisions for Allocation	University Reserve	Allocation Total
13/14 Base Budget - Allocations by Division		\$3,863,179	\$39,542,053	\$9,969,882	\$728,512	\$15,799,912	\$1,849,983	\$41,907,956	\$1,386,642	\$475,433	\$115,523,552
<i>Division % based on 2013/14 Base Budget</i>		3.34%	34.23%	8.63%	0.63%	13.68%	1.60%	36.28%	1.20%	0.41%	100.00%
New Allocations (On Going)											
Growth Initiatives	Operating	165,000	205,000	53,000	0	0	235,000	0	0	0	658,000
Athletic Coaches	Operating	98,000	0	0	0	0	0	0	0	0	98,000
Enrollment Growth	Operating	0	1,200,000	0	0	0	0	0	0	0	1,200,000
Compliance related Positions	Operating	0	0	134,000	0	0	0	0	0	0	134,000
Incentive Grants for Engagement Scholarship	Operating	0	0	0	100,000	0	0	0	0	0	100,000
Instructional Support/Lab Safety/Reg. Requirements	Operating	0	0	0	0	141,000	0	0	0	0	141,000
Strengthen Fiscal Stewardship/Compliance	Operating	0	0	0	0	128,000	0	0	0	0	128,000
Campus Safety & Security	Operating	0	0	0	0	328,000	0	0	0	0	328,000
Deferred Maintenance	Operating	0	0	0	0	100,000	0	0	0	0	100,000
Grad Support / Professional Development	Operating	0	210,000	0	0	0	0	0	0	0	210,000
Student Academic Support Services	Operating	0	0	250,000	0	0	0	0	0	0	250,000
Benefit Pool Augmentation	Operating	0	0	0	0	0	0	1,568,400	0	0	1,568,400
Compensation	Operating	0	0	0	0	0	0	2,800,000	0	0	2,800,000
Diversity Staffing Support	Operating	40,000	0	0	0	0	0	0	0	0	40,000
Tuition Fee Discount	Operating	0	0	0	0	0	0	1,175,000	0	0	1,175,000
CMS	Operating	0	0	0	0	58,008	0	0	0	0	58,008
Non-Discretionary Student Fee Adjustments	Operating	226,157	94,330	524,368	0	0	0	0	0	0	844,855
Institutional Resources Distribution	Operating	0	0	0	0	0	0	0	2,925,954	0	2,925,954
Other Adj.	Operating	0	0	0	0	0	0	0	(26,642)	26,425	(217)
Prior Year Gap/Surplus AE&SS FEE	AE&SS	0	0	0	0	0	0	0	(1,360,000)	0	(1,360,000)
Facilitating Graduation	AE&SS	0	280,000	0	0	0	0	0	0	0	280,000
Infrastructure Support for Growth / Lab Safety	AE&SS	0	75,000	0	0	0	0	0	0	0	75,000
Replacement of Lab Equipment	AE&SS	0	270,000	0	0	0	0	0	0	0	270,000
Tenure Track Faculty	AE&SS	0	1,200,000	0	0	0	0	0	0	0	1,200,000
14/15 Subtotal Base Operational Commitments		529,157	3,534,330	961,368	100,000	755,008	235,000	5,543,400	1,539,312	26,425	13,224,000
14/15 Total Base Budget Allocation		\$4,392,336	\$43,076,383	\$10,931,250	\$828,512	\$16,554,920	\$2,084,983	\$47,451,356	\$2,925,954	\$501,858	\$128,747,552
<i>Division % based on 2014/15 Base Budget perm increases</i>		3.41%	33.46%	8.49%	0.64%	12.86%	1.62%	36.86%	2.27%	0.39%	100.00%
New Allocations (One-time)											
Growth Initiatives	Operating	15,000	10,000	25,000	0	0	60,000	0	0	0	110,000
Accreditation & Assessment	Operating	0	380,000	0	0	0	0	0	0	0	380,000
ADA Compliance	Operating	0	0	251,826	0	0	0	0	0	0	251,826
Faculty Development	Operating	0	0	0	100,000	0	0	0	0	0	100,000
Cougar Chronicle	Operating	0	92,000	0	0	0	0	0	0	0	92,000
Classroom Furniture Refresh	Operating	0	0	0	0	60,000	0	0	0	0	60,000
Special Projects	Operating	0	0	0	0	300,000	0	0	0	0	300,000
Renovation of Physics Lab/Pre-Nursing	Operating	0	0	0	0	0	0	0	75,000	0	75,000
CMS Computer System	Operating	0	0	0	0	0	0	1,738,992	0	0	1,738,992
Technology Refresh Program	Operating	0	1,517,892	0	0	0	0	0	0	0	1,517,892
CSUSM 25th Anniversary	Operating	0	0	0	0	0	50,000	0	0	0	50,000
FY 13/14 Enrollment Penalty	Operating	0	0	0	0	0	0	0	3,400,000	0	3,400,000
Craven Hall Repairs	Operating	0	0	0	0	0	0	0	700,000	0	700,000
University Reserve 14/15 Contribution	Operating	0	0	0	0	0	0	0	0	171,829	171,829
Prior Year Carry Forward - Division Balances	Operating	97,306	232,725	2,403,174	106,507	1,076,981	247,535	576,785	0	0	4,741,013
Dept 1279 - FASCWA Adj.	Operating	0	0	0	0	390,456	0	(390,456)	0	0	0
Institutional Resources Distribution	Operating	0	0	0	0	0	0	0	(2,925,954)	0	(2,925,954)
AE&SS Adj.	AE&SS	0	0	0	0	0	0	0	312,431	0	312,431
Facilitating Graduation	AE&SS	0	30,000	0	0	0	0	0	0	0	30,000
Replacement of Lab Equipment	AE&SS	0	450,000	0	0	0	0	0	0	0	450,000
Tenure Track Faculty	AE&SS	0	100,000	0	0	0	0	0	0	0	100,000
Learning Centers (Math, Writing, LLC)	AE&SS	0	0	260,000	0	0	0	0	0	0	260,000
Student Internships and Ambassadors	AE&SS	0	0	0	0	0	50,000	0	0	0	50,000
Student Placement Task Force	AE&SS	0	0	0	0	0	0	0	0	30,000	30,000
14/15 Total One-Time Operational Commitments		112,306	2,812,617	2,940,000	206,507	1,827,437	407,535	1,925,321	1,561,477	201,829	11,995,029
14/15 Total Budget: Base + One-Time		\$4,504,642	\$45,889,000	\$13,871,250	\$1,035,019	\$18,382,357	\$2,492,518	\$49,376,677	\$4,487,431	\$703,687	\$140,742,581
<i>Division % based on FY 2014/15 Total Allocations</i>		3.20%	32.60%	9.86%	0.74%	13.06%	1.77%	35.08%	2.31%	0.50%	100.00%

Cal State San Marcos
 Fiscal Year 2014-15 Operating Fund Budget Summary
 Distribution by Division

	Fund	Office of the President	Academic Affairs	Student Affairs	Community Engagement	Finance & Admin Services	University Advancement	Campus Wide Activities	Provisions for Allocation	University Reserve	Allocation Total
Resources Available											
Resources - Base											
General Fund Appropriation	Operating										62,268,552
General Fund Revenue	Operating										63,079,000
AE&SS Fee	AE&SS										3,400,000
Total Base Resources - Gross Expected											\$128,747,552
Resources - One-Time											
Carryover FY 13/14 Balance of Institutional Resources	Operating										2,254,016
Carryover of FY Balance of Division Resources	Operating										4,741,013
Summer Session Revenue	Operating										1,000,000
Surplus Revenue from Exceeded Enrollment Targets	Operating										4,000,000
Total One-Time Resources											11,995,029
Total Resources: Base + One-Time											\$140,742,581

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

DEPARTMENT OF THE TREASURY

Date: JUN 04 2009

CALIFORNIA STATE UNIVERSITY SAN
MARCOS FOUNDATION
333 S TWIN OAKS VALLEY RD
SAN MARCOS, CA 92096-0001

Employer Identification Number:
80-0390564

DLN:
17053118042049

Contact Person:
TRACY P DORNETTE

ID# 31330

Contact Telephone Number:
(877) 829-5500

Accounting Period Ending:
June 30

Public Charity Status:
170(b)(1)(A)(iv)

Form 990 Required:
Yes

Effective Date of Exemption:
No

Contribution Deductibility:
Yes

Addendum Applies:
No

RECEIVED

JUN 09 2009

CSU San Marcos
Foundation

Dear Applicant:

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

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

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

Letter 947 (DO/CG)

CALIFORNIA STATE UNIVERSITY SAN

sincerely,


Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Enclosures: Publication 4221-PC

Letter 947 (DO/CG)

CSUSM FOUNDATION BOARD OF DIRECTORS

Helen Adams

San Diego Area Managing Partner, Haskell & White LLP

Luanne Bas

Fundraising Committee Chair

Retired Community Leader

Katie Boggs, '15

CSUSM Student

Dan Calac, M.D.

Membership Committee Chair

Medical Director of the Indian Health Council

Maryann Edwards

Mayor Pro Tem, City of Temecula

John Fortune, '02

Accountant, MiraCosta College

Jon Fredricks

President of Welk Resort Group

Edwin D. (Ed) Fuller

Marketing Committee Chair

President, Laguna Strategic Advisors, LLC

Ron Gerevas

Retired Heidrick & Struggles

Linda Hawk, Ed. D.

Foundation Board Secretary/Treasurer

Vice President, Finance and Administrative Services, CSUSM

Karen S. Haynes, Ph.D.

President, CSUSM

Neal Hoss

Foundation Board Executive Director

Vice President, University Advancement, CSUSM

MajGen Anthony (Tony) Jackson

*US Marine Corps, Retired
State Parks Director*

Suzanne Moineau, Ph.D., CCC/SLP

CSUSM Associate Professor

Thomas O. McGurn

Retired Corporate Executive

Joshua Pack, '97

Managing Director, Fortress Investment Group, LLC

Jack Raymond

*Foundation Board Chair
Chairman and CEO, Raymond Companies*

Toni Ritchey

Attorney, Fischer & Ritchey, LLP

Esther Stearns

Financial Services Executive

Christian F. Tresse

*Finance and Investment Committee Chair
Vice President, Financial Advisor and Principal, Bernstein Global Wealth Management*

Steve Wagner

Co-Founder and President, Stone Brewing Co.

Finance and Investment Committee Members

Bennett Cherry, Ph.D.

Associate Professor of Entrepreneurship, College of Business Administration, CSUSM

Taylor H. Sutherland

Relationship Manager, Halbert Hargrove

Marketing Committee Member

Glen Brodowsky, Ph.D.

Professor of Marketing, College of Business Administration, CSUSM

Narrative

“You’re in!” That’s the message that California State University San Marcos (CSUSM) wants K-12 students in our region to hear through a unique program known as The Alliance to Accelerate Excellence in Education – or just simply, the Alliance. Founded in July 2013 with the support of the Price Family Charitable Fund and the David T. & Dorris E. Staples Foundation, the Alliance is a unique, regionally focused initiative aimed at improving college attendance and graduation rates of students, particularly underserved youth attending school in North San Diego County. The Alliance is the only regional guaranteed admission consortium in the California State University system.

CSUSM leadership is deeply and publicly dedicated to making student success a top institution-wide priority. We know that education is a passport to social and economic prosperity for our students and our region. The university is proud of its diverse student body – 50 percent of students are first in their family to attend college and approximately 60 percent of students self-identify as students of color.

Our commitment to student success is what led President Karen Haynes to sign the University’s first guaranteed admission agreement with San Marcos Unified School District in 2006. Today, the Alliance oversees then such agreements with school districts in Oceanside, Vista, San Marcos, Escondido, Valley Center/Pauma, Fallbrook, Carlsbad, Temecula, Lake Elsinore and Murrieta. Through these ten districts, the Alliance serves 177,770 students.

The guaranteed admission agreements are the framework for the Alliance and provide the structure around which students, families, teachers, faculty and service providers work together to increase college readiness and close the achievement gap for the region’s most educationally at-risk students. The agreements hold students responsible for meeting specific requirements for admission to CSUSM, including college readiness with no remediation needs. The Alliance has five action initiatives to support the promise of guaranteed admission. The developing action initiatives are designed to support the educational efforts within the districts as well as at CSUSM, thus creating a cohesive K-16 pipeline of academic support.

- 1) *The Family Empowerment Network* seeks to support parents and family members with information about college readiness and attendance, nurturing an environment of academic success that starts at home.
- 2) *Undergraduate Fellowships* will support and employ selected financially at-risk students during their four years at CSUSM. Students must maintain a 3.0 GPA and will receive a combination of stipends and employment support.
- 3) *The Professional Development Collaborative* will support teachers and counselors in the Alliance partnership to participate in joint professional development activities. The activities will be implemented and managed by CSUSM and the North County Regional Development Federation.
- 4) *The Student Enrichment* initiative aligns the Alliance and its partners to streamline and enrich district and University programs and services to best support overall student needs.
- 5) *Assessment, Analysis and Accountability* drive all aspects of the Alliance work. Focusing on continuous improvement, the Alliance will create a unified data warehouse that tracks student progress and achievement to inform instruction and support services as at all levels of the K-16 system.

Data indicate students admitted through the Alliance enter CSUSM with higher high school GPAs, and higher SAT/ACT scores than the general student population. Alliance students also have higher college GPAs, take more units per semester, and have a higher four- and five-year graduation rate than the general student population. We also know the majority of Alliance students are first generation college students. As the Alliance action initiatives launch and develop, we expect to see similar results across all districts and with a growing number of students.

We are seeking funding from the San Marcos Community Foundation for the Student Enrichment Program. This program provides a critical outreach opportunity for CSUSM to the students of ten school districts whom we have MOU's with in San Diego County. Funding from SMCF will be applied toward this initiative in the San Marcos Unified School District. Each year, we bring 1,000-3,000 7th grade students and 1,000-3,000 10th grade students on a field trip to CSUSM; this includes 400-600 students from San Marcos. Students, teachers and Alliance staff members all agree that this annual field trip is extremely significant to the students who attend at this stage in their lives. Many of these students have no hope of, expectation of, or aspiration to go to college. They have heard from people in their lives that "they do not fit in at college", "people like you don't go to college", "we don't have the money for college". These messages lead many of these young adults to doubt themselves and choose alternatives things to focus their time and energy on besides school. We have heard repeatedly from students that the field trip to CSUSM in 7th grade changed their lives and their paths. For most of them, this is their first time stepping onto a university campus; just taking that first step is impactful for them. They are able to learn about the university, learn that they can receive financial assistance that will help them afford college, see university students who "look like them", and envision themselves on campus. This gives them a goal to reach for, and confidence that they can achieve this goal. They begin to focus on doing well in school and being involved in the community. This one trip to campus can have an enormous effect on the outcome of their lives and their family's lives.

One such student is Alex Contreras. Alex is a former San Marcos Unified School District student who entered CSUSM as part of the guaranteed admission program. Alex credits the 7th grade field trip as a life-changing experience. He has shared in numerous forums that he was on a pathway towards gangs and violence when he first experienced CSUSM. That day he saw students who looked like him walking around campus. He listened to students who came from his neighborhood and he learned a bigger world existed. Alex changed his life – he focused on school, learned how to excel at his studies and successfully navigated his path to CSUSM. Alex is currently a junior majoring in criminal justice studies and wants to pursue a career in law enforcement. Without that field trip and the guaranteed admission program Alex may not have made it to college.

Funding received from the San Marcos Community Foundation will be matched by the David T. & Dorris E. Staples Foundation, to make your gift of \$10,000 to the project, \$20,000 total with the matching funds.

Federal Tax ID Number: 80-0390564

State Tax ID Number: 3189157

Form **990**

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)

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

A For the **2012** calendar year, or tax year beginning **JUL 1, 2012** and ending **JUN 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 Name of organization CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION Doing Business As Number and street (or P.O. box if mail is not delivered to street address) Room/suite 333 S TWIN OAKS VALLEY RD City, town, or post office, state, and ZIP code SAN MARCOS, CA 92096 F Name and address of principal officer: NEAL HOSS SAME AS C ABOVE	D Employer identification number 80-0390564 E Telephone number (760) 750-4400 G Gross receipts \$ 14,613,083. 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 type="checkbox"/> No If "No," attach a list. (see instructions) H(c) Group exemption number ▶
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ HTTP://WWW.CSUSM.EDU/GIVING/FOUNDATION/		
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: 2009
M State of legal domicile: CA		

Part I Summary

	1 Briefly describe the organization's mission or most significant activities: SEE SCHEDULE O																												
Activities & Governance	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)	23																											
	4 Number of independent voting members of the governing body (Part VI, line 1b)	18																											
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	0																											
	6 Total number of volunteers (estimate if necessary)	18																											
	7a Total unrelated business revenue from Part VIII, column (C), line 12	0.																											
	b Net unrelated business taxable income from Form 990-T, line 34	0.																											
Revenue		<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th></th> <th style="text-align: center;">Prior Year</th> <th style="text-align: center;">Current Year</th> </tr> <tr> <td>8 Contributions and grants (Part VIII, line 1h)</td> <td style="text-align: right;">3,480,754.</td> <td style="text-align: right;">5,100,690.</td> </tr> <tr> <td>9 Program service revenue (Part VIII, line 2g)</td> <td style="text-align: right;">655,905.</td> <td style="text-align: right;">780,686.</td> </tr> <tr> <td>10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)</td> <td style="text-align: right;">445,863.</td> <td style="text-align: right;">760,176.</td> </tr> <tr> <td>11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</td> <td style="text-align: right;">0.</td> <td style="text-align: right;">0.</td> </tr> <tr> <td>12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)</td> <td style="text-align: right;">4,582,522.</td> <td style="text-align: right;">6,641,552.</td> </tr> </table>		Prior Year	Current Year	8 Contributions and grants (Part VIII, line 1h)	3,480,754.	5,100,690.	9 Program service revenue (Part VIII, line 2g)	655,905.	780,686.	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	445,863.	760,176.	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0.	0.	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	4,582,522.	6,641,552.									
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Expenses		<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th></th> <th style="text-align: center;">Prior Year</th> <th style="text-align: center;">Current Year</th> </tr> <tr> <td>13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)</td> <td style="text-align: right;">675,954.</td> <td style="text-align: right;">1,834,247.</td> </tr> <tr> <td>14 Benefits paid to or for members (Part IX, column (A), line 4)</td> <td style="text-align: right;">0.</td> <td style="text-align: right;">0.</td> </tr> <tr> <td>15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)</td> <td style="text-align: right;">0.</td> <td style="text-align: right;">0.</td> </tr> <tr> <td>16a Professional fundraising fees (Part IX, column (A), line 11e)</td> <td style="text-align: right;">0.</td> <td style="text-align: right;">0.</td> </tr> <tr> <td>b Total fundraising expenses (Part IX, column (D), line 25) ▶ 101,619.</td> <td></td> <td></td> </tr> <tr> <td>17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)</td> <td style="text-align: right;">2,266,073.</td> <td style="text-align: right;">3,442,452.</td> </tr> <tr> <td>18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)</td> <td style="text-align: right;">2,942,027.</td> <td style="text-align: right;">5,276,699.</td> </tr> <tr> <td>19 Revenue less expenses. Subtract line 18 from line 12</td> <td style="text-align: right;">1,640,495.</td> <td style="text-align: right;">1,364,853.</td> </tr> </table>		Prior Year	Current Year	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	675,954.	1,834,247.	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)	0.	0.	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 101,619.			17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	2,266,073.	3,442,452.	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	2,942,027.	5,276,699.	19 Revenue less expenses. Subtract line 18 from line 12	1,640,495.	1,364,853.
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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 NEAL HOSS, EXECUTIVE DIRECTOR Type or print name and title	Date
Paid Preparer Use Only	Print/Type preparer's name CHRISTOPHER M. PEKULA	Preparer's signature Date 05/01/14
	Firm's name ▶ MCGLADREY LLP	Check <input type="checkbox"/> if self-employed PTIN P00734965
	Firm's address ▶ 515 S. FLOWER STREET, 41ST FLOOR LOS ANGELES, CA 90071	Firm's EIN ▶ 42-0714325 Phone no. 213-330-4800

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III

1 Briefly describe the organization's mission:
SEE SCHEDULE O

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 \$ 934,247. including grants of \$ 934,247.) (Revenue \$)
RECEIPT OF ENDOWMENT GIFTS AND INVESTMENT OF THE CAMPUS ENDOWMENT FUNDS WHOSE EARNINGS ARE USED TO PROVIDE STUDENT SCHOLARSHIPS AND SUPPORT FOR VARIOUS CAMPUS PROGRAMS AND ACTIVITIES.

4b (Code:) (Expenses \$ 4,064,477. including grants of \$ 900,000.) (Revenue \$ 780,686.)
RECEIPTS OF GIFTS AND DONATIONS FOR VARIOUS CAMPUS PROGRAM ACTIVITIES INCLUDING NON-ENDOWED SCHOLARSHIPS, THE ACE FOSTER YOUTH SCHOLARSHIP PROGRAM, THE KAISER FOUNDATION NURSING STUDENT LOAN PROGRAM, THE SPICER STUDENT LOAN PROGRAM, SUPPORT FOR THE CAMPUS VETERANS CENTER, AND SUPPORT FOR THE CALIFORNIA INDIAN CULTURE AND SOVEREIGNTY CENTER.

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 **4,998,724.**



CSU SAN BERNARDINO



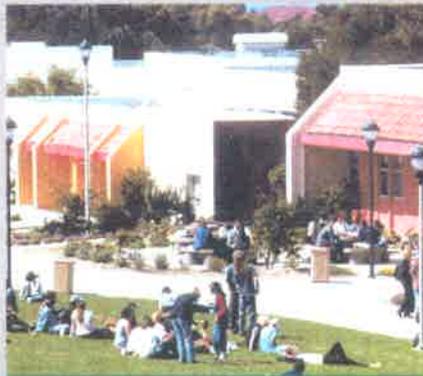
CSU CHICO

FINANCIAL STATEMENTS

JUNE 30, 2014



CSU SACRAMENTO



CSU MONTEREY BAY



CSU NORTHRIDGE

Bakersfield
Channel Islands
Chico
Dominguez Hills
East Bay
Fresno

Fullerton
Humboldt
Long Beach
Los Angeles
Maritime Academy
Monterey Bay

Northridge
Pomona
Sacramento
San Bernardino
San Diego
San Francisco

San José
San Luis Obispo
San Marcos
Sonoma
Stanislaus

LETTER FROM THE EXECUTIVE VICE CHANCELLOR, CHIEF FINANCIAL OFFICER

The California State University is a remarkable institution that is comprised of 23 campuses offering an outstanding education to 438,157 students in College Year 2013-14. As the nation's largest university, it has become the economic engine for California; creating jobs, companies, and innovation. The majority of California's leaders and policymakers received their degrees from one of the 23 campuses of the California State University.

The investment of tax dollars into the California State University is the best investment Californians can make in their future. For every \$1 invested in the California State University, \$5.43 is invested by the University back into California's economy. And that investment keeps California competitive with the rest of the world, as well as contributes to the nation's economy and security.

For this reason, California needs to look carefully at how it invests its precious resources in the future of the State and its citizens. Additional investments in the California State University will increase access to an excellent education for many additional students and provide the necessary facilities for their studies.

I am happy to say that the California State University's financial position is very strong, and the new financial authority granted to the University by the State will allow us to optimally use our resources for our highest priorities. While we continue to increase our enrollment capacity, the demand for admission to our campuses continues to increase at a much higher rate.

The campuses and University system are working hard to improve and streamline our operations so that we can best serve the academic enterprise. We are investing in innovative new ways to provide students with tools to shorten the time it takes to get their degree, and provide faculty with the resources they need to be successful.

Our commitment to the people of California is to build on the foundation of a great University; to increase access to a high-quality education, and to help solve the State's greatest challenges in the years ahead.



STEVE RELYEA
EXECUTIVE VICE CHANCELLOR, CFO
THE CALIFORNIA STATE UNIVERSITY

CALIFORNIA STATE UNIVERSITY

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Statement of Revenues, Expenses, and Changes in Net Position	19
Statement of Cash Flows	20–21
Notes to Financial Statements	22–52
Supplementary Schedules – Campus Financial Information	53–167



KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report

The Board of Trustees
California State University:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the California State University (the University), an agency of the State of California (the State), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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 opinions on these financial statements based on our audit. We did not audit the financial statements of 90 of the 92 aggregate discretely presented component units, which statements reflect total assets constituting 91.2% and total revenues constituting 94.2% of the aggregate discretely presented totals. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the 90 discretely presented component units, is based solely on the reports of the other auditors. 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 opinions.



Opinion

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the California State University, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended, in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2014 on our consideration of the University'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 University's internal control over financial reporting and compliance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 53 to 167 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, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information is fairly stated, in all materials respects, in relation to the financial statements as a whole.

KPMG LLP

October 15, 2014

CALIFORNIA STATE UNIVERSITY, SAN MARCOS

Statement of Net Position

June 30, 2014

	Assets	Discretely presented component units	
		Campus	Total
Current assets:			
Cash and cash equivalents		\$ 7,000	6,930,000
Short-term investments		39,721,000	7,364,000
Accounts receivable, net		2,973,000	10,341,000
Leases receivable, current portion		705,000	—
Notes receivable, current portion		—	—
Pledges receivable, net		—	1,091,000
Prepaid expenses and other assets		1,549,000	70,000
Total current assets		44,955,000	25,796,000
Noncurrent assets:			
Restricted cash and cash equivalents		—	—
Accounts receivable, net		31,000	—
Leases receivable, net of current portion		20,545,000	—
Notes receivable, net of current portion		—	1,489,000
Student loans receivable, net		266,000	389,000
Pledges receivable, net		—	1,785,000
Endowment investments		—	21,767,000
Other long-term investments		7,614,000	3,920,000
Capital assets, net		255,129,000	25,843,000
Other assets		2,000	64,000
Total noncurrent assets		283,587,000	55,257,000
Total assets		328,542,000	81,053,000
	Deferred Outflows of Resources		
Deferred outflows of resources		135,000	—
	Liabilities		
Current liabilities:			
Accounts payable		5,964,000	9,573,000
Accrued salaries and benefits		8,667,000	409,000
Accrued compensated absences, current portion		3,424,000	273,000
Unearned revenue		7,502,000	1,314,000
Capitalized lease obligations, current portion		1,267,000	748,000
Long-term debt obligations, current portion		8,345,000	—
Claims liability for losses and loss adjustment expenses, current portion		—	—
Depository accounts, current portion		2,000	—
Other liabilities		1,809,000	408,000
Total current liabilities		36,980,000	12,725,000
Noncurrent liabilities:			
Accrued compensated absences, net of current portion		2,398,000	—
Unearned revenue		—	1,326,000
Grants refundable		403,000	—
Capitalized lease obligations, net of current portion		1,075,000	21,036,000
Long-term debt obligations, net of current portion		104,087,000	—
Claims liability for losses and loss adjustment expenses, net of current portion		—	—
Depository accounts		819,000	—
Other postemployment benefits obligation		3,653,000	1,683,000
Other liabilities		—	—
Total noncurrent liabilities		112,435,000	24,045,000
Total liabilities		149,415,000	36,770,000
	Deferred Inflows of Resources		
Deferred inflows of resources		—	629,000
	Net Position		
Net position:			
Net investment in capital assets		164,464,000	3,430,000
Restricted for:			
Nonexpendable – endowments		—	19,144,000
Expendable:			
Scholarships and fellowships		159,000	2,946,000
Research		—	—
Loans		39,000	—
Capital projects		1,764,000	49,000
Debt service		—	—
Other		51,000	5,239,000
Unrestricted		12,785,000	12,846,000
Total net position		\$ 179,262,000	43,654,000

See accompanying independent auditors' report

CALIFORNIA STATE UNIVERSITY, SAN MARCOS
Statement of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2014

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$27,368,000)	\$ 65,982,000	4,528,000	—	70,510,000
Grants and contracts, noncapital:				
Federal	—	6,091,000	—	6,091,000
State	—	738,000	—	738,000
Local	—	115,000	—	115,000
Nongovernmental	—	499,000	—	499,000
Sales and services of educational activities	35,000	2,871,000	—	2,906,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	6,082,000	8,804,000	—	14,886,000
Other operating revenues	5,332,000	—	—	5,332,000
Total operating revenues	<u>77,431,000</u>	<u>23,646,000</u>	<u>—</u>	<u>101,077,000</u>
Expenses:				
Operating expenses:				
Instruction	58,734,000	2,778,000	(152,000)	61,360,000
Research	590,000	3,798,000	—	4,388,000
Public service	193,000	462,000	(69,000)	586,000
Academic support	21,930,000	1,103,000	(39,000)	22,994,000
Student services	15,566,000	4,669,000	(128,000)	20,107,000
Institutional support	20,981,000	4,989,000	(15,000)	25,955,000
Operation and maintenance of plant	16,140,000	—	(11,000)	16,129,000
Student grants and scholarships	28,998,000	691,000	(691,000)	28,998,000
Auxiliary enterprise expenses	2,767,000	5,648,000	—	8,415,000
Depreciation and amortization	12,283,000	1,304,000	—	13,587,000
Total operating expenses	<u>178,182,000</u>	<u>25,442,000</u>	<u>(1,105,000)</u>	<u>202,519,000</u>
Operating loss	<u>(100,751,000)</u>	<u>(1,796,000)</u>	<u>1,105,000</u>	<u>(101,442,000)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	57,660,000	—	—	57,660,000
Federal financial aid grants, noncapital	21,815,000	—	—	21,815,000
State financial aid grants, noncapital	13,046,000	—	—	13,046,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	74,000	—	—	74,000
Gifts, noncapital	2,483,000	2,947,000	(1,041,000)	4,389,000
Investment income, net	1,471,000	420,000	—	1,891,000
Endowment income, net	—	2,958,000	—	2,958,000
Interest expense	(4,200,000)	(951,000)	—	(5,151,000)
Other nonoperating revenues	1,243,000	159,000	(64,000)	1,338,000
Net nonoperating revenues	<u>93,592,000</u>	<u>5,533,000</u>	<u>(1,105,000)</u>	<u>98,020,000</u>
Income (loss) before other revenues and expenses	<u>(7,159,000)</u>	<u>3,737,000</u>	<u>—</u>	<u>(3,422,000)</u>
State appropriations, capital	—	—	—	—
Grants and gifts, capital	366,000	—	—	366,000
Additions to permanent endowments	—	346,000	—	346,000
Increase (decrease) in net position	<u>(6,793,000)</u>	<u>4,083,000</u>	<u>—</u>	<u>(2,710,000)</u>
Net position:				
Net position at beginning of year, as previously reported	186,055,000	39,571,000	—	225,626,000
Restatements	—	—	—	—
Net position at beginning of year, as restated	<u>186,055,000</u>	<u>39,571,000</u>	<u>—</u>	<u>225,626,000</u>
Net position at end of year	<u>\$ 179,262,000</u>	<u>43,654,000</u>	<u>—</u>	<u>222,916,000</u>

See accompanying independent auditors' report

CALIFORNIA STATE UNIVERSITY, SAN MARCOS

Statement of Cash Flows

Year ended June 30, 2014

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 66,051,000
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(31,900,000)
Payments to employees	(101,878,000)
Payments to students	(29,308,000)
Collections of student loans	190,000
Sales and services of educational activities	35,000
Sales and services of auxiliary enterprises	6,082,000
Other receipts	4,897,000
Net cash used in operating activities	<u>(85,831,000)</u>
Cash flows from noncapital financing activities:	
State appropriations	57,660,000
Federal financial aid grants	21,888,000
State financial aid grants	13,046,000
Local financial aid grants	—
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	74,000
Gifts and grants received for other than capital purposes	2,449,000
Federal loan program receipts	39,314,000
Federal loan program disbursements	(39,425,000)
Monies received on behalf of others	1,030,000
Monies disbursed on behalf of others	(883,000)
Other noncapital financing activities	1,364,000
Net cash provided by noncapital financing activities	<u>96,517,000</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	16,183,000
State appropriations	248,000
State appropriations – SPWB Lease Revenue Bonds program	—
Capital grants and gifts	—
Proceeds from sale of capital assets	50,000
Acquisition of capital assets	(21,031,000)
Issuance of notes receivable	—
Transfers to escrow agent	(12,999,000)
Principal paid on capital debt and leases	(2,698,000)
Interest paid on capital debt and leases	(5,122,000)
Principal collection on capital leases	1,205,000
Interest collection on capital leases	927,000
Principal collection on notes receivable	—
Interest collection on notes receivable	—
Net cash used in capital and related financing activities	<u>(23,237,000)</u>

CALIFORNIA STATE UNIVERSITY, SAN MARCOS

Statement of Cash Flows

Year ended June 30, 2014

	<u>Campus</u>
Cash flow investing activities:	
Proceeds from sales of investments	\$ 249,753,000
Purchases of investments	(237,830,000)
Investment income proceeds	628,000
Net cash provided by investing activities	<u>12,551,000</u>
Net increase in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>7,000</u>
Cash and cash equivalents at end of year	<u>\$ 7,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 7,000
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 7,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (100,751,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	12,283,000
Change in assets and liabilities:	
Accounts receivable, net	(253,000)
Notes receivable	—
Student loans receivable, net	(121,000)
Pledges receivable, net	—
Prepaid expenses and other assets	(64,000)
Accounts payable	263,000
Accrued salaries and benefits	583,000
Accrued compensated absences	873,000
Unearned revenue	224,000
Depository accounts	—
Other postemployment benefits obligation	945,000
Other liabilities	187,000
Net cash used in operating activities	<u>\$ (85,831,000)</u>
Supplemental schedule of noncash transactions:	
Acquisition of capital assets through capitalized lease	\$ 1,131,000
Contributed capital assets	703,000
Amortization of net bond premium	126,000
Capital assets paid by the Office of the Chancellor	67,000
Gifts in kind	34,000
Change in accrued capital asset purchases	(981,000)

See accompanying independent auditors' report.

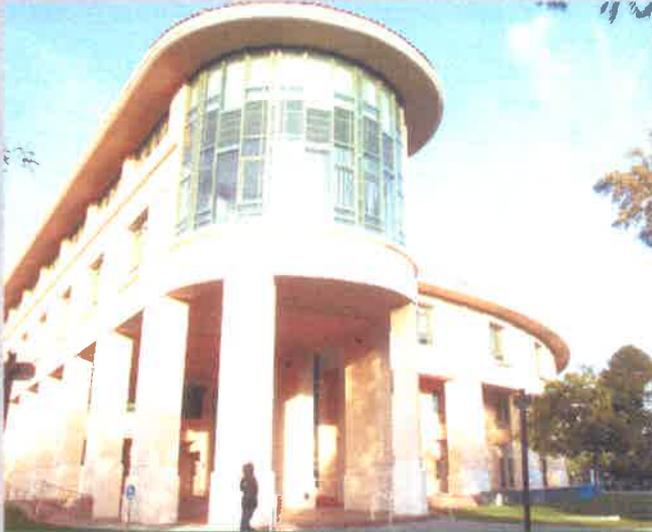
CALIFORNIA STATE UNIVERSITY, SAN MARCOS

Transactions with Related Entities

Year ended June 30, 2014

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 3,624,000
Payments from discretely presented component units for other than salaries	4,837,000
Payments to discretely presented component units for services, space, and programs	1,078,000
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	—
Accounts receivable from discretely presented component units	944,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(444,000)
Other amounts payable to discretely presented component units	(1,489,000)
Payments to the Office of the Chancellor for administrative activities	173,000
Payments to the Office of the Chancellor for state pro rata charges	437,000
Accounts receivable from the Office of the Chancellor	252,000
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery appropriations received	417,000
State lottery appropriations receivable	—

See accompanying independent auditors' report.



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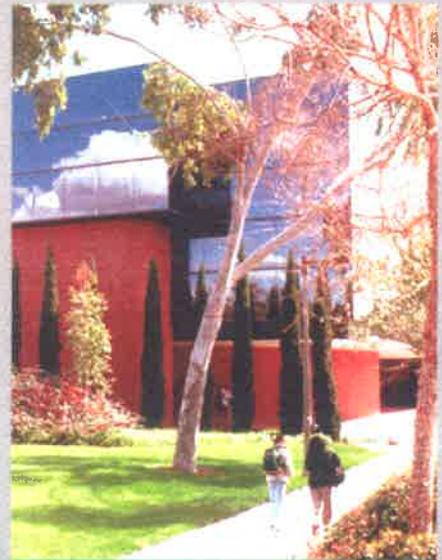
HUMBOLDT STATE UNIVERSITY



CSU LOS ANGELES



CSU EAST BAY



CSU LONG BEACH

CSU Office of the Chancellor
Division of Financial Services
Systemwide Financial Standards & Reporting
401 Golden Shore, Long Beach, CA 90802-4210

www.calstate.edu



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

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

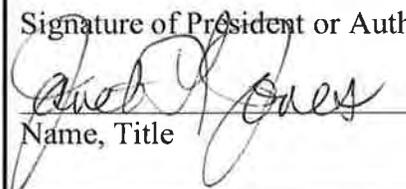
Project Name: Hospice Care & Grief Counseling	Total # of people served: 6,645 FY14	Amount Requested: \$7,500
Date Submitted: 3/29/2015	Total # of San Marcos residents served: 309	

Non-Profit Organization Name and Address, Website The Elizabeth Hospice 500 La Terraza Blvd., Ste. 130 Escondido, CA 92025	Contact Person – Name, Title & Phone, email Vatei Campbell Fund Development Manager Vatei.Campbell@ehospice.org; 760.796.3723
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Briefly describe your request for funds (to be expanded upon in narrative for regular grant):
 This grant will support direct Hospice & Grief Counseling Services for residents of San Marcos. Our comprehensive medical, psychosocial and palliative care provides end of life care and mental health support to those coping with serious or chronic illness. We care for people wherever they consider “home” regardless of gender, age, ethnicity, religion, disease, type of death experienced or ability to pay. This grant will also support our extensive array of counseling services, which is available to anyone in the community seeking bereavement, pre-bereavement, and grief and loss support. They do not need to have been affiliated with an Elizabeth Hospice patient to utilize our services.

Briefly describe the significance of your request to the San Marcos community:
 Approximately 5% of our annual patient census is from San Marcos. Your support will enable The Elizabeth Hospice to meet our commitment to providing care to all who need us, ensuring that the residents of San Marcos will have access to compassionate end-of-life care and our extensive bereavement programs to help them move forward with their lives after a loss. Our mental health counselors also provide training and resources to the students and staff at Cal State University, San Marcos.

On any given day, we care for 500 children and adults, along with their families. Thank you SMCF for contributing more than \$27,000 over the years to The Elizabeth Hospice in support of our mission.

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: Project ongoing and part of the core services offered by The Elizabeth Hospice. Date by which funds will be expended: 12/31/15
	Signature of President or Authorized Officer  Name, Title Date 3/30/2015
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	



History and Mission: The Elizabeth Hospice is the oldest and largest nonprofit hospice and a palliative care provider for children and adults in San Diego County. Along with our Center for Compassionate Care (CCC), we strive to meet the needs of patients, families, and communities who seek our services. Our efforts extend beyond the physical care for patients to encompass mental health support to anyone impacted by illness, grief, and loss—regardless of gender, age, ethnicity, religion, disease, type of death experienced or ability to pay. Since 1978, we have provided care to more than 90,000 patients and families.

Our mission is to enhance the quality of life for those nearing the end of life's journey and for those who grieve.

Hospice care is provided wherever the patient calls home—whether it is a personal residence, assisted living facility or skilled nursing facility. We help seriously ill patients live the remainder of their lives as fully as possible, in peace and comfort, surrounded by their loved ones. While the majority of our patients are seniors, our comprehensive care and services support patients and loved ones of all ages, including our youth. Today, we care for about 500 patients, along with their families, each day.

Programs for Funding: This grant would fund **Hospice Care & Grief Counseling Services** for residents of San Marcos. Our comprehensive medical, psychosocial, and palliative care provides comfort and strength to patients and families—from all ages and socioeconomic backgrounds. Your support will enable us to meet our commitment to provide our end-of-life services to all who need our care, regardless of their ability to pay or insurance status. This grant will also support our programs and services that are underfunded or unfunded, including our extensive array of bereavement and grief counseling services. Our counseling services are also available to the entire community—not only to those affiliated with our Elizabeth Hospice patients.

Our expert medical care focuses on the physical, emotional, social and spiritual needs of the seriously ill and their families. Specialized services include: **1) Patient Care** to manage pain and symptoms; **2) Children's Services**, providing Pediatric and Perinatal hospice care for very ill children and support for their families; **3) Palliative Care** for those living with chronic or serious illness; and through the **4) Center for Compassionate Care**, comprehensive counseling services for patients, loved ones, and the community-at-large to manage issues correlating with grief, loss or serious illness.

Patients are assigned an Interdisciplinary Team, which includes: physicians, nurses, home health aides, chaplains, social workers, counselors, homemakers, and volunteers. The team provides pain and symptom management; emotional, psychosocial and spiritual support through the illness; medication, equipment, and supplies to assure their optimal comfort; caregivers are offered direction and guidance; and bereavement care and counseling is offered family and loved ones.

The counselors and trained volunteers at the **Center for Compassionate Care of The Elizabeth Hospice** understand the emotions, questions and challenges grief and loss may trigger. We provide support, resources, and educational opportunities to empower those coping with a serious illness or who has experienced loss find strength, courage and hope.



Counseling services for Grief, Loss, and Serious Illness include: **1) Hospice Bereavement & Pre-Bereavement Program**—support and resources during the illness and up to 13 months following a death; **2) Individual Counseling**—one-on-one grief and loss counseling; **3) Drop-in & Specialized Support Groups**—addresses varied topics such as, but not limited to Child Loss, Bereaved Parents, Spousal Loss, and Parental Loss; **4) Onsite Student Grief Support Groups**—offers counseling to students in a safe, familiar setting; **5) Camp Erin® San Diego**—annual bereavement camp for youth, ages 6-17, who are coping with the loss of someone close to them; **6) Community Education & Workshops**—interactive events and workshops designed to provide opportunities and resources for managing grief and loss.

Our CCC strives to address the daily issues that may improve their quality of life by providing resources, information, education, guidance, and support to help with physical changes, as well as the emotional challenges, adjustments, and stresses that come with illness and grief. Collaborative opportunities are continuously sought in an effort to strengthen our impact in the community. Counselors from the CCC routinely provide training on grief and loss for residence advisors at Cal State San Marcos, as well as teach an undergraduate psychology class each semester on Death and Dying.

Use of Funds: A \$7,500 grant will help us provide crucial hospice services to uninsured and underinsured patients and their families. This includes hospice physicians, nurses, social workers, chaplains, home health aides, personal medical supplies, prescriptions, and equipment. Furthermore, the grant will support grief and bereavement counseling for the patient's family and/or caregivers, along with counseling for the community, including programs tailored for our youth.

Population Served: We provide care to all ages, with 80% of our patients and 20% of our counseling clients over the age of 70. In FY'15 (July 1, 2013-June 30, 2014), 5% of our patients (79) were from San Marcos. About 4% of our counseling clients reside in San Marcos. An additional 210 San Marcos residents received bereavement calls and resource materials as part of our routine follow-up after a death. Not included are residents who may participate in one of our many educational opportunities we do not track attendees by their city of residence. In FY'15, we have cared for 1,212 patients, with 75 patients from San Marcos through January 2015 alone—nearly matching last year's entire San Marcos patient census.

Program Goals: With support from The San Marcos Community Foundation, you will help us provide: *1) highest quality hospice care to everyone in need, regardless of their insurance status or other ability to pay; 2) Increase the number of terminally ill patients dying at home, surrounded by loved ones, rather than dying in a hospital or dying alone; and a 3) comprehensive array of bereavement, grief and loss counseling services for all in the community—from the youngest child to the most senior. Our services far exceed what is required by Medicare.*

Expected Results: 1) An honorable, dignified end-of-life experience for every resident who utilizes our services; 2) Reduction in the negative consequences associated with the loss of a loved one; 3) A healthier and safer community of individuals adapting to major life events through lifelong coping skills garnered through our hospice and bereavement services; 4) A community more educated about the true meaning of hospice and the wide array of services offered by The Elizabeth Hospice.

www.elizabethhospice.org

THE ELIZABETH HOSPICE AND THE ELIZABETH HOSPICE FOUNDATION

FY14

Provide an itemized list of expenses for this project

(example: 72 bicycle helmets at \$7.80 each including tax = \$561,60)

Budget based on percentage of FY'14 patients from San Marcos (4%) through December 31, 2013

Professional Salaries & Related Expenses	\$ 1,030,235
Facility, Rent, and Maintenance Related	\$ 194,700.00
Medical Supplies - Durable & Consumables	\$ 198,623
Camp Erin San Diego Children's Grief Camp (excludes camp coord salary)	\$ 60,000
Mileage & Travel (including conference travel)	\$ 20,000
Community Outreach & Education	\$ 15,000
Office Supplies	\$ 8,500
Communications & Marketing	\$ 4,360

Total budget for this PROJECT: \$ 1,531,418

Grant Request Amount: \$ 7,500

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

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

Please list any other funding sources for this project.

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

\$ 30,000	(Name of Source)	Tri-City Health District Community Grant	**
\$ 26,269	(Name of Source)	Elisabeth S. Wilson Endowment Fund	**
\$ 20,000	(Name of Source)	Disabled American Veterans	**
\$ 10,000	(Name of Source)	Tippett Foundation	**
\$ 10,000	(Name of Source)	Fieldstone Foundation	**
\$ 8,000	(Name of Source)	Gina Marie Dayton Guardian Angel Foundation	**
\$ 8,000	(Name of Source)	Legacy Endowment Community Foundation	**
\$ 7,500	(Name of Source)	The Moyer Foundation	**
\$ 5,000	(Name of Source)	The French Fund & Masserini Trust	**
\$ 3,850	(Name of Source)	Rob Benzon Foundation	**
\$ 2,500	(Name of Source)	Rincon Band of Luiseno Indians	**
\$ 2,500	(Name of Source)	Rotary of Escondido	**
\$ 1,500	(Name of Source)	New York Life Insurance	**
\$ 1,000	(Name of Source)	Senior Enterprises	**

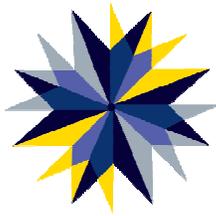
There are other funders, both committed and pending.



Statement of Operations - SUMMARY

FY 2015 Budget

	FY 15 Budget	% NPR
<u>HOSPICE PROGRAM:</u>		
<i>Operating Revenue</i>	32,933,516	100.00%
<i>Payroll-Related Expenses</i>	23,554,142	71.52%
<i>Patient-Related Expenses</i>	5,146,356	15.63%
<i>Facility-Related Expenses</i>	1,186,110	3.60%
<i>Administrative Expenses</i>	1,903,361	5.78%
<i>Depreciation Expense</i>	340,797	1.03%
<i>Total Hospice Prg Exp</i>	32,130,766	97.56%
Operating Income - Hospice Prg	802,750	2.44%
<u>CENTER FOR COMPASSIONATE CARE PROGRAM:</u>		
	762,816	2.32%
<u>PALLIATIVE CARE PROGRAM</u>		
	291,287	0.88%
Non-Operating Income	559,381	1.70%
Hospice Net Income (Loss)	308,029	0.94%
 <u>FOUNDATION:</u>		
Revenues		
Contributions	2,400,470	
Expenses		
Development	964,122	
Facilities - Canterbury	198,392	
Intercompany Transactions/Other Income		
Management Fees Charged to Foundation	309,089	
Charity Care charged to Foundation	250,000	
Canterbury Overhead charged to Hospice	(193,992)	
Total Expenses	1,527,611	
Operating Income (Loss)	872,859	
Non Operating Income/ (Expenses)		
Interest & Investment	363,327	
Foundation Net Income (Loss)	1,236,186	
Combined Net Income	1,544,215	



The Elizabeth Hospice

The Elizabeth Hospice, Foundation – Board of Trustees
FY 2015 - Term Year July 1, 2014 to June 30, 2015
(BOD approved, 06/12/14)

FOUNDATION, BOARD OF TRUSTEES			Occupation
1.	Theodore Davis	Investment Committee Chair	Retired, Sr. Vice President Legal Division - Union Bank of California
2.	Doug Dawson		Executive Director Ellen Browning Scripps Foundation
3.	Michael Hartney, JD	Chairman <i>(2 year term)</i>	Attorney, Corday & Hartney, PLC
4.	Faye Hines		Broker, ERA Property Movers
5.	Gary Kloehn		The Elizabeth Hospice, Inc. – Chairman of the Board Community Member, Retired partner Barney & Barney LLC, San Diego
6.	Dan Laframboise	Immediate Past Chair	President, DL Wealth Management Group
7.	Debi Lange		The Elizabeth Hospice, Inc. – Board member Consultant - Human Resources
8.	Bruce McCarty	Audit Committee Chair	Vice President Financial Services Manager, First Citizens Bank
9.	Jack Raymond		Chief Executive Officer, The Raymond Companies
CORPORATE OFFICERS			
Jan	Jones	<i>Ex officio member</i>	President/CEO (RN, BSN, FAAMA)
Kiprian	Skavinski	Treasurer	CFO, Director of Finance
Cheryl	Farst	Corporate Secretary	Executive Assistant
FUND DEVELOPMENT STAFF <i>(non-board members: regularly attend meetings)</i>			
Melissa	DelaCalzada	Director, Communications and Development	
Vatei	Campbell	Fund Development Manager	
Don	Beaumarchais	Planned Giving and Major Gifts Officer	
Alexandra	Prsha	Fund Development Database & Special Project Coordinator	
Susan	Markland	Fund Development Gift Coordinator	

Board Terms

Term Year defined as July 1 to June 30 each year, term equals 3 years with a maximum 2 terms.

FY2015 Slate

Total Trustees at the start of the new term; July 1, 2014 – 9 persons

- 6 persons on Foundation board only
- 2 persons on both boards one of which is seated on the Corporate Executive Committee

www.elizabethhospice.org



The Elizabeth Hospice

**THE ELIZABETH HOSPICE INC.
ELIZABETH HOSPICE FOUNDATION**

**CONSOLIDATED BALANCE SHEET
(UNAUDITED)
As of January 31, 2015**

ASSETS

CURRENT ASSETS

Cash & Cash Equivalents	\$ 1,858,478
Accounts Receivable, net of allowances	\$ 5,234,329
Prepaid & Other Current Assets	\$ 242,880
Investments	<u>\$ 9,458,403</u>

TOTAL CURRENT ASSETS \$ 16,794,090

PROPERTY & EQUIPMENT

Office Equipment	\$ 1,098,791
Furniture & Fixtures	\$ 451,700
Building	\$ 2,924,276
Land	\$ 879,235
Construction in Progress	\$ -
Accumulated Depreciation	<u>\$ (1,597,459)</u>

TOTAL PROPERTY & EQUIPMENT \$ 3,756,543

OTHER ASSETS \$ 75,094

TOTAL ASSETS \$ 20,625,727



The Elizabeth Hospice

**THE ELIZABETH HOSPICE INC.
ELIZABETH HOSPICE FOUNDATION**

**CONSOLIDATED BALANCE SHEET
(UNAUDITED)
As of January 31, 2015**

LIABILITIES & NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 805,050
Accrued Expenses	\$ 1,020,627
Accrued Payroll & Benefits	<u>\$ 1,751,056</u>

TOTAL CURRENT LIABILITES \$ 3,576,733

TOTAL LIABILITIES \$ 3,576,733

NET ASSETS

Unrestricted	\$ 14,201,458
Temporarily Restricted	\$ 267,209
Permanently Restricted	<u>\$ 2,580,327</u>

TOTAL NET ASSETS \$ 17,048,994

TOTAL LIABILITIES & NET ASSETS \$ 20,625,727



The Elizabeth Hospice

**CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)
FOR THE MONTH ENDING JANUARY 31, 2015**

	MTD Actual
Operating Revenue	2,882,496
Contributions & Fundraising	69,110
Total Revenue	2,951,606
Operating Expenses	
Payroll	2,245,862
Patient Related	517,085
Facility Related	129,401
Administrative Expenses	158,531
Total	3,050,879
Depreciation	32,261
Total Expenses	3,083,140
Operating Income (Loss)	(131,534)
Non-Operating Income (Expense)	
Interest Expense	-
Investment Expense	(17,882)
Interest Income	6,880
Unrealized Gain from Investments	(118,573)
Realized Gain from Investments	-
Gain/Loss on Disposal of Assets	-
Other Income - Non Operating	1,876
Total Non-Operating	(127,699)
Net Income (Loss)	\$ (259,233)



The Elizabeth Hospice

**CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)
FOR THE SIX MONTHS ENDING JANUARY 31, 2015**

	YTD Actual
Operating Revenue	19,484,534
Contributions & Fundraising	1,237,617
Total Revenue	20,722,151
Operating Expenses	
Payroll	15,262,687
Patient Related	3,043,764
Facility Related	796,012
Administrative Expenses	1,474,538
Total	20,577,001
Depreciation	235,534
Total Expenses	20,812,535
Operating Income (Loss)	(90,384)
Non-Operating Income (Expense)	
Interest Expense	-
Investment Expense	(62,306)
Interest Income	71,608
Unrealized Gain from Investments	(89,585)
Realized Gain from Investments	1,659
Gain/Loss on Disposal of Assets	-
Other Income - Non Operating	20,438
Total Non-Operating	(58,186)
Net Income (Loss)	\$ (148,570)

034

Copy of FILED RETURN
11/10/2014
KUD

MAIL TO:
Registry of Charitable Trusts
P.O. Box 903447
Sacramento, CA 94203-4470
Telephone: (916) 445-2021

**ANNUAL
REGISTRATION RENEWAL FEE REPORT
TO ATTORNEY GENERAL OF CALIFORNIA**

Sections 12586 and 12587, California Government Code
11 Cal. Code Regs. sections 301-307, 311 and 312

Failure to submit this report annually no later than four months and fifteen days after the end of the organization's accounting period may result in the loss of tax exemption and the assessment of a minimum tax of \$800, plus interest, and/or fines or filing penalties as defined in Government Code section 12586.1. IRS extensions will be honored.

WEB SITE ADDRESS:
<http://ag.ca.gov/charities/>

State Charity Registration Number	_____	Check if:	<input type="checkbox"/> Change of address
Name of Organization	THE ELIZABETH HOSPICE FOUNDATION	<input type="checkbox"/> Amended report	
Address (Number and Street)	500 LA TERRAZA BLVD, SUITE 130	Corporate or Organization No.	2494170
City or Town, State and ZIP Code	ESCONDIDO CA 92025-3876	Federal Employer I.D. No.	82-0549103

ANNUAL REGISTRATION RENEWAL FEE SCHEDULE (11 Cal. Code Regs. sections 301-307, 311 and 312)
Make Check Payable to Attorney General's Registry of Charitable Trusts

Gross Annual Revenue	Fee	Gross Annual Revenue	Fee	Gross Annual Revenue	Fee
Less than \$25,000	0	Between \$100,001 and \$250,000	\$50	Between \$1,000,001 and \$10 million	\$150
Between \$25,000 and \$100,000	\$25	Between \$250,001 and \$1 million	\$75	Between \$10,000,001 and \$50 million	\$225
				Greater than \$50 million	\$300

PART A - ACTIVITIES

For your most recent full accounting period (beginning 07/01/13 ending 06/30/14) list:
Gross annual revenue \$ 3,046,667 Total assets \$ 12,792,155

PART B - STATEMENTS REGARDING ORGANIZATION DURING THE PERIOD OF THIS REPORT

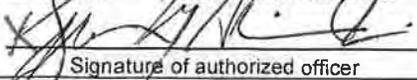
Note: If you answer "yes" to any of the questions below, you must attach a separate sheet providing an explanation and details for each "yes" response. Please review RRF-1 instructions for information required.

	Yes	No
1. During this reporting period, were there any contracts, loans, leases or other financial transactions between the organization and any officer, director or trustee thereof either directly or with an entity in which any such officer, director or trustee had any financial interest?		X
2. During this reporting period, was there any theft, embezzlement, diversion or misuse of the organization's charitable prop. or funds?		X
3. During this reporting period, did non-program expenditures exceed 50% of gross revenues?		X
4. During this reporting period, were any organization funds used to pay any penalty, fine or judgment? If you filed a Form 4720 with the Internal Revenue Service, attach a copy.		X
5. During this reporting period, were the services of a commercial fundraiser or fundraising counsel for charitable purposes used? If "yes," provide an attachment listing the name, address, and telephone number of the service provider.		X
6. During this reporting period, did the organization receive any governmental funding? If so, provide an attachment listing the name of the agency, mailing address, contact person, and telephone number.		X
7. During this reporting period, did the organization hold a raffle for charitable purposes? If "yes," provide an attachment indicating the number of raffles and the date(s) they occurred.		X
8. Does the organization conduct a vehicle donation program? If "yes," provide an attachment indicating whether the program is operated by the charity or whether the organization contracts with a commercial fundraiser for charitable purposes.		X
9. Did your organization have prepared an audited financial statement in accordance with generally accepted accounting principles for this reporting period?	X	

Organization's area code and telephone number **760-737-2050**

Organization's e-mail address **KIP.SKAVINSKI@EHOSPICE.ORG**

I declare under penalty of perjury that I have examined this report, including accompanying documents, and to the best of my knowledge and belief, it is true, correct and complete.

 Signature of authorized officer
KIPRIAN SKAVINSKI Printed Name
CFO Title
11/10/2014 Date

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 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.

OMB No. 1545-0047

2013
Open to Public Inspection

A For the 2013 calendar year, or tax year beginning **07/01/13**, and ending **06/30/14**

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 Name of organization <p style="text-align: center;">THE ELIZABETH HOSPICE FOUNDATION</p> Doing Business As Number and street (or P.O. box if mail is not delivered to street address) Room/suite <p>500 LA TERRAZA BLVD, SUITE 130</p> City or town, state or province, country, and ZIP or foreign postal code <p>ESCONDIDO CA 92025-3876</p>	D Employer identification number <p style="text-align: center;">82-0549103</p> E Telephone number <p style="text-align: center;">760-737-2050</p>
F Name and address of principal officer: <p>JANET JONES 500 LA TERRAZA BLVD, SUITE 130 ESCONDIDO CA 92025-3876</p>		G Gross receipts \$ 4,424,217 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 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		H(c) Group exemption number ▶
J Website: ▶ WWW.ELIZABETHHOSPICE.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: 2002 M State of legal domicile: CA

Part I Summary			
Activities & Governance	1 Briefly describe the organization's mission or most significant activities: SUPPORT, PROMOTE, AND STRENGTHEN THE DELIVERY OF CARE AND SERVICES PROVIDED BY THE ELIZABETH HOSPICE, INC. TO THE TERMINALLY ILL AND THEIR FAMILIES.		
	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)	10
	4	Number of independent voting members of the governing body (Part VI, line 1b)	10
	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	0
	6	Total number of volunteers (estimate if necessary)	0
	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	
Revenue	8	Contributions and grants (Part VIII, line 1h)	1,727,084
	9	Program service revenue (Part VIII, line 2g)	0
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	367,387
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0
	12	Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,094,471
	Expenses	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)	0
15		Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	0
16a		Professional fundraising fees (Part IX, column (A), line 11e)	0
		b Total fundraising expenses (Part IX, column (D), line 25) ▶ 480,300	
17		Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	844,223
18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	969,218	
19	Revenue less expenses. Subtract line 18 from line 12	1,125,253	
Net Assets or Fund Balances			Prior Year
	20	Total assets (Part X, line 16)	13,049,013
	21	Total liabilities (Part X, line 26)	4,319,617
	22	Net assets or fund balances. Subtract line 21 from line 20	8,729,396
		Current Year	2,221,836
		Beginning of Current Year	1,058,707
		End of Year	1,212,905
		Beginning of Current Year	1,833,762
		End of Year	1,125,253

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 KIPRIAN SKAVINSKI	Date			
	Type or print name and title CFO				
Paid Preparer Use Only	Print/Type preparer's name PAUL REDFERN, CPA	Preparer's signature PAUL REDFERN, CPA	Date 10/31/14	Check <input type="checkbox"/> if self-employed	PTIN P00743084
	Firm's name ▶ REDFERN & COMPANY	Firm's EIN ▶ 20-8295356			
	Firm's address ▶ 631 3RD ST STE 102 ENCINITAS, CA 92024-6776	Phone no. 760-634-1120			

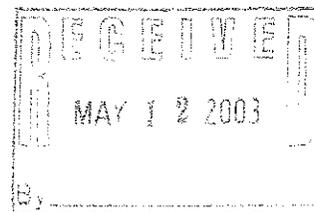
May the IRS discuss this return with the preparer shown above? (see instructions) Yes No
For Paperwork Reduction Act Notice, see the separate instructions. Form **990** (2013)



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

In reply refer to
755:6 :EMM

May 9, 2003



THE ELIZABETH HOSPICE FOUNDATION
THE ELIZABETH HOSPICE
150 W CREST ST
ESCONDIDO CA 92025-1706

Purpose : CHARITABLE
Code Section : 2370ld
Form of Organization : Corporation
Accounting Period Ending: December 31
Organization Number : 2494170

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 under Section 23731 of the Code. In this event, you are required to

May 9, 2003
THE ELIZABETH HOSPICE FOUNDATION
ENTITY ID : 2494170
Page 2

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.

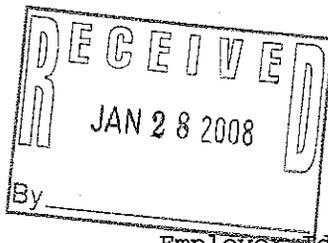
Please note that an exemption from federal income or other taxes and other state taxes requires separate applications.

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

E DIALA
EXEMPT ORGANIZATIONS
BUSINESS ENTITIES SECTION
TELEPHONE (916) 845-4186

EO :

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



DEPARTMENT OF THE TREASURY

Date: **JAN 23 2008**

Employer Identification Number:

82-0549103

DLN:

17053005738008

Contact Person:

SHAWNDEA KREBS

ID# 31072

Contact Telephone Number:

(877) 829-5500

Public Charity Status:

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

ELIZABETH HOSPICE FOUNDATION
150 W CREST ST
ESCONDIDO, CA 92025

Dear Applicant:

Our letter dated April 2003, stated you would be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code, and you would be treated as a public charity, rather than as a private foundation, during an advance ruling period.

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

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

If you have general questions about exempt organizations, please call our toll-free number shown in the heading.

Please keep this letter in your permanent records.

Sincerely yours,

A handwritten signature in cursive script that reads "Robert Choi".

Robert Choi

Director, Exempt Organizations
Rulings and Agreements

Letter 1050 (DO/CG)

**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)

Vehicle Registration/smog (2 vans)	\$ 151.00
Vehicle Insurance (2 vans for one year)	\$ 2,394.00
Fuel & Service (2 vans for one year)	\$ 2,503.00
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Total budget for this PROJECT: **\$ 5,048.00**

Grant Request Amount: **\$ 2,524.00**
(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).

\$1,000.00 Bank of America Grant **(P)

\$1,524.00 Private Donations ** (C)

Fraternity House, Inc.
Annual Budget

2014 / 2015

Income	
Donations	\$ 85,000
Special Events	\$ 23,000
Grants - Government	\$ 361,179
Grants - Private	\$ 102,075
Grants - Capital	\$ -
Resident Services Income	\$ 50,821
Misc/Interest Income	\$ -

Total Income \$ 622,075

Expenses	
Payroll	\$ 382,980
Benefits	\$ 114,895
Dues, Education & Training	\$ 200
Household Expenses	\$ 37,800
Insurance	\$ 14,000
Job Development	\$ 300
Newsletter/Publications	\$ 1,000
Office Expenses	\$ 1,000
Permits & Licenses	\$ 1,600
Postage & Delivery	\$ 500
Professional Fees	\$ 9,000
Repairs & Maintenance	\$ 8,000
Special Event Expenses	\$ 2,000
Telecommunications	\$ 8,500
Travel & Mileage	\$ 2,800
Utilities	\$ 28,000
Van Expenses	\$ 9,000
Indirect/Miscellaneous	\$ 500

Total Expenses \$ 622,075

Profit/(Loss) \$ -

OGDEN UT 84201-0038

In reply refer to: 0441650011
Mar. 24, 2009 LTR 4168C E0
33-0306861 000000 00 000
00033994
BODC: TE

FRATERNITY HOUSE INC
20702 ELFIN FOREST RD
ESCONDIDO CA 92029-3313



002743

Employer Identification Number: 33-0306861
Person to Contact: A. Schlutter
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of Mar. 13, 2009, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in December 1992, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(03) of the Internal Revenue Code.

Our records also indicate 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.

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

Sincerely yours,



Deborah Bingham
Accounts Management I



STATE OF CALIFORNIA
 FRANCHISE TAX BOARD
 7575 METROPOLITAN DR STE 201
 SAN DIEGO, CA 92106-4421

In Reply, Refer To: 648GB
 Date : 10/11/2011

ESLID: 11/12-0000043

Entity Status Letter

According to our records, the following entity information is true and accurate as of the date of this letter. It does not necessarily reflect the entity's status with any other agency.

Entity ID : 1615638

Entity Name : Fraternity House, Inc

- 1. The entity is in good standing with the Franchise Tax Board.
- 2. The entity is currently exempt from tax under Revenue and Taxation Code Section 23701 d.
- 3. The entity is not incorporated, qualified, organized, or registered through Secretary of State to transact
- 4. The entity incorporated, qualified, organized, or registered through the Secretary of State on _____
- 5. The entity has an unpaid liability of _____ for account period(s) ending _____
- 6. The entity did not file returns for account period(s) ending _____
- 7. The entity was _____ effective _____
- 8. We do not have current information about the entity.

Franchise Tax Board Representative: Debra Bell

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

Fraternity House
20702 Elfin Forest Road
Escondido, CA 92029
(760) 736-0292
fax: (760) 736-0293



Michaelle House
687 Riviera Court
Vista, CA 92084
(760) 758-9165
fax: (760) 758-8371

Board of Directors

Board President

- Patrick Anderson
Affiliation: Horticulturist;
Human Resources (retired)
805 Tumbleweed Lane
Fallbrook, CA 92028
(760) 728-7218
pmand02@yahoo.com

Vice President

- Michael Walker
Affiliation: Small Business Owner,
LiveScan Fingerprinting
800 Grand Avenue, Suite C9
Carlsbad, CA 92008
(760) 434-3533
mwlvivescan@att.net

Secretary

- Laura Schaefer, MSW
Affiliation: Case Manager (retired)
715 Orpheus Avenue
Encinitas, CA 92024
(760) 753-0880
lauraschaefer@cox.net

Treasurer

- Scott Guiltner
Affiliation: Small Business Owner (retired)
2442 Tamara Lane
San Marcos, CA 92069
(760) 207-7247
scott@fastnow.org

Executive Director

- Lawrence Graff (not a voting member)
Administrative Office
20702 Elfin Forest Road
Escondido, CA 92029
(760) 736-0292 x101
(619) 2450-9801 (c)
FAX: (760) 736-0293
larry@fraternityhouse-inc.org

Roster 2014-15

General Membership

- Mary Anthony
Affiliation: HIV/AIDS Case Manager,
North County Health Services
150 Valpreda Road
San Marcos, CA 92069
(760) 736-6764
mary.anthony@nchs-health.org
- Gale McNeeley
Affiliation: Executive Director (retired);
Performer, Teacher and Writer
224 Palm Court Drive
Santa Maria, CA 93454
(805) 925-1882
gale.mcneeley@gmail.com
- Balentin Morelos
Affiliation: Medical Billing (retired)
43451 Briarcliff Drive
Hemet, CA 92544
(760) 213-6361
balentin.morelos@med.navy.mil
- Lisa Lipsey
Affiliation: Community Relations for RCFE,
Sunshine Care Assisted Living
12695 Monte Vista Road
Poway, CA 92064
(858) 752-8197
lisathegrantwriter@yahoo.com

*Fraternity House, Inc. is a non-profit 501(c)3 organization. Our tax identification number is 33-0306861.
Please retain this letter for tax purposes.*

A. ORGANIZATIONAL BACKGROUND

Founded in 1988, Fraternity House, Inc. (FHI) is San Diego County's only provider of licensed Residential Care Facilities for the Chronically Ill (RCF-CI) specializing in the care of persons living with HIV/AIDS. Our mission is "to provide warm and caring homes where men and women disabled by HIV/AIDS can receive comprehensive care and services in order to rebuild their health and return to independent living, or where they can spend their last days in comfort and with dignity." Unlike any other agency, FHI provides permanent supportive housing to help residents transition to independent living, stay long-term or receive hospice-type care. We accept Residents regardless of their ability to pay.

Fraternity House is located in the Elfin Forest Community of the City of San Marcos and is subject to the City's municipal codes and operational approvals. We recently had a positive review and renewal of our Conditional Use Permit (CUP) approved by the City of San Marcos for another 5 years.

Fraternity House, Inc. is an unduplicated, "single service" organization that only cares for people who are HIV symptomatic or have an AIDS diagnosis. We provide 24-hour personal care and supervision with activities of daily living. Our services include transportation to and from medical appointments, life-skills training, functional mobility and personal care such as bathing, dressing, toileting, meals, and assistance with adherence to complex medication regimens. Caregivers also assist in meal preparation and ensure a clean and safe home. Last year we provided 6252 meals, 2073 bed nights, 50,016 hours of care, 188 trips to medical appointments, 36 shopping trips and 18 outings to and from our San Marcos home.

B. DESCRIPTION OF HOW THE FUNDS WILL BE USED

FHI is seeking \$2524.14 for transportation expenses at our licensed Residential Care Facility for the Chronically Ill located in Elfin Forest. Funds from the San Marcos Community Foundation will cover 50% of our San Marcos home's annual transportation expenses; to include registration, insurance, fuel and vehicle maintenance.

C. SIGNIFICANCE OF THIS REQUEST TO THE SAN MARCOS COMMUNITY

According to the 2012 HIV/AIDS Epidemiology Report published by the County of San Diego, California has the second highest number of HIV/AIDS cases in the U.S., and San Diego County has the third largest number of cases in California. Since the beginning of the epidemic in 1981, 14,805 people have been diagnosed with AIDS in our county, and of those, 7,211 are still living. Between 2007 and 2011, an estimated 321 people per year were diagnosed with HIV throughout San Diego County, including the community of San Marcos.

Transportation to medical appointments, recreational outings and shopping trips are key components to ensuring quality of life for those who are disabled and home-bound. Our transportation program ensures our Residents are able to attend medical appointments and join in on shopping trips to our local grocery store. We also enjoy monthly outings to AMF Bowling, the movie theater or restaurant row. Day trips within our local community are the highlight of the week or month. Transportation plays a large part in Resident quality of life and well-being.

Fraternity House, Inc.'s target population is extremely and very low-income men and women who are homeless or in imminent danger of becoming homeless, and are physically or mentally disabled by HIV/AIDS. Most of our residents have dual and/or multiple diagnoses. The development of new and sustaining medical interventions has led our agency to a shift from predominately hospice care to long-term and transitional care. Often the public perception is that HIV/AIDS is no longer a problem. However, while HIV has certainly become much more manageable with the introduction of various medications, its effects on overall health remain far-reaching. We

often see our residents struggling with diabetes, dementia, heart disease and other age-related problems, years before their time. The disease is aging them prematurely.

Sadly, many individuals living with HIV/AIDS fall through the cracks. They do not meet the need for the level of support provided by a skilled nursing facility and they are not yet old enough to qualify for Residential Care Facilities for the Elderly (RCFE). At the same time they are unable to live independently due to the impact of their illness. San Marcos-based Fraternity House is a Residential Care Facility for the Chronically Ill, licensed by the State of California's Department of Social Services. **We benefit the community by providing housing and services designed to fill that gap. We ensure a seamless continuum of care between independent living and skilled nursing, RCFEs, hospitals and psychiatric agencies, at a fraction of the cost.**

Across San Diego County, we are the one place to go when you are sick and homeless living with HIV/AIDS. When someone has no hope and no home, we provide a healing and loving environment. At Fraternity House, Inc. our motto is "keeping Love Alive." With your help, we can continue keeping love alive.

Return of Organization Exempt From Income Tax

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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.

A For the 2013 calendar year, or tax year beginning July 1, 2013, and ending June 30, 2014

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

C Name of organization Fraternity House, Inc.
 Doing Business As _____
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
20702 Elfin Forest Road
 City or town, state or province, country, and ZIP or foreign postal code
Escondido CA 92029

D Employer identification number
33-0306864

E Telephone number
760-736-0292

F Name and address of principal officer: Scott Guiltner
Same as C above

G Gross receipts \$ 555,333.

H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates 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.fraternityhouse-inc.org

K Form of organization: Corporation Trust Association Other ▶ _____

L Year of formation: 1988 **M** State of legal domicile: CA

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <u>Provide comprehensive care for men and women living with HIV/AIDS.</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)	<u>3</u>	<u>9</u>
	4	Number of independent voting members of the governing body (Part VI, line 1b)	<u>4</u>	<u>9</u>
	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	<u>5</u>	<u>24</u>
	6	Total number of volunteers (estimate if necessary)	<u>6</u>	<u>250</u>
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	<u>7a</u>	<u>0.</u>
	b	Net unrelated business taxable income from Form 990-T, line 34	<u>7b</u>	<u>0.</u>
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	<u>515,192.</u>	<u>506,347.</u>
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	<u>48,972.</u>	<u>51,378</u>
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<u>12.</u>	<u>3.</u>
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<u>573,038.</u>	<u>567,769.</u>
	Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	<u>0.</u>
14		Benefits paid to or for members (Part IX, column (A), line 4)	<u>0.</u>	<u>0.</u>
15		Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	<u>437,995.</u>	<u>425,402.</u>
16a		Professional fundraising fees (Part IX, column (A), line 11e)	<u>0.</u>	<u>0.</u>
b		Total fundraising expenses (Part IX, column (D), line 25) ▶		
17		Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	<u>170,575.</u>	<u>221,075.</u>
	18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	<u>608,570.</u>	<u>646,477.</u>
	19	Revenue less expenses. Subtract line 18 from line 12	<u>-35,532.</u>	<u>-76,708.</u>
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)	<u>540,016.</u>	<u>511,478.</u>
	22	Net assets or fund balances. Subtract line 21 from line 20	<u>47,808.</u>	<u>96,455.</u>
			<u>492,208.</u>	<u>415,023.</u>

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 _____

Type or print name and title _____

Paid Preparer Use Only

Print/Type preparer's name _____ Preparer's signature _____ Date _____ Check if self-employed PTIN _____

Firm's name ▶ _____ Firm's EIN ▶ _____

Firm's address ▶ _____ Phone no. _____

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission:
Provide warm and caring homes where men and women living with HIV/AIDS can receive comprehensive care and services to meet their unique needs in a loving and dignified way.

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.

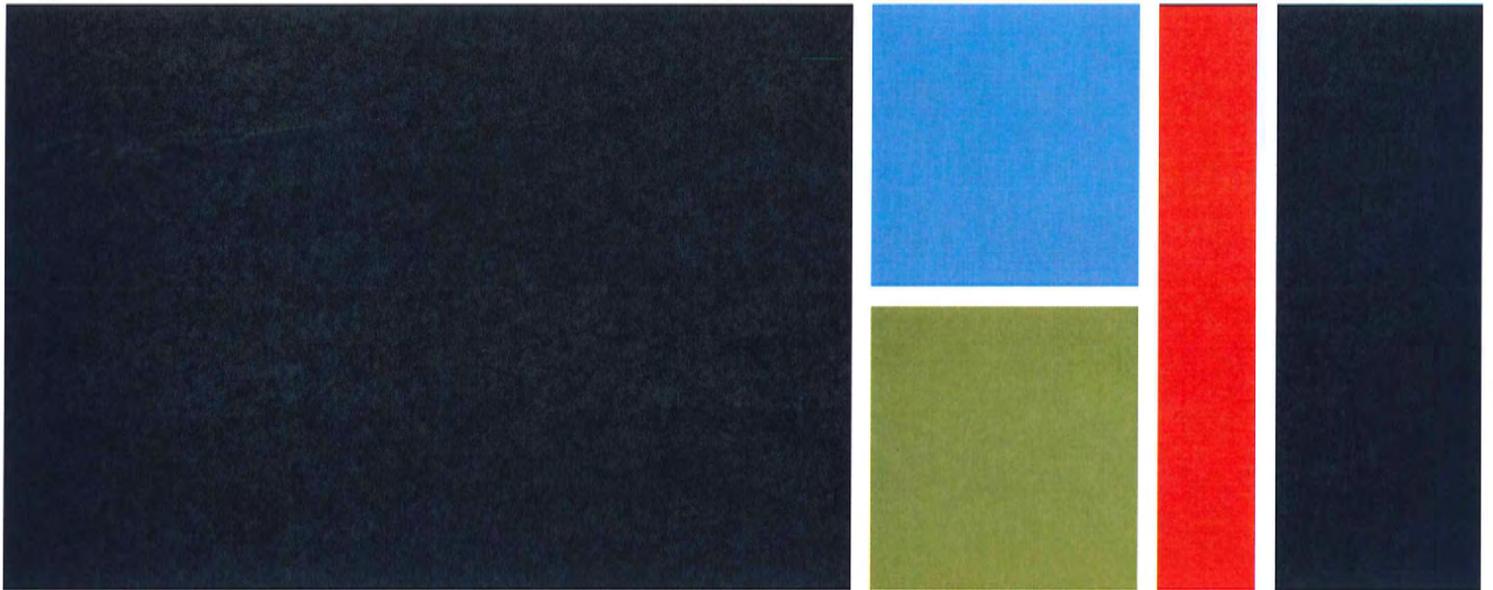
4a (Code:) (Expenses \$ 534,213. including grants of \$ 417,452.) (Revenue \$ 51,378.)
Fraternity House, Inc. is a single service organization that only cares for people who are HIV symptomatic or have and AIDS diagnosis. The three largest program services are: 1) housing, 2) caregiving and 3) transportation. The housing operation focuses on the overall operation of each house. The caregiving program is the backbone of the operation. Residents receive 24-hour per a day personal care. The caregiving component is absolutely necessary in Fraternity House fulfilling its licensing requirements. Residents are supervised in their activities of daily living including functional mobility and personal care such as bathing, dressing, toileting and assisting in adherence with complex medication regimens. Meals are also prepared and served. The transportation component consists of residents being transported to recreational outings as well as being taken to medical appointments.

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 \$)

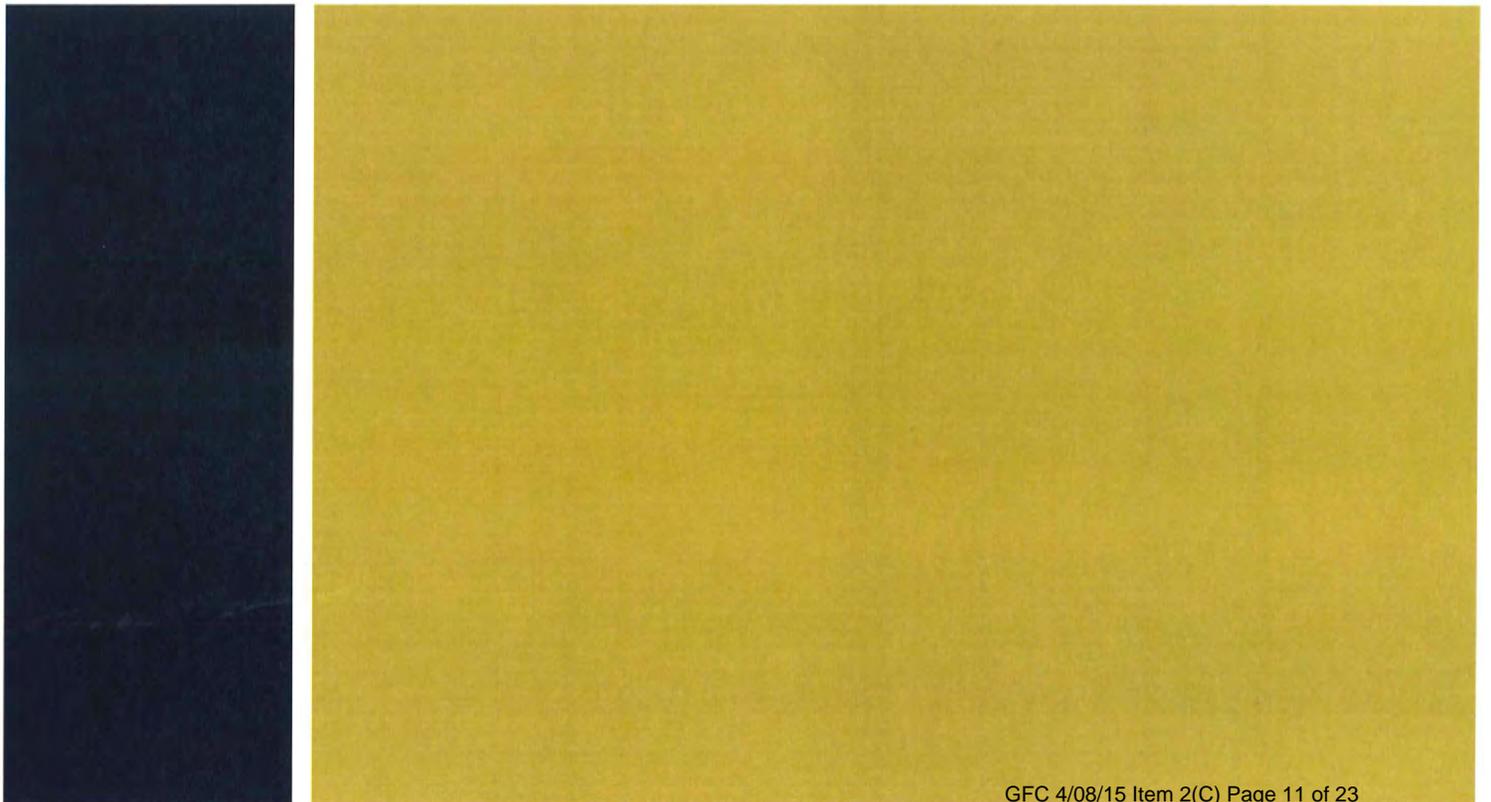
4e Total program service expenses ▶



FRATERNITY HOUSE, INC.

Financial Statements

Years Ended June 30, 2013 and 2012



FRATERNITY HOUSE, INC.
Financial Statements
Years Ended June 30, 2013 and 2012

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AKT

CPAS AND BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Fraternity House, Inc.

We have audited the accompanying financial statements of Fraternity House, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements..

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Fraternity House, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

AKT LLP

Carlsbad, California
November 21, 2014

5946 PRIESTLY DRIVE, SUITE 200, CARLSBAD, CA 92008

PHONE: 760.431.8440 FAX: 760.431.9052

PORTLAND, OR ; SALEM, OR ; CARLSBAD, CA ; ESCONDIDO, CA ; SAN DIEGO, CA ; ANCHORAGE, AK

AKT LLP

GFC 4/08/15 Item 2(C) Page 13 of 23

FRATERNITY HOUSE, INC.
Statements of Financial Position
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets:		
Cash	\$ 56,969	\$ 64,605
Grants receivable	67,083	56,924
Rent receivable, current portion	36,000	36,000
Prepaid expenses	<u>5,536</u>	<u>5,536</u>
Total Current Assets	165,588	163,065
Property and Equipment, net of accumulated depreciation	338,197	356,278
Rent receivable, net of current portion	<u>32,040</u>	<u>62,266</u>
Total Assets	<u>\$ 535,825</u>	<u>\$ 581,609</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 9,570	\$ 5,246
Accrued payroll expenses	<u>38,238</u>	<u>18,396</u>
Total Current Liabilities	47,808	23,642
Net Assets:		
Unrestricted	419,977	459,701
Temporarily restricted	<u>68,040</u>	<u>98,266</u>
Total Net Assets	<u>488,017</u>	<u>557,967</u>
Total Liabilities and Net Assets	<u>\$ 535,825</u>	<u>\$ 581,609</u>

See accompanying notes to financial statements.

FRATERNITY HOUSE, INC.
Statement of Activities
Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Grants	\$ 388,354	\$ -	\$ 388,354
Contributions	102,126	49,486	151,612
Residential services	48,972	-	48,972
Special events	12,987	-	12,987
Interest and other income	12	-	12
Net assets released from restrictions, satisfaction of program and time restrictions	79,712	(79,712)	-
Total Support and Revenue	632,163	(30,226)	601,937
Expenses:			
Program services:			
Personal care	375,632	-	375,632
Housing	151,183	-	151,183
Meals	50,396	-	50,396
Rehabilitation	7,753	-	7,753
Supporting services:			
Management and general	64,603	-	64,603
Fundraising	22,319	-	22,319
Total Expenses	671,886	-	671,886
Decrease in Net Assets	(39,724)	(30,226)	(69,950)
Net Assets, beginning	459,701	98,266	557,967
Net Assets, ending	<u>\$ 419,977</u>	<u>\$ 68,040</u>	<u>\$ 488,017</u>

See accompanying notes to financial statements.

FRATERNITY HOUSE, INC.
Statement of Activities
Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Grants	\$ 406,542	\$ -	\$ 406,542
Contributions	57,962	77,484	135,446
Residential services	52,722	-	52,722
Special events	12,426	-	12,426
Interest and other income	3	-	3
Net assets released from restrictions, satisfaction of program and time restrictions	<u>106,000</u>	<u>(106,000)</u>	<u>-</u>
Total Support and Revenue	635,655	(28,516)	607,139
Expenses:			
Program services:			
Personal care	360,827	-	360,827
Housing	161,823	-	161,823
Meals	60,043	-	60,043
Rehabilitation	8,968	-	8,968
Supporting services:			
Management and general	81,819	-	81,819
Fundraising	<u>24,536</u>	<u>-</u>	<u>24,536</u>
Total Expenses	<u>698,016</u>	<u>-</u>	<u>698,016</u>
Decrease in Net Assets	(62,361)	(28,516)	(90,877)
Net Assets, beginning	<u>522,062</u>	<u>126,782</u>	<u>648,844</u>
Net Assets, ending	<u>\$ 459,701</u>	<u>\$ 98,266</u>	<u>\$ 557,967</u>

See accompanying notes to financial statements.

FRATERNITY HOUSE, INC.
Statement of Functional Expenses
Year Ended June 30, 2013

	Program Services				Supporting Services		Total Expenses
	Personal Care	Housing	Meals	Rehabilitation	Management and General	Fundraising	
Payroll	\$ 280,800	\$ 46,736	\$ 2,913	\$ 2,913	\$ 34,448	\$ 11,652	\$ 379,462
Benefits	76,133	12,402	814	814	8,143	3,257	101,563
Household	2,327	2,327	41,894	-	-	-	46,548
In-kind rent	-	36,000	-	-	-	-	36,000
Utilities	3,710	18,554	618	618	618	618	24,736
Depreciation	-	24,191	-	-	-	-	24,191
Insurance	-	-	-	-	14,649	-	14,649
Telecommunications	2,388	2,387	597	1,790	2,387	2,387	11,936
Repairs and maintenance	2,371	6,426	395	395	395	395	10,377
Professional fees	4,816	794	52	52	774	209	6,697
Vehicle	942	-	2,827	-	-	-	3,769
Special event	-	-	-	-	469	2,656	3,125
Newsletter and publications	456	456	114	342	456	456	2,280
Travel	416	415	104	312	415	415	2,077
Permits and licenses	-	31	-	-	1,507	-	1,538
Office	250	249	62	187	249	249	1,246
Job development	588	96	6	6	63	25	784
Postage and delivery	435	-	-	-	-	-	435
Residents expenses	-	-	-	324	-	-	324
Dues, education and training	-	119	-	-	30	-	149
	<u>\$ 375,632</u>	<u>\$ 151,183</u>	<u>\$ 50,396</u>	<u>\$ 7,753</u>	<u>\$ 64,603</u>	<u>\$ 22,319</u>	<u>\$ 671,886</u>

See accompanying notes to financial statements.

FRATERNITY HOUSE, INC.
Statement of Functional Expenses
Year Ended June 30, 2012

	Program Services				Supporting Services		Total Expenses
	Personal Care	Housing	Meals	Rehabilitation	Management and General	Fundraising	
Payroll	\$ 273,145	\$ 50,324	\$ 3,186	\$ 3,186	\$ 31,860	\$ 12,744	\$ 374,445
Benefits	68,153	12,383	784	784	7,840	3,136	93,080
Household	2,591	2,592	46,646	-	-	-	51,829
In-kind rent	-	36,000	-	-	-	-	36,000
Utilities	4,321	21,606	720	721	720	720	28,808
Depreciation	-	24,811	-	-	-	-	24,811
Professional fees	1,735	315	20	20	21,400	80	23,570
Insurance	-	-	-	-	13,029	-	13,029
Repairs and maintenance	1,121	8,905	186	187	187	187	10,773
Vehicle	2,434	-	7,301	-	-	-	9,735
Telecommunications	1,661	1,661	415	1,246	1,661	1,661	8,305
Other	1,088	1,088	272	816	1,086	1,088	5,438
Office	924	924	230	693	910	924	4,605
Special event	-	-	-	-	582	3,215	3,797
Job development	2,061	375	24	24	236	95	2,815
Travel	480	480	120	360	481	480	2,401
Permits and licenses	-	34	-	-	1,592	-	1,626
Newsletter and publications	206	206	51	154	205	206	1,028
Postage and delivery	907	-	-	-	-	-	907
Residents expenses	-	-	88	777	-	-	865
Dues, education and training	-	119	-	-	30	-	149
	<u>\$ 360,827</u>	<u>\$ 161,823</u>	<u>\$ 60,043</u>	<u>\$ 8,968</u>	<u>\$ 81,819</u>	<u>\$ 24,536</u>	<u>\$ 698,016</u>

See accompanying notes to financial statements.

FRATERNITY HOUSE, INC.
Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (69,950)	\$ (90,877)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	24,191	24,811
Changes in operating assets and liabilities:		
Grants receivable	(10,159)	43,278
Rent receivable	30,226	28,516
Prepaid expenses	-	20
Accounts payable	4,324	5
Accrued payroll expenses	19,842	2,713
Deferred revenue	-	(5,000)
	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	(1,526)	3,466
Cash Flows Used by Investing Activities:		
Acquisitions of property and equipment	<u>(6,110)</u>	<u>(32,974)</u>
	<u> </u>	<u> </u>
Net Decrease in Cash	(7,636)	(29,508)
Cash, beginning	<u>64,605</u>	<u>94,113</u>
Cash, ending	<u>\$ 56,969</u>	<u>\$ 64,605</u>

See accompanying notes to financial statements.

FRATERNITY HOUSE, INC.
Notes to Financial Statements
Years Ended June 30, 2013 and 2012

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

Fraternity House, Inc. (Organization) is a California nonprofit organization that operates two residential care facilities for the chronically ill; Fraternity House in Escondido, California and Michaelle House in Vista, California. Both homes are licensed by the State of California. The Organization provides warm and caring homes where men and women disabled by HIV/AIDS can receive comprehensive care and services in order to rebuild their health and return to independent living, or where they can spend their last days in comfort and dignity.

The Organization generates revenue primarily from contributions, grants and resident services income.

Financial Statement Presentation

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

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

There were no permanently restricted net assets during the years ended June 30, 2013 and 2012.

Grants Receivable

Grants receivable arise during the normal course of business. Management considers grants receivable to be fully collectible. Accordingly, no allowance is considered necessary at June 30, 2013 and 2012.

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 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 30 years.

Contributed Materials, Facilities, and Services

The Organization receives donated use of a facility, which has been recorded at fair value and is calculated as the net present value of the fair rental value of space occupied under similar conditions. The contributed rent is recorded as an increase in temporarily restricted net assets and rent receivable. The temporarily restricted net asset is reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions as the lease expires.

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. Contributed services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization receives a substantial amount of services donated by volunteers in carrying out the Organization's program services. No contributed professional services or contributed materials were received for the years ended June 30, 2013 and 2012.

FRATERNITY HOUSE, INC.
Notes to Financial Statements
Years Ended June 30, 2013 and 2012

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

Revenue Recognition

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

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Revenue from grants is recognized to the extent of eligible costs incurred up to an amount not to exceed the total grant authorized. Deferred revenue results from grant awards received that are applicable to the subsequent period.

Income Taxes

The Organization is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization may be subject to tax on income which is not related to its exempt purpose. For the years ended June 30, 2013 and 2012 no such unrelated business taxable income was reported and, therefore, no provision for income taxes has been made. The Organization is not a private foundation.

The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions.

The Organization files informational and income tax returns in the United States and various state and local jurisdictions. The Organization's Federal income tax and informational returns are subject to examination by the Internal Revenue Service, generally for three years after the returns were filed. State and local jurisdictions have statutes of limitation that generally range from three to five years.

Use of Estimates

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

Subsequent Events

The Organization has evaluated subsequent events through November 21, 2014, which is the date the financial statements were available to be issued.

Note 2 – Concentrations of Credit Risk

Cash

The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor or certain non-interest bearing accounts that are fully insured by the FDIC. Effective January 1, 2013, the FDIC coverage was limited to \$250,000 per bank depositor. The Organization has not experienced any loss in such accounts. As of June 30, 2013 and 2012 the outstanding balance was insured.

Support and Revenue

The Organization receives a significant portion of its revenues from government grants. Revenues from such sources comprised approximately 65% of total revenue and support during each of the years ended June 30, 2013 and 2012.

FRATERNITY HOUSE, INC.
Notes to Financial Statements
Years Ended June 30, 2013 and 2012

Note 3 – Grants Receivable

Grants receivable consist of the following:

	<u>2013</u>	<u>2012</u>
Housing Opportunities for Persons with AIDS - County of San Diego	\$ 43,519	\$ 55,034
HIV Fund Collaboration/Aids Walk	20,000	-
Community Development Block Grant - City of Encinitas	2,286	1,000
Community Development Block Grant - City of Vista	<u>1,278</u>	<u>890</u>
	<u>\$ 67,083</u>	<u>\$ 56,924</u>

Note 4 – Rent Receivable

The Organization has a lease agreement with the County of San Diego for Fraternity House, a residence located in Escondido, California that provides accommodations for program participants. The lease requires payments of \$1 per year through May 2015. The estimated fair value of this lease is \$36,000 per year, and is recognized as in-kind rent in the statements of functional expenses. The estimated fair value is recorded as a temporarily restricted net asset at its discounted net present value at June 30, 2013 and 2012, using a 6 percent rate.

Rent receivable is summarized as follows:

	<u>2013</u>	<u>2012</u>
Gross rent receivable	\$ 72,000	\$ 108,000
Less: discount to net present value	<u>(3,960)</u>	<u>(9,734)</u>
	<u>\$ 68,040</u>	<u>\$ 98,266</u>

Rent receivable is presented in the statements of financial position as follows:

	<u>2013</u>	<u>2012</u>
Rent receivable, current portion	\$ 36,000	\$ 36,000
Rent receivable, net of current portion	<u>32,040</u>	<u>62,266</u>
	<u>\$ 68,040</u>	<u>\$ 98,266</u>

FRATERNITY HOUSE, INC.
Notes to Financial Statements
Years Ended June 30, 2013 and 2012

Note 5 – Property and Equipment

Property and equipment consist of the following:

	<u>2013</u>	<u>2012</u>
Michaëlle House - Building	\$ 291,520	\$ 291,520
Leasehold improvements	254,833	249,405
Furniture and fixtures	104,951	104,269
Michaëlle House - Land	<u>90,000</u>	<u>90,000</u>
	741,304	735,194
Less accumulated depreciation	<u>(403,107)</u>	<u>(378,916)</u>
	<u>\$ 338,197</u>	<u>\$ 356,278</u>

Note 6 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purpose:

	<u>2013</u>	<u>2012</u>
Rent for Fraternity House	\$ <u>68,040</u>	\$ <u>98,266</u>

Note 7 – Functional Allocation of Expenses

The costs of providing the various programs and 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 8 – Contingency

In 1997, the Organization received a \$325,000 revocable grant from the San Diego Housing Commission, which was used to purchase Michaëlle House. The grant is secured by a first trust deed on the property. No interest will accrue and the \$325,000 principal will be forgiven at the end of the grant term as long as the Organization meets the conditions of the grant over a period of 55 years. If the Organization does not meet the terms of the grant, it will be obligated to repay the principal plus accrued interest at 10%. Management believes the Organization will remain in compliance with the terms of the grant and, accordingly, no liability for the repayment of this grant has been included in the statements of financial position.

Note 9 – Subsequent Event

In September 2014, the Organization was part of a civil lawsuit settlement agreement. The extent of the loss is determined to be \$42,500; the Organization's insurance coverage is adequate to fully cover the amount of loss.

SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page



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

Project Name: Healthy Women Healthy Children Date Submitted: 4/1/15		Total # of people served: 200 Total # of San Marcos residents served: 100	Amount Requested: \$5,000
Non-Profit Organization Name and Address, Website Miracle Babies 8745 Aero Drive Suite 111 San Diego, CA 92123 www.miraclebabies.org		Contact Person – Name, Title & Phone, email Joelle Felton Lackey Director of Operations (858) 633-8540 jfelton@miraclebabies.org	
<p><u>Briefly</u> describe your request for funds (to be expanded upon in narrative for regular grant):</p> <p>Miracle Babies is requesting funds of \$5,000 for the purpose of general operating support for our Healthy Women Healthy Children (HWHC) program. HWHC teaches pregnant women how to improve their health – benefiting not just themselves, but their pregnancies and their children’s health. Women receiving care at local community clinics are referred to HWHC by their physician. Participants attend an 8 week program that includes prenatal nutrition and exercise curriculum, exercise and yoga classes and behavior management provided by Miracle Babies. Participants receive crucial nutrition information, key resources and invaluable support that enables them to make meaningful lifestyle changes.</p>			
<p><u>Briefly</u> describe the significance of your request to the San Marcos community:</p> <p>New research clarifies the link between a mom’s health during pregnancy and the health of her child, not only at birth, but also for the child’s entire life. HWHC helps today’s communities and future generations, especially the women and children most at risk, have the best possible health opportunities and quality of life, starting right now. HWHC is dedicated to helping all pregnant women have the healthiest pregnancy possible by improving nutrition behaviors and increasing exercise.</p>			
<p>Please attach the following items. Both Mini-Grant & Regular:</p> <ol style="list-style-type: none"> Budget for request (use SMCF Budget Worksheet) Annual Operating budget for the organization or unit Federal & State Tax ID numbers Board of Directors listing with affiliations <p>5. Regular Grants Only:</p> <ol style="list-style-type: none"> 1-2 page narrative First 2 pages of Federal 990 Most recent year-end Statement or Audit including any management letters associated with Audit. Signature of President or Authorized Officer on Application Optional: letters of support 		<p>Expected date project will begin/end: 7/1/15-6/30/16</p> <p>Date by which funds will be expended: 6/30/16</p> <p>Signature of President or Authorized Officer  Board President & Founder _3/31/15 Name, Title Date</p> <p>Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): wkaserman@san-marcos.net</p>	

**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>Program Manager for program implementation and oversight (1.0 FTE)</u>	<u>\$ 45,000</u>
<u>Case Manager for participant enrollment, tracking and data entry (1.0 FTE)</u>	<u>\$ 35,000</u>
<u>Benefits @ 20%</u>	<u>\$ 16,000</u>
<u>Certified Nutritionist to develop/teach nutrition class (\$20/hr; 15 hr/week)</u>	<u>\$ 15,600</u>
<u>Director of Research (\$25/hr; 10 hr/week)</u>	<u>\$ 13,000</u>
<u>Program Binders (\$9 each; 200 participants)</u>	<u>\$ 1,800</u>
<u>Weekly prenatal exercise class (\$50/class; 2 facilities)</u>	<u>\$ 4,800</u>
<u>Weekly prenatal yoga class (\$50/class; 2 facilities)</u>	<u>\$ 4,800</u>
<u>Weekly nutrition class (\$100/class; 2 facilities; 40 weeks/year)</u>	<u>\$ 8,000</u>
<u>Resources/Incentives for Participants (\$175/participant; 200 participants)*</u>	<u>\$ 35,000</u>
<u>Quarterly Graduation Celebration (4 graduations/facility @ \$150 each)</u>	<u>\$ 1,200</u>
<u>Free Public Health Seminars at Tri-City Medical Center (6 @ \$500 each)</u>	<u>\$ 3,000</u>
<u>Administrative Fee @ 10%</u>	<u>\$ 18,320</u>

*We would like to provide the following resources/incentives to each participant: yoga mat and resistance band (\$25), transportation assistance (up to \$80) grocery gift cards (up to \$40), additional resources and classes (up to \$30).

Total budget for this PROJECT: \$ 201,520

Grant Request Amount: \$ 5,000
(Mini-grants not to exceed \$1,500, Regular grants not to exceed \$10,000.)

Is this a challenge grant? No Could it be?

Please list any other funding sources for this project.

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

\$ 35,000 (Name of source) Stemcyte ** C

\$ 2,000 (Name of source) Thursday Club Remembrance Fund ** C

\$ <u>10,000</u>	(Name of source) <u>Rite Aid</u>	**	<u>C</u>
\$ <u>100,000</u>	(Name of source) <u>Tri-City Healthcare District</u>	**	<u>P</u>
\$ <u>10,000</u>	(Name of source) <u>Kaiser</u>	**	<u>P</u>
\$ <u>7,500</u>	(Name of source) <u>Sempra Energy</u>	**	<u>P</u>
\$ <u>7,500</u>	(Name of source) <u>San Diego Community Reinvestment Fund</u>	**	<u>P</u>
\$ <u>5,000</u>	(Name of source) <u>Walgreens</u>	**	<u>P</u>

	Total Program	Total Special Events	Total Fundraising	Mgt. & General	Annual Budget
Income					
Total 40000 · DIRECT PUBLIC SUPPORT	4,900	-	139,750	350	\$ 145,000.00
Total 42000 · SPECIAL EVENTS		466,517			\$ 465,500.00
49000 · Interest Income					\$ -
Total Income	4,900	466,517	139,750	350	\$ 610,500.00
Expense					
Total 60100 · PROGRAM EXPENSES	150,200				\$ 150,200.00
70000 · OPERATIONS					
Total 60190 · Payroll & Related	65,178	38,519	36,503	21,503	\$ 161,704.00
Total 71100 · Accounting Fees	4,063	6,684	1,179	1,179	\$ 13,105.00
Total 71200 · Bank Charges	1,022	3,432	81	81	\$ 4,616.38
Total 71500 · Equipment Costs	930	1,530	270	270	\$ 3,000.00
Total 72100 · Facilities	3,457	15,442	2,074	2,074	\$ 23,048.00
Total 72300 · Insurance	765	3,418	459	459	\$ 5,101.00
Total 73000 · Marketing	5,274	23,557	3,164	3,164	\$ 35,160.21
78500 · Computer & Internet	225	1,005	135	135	\$ 1,500.00
74000 · Meetings & Hospitality			125	125	\$ 250.00
74500 · Postage, Mailing Service	225	1,005	135	135	\$ 1,500.00
74600 · Office Supplies	525	2,345	315	315	\$ 3,500.00
77000 · Telecommunications	306	1,367	184	184	\$ 2,040.00
Total 70000 · OPERATIONS	82,053.10	98,634.26	44,625.24	29,625.24	\$ 254,937.83
65000 · DEVELOPMENT					
Total 65000 · DEVELOPMENT	15,000	-	15,500	-	\$ 30,500.00
80000 · EVENTS					
Total 80000 · EVENTS	-	173,900	-	-	\$ 173,900.00
Total Expense	247,253	272,534	60,125	29,625	\$ 609,537.83
Net Ordinary Income	(242,353)	193,983	79,625	(29,275)	\$ 962.17



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

In reply refer to
755:AFF:ARJ

June 14, 2010

MIRACLE BABIES
501 W BROADWAY STE 510
SAN DIEGO CA 92101-8595

Purpose : CHARITABLE
Code Section : 23701d
Form of Organization : Corporation
Accounting Period Ending: December 31
Organization Number : 2594415

EXEMPT ACKNOWLEDGEMENT LETTER

This letter acknowledges that the Franchise Tax Board (FTB) has received your federal determination letter that shows exemption under Internal Revenue Code (IRC) Section 501(c)(3). Under California law, Revenue and Taxation Code (R&TC) Section 23701d(c)(1) provides that an organization is exempt from taxes imposed under Part 11 upon submission of the federal determination letter approving the organization's tax-exempt status pursuant to Section 501(c)(3) of the IRC.

The effective date of your organization's California tax-exempt status is 01/23/2008.

R&TC Section 23701d(c)(1) further provides that the effective date of an organization's California tax-exempt status is the same date as the federal tax-exempt status under IRC Section 501(c)(3).

Under R&TC Section 23701d(c), any change to your organization's operation, character, or purpose that has occurred since the federal exemption was originally granted must be reported immediately to this office.

June 14, 2010
MIRACLE BABIES
ENTITY ID : 2594415
Page 2

Additionally, organizations are required to be organized and operating for nonprofit purposes to retain California tax-exempt status.

For filing requirements, see FTB Pub. 1068, Exempt Organizations - Requirements for Filing Returns and Paying Filing Fees. Go to our website at ftb.ca.gov and search for 1068.

Note: This exemption is for state franchise or income tax purposes only. For information regarding sales tax exemption, contact the State Board of Equalization at 800.400.7115, or go to their website at boe.ca.gov.

A JENKINS
EXEMPT ORGANIZATIONS
BUSINESS ENTITIES SECTION
TELEPHONE (916) 845-4605
FAX NUMBER (916) 845-9029

RTF:
CC :COLLEEN WALSH

COPY

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

DEPARTMENT OF THE TREASURY

Date FEB - 5 2010

MIRACLE BABIES
501 W BROADWAY STE 510
SAN DIEGO, CA 92101

Employer Identification Number:
71-1001702
DLN:
17053259313039
Contact Person: MS K WILMER ID# 52405
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Public Charity Status:
509(a) (2)
Form 990 Required:
Yes
Effective Date of Exemption:
January 23, 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.

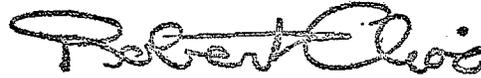
Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

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

Letter 947 (DO/CG)

MIRACLE BABIES

Sincerely,

A handwritten signature in cursive script that reads "Robert Choi". The signature is written in dark ink and is positioned above the typed name.

Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Enclosure: Publication 4221-PC

Letter 947 (DO/CG)



Health. Respect. Hope.

Board of Directors

Sean Daneshmand, M.D.
President & Founder of Miracle Babies

Mark Gough
Owner, Maison d'Erte

Micaiah Kenney
Director IT, Procedural Solutions Business Operations,
Becton, Dickinson and Company

Marjan Mortazavi, Esq.
Partner, Bankruptcy Legal Group

Kim O'Hara
Major Account Manager, Microsoft

Berenice Zamaro
Vice President and Branch Manager,
Union Bank Kearny Mesa Office

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

A For the 2013 calendar year, or tax year beginning and ending

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 Name of organization Miracle Babies		D Employer identification number 71-1001702
	Doing Business As		
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	E Telephone number 858-633-8539
	8745 Aero Drive	111	
City or town, state or province, country, and ZIP or foreign postal code San Diego, CA 92123		G Gross receipts \$ 903,978.	
F Name and address of principal officer: Marjan Mortazavi 8745 Aero Drive, San Diego, CA 92123		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 type="checkbox"/> No If "No," attach a list. (see instructions) H(c) Group exemption number ▶	
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
J Website: ▶ www.miraclebabies.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: 2008	M State of legal domicile: CA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: To provide support and financial assistance to families with critically ill newborns in the neonatal		
	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	5
	5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	0
	6 Total number of volunteers (estimate if necessary)	6	0
	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 442,921.	Current Year 546,887.
	9 Program service revenue (Part VIII, line 2g)	0.	0.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	800.	366.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-31,585.	-288,014.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	412,136.	259,239.
	Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	182,900.
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)		56,701.	93,803.
16a Professional fundraising fees (Part IX, column (A), line 11e)		0.	0.
b Total fundraising expenses (Part IX, column (D), line 25) ▶ 48,987.			
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)		159,820.	101,709.
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	399,421.	313,169.	
19 Revenue less expenses. Subtract line 18 from line 12	12,715.	-53,930.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year 492,480.	End of Year 434,987.
	21 Total liabilities (Part X, line 26)	4,573.	1,010.
	22 Net assets or fund balances. Subtract line 21 from line 20	487,907.	433,977.

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			
	Marjan Mortazavi, Principal Officer Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name Wayne R. Pinnell	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN P01691781
	Firm's name ▶ HASKELL & WHITE LLP	Firm's EIN ▶ 33-0310569			
	Firm's address ▶ 8001 IRVINE CENTER DR, STE 300 IRVINE, CA 92618	Phone no. 949-450-6200			

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III [X]

1 Briefly describe the organization's mission: To provide support and financial assistance to families with critically ill newborns in the neonatal intensive care unit; and to enhance the well-being of mothers and their families through education, prevention and medical care.

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 [X] No

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

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 \$ 229,649. including grants of \$ 117,657.) (Revenue \$ 366.) During 2013 Miracle Babies provided financial support to approximately 342 families whose children were in the neonatal care unit for a stay of 2 weeks or more. The number of families decreased from 2012 to 2013 because in 2013, Miracle Babies funded families only in San Diego County, California vs. in 2012 where families were served in 22 states across the country.

In late Fall 2013, Miracle Babies launched the Healthy Women Healthy Children pilot program with the YMCA. The program provides weight management and nutrition programs to reproductive-age women. Healthy Women Healthy Children helps women understand the importance of health, fitness, and nutrition during and after pregnancy, while providing

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 229,649.

Financial Statements and Independent Accountants' Report

MIRACLE BABIES

As of and For the Year Ended December 31, 2013

MIRACLE BABIES

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Statement of Cash Flows	5
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees of
Miracle Babies

We have reviewed the accompanying statement of financial position of Miracle Babies (a nonprofit organization) (the "Organization") as of December 31, 2013, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

HASKELL & WHITE LLP

November 3, 2014
Irvine, California



8001 IRVINE CENTER DRIVE
SUITE 300 • IRVINE, CA 92618
949.450.6200 FAX 949.450.6201

MIRACLE BABIES

**Statement of Financial Position
As of December 31, 2013**

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current assets			
Cash and cash equivalents	\$ 339,448	\$ -	\$ 339,448
Accounts receivable	20,302	-	20,302
Prepaid expenses	48,432	-	48,432
Other current assets	250	-	250
	<u>408,432</u>	<u>-</u>	<u>408,432</u>
Property and equipment, net of \$6,312 of accumulated depreciation	22,839	-	22,839
Deposits	3,716	-	3,716
	<u>\$ 434,987</u>	<u>\$ -</u>	<u>\$ 434,987</u>

LIABILITIES AND NET ASSETS

Liabilities			
Accounts payable	\$ 1,010	\$ -	\$ 1,010
Commitments (Note 3)			
Net assets			
Unrestricted	433,977	-	433,977
Temporarily restricted	-	-	-
	<u>433,977</u>	<u>-</u>	<u>433,977</u>
Total net assets	<u>\$ 434,987</u>	<u>\$ -</u>	<u>\$ 434,987</u>

See accompanying notes and independent accountants' review report.

MIRACLE BABIES

**Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2013**

	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions and grants	\$ 96,278	\$ -	\$ 96,278
Donated goods and services	6,670	-	6,670
Special events revenue, net of direct cost of \$644,739	155,925	-	155,925
Interest	366	-	366
Total support and revenue	259,239	-	259,239
Net assets released from restriction	12,422	(12,422)	-
Total support and revenue and net assets released from restrictions	271,661	(12,422)	259,239
Expenses			
Program services	229,649	-	229,649
General and administrative	34,533	-	34,533
Fundraising	48,987	-	48,987
Total expenses	313,169	-	313,169
Decrease in net assets	(41,508)	(12,422)	(53,930)
Net assets at beginning of year	475,485	12,422	487,907
Net assets at end of year	\$ 433,977	\$ -	\$ 433,977

See accompanying notes and independent accountants' review report.

MIRACLE BABIES

Statement of Functional Expenses For the Year Ended December 31, 2013

	Program Services	Supporting Services		Total
		Administrative	Fundraising	
Salaries	\$ 48,513	\$ 10,139	\$ 31,787	\$ 90,439
Payroll taxes	2,418	856	90	3,364
	<u>50,931</u>	<u>10,995</u>	<u>31,877</u>	<u>93,803</u>
Family Assistance Program	117,657	-	-	117,657
Professional fees	15,726	5,833	2,700	24,259
Advertising and promotion	28,897	5,104	11,785	45,786
Office expenses	6,522	2,078	1,118	9,718
Rent	7,975	3,123	1,227	12,325
Travel	436	84	48	568
Conferences, conventions, & meetings	-	803	-	803
Depreciation	-	5,885	-	5,885
Insurance	1,505	628	232	2,365
	<u>117,657</u>	<u>16,373</u>	<u>15,092</u>	<u>149,122</u>
Total expenses	<u>\$ 229,649</u>	<u>\$ 34,533</u>	<u>\$ 48,987</u>	<u>\$ 313,169</u>

See accompanying notes and independent accountants' review report.

MIRACLE BABIES

**Statement of Cash Flows
For the Year Ended December 31, 2013**

Cash flows from operating activities

Decrease in net assets	\$ (53,930)
Adjustment to reconcile decrease in net assets to net cash used by operating activities:	
Depreciation	5,885
Increase (decrease) in cash from changes in:	
Accounts receivable	(15,711)
Prepaid expenses and other current assets	(41,892)
Accounts payable	<u>(3,563)</u>

Net cash used by operating activities (109,211)

Cash flows from investing activities

Acquisition of property and equipment	<u>(25,535)</u>
---------------------------------------	-----------------

Net cash used in investing activities (25,535)

Decrease in cash and cash equivalents (134,746)

Cash and cash equivalents, beginning of year 474,194

Cash and cash equivalents, end of year \$ 339,448

See accompanying notes and independent accountants' review report.

MIRACLE BABIES

Notes to Financial Statements Year Ended December 31, 2013

1. Organization and Nature of Activities

Miracle Babies (the "Organization"), a nonprofit corporation, was formed in 2008 to provide support and financial assistance to families with critically ill newborns in the neonatal intensive care unit, and to enhance the well-being of mothers and their families through education, prevention, and medical care.

The Organization qualifies as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code ("IRC") and Section 23701(d) of the California Revenue and Taxation Code and, therefore, is not subject to income tax. Management does not believe the Organization has any potential uncertain tax positions, such as unrelated business income or activities that may jeopardize its tax-exempt status. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization's management believes it is no longer subject to income tax examinations for years prior to 2010.

2. Summary of Significant Account Policies

Basis of Accounting

The Organization presents its financial statements in accordance with Accounting Standards Codification (ASC) 958, "Financial Statements for Not-for-Profit Organizations." Accordingly, the Organization recognizes revenues when earned, and contributions, including unconditional promises to give, when received. Expenses are recognized when the obligation is incurred.

The Organization reflects net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as "unrestricted," "temporarily restricted," and "permanently restricted," as follows:

- Unrestricted net assets – net assets that are not subject to donor-imposed restrictions and are available to support general operations.
- Temporarily restricted net assets – net assets that are subject to donor-imposed restrictions that require the passage of time, or the occurrence of a specific event. Temporarily restricted contributions that are received and whose restrictions are satisfied in the same year as related funds are expended are reported as unrestricted contributions. The Organization currently has no temporarily restricted net assets.
- Permanently restricted net assets – net assets that are subject to donor-imposed restrictions that the principal be maintained in perpetuity and invested for the purposes of producing present and future income for unrestricted use by the Organization. The Organization currently has no permanently restricted net assets.

See accompanying independent accountants' review report.

MIRACLE BABIES

Notes to Financial Statements (continued) Year Ended December 31, 2013

2. Summary of Significant Account Policies (continued)

Use of Estimates

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers cash equivalents to be highly liquid investments with maturities of three months or less when acquired.

Concentration of Credit Risk

The Organization deposits its funds in financial institutions that are considered by management to be of high-credit quality. At times, balances in cash accounts may exceed the Federal Deposit Insurance Corporation insurable limit of \$250,000.

Property and Equipment

Property and equipment are carried at cost. Depreciation is provided on the straight-line method over an estimated useful life of 3 to 5 years. Property and equipment consisted of the following at December 31, 2013:

Equipment	\$ 7,731
Furniture and fixtures	20,000
Computer software	1,420
	<hr/>
	29,151
Less: accumulated depreciation	(6,312)
	<hr/>
Property and equipment, net	<u>\$ 22,839</u>

See accompanying independent accountants' review report.

MIRACLE BABIES

Notes to Financial Statements (continued) Year Ended December 31, 2013

2. Summary of Significant Account Policies (continued)

Financial Statement Classification of Assets and Contributions

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 contributions and unconditional promises to give are recorded as receivables at their estimated fair value and recognized as revenue by net asset class when they are received. Conditional promises to give are recognized as revenue when all conditions on which they depend are substantially met.

During the year ended December 31, 2013, the Organization determined that \$415,279 of funds remaining from the receipt of a "Cy Pres Funds" distribution received under court order in 2011 were incorrectly characterized as temporarily restricted net assets as of December 31, 2012 and 2011. As such, \$415,279 of the \$427,701 reflected as temporarily restricted net assets in the financial statements published for 2012 has been reclassified as unrestricted net assets as of the beginning of 2013 for the current year financial presentation.

Donated Goods, Services, Facilities and Equipment

From time to time, the Organization receives donated goods and services. Donated non-cash assets and goods are recorded at their estimated fair market values in the period received. In fiscal year 2013, \$6,670 was donated in non-cash goods and services such as facilities and equipment rentals, postage, copies, silent auction items and professional services to the Organization. For the year ended December 31, 2013, \$146,536 of such donated goods, services, facilities and equipment were comprised of items received during special events.

Functional Allocation of Expenses

The cost of providing various programs and supporting activities has been presented on a functional basis in the accompanying Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting activities based on actual usage and estimates made by management.

See accompanying independent accountants' review report.

MIRACLE BABIES

Notes to Financial Statements (continued) Year Ended December 31, 2013

3. Commitments

Operating Lease

On January 1, 2013, the Organization entered into a 4 year lease for office space at 8745 Aero Drive, San Diego, California. The related rent expense is \$1,858 per month from January 31, 2013 through December 31, 2013, and shall increase 3% annually until the lease expires on December 31, 2016. For the year ended December 31, 2013, the Organization recognized \$22,296 of rent expense associated with this lease. Minimum lease commitments for the balance of the term of the lease are \$22,962 for 2014, \$23,651 for 2015 and \$24,351 for 2016.

4. Subsequent Events

The Organization has evaluated all subsequent events that occurred through November 3, 2014, the date the financial statements were available to be issued.

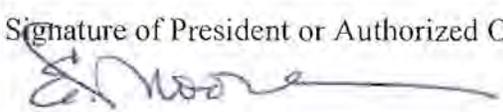
See accompanying independent accountants' review report.



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

(Choose one)

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

Project Name: Relieving Hunger Date Submitted: April 1, 2015	Total # of people served: 2,000 Total # of San Marcos residents served: 300	Amount Requested: \$10,000
Non-Profit Organization Name and Address, Website North County Community Services 1557 Grand Avenue, Suite C San Marcos, CA 92078 www.sdncs.org		Contact Person – Name, Title & Phone, email Rita Zeigler Program Administrator 760 385-3965 rzeigler@sdncs.org
<p><u>Briefly</u> describe your request for funds (to be expanded upon in narrative for regular grant):</p> <p>North County Community Services (NCCS) respectfully request \$10,000 to offset the cost of operating its food bank program. The Food Bank exists to alleviate hunger and provide low-income individuals and families with food and other nourishment at no costs. Working with over 100 hunger relief partners the food bank distributes emergency food to families, children, seniors and individuals with disabilities. During fiscal year 2013 / 2014, the Food Bank supplied food for 375 distributions throughout North County, which included 4-private year-round distributions benefiting seniors in the cities of Carlsbad, San Marcos and Oceanside as well as homeless schoolchildren in the Vista Unified School District. If awarded, the funds will supplement general operating expenses, specifically the costs associated with procuring and delivering food and other donated items.</p>		
<p><u>Briefly</u> describe the significance of your request to the San Marcos community:</p> <p>NCCS provides free food to six community distributions throughout north county, two of which are located in the City of San Marcos hosted by the Summit Church and the Movement Church respectively. These nonprofit organizations partnered with NCCS to be a food distribution site so that families would have a consistent reliable and healthy source of food. Monthly the food bank provides over 3,000 pounds of free food to feed the over 350 individuals that rely on the community distribution to feed their families.</p>		
Please attach the following items. Both Mini-Grant & Regular: 1. Budget for request (use SMCF Budget Worksheet) 2. Annual Operating budget for the organization or unit 3. Federal & State Tax ID numbers 4. Board of Directors listing with affiliations 5. Regular Grants Only: a. 1-2 page narrative b. First 2 pages of Federal 990 c. Most recent year-end Statement or Audit including any management letters associated with Audit. d. Signature of President or Authorized Officer on Application e. Optional: letters of support		Expected date project will begin/end: Date by which funds will be expended: <hr/> Signature of President or Authorized Officer  Estrellita "Lita" Moore, Executive Director Name, Title April 1, 2015 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



SUBMITTED VIA EMAIL: wkaserman@san-marcos.net

April 1, 2015

San Marcos Community Foundation
c/o City of San Marcos
1 Civic Center Drive
San Marcos, CA 92069

Regular Grant Application

North County Community Services (NCCS) is pleased to submit this grant application in support of our food bank program for your consideration. We appreciate the past support of the San Marcos Community Foundation which assisted us in continuing the work we do in the community. If awarded, the request of \$10,000 will be used for the procurement of food and other donated items to aide in the relief of hunger of those most in need in our community.

GRANT NARRATIVE

NCCS' Background and Mission

NCCS is committed to improving the individual health and well being in our community by providing programs that educate young children, support working families, feed the hungry and ultimately create opportunities to improve the quality of life for residents in north San Diego County. For over 40 years, NCCS has been providing vitally needed services to Northern San Diego County residents operating six child development centers as well as its Food Bank program which was established in 1989. During Fiscal year 2013/2014 NCCS distributed over 100,000 pounds of food per month through our network of over 100 hunger relief partner agencies. This food is offered to individuals and families at no costs or obligations and is not based on income eligibility.

Purpose of Grant Request and Need to be Addressed

More than 450,000 people living in San Diego County are food insecure, meaning they have a limited or an unstable availability of nutritious and safe food to eat. The food bank is a critical component in providing a healthy and reliable food supply for those living in our community. The Food Bank distributes food through our over 100 community partner agency who then serves their constituency of individuals and families providing them with food and the necessities of life.

For over six years, NCCS filled its food bank warehouse with food rescued from local grocery stores. However, in February 2015 the number of grocery stores donating to the food bank decreased from 6 to 3 greatly impacting our ability to maintain the level of service to the

680 Rancheros Drive, Suite 100, San Marcos CA 92069
p: 760 761 1140 | f: 760 761 1134 | w:www.sdnccs.org

community. This reduction in donated food from grocery stores greatly impacted our ability to provide food to our partner agencies as well as our ability to supply food to the community food distribution site. Typically we supplied over 3,000 pounds of food per food distribution event. With the reduction in donated food, the amount of food we now supply has decreased to less than half. Which means that the over 150 families that rely on each community food distribution had less food to feed their families.

To mitigate the lack of donated food and to be return to our previous level of service, NCCS formed a partnership with the San Diego Food Bank to receive fresh produce, meat, dairy and other food item to stock our warehouse. Through this partnership, NCCS will receive some donated at no costs, but will have to pay a ten cents per pound handling fee to the San Diego Food Bank for some of the food we receive. A grant from the San Marcos Community Foundation will support our efforts to return to the level of service that the community has come to rely on from the NCCS Food Bank.

Program Goal and Objective

The goals and objectives of NCCS' Food Bank is simple – to increase the pounds of food distributed in the community so that those most in need will have a reliable, consistent source of healthy food to feed their families, thereby reducing food insecurity in our community.

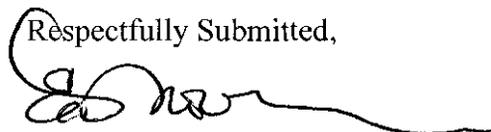
Funding and Sustainability

A portion food bank program funding comes from a handling fee of nineteen cents per pound charged to our partner agencies who come to shop at the food bank. The food delivered by NCCS food bank to community food distribution sites is offered at cost to the organization hosting the community food distribution. The handling fee alone is not enough maintain the program. Therefore, NCCS implemented a diversified fundraising strategy that will ensure operations at the food bank continue into the foreseeable future. This diversified strategy of sustainability incorporates ongoing individual and corporate giving, foundation grants, Community Development Block Grants, special events fundraising and in-kind giving.

NCCS Food Bank makes every attempt to benefit from donated goods, services and equipment. The savings realized from these in-kind donations allows the food bank to reallocate resources towards increased distribution of food and other nourishment in our community. Additionally, the food bank benefits from an increase in our volunteer workforce which helps defray the cost of sorting, stocking and distributing perishable and non-perishable food items.

I look forward to your review of our grant application. If you have any questions or need further clarification, please contact Rita Zeigler, the Program Administrator at 760 385-3965 or by email at rzeigler@sdnccs.org.

Respectfully Submitted,



Estrellita "Lita" Moore
Executive Director

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>300,000 pounds of food @ .10/pound</u>	<u>\$ 30,000</u>
<u>Transportation to pick up and deliver food</u>	<u>\$ 29,883</u>
<u>Wages</u>	<u>\$ 54,873</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Total budget for this PROJECT: \$ 114,756

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

Is this a challenge grant? No

Could it be? No

Please list any other funding sources for this project.

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

<u>Amount</u>	<u>Name of Source</u>	<u>Committed/Conditional/Pending</u>
\$20,000	Tri-City Community Foundation	Pending
\$20,000	Handing Fees	Pending
\$14,058	Corporate Giving	Committed
\$13,705	Individual Contributions	Committed
\$1,269	Special Events	Committed
\$5,000	City of Carlsbad CDBG	Pending

Internal Revenue Service

Date: December 8, 2006

NORTH COUNTY COMMUNITY SERVICES
NCCS
1557 GRAND AVE
SAN MARCOS CA 92078-2484

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Person to Contact:
Kim A. Chambers 31-07674
Customer Service Specialist
Toll Free Telephone Number:
877-829-5500
Federal Identification Number:
23-7071474

Dear Sir or Madam:

This is in response to your request of December 8, 2006, regarding your organization's tax-exempt status.

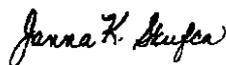
In July 1970 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

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

Sincerely,



Janna K. Skufca, Director, TE/GE
Customer Account Services



List of Board of Directors

The NCCS volunteer Board of Directors consists of the following officers and at-large members:

Lupe Ortega, President

O'day Consultants
lortega@sdnccs.org

Brent Shintani, Vice President and Secretary

Baxter Health
bshintani@sdnccs.org

Alton Kwok, At-Large

San Diego Gas & Electric
akwok@sdnccs.org

John Lundblad, Treasurer

Retired – City of Oceanside
jlundblad@sdnccs.org

Dennis Derecho, At-Large

Kaiser Permanente
dderecho@sdnccs.org

John P. Strohming, At-Large

Engineer
jstrohming@sdnccs.org

North County Community Services
2014 / 2015 Budget
 July 2014 through June 2015

	Food Bank	General	Child Dev. Ctrs	QPI	Total
	Budget	Budget	Budget	Budget	Budget
Ordinary Income/Expense					
Income					
4000 · CONTRACT REVENUE					
Total 4000 · CONTRACT REVENUE		300.00	3,246,660.00	75,128.00	3,322,088.00
4100 · FEES FOR SERVICES	175,188.00	180.00	142,392.00		317,760.00
4132 · REVENUE - GIFT CARDS		0.00			0.00
4200 · GOVERNMENT GRANTS	5,000.00	22,800.00			27,800.00
4300 · REVENUE - CORPORATE INCOME	39,937.56	4,000.00			43,937.56
4400 · REVENUE - INDIVIDUAL CONTRIBUTI	23,700.58	1,080.00			24,780.58
4500 · REVENUE - GIFTS FOUNDATIONS	128,615.04	2,600.00	15,000.00		146,215.04
4600 · SPECIAL EVENTS FUNDRAISING	4,684.56	0.00			4,684.56
4650 · OTHER REVENUE		15,580.00	0.00		15,580.00
4800 · INTEREST INCOME		0.00	0.00		0.00
Total Income	377,125.74	46,540.00	3,404,052.00	75,128.00	3,902,845.74
Expense					
5000 · PAYROLL TAXES ER ONLY	16,036.60	3,417.98	151,600.00		171,054.58
5100 · PAYROLL - WAGES	177,216.00	15,702.00	2,184,744.79		2,377,662.79
5200 · ER PR TAXES - SUI			0.00		0.00
5300 · ER IRA CONTRIBUTION	1,860.00	0.00	41,172.00		43,032.00
6000 · INSURANCE OPERATIONS	7,314.48	1,752.00	32,688.00		41,754.48
6030 · INSURANCE EXPENSE - EE	31,944.24	276.00	260,220.00		292,440.24
6050 · FEES - PROFESSIONAL/MISC	8,816.88	9,450.00	65,911.00		84,177.88
6100 · COMPUTERS	3,156.12	1,295.00	20,682.29		25,133.41
6150 · COMMUNICATIONS	5,857.68	504.00	29,148.00		35,509.68
6200 · SUBSCRIPTION & DUES	39.00	420.00	6,765.25		7,224.25
6250 · STAFF DEVELOPMENT	252.48		1,960.00		2,212.48
6300 · PRINTING - ALL PRINTING COST	6,000.00		180.00		6,180.00
6320 · DEPRECIATION	0.00	0.00			0.00
6350 · POSTAGE & DELIVERY	54.96	0.00	420.00		474.96
6400 · EQUIPMENT & FURNITURE	6,131.36	0.00	28,020.00		34,151.36
6450 · SUPPLIES - EXPENSES	775.08	0.00	144,918.00		145,693.08
6500 · TRANSPORTATION	65,578.76	0.00	23,710.00		89,288.76
6531 · BANK SERVICE CHARGE		3,600.00	1,101.00		4,701.00
6600 · OCCUPANCY COST	48,168.42	489.00	483,612.07		532,269.49
6650 · CDC NEW BLDG - CONSTR					0.00
6700 · MEDIA - ALL COST INCL ADV.	75.00	0.00	407.60		482.60
6800 · AWARDS - RECOGNITION	0.00	0.00	0.00		0.00
6900 · MEETINGS - HOSTED BY NCCS					
Total 6900 · MEETINGS - HOSTED BY NCCS	854.40	9,540.00	1,920.00		12,314.40
Total Expense	380,131.46	46,445.98	3,479,180.00		3,905,757.44
Net Ordinary Income	-3,005.72	94.02	-75,128.00	75,128.00	-2,911.70
Net income	-3,005.72	94.02	-75,128.00	75,128.00	-2,911.70

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 7/1/2013 and ending 6/30/2014

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

C Name of organization North County Community Services
 Doing Business As _____
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
1557 Grand Avenue C
 City or town State ZIP code
San Marcos CA 92078
 Foreign country name Foreign province/state/county Foreign postal code

D Employer identification number 23-7071474

E Telephone number 760-471-5483

G Gross receipts \$ 3,863,019

F Name and address of principal officer:
Lita Moore 1557-C Grand Avenue, San Marcos, CA 92078

H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates included? Yes No
 If "No," attach a list. (see instructions)

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

J Website: www.sdncs.org

K Form of organization: Corporation Trust Association Other

L Year of formation: 1970

M State of legal domicile: CA

H(c) Group exemption number

Part I Summary		Prior Year	Current Year
Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <u>NCCS is passionately comitted to improving its neighbors' health and well-being by providing programs that educate young children and support working families and providing food for those feeding the hungry.</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	6
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	6
	5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	97
	6 Total number of volunteers (estimate if necessary)	6	0
	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)	3,775,711	519,635
	9 Program service revenue (Part VIII, line 2g)	289,498	3,328,512
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0	0
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	6,498	14,872
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	4,071,707	3,863,019
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	2,713,262	2,672,451
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25)	0	0
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	1,381,821	1,315,418
18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	4,095,083	3,987,869	
19 Revenue less expenses. Subtract line 18 from line 12	-23,376	-124,850	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year 1,034,371	End of Year 1,260,194
	21 Total liabilities (Part X, line 26)	894,835	1,245,508
	22 Net assets or fund balances. Subtract line 21 from line 20	139,536	14,686

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 _____

Type or print name and title _____

Paid Preparer Use Only

Print/Type preparer's name Leonard Sonnenberg Preparer's signature [Signature] Date 2/11/2015 Check self-employed PTIN P00287581

Firm's name Sonnenberg & Co. CPAs Firm's EIN 95-3749711

Firm's address 5190 Governor Dr, Ste. 201, San Diego, CA 92122 Phone no. 858-457-5252

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



Sonnenberg & Company, CPAs

A Professional Corporation

5190 Governor Drive, Suite 201, San Diego, California 92122

Phone: (858) 457-5252 • (800) 464-4HOA • Fax: (858) 457-2211 • (800) 303-4FAX



Leonard C. Sonnenberg, CPA

North County Community Services
Audited Financial Statements and
Supplementary Information
June 30, 2014



Sonnenerberg & Company, CPAs

A Professional Corporation

5190 Governor Drive, Suite 201, San Diego, California 92122

Phone: (858) 457-5252 • (800) 464-4HOA • Fax: (858) 457-2211 • (800) 303-4FAX



Leonard C. Sonnenerberg, CPA

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Sonnenberg & Company, CPAs

A Professional Corporation

5190 Governor Drive, Suite 201, San Diego, California 92122

Phone: (858) 457-5252 • (800) 464-4HOA • Fax: (858) 457-2211 • (800) 303-4FAX



Leonard C. Sonnenberg, CPA

INDEPENDENT AUDITOR'S REPORT

North County Community Services
Members of the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of North County Community Services (a nonprofit organization), 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 and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 statement presentation.

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 North County Community Services 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.

Other Matters

Other 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, as required by the 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.

The accompanying supplementary information in pages 14-35 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements in conformity with the CDE Audit Guide issued by the California Department of Education. In our opinion, the accompanying supplementary information is fairly presented in all material respects in relation to the basic 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 January 20, 2015, on our consideration of North County Community Services' 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 the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering North County Community Services' internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the North County Community Services June 30, 2013 financial statements, which were audited by other auditors, whose report dated November 1, 2013 expressed an unqualified opinion on those financial statements.

January 20, 2015

Sonnenberg & Company
Sonnenberg & Company, CPAs

North County Community Services
Statement of Financial Position
June 30, 2014
(With Comparative Totals for June 30, 2013)

ASSETS	<u>2014</u>	<u>2013</u>
Cash	\$ 32,327	\$ 142,100
Grants and other receivables	156,942	200,705
Prepaid expenses and other assets	58,448	228,298
PROPERTY AND EQUIPMENT		
Land	200,000	200,000
Buildings	875,373	300,000
Furniture and equipment	204,835	202,474
	<u>1,280,208</u>	<u>702,474</u>
Less: Accumulated depreciation	(275,381)	(239,206)
Net property and equipment	1,004,827	463,268
OTHER ASSETS		
Loan fees, net	18,249	9,749
Less: Accumulated amortization	(10,599)	(9,749)
Net other assets	<u>7,650</u>	<u>-</u>
Total Assets	<u>\$ 1,260,194</u>	<u>\$ 1,034,371</u>
LIABILITIES		
Accounts payable	\$ 177,270	\$ 169,425
Accrued expenses	150,487	168,369
Line of credit	50,000	110,529
Mortgage payable	867,751	446,512
	<u>1,245,508</u>	<u>894,835</u>
Total liabilities	1,245,508	894,835
NET ASSETS		
Unrestricted	14,686	137,668
Temporarily restricted	-	1,868
	<u>14,686</u>	<u>139,536</u>
Total unrestricted net deficit	14,686	139,536
Total Liabilities and Net Assets	<u>\$ 1,260,194</u>	<u>\$ 1,034,371</u>

The Accompanying Notes are an Integral Part of the Financial Statements

North County Community Services
Statement of Activities
For the Year Ended June 30, 2014
(With Comparative Totals for the year ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
UNRESTRICTED REVENUE AND SUPPORT		
Contract revenue - CSPP	\$ 2,536,868	\$ 2,580,156
Federal grants and contracts revenue	655,639	722,865
Contributions	213,357	345,928
Program Service Fees	163,107	138,103
Food bank	166,234	151,395
Other revenue and grants	112,942	124,894
Fundraising events	14,872	6,498
Net assets released from restrictions	<u>1,868</u>	<u>20,186</u>
 Total unrestricted revenue and support	 <u>3,864,887</u>	 <u>4,090,025</u>
 EXPENSES		
Program services	3,539,483	3,642,239
Supporting services		
Management and general	<u>448,386</u>	<u>452,844</u>
 Total expenses	 <u>3,987,869</u>	 <u>4,095,083</u>
 TOTAL UNRESTRICTED CHANGE IN NET ASSETS	 <u>(122,982)</u>	 <u>(5,058)</u>
 TEMPORARILY RESTRICTED SUPPORT		
Contributions	-	1,868
Net assets released from restrictions	<u>(1,868)</u>	<u>(20,186)</u>
 TOTAL TEMPORARILY RESTRICTED CHANGE IN NET ASSETS	 <u>(1,868)</u>	 <u>(18,318)</u>
 TOTAL CHANGE IN NET ASSETS	 (124,850)	 (23,376)
 NET ASSETS - BEGINNING OF YEAR	 <u>139,536</u>	 <u>162,912</u>
 NET ASSETS - END OF YEAR	 <u>\$ 14,686</u>	 <u>\$ 139,536</u>

The Accompanying Notes are an Integral Part of the Financial Statements

North County Community Services
Statement of Functional Expenses
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

	Program Services	Management & General	2014 Totals	2013 Totals
EXPENSES				
Salaries	\$ 2,068,846	\$ 241,752	\$ 2,310,598	\$ 2,295,590
Fringe benefits	137,249	13,162	150,411	206,738
Payroll taxes	194,352	17,090	211,442	210,934
Occupancy costs	293,997	28,800	322,797	503,899
Contractual	68,937	59,977	128,914	275,657
Insurance	176,479	9,288	185,767	183,360
Food	116,991	-	116,991	61,276
Program supplies	153,775	-	153,775	37,791
Operating supplies	129,425	60,079	189,504	81,922
Repairs and maintenance	61,710	4,323	66,033	59,494
Mileage and transportation	101,653	8,358	110,011	90,146
Depreciation and amortization	26,673	5,557	32,230	32,679
Staff development and recognition	9,396	-	9,396	36,000
Other	-	-	-	19,597
TOTAL EXPENSES	\$ 3,539,483	\$ 448,386	\$ 3,987,869	\$ 4,095,083

North County Community Services
Statement of Cash Flows
For the Year Ended June 30, 2014
(With Comparative Totals for June 30, 2013)

	<u>2014</u>	<u>2013</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES:		
Change in unrestricted net assets	\$ (124,850)	\$ (23,376)
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities		
Amortization of loan fees	850	(18,964)
Depreciation of property and equipment	31,380	32,679
(Increase) decrease in operating assets:		
Accounts receivable	43,763	17,077
Prepaid expenses	1,850	(11,603)
Increase (decrease) in operating liabilities		
Accounts payable	7,845	30,779
Accrued expenses	(17,882)	(18,828)
Deferred revenue	9,585	924
	<u>(47,459)</u>	<u>8,688</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(253,239)	(12,495)
Acquisition of loan fees	(8,500)	-
	<u>(261,739)</u>	<u>(12,495)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on loans payable	538,466	-
Principal payments on loans payable	(278,512)	(16,969)
Proceeds (payments of) from line of credit, net	(60,529)	110,529
	<u>199,425</u>	<u>93,560</u>
 NET CHANGE IN CASH	 (109,773)	 89,753
 CASH - BEGINNING OF YEAR	 <u>142,100</u>	 <u>52,347</u>
 CASH - END OF YEAR	 <u>\$ 32,327</u>	 <u>\$ 142,100</u>

The Accompanying Notes are an Integral Part of these Financial Statements

NORTH COUNTY COMMUNITY SERVICES

Notes to Financial Statements
For the Year Ended June 30, 2014

Note 1. Summary of Significant Accounting Policies

Nature of Activities: North County Community Services (the Organization) is a private non-profit public benefit organization that was incorporated in 1970, in the state of California. The Organization is tax exempt under federal and California law as described in section 501(c)3 of the Internal Revenue Code of 1986.

The Organization is committed to improving the health and well-being of individuals and families and creating opportunities to improve their quality of life. It has provided services to residents of northern San Diego County since incorporation. The Organization operates seven child development centers which provide full and part-day preschool to low income families. The Organization also operates the North County Food Bank, which serves over 75 agency partners and their clients.

In 2007, the Organization became the fiscal agent for the first regional winter shelter for the homeless located in North County. Their regional effort is the result of collaborative efforts of many non-profits and municipalities. This coalition is now known as The Alliance for Regional Solutions (ARS), which is a coalition of social services agencies, healthcare providers and other agencies work together to create practical solutions to community needs through their combined strengths, shared resources, and assets.

The Organization receives funding from the State of California, federal government, cities in north San Diego County, and donations from foundations and individuals.

Basis of Accounting: The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America promulgated by the Financial Accounting Standards Board and is presented utilizing the AICPA Audit and Accounting Guide, *Not-for-Profit Organizations*.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the dates and for the periods presented. Accordingly, actual results could differ from those estimates.

Basis of presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification 958, *Not-for-Profit Entities* (ASC 958). Under ASC 958, the Organization is required to report 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.

NORTH COUNTY COMMUNITY SERVICES

Notes to Financial Statements
For the Year Ended June 30, 2014

Note 1. Summary of Significant Accounting Policies, continued

Accounting for Net Assets, Revenue and Support: To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Organization are maintained in accordance with the principles of net asset accounting. That is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted: These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Temporarily Restricted: The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the 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 program or capital restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as unrestricted support in that period. The Organization did not have any temporarily restricted net assets at June 30, 2014. The net assets released from restrictions totaling \$1,868 were for program restrictions.

Permanently Restricted: These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit the Organization to expend all of the income (or other economic benefits) derived from the donated assets. The Organization did not have any permanently restricted net assets at June 30, 2014.

Comparative Information: Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

Grant and Contract Revenues: Revenues from grants and contracts which are not contributions are recognized to the extent of eligible costs incurred up to an amount not to exceed the total grant or contract authorized.

Accounts Receivable: Accounts receivable consists of trade receivables arising in the normal course of business. It is the policy of management to adjust the outstanding accounts receivable to their fully collectible amount. Management has determined that all accounts receivable at June 30, 2014 are collectible.

NORTH COUNTY COMMUNITY SERVICES

Notes to Financial Statements
For the Year Ended June 30, 2014

Note 1. Summary of Significant Accounting Policies, continued

Property and equipment: Property and equipment are recorded at cost or at fair value at the date of donation, if donated. Acquisitions of property and equipment are capitalized if the cost of the asset is generally greater than or equal to \$5,000 and useful life is greater than one year. Maintenance and repairs costs are charged to expense as incurred. Depreciation expense relating to property and equipment is computed using the straight-line method over the estimated useful lives of the related assets of five to thirty years. For the year ended June 30, 2014 depreciation amounted to \$31,380.

Advertising: The Organization expenses all costs for advertising as incurred.

Cash and Cash Equivalents: For purposes of the statements 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. The Organization did not maintain cash equivalents as of June 30, 2014.

Concentration of Credit Risk: Financial instruments that subject the Organization to concentrations of credit risk consisted principally of temporary cash deposits. As of June 30, 2014, the Organization did not have any deposits which exceed the federally insured limit.

Income Taxes: The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and related state provisions. However, the Organization is subject to income taxes from activities unrelated to tax-exempt purposes. No unrelated business income tax was earned during the year ended June 30, 2014. The Internal Revenue Service has determined that the Organization is not a private foundation.

Reconciliation of CDE and GAAP Expense Reporting: The supplementary *Combining Statement of Activities* and basic financial statements present financial data in conformity with GAAP. The other supplementary financial data presented in the audit, including the *Schedule of Expenditures of Federal by State Categories*, present expenditures according to CDE reporting requirements. Reporting differences arise because CDE contract funds must be expended during the contract period (usually one year). For example, program amounts that are capitalized and depreciated over multiple years under GAAP are expensed in the contract period under CDE requirements. To address such reporting differences, the audit report includes a *Reconciliation of CDE and GAAP Expense Reporting*.

Statement of Cash Flows: ASC 230, Statement of Cash Flows requires supplemental disclosures of certain cash flow information. Cash paid for interest for the year ended June 30, 2014 amounted to \$35,205.

NORTH COUNTY COMMUNITY SERVICES

Notes to Financial Statements
For the Year Ended June 30, 2014

Note 2. Concentration of Credit Risk

The Organization receives a significant portion of its revenues from government grants and contracts. Loss of government support would have a significant impact on the Organization's ability to provide its program services.

Note 3. Property and Equipment

Land	\$ 200,000
Building	875,373
Furniture and equipment	<u>204,835</u>
Total Property and Equipment	1,280,208
Less: accumulated depreciation	<u>(275,381)</u>
Net Property and Equipment	<u>\$ 1,004,827</u>

Depreciation expense for the year ended June 30, 2014 was \$31,380, including depreciation on fixed assets purchased with governmental funds.

Note 4. Fixed Assets Purchased with State Funds

The California Department of Education (DCE) retains a reversionary interest in certain assets purchased with CDE contract funds. The title to such assets vest in the Organization only for the period of time during which the Organization has a contract with CDE. Such assets consist of the following:

Land	\$ 200,000
Building	875,373
Furniture and equipment	<u>116,286</u>
Total Property and Equipment	1,191,659
Less: accumulated depreciation	<u>(198,957)</u>
Net Property and Equipment	<u>\$ 992,702</u>

NORTH COUNTY COMMUNITY SERVICES

Notes to Financial Statements
For the Year Ended June 30, 2014

Note 5. Loan Fees, Net

Loan fees, net consisted of the following at June 30, 2014.

Loan fees	\$ 18,249
Accumulated Amortization	<u>(10,599)</u>
Net accreditation costs	<u>\$ 7,650</u>

Amortization expense of loan fees for the year ended June 30, 2014 was \$850.

Note 6. Mortgage Payable

The Organization had a mortgage payable with Low Income Investment Fund that was paid in full during the year with a construction secured by the Organization. The loan had interest fixed at 5.5%.

The new construction loan is for a maximum of \$890,000 is due January 2024 and is secured by a construction deed of trust on real property and various other assets. The loan agreement provided for interest only payments from August 2013 through January 2014. The initial interest rate was at the lender's index plus 1.75 percentage points or 5%. This construction loan was converted to a mortgage payable at project completion which was in March 2014. Principal and interest payments began in February 2014. The loan provides for an increase in the interest rate in February 2019. The loan is due January 2024.

In 2009, the Organization entered into a contract with the CDE to expand one of its facilities through the addition of a relocatable building. The total amount available under the contract is \$280,000. This amount will need to be repaid in accordance with the contract and lease to own agreement. The Organization has 10 years from the date of the first repayment to reimburse the state. The title will be held by the state until the borrowed funds have been repaid. The total amount of the funds expended prior to this loan being transferred to the construction loan was \$153,866. This amount was included as a prepaid until the construction was completed and the asset was placed in service.

NORTH COUNTY COMMUNITY SERVICES

Notes to Financial Statements
For the Year Ended June 30, 2014

Note 6. Mortgage Payable - continued

Future principal payments are due as follows at June 30:

Year Ending June 30,	
2015	\$ 18,574
2016	19,418
2017	20,545
2018	21,611
2019	21,967
Thereafter	<u>765,636</u>
Total	<u>\$ 867,751</u>

Note 7. Line of Credit

The Organization obtained a revolving line of credit of \$250,000 in April 2013. Interest is at the lender's index plus 2.25 percentage points (5.5% at June 30, 2014). The line is secured by various assets including inventory, equipment, accounts receivables and general intangible assets. At June 30, 2014, the line of credit was \$50,000. The line was extended to April 5, 2015.

Note 8. Accumulated Paid Time Off

Accumulated unpaid employee paid time off (PTO) is recognized as a liability of the Organization. The expense is recognized in the program to which it relates. The amount of accumulated PTO at June 30, 2014 is \$47,181.

Note 9. Operating Lease Commitments

Operating Leases

The Organization leases buildings and equipment under various lease agreements. Total rent expense was \$322,797 for the year ended June 30, 2014.

At June 30, 2014, the future minimum net lease payments are as follows:

<u>Years Ending June 30,</u>	
2015	\$ 317,602
2016	264,108
2017	79,164
2018	60,858
2019	60,858
Thereafter	<u>44,387</u>
Total	<u>\$ 826,977</u>

North County Community Services
Notes to Financial Statements
For the Year Ended June 30, 2014

Note 10. Income Taxes

FASB ASC 740-10, *Accounting for Income Taxes*, prescribes a comprehensive model below for how an organization should measure, recognize, present and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. The Organization has not recorded any liability for uncertain tax positions and does not have any unrecognized tax benefits as of June 30, 2014.

Note 11. Pension Plan

A SIMPLE (Savings Incentive Match Plan for Employees) IRA retirement plan was implemented in May 2001. It is currently administered by Fidelity Investments. Qualifying employees can contribute up to the maximum allowed under the plan of their wages into their retirement account. The Organization contributes 2% of the gross wages of all full-time employees who have completed their 90-day probation period. The pension contribution expense for the year ended June 30, 2014 was \$33,248.

Note 12. Child Development Reserve

The contracts with CDE allow the Organization to maintain a reserve account from earned but unexpended child development contract funds. At June 30, 2014, the Organization did not have a reserve account balance. Upon termination of the child development center-based contracts with the CDE, all unspent monies in the reserve would have to be returned to the state.

Note 13. Contingencies

The Organization has received federal and state governmental funds for specific purposes that are subject to review and audit by the funding agencies. Such audits could generate expenditure disallowances or refunds payable under the terms of the grants or contracts. No material amounts are currently payable.

Note 14. Legal Matter

During the year, the Organization determined that some irregularities occurred with an employee who has subsequently been terminated. The total investigation of undocumented expenditures over about a three year period totaled approximately \$28,000. The results of the Organization's internal investigation were turned over to the San Diego County Sheriff's Department. The Organization has insurance covering this matter less a \$500 deductible. The Organization has recorded a receivable from the insurance claim totaling \$27,668 at June 30, 2014. The amount of of undocumented expenditures charged to the federal and state contracts and grants were not material for the year ended June 30, 2014.

Supplementary Information

**North County Community Services
General Information
Year Ended June 30, 2014**

Agency Name: North County Community Services

Program: State Preschool
Contract No. SCPP: CSPP-3436

Type of Agency: Private Non-Profit Corporation

Address of Agency Headquarters: 1557 Grand Ave., Suite C
San Marcos, CA 92078

Name of Chief Executive Officer: Lupe Ortega

Telephone Number: 760-471-5369

The Period Covered by Examination: July 1, 2013 to June 30, 2014

Number of Days of Operation of Agency: 250 Days

Scheduled Hours of Operation Each Day: Opening Time 7:30 AM
Closing Time 5:00 PM
Number of Hours Open 9.5 hours

Board of Directors: Lupe Ortega - President
Brent Shintani - Vice President
John Lundblad - Treasurer
Dennis Derecho - Director
Alton Kwok - Secretary
John Strohminger - Director
Estrellita (Lita) Moore - Executive Director

North County Community Services
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2014

	Federal Catalog Number	Program or Award Amount	Recognized Revenue	Disbursements/ Expenditures
FEDERAL AWARDS				
<u>U.S. Dept of Health and Human Services</u>				
Pass-through from MAAC Project				
Head Start Program	93.600	\$ 402,300	\$ 354,857	\$ 354,857
<u>U.S. Dept of Agriculture</u>				
Pass-through from California Dept of Education				
Child & Adult Care Food Program	10.558	295,782	295,782	295,782
<u>U.S. Dept of Housing and Urban Development</u>				
Pass-through from City of Carlsbad				
Community Development Block Grant	14.218	5,000	5,000	5,000
Total Federal Awards		<u>\$ 703,082</u>	<u>\$ 655,639</u>	<u>\$ 655,639</u>
STATE AWARDS				
<u>California Department of Education</u>				
CA State Preschool Program (CSPP 3436)		<u>\$ 2,802,685</u>	<u>\$ 2,536,869</u>	<u>\$ 2,999,171</u>

See Notes to Supplementary Information

North County Community Services
Combining Statement of Activities
Year Ended June 30, 2014

	State Preschool CSPP-3436	Non-CDE Programs	Total
REVENUE AND SUPPORT			
Government Contracts (Payments)	\$ 2,527,283	\$ -	\$ 2,527,283
Transfer from CD reserves	9,585		9,585
Child Care Food Program	295,782		295,782
MAAC/Head Start program	354,857		354,857
QPI Program	81,600		81,600
Parent fees	163,107		163,107
Fundraising		14,872	14,872
Food bank	-	166,234	166,234
Contributions	-	213,357	213,357
Other revenue & grants	1	36,340	36,341
	<u>3,432,215</u>	<u>430,803</u>	<u>3,863,019</u>
EXPENSES			
Preschool program	3,010,631		3,010,631
Food bank		365,990	365,990
Other program services		162,863	162,863
Management & general	357,584	90,802	448,386
	<u>3,368,215</u>	<u>619,655</u>	<u>3,987,869</u>
CHANGE IN NET ASSETS	<u>\$ 64,001</u>	<u>\$ (188,851)</u>	<u>\$ (124,850)</u>

See Notes to Supplementary Information

**North County Community Services
Schedule of Expenditures by State Categories
Year Ended June 30, 2014**

	State Preschool Program	Total CDE Contracts
EXPENDITURES		
1000 Certificated salaries	705,210	705,210
2000 Classified salaries	968,268	968,268
3000 Employee Benefits	494,023	494,023
4000 Books and Supplies	7,068	7,068
5000 Services and other operating expenses	855,124	855,124
6100 Other approved capital outlay	-	-
6400 New equipment	-	-
6500 Replacement equipment	-	-
Depreciation on assets not purchased with public funds	-	-
Start-up expenses - service level exemption	-	-
Indirect costs	-	-
	3,029,693	3,029,693
Total expenses claimed for reimbursement (a)	\$ 449,158	\$ 449,158
Total supplemental expenses	\$ 3,478,851	\$ 3,478,851
Total Expenditures	\$ 3,478,851	\$ 3,478,851

(a) Any food expenses have been allocated to the appropriate contracts.

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under these contracts to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported according to governing laws, regulations, and contract provisions.

**North County Community Services
Reconciliation of CDE and GAAP Expense Reporting
Year Ended June 30, 2014**

	<u>Preschool Program</u>	<u>Total CDE Contracts</u>
Schedule of Expenditures by State Categories (CDE)	\$ 3,478,851	\$ 3,478,851
Adjustment to Reconcile Differences in Reporting:		
Capitalized equipment expenses on AUD form		
Mortgage payments expensed on AUD form	(11,233)	(11,233)
Food Expenditures related to internal food bank program expensed on AUD form - revenue and expense eliminated for GAAP	<u>(99,403)</u>	<u>(99,403)</u>
Subtotal	<u>(110,636)</u>	<u>(110,636)</u>
Combining Statement of Activities	<u>\$ 3,368,215</u>	<u>\$ 3,368,215</u>

See Notes to Supplementary Information

**North County Community Services
Schedule of Reimbursable Equipment Expenditures
Year Ended June 30, 2014**

	State Preschool Program	Child Care Food Program	Total
<u>Unit Cost Under \$7,500:</u>			
Item:	\$ -	\$ -	\$ -
Subtotal	-	-	-
 <u>Unit Cost Over \$7,500 with CDD Approval:</u>			
Item:	-	-	-
Subtotal	-	-	-
 <u>Unit Cost Over \$7,500 without CDD Approval:</u>			
Item:	-	-	-
Subtotal	-	-	-
 Total Equipment Expenditures	\$ -	\$ -	\$ -

See Notes to Supplementary Information

North County Community Services
Schedule of Reimbursable Expenditures for Renovation and Repairs
Year Ended June 30, 2014

	<u>State Preschool Program</u>	<u>Child Care Food Program</u>	<u>Total</u>
<u>Unit Cost Under \$10,000:</u>			
Item:	\$ -	\$ -	\$ -
Subtotal	-	-	-
<u>Unit Cost Over \$10,000 with CDD Approval:</u>			
Item:	-	-	-
Subtotal	-	-	-
<u>Unit Cost Over \$10,000 without CDD Approval:</u>			
Item:	-	-	-
Subtotal	-	-	-
Total Renovation and Repair Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

North County Community Services
Schedule of Reimbursable Administrative Costs
Year Ended June 30, 2014

	<u>State Preschool Program</u>
Administrative Costs	
Salaries	\$ 192,476
Employee benefits	32,336
Books and supplies	
Services and other operating expense	132,772
Depreciation	-
Indirect costs	-
	<hr/>
Total Administrative Costs	<u><u>\$ 357,584</u></u>

AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs

Agency Name: North County Community Services Vendor No. B803
 Fiscal Year Ended: June 30, 2014 Contract No. CSPP-3436
 Independent Auditor's Name: Sonnenberg & Company CPAs

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	114		114	1.1800	134.520
Full-time	15,649		15,649	1.0000	15,649.000
Three-quarters-time	2,489		2,489	0.7500	1,866.750
One-half-time	11,677		11,677	0.6172	7,207.044
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	809		809	1.2000	970.800
Three-quarters-time	354		354	0.9000	318.600
One-half-time	117		117	0.6172	72.212
<i>Limited and Non-English Proficient</i>					
Full-time-plus	13		13	1.2980	16.874
Full-time	30,596		30,596	1.1000	33,655.600
Three-quarters-time	4,914		4,914	0.8250	4,054.050
One-half-time	22,808		22,808	0.6172	14,077.098
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	182		182	1.1000	200.200
Three-quarters-time	37		37	0.8250	30.525
One-half-time	2		2	0.6172	1.234
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6172	-
TOTAL DAYS OF ENROLLMENT	89,761	-	89,761		78,254.508
DAYS OF OPERATION	250	-	250		
DAYS OF ATTENDANCE	88,552	-	88,552		

NO NONCERTIFIED CHILDREN - Check this box, omit page 2, and continue to Section III if no noncertified children were enrolled in the program

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: North County Community Services Vendor No. B803

Fiscal Year End: June 30, 2014 Contract No. CSPP-3436

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$295,782	\$0	\$295,782
County Maintenance of Effort (EC § 8279)			0
Other (Specify):			0
Other (Specify):			0
Subtotal	\$295,782	\$0	\$295,782
Transfer from Reserve	9,586		9,586
Family Fees for Certified Children Full-Day Program	144,481		144,481
Family Fees for Certified Children Part-Day Program	18,626		18,626
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))	354,857		354,857
Other contributions and contracts	93,008		93,008
Other (Specify):			0
TOTAL REVENUE	\$916,340	\$0	\$916,340

SECTION IV - REIMBURSABLE EXPENSES			
1000 Certificated Salaries	\$705,210	\$0	\$705,210
2000 Classified Salaries	968,268		968,268
3000 Employee Benefits	494,023		494,023
4000 Books and Supplies	7,068		7,068
5000 Services and Other Operating Expenses	855,124		855,124
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$3,029,693	\$0	\$3,029,693
TOTAL ADMINISTRATIVE COSTS (included in section IV above)			\$0

FOR CDE-A&I USE ONLY:

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

YES

NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

YES

NO - Explain any discrepancies.

COMMENTS - If necessary, attach additional sheets to explain adjustments:

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental revenues or expenses to report.

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: North County Community Services Vendor No. B803
 Fiscal Year End: June 30, 2014 Contract No. CSPP-3436

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION V - SUPPLEMENTAL REVENUE			
Enhancement Funding	\$0	\$0	\$0
HS MAAC	354,857		354,857
Foundations and Gifts	94,301		94,301
Other (Specify):			0
TOTAL SUPPLEMENTAL REVENUE	\$449,158	\$0	\$449,158

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries	\$210,498	\$0	\$210,498
2000 Classified Salaries	190,605		190,605
3000 Employee Benefits			0
4000 Books and Supplies	21,241		21,241
5000 Services and Other Operating Expenses	26,814		26,814
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL EXPENSES	\$449,158	\$0	\$449,158

COMMENTS - If necessary, attach additional sheets to explain adjustments:

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: North County Community Services

Fiscal Year End: June 30, 2014

Vendor No. B803

Independent Auditor's Name: Sonnenberg & Company CPAs

RESERVE ACCOUNT TYPE (Check One):

- Center Based
- Resource and Referral
- Alternative Payment

COLUMN A	COLUMN B	COLUMN C
PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT

LAST YEAR:

	COLUMN A	COLUMN B	COLUMN C
1. Beginning Balance (must equal ending balance from Last Year's AUD 9530-A)	\$9,585	\$0	\$9,585
2. Plus Transfers from Contracts to Reserve Account (based on last year's post-audit CDFS 9530, Section IV):			
Contract No.	\$0	\$0	\$0
Contract No.			0
Total Transferred from Contracts to Reserve Account	0	0	0
3. Less Excess Reserve to be Billed (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)	\$0		\$0
4. Ending Balance on Last Year's Post-Audit CDFS 9530	\$9,585	\$0	\$9,585

THIS YEAR:

	COLUMN A	COLUMN B	COLUMN C
5. Plus Interest Earned This Year on Reserve Funds (column A must agree with this year's CDFS 9530-A, Section II)	\$0	\$0	\$0
6. Less Transfers to Contracts from Reserve Account (column A amounts must agree with this year's CDFS 9530-A, Section III; and column C amounts must be reported on this year's AUD forms for respective contracts):			
Contract No. CSPP-3436	\$9,585	\$0	\$9,585
Contract No.			0
Total Transferred to Contracts from Reserve Account	9,585	0	9,585
7. Ending Balance on June 30, 2014 (column A must agree with this year's CDFS 9530-A, Section IV)	\$0	\$0	\$0

COMMENTS - If necessary, attach additional sheets to explain adjustments:

**North County Community Services
Notes to the Supplementary Information
For The Year Ended June 30, 2014**

1. Schedule of Expenditures of Federal and State Awards

Federal awards expended are reported on the accrual basis of accounting in conformity with generally accepted accounting principles as described in the Notes to the Financial Statements.

2. Administrative Costs

The administrative costs of \$357,584 on the Audited Attendance and Fiscal Reports include accounting and audit fees as well as a portion of salaries and other office and administrative costs.

3. Property

Property and fixed assets purchased with CDE contract funds during fiscal year 2013-2014 have been separately accounted for in the property management system.



Sonnenberg & Company, CPAs

A Professional Corporation

5190 Governor Drive, Suite 201, San Diego, California 92122

Phone: (858) 457-5252 • (800) 464-4HOA • Fax: (858) 457-2211 • (800) 303-4FAX



Leonard C. Sonnenberg, CPA

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 of
North County Community Services

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 North County Community Services, which comprise the consolidated statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North County Community Services' 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 North County Community Services' internal control. Accordingly, we do not express an opinion on the effectiveness of North County Community Services' 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. 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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2014-1, 2014-2, and 2014-3.

Compliance and Other Matters

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

North County Community Services' Response to Findings

North County Community Services' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. North County Community Services' 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 results 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.

Sonnenberg & Company
Sonnenberg & Company, CPAs



Sonnenberg & Company, CPAs

A Professional Corporation

5190 Governor Drive, Suite 201, San Diego, California 92122

Phone: (858) 457-5252 • (800) 464-4HOA • Fax: (858) 457-2211 • (800) 303-4FAX



Leonard C. Sonnenberg, CPA

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

To the Board of Directors of
North County Community Services

Report on Compliance for Each Major Federal Program

We have audited the North County Community Services' 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 North County Community Services' major federal programs for the year ended June 30, 2014. North County Community Services' 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 North County Community Services' 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 North County Community Services' 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 North County Community Services' compliance.

Opinion on Each Major Federal Program

In our opinion, North County Community Services 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 June 30, 2014.

Report on Internal Control Over Compliance

Management of North County Community Services 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 North County Community Services' 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 Example Entity's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding 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 certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-2, and 2014-3.

North County Community Services' responses to the internal control over compliance findings identified in our audit are described in the accompanying *schedule of findings and questioned costs*. North County Community Services' 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.

Sonnenberg & Company
Sonnenberg & Company, CPAs

North County Community Services
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2014

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued:		Unqualified
Internal control over financial reporting:		
• Material weakness identified?	___yes	___X no
• Significant deficiency identified that are not considered to be material weaknesses?	___X yes	___no
• Noncompliance material to financial statements noted?	___yes	___X no

Federal Awards:

Internal control over major programs:		
• Material weakness identified?	___yes	___X no
• Significant deficiency identified that are not considered to be material weaknesses?	___X yes	___no
Type of auditor’s report issued on compliance with major programs:		Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?	___X yes	___no

Identification of Major Program(s):

CFDA Number(s)	Name of Federal Program or Cluster
93.600	U.S. Dept. of Health and Human Services – Head Start

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? ___X yes ___no

Section II and Section III– Financial Statement Findings and Federal Award Findings

2014-1 Food Bank Procedures

Condition: During our testing we noted that the food bank does not have security cameras or procedures in place to ensure that theft of assets are not occurring..

Criteria: A sound system of internal control is dependent upon several factors including the safeguarding of assets.

Cause: Without adequate security measures in place, it is possible that food bank items could be taken and go undetected.

North County Community Services
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section II and III– Financial Statement Findings and Federal Award Findings, continued

Effect: Without this oversight, the risk of loss of items is heightened.

Recommendation: We recommend that procedures be implemented to ensure that all food collected and stored is adequately protected.

Views of Responsible Officials and Planned Corrective Actions: Management is currently working on a procedure where the safeguarding of assets is implemented.

2014-2 Approval of Cash Receipts, Disbursements and Payroll and Account Reconciliations

Condition: During our audit we noted that most accounts were not being reconciled on a monthly basis and there isn't sufficient documentation of proper approval on invoices, cash receipts and payroll items.

Criteria: A sound system of internal control is dependent upon several factors including accounts being properly approved as well as accounts being properly reconciled on a monthly basis.

Cause: The organization did not require that accounts be properly approved and reconciled on a timely basis.

Effect: Without accounts being properly reconciled and approved, it is not possible for management or the Board to make the most effective decisions for the organization as the financial data is incomplete.

Recommendation: We recommend that the North County Community Services, ensure that all transactions be properly reviewed, approved and reconciled on a timely basis.

Views of Responsible Officials and Planned Corrective Actions: Management is currently working on implementing a procedure for accounts to be properly approved, reviewed and reconciled timely.

2014-3 Segregation of Duties

Condition: We noted that there is no control in place limiting the HR Manager from changing the pay rates, approved vacation hours and access to disbursement checks during the year..

Criteria: A sound system of internal control should limit information from being changed without the consent of the approver or authorized person. In addition, one person should not have access to duties which make those duties incompatible. This allows for potential fraudulent activity to occur.

Cause: The system is not limiting authorized persons from ensuring that their approvals, pay rate and accrued vacation hours are being entered into the human resource system properly.

Effect: Items approved could be overridden by others users due to the limitation of the system.

North County Community Services
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section II and III– Financial Statement Findings and Federal Award Findings, continued

Recommendation: We recommend that no one person be able to input, approve and process transactions without authorized approval by responsible parties.

Views of Responsible Officials and Planned Corrective Actions: Management is currently working on implementing a procedure to ensure that incompatible duties are properly segregated.

North County Community Services
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2014

There were no prior audit findings in the prior year; therefore there are no items to report.



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

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

Project Name: Palomar College Bridge to Success	Total # of people served: 560	Amount Requested: \$ 4,752
Date Submitted: 4/1/2015	Total # of San Marcos residents served: 113 (20%)	

Non-Profit Organization Name and Address, Website Palomar College Foundation 1140 West Mission Rd. San Marcos CA 92069-1487 www.palomarcollege.edu/foundation	Contact Person – Name, Title & Phone, email Debbie King, Assistant Director (760) 744-1150 x2735 dking1@palomar.edu
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Briefly describe your request for funds (to be expanded upon in narrative for regular grant):

San Marcos students come to Palomar College from varying backgrounds and with varying degrees of academic preparation. Our Bridge to Success initiative is a coordinated suite of five programs that have proved very successful at helping first year Palomar College students identify and solve existing academic, study habit, and personal challenges that reduce their chances of success as they begin college work. Almost a quarter of the students in our Summer Bridge, First Year Experience, Guardian Scholars and Learning Communities programs are from San Marcos. Improving their chances of graduating improves the future of the community.

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

The social and economic success of the community rests on a foundation of education. Students who graduate from Palomar College earn more, do more, and ultimately contribute more to the community. Their social mobility is increased, they have the option of continuing at a four-year college, and they are far more likely to contribute to rather than draw on public resources. Your gift is really an investment in the future of San Marcos.

Please attach the following items.

Both Mini-Grant & Regular:

1. Budget for request (use SMCF Budget Worksheet)
2. Annual Operating budget for the organization or unit
3. Federal & State Tax ID numbers
4. Board of Directors listing with affiliations
5. Signature of President or Authorized Officer on Application- *If using a fiscal sponsor, the signature must come from the President or an Authorized Officer of that organization.*

6. Regular Grants Only:

- a. 1-2 page narrative
- b. First 2 pages of Federal 990
- c. Most recent year-end Statement or Audit including any management letters associated with Audit.
- d. Optional: letters of support

Expected date project will begin/end: 6/1/2015

Date by which funds will be expended: 5/31/2016

Signature of President or Authorized Officer

RICHARD A. TALMO

Name, Title
EXECUTIVE DIRECTOR

3/31/15

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

Palomar College Bridge to Success Initiative

We invite the San Marcos Community Foundation to support activities within our Bridge to Success initiative.

Community college provides access to education for anyone in California with a high school diploma and the desire to pursue higher education. But that access comes with no guarantee of success at bridging the gap between preparation and matriculation.

The transition from high school (or no school) to the demands of the college classroom can create a substantial barrier for many students. Removing that barrier is the purpose of the Bridge to Success initiative.

Incoming Palomar students, including those from San Marcos, come from a wide variety of backgrounds. Some have had adequate academic preparation; many have not. Some are the first in their families to attempt higher education. For some, there are language barriers. There are also military veterans and others who are separated by a gulf of many years or decades from their last academic experience. Each of these students faces unique challenges. A suite of supportive programs has been designed and proved effective at remediating academic preparation gaps and improving study skills to make a measurable, demonstrable difference in student success. Participation is entirely voluntary, though we make a particular effort to encourage at-risk students to make use of these resources.

The effort begins with Summer Bridge, a three- to four-week, non-credit program that prepares incoming, continuing, and returning students for the comprehensive college experience by focusing on both academic and social success. Students receive an intensive ESL and/or math review with potential to increase placement; gain study skills, time management and test taking strategies; learn how to navigate college services; and develop a peer support network. A substantial number of our Summer Bridge students are defined as at-risk due to academic deficiencies or lack of study skills. Providing them resources before they formally begin classes at Palomar helps them stay in college and achieve their goals in education and life.

First-Year Experience (FYE) is a year-long program focused on providing incoming students with the resources and support they need to transition successfully to college. The program encourages academic achievement, social integration, and personal success with the assistance of a strong support network of peers, staff, and faculty. Students participate in an orientation and receive individual college planning and financial aid application assistance, referrals to college resources, mentoring, and tutoring support. They also participate in academic enrichment, career, and social activities throughout the year.

One of the specific line items for which we seek SMCF support is the purchase of student activity cards for the Summer Bridge and FYE students. The student activity card plays a functionally vital role by providing access to free printing, public transportation discounts, food events at the Student Union, and other valuable resources. For many of our first-year students, seemingly small benefits such as these play a *substantial* role. Many are already working one or two jobs to help support their education, and family financial support is frequently not an option. Free printing of term papers and reduced rate bus transportation can make the difference between staying in school and dropping out. Your support would also enable funding of a field trip to either

the Museum of Tolerance of the Getty, parking passes and bookstore certificates to be used as part of an incentive program, and transportation and admission to a cultural events.

A Learning Community is an innovative Palomar College Bridge to Success program that has proved both popular and useful. Learning Communities are groups of students who take a common set of courses together and share a common experience around their academics. Learning community academic sections are linked courses that allow students to take related courses together. The curriculum is designed to link both professors and students to their peers as well as peers well to each other. This learning environment creates communities of learners, students who develop a deeper commitment to learning and achieve greater academic success than students who enroll in standalone courses. At the same time, students benefit from finding themselves part of a mini-community in which they are known, helping to relieve some of the anonymity that can come with being a freshman on a college campus. In addition, because linked faculty members teach the same students, instructors are able to maximize student achievement by sharing course goals, content, and activities.

The Village Mentoring program seeks to enhance the retention and completion rates of FYE students through mentoring by administrators, faculty, staff and fellow students. Mentoring provides one-on-one, face-to-face support and guidance in one or more of the following domains: academic support, goal setting and career path support, emotional support, and support as a role model. In Year 1 of the Village Mentoring program, 92% of the students who attended sessions in the fall returned for the spring semester; the overall campus return rate is 72%.

The final program forming the Bridge to Success is a specialized one. Guardian Scholars is designed especially for former foster youth and current foster youth in transition and is dedicated to the special needs of a very at-risk population of learners. They are often without families or other social support. Some are homeless, food insecure, and without financial or other essential resources. Guardian Scholars endeavors to create a welcoming, safe, and supportive community as well as maximize access to available on- and off-campus resources. This program helps former foster youth succeed in college against what are sometimes overwhelming odds. Your funding would provide food and beverage at monthly meetings for a year. This plays an important role in encouraging students to attend.

These five programs form a unity. They are interdependent and cumulative. Students often access several of them, and with each access comes an increasing chance the student will remain in school. We invite your partnership in this vital effort. Building a Bridge to Success is an investment in not only these students, but in the San Marcos community. Given the support they need to make the transition to college, these students *will* succeed and they *will* go on to careers, four-year schools, and to be the future leaders of and contributors to San Marcos.

SAN MARCOS COMMUNITY FOUNDATION

**Palomar College Bridge to Success Initiative
BUDGET 2015-2016**

Personnel _____	\$ 166,217.83
Tutors, counselors, short-term hourly support, embedded tutors, student ambassadors, student worker support, additional counselor hours	
Supplies _____	\$ 39,226.00
Office supplies, instructor supplies, ESL JAM: Focus on Grammar (50 codes) USB drives for students	
Operational Expenses _____	\$ 23,389.00
Special activity support, registration days assistance, printing, postage, food & beverage, marketing & signage, folders, pens, pencils, highlighters, USB drives	
SUBTOTAL:	\$ 228,832.83

Bridge to Success Initiative

*** Program Enhancement Expenses**

Student Activity Cards for Summer Bridge and FYE students - 550 cards (\$15.00 each X2 semesters)	\$ 16,500.00
Learning Experience Field Trip (Museum of Tolerance or Getty Museum) - 100 students X\$10.50 admission, \$10.00 food stipend X100 students, \$1,000 bus rental	\$ 3,050.00
Incentive Program - 24 Parking Passes (\$40.00 per 2 semesters) & 24 X\$50 bookstore certificates	\$ 2,160.00
Learning Communities—2 Student Ambassadors - \$350 stipend per student ambassador	\$ 700.00
Palomar College Planetarium admission tickets - Guardian Scholars program—Tickets for 50 students (\$6 each)	\$ 300.00
Food & Beverage for monthly Guardians Scholars meeting - \$50 food & beverage / per meeting X12 meetings	\$ 600.00
Cultural Event: Dia del Los Muertos—Sugar Skull Craft Event - \$300 for premade sugar skulls; \$150 for traditional desserts and beverages	\$ 450.00
Total budget for this PROJECT:	\$ 23,760.00*
Grant Request Amount: [20% of total Bridge to Success Enhancement Expense]	\$ 4,752.00
Is this a challenge grant? No	Could it be? Yes

Please list any other funding sources for this project.

\$ 7,500	Nordson Corporation Foundation	(P)
\$ 4,000	Angel Society of Fallbrook	(P)
\$ 5,000	Charles & Ruth Billingsley Foundation	(P)

2015 Palomar College Foundation - Organizational Budget

REVENUE	
Private Support - Scholarships	\$ 400,000
Private Support	\$ 475,000
Foundation Grants	\$ 50,000
Fundraisers / Special Events	\$ 510,000
In-Kind Support (College District Funding)	\$ 609,462
Investment Return	\$ 400,000
Other Income	\$ 42,000
TOTAL REVENUE & SUPPORT	\$ 2,486,462
EXPENSES	
Supporting Services	
- Donated Services and Facilities *	\$ 531,462
- Additional Personnel & Services	\$ 186,000
- Fundraising Events	\$ 170,500
- Cultivation Events	\$ 5,000
- Stewardship Gifts & Communication	\$ 7,000
- Printing/Creative Services	\$ 10,000
- Postage	\$ 8,000
- Travel/Mtgs/Seminars/Misc.	\$ 12,000
- Office Supplies/Equipment	\$ 6,000
- Professional Services/Support	\$ 18,000
- Software and Support	\$ 25,000
- Memberships /Professional Affiliations	\$ 10,000
Total	\$ 988,962
Program Services	
- Grants/Allocations	\$ 500,000
- Scholarships Disbursed	\$ 400,000
- Fundraising Events	\$ 40,500
- Donated Services and Facilities *	\$ 78,000
- Supplemental Wage Expense	\$ 25,000
- Other Expenses	\$ 14,750
Total	\$ 1,058,250
TOTAL EXPENSES	\$ 2,047,212

* Salaries & Benefits / Services & Facilities (donated by the Palomar College District)



U. S. TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE

DISTRICT DIRECTOR
P. O. BOX 231
LOS ANGELES 53, CALIFORNIA

November 29, 1963

IN REPLY REFER TO
Form 2954
Code 414 :JFS
LA-EO-63-235

Palomar College Development Foundation
c/o Palomar College
San Marcos, California

Gentlemen:

PURPOSE
Educational
FORM 990A REQUIRED
<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
ACCOUNTING PERIOD END- ING
December 31, 1963

Based upon the evidence submitted, it is held that you are exempt from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code, as it is shown that you are organized and operated exclusively for the purpose shown above. Any questions concerning taxes levied under other subtitles of the Code should be submitted to us.

You are not required to file Federal income tax returns so long as you retain an exempt status, unless you are subject to the tax on unrelated business income imposed by section 511 of the Code and are required to file Form 990-T for the purpose of reporting unrelated business taxable income. Any changes in your character, purposes or method of operation should be reported immediately to this office for consideration of their effect upon your exempt status. You should also report any change in your name or address. Your liability for filing the annual information return, Form 990A, is set forth above. That return, if required, must be filed after the close of your annual accounting period indicated above.

Contributions made to you are deductible by donors as provided in section 170 of the Code. Bequests, legacies, devises, transfers or gifts to or for your use are deductible for Federal estate and gift tax purposes under the provisions of section 2055, 2106 and 2522 of the Code.

You are not liable for the taxes imposed under the Federal Insurance Contributions Act (social security taxes) unless you file a waiver of exemption certificate as provided in such Act. You are not liable for the tax imposed under the Federal Unemployment Tax Act. Inquiries about the waiver of exemption certificate for social security taxes should be addressed to this office.

This is a determination letter.

Very truly yours,

R. A. Riddell

R. A. Riddell
District Director



June 10, 1980

In reply refer to
344:RTF:KY:ea

Palomar College Development
Foundation
c/o Palomar College
San Marcos, CA 92069

Purpose : Educational
Form of Organization : Corporation
Accounting Period Ending: December 31
Organization Number : 0388376

This letter confirms your previous exemption from state franchise and income tax under Section 23701d, Revenue and Taxation Code. In confirming your exempt status, we have made no examination of your current activities. If the organization has changed its operation, character, or purpose since exemption was originally granted, that change must be reported immediately to this office.

You are still required to file Form 199 (Exempt Organization Annual Information Return) or Form 199B (Exempt Organization Annual Information Statement) on or before the 15th day of the 5th month (4-1/2 months) after the close of your accounting period. 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 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 3rd month (2-1/2 months) after the close of your annual accounting period.

Contributions made to you are deductible by donors as provided by Sections 17214 through 17216.2 and 24357 through 24359 of the Code, unless your purpose is testing for Public Safety.

Robert Lute, Manager
Exempt Organization Section
Telephone (916) 355-0392

cc: R. L. McNeil

FTB 4204-ATS (11-75)

Palomar College Foundation —Board of Directors 2015

Matilda Rough, *Chair*

President, M&M Escrow Company
San Marcos, CA

Marc McGuire, *Past-Chair*

President, The Irish Setters Inc.
San Marcos, CA

John Masson, *Treasurer*

President, Masson & Associates Inc.
Escondido, CA

David Engblom, *Chair-Elect*

Vice President, Banc of California
San Marcos, CA

Chief Judge Anthony Brandenburg, *Secretary*

Inter-Tribal Court of Southern California
Valley Center, CA

Charles Salter

Attorney at Law
Vista, CA

Robert Maag

SVP/Relationship Manager,
Pacific Commerce Bank
San Marcos, CA

Dr. Luene Corwin

Retired Educator/Community Leader
Vista, CA

Barbara Swearingen

Community Leader
Carlsbad, CA

Key Staff:

Richard Talmo

Executive Director

Debbie King

Assistant Director

Return of Organization Exempt From Income Tax



Form **990**

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.

Department of the Treasury
Internal Revenue Service

A For the 2013 calendar year, or tax year beginning **2013**, and ending **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 Name of organization PALOMAR COLLEGE FOUNDATION		D Employer identification number 95-6094128	
	Doing Business As			
	Number and street (or P.O. box if mail is not delivered to street address) Room/suite 1140 W. MISSION ROAD		E Telephone number (760) 744-1150	
	City or town, state or province, country, and ZIP or foreign postal code SAN MARCOS, CA 92069		G Gross receipts \$ 1,822,761.	
	F Name and address of principal officer: RICHARD D. TALMO 1140 WEST MISSION ROAD SAN MARCOS, CA 92069		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 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.PALOMAR.EDU/FOUNDATION	
K Form of organization: <input type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input checked="" type="checkbox"/> Other ▶ NON-PROFIT	
L Year of formation: 1959 M State of legal domicile: CA	

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: THE PALOMAR COLLEGE FOUNDATION SECURES SUPPLEMENTAL FUNDING, OTHER RESOURCES, AND PROVIDES PROGRAM SUPPORT FOR THE BENEFIT OF PALOMAR COMMUNITY COLLEGE AND ITS STUDENTS.				
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.				
	3	17.			
	4	17.			
	5	0			
	6	0			
	7a	0			
	7b	0			
	Revenue			Prior Year	Current Year
		8	1,248,179.	1,400,169.	
9		0	0		
10		219,946.	226,069.		
11		-62,630.	-88,087.		
12		1,405,495.	1,538,151.		
Expenses		13	1,108,605.	1,063,127.	
		14	0	0	
		15	0	0	
		16a	0	0	
	b	0	0		
17	275,412.	233,352.			
18	1,384,017.	1,296,479.			
19	21,478.	241,672.			
Net Assets or Fund Balances			Beginning of Current Year	End of Year	
	20	6,030,403.	6,519,113.		
	21	129,168.	96,900.		
22	5,901,235.	6,422,213.			

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: _____
	Type or print name and title: _____	

Paid Preparer Use Only	Print/Type preparer's name BRIAN HADLEY	Preparer's signature 	Date 9/19/14	Check <input type="checkbox"/> if self-employed	PTIN P00067183
	Firm's name ▶ WILKINSON HADLEY KING & CO., LLP			Firm's EIN ▶ 52-2354566	
	Firm's address ▶ 218 W. DOUGLAS AVENUE EL CAJON, CA 92020			Phone no. 619-447-6700	

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

For Paperwork Reduction Act Notice, see the separate instructions. Form **990** (2013)

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission:

THE PALOMAR COLLEGE FOUNDATION, WITH THE SUPPORT OF THE COMMUNITY, SECURES SUPPLEMENTAL FUNDING, OTHER RESOURCES, AND PROVIDES PROGRAM SUPPORT FOR THE BENEFIT OF PALOMAR COMMUNITY COLLEGE AND ITS STUDENTS.

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 \$ 1,134,469. including grants of \$ 1,063,127.) (Revenue \$ 1,400,169.)

GRANTS, ALLOCATIONS AND SCHOLARSHIPS FOR THE BENEFIT OF THE STUDENTS AT PALOMAR COMMUNITY COLLEGE.

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

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

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

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

4e Total program service expenses 1,134,469.

**PALOMAR COLLEGE FOUNDATION
FINANCIAL STATEMENTS
FOR YEARS ENDED
DECEMBER 31, 2013 AND 2012**

**PALOMAR COLLEGE FOUNDATION
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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Palomar College Foundation**

We have audited the accompanying financial statements of Palomar College Foundation, (a non-profit organization), which comprise the statements of financial position as of December 31, 2013 and 2012 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Palomar College Foundation as of December 31, 2013 and 2012 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Wilkinson Hadley King & Co., LLP

El Cajon, California
September 16, 2014

**PALOMAR COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012**

	2013	2012
ASSETS		
Current Assets:		
Cash In Banks	\$ 303,092	\$ 229,183
Investments	2,517,261	2,473,083
Accounts Receivable	65,600	-
Total Current Assets	2,885,953	2,702,266
Non-current Assets:		
Property and Equipment, Net	5,829	6,595
Other Assets:		
Endowment Investments	3,280,861	3,010,030
Investments Held Under Split-Interest Agreements	329,470	311,512
Prepaid Expenses	17,000	-
Total Other Assets	3,627,331	3,321,542
TOTAL ASSETS	\$ 6,519,113	\$ 6,030,403
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ -	\$ 16,805
Payable to Beneficiaries	16,890	15,463
Total Current Liabilities	16,890	32,268
Long-term Liabilities:		
Payable to Beneficiaries, Net of Current Portion	80,010	96,900
TOTAL LIABILITIES	96,900	129,168
NET ASSETS		
Unrestricted	1,069,229	729,792
Temporarily Restricted	2,435,150	2,288,609
Permanently Restricted	2,917,834	2,882,834
TOTAL NET ASSETS	6,422,213	5,901,235
TOTAL LIABILITIES AND NET ASSETS	\$ 6,519,113	\$ 6,030,403

The accompanying notes are an integral part of this statement

**PALOMAR COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Contributions	\$ 40,364	\$ 778,501	\$ 35,000	\$ 853,865
Campaign Revenue	129,324	-	-	129,324
Contributions From Fund Raising Events	532,003	-	-	532,003
Donated Services and Facilities	521,526	-	-	521,526
Investment Return	228,398	268,921	-	497,319
Increase in Value of Beneficial Interests in Remainder Trusts	-	8,056	-	8,056
Net Assets Released From Restrictions, Satisfaction of Program Restrictions	908,937	(908,937)	-	-
TOTAL REVENUE AND SUPPORT	2,360,552	146,541	35,000	2,542,093
EXPENSES				
Program Services:				
Grants/Allocations	695,645	-	-	695,645
Scholarships	367,482	-	-	367,482
Donated Services and Facilities	443,297	-	-	443,297
Supplemental Wage Expense	22,181	-	-	22,181
Fund Raising Events	40,622	-	-	40,622
Total Program Services	1,569,227	-	-	1,569,227
Supporting Services:				
Clerical Support	19,753	-	-	19,753
Software, Support and Training	26,456	-	-	26,456
Printing and Duplicating	7,703	-	-	7,703
Consulting Fees	21,684	-	-	21,684
Travel and Conference	7,006	-	-	7,006
Audit and Tax Preparation	11,100	-	-	11,100
Office Expenses	21,401	-	-	21,401
Investment Fees	26,463	-	-	26,463
Other Operating Expenses	30,730	-	-	30,730
Fund Raising Events	162,488	-	-	162,488
Donated Services and Facilities	78,229	-	-	78,229
Campaign Expenses	18,308	-	-	18,308
Memberships and Board Meetings	19,251	-	-	19,251
Depreciation	1,316	-	-	1,316
Total Supporting Services	451,888	-	-	451,888
TOTAL EXPENSES	2,021,115	-	-	2,021,115
INCREASE IN NET ASSETS	339,437	146,541	35,000	520,978
NET ASSETS, BEGINNING OF YEAR	729,792	2,288,609	2,882,834	5,901,235
NET ASSETS, END OF YEAR	\$ 1,069,229	\$ 2,435,150	\$ 2,917,834	\$ 6,422,213

The accompanying notes are an integral part of this statement

**PALOMAR COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Contributions	\$ 45,876	\$ 832,867	\$ -	\$ 878,743
Campaign Revenue	95,823	-	-	95,823
Contributions From Fund Raising Events	201,650	222,837	-	424,487
Donated Services and Facilities	476,426	-	-	476,426
Grants	-	20,000	-	20,000
Investment Return	142,737	378,908	-	521,645
Increase in Value of Beneficial Interests in Remainder Trusts	-	4,944	-	4,944
Net Assets Released From Restrictions, Satisfaction of Program Restrictions	1,184,212	(1,184,212)	-	-
TOTAL REVENUE AND SUPPORT	2,146,724	275,344	-	2,422,068
EXPENSES				
Program Services:				
Grants/Allocations	699,159	-	-	699,159
Scholarships	409,446	-	-	409,446
Donated Services and Facilities	404,962	-	-	404,962
Supplemental Wage Expense	18,573	-	-	18,573
Fund Raising Events	46,701	-	-	46,701
Total Program Services	1,578,841	-	-	1,578,841
Supporting Services:				
Clerical Support	24,278	-	-	24,278
Software, Support and Training	27,357	-	-	27,357
Printing and Duplicating	11,375	-	-	11,375
Consulting Fees	47,004	-	-	47,004
Travel and Conference	6,595	-	-	6,595
Audit and Tax Preparation	10,360	-	-	10,360
Office Expenses	25,066	-	-	25,066
Investment Fees	26,986	-	-	26,986
Other Operating Expenses	43,036	-	-	43,036
Fund Raising Events	186,803	-	-	186,803
Donated Services and Facilities	71,464	-	-	71,464
Strategic Plan Expenses	26,162	-	-	26,162
Board and Committee Meetings	6,799	-	-	6,799
Depreciation	1,821	-	-	1,821
Total Supporting Services	515,106	-	-	515,106
TOTAL EXPENSES	2,093,947	-	-	2,093,947
INCREASE IN NET ASSETS	52,777	275,344	-	328,121
NET ASSETS, BEGINNING OF YEAR	677,015	2,013,265	2,882,834	5,573,114
NET ASSETS, END OF YEAR	\$ 729,792	\$ 2,288,609	\$ 2,882,834	\$ 5,901,235

The accompanying notes are an integral part of this statement

**PALOMAR COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 520,978	\$ 328,121
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,316	1,821
(Gain) Loss on Investments	(290,806)	(321,463)
Increase in Value of Beneficial Interests in Remainder Trusts	(8,056)	(4,944)
Distribution of Investments Under Split-Interest Agreements	23,520	16,020
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(65,600)	-
Prepaid Expenses	(17,000)	-
Accounts Payable	(16,805)	16,805
Accrued Expenses	-	(3,849)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	147,547	32,511
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds From Sale of Investments	259,879	262,618
Purchase of Investments	(332,967)	(276,646)
Purchase of Furniture	(550)	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(73,638)	(14,028)
NET INCREASE IN CASH	73,909	18,483
CASH AT BEGINNING OF YEAR	229,183	210,700
CASH AT END OF YEAR	\$ 303,092	\$ 229,183

The accompanying notes are an integral part of this statement

**PALOMAR COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

A. Organization and Summary of Significant Accounting Policies:

Nature of Activities

Palomar College Foundation (Foundation) is a California nonprofit organization established in 1959 to secure supplemental funding and other resources for the benefit of the students and faculty of Palomar Community College District (District). The Foundation's programs include student scholarships, faculty grants, donor-designated funds, and special projects. The Foundation receives contributions to support the students and programs of the District.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. Revenues are recorded in the accounting period they become both measurable and available. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Use of Estimates

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

Basis of Presentation

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

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

Cash and Cash Equivalents

For the purpose of the statement of financial position and the statement of cash flows, the Foundation considers all short-term investments with an original maturity of three months or less to be cash equivalents.

**PALOMAR COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

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

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. It has been the policy of the Foundation that donations are considered to be available for unrestricted use unless specifically restricted by the donor.

Investments

Investments are carried at market value and realized and unrealized gains and losses are reflected in the change in net assets in the statements of activities. The fair value of equity and debt securities is based on the quoted market price of the underlying securities. Investments acquired by gift are recorded at their market value at the date of the gift.

Income Taxes

The Foundation 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 Foundation may be subject to tax on income which is not related to its exempt purpose. No such unrelated business taxable income was reported and, therefore, no provision for income taxes has been made. The Foundation is not a private foundation.

Property and Equipment

Acquisitions of property and equipment of \$500 or more are capitalized and are recorded at cost. Donated property and equipment are recorded at fair market value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to seven years.

Charitable Gift Annuities

Charitable gift annuities are established in connection with split-interest agreements, in which the donors or third-party beneficiaries receive specified distributions during the term of the agreements. All gift annuities are negotiated between the Foundation and the donor/annuitant, and based on the rate tables approved by the California Insurance Commissioner for gift annuity agreements. The assets are included in investments held under split-interest agreements and the liabilities for the net present value of the annuity payments are included in payable to beneficiaries in the statements of financial position.

Advertising

Advertising costs are expensed when incurred.

**PALOMAR COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

B. Cash:

Cash balances on hand and in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by financial institutions is entirely insured or collateralized.

Cash consists of the following:

	<u>2013</u>	<u>2012</u>
Checking	\$ 284,856	\$ 205,534
Certificates of deposit/other accounts	<u>18,236</u>	<u>23,649</u>
	<u>\$ 303,092</u>	<u>\$ 229,183</u>

C. Investments:

Investments consists of the following:

	<u>2013</u>	<u>2012</u>
Mutual funds:		
Marketable securities	\$ 4,625,784	\$ 4,469,295
Real estate investments	217,149	233,035
Trust funds	596,231	540,892
Other mutual funds	439,945	437,925
Money market funds	<u>248,483</u>	<u>113,478</u>
	<u>\$ 6,127,592</u>	<u>\$ 5,794,625</u>

Investment return and its classification for the year ended December 31, 2013 included in the statement of activities is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 100,568	\$ 105,945	\$ -	\$ 206,513
Realized gain on investments	12,029	7,527	-	19,556
Unrealized gain on investments	127,366	155,449	-	282,815
Unrealized loss on investments	<u>(11,565)</u>	<u>-</u>	<u>-</u>	<u>(11,565)</u>
	<u>\$ 228,398</u>	<u>\$ 268,921</u>	<u>\$ -</u>	<u>\$ 497,319</u>

Investment return and its classification for the year ended December 31, 2012 included in the statement of activities is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 97,381	\$ 102,801	\$ -	\$ 200,182
Realized gain on investments	11,591	8,173	-	19,764
Unrealized gain on investments	54,240	267,934	-	322,174
Unrealized loss on investments	<u>(20,475)</u>	<u>-</u>	<u>-</u>	<u>(20,475)</u>
	<u>\$ 142,737</u>	<u>\$ 378,908</u>	<u>\$ -</u>	<u>\$ 521,645</u>

**PALOMAR COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

C. Investments (Continued)

Investment Accounting Policy

The Foundation's general policy is to report money market investments and short-term participating interest-earning investment contracts at cost with all other investments being reported at fair value unless a legal contract exists which guarantees a higher value.

All funds of the Foundation are invested in a prudent manner with the intention to pursue a long-term investment objective of consistent capital growth through priority objectives of a) preservation of capital, b) liquidity sufficient for annual spending, and c) long-term income growth. Diversification policy states that no security shall exceed 2% of the portfolio (excluding treasury and agency securities commingled fund vehicles) and bond quality shall be a minimum weighted average fixed income rating of "A" grade with bond maturity having an average duration not to exceed seven years.

The Foundation's policy for endowments and endowed scholarship funds states that the endowed principal will be invested in those assets which have the highest statistical probability of preserving, in real rather than nominal terms, the corpus, while generating the maximum possible rate of return. Investment parameters include a) investing the funds on a long-term basis (five years or more), consistent capital growth, preserving the principal, and accepting minimal market risk.

D. Accounts Receivable:

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable as of December 31, 2013 consisted of the following:

Scholarship donations	\$	32,000
Campaign revenues		16,000
Gala revenues		17,600
		65,600
	\$	65,600

All accounts receivable as of December 31, 2013 are considered collectible by management. As a result, no allowance for doubtful accounts has been recorded.

E. Property and Equipment:

Property and equipment consist of the following:

	2013		2012
Furniture and equipment	\$ 31,532	\$	30,982
Less accumulated depreciation	(25,703)		(24,387)
	\$ 5,829	\$	6,595

F. 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.

**PALOMAR COLLEGE FOUNDATION
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012
 (Continued)**

G. Restrictions on Net Assets:

Temporarily restricted net assets consist of the following:

	2013	2012
Departmental funds	\$ 908,955	\$ 728,455
Internal scholarships	811,690	692,683
Auxiliary organization funds	28,245	234,482
Foundation endowment #1	334,451	309,332
Charitable remainder trusts	215,943	200,144
Minkoff soccer field	34,759	34,759
Arboretum Hubbell structure	101,107	88,754
	\$ 2,435,150	\$ 2,288,609

Permanently restricted net assets consist of the following:

	2013	2012
Endowment funds	\$ 2,352,800	\$ 2,317,800
Scholarship funds	565,034	565,034
	\$ 2,917,834	\$ 2,882,834

H. Related Party Transactions:

The District is the primary beneficiary of the Foundation. To assist the Foundation in carrying out its purpose, the Foundation has a master agreement with the District whereby the District provides administrative support to the Foundation. The District pays 100% of the salaries and benefits of the Executive Director, Advancement Office and College Foundation Coordinator, and Accountant. In addition, the District pays 75% of the salaries and benefits of the Scholarship Coordinator and provides free use of facilities.

Donated services and facilities for the year ended December 31, 2013 and for the year ended December 31, 2012 was \$521,526 and \$476,426, respectively. These amounts are included as donated services and facilities and as operating expenses in the statements of activities for the years ended December 31, 2013 and 2012.

I. Split-Interest Agreements:

The Foundation receives contributions under charitable gift annuities. The Foundation agrees to pay a stated amount annually to the beneficiaries as long as they live, at which time, the remaining assets are available for use by the Foundation. Total assets held under split-interest agreements as of December 31, 2013 and 2012 are \$329,470 and \$311,512, respectively, and the actuarial present value of the Foundation's interest in the gift annuities are \$232,571 and \$199,149 respectively. At December 31, 2013, the amounts payable to beneficiaries are \$96,900, of which \$16,890 is current and \$80,010 is long-term. At December 31, 2012, the amounts payable to beneficiaries are \$112,363 of which \$15,463 is current and \$96,900 is long-term. Payable to beneficiaries is the present value of the expected future cash flows to be paid to the beneficiaries.

**PALOMAR COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

J. Endowment Funds:

Donors may designate current and future donations to the Foundation's endowment funds. Principal and income is governed by the terms of the endowment. The principal of each endowment is restricted in perpetuity until the occurrence of a specified event or for a specified period and the income is either restricted or available for current use. When restrictions on the principal fund balance end, the resources are transferred from the endowment fund to either the undesignated funds or a specific designated fund, in accordance with the terms of the gift or bequest. Income from the endowment funds is recorded in either designated or undesignated funds, depending on whether the donor has placed restrictions on the use of income.

As of December 31, 2013, the Foundation had no endowment accounts whereby the endowment fund balance was below the initial preserved principal amount.

As of December 31, 2012, the Foundation had three endowment accounts whereby the endowment fund balance was below the initial preserved principal amount; however, the Foundation had sufficient unrestricted funds that allowed for temporary loan transfers to all 'underwater' endowments which increased the fund balance to the initial preserved principal amount. The total endowment balance below the initial preserved principal amount for all accounts inclusive was \$2,277 as of December 31, 2012.

K. Subsequent Events:

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 16, 2014, the date the financial statements were available to be issued.



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

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

Project Name: Health Development Services Children's Sensory Gym Project Date Submitted: 03/27/2015	Total # of people served: 1,500 Total # of San Marcos residents served: 400	Amount Requested: \$10,000
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Non-Profit Organization Name and Address, Website Palomar Health Foundation 960 Canterbury Dr., Suite 200 Escondido, CA 92025 www.palomarhealthfoundation.org	Contact Person – Name, Title & Phone, email Vanessa Ordillas Development Coordinator (760) 739-2778 vanessa.ordillas@palomarhealth.org
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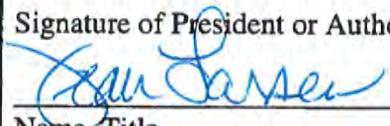
Briefly describe your request for funds (to be expanded upon in narrative for regular grant):

We are requesting a gift of \$10,000 to improve and expand on a health program unique to the North San Diego County region that promotes children's developmental and behavioral health while providing valuable community service opportunities to low-income families. The **Healthy Development Children's Sensory Gym Project** is a local project that will assist in the health and well-being of young children in North San Diego County during their most critical years of development.

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

Healthy Development Services (HDS) at Palomar Health provides early intervention services for all children 0-5yrs of age living in the North Inland Region of San Diego County. There is no income eligibility and children can receive services until they turn 6 years of age or begin kindergarten. HDS currently serves 400 San Marcos families each year providing parent workshops, developmental and behavioral screenings, developmental and behavioral assessment and treatment services to children who are not eligible to receive services from other providers.

The children's sensory gym will provide Healthy Development Services an opportunity to serve children 0-5 years of age who have been recommended for sensory integration services following a consult with the Occupational Therapist. This is the only program of its kind in North San Diego County. Currently, all children in need of sensory integration services drive down to San Diego for treatment.

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	Expected date project will begin/end: 06/01/2015 Date by which funds will be expended: 6/01/2015
	Signature of President or Authorized Officer 
	Name, Title: <u>Juan Sanchez</u> Date: <u>3/27/15</u> PRESIDENT AND CHIEF PHILANTHROPY OFFICER
Submit Via Mail, In Person or Via Email to:	

<p>any management letters associated with Audit.</p> <p>d. Signature of President or Authorized Officer on Application</p> <p>e. Optional: letters of support</p>	<p>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>
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**SAN MARCOS COMMUNITY FOUNDATION
Budget Worksheet**

Provide an itemized list of expenses for this project:

**Palomar Health
Sensory Gym at Health Development Services (HDS)**

Date: 12-09-14		Total
Construction (includes demolition, framing, and drywall)		\$10,500
Paint		\$6,500
Flooring		\$8,500
Materials (includes bathroom fixtures, window treatments, storage racks, and lighting)		\$4,000
Office Furniture (includes 2 workstations, 2 file cabinets, 25 chairs, and 1 meeting room table)		\$8,000
Gym Equipment (\$7,256 plus \$1,306 (18%) Tax, Shipping & Handling)		\$8,562
Platform Swing	\$190	
Bolster Swing	\$415	
Tire Swing	\$97	
Crash Pit	\$817	
Climbing Wall	\$1,890	
Barrel	\$479	
Floor Mats	\$1,200	
Folding Wedges	\$177	
Resistance Tunnel	\$198	
Trapeze Bar	\$62	
Playhouse with Slide	\$1,397	
Scooter	\$175	
Foam Blocks	\$159	
Total		\$46,062

Grant Request Amount: **\$10,000.00**
(Mini-grants not to exceed \$1,500, Regular grants not to exceed \$10,000.)

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

Please list any other funding sources for this project.

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

100% of HDS employees have donated money and company paid time off (PTO) to start the Healthy Development Children's Sensory Gym Project.

\$ 4,415.20 cash donations received from individuals **C

\$ 880.00 pledges from individuals **P

Annual Operating Budget for Healthy Development Services

Total annual funding:	\$ 2,155,311
Salaries	\$ 1,304,274
Service & Supplies	\$ 97,633
Overhead	\$ 195,641
Subcontracted Partners	\$ 557,763

Internal Revenue Service

Date: June 14, 2007

PALOMAR POMERADO HEALTH
FOUNDATION
960 CANTERBURY PL STE 110
ESCONDIDO CA 92025-3869

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Person to Contact:
Mrs. E. Eckert ID 31-07436
Customer Service Specialist
Toll Free Telephone Number:
877-829-5500
Federal Identification Number:
93-3573154

Dear Sir or Madam:

This is in response to your request of April 12, 2007, regarding your organization's tax-exempt status.

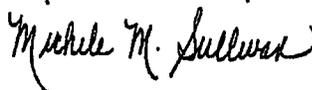
In January 1987 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

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

Sincerely,



Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations 1



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

Entity Status Letter

Date: 1/2/2014

ESL ID: 3031679229

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

Entity ID: 1026248

Entity Name: PALOMAR HEALTH FOUNDATION

- 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

Palomar Health Foundation Board of Directors

Board Officers

Craig Brown, Chair, President/Owner, Rancho Financial, Inc.

Tom Silberg, Vice Chair, Retired: Pres/CEO, APP North America, subsid. Of Fresenius Kabi

John Forst, Past Chair, President/Owner, Design Fabrications

Board Members

Don Belcher, retired as Chairman and CEO of Banta Corporation

John Clark, Chairman & CEO, American Radiosurgery

Harold Dokmo, Corporate and Volunteer Leader, Echo Pacific Construction, Rancho Bernardo Business Association, Poway Center for the Arts Foundation

Kevin Harkenrider, Senior Vice President, Broadband Services, ViaSat, Inc.

Sue Herndon, Realtor, Prudential California Realty

Harvey Hershkowitz, Owner, Live Right Wellness Center

Stephen Hundley, Certified Public Accountant

George Kung, M.D., Palomar Health obstetrician and gynecologist

Evangeline "Ginger" Larson, Attorney

Fred Nasser, Owner, Unicorn Jewelry

Liza Pille-Speacht, First Vice President, Morgan Stanley

Jaime Rivas, M.D., Medical Director, CA Emergency Physicians

Michael Stelman, Retired: Co-Owner/Broker, Associates Group of Realtors

Tishmall Turner, First Nations Tribal Community Liason, Rincon and Cal State San Marcos

Kim Young, Assistant Vice President, Union Bank

Ex-Officio Members

Bob Hemker, President and CEO, Palomar Health

Jean Larsen, President and Chief Philanthropy Officer, Palomar Health Foundation

Palomar Health District Board Members

Linda Greer, R.N., Chair, Vista Community Clinic

Jeff Griffith, Vice Chair, Riverside County Fire Captain

Dara Czerwonka, Secretary, Executive Director of Girls Incorporated of San Diego County

Jerry Kaufman, M.A., P.T., Treasurer, Director and Manager of Graybill Physical Therapy and Medical Clinic

Ray McCune, R.N., Director, Retired

Hans Christian Sison, LVN, Director, Palomar Health

Aeron Wickes, M.D., Family Practice Department at Pomerado Hospital

**San Marcos Community Foundation Proposal for Healthy Development Services (HDS) Children's Sensory Gym
in the Rehab Department at Palomar Health**

March 27, 2015

Wendy Kaserman
San Marcos Community Foundation
City of San Marcos
1 Civic Center Drive
San Marcos, CA 92069
(760) 744-1050 x3125
wkaserman@san-marcos.net

Dear Ms. Kaserman:

Please accept this letter of interest from the Palomar Health Foundation for your corporate charitable donation towards the **Healthy Development Children's Sensory Gym Project**. We are requesting a gift of \$10,000 to improve and expand on a health program unique to the North San Diego County region that promotes children's developmental and behavioral health while providing valuable community service opportunities to low-income families.

Project Need and Description

Infants and children grow and develop differently from each other – even in the same families. It is important for parents to know their children are growing and reaching important milestones. Jean Piaget, an influential 20th century Swiss psychologist, has explained that children's learning process comes through firsthand experiences with things, people, and feelings, depending entirely on the senses of vision, hearing, touch, smell, and taste.

The Healthy Development Children's Sensory Gym Project is a local project that will assist in the health and well-being of young children in North San Diego County during their most critical years of development. Healthy Development Services (HDS) provides a variety of developmental and behavioral services for children age 0-5, including developmental screening, assessment, and treatment (speech therapy, occupational therapy, and physical therapy); behavioral screening assessment and treatment; and parent workshops for general health and wellness and understanding a child's behavior. All services are provided by Palomar Health and their subcontracted partners, at **no cost** through generous funding from First 5 San Diego.

HDS serves up to 1,500 children annually across developmental, behavioral, and parent workshops. These children would not qualify for services through their insurance or existing resources in the community such as San Diego Regional Center or School Districts.

The children's sensory gym will provide HDS an opportunity to serve children 0-5 years of age who have been recommended for sensory integration services following a consult with the Occupational Therapist. The purpose of a sensory gym is to treat children with various sensory processing deficits using specialized gym equipment. Most, if not all, children with significant sensory processing deficits may be on the mild side of the Autism spectrum, may have Attention Deficit Hyperactivity Disorder (ADHD), may have Obsessive-Compulsive Disorder (OCD), or may have other developmental and learning delays. The sensory gym equipment is used in different ways to teach these children to process both internal and external sensations appropriately in order to

participate in the normal activities of childhood, such as eating, sleeping, playing with friends, getting dressed and going to school.

Palomar Health currently provides the facility and land for HDS. Healthy Development Children's Sensory Gym will be housed in the same facility. Empty offices and unused storage space provides the space necessary for the Healthy Development Children's Sensory Gym Project. At present time, HDS serves more than 125 children each month (1,500 each year), 25% of them residing in San Marcos.

Program Funding and Sustainability

HDS is a part of a larger initiative developed by First 5 of San Diego. First 5 San Diego promotes the health and well-being of young children during their most critical years of development, from the prenatal stage through five years of age. The goals of this initiative are to help ensure that every child in San Diego County enters school ready to succeed. Through this initiative, First 5 of San Diego has partnered with Palomar Health to help promote the wellness of children.

First 5 of San Diego funding are provided by the State of California. In November 1998, the voters passed Proposition 10 (the California Children & Families Act). It raised the tax on cigarettes and tobacco goods. The money that comes from this increase is used for programs that promote the well-being of children from before birth to age 5.

This proposal seeks funding to improve and expand the HDS program by adding a Children's Sensory Gym. This Sensory Gym will allow HDS to treat clients with various sensory processing deficits using specialized gym equipment. **In addition, HDS will have an opportunity to offer specialized sensory camps at a fee – providing sustainability for the program.**

Palomar Health is duty-bound to our tax payers and bond holders to be frugal. Every dollar we fundraise must be applied to areas of greatest need and have the largest impact. Rehabilitation is one such department for Palomar Health – yet children have been left out of the loop. This is why your gift is transformational for this department.

The Healthy Development Children's Sensory Gym will scale up an already successful program in a fee-for-service model that already works.

Application Organization and Contact Person

Palomar Health serves some of the region's most vulnerable members of our society, and a growing diverse population of minorities. Palomar Health is the largest hospital district in California encompassing a regional network of hospitals, satellite clinics, skilled nursing centers and rehabilitation care facilities covering North San Diego County and the surrounding region. Our patients live in dense urban hubs, sprawling suburbs and remote rural areas from the Pacific Ocean to the Anza Borrego Desert. With a trauma area spanning 2,200 square miles, we serve all citizens regardless of their economic ability to cover services provided by our professionals. Because of our duty to care for all those who walk through our doors, private support is more essential and more transformational for Palomar Health, providing a disproportionate positive impact to provide patients and their families with exceptional care when they need it most.

Thank you so much for your time and attention to our proposal. We believe the **Healthy Development Children's Sensory Gym Project** aligns with the San Marcos Community Foundation's funding priorities for children and health and well-being.

On behalf of all those who have benefited from having HDS services here at Palomar Health, and those who will most certainly be at our doorstep in the days, months and years ahead, thank you again for your generosity and attentiveness.

Gratefully,



Vanessa Ordillas

Development Coordinator

Palomar Health Foundation

vanessa.ordillas@palomarhealth.org

(760) 739-2778

**CHARITABLE TRUST ADMINISTRATORS, INC.
17501 EAST 17TH STREET, SUITE 100
TUSTIN, CA 92780
(714) 508-9100**

May 8, 2014

Palomar Health Foundation
960 Canterbury Place Suite 200
Escondido, CA 92025

Dear Client:

Your 2012 Federal Return of Organization Exempt from Income Tax will be electronically filed with the Internal Revenue Service upon receipt of a signed Form 8879-EO - IRS e-file Signature Authorization. No tax is payable with the filing of this return.

Enclosed is your 2012 California Exempt Organization Annual Information Return. The original should be signed at the bottom of page one. There is a balance due of \$10 payable by June 16, 2014. Mail the California return on or before June 16, 2014 and make the check payable to:

**FRANCHISE TAX BOARD
P.O. BOX 942857
SACRAMENTO, CA 94257-0501**

Enclosed is your California Registration/Renewal Fee Report to the Attorney General. The original should be signed at the bottom of page one. There is a fee due of \$150 payable by May 15, 2014. Make the check or money order payable to "Attorney General's Registry of Charitable Trusts" and mail your California report on or before May 15, 2014 to:

**REGISTRY OF CHARITABLE TRUSTS
P.O. BOX 903447
SACRAMENTO, CA 94203-4470**

Please be sure to call us if you have any questions.

Sincerely,

Charles J. McLucas Jr.

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)

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

A For the 2012 calendar year, or tax year beginning 7/01, 2012, and ending 6/30, 2013

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

C Palomar Health Foundation
960 Canterbury Place #200
Escondido, CA 92025

D Employer Identification Number
93-3573154

E Telephone number
760-739-2787

G Gross receipts \$ 2,338,896.

F Name and address of principal officer:
Same As C Above

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)

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

J Website: ▶ www.pphfoundation.org

K Form of organization: Corporation Trust Association Other ▶

L Year of Formation: 2006 **M** State of legal domicile: CA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <u>To provide financial support to Palomar Health District Hospitals.</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)	<u>3</u>	<u>17</u>
	4 Number of independent voting members of the governing body (Part VI, line 1b)	<u>4</u>	<u>17</u>
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	<u>5</u>	<u>11</u>
	6 Total number of volunteers (estimate if necessary)	<u>6</u>	<u>40</u>
	7a Total unrelated business revenue from Part VIII, column (C), line 12	<u>7a</u>	<u>0.</u>
7b Net unrelated business taxable income from Form 990-T, line 34.	<u>7b</u>	<u>0.</u>	
Revenue	8 Contributions and grants (Part VIII, line 1h)	<u>Prior Year</u> 3,863,241.	<u>Current Year</u> 2,320,313.
	9 Program service revenue (Part VIII, line 2g)		
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	88,237.	18,583.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-268,363.	
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	3,683,115.	2,338,896.
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)		1,077,799.
	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)	1,403,102.	1,261,228.
	16a Professional fundraising fees (Part IX, column (A), line 11e)		209,945.
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ <u>1,579,417.</u>		
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	1,301,796.	505,783.
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	2,704,898.	3,054,755.	
19 Revenue less expenses. Subtract line 18 from line 12	978,217.	-715,859.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	<u>Beginning of Current Year</u> 10,210,418.	<u>End of Year</u> 10,323,078.
	21 Total liabilities (Part X, line 26)	1,758,144.	2,586,663.
	22 Net assets or fund balances. Subtract line 21 from line 20	8,452,274.	7,736,415.

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: Ann Braun Date: _____
 Type or print name and title: President

Paid Preparer Use Only

Print/Type preparer's name: Charles J. McLucas Jr. Preparer's signature: Charles J. McLucas Jr. Date: _____
 Check if self-employed PTIN: P00839016

Firm's name: Charitable Trust Administrators, Inc.
 Firm's address: 17501 East 17th Street, Suite 100 Firm's EIN: 68-0366197
Tustin, CA 92780 Phone no. (714) 508-9100

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

BAA For Paperwork Reduction Act Notice, see the separate instructions. TEEA0113L 12/18/12 Form **990** (2012)

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III

1 Briefly describe the organization's mission:

To provide financial support to Palomar Health District Hospitals.

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 \$ 1,234,127. including grants of \$ 1,077,799.) (Revenue \$ 2,338,896.)

Provided financial support to the Palomar Pomerado Health District Hospitals

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

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

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

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

4e Total program service expenses 1,234,127.

Palomar Pomerado Health Foundation
FY14 Income Statement (Unaudited)

		<u>Actual</u>
Revenues		
01-4000	Net Asset Released	\$1,238,381.41
01-4005	Donations	\$480,685.17
01-4008	Revenue - Not Tax Deductible	\$700.00
01-4010	Prov for Discount on Future Pledge Payments	\$273.73
01-4015	Gift-in-Kind	\$30,170.89
01-4016	Gift-in-Kind Contra	(\$30,170.89)
01-4215	Remainder Trust Investment Fees	(\$108.63)
01-4255	Investment Income	\$8,129.62
01-4906	Forgiveness of Debt	\$2,038,785.68
02-4000	Net Asset Released	(\$1,228,381.41)
02-4005	Donations	\$1,704,789.21
02-4006	Change in Valuc of CRT Net Beneficial Interest	\$11,955.16
02-4010	Prov for Discount on Future Pledge Payments	(\$7,984.87)
02-4015	Gift-in-Kind	\$15,399.74
02-4016	Gift-in-Kind Contra	(\$15,399.74)
02-4210	Remainder Trust Dividends & Interest	\$57,946.09
02-4211	Remainder Trust Realized (Gains) Losses	\$6,519.60
02-4212	Remainder Trust Unrealized (Gains) Losses	\$245,830.20
02-4215	Remainder Trust Investment Fees	(\$17,409.73)
02-4240	Change in gift annuity liability	(\$132,519.07)
02-4255	Investment Income	(\$577.71)
03-4000	Net Asset Released	(\$10,000.00)
03-4005	Donations	\$11,000.00
03-4255	Investment Income	\$17,327.38
Total Revenues		<u>\$4,425,341.83</u>
Expenses		
01-6000	Clerical	\$175,632.81
01-6001	Technical/Specialist	\$44,431.76
01-6002	Management	\$640,374.03
01-6003	Temporary	\$135.88
01-6004	Benefits	\$239,809.88
01-6005	Employee Relocation & Recruiting	\$174.95
01-6006	PTO	\$122,258.91
01-6010	Professional & Consulting Fees	\$136,659.97
01-6015	Contract Labor	\$99,393.50
01-6020	Bank Service Fees	\$9,957.22
01-6030	Advertising & Marketing	\$4,775.57
01-6031	Photographer/Video	\$14.93
01-6035	Entertainment	\$795.02
01-6036	Event Rentals	\$15,291.87
01-6040	Business Supplies	\$9,971.72
01-6045	Donor Cultivation/Recognition	\$12,247.95
01-6046	Flowers for Donors	\$239.66
01-6047	Food for Events	\$21,994.77
01-6050	Communications / Phone	\$6,253.75

**Palomar Pomerado Health Foundation
FY14 Income Statement (Unaudited)**

		<u>Actual</u>
01-6060	Decorations	\$220.26
01-6080	Dues & Subscriptions	\$14,820.76
01-6090	Educational Materials	\$400.63
01-6110	Gifts / Awards	\$15.07
01-6130	Insurance	\$4,587.00
01-6150	Mailing Services	\$14,550.58
01-6160	Building Maintenance & Repair	\$980.00
01-6170	Meals/Food & Beverage	\$12,966.67
01-6180	Mileage	\$7,718.36
01-6200	Postage	\$16,317.93
01-6210	Printing & Design	\$97,313.75
01-6230	Rent Building	\$118,616.49
01-6240	Office Rental Equipment	\$7,909.09
01-6250	Training	\$1,720.00
01-6260	Travel - Training	\$757.00
01-6270	Utilities	\$4,170.70
01-6280	Government & Regulatory Fees	\$1,521.01
01-6290	Software Purchases & Maintenance	\$26,685.41
01-6602	Bad Debt Expense	\$33,754.14
01-6800	Gift / Disbursement-Back to PPH	\$1,858,280.22
01-6900	Other Distributions to PPH	\$125,766.13
02-6602	Bad Debt Expense	(\$15,504.29)
03-6020	Bank Service Fees	(\$0.03)
Total Expenses		<u>\$3,873,981.03</u>
Transfers		
01-7000	Transfer	\$12,305.15
02-7000	Transfer	\$7,694.84
03-7000	Transfer	(\$19,999.99)
Total Transfers		<u>\$0.00</u>
BEGINNING NET ASSETS		\$6,145,247.05
NET SURPLUS/(DEFICIT)		\$551,360.80
ENDING NET ASSETS		<u>\$6,696,607.85</u>

SAN MARCOS COMMUNITY FOUNDATION

PALOMAR HEALTH FOUNDATION | MARCH 27, 2015



HUMBLE BEGINNINGS



Charlotta Baker Hintz, a nurse, and Elizabeth Martin, a dietician, left their jobs at the Anaheim Sanitarium in 1933, to establish a hospital to serve the small farming community of Escondido. Using their own money, the women bought an egg and poultry plant at 125 South Broadway and converted it into a 13-bed hospital.



PALOMAR HEALTH SYSTEM

Largest hospital district in California with a 2,200 square mile trauma region.

- Hospitals:
 - Pomerado Hospital
 - Palomar Medical Center
 - Palomar Health Downtown Campus
- Clinics: Ramona, 4S ranch
- ExpressCare Health Centers:
 - Escondido
 - Rancho Peñasquitos
 - San Elijo Hills (in San Marcos)
 - Temecula
- Forensic Health Center downtown Escondido



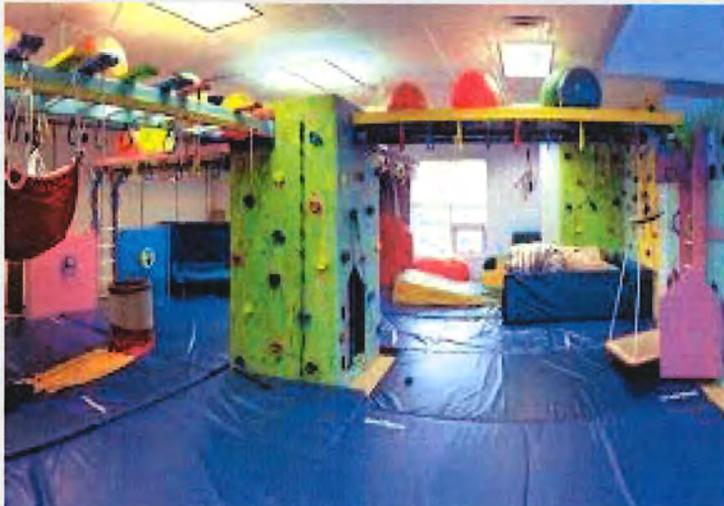
HEALTHY DEVELOPMENT SERVICES

PALOMAR HEALTH

- Provides a variety of development and behavioral services for children age 0-5
- Supports the many ways parents and caregivers can help children get off to a good start and establish healthy patterns for life-long learning.
- Services include:
 - Developmental screening, assessment, and treatment
 - Behavioral screening, assessment, and treatment
 - Parent workshops for health, wellness, and understanding a child's behavior

PLANNED HEALTHY DEVELOPMENT SERVICES CHILDREN'S SENSORY GYM

- Centrally located near Palomar Health Downtown Campus
- Only children's sensory gym in North County San Diego
- Treat children with various sensory processing deficits using specialized gym equipment
- Sensory integration services for children age 0-5



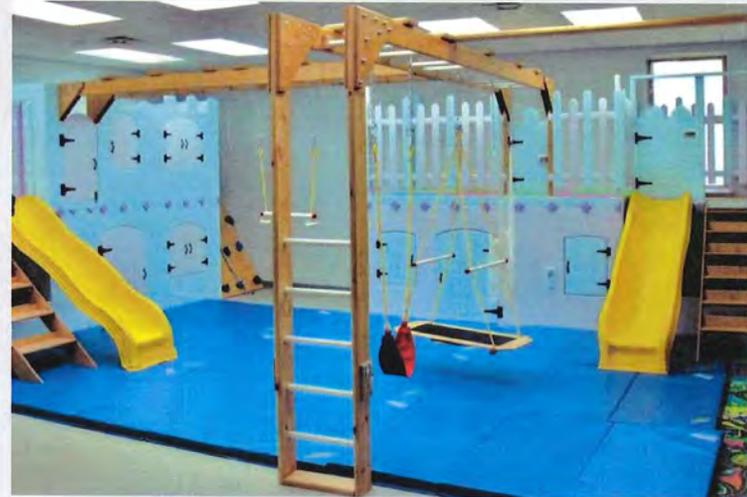
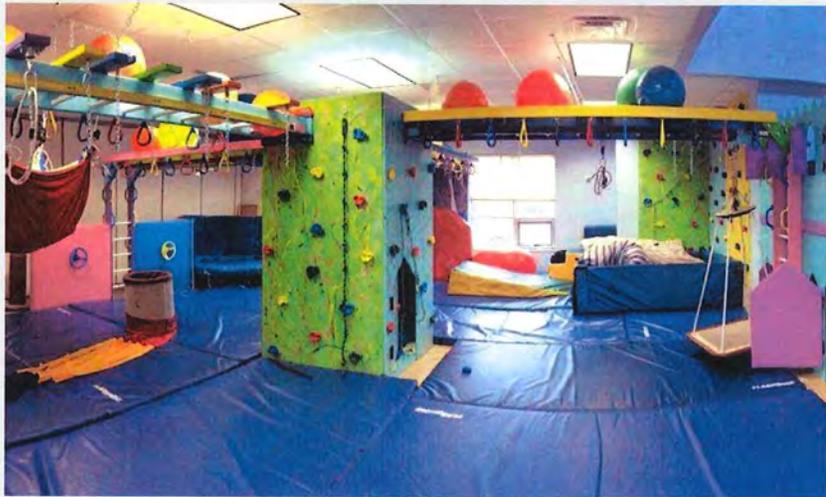
SENSORY GYM

PALOMAR HEALTH

- Opportunity to serve children 0-5 years of age who have been recommended sensory integration services following a consult with the Occupational Therapist
- Offer pediatric therapy services in a fun, energetic, and caring environment where the needs of the child come first

SENSORY GYM PALOMAR HEALTH

Sensory gym equipment is used in different ways to teach these children to process both internal and external sensations appropriately in order to participate in the normal activities of childhood, such as eating, sleeping, playing with friends, getting dressed and going to school.

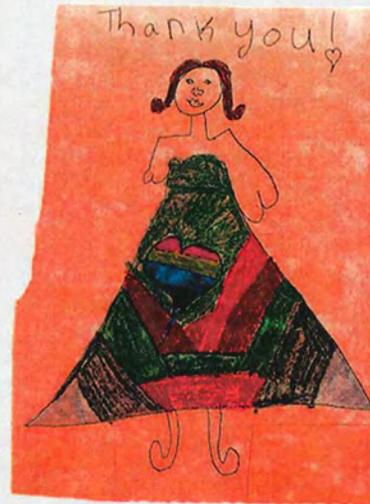


PLANNED HEALTHY DEVELOPMENT SERVICES CHILDREN'S SENSORY GYM

The Healthy Development Children's Sensory Gym Project is a local project that will assist in the health and well-being of young children during their most critical years of development in North San Diego County.

- Equipment is used to teach children to process sensations so they can participate in the normal activities of childhood
- All services are provided by Palomar Health and our subcontracted partners, at no cost
- On average we see 125 children per month (1,500 annually)
- We offer developmental screening and assessment, therapy treatments, behavioral screening and assessment, and parent workshops

BE A CHILD ADVOCATE



Please contact:
Vanessa Ordillas at the Palomar Health Foundation
760-739-2778

vanessa.ordillas@palomarhealth.org
Palomar Health Tax ID # 93-3573154
Palomar Health Foundation is a 501(c)3.



**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)

Outdoor signage, 10 @ \$200 each plus delivery	\$ 2,050
Sign installation labor, 4 hours @ \$20 per hour	\$ 80
Sign installation materials (posts, cement, screws, etc.)	\$ 200
Animal flashcards, English and Spanish, 400 sets @ \$3 each	\$ 1,200
Digital animal habitat map, professional programmer	\$ 2,000
Staff hours, graphic design/ content writing, 20 hrs @ \$20 per hour	\$ 400
(Two) Tablets to display Animal Habitat Map	\$ 500
	\$
	\$
	\$
	\$
	\$

Total budget for this PROJECT: \$ 6,430

Grant Request Amount: \$ 5,000
(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).

\$5,000	Marisla Foundation	P
\$8,000	Clifbar Foundation	P
\$5,000	Albert and Elaine Borchard Foundation	P
\$1,000	Whitecap Foundation	P
\$1,000	Adams Legacy Foundation	P
\$1,000	Individual Donations	P
\$430	In-Kind Materials Donations	C

**Nurtured by Nature Organizational Budget
2014 and 2015**

	2014	2014		2015	2015
	Including In-Kind	Excluding In-Kind	2014 Actual	Including In-Kind	Excluding In-Kind
Fee for Service (Otter Swim donations)*	\$50,000	\$50,000	\$45,100	\$72,000	\$72,000
Grant awards	\$25,000	\$25,000	\$6,500	\$25,000	\$25,000
Donations from individuals	\$3,000	\$3,000	\$6,800	\$3,000	\$3,000
Animal Keeper (in kind)**	\$9,600	\$0	\$0	\$9,600	\$0
Animal Educators/Program Management (in ki	\$208,000	\$0	\$0	\$208,000	\$0
Facility upkeep and animal feeding (in kind)**:	\$21,840	\$0	\$0	\$22,000	\$0
TOTAL INCOME	\$317,440	\$78,000	\$58,400	\$339,600	\$100,000
Care and feeding for 300 Otter Swims/Animal	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Animal Keeper (in kind)	\$9,600	\$0	\$0	\$9,600	\$0
Animal Educators/Program Management (in ki	\$208,000	\$4,000	\$4,556	\$208,000	\$4,000
Part time Contract Grant Writer	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Facility upkeep and animal feeding (in kind)	\$27,840	\$2,000	\$7,128	\$28,000	\$7,000
Miscellaneous Expenses	\$5,500	\$5,500	\$0	\$5,500	\$5,500
Refreshments for visitors	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Advertising	\$3,600	\$3,600	\$3,442	\$5,000	\$5,000
Office Expenses	\$1,500	\$1,500	\$1,250	\$3,000	\$3,000
Insurance	\$1,400	\$1,400	\$1,624	\$2,000	\$2,000
Volunteer recognition	\$1,000	\$1,000	\$1,000	\$2,000	\$2,000
Gift shop inventory (in kind)	\$0	\$0	\$0	\$17,500	\$12,500
TOTAL EXPENSES	\$317,440	\$78,000	\$78,000	\$339,600	\$100,000

* 175-200 Otter swims made possible through fee for service agreements; 100 additional swims per year provided free of charge (2014)

* 300-360 Otter swims made possible through fee for service agreements; 175 additional swims per year provided free of charge (2015 projected)

** 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 (2014)

*** Founders Kevin and Wendy provide approximately 8 hours per day, seven days a week directly to programs, valued at \$40/hour (2015, Wendy now working full tim

**** 14 volunteers per week that each work approx. 3 hours per visit (2014)

#(reflects group discounts w/248 sold)



Nurtured by Nature Federal and State ID Numbers

Federal EIN 501c3: 41-2272934

State of California 23701d: 3088555



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.

Brittani Durban, Board Member-Associate of Arts in University Studies with an emphasis on Social Studies from Palomar College, student at California State University San Marcos majoring in Psychology, with an emphasis on animal psychology, current volunteer at NbN 2009-present

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 interactions with playful wild animals, Nurtured by Nature provides a unique and memorable educational experience to children in need in the San Marcos area. It hosts one-on-one animal encounters with young people coping with severe illness or abuse so that they can find solace and inspiration in the natural world.

The Nurtured by Nature facility, designed and maintained by experts in the fields of zoology and biology, is based on principles of ecotherapy that hold that animals and green spaces can calm, soothe, and heal. Nurtured by Nature innovates by tailoring its therapeutic programs to the needs and circumstances to the people it serves. Children adjusting to permanent disability, enduring long courses of treatment, or recovering from abuse face challenges that adults and even children in non-physically-threatening situations do not. Among them are extended isolation from one's social circle, lack of play opportunities, and lack of traditional outlets for inquisitiveness and imagination. To meet these needs Nurtured by Nature programs fully include the child's family in a day of laughter and learning, giving them a rare chance to relieve stress and 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. These once-in-a-lifetime experiences develop a better understanding of the animals' characteristics and inspire an enduring commitment to their conservation and preservation.

Project Title

Educational Infrastructure Enhancement Project

Project Description

The Educational Infrastructure Enhancement Project represents an effort by Nurtured by Nature to utilize the expertise of its officers and staff in a more systematic way. While wildlife education

has always been an important part of its programs, it has until now been presented primarily through presentations and verbal description as the young nonprofit concentrated its resources on building accessible enclosures, feeding and caring for its animals, community outreach, and short-term projects essential to its foundational mission of providing ecotherapeutic care to San Marcos children in need. As Nurtured by Nature matures, developing infrastructure for a more effective and enduring educational experience is a rising priority.

The organization's present educational offerings are short on formality but not expertise. Nurtured by Nature's wildlife experts include founder Kevin Yates, whose 25 years of employment by the San Diego Zoological Society have given him intimate experience with that institution's leadership in developing age-appropriate school kits and other educational curricula; Vice President and practicing embryologist Lisa Nelson; Sarah Stuck, the facility's on-site keeper, whose specialties include interpreting the San Diego Zoo Safari Park's cheetahs for visitors and caring for sick wildlife; and board member and advisor Jeffrey Lincer, who has taught college-level environmental courses, produced over a hundred scientific publications, consulted for high-level government offices and national/international conservation programs, and is the co-founder of the Wildlife Research Institute in Ramona.

The goals of the Educational Infrastructure Enhancement Project are to consolidate existing expertise, create textual and visual complements to the existing verbal tour, and extend Nurture by Nature's educational impact beyond the one-day experience. A generous grant of \$5,000 from the San Marcos Wildlife Fund would virtually cover the costs of the whole project and enable us to begin implementing it immediately.

The Wildlife Fund's donation would be used to:

- Hire a programmer to design a simple yet informative interactive habitat map using Python or the equivalent. The map would run on a computer in our reception area and invite visitors to select one of the facility's animals to view the "original" and present-day habitat range of that species.
- Purchase ten durable outdoor signs that describe animal attributes such as diet, life span, and level of endangerment and install them near the respective enclosures.
- Design and print 400 souvenir decks for children, featuring a picture of one of Nurtured by Nature's animals on one side and a "fun fact" about its species on the other. All of the animals that directly interact with visitors plus those that are viewing-only will be represented. 20% of the decks will be printed in Spanish.

We deeply appreciate your consideration of this request and hope that you will partner with us to enhance the one-of-a-kind educational experience we offer to San Marcos youth. Should you have any questions about our facility or this program, or would like to schedule a site visit at any time, please contact Wendy Yates at wvates3401@sbcglobal.net or 760-638-0880.

2014 TAX RETURN

Client Copy

Client: 16

Prepared for: NURTURED BY NATURE
15630 RIM OF THE VALLEY
VALLEY CENTER, CA 92082
760 638-0880

Prepared by: Barbara Meints
Barbara A Meints, CPA
P.O. Box 1536
Valley Center, CA 92082
(760) 749-3640

Date: March 17, 2015

Comments:

Route to: _____

2014 Exempt Org. Return
prepared for:

NURTURED BY NATURE
15630 RIM OF THE VALLEY
VALLEY CENTER, CA 92082

Barbara A Meints, CPA
P.O. Box 1536
Valley Center, CA 92082

Barbara A Meints, CPA
P.O. Box 1536
Valley Center, CA 92082
(760) 749-3640

Client 16
March 17, 2015

NURTURED BY NATURE
15630 RIM OF THE VALLEY
VALLEY CENTER, CA 92082
760 638-0880

FEDERAL FORMS

Form 990-EZ	2014 Return of Organization Exempt from Income Tax
Schedule A	Organization Exempt Under Section 501(c)(3)
Schedule O	Supplemental Information
Form 8879-EO	IRS e-file Signature Authorization

CALIFORNIA FORMS

Form 199	2014 California Exempt Organization Return
Form 8453-EO	California e-file Return Authorization for Exempt
Form RRF-1	2015 Registration/Renewal Fee Report

FEE SUMMARY

Preparation Fee	\$	500.00
Amount Due	\$	500.00

NURTURED BY NATURE

41-2272934

FORM 990-EZ REVENUE

Contributions, gifts, and grants.....	54,465
Net income (loss) - special events.....	5,947
Total revenue.....	60,412

EXPENSES

Professional fees/pymt to contractors.....	1,745
Other expenses.....	48,797
Total expenses.....	50,542

NET ASSETS OR FUND BALANCES

Excess or (deficit) for the year.....	9,870
Net assets/fund bal. at beg. of year.....	0
Net assets/fund bal. at end of year.....	9,870

NURTURED BY NATURE

41-2272934

REVENUE

Other income.....	5,947
Gross contributions, gifts, & grants.....	54,465
Total income.....	60,412

EXPENSES AND DISBURSEMENTS

Other deductions.....	50,542
Total deductions.....	50,542
Excess of receipts over disbursements.....	9,870

FILING FEE

Filing fee.....	0
Balance due.....	0

SCHEDULE L

Beginning Assets.....	0
Beginning Liabilities & Net Worth.....	0
Ending Assets.....	9,870
Ending Liabilities & Net Worth.....	9,870

Forms needed for this return

Federal: 990-EZ, Sch A, Sch O
California: 199, 8453-EO, e-file Instructions, RRF-1

Carryovers to 2015

None

The organization's Federal tax return is **NOT FINISHED** until you complete the following instructions.

Prior to transmission of the return

Form 990-EZ

The organization should review their Federal Return along with any accompanying schedules and statements.

Paperless e-file

The organization should read, sign and date the Form 8879-EO, IRS e-file Signature Authorization.

Even Return

No payment is required.

After transmission of the return

Receive acknowledgement of your e-file transmission status.

Within several hours, connect with Lacerte and get your first acknowledgement (ACK) that Lacerte has received your transmission file.

Connect with Lacerte again after 24 and then 48 hours to receive your Federal ACKs.

Keep a signed copy of Form 8879-EO, IRS e-file Signature Authorization in your files for 3 years.

Do not mail:

Form 8879-EO IRS e-file Signature Authorization

The entity's California tax return is **NOT FINISHED** until you complete the following instructions.

Prior to transmission of the return

Form 199

The entity should review their California Exempt Income Tax Return along with any accompanying schedules and statements.

Form 8453-EO

The entity should review, sign and date Form 8453-EO prior to you e-filing the return.

Even Return

No payment is required.

After transmission of the return

Receive acknowledgement of your e-file transmission status.

Within several hours, connect with Lacerte and get your first acknowledgement (ACK) that Lacerte has received your transmission file.

Connect with Lacerte again after 24 and then 48 hours to receive your California acknowledgements.

Keep a signed copy of Form 8453-EO in your files for 4 years.

Do Not Mail:

Form 8453-EO

Form **8879-EO**

IRS e-file Signature Authorization for an Exempt Organization

OMB No. 1545-1878

For calendar year 2014, or fiscal year beginning _____, 2014, and ending _____

▶ **Do not send to the IRS. Keep for your records.**

▶ **Information about Form 8879-EO and its instructions is at www.irs.gov/form8879eo.**

2014

Department of the Treasury
Internal Revenue Service

Name of exempt organization

Employer identification number

NURTURED BY NATURE

41-2272934

Name and title of officer

KEVIN YATES

President

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

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a, below, and the amount on that line for the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. **Do not** complete more than 1 line in Part I.

1 a Form 990 check here	<input type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12)	1 b	
2 a Form 990-EZ check here	<input checked="" type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9)	2 b	<u>60,412.</u>
3 a Form 1120-POL check here	<input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3 b	
4 a Form 990-PF check here	<input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4 b	
5 a Form 8868 check here	<input type="checkbox"/>	b Balance Due (Form 8868, Part I, line 3c or Part II, line 8c)	5 b	

Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2014 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

I authorize Barbara A Meints, CPA to enter my PIN 00016 as my signature
ERO firm name Enter five numbers, but do not enter all zeros

on the organization's tax year 2014 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2014 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature ▶ _____ Date ▶ _____

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN 30541755698
do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2014 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶ Barbara Meints Date ▶ _____

**ERO Must Retain This Form – See Instructions
Do Not Submit This Form To the IRS Unless Requested To Do So**

BAA For Paperwork Reduction Act Notice, see instructions.

Form **8879-EO** (2014)

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

▶ 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.

Open to Public Inspection

Department of the Treasury
 Internal Revenue Service

A For the 2014 calendar year, or tax year beginning _____, 2014, and ending _____,

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return/terminated
 Amended return
 Application pending

C **NURTURED BY NATURE**
 15630 RIM OF THE VALLEY
 VALLEY CENTER, CA 92082

D Employer identification number
 41-2272934

E Telephone number
 760 638-0880

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: ▶ nurturedbynature.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 ▶ \$ **60,412.**

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	54,465.
	2 Program service revenue including government fees and contracts	2	
	3 Membership dues and assessments	3	
	4 Investment income	4	
	5 a Gross amount from sale of assets other than inventory	5 a	
	b Less: cost or other basis and sales expenses	5 b	
	c Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)	5 c	
	6 Gaming and fundraising events		
	a Gross income from gaming (attach Schedule G if greater than \$15,000)	6 a	
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)	6 b	5,947.	
c Less: direct expenses from gaming and fundraising events	6 c		
d Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)	6 d	5,947.	
7 a Gross sales of inventory, less returns and allowances	7 a		
b Less: cost of goods sold	7 b		
c Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7 c		
8 Other revenue (describe in Schedule O)	8		
9 Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8. ▶	9	60,412.	
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	1,745.
	14 Occupancy, rent, utilities, and maintenance	14	
	15 Printing, publications, postage, and shipping	15	
	16 Other expenses (describe in Schedule O)	16	48,797.
	17 Total expenses. Add lines 10 through 16. ▶	17	50,542.
18 Excess or (deficit) for the year (Subtract line 17 from line 9)	18	9,870.	
ASSETS	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.
	20 Other changes in net assets or fund balances (explain in Schedule O)	20	
	21 Net assets or fund balances at end of year. Combine lines 18 through 20. ▶	21	9,870.

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

Form 990-EZ (2014)

**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
Utnehmer	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	<u>108.96</u>	
Total Fundraisers		\$ 5,946.52
Grants		
Geico	2,500.00	
WalMart	2,500.00	
Rincon Band	1,000.00	
San Pasqual Band	<u>500.00</u>	
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>

Letters of Support/ Testimonies

“One of the most amazing experiences! From the minute I stepped out of the car, I felt welcome and at ease. The Yates family exudes professionalism and their knowledge of the animals is remarkable... The whole session felt safe and secure, from petting the porcupine to swimming with the adorable otters. If you asked me to choose my favourite segment - I couldn't. The entire Yates family and Nurtured By Nature team have provided such a unique, once-in-a-lifetime experience that you have to participate in order to believe. We recommended the organization to friends and was not surprised when I heard they also LOVED it. I travelled from Canada for this amazing cause and would do it again in a heartbeat.” - Elyse N. (Toronto, Canada)

“As a program manager with one of Nurtured by Nature’s partner agencies, I was able to bring families with seriously and terminally ill children to Animal Encounters in Valley Center each month. Seeing the children and parents react to the otters, kangaroos, African ground horned-bills, armadillos and many others was a highly rewarding experience. In some other similar settings, some of the children would never smile, joke or get out of their wheelchairs for any reason. At Nurtured by Nature, each month I would see children giggle, shriek, and “come out of their shells” to interact with a fun cast of critters. It is comforting to know that those moments were able to take families’ minds, even temporarily, away from hospitals, treatments, surgeries and more uncertainties.” – Sarah L. (Los Angeles, CA)

“I have known Wendy and Kevin for 5 years and I have brought probably over 30 people to their facility to experience their kindness, generosity and the magical wonder of interacting with some of nature’s most fantastic creatures. Kevin and Wendy have spent years nurturing their animals to the point that they enjoy their interactions with the people as much as the people enjoy the interactions with the animals...I am a true animal lover and have been working in conservation for 11 years and I am proud to bring my family and friends to their facility to show off what great care they provide. I have had the opportunity to interact with almost every animal in their care and I have felt safe and have been all smiles the entire time. I am a true fan of nurtured by nature for the experience they provide and the message they send. I would encourage anyone who is an animal lover to plan a visit. You will not regret it in fact you will have an incredible memory forever.” – Nicole R. (Encinitas, CA)

“This was the best day of my life! Thank you guys for everything! (Even though I cried the entire time!) I strongly encourage all animal lovers to go and SEE the amazing things that they do here!” –Heather N. (San Marcos, CA)

“We had an opportunity to visit Nurtured By Nature on my son's *Make A Wish* trip. This was a great experience and was his favorite event of the trip. Even though the weather didn't cooperate completely that day, the staff still made it a very exciting and memorable experience for all of us. Highly recommend visiting and would definitely go back.” – Wes B. (Grand Prairie, TX)

“Honestly, words cannot describe the experience we had at Nurtured by Nature. To say it was amazing, awesome, incredible does not even begin to describe our experience. Without a doubt best thing we've ever done and worth every penny. Wendy, Kevin and their volunteers were so incredibly sweet and informative. They were so excited to share their little critters with us. The best part was that I never felt rushed. The otters were amazing and really lived up to my very high expectations. I would recommend it to anyone and everyone!” – Brittany N. (Bakersfield, CA)

March 10, 2015

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

Dear Wendy and Board,

The Kiwanis Club of San Marcos is pleased to provide this final report, expenditure budget, and receipts. We produced the San Marcos Holiday Parade to nearly 10,000 viewers. This exceeded our expectations and projections. Thank you again for your contribution to the Parade's success through your gift of \$1,500.

We did underspend the grant by \$125.45 and request to reinvest those dollars into book purchases to support the 2015 Parade – which is our 20th Anniversary. We are making several requests for funding for the 2015 parade, so will not be solely reliant on the San Marcos Community Foundation for support! Again, the Kiwanis Club of San Marcos thanks you for your support which truly made the 2014 San Marcos Parade a community-wide event!

Sincerely,

A handwritten signature in cursive script that reads "Stephen Kildoo".

Stephen Kildoo
2014-2015 President
Kiwanis Club of San Marcos

**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
March 11, 2015 – 6:00 PM**

CALL TO ORDER PRESIDENT LUKOFF called the meeting to order at 6:02 p.m.

ROLL CALL

PRESENT: BOARD MEMBERS: HALL, LUKOFF, WASCO

ABSENT: BOARD MEMBERS:

ALSO PRESENT Recording Secretary, Wendy Kaserman
City Staff, Michael Gordon
Lawrence Osen, Teacher, San Marcos Middle School

OLD BUSINESS

1. **GRANT AWARD HISTORY.** Fiscal year 2014-2015

NOTED & FILED

NEW BUSINESS

2. **MINI GRANT APPLICATION PROPOSALS**

A. SAN MARCOS MIDDLE SCHOOL PARENT TEACHER ORGANIZATION

BOARD PRESIDENT LUKOFF introduced the mini grant application that requested assistance with the costs for students from San Marcos Middle School to participate in the Model United Nations Conference in New York. She mentioned that the San Marcos Community Foundation had awarded funds last year for a different group of students to participate in the program. She gave Mr. Lawrence Osen, the program advisor at San Marcos Middle School, the opportunity to talk about the program and its benefits.

BOARD PRESIDENT LUKOFF shared that the application was missing the required letter from the IRS indicating the organization was a recognized 501(c)(3). Mr. Osen told the committee members that the letter had been requested. BOARD MEMBER WASCO motioned to approve funding the mini grant request with the condition that the check not be issued to the recipient until a copy of the IRS determination letter is provided to staff. BOARD Member Hall seconded the motion. The motion passed unanimously.

CONSENT CALENDAR

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

AYES: HALL, LUKOFF, WASCO
NOES: NONE
ABSTENTION: NONE
ABSENT: NONE

3. APPROVAL OF MINUTES – Approved - SMCF Grant Funding Committee Meeting minutes of February 11, 2015.

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

ITEMS FOR THE GOOD OF THE ORDER

5. NEXT MEETING DATE – The next meeting of the SMCF Board of Directors is scheduled for Tuesday, May 19, 2015.

The next Grant Funding Committee meeting is scheduled for Wednesday, April 8, 2015.

6. MISCELLANEOUS

7. ADJOURNMENT

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

Meeting adjourned at 6:25 PM.

Terri Williams, Vice President

ATTEST:

Wendy Kaserman, Recording Secretary

March 10, 2015

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

Dear Wendy and Board,

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Sincerely,

A handwritten signature in cursive script that reads "Stephen Kildoo".

Stephen Kildoo
2014-2015 President
Kiwanis Club of San Marcos

FROM	TO	QTY	DESCRIPTION	LABOR/ SERVICE	RENTAL	AGENCY/ ENERGY	TAX	TOTAL
			Site 0001 - HOLIDAY PARADE: COMET CIRCLE & MISSION RD					
12/5/14		4	EVENT - CLASSIC RESTROOM	180.00			4.80	184.80
12/5/14		1	EVENT HANDICAP RESTROOM	55.00			1.20	56.20
12/5/14		1	EVENT HAND SANITIZER STAND DELIVER 12/5/14 - REMOVE 12/8/14	61.00			1.20	62.20

11/25/14
CK# 1116

KIWANIS CHECK REQUEST

DATED __ 12/4/2014

CARRIE CLEVERS

FOR:(PROJECT)____ HOLIDAY PARADE

\$ 183.91 FOR ink & paper for holiday parade printing

\$ 58.80 FOR postage to mail to Aberdeen & Mission Road

\$ _____ FOR _____

\$ _____ FOR _____

\$ _____ FOR _____

\$ _____ FOR _____

\$ 242.71 TOTAL THIS REQUEST

_____ ADMINISTRATIVE ACCOUNT _____ COMMUNITY SERVICES ACCOUNT

1117 ~~242.71~~ FOUNDATION ACCOUNT _____ DATE APPROVED BY BOARD

_____ DATE PAID BY CHECK _____



561 Grand Avenue
 SAN MARCOS, CA 92069
 (760) 471-5770

SALE 1723624 6 002 10242
 1374 12/03/14 06:52
 QTY SKU PRICE

REWARDS NUMBER 3797972761
 1 EPSON 200 XL CYAN 17.99
 010343901216 -1.70
 Coupon No. 3791738876428311 -1.80
 Coupon No. 9031429409839631
 1 EPSON 200 XL CYAN 17.99
 010343901216 -1.70
 Coupon No. 3791738876428311 -1.80
 Coupon No. 9031429409839631
 EPSON UNOZERO TO
 619659119348 10.00
 Coupon No. 3791738876428311 -1.05
 SUBTOTAL 170.29
 Standard Tax 8.00% 13.62
 TOTAL \$183.91

Visa 183.91
 Card No.: XXXXXXXXXXXX0913 [S]

SAN MARCOS PD
 SAN MARCOS, California
 9206999998
 0567760069 -0098
 (800)275-8777
 12/03/2014 10:22:20 AM

Product Description	Sales Receipt		Final Price
	Sale Qty	Unit Price	
(Forever) Rudolph the Red-Nosed Reindeer Bklt/20	6	\$9.80	\$58.80
Total:			\$58.80
Paid by: VISA			\$58.80
Account #:	XXXXXXXXXXXX0913		
Approval #:	025205		
Transaction #:	835		
23 903491330			

 BRIGHTEN SOMEONE'S MAILBOX. Greeting cards available for purchase at select Post Offices.

GFC 4/08/15 Item 7 Page 4 of 9
 In a hurry? Self-service kiosks offer quick and easy check-out. Any Retail associate can show you how.

"Quality Engraving at Reasonable Prices"

**Plaques • Trophies • Corporate Awards
Money Clips • Key Chains • Baby Items**

The Engraving Place

Quality Engraving

756 So. Rancho Santa Fe Rd.
San Marcos, CA 92078
CVS Center
(760) 727-5085
Fax (760) 727-8136

SHIP TO

SHIP TO

SHIPPED TO
KIWANIS CLUB OF SAN MARCOS
P.O. BOX 493
SAN MARCOS, CA 92079-0493

1	
INVOICE NUMBER	INVOICE DATE
21598	12/4/14

DATE SHIPPED	SHIPPED VIA	WORK ORDER NO.	CONTACT	CUSTOMER P.O. NO.	TERMS:
	Cust		CARRIE	2014	Net 30
QTY. ORDERED	QTY. SHIPPED	PRODUCT DESCRIPTION			TOTAL
9		GOLD CUP TROPHIES FOR 2014 PARADE			405.00
			Unit Price		
			45.00		
Taxable Amount					405.00
Subtotal					405.00
Sales Tax					32.40
Total Invoice Amount					437.40
Payment Received					0.00
TOTAL					437.40

**PAY FROM THIS INVOICE ONLY,
NO STATEMENT WILL BE SENT**

Thank You

**Interest at the rate of 1-1/2% PER MONTH will
be charged on PAST DUE INVOICES**

RECEIVED BY **X** _____ DATE: _____

IF ANY COLLECTION ACTION IS NECESSARY WE AGREE TO PAY THE ENGRAVING PLACE ALL OF THE COSTS IN THIS CONNECTION, INCLUDING, BUT NOT BY WAY OF LIMITATION, ATTORNEY'S FEES, FILING AND SERVICE FEES AND COURT COSTS, WHETHER OR NOT THE ACTION PROCEEDS TO JUDGMENT AND COLLECTION CHARGES.

12/5/14
CK# 1118



Kiwanis Club of San Marcos
Kiwanis Club of San Marcos Foundation
PO Box 493, San Marcos, CA 92079-0493
Message Center 760-471-3201
service.is.fun@kiwanisclubofsanmarcos.org
www.KiwanisClubOfSanMarcos.org

December 22, 2014

San Marcos Senior Volunteers
c/o San Marcos Sheriff's Station
182 Santar Place
San Marcos, CA 92069

Good Morning!

The Kiwanis Club of San Marcos members want to thank all the MARVelous San Marcos Senior Volunteers for your help with the 19th Annual Holiday Parade in 2014! We couldn't do it without you and we truly appreciate that you make our "gift to the community" a safe and happy one.

We look forward to working again with you for the upcoming 20th Annual San Marcos Holiday Parade on Sunday, December 6, 2015! We know we can depend on the Senior Volunteers to man the road blockades along the parade route to keep everyone safe.

Please accept the enclosed check as a small indication of our great appreciation for all you do, everyday in every way!

Thanks again for all you do...

...and do have a MARVelous 2015!

Carrie Clevers
Parade Co-Chair

CK # 1119 Foundation
\$ 250.00

Kiwanis is a global organization of volunteers dedicated to changing the world one child and one community at a time.

MAKING A DIFFERENCE IN OUR COMMUNITY SINCE MAY 24, 1976

Proud to provide, contribute to and support:

San Marcos Holiday Parade – CSUSM Circle K – High Tech High Key Club - San Marcos Cub Scout Pack 662 - Kiwanis Country Kids - San Marcos Boys & Girls Club – Los Caballeros de Aventuras – Reading Treasure Chest Early Literacy Program – San Marcos Sheriff's Department KIDZWATCH Academy
Kiwanis Annual Blood Drive – Flag Collection & Retirement Program – San Marcos Senior Center – San Marcos Historical Society – North County Food Bank – Angle's Depot – S.O.S. Eyeglass Recycling Program – Rady Children's Hospital Miracle Mile of Quarters and Pediatric Trauma Care Unit
and much, much more!

THIS IS YOUR CONTRACT
 The words renter, buyer, you and yours means the person who signs this contract (or are obligated under it's terms). We, our and dealer refer to Allie's Party Equipment Rental, Inc.

CANCELLATION POLICY
 We charge 50% - 100% for cancellations occurring less than 7 days prior to delivery, will calls included. We require a 25% non-refundable deposit on orders renting special items or over \$500.00. Contract may contain other cancellation policy.



Allie's Party Equipment Rental, Inc.

We Treat Your Party Like Our Own

www.alliesparty.com

OFFICE HOURS

Monday - Friday 8:30 - 5:00
 Saturday - 8:30 - 1:00



CORPORATE OFFICE
 130 Vallecitos De Oro
 San Marcos, CA. 92069
 (760) 591-4314
 FAX (760) 591-9419

MURRIETA OFFICE
 26031 Jefferson Avenue
 Murrieta, CA. 92562
 (951) 894-6200
 FAX (951) 894-6245

Invoice # 1-53937.1.3

Transaction Date 12/30/2014

Operator: Cynthia

Page 1 of 2

B
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L
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T
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Kildoo, Steve
 c/o San Marcos Chamber
 904 W. San Marcos Blvd
 suite 10
 San Marcos, Ca 92069

TEL: 760 390-5812 cel FAX:
 EMAIL: stephen@sanmarcoschamber.com
 CID: 43744

D
E
L
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V
E
R
T
O

Will Call
 Customer Pick Up
 Customer Return

TEL:

pd. CK
 # 1121
 Foundation

Map Code:
 Gate Code:

Deliver	Delivery Window	CPU Fri.	Event Day/Time
Pickup	Pickup Window	CR Mon.	Event Type Holiday Parade
Out Fri, Dec 05,2014	Large Truck Access		Ordered By Steve
Due Mon, Dec 08,2014	Distance From Truck		MOP Check

Special Instructions:

Invoice Closed Rental Invoice

Quantity	Return	Description	Unit Price	Total
1		Note Allie's crew- Make sure to charge and check batteries	0.000	\$0.00
		Special discounts per M.N.		
1		Liberty P.A.with Cordless Mic Unit Price [99.50] = List Unit Price [199.00] - 50.00% Discount * Adapter needed for use with I-Pod or laptop computer. If feedback occurs turn mic off, turn volume down, turn mic on, and turn volume up to adjust for no feedback. Liberty Cordless Microphone Liberty Tripod Liberty P.A. Transport Box Tripod Transport Box	99.500	\$99.50
1		Liberty P.A. Lapel Mic Unit Price [32.50] = List Unit Price [65.00] - 50.00% Discount * When using the wireless lapel mic, turn the gain switch up on the belt pack. Be careful to adjust for feedback.	32.500	\$32.50
1		Note No charge this contract only due to equipment malfunction.	0.000	\$0.00
2		Liberty P.A.with Cordless Mic Unit Price [0.00] = List Unit Price [199.00] - 100.00% Discount * Adapter needed for use with I-Pod or laptop computer. If feedback occurs turn mic off, turn volume down, turn mic on, and turn volume up to adjust for no feedback. Liberty Cordless Microphone Liberty Tripod	0.000	\$0.00

Quantity	Return	Description	Unit Price	Total
2		Liberty P.A. Transport Box Tripod Transport Box Liberty P.A. Lapel Mic Unit Price [0.00] = List Unit Price [65.00] - 100.00% Discount * When using the wireless lapel mic, turn the gain switch up on the belt pack. Be careful to adjust for feedback.	0.000	\$0.00

Amount due 12/30/2014 : 141.24

Party Rental	:	132.00
7% Damage Walver	:	9.24
Total	:	141.24
This order has been discounted by	:	660.00

24 HOUR SUPPORT - PLEASE CALL 760-802-7345 OR 760-801-9127

PLEASE READ BEFORE SIGNING

1. Damage waiver is explained in #15 of Terms and Conditions. It is part of your rental cost.
2. All equipment must be returned clean & dry or you will be charged an additional cleaning fee.
3. Customer is fully responsible for missing, lost or broken items and transport cases.
4. Delivery does not include: difficult access areas, stairs, long distances, set-up or break-down,
5. No refunds for unused equipment.
6. Customer owns equipment from time of possession to time of return.
7. Customer is responsible to protect equipment from weather elements.

CUSTOMER COUNT
PLEASE INITIAL

RETURN EQUIPMENT BY:

SIGNATURE

PRINT NAME HERE

THIS IS YOUR CONTRACT / READ BOTH SIDES BEFORE SIGNING

Parade Payout

check	12/5/2014	1117	Carolyn Cl	Holiday Pa	\$242.71
check	12/5/2014	1118	Engraving	Trophies	\$437.40
check	12/12/2014	1119	San Marco	Parade	\$250.00
check	11/25/2014	1116	Diamond	Parade - R	\$303.20
check	2/23/2015	1121	Allies Part	Parade - S	\$141.24

\$1,374.55

Grant	\$1,500.00
Costs	<u>\$1,374.55</u>
	\$125.45