

# Agenda

## MEETING OF THE SAN MARCOS COMMUNITY FOUNDATION

TUESDAY, MAY 19, 2015 – 6:00 P.M.

SAN MARCOS COMMUNITY FOUNDATION BOARD MEETING  
COUNCIL CHAMBER/1 CIVIC CENTER DRIVE, SAN MARCOS, CA 92069

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

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

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

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

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

## AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

## NEW BUSINESS

### **1. PRESIDENT'S REPORT**

*Recommendation: NOTE & FILE*

### **2. SUBSCRIPTION TO GUIDESTAR INFORMATIONAL SERVICE**

*Recommendation: CONSIDER/APPROVE*

### **3. ELECTION OF OFFICERS**

*Recommendation: CONSIDER/APPROVE*

### **4. REAPPOINTMENT OF CHIEF FINANCIAL OFFICER AND BOARD SECRETARY**

- (a) SMCF Resolution No. 2015-129 extending Policy No. 2004-07 until Spring 2016.

*Recommendation: CONSIDER/APPROVE*

**5. SMCF GRANT FUNDING COMMITTEE RECOMMENDATION**

Spring Quarter Funding Recommendation to the SMCF Board for Deliberation.

- (a) Spring Quarter Funding Recommendation Worksheet
- (b) Arts and Cultural Grant Funding Recommendation Worksheet
- (c) Regular/Mini Grant Funding History Fiscal Year 2014/2015
- (d) SMCF Resolution No. 2015-130, 2015 Spring Quarter Regular Grants; SMCF Resolution No. 2015-131, 2015 Spring Quarter Wildlife Fund Grant; and 2015-132, 2015 Spring Quarter Arts and Cultural Grants.

*Recommendation: CONSIDER/APPROVE*

**CONSENT CALENDAR**

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

*Recommendation: WAIVE*

**7. APPROVAL OF MINUTES** SMCF Board Meeting February 17, 2015.

*Recommendation: CONSIDER/APPROVE*

**8. REPORT: FUND STATEMENT and ASSETS AVAILABLE FOR DISTRIBUTION**

*Recommendation: NOTE & FILE*

**9. REPORT: FY14/15 SUMMARY OF TRANSACTIONS**

*Recommendation: NOTE & FILE*

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

**ITEMS FOR THE GOOD OF THE ORDER**

**11. MISCELLANEOUS**

- (a) Selection of next quarter's Grant Funding Committee

**12. ADJOURNMENT**

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

**AFFIDAVIT OF POSTING**

I, Wendy Kaserman, hereby certify that I caused the posting of this Agenda on the bulletin board located at the north entrance to City Hall on Friday, May 15, 2015, at 5:00 pm.

DATE: Friday, May 15, 2015

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Wendy Kaserman, Recording Secretary – SMCF

**SMCF Resolution No 2015-129**

**A RESOLUTION OF THE SAN MARCOS COMMUNITY FOUNDATION  
TO EXTEND POLICY NO. 2004-07 ESTABLISHING A PROCEDURE TO FILL THE  
POSITIONS OF CHIEF FINANCIAL OFFICER (TREASURER) AND SECRETARY**

**WHEREAS**, the Bylaws of the San Marcos Community Foundation, ARTICLE 5. POWERS OF DIRECTOS, indicates that the Board of Directors shall have the power to appoint all the corporation's officers; and

**WHEREAS**, the Bylaws of the San Marcos Community Foundation, ARTICLE 8. OFFICERS, indicates that the officers of the corporation shall be a President, Secretary, and a Chief Financial Officer; and

**WHEREAS**, the Board of Directors previously established Policy No. 2004-07 to formalize how these positions are filled until the Spring Quarter meeting in May 2005; and

**WHEREAS**, the Board by Resolution No. 06-79 continued these appointments until the Spring Quarter meeting in May, 2007; and

**WHEREAS**, the Board by Resolution No. 07-86 continued these appointments until the Spring Quarter meeting in May, 2008; and

**WHEREAS**, the Board by Resolution No. 08-93 continued these appointments until the Spring Quarter meeting in May, 2009; and

**WHEREAS**, the Board by Resolution No. 09-97 continued these appointments until the Spring Quarter meeting in May, 2010; and

**WHEREAS**, the Board by Resolution No. 10-100 continued these appointments until the Spring Quarter meeting in May, 2011; and

**WHEREAS**, the Board by Resolution No. 2011-104 continued these appointments until the Spring Quarter meeting in May, 2012; and

**WHEREAS**, the Board by Resolution No. 2012-110 continued these appointments until the Spring Quarter meeting in May, 2013; and

**WHEREAS**, the Board by Resolution No. 2013-116 continued these appointments until the Spring Quarter meeting in May, 2014; and

**WHEREAS**, the Board by Resolution No. 2014-123 continued these appointments until the Spring Quarter meeting in May, 2015; and

**WHEREAS**, the Board desires to continue these appointments until the Spring Quarter meeting in May 2016 at which time there will be an election of officers.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the San Marcos Community Foundation does hereby approve that the City of San Marcos Finance Director shall serve as the Foundation's Chief Financial Officer (Treasurer) and that the Assistant to the City Manager shall function as the Foundation's Secretary until the Spring Quarter meeting in May, 2016, at which time there will be an election of officers.

**PASSED, APPROVED, AND ADOPTED** by the San Marcos Community Foundation Board of Directors, at a regular meeting thereof, this 19th day of May, 2015, by the following roll call vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

**APPROVED:**

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Colleen Lukoff, President

**ATTEST:**

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Wendy Kaserman, Secretary

I certify that the foregoing Resolution was duly adopted by the San Marcos Community Foundation Board of Directors on May 19, 2015.

Dated:

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Wendy Kaserman, Recording Secretary

## 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	
Sort Name	Requested Amount	GFC Recommended Funding	Name of Project	Summary of Project
California State University San Marcos Foundation	\$ 10,000.00	1,000.00	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	2,500.00	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	2,524.00	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	0.00	Healthy Women Healthy 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	0.00	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	2,500.00	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 begin college work. Serves 113 San Marcos residents.
Palomar Health Foundation	\$ 10,000.00	3,500.00	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.
<b>Total Regular Grants Requested</b>	<b>\$ 49,776.00</b>	<b>12,024.00</b>		
<b>Wildlife Fund Grant Requests</b>				
Nurtured by Nature	\$ 5,000.00	\$0.00	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.
<b>Total Wildlife Fund Grant Requests</b>	<b>\$ 5,000.00</b>	<b>\$0.00</b>		



**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
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	

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.  <b>Both Mini-Grant &amp; Regular:</b> 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  <b>5. Regular Grants Only:</b> 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): <a href="mailto:wkaserman@san-marcos.net">wkaserman@san-marcos.net</a>	

# **SAN MARCOS COMMUNITY FOUNDATION**

## **Budget Worksheet**

Provide an itemized list of expenses for this project:

**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 \*\* P  
\$ (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
<b>14/15 Total Base Budget</b>	<b>\$4,392,336</b>	<b>\$43,076,383</b>	<b>\$10,931,250</b>	<b>\$828,512</b>	<b>\$16,554,920</b>	<b>\$2,084,983</b>	<b>\$77,868,384</b>	<b>\$47,451,356</b>	<b>\$2,925,954</b>	<b>\$501,858</b>	<b>\$50,879,168</b>	<b>\$128,747,552</b>
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
<b>14/15 Total One-Time Budget</b>	<b>\$112,306</b>	<b>\$2,812,617</b>	<b>\$2,940,000</b>	<b>\$206,507</b>	<b>\$1,827,437</b>	<b>\$407,535</b>	<b>\$8,306,402</b>	<b>\$1,925,321</b>	<b>\$1,561,477</b>	<b>\$201,829</b>	<b>\$3,688,627</b>	<b>\$11,995,029</b>
<b>Total Base and One-Time Budget Allocations</b>	<b>\$4,504,642</b>	<b>\$45,889,000</b>	<b>\$13,871,250</b>	<b>\$1,035,019</b>	<b>\$18,382,357</b>	<b>\$2,492,518</b>	<b>\$86,174,786</b>	<b>\$49,376,677</b>	<b>\$4,487,431</b>	<b>\$703,687</b>	<b>\$54,567,795</b>	<b>\$140,742,581</b>
<b>14/15 Total Incremental Budget Increase (Base + One-Time)</b>	<b>\$544,157</b>	<b>\$6,114,222</b>	<b>\$1,498,194</b>	<b>\$200,000</b>	<b>\$1,505,464</b>	<b>\$395,000</b>	<b>\$10,257,037</b>	<b>\$6,891,936</b>	<b>\$3,100,789</b>	<b>\$228,254</b>	<b>\$10,220,979</b>	<b>\$20,478,016</b>

**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
<b>13/14 Base Budget - Allocations by Division</b>		<b>\$3,863,179</b>	<b>\$39,542,053</b>	<b>\$9,969,882</b>	<b>\$728,512</b>	<b>\$15,799,912</b>	<b>\$1,849,983</b>	<b>\$41,907,956</b>	<b>\$1,386,642</b>	<b>\$475,433</b>	<b>\$115,523,552</b>
<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%
<b>New Allocations (On Going)</b>											
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
<b>14/15 Subtotal Base Operational Commitments</b>		<b>529,157</b>	<b>3,534,330</b>	<b>961,368</b>	<b>100,000</b>	<b>755,008</b>	<b>235,000</b>	<b>5,543,400</b>	<b>1,539,312</b>	<b>26,425</b>	<b>13,224,000</b>
<b>14/15 Total Base Budget Allocation</b>		<b>\$4,392,336</b>	<b>\$43,076,383</b>	<b>\$10,931,250</b>	<b>\$828,512</b>	<b>\$16,554,920</b>	<b>\$2,084,983</b>	<b>\$47,451,356</b>	<b>\$2,925,954</b>	<b>\$501,858</b>	<b>\$128,747,552</b>
<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%
<b>New Allocations (One-time)</b>											
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 - FASCPA 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
<b>14/15 Total One-Time Operational Commitments</b>		<b>112,306</b>	<b>2,812,617</b>	<b>2,940,000</b>	<b>206,507</b>	<b>1,827,437</b>	<b>407,535</b>	<b>1,925,321</b>	<b>1,561,477</b>	<b>201,829</b>	<b>11,995,029</b>
<b>14/15 Total Budget: Base + One-Time</b>		<b>\$4,504,642</b>	<b>\$45,889,000</b>	<b>\$13,871,250</b>	<b>\$1,035,019</b>	<b>\$18,382,357</b>	<b>\$2,492,518</b>	<b>\$49,376,677</b>	<b>\$4,487,431</b>	<b>\$703,687</b>	<b>\$140,742,581</b>
<i>Division % based on FY 2014/15 Total Allocations</i>		3.20%	32.60%	9.86%	0.74%	13.06%	1.77%	35.08%	1.21%	0.41%	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
<b>Resources Available</b>											
<b>Resources - Base</b>											
General Fund Appropriation	Operating										62,268,552
General Fund Revenue	Operating										63,079,000
AE&SS Fee	AE&SS										3,400,000
<b>Total Base Resources - Gross Expected</b>											<b>\$128,747,552</b>
<b>Resources - One-Time</b>											
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
<b>Total One-Time Resources</b>											<b>11,995,029</b>
<b>Total Resources: Base + One-Time</b>											<b>\$140,742,581</b>

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 RECEIVED  
Public Charity Status:  
170(b)(1)(A)(iv)  
Form 990 Required:  
Yes JUN 09 2009  
Effective Date of Exemption:  
No CSU San Marcos  
Foundation  
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)

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**

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*Retired Community Leader*

**Katie Boggs, '15**

*CSUSM Student*

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**Jon Fredricks**

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**Edwin D. (Ed) Fuller**

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*President, Laguna Strategic Advisors, LLC*

**Ron Gerevas**

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**Neal Hoss**

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*Vice President, University Advancement, CSUSM*

**MajGen Anthony (Tony) Jackson**  
*US Marine Corps, Retired*  
*State Parks Director*

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*CSUSM Associate Professor*

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**Joshua Pack, '97**  
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*Attorney, Fischer & Ritchey, LLP*

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*Vice President, Financial Advisor and Principal, Bernstein Global Wealth Management*

**Steve Wagner**  
*Co-Founder and President, Stone Brewing Co.*

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*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 7<sup>th</sup> grade students and 1,000-3,000 10<sup>th</sup> 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 7<sup>th</sup> 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 7<sup>th</sup> 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**

## Return of Organization Exempt From Income Tax

OMB No. 1545-0047

Form 990

Department of the Treasury  
Internal Revenue Service

2012

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

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

A For the 2012 calendar year, or tax year beginning JUL 1, 2012 and ending JUN 30, 2013

<input type="checkbox"/> 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 <b>CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION</b>		D Employer identification number <b>80-0390564</b>
	Doing Business As		
	Number and street (or P.O. box if mail is not delivered to street address) <b>333 S TWIN OAKS VALLEY RD</b>		Room/suite
	City, town, or post office, state, and ZIP code <b>SAN MARCOS, CA 92096</b>		
	F Name and address of principal officer: <b>NEAL HOSS SAME AS C ABOVE</b>		E Telephone number <b>(760) 750-4400</b>
	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: ► <a href="http://WWW.CSUSM.EDU/GIVING/FOUNDATION/">HTTP : / / WWW.CSUSM.EDU/GIVING/FOUNDATION/</a>		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►		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 ►	
		L Year of formation: <b>2009</b> M State of legal domicile: <b>CA</b>	

## Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <b>SEE SCHEDULE O</b>		
	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)	<b>3</b>	<b>23</b>
	4 Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	<b>18</b>
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	<b>5</b>	<b>0</b>
	6 Total number of volunteers (estimate if necessary)	<b>6</b>	<b>18</b>
	7a Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	<b>0.</b>
	b Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>	<b>0.</b>
	8 Contributions and grants (Part VIII, line 1h)	<b>3,480,754.</b>	<b>5,100,690.</b>
	9 Program service revenue (Part VIII, line 2g)	<b>655,905.</b>	<b>780,686.</b>
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	<b>445,863.</b>	<b>760,176.</b>	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<b>0.</b>	<b>0.</b>	
12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<b>4,582,522.</b>	<b>6,641,552.</b>	
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	<b>675,954.</b>	<b>1,834,247.</b>	
14 Benefits paid to or for members (Part IX, column (A), line 4)	<b>0.</b>	<b>0.</b>	
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	<b>0.</b>	<b>0.</b>	
16a Professional fundraising fees (Part IX, column (A), line 11e)	<b>0.</b>	<b>0.</b>	
b Total fundraising expenses (Part IX, column (D), line 25) ► <b>101,619.</b>			
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	<b>2,266,073.</b>	<b>3,442,452.</b>	
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	<b>2,942,027.</b>	<b>5,276,699.</b>	
19 Revenue less expenses. Subtract line 18 from line 12	<b>1,640,495.</b>	<b>1,364,853.</b>	
20 Total assets (Part X, line 16)	<b>Beginning of Current Year</b> <b>27,244,276.</b>	<b>End of Year</b> <b>29,899,402.</b>	
21 Total liabilities (Part X, line 26)	<b>112,001.</b>	<b>84,874.</b>	
22 Net assets or fund balances. Subtract line 21 from line 20	<b>27,132,275.</b>	<b>29,814,528.</b>	

## 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
	<b>NEAL HOSS, EXECUTIVE DIRECTOR</b>		
Type or print name and title			
Paid Preparer	Print/Type preparer's name <b>CHRISTOPHER M. PEKULA</b>	Preparer's signature	Date <b>05/01/14</b> Check <input type="checkbox"/> if self-employed PTIN <b>P00734965</b>
Use Only	Firm's name ► <b>MCGLADREY LLP</b>	Firm's EIN ►	<b>42-0714325</b>
	Firm's address ► <b>515 S. FLOWER STREET, 41ST FLOOR LOS ANGELES, CA 90071</b>	Phone no.	<b>213-330-4800</b>

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

CALIFORNIA STATE UNIVERSITY SAN MARCOS  
FOUNDATION

Form 990 (2012)

80-0390564 Page 2

**Part III Statement of Program Service Accomplishments**

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

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  X 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  X 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.** )

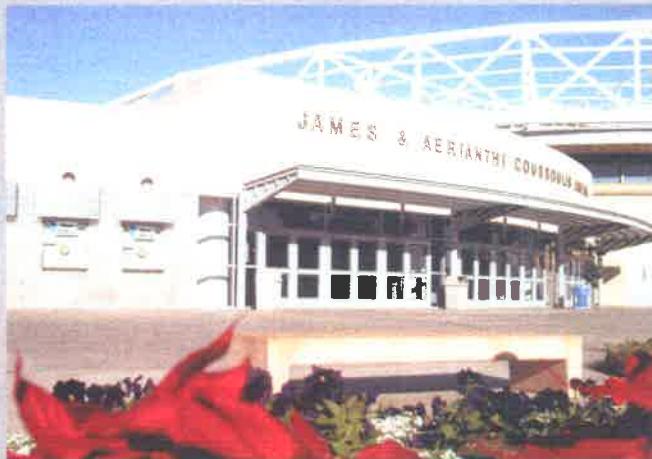
**RECEIPTS OF GIFTS AND DONATIONS FOR VARIOUS CAMPUS PROGRAM ACTIVITIES  
INCLUDING NON-ENDOWED SCHOLARSHIPS, THE ACE FOSTER YOUTH SCHOLARSHIP  
PROGRAM, THE KAISER FOUNDATION NURSING STUDENT LOAN PROGRAM, THE SPICER  
STUDENT LOAN PROGRAM, SUPPORT FOR THE CAMPUS VETERANS CENTER, AND  
SUPPORT FOR THE 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



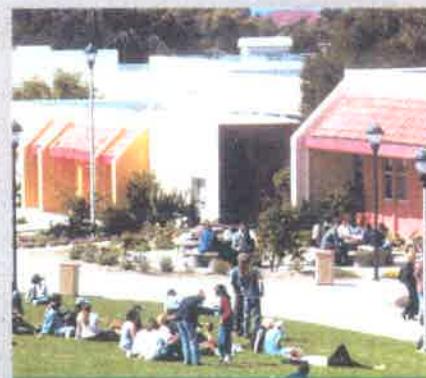
CSU CHICO

# 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**

**Table of Contents**

	<b>Page(s)</b>
Independent Auditors' Report	1–2
Management's Discussion and Analysis (Unaudited)	3–17
Financial Statements:	
Statement of Net Position	18
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	Campus	Discretely presented component units	Total
Current assets:				
Cash and cash equivalents	\$ 7,000	6,930,000	6,937,000	
Short-term investments	39,721,000	7,364,000	47,085,000	
Accounts receivable, net	2,973,000	10,341,000	13,314,000	
Leases receivable, current portion	705,000	—	705,000	
Notes receivable, current portion	—	—	—	
Pledges receivable, net	—	1,091,000	1,091,000	
Prepaid expenses and other assets	1,549,000	70,000	1,619,000	
Total current assets	44,955,000	25,796,000	70,751,000	
Noncurrent assets:				
Restricted cash and cash equivalents	—	—	—	
Accounts receivable, net	31,000	—	31,000	
Leases receivable, net of current portion	20,545,000	—	20,545,000	
Notes receivable, net of current portion	—	1,489,000	1,489,000	
Student loans receivable, net	266,000	389,000	655,000	
Pledges receivable, net	—	1,785,000	1,785,000	
Endowment investments	—	21,767,000	21,767,000	
Other long-term investments	7,614,000	3,920,000	11,534,000	
Capital assets, net	255,129,000	25,843,000	280,972,000	
Other assets	2,000	64,000	66,000	
Total noncurrent assets	283,587,000	55,257,000	338,844,000	
Total assets	328,542,000	81,053,000	409,595,000	
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources		135,000	—	135,000
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	5,964,000	9,573,000	15,537,000	
Accrued salaries and benefits	8,667,000	409,000	9,076,000	
Accrued compensated absences, current portion	3,424,000	273,000	3,697,000	
Unearned revenue	7,502,000	1,314,000	8,816,000	
Capitalized lease obligations, current portion	1,267,000	748,000	2,015,000	
Long-term debt obligations, current portion	8,345,000	—	8,345,000	
Claims liability for losses and loss adjustment expenses, current portion	—	—	—	
Depository accounts, current portion	2,000	—	2,000	
Other liabilities	1,809,000	408,000	2,217,000	
Total current liabilities	36,980,000	12,725,000	49,705,000	
Noncurrent liabilities:				
Accrued compensated absences, net of current portion	2,398,000	—	2,398,000	
Unearned revenue	—	1,326,000	1,326,000	
Grants refundable	403,000	—	403,000	
Capitalized lease obligations, net of current portion	1,075,000	21,036,000	22,111,000	
Long-term debt obligations, net of current portion	104,087,000	—	104,087,000	
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—	
Depository accounts	819,000	—	819,000	
Other postemployment benefits obligation	3,653,000	1,683,000	5,336,000	
Other liabilities	—	—	—	
Total noncurrent liabilities	112,435,000	24,045,000	136,480,000	
Total liabilities	149,415,000	36,770,000	186,185,000	
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources		629,000	629,000	
<b>Net Position</b>				
Net position:				
Net investment in capital assets	164,464,000	3,430,000	167,894,000	
Restricted for:				
Nonexpendable – endowments	—	19,144,000	19,144,000	
Expendable:				
Scholarships and fellowships	159,000	2,946,000	3,105,000	
Research	—	—	—	
Loans	39,000	—	39,000	
Capital projects	1,764,000	49,000	1,813,000	
Debt service	—	—	—	
Other	51,000	5,239,000	5,290,000	
Unrestricted	12,785,000	12,846,000	25,631,000	
Total net position	\$ 179,262,000	43,654,000	222,916,000	

See accompanying independent auditors' report

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

	<b>Campus</b>	<b>Discretely presented component units</b>	<b>Eliminations</b>	<b>Total</b>
<b>Revenues:</b>				
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	<u>5,332,000</u>	<u>—</u>	<u>—</u>	<u>5,332,000</u>
<b>Total operating revenues</b>	<b>77,431,000</b>	<b>23,646,000</b>	<b>—</b>	<b>101,077,000</b>
<b>Expenses:</b>				
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
<b>Total operating expenses</b>	<b>178,182,000</b>	<b>25,442,000</b>	<b>(1,105,000)</b>	<b>202,519,000</b>
<b>Operating loss</b>	<b>(100,751,000)</b>	<b>(1,796,000)</b>	<b>1,105,000</b>	<b>(101,442,000)</b>
<b>Nonoperating revenues (expenses):</b>				
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	<u>1,243,000</u>	<u>159,000</u>	<u>(64,000)</u>	<u>1,338,000</u>
<b>Net nonoperating revenues</b>	<b>93,592,000</b>	<b>5,533,000</b>	<b>(1,105,000)</b>	<b>98,020,000</b>
<b>Income (loss) before other revenues and expenses</b>	<b>(7,159,000)</b>	<b>3,737,000</b>	<b>—</b>	<b>(3,422,000)</b>
<b>State appropriations, capital</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Grants and gifts, capital	366,000	—	—	366,000
Additions to permanent endowments	—	346,000	—	346,000
<b>Increase (decrease) in net position</b>	<b>(6,793,000)</b>	<b>4,083,000</b>	<b>—</b>	<b>(2,710,000)</b>
<b>Net position:</b>				
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	<u>4,897,000</u>
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	<u>1,364,000</u>
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>

**Supplementary Schedule**

**CALIFORNIA STATE UNIVERSITY, SAN MARCOS**

Statement of Cash Flows

Year ended June 30, 2014

	<b>Campus</b>
Cash flow investing activities:	
Proceeds from sales of investments	\$ 249,753,000
Purchases of investments	(237,830,000)
Investment income proceeds	<u>628,000</u>
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	7,000
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	<u>—</u>
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	<u>187,000</u>
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.

**Supplementary Schedule**

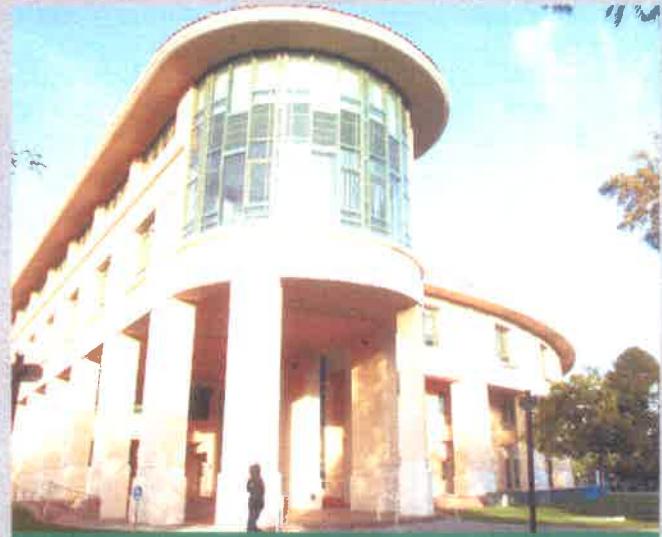
**CALIFORNIA STATE UNIVERSITY, SAN MARCOS**

Transactions with Related Entities

Year ended June 30, 2014

	<b>Campus</b>
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.



CAL POLY SAN LUIS OBISPO



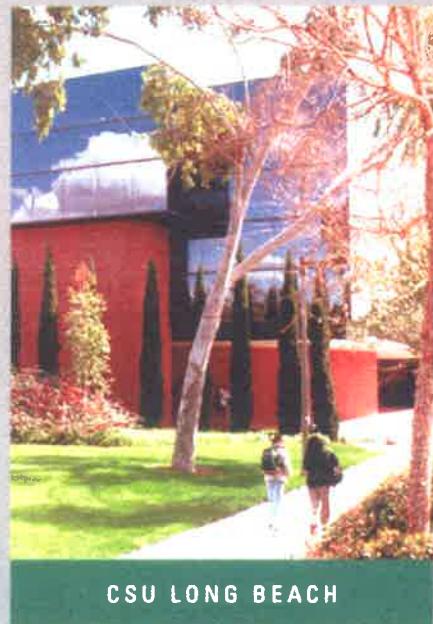
HUMBOLDT STATE UNIVERSITY



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](http://www.calstate.edu)



**SAN MARCOS COMMUNITY FOUNDATION**  
**Grant Cover Page**

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

Project Name: <b>Hospice Care &amp; Grief Counseling</b>  Date Submitted: <b>3/29/2015</b>	Total # of people served: <b>6,645 FY14</b>  Total # of San Marcos residents served: <b>309</b>	Amount Requested: <b>\$7,500</b>
Non-Profit Organization Name and Address, Website <b>The Elizabeth Hospice</b> <b>500 La Terraza Blvd., Ste. 130</b> <b>Escondido, CA 92025</b>		Contact Person – Name, Title & Phone, email <b>Vatei Campbell</b> <b>Fund Development Manager</b> <b><a href="mailto:Vatei.Campbell@ehospice.org">Vatei.Campbell@ehospice.org</a>; 760.796.3723</b>

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

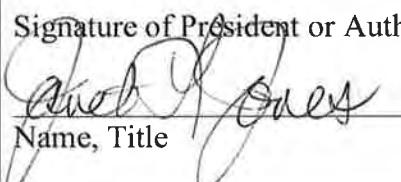
**5. Regular Grants Only:**

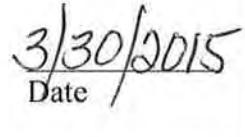
- a. 1-2 page narrative
- b. First 2 pages of Federal 990
- c. Most recent year-end Statement or Audit including any management letters associated with Audit.
- d. Signature of President or Authorized Officer on Application
- e. Optional: letters of support

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

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](mailto: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.**

**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.*



The Elizabeth Hospice

### Statement of Operations - SUMMARY

#### FY 2015 Budget

FY 15 Budget	% NPR
-----------------	----------

##### HOSPICE PROGRAM:

<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%
<i>Operating Income - Hospice Prg</i>	<b>802,750</b>	<b>2.44%</b>

##### CENTER FOR COMPASSIONATE CARE PROGRAM:

762,816 2.32%

##### PALLIATIVE CARE PROGRAM

291,287 0.88%

##### Non-Operating Income

559,381 1.70%

##### Hospice Net Income (Loss)

**308,029 0.94%**

##### FOUNDATION:

###### *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)*

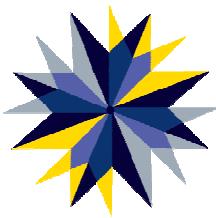
Interest & Investment 363,327

##### 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)*

<b>FOUNDATION, BOARD OF TRUSTEES</b>			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	<b>Chairman</b> <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
<b>CORPORATE OFFICERS</b>			
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
<b>FUND DEVELOPMENT STAFF</b> <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



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 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 LIABILITIES** \$ 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**



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

<b>MTD</b>
<b>Actual</b>

<b>Operating Revenue</b>		<b>2,882,496</b>
<b>Contributions &amp; Fundraising</b>		<b>69,110</b>
	<b>Total Revenue</b>	<b>2,951,606</b>
 <b>Operating Expenses</b>		
Payroll		2,245,862
Patient Related		517,085
Facility Related		129,401
Administrative Expenses		158,531
	<b>Total</b>	<b>3,050,879</b>
Depreciation		32,261
	<b>Total Expenses</b>	<b>3,083,140</b>
<b>Operating Income (Loss)</b>		<b>(131,534)</b>
<b>Non-Operating Income (Expense)</b>		
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
	<b>Total Non-Operating</b>	<b>(127,699)</b>
<b>Net Income (Loss)</b>		<b>\$ (259,233)</b>



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

<b>YTD</b>
<b>Actual</b>

<b>Operating Revenue</b>		19,484,534
<b>Contributions &amp; Fundraising</b>		1,237,617
	<b>Total Revenue</b>	<hr/> <b>20,722,151</b>
 <b>Operating Expenses</b>		
Payroll		15,262,687
Patient Related		3,043,764
Facility Related		796,012
Administrative Expenses		<hr/> 1,474,538
	<b>Total</b>	<hr/> 20,577,001
Depreciation		<hr/> 235,534
	<b>Total Expenses</b>	<hr/> <b>20,812,535</b>
<b>Operating Income (Loss)</b>		<b>(90,384)</b>
<b>Non-Operating Income (Expense)</b>		
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		<hr/> 20,438
	<b>Total Non-Operating</b>	<hr/> <b>(58,186)</b>
 <b>Net Income (Loss)</b>		 <b>\$ (148,570)</b>

034

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

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

# 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.

Copy or FILED RETURN  
 11/10/2014  
 KIP

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

## 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

### 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

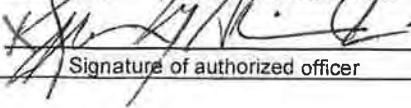
Note: If you answer "yes" to any of the questions below, you must attach a separate sheet providing an explanation and details for each "yes" response. Please review RRF-1 instructions for information required.

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?	Yes	No
2. During this reporting period, was there any theft, embezzlement, diversion or misuse of the organization's charitable property 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@HOSPICE.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](http://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**

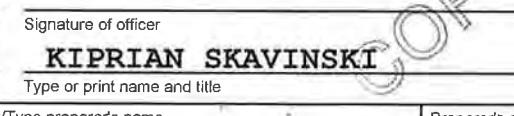
<b>B Check if applicable:</b> <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C Name of organization</b> <b>THE ELIZABETH HOSPICE FOUNDATION</b> <b>Doing Business As</b> <b>500 LA TERRAZA BLVD, SUITE 130</b> <b>City or town, state or province, country, and ZIP or foreign postal code</b> <b>ESCONDIDO CA 92025-3876</b>		<b>D Employer identification number</b> <b>82-0549103</b>
	<b>Number and street (or P.O. box if mail is not delivered to street address)</b> <b>500 LA TERRAZA BLVD, SUITE 130</b> <b>Room/suite</b> <b>CA 92025-3876</b>		<b>E Telephone number</b> <b>760-737-2050</b>
	<b>F Name and address of principal officer:</b> <b>JANET JONES</b> <b>500 LA TERRAZA BLVD, SUITE 130</b> <b>ESCONDIDO CA 92025-3876</b>		<b>G Gross receipts\$</b> <b>4,424,217</b>
			<b>H(a) Is this a group return for subordinates?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
			<b>H(b) Are all subordinates included?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)
			<b>H(c) Group exemption number</b> ►
<b>I Tax-exempt status:</b> <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		<b>J Website:</b> ► <a href="http://WWW.ELIZABETHHOSPICE.ORG">WWW.ELIZABETHHOSPICE.ORG</a>	
<b>K Form of organization:</b> <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►		<b>L Year of formation:</b> <b>2002</b> <b>M State of legal domicile:</b> <b>CA</b>	

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1 Briefly describe the organization's mission or most significant activities:</b> <b>SUPPORT, PROMOTE, AND STRENGTHEN THE DELIVERY OF CARE AND SERVICES PROVIDED BY THE ELIZABETH HOSPICE, INC. TO THE TERMINALLY ILL AND THEIR FAMILIES.</b>	
	<b>2 Check this box ►</b> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
<b>Revenue</b>	<b>3 Number of voting members of the governing body (Part VI, line 1a)</b> <b>4 Number of independent voting members of the governing body (Part VI, line 1b)</b> <b>5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)</b> <b>6 Total number of volunteers (estimate if necessary)</b>	
	3	10
	4	10
	5	0
	6	0
	7a	0
	7b	0
	<b>7a Total unrelated business revenue from Part VIII, column (C), line 12</b> <b>b Net unrelated business taxable income from Form 990-T, line 34</b>	
	<b>Prior Year</b> <b>Current Year</b>	
	<b>1,727,084</b> <b>2,221,836</b>	
<b>Expenses</b>	<b>8 Contributions and grants (Part VIII, line 1h)</b> <b>9 Program service revenue (Part VIII, line 2g)</b> <b>10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)</b> <b>11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</b> <b>12 Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12)</b>	
	<b>367,387</b> <b>824,831</b>	
	<b>2,094,471</b> <b>3,046,667</b>	
	<b>124,995</b> <b>154,198</b>	
	<b>14 Benefits paid to or for members (Part IX, column (A), line 4)</b> <b>15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)</b> <b>16a Professional fundraising fees (Part IX, column (A), line 11e)</b>	
	<b>b Total fundraising expenses (Part IX, column (D), line 25) ► 480,300</b>	
	<b>844,223</b> <b>1,058,707</b>	
	<b>969,218</b> <b>1,212,905</b>	
	<b>1,125,253</b> <b>1,833,762</b>	
	<b>Beginning of Current Year</b> <b>End of Year</b>	
<b>Net Assets or Fund Balances</b>	<b>20 Total assets (Part X, line 16)</b> <b>21 Total liabilities (Part X, line 26)</b> <b>22 Net assets or fund balances. Subtract line 21 from line 20</b>	
	<b>13,049,013</b> <b>12,792,155</b>	
	<b>4,319,617</b> <b>1,495,856</b>	
<b>8,729,396</b> <b>11,296,299</b>		

**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.

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

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

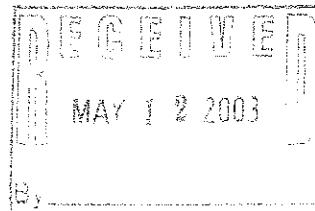
For Paperwork Reduction Act Notice, see the separate instructions.  
DAAForm **990** (2013)



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

In reply refer to  
755:G :EMM

May 9, 2003



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

Purpose : CHARITABLE  
Code Section : 23701d  
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.

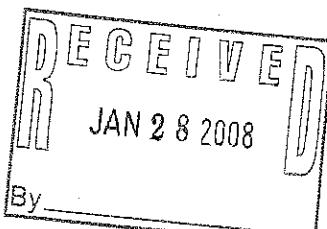
Please note that an exemption from federal income or other taxes and other state taxes requires separate applications.

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

ELIZABETH HOSPICE FOUNDATION  
150 W CREST ST  
ESCONDIDO, CA 92025

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)

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](http://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,

  
Robert Choi  
Director, Exempt Organizations  
Rulings and Agreements

Letter 1050 (DO/CG)



SAN MARCOS COMMUNITY FOUNDATION  
Grant Cover Page

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

Project Name: Transportation Assistance Date Submitted: 3/31/15	Total # of people served: 15 Total # of San Marcos residents served: 15	Amount Requested: \$2,524.00
Non-Profit Organization Name and Address, Website Fraternity House, Inc. 20702 Elfin Forest Rd. Escondido, CA 92029 www.fraternityhouse-inc.org	Contact Person – Name, Title & Phone, email Lawrence Graff Executive Director (760) 736-0292, ext. 101 larry@fraternityhouse-inc.org	

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

FHI is seeking \$2524.00 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.

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

Fraternity House is a Licensed Residential Care Facility for the Chronically Ill (RCF-CI) located in San Marcos. Transportation to medical appointments, recreational outings and shopping trips are key component 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, go on resident outings and join in on shopping trips to local stores. **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.**

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: Ongoing

Date by which funds will be expended: 12/31/15

Signature of President or Authorized Officer

Lawrence Graff, Executive Director 3/31/15  
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](mailto:wkaserman@san-marcos.net)

**SAN MARCOS COMMUNITY FOUNDATION**  
**Budget Worksheet**

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

**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: 1-877-829-5590

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)(3) 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*

Deborah Bingham  
Accounts Management I



STATE OF CALIFORNIA  
FRANCHISE TAX BOARD  
7575 METROPOLITAN DR STE 201  
SAN DIEGO, CA 92108-4421

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:

Doris Bell

## Internet and Telephone Assistance

Website : [ftb.ca.gov](http://ftb.ca.gov)

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

TTY/TDD : 800.822.5268 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

## Roster 2014-15

### Board President

- Patrick Anderson

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

### 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](mailto:mary.anthony@nchs-health.org)

### Vice President

- Michael Walker

*Affiliation:* Small Business Owner,  
LiveScan Fingerprinting  
800 Grand Avenue, Suite C9  
Carlsbad, CA 92008  
(760) 434-3533  
[mwlivescan@att.net](mailto:mwlivescan@att.net)

- 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](mailto:gale.mcneeley@gmail.com)

### Secretary

- Laura Schaefer, MSW

*Affiliation:* Case Manager (retired)  
715 Orpheus Avenue  
Encinitas, CA 92024  
(760) 753-0880  
[lauraschaefer@cox.net](mailto:lauraschaefer@cox.net)

- Balentin Morelos

*Affiliation:* Medical Billing (retired)  
43451 Briarcliff Drive  
Hemet, CA 92544  
(760) 213-6361  
[balentin.morelos@med.navy.mil](mailto:balentin.morelos@med.navy.mil)

### Treasurer

- Scott Guiltner

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

- Lisa Lipsey

*Affiliation:* Community Relations for RCFE,  
Sunshine Care Assisted Living  
12695 Monte Vista Road  
Poway, CA 92064  
(858) 752-8197  
[lisathegrantwriter@yahoo.com](mailto:lisathegrantwriter@yahoo.com)

### 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](mailto:larry@fraternityhouse-inc.org)

*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  
InspectionDepartment 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](http://www.irs.gov/form990).

<b>A For the 2013 calendar year, or tax year beginning</b>		July 1	, 2013, and ending	June 30	, 2014
<b>B Check if applicable:</b>		<b>C Name of organization</b> <b>Fraternity House, Inc.</b>		<b>D Employer identification number</b> <b>33-0306864</b>	
<input type="checkbox"/> Address change		Doing Business As		<b>E Telephone number</b> <b>760-736-0292</b>	
<input type="checkbox"/> Name change		Number and street (or P.O. box if mail is not delivered to street address)		Room/suite	
<input type="checkbox"/> Initial return		<b>20702 Elfin Forest Road</b>			
<input type="checkbox"/> Terminated		City or town, state or province, country, and ZIP or foreign postal code			
<input type="checkbox"/> Amended return		<b>Escondido CA 92029</b>		<b>G Gross receipts \$</b> <b>555,333.</b>	
<input type="checkbox"/> Application pending		<b>F Name and address of principal officer:</b> <b>Scott Guiltner</b>		<b>H(a) Is this a group return for subordinates?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		<b>Same as C above</b>		<b>H(b) Are all subordinates included?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>I Tax-exempt status:</b> <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				If "No," attach a list. (see instructions)	
<b>J Website:</b> ► <a href="http://www.fraternityhouse-inc.org">www.fraternityhouse-inc.org</a>				<b>H(c) Group exemption number</b> ►	
<b>K Form of organization:</b> <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►				<b>L Year of formation:</b> <b>1988</b>	<b>M State of legal domicile:</b> <b>CA</b>

<b>Part I Summary</b>			
1	Briefly describe the organization's mission or most significant activities: <b>Provide comprehensive care for men and women living with HIV/AIDS.</b>		
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	9
4	Number of independent voting members of the governing body (Part VI, line 1b) . . . . .	4	9
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a) . . . . .	5	24
6	Total number of volunteers (estimate if necessary) . . . . .	6	250
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.
		<b>Prior Year</b>	<b>Current Year</b>
8	Contributions and grants (Part VIII, line 1h) . . . . .	515,192.	506,347.
9	Program service revenue (Part VIII, line 2g) . . . . .	48,972.	51,378
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .	12.	3.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) . . . . .	8,862.	12,041.
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	573,038.	567,769.
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) . . . . .	437,995.	425,402.
16a	Professional fundraising fees (Part IX, column (A), line 11e) . . . . .	0.	0.
b	Total fundraising expenses (Part IX, column (D), line 25) ► . . . . .		
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) . . . . .	170,575.	221,075.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) . . . . .	608,570.	646,477.
19	Revenue less expenses. Subtract line 18 from line 12 . . . . .	-35,532.	-76,708.
		<b>Beginning of Current Year</b>	<b>End of Year</b>
20	Total assets (Part X, line 16) . . . . .	540,016.	511,478.
21	Total liabilities (Part X, line 26) . . . . .	47,808.	96,455.
22	Net assets or fund balances. Subtract line 21 from line 20 . . . . .	492,208.	415,023.

**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.

<b>Sign Here</b>	Signature of officer	Date			
	Type or print name and title				
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►			Firm's EIN ►	
	Firm's address ►			Phone no.	

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

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11282Y

Yes  No

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:

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. )

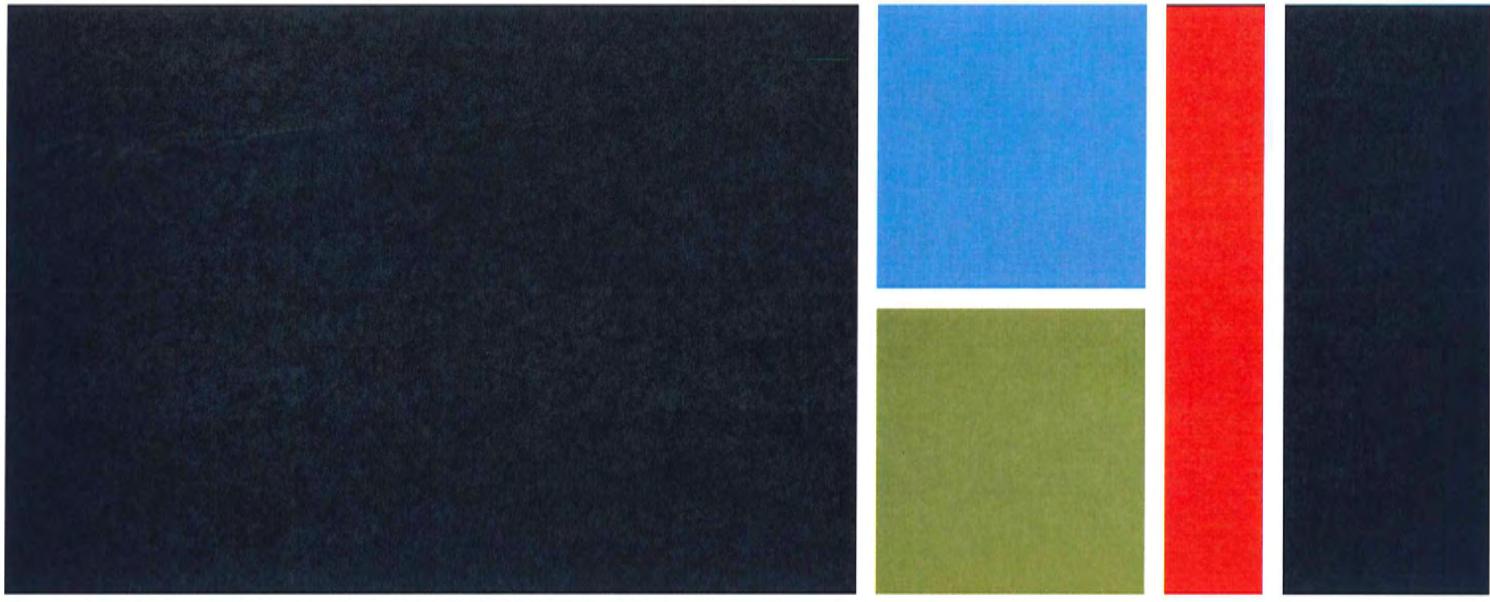
Fraternity House, Inc. is a single service organization that only cares for people who are HIV symptomatic or have an AIDS diagnosis. The three largest program services are: 1) housing, 2) caregiving and 3) transportation. The housing operation focuses on the overall operation of each house. The caregiving program is the backbone of the operation. Residents receive 24-hour per 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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**Table of Contents**

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



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

PORLAND, OR | SALEM, OR | CARLSBAD, CA | ESCONDIDO, CA | SAN DIEGO, CA | ANCHORAGE, AK

AKT LLP

Board 5/19/15 Item 5(a)3 Page 13 of 23

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

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	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
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>
<b>LIABILITIES AND NET ASSETS</b>		
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>

**FRATERNITY HOUSE, INC.**

**Statement of Activities**

**Year Ended June 30, 2013**

---

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue:</b>			
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	<u>79,712</u>	<u>(79,712)</u>	<u>-</u>
 Total Support and Revenue	 632,163	 (30,226)	 601,937
 <b>Expenses:</b>			
 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	<u>22,319</u>	<u>-</u>	<u>22,319</u>
 Total Expenses	 <u>671,886</u>	 <u>-</u>	 <u>671,886</u>
 Decrease in Net Assets	 (39,724)	 (30,226)	 (69,950)
 Net Assets, beginning	 <u>459,701</u>	 <u>98,266</u>	 <u>557,967</u>
 Net Assets, ending	 <u>\$ 419,977</u>	 <u>\$ 68,040</u>	 <u>\$ 488,017</u>

**FRATERNITY HOUSE, INC.**

**Statement of Activities**

Year Ended June 30, 2012

---

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue:</b>			
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>
<b>Total Support and Revenue</b>	<b>635,655</b>	<b>(28,516)</b>	<b>607,139</b>
<b>Expenses:</b>			
<b>Program services:</b>			
Personal care	360,827	-	360,827
Housing	161,823	-	161,823
Meals	60,043	-	60,043
Rehabilitation	8,968	-	8,968
<b>Supporting services:</b>			
Management and general	81,819	-	81,819
Fundraising	<u>24,536</u>	<u>-</u>	<u>24,536</u>
<b>Total Expenses</b>	<b>698,016</b>	<b>-</b>	<b>698,016</b>
<b>Decrease in Net Assets</b>	<b>(62,361)</b>	<b>(28,516)</b>	<b>(90,877)</b>
<b>Net Assets, beginning</b>	<b>522,062</b>	<b>126,782</b>	<b>648,844</b>
<b>Net Assets, ending</b>	<b>\$ 459,701</b>	<b>\$ 98,266</b>	<b>\$ 557,967</b>

**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
	<b>\$ 375,632</b>	<b>\$ 151,183</b>	<b>\$ 50,396</b>	<b>\$ 7,753</b>	<b>\$ 64,603</b>	<b>\$ 22,319</b>	<b>\$ 671,886</b>	

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>
<b>Cash Flows from Operating Activities:</b>		
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)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	(1,526)	3,466
<b>Cash Flows Used by Investing Activities:</b>		
Acquisitions of property and equipment	<hr/>	<hr/>
	(6,110)	(32,974)
	<hr/>	<hr/>
Net Decrease in Cash	(7,636)	(29,508)
	<hr/>	<hr/>
Cash, beginning	64,605	94,113
Cash, ending	<hr/>	<hr/>
	<u>\$ 56,969</u>	<u>\$ 64,605</u>

## **FRATERNITY HOUSE, INC.**

### **Notes to Financial Statements**

Years Ended June 30, 2013 and 2012

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### **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 Michaele 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**

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**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**

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**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**

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**Note 5 – Property and Equipment**

Property and equipment consist of the following:

	<u>2013</u>	<u>2012</u>
Michaelle House - Building	\$ 291,520	\$ 291,520
Leasehold improvements	254,833	249,405
Furniture and fixtures	104,951	104,269
Michaelle House - Land	90,000	90,000
	<u>741,304</u>	<u>735,194</u>
Less accumulated depreciation	(403,107)	(378,916)
	<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	\$ 68,040	\$ 98,266

**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 Michaelle 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

## **Our Mission**

Miracle Babies' mission is 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 women, children and their families through education, prevention and medical care.

## **Miracle Babies' History**

Miracle Babies was originally founded in 2009 by Sean Daneshmand, M.D., a board certified obstetrician at the San Diego Perinatal Center and Sharp Mary Birch Hospital for Women, to provide financial support to families with a baby in the neonatal intensive care unit. To date, Miracle Babies has provided \$690,000 in financial assistance to over 2,030 families. Miracle Babies continues to financially and emotionally support these families, but has also recognized an unmet need to prevent maternal and fetal health complications that can result in admission to the NICU.

Healthy Women Healthy Children (HWHC) was created in 2013 to teach pregnant and preconception women how to be healthy before and during their pregnancy, so their babies have the greatest opportunity to be born healthy and enjoy long-term health. The pilot phase of HWHC served over 100 reproductive-age women in central San Diego, helping them improve their nutrition and exercise habits as the first step towards improved health for themselves and their families.

## **Unmet Community Need**

In the United States, over half of pregnant women are obese or overweight and nearly half all women gain more weight than recommended during pregnancy (American College of Obstetricians and Gynecologists (ACOG), 2013). High pre-pregnancy body mass and excessive gestational weight gain increase the risk of pregnancy complications and fetal complications, such as gestational diabetes and high birth weight, respectively (Weiss, 2004) (Chu, 2007) (ACOG, 2013). More importantly, the child has a greater likelihood of developing childhood obesity as well as adult obesity, metabolic disease and cardiovascular disease (Baird, 2005) (Barker, 1989).

The HWHC program believes that investing in health and well-being improvements for pregnant women is one of the most effective ways to improve community health in San Marcos and throughout San Diego County. During pregnancy, a mother's lifestyle choices acutely shape her baby's health and development in the womb and throughout the baby's life. HWHC's unique program offers a rare window to improve the health of adults today, while making lasting intergenerational contributions to health that will pay real dividends tomorrow.

## **Our Healthy Women Healthy Children Program**

HWHC is an 8 week program that includes prenatal nutrition and exercise curriculum, exercise and yoga classes, and behavior management provided by Miracle Babies. Women receiving prenatal care at participating community clinics are referred to the program by their physicians. Participants attend weekly nutrition classes that cover healthy eating, behavioral change topics, and important prenatal nutrition and exercise information and weekly prenatal exercise classes. Since access to fresh produce is often a barrier for underserved women, participants are also provided fresh produce weekly.

We will initially serve 100 women at the San Marcos Health Center and will use the requested funds of \$5,000 for the purpose of general operating support for our HWHC program. Funds will cover a program binder with weekly lessons and reference material, weekly nutrition classes with integrated behavior change curriculum, weekly prenatal exercise classes, program incentives (e.g., transportation assistance, exercise equipment, fresh produce) and any additional resources and activities for participants.

### **Program Goals and Objectives:**

HWHC's goal is to enable pregnant women to improve their health—benefiting not just themselves, but their pregnancies and their children's health. Specifically, we seek to 1) improve nutrition, exercise and well-being habits during and after pregnancy, 2) help women gain the right amount of weight during pregnancy, 3) reduce the number of pregnancy complications, fetal health complications and children at risk of developing metabolic disease, and 4) drive families and communities to become healthier.

HWHC's approach to maternal health begins with understanding the physical, emotional and financial needs of our participants, and then providing them the right tools and resources to make meaningful lifestyle changes. Program objectives include:

- Educating participants about nutrition and physical activity recommendations;
- Equipping participants with the necessary tools to apply these recommendations to their day-to-day activities;
- Leading prenatal exercise classes weekly at each facility so that women have ample opportunities to meet exercise recommendations;
- Providing fresh produce to all participants weekly so that women meet the recommended daily amounts of fruits and vegetables;
- Teaching behavior change strategies that enable participants to initiate and maintain lifestyle changes and overcome personal barriers; and
- Fostering a network of peer-to-peer support.

### **Program Evaluation**

Miracle Babies continually collects and analyzes program data that can be used to measure our target outcomes. We created content-rich program measurement tools to establish a baseline for our program participants and to track their progress in five key areas: eating habits, physical activity levels, well-being, barriers, and physical measures. Participant data is analyzed and compared to participant baseline data, the American College of Obstetrics and Gynecologists' physical activity and gestational weight gain recommendations and the dietary recommendations for Americans. In collaboration with researchers at California State University San Marcos, we are also actively evaluating the influence of prenatal exercise and nutrition on maternal and fetal health outcomes.

Participant success is measured as:

- Increased average daily fruit and vegetable consumption;
- Decreased consumption of sugary beverages and fast food;
- Newly acquired knowledge about nutrition and/or physical activity recommendations;
- Increased weekly physical activity levels;
- Fewer days experiencing stress and/or depression;
- Overcoming individual barriers to achieving a healthy lifestyle; and
- Appropriate gestational weight gain.

Overall program success is measured as:

- Reaching 100 underserved pregnant women at each partnering community clinic in North County (July 1, 2015 and June 30, 2016);
- Collective improvement in all measures listed above at the end of the program; and
- Continued healthy lifestyle habits after program completion.

We hope that the San Marcos Community Foundation will join us in ensuring that through support and education, pregnant women improve their health—benefiting not just themselves, but their pregnancies and their children's health.

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

\*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
<b>Income</b>					
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					\$ -
<b>Total Income</b>	<b>4,900</b>	<b>466,517</b>	<b>139,750</b>	<b>350</b>	<b>\$ 610,500.00</b>
<b>Expense</b>					
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
<b>Total Expense</b>	<b>247,253</b>	<b>272,534</b>	<b>60,125</b>	<b>29,625</b>	<b>\$ 609,537.83</b>
<b>Net Ordinary Income</b>	<b>(242,353)</b>	<b>193,983</b>	<b>79,625</b>	<b>(29,275)</b>	<b>\$ 962.17</b>



NORTH  
COUNTY  
HEALTH  
SERVICES

We're here for you.

Joelle Felton-Lackey  
Director of Operations  
Miracle Babies  
8745 Aero Drive Suite 111  
San Diego, CA 92123

Dear Mrs. Felton-Lackey,

On behalf of North County Health Services (NCHS), I am writing this letter to support Miracle Babies' grant proposal to offer their Healthy Women Healthy Children (HWHC) program to North County residents.

Healthy Women Healthy Children is a unique program that helps women make meaningful lifestyle changes during pregnancy to improve their own health and, importantly, their baby's future health. HWHC's program complements and reinforces the advice given during prenatal care, allowing patients invaluable opportunities to implement key recommendations such as balanced nutrition, regular physical exercise and stress-management. Most importantly, HWHC fosters a community of support among participants, enabling women to overcome barriers and work together to improve personal and community health.

Currently, HWHC is the only cross-cultural prenatal program that holistically addresses the needs of pregnant women by teaching women important nutrition, exercise and behavior-change information, providing the necessary resources and opportunities for women to improve their daily habits, and creating a network of peer-to-peer support. Through the generous support of grants, Miracle Babies offers HWHC free of charge to so that all women and babies, especially the underserved, have the opportunity for health. Importantly, Miracle Babies has been meeting with other key organizations in San Diego County, including WIC, Community Health Improvement Partners, Post-partum Health Alliance and others to ensure that HWHC is addressing a key unmet need in San Diego County.

At our NCHS San Marcos Women's Health Center, we provide critical prenatal care for nearly 540 women per year. Partnering with HWHC will help improve our pregnant patients nutrition, increase their physical activity levels and aid in gaining the right amount of weight during pregnancy, benefiting not just themselves, but their pregnancies and their children's health. HWHC embraces collaboration's that share the program's mission to help women get healthy during pregnancy to positively impact the short-and long-term health of their children. The collaboration between HWHC and NCHS is a great component to aid in solidifying our team care approach to healthier outcomes for our patients and the communities we serve.

#### Corporate Offices

150 Valpreda Road  
San Marcos, CA 92069  
T (760) 736-6700  
F (760) 736-8643

Irma Cota, MPH - President & CEO

**NCHS Carlsbad Health Center**  
1295 Carlsbad Village Drive  
Carlsbad, CA 92008  
T (760) 720-7766  
F (760) 720-7204

**NCHS Encinitas Health Center**  
1130 Second Street  
Encinitas, CA 92024  
T (760) 753-7842  
F (760) 753-7259

**NCHS Grand Ave Health Center**  
727 W. San Marcos Blvd., Suite 112  
San Marcos, CA 92078  
T (760) 736-8810  
F (760) 736-3157

**NCHS La Misión Health Center**  
3220 Mission Avenue, Unit 1  
Oceanside, CA 92058  
T (760) 433-3155  
F (760) 722-7359

**NCHS Mission Mesa Dental**  
2216 S. El Camino Real, Suites 121-122  
Oceanside, CA 92054  
T (760) 400-0277  
F (760) 400-0402

**NCHS Mission Mesa Pediatric Health Center**  
2210 Mesa Drive, Suite 12  
Oceanside, CA 92054  
T (760) 966-3306  
F (760) 966-3310

**NCHS Mission Mesa Women's Health Center**  
2210 Mesa Drive, Suite 5  
Oceanside, CA 92054  
T (760) 757-5841  
F (760) 967-4863

**NCHS Oceanside Health Center (Loma Alta)**  
605 Crouch Street  
Oceanside, CA 92054  
T (760) 757-4566  
F (760) 757-3004

**NCHS Ramona Health Center**  
217 E. Earlham Road  
Ramona, CA 92065  
T (760) 789-1223  
F (760) 789-3152

**NCHS San Marcos Health Center**  
150 Valpreda Road  
San Marcos, CA 92069  
T (760) 736-6767  
F (760) 736-8643

**WIC**  
T (888) 477-6333

**Community Case Management**  
T (800) 347-7604



[www.nchs-health.org](http://www.nchs-health.org)

californiahealthcenter.org  
Board 5/19/19 Item 4 Page 6 of 20



NORTH  
COUNTY  
HEALTH  
SERVICES

We're here for you.

In summary, I support Miracle Babies' proposal to offer the Healthy Women Healthy Children (HWHC) program to North County residents. This new program will advance the health and wellbeing of our community.

Sincerely,

Christina Schmidt, MPH  
Director of WHS Operations

**Corporate Offices**

150 Valpreda Road  
San Marcos, CA 92069  
**T** (760) 736-6700  
**F** (760) 736-8643

Irma Cota, MPH - President & CEO

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2210 Mesa Drive, Suite 12  
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**F** (760) 966-3310

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Oceanside, CA 92054  
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605 Crouch Street  
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**F** (760) 757-3004

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217 E. Earlham Road  
Ramona, CA 92065  
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**F** (760) 789-3152

**NCHS San Marcos Health Center**  
150 Valpreda Road  
San Marcos, CA 92069  
**T** (760) 736-6767  
**F** (760) 736-8643

**WIC**  
**T** (888) 477-6333

**Community Case Management**  
**T** (800) 347-7604

[www.nchs-health.org](http://www.nchs-health.org)



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](http://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](http://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 ~~PPB~~ - 5/2008

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,



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

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)

OMB No. 1545-0047

**2013**Open to Public  
Inspection

► 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](http://www.irs.gov/form990)

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

<b>B</b> Check if applicable:	<b>C</b> Name of organization <b>Miracle Babies</b>	<b>D</b> Employer identification number <b>71-1001702</b>
<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	<b>Doing Business As</b> Number and street (or P.O. box if mail is not delivered to street address) <b>8745 Aero Drive</b>	Room/suite <b>111</b>
	City or town, state or province, country, and ZIP or foreign postal code <b>San Diego, CA 92123</b>	
	<b>F</b> Name and address of principal officer <b>Marjan Mortazavi 8745 Aero Drive, San Diego, CA 92123</b>	<b>G</b> Gross receipts \$ <b>903,978.</b>
<b>I</b> 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		<b>H(a)</b> Is this a group return for subordinates? ..... <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>J</b> Website: ► <a href="http://www.miraclebabies.org">www.miraclebabies.org</a>		<b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►		<b>H(c)</b> Group exemption number ►
		<b>L</b> Year of formation: <b>2008</b> <b>M</b> State of legal domicile: <b>CA</b>

**Part I** **Summary**

<b>Activities &amp; Governance</b>	1 Briefly describe the organization's mission or most significant activities: <b>To provide support and financial assistance to families with critically ill newborns in the neonatal</b>		
	2 Check this box ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
<b>Revenue</b>	3 Number of voting members of the governing body (Part VI, line 1a) .....	<b>3</b>	<b>7</b>
	4 Number of independent voting members of the governing body (Part VI, line 1b) .....	<b>4</b>	<b>5</b>
<b>Expenses</b>	5 Total number of individuals employed in calendar year 2013 (Part V, line 2a) .....	<b>5</b>	<b>0</b>
	6 Total number of volunteers (estimate if necessary) .....	<b>6</b>	<b>0</b>
<b>Net Assets or Fund Balances</b>	7a Total unrelated business revenue from Part VIII, column (C), line 12 .....	<b>7a</b>	<b>0.</b>
	b Net unrelated business taxable income from Form 990-T, line 34 .....	<b>7b</b>	<b>0.</b>
	8 Contributions and grants (Part VIII, line 1h) .....	<b>Prior Year</b> <b>442,921.</b>	<b>Current Year</b> <b>546,887.</b>
	9 Program service revenue (Part VIII, line 2g) .....	<b>0.</b>	<b>0.</b>
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) .....	<b>800.</b>	<b>366.</b>
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) .....	<b>-31,585.</b>	<b>-288,014.</b>
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) .....	<b>412,136.</b>	<b>259,239.</b>
	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) .....	<b>182,900.</b>	<b>117,657.</b>
	14 Benefits paid to or for members (Part IX, column (A), line 4) .....	<b>0.</b>	<b>0.</b>
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) .....	<b>56,701.</b>	<b>93,803.</b>
	16a Professional fundraising fees (Part IX, column (A), line 11e) .....	<b>0.</b>	<b>0.</b>
	b Total fundraising expenses (Part IX, column (D), line 25) ► <b>48,987.</b>		
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) .....	<b>159,820.</b>	<b>101,709.</b>
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) .....	<b>399,421.</b>	<b>313,169.</b>
19 Revenue less expenses. Subtract line 18 from line 12 .....	<b>12,715.</b>	<b>-53,930.</b>	
20 Total assets (Part X, line 16) .....	<b>Beginning of Current Year</b> <b>492,480.</b>	<b>End of Year</b> <b>434,987.</b>	
21 Total liabilities (Part X, line 26) .....	<b>4,573.</b>	<b>1,010.</b>	
22 Net assets or fund balances. Subtract line 21 from line 20 .....	<b>487,907.</b>	<b>433,977.</b>	

**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.

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

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

332001 10-29-13 LHA For Paperwork Reduction Act Notice, see the separate instructions.

Form **990** (2013)

See Schedule O for Organization Mission Statement Continuation

**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  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 \$ **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**

### **Table of Contents**

	<u>Page</u>
<b>Independent Accountants' Review Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6

### 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*  
HASKELL & WHITE LLP

November 3, 2014  
Irvine, California

**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	<u>250</u>	<u>-</u>	<u>250</u>
Total current assets	408,432	-	408,432
Property and equipment, net of			
\$6,312 of accumulated depreciation	22,839	-	22,839
Deposits	<u>3,716</u>	<u>-</u>	<u>3,716</u>
Total assets	<u><u>\$ 434,987</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 434,987</u></u>

**LIABILITIES AND NET ASSETS**

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
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	<u>366</u>	<u>-</u>	<u>366</u>
Total support and revenue	259,239	-	259,239
<b>Net assets released from restriction</b>			
	<u>12,422</u>	<u>(12,422)</u>	<u>-</u>
Total support and revenue and net assets released from restrictions	<u>271,661</u>	<u>(12,422)</u>	<u>259,239</u>
<b>Expenses</b>			
Program services	229,649	-	229,649
General and administrative	34,533	-	34,533
Fundraising	<u>48,987</u>	<u>-</u>	<u>48,987</u>
Total expenses	<u>313,169</u>	<u>-</u>	<u>313,169</u>
<b>Decrease in net assets</b>	<b>(41,508)</b>	<b>(12,422)</b>	<b>(53,930)</b>
<b>Net assets at beginning of year</b>	<b><u>475,485</u></b>	<b><u>12,422</u></b>	<b><u>487,907</u></b>
<b>Net assets at end of year</b>	<b><u>\$ 433,977</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 433,977</u></b>

See accompanying notes and independent accountants' review report.

## MIRACLE BABIES

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

	Supporting Services			
	Program Services	Administrative	Fundraising	Total
Salaries	\$ 48,513	\$ 10,139	\$ 31,787	\$ 90,439
Payroll taxes	2,418	856	90	3,364
	50,931	10,995	31,877	93,803
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
Total expenses	\$ 229,649	\$ 34,533	\$ 48,987	\$ 313,169

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>
<b>Net cash used by operating activities</b>	<u>(109,211)</u>
<b>Cash flows from investing activities</b>	
Acquisition of property and equipment	<u>(25,535)</u>
<b>Net cash used in investing activities</b>	<u>(25,535)</u>
<b>Decrease in cash and cash equivalents</b>	(134,746)
<b>Cash and cash equivalents, beginning of year</b>	<u>474,194</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 339,448</u>

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	<u>1,420</u>
	29,151
Less: accumulated depreciation	<u>(6,312)</u>
Property and equipment, net	<u><u>\$ 22,839</u></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**

(Ch  
oose

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.sdnccs.org	Contact Person – Name, Title & Phone, email Rita Zeigler Program Administrator 760 385-3965 rzeigler@sdnccs.org	

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

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.

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

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.

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:

Signature of President or Authorized Officer

Estrellita "Lita" Moore,  
Executive Director      April 1, 2015  
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](mailto: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

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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](mailto: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)

**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. Steffea

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](mailto:lortega@sdnccs.org)

**Brent Shintani, Vice President and Secretary**

Baxter Health

[bshintani@sdnccs.org](mailto:bshintani@sdnccs.org)

**Alton Kwok, At-Large**

San Diego Gas & Electric

[akwok@sdnccs.org](mailto:akwok@sdnccs.org)

**John Lundblad, Treasurer**

Retired – City of Oceanside

[jlundblad@sdnccs.org](mailto:jlundblad@sdnccs.org)

**Dennis Derecho, At-Large**

Kaiser Permanente

[dderecho@sdnccs.org](mailto:dderecho@sdnccs.org)

**John P. Strohminger, At-Large**

Engineer

[jstrohminger@sdnccs.org](mailto:jstrohminger@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
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
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
<b>Total Income</b>	<b>377,125.74</b>	<b>46,540.00</b>	<b>3,404,052.00</b>	<b>75,128.00</b>	<b>3,902,845.74</b>
<b>Expense</b>					
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
6900 · MEETINGS - HOSTED BY NCCS					
Total 6900 · MEETINGS - HOSTED BY NCCS	854.40	9,540.00	1,920.00		12,314.40
<b>Total Expense</b>	<b>380,131.46</b>	<b>46,445.98</b>	<b>3,479,180.00</b>		<b>3,905,757.44</b>
<b>Net Ordinary Income</b>	<b>-3,005.72</b>	<b>94.02</b>	<b>-75,128.00</b>	<b>75,128.00</b>	<b>-2,911.70</b>
<b>Net Income</b>	<b>-3,005.72</b>	<b>94.02</b>	<b>-75,128.00</b>	<b>75,128.00</b>	<b>-2,911.70</b>

## Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2013

Open to Public  
InspectionDepartment of the Treasury  
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except 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](http://www.irs.gov/form990).

A For the 2013 calendar year, or tax year beginning

7/1/2013

, and ending

6/30/2014

- 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

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

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)

J Website: ► [www.sdnccs.org](http://www.sdnccs.org)

H(c) Group exemption number ►

K Form of organization:  Corporation  Trust  Association  Other ► L Year of formation: 1970 M State of legal domicile: CA

## Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: NCCS is passionately committed 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.
	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) . . . . .
	4 Number of independent voting members of the governing body (Part VI, line 1b) . . . . .
	5 Total number of individuals employed in calendar year 2013 (Part V, line 2a) . . . . .
	6 Total number of volunteers (estimate if necessary) . . . . .
	7a Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .
Revenue	b Net unrelated business taxable income from Form 990-T, line 34 . . . . .
	8 Contributions and grants (Part VIII, line 1h) . . . . .
	9 Program service revenue (Part VIII, line 2g) . . . . .
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) . . . . .
Expenses	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .
	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) . . . . .
	14 Benefits paid to or for members (Part IX, column (A), line 4) . . . . .
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) . . . . .
	16a Professional fundraising fees (Part IX, column (A), line 11e) . . . . .
	b Total fundraising expenses (Part IX, column (D), line 25) ► 0 . . . . .
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) . . . . .
Net Assets or Fund Balances	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) . . . . .
	19 Revenue less expenses. Subtract line 18 from line 12 . . . . .
	Beginning of Current Year      End of Year
20 Total assets (Part X, line 16) . . . . .	1,034,371      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 	Date 2/11/2015	Check <input type="checkbox"/> if 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

For Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2013)

HTA



# 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



# Sonnenberg & Company, CPAs

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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

## TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-13
Supplementary Information	
General Information	14
Schedule of Expenditures of Federal and State Awards	15
Combining Statement of Activities	16
Schedule of Expenditures by State Categories	17
Reconciliation of CDE and GAAP Expense Reporting	18
Schedule of Reimbursable Equipment Expenditures	19
Schedule of Reimbursable Expenditures for Renovation and Repairs	20
Schedule of Reimbursable Administrative Costs	21
Audited Attendance and Fiscal Reports	
CSPP-2452 State Preschool	22-24
Audited Reserve Account Activity Report	25
Notes to Supplementary Information	26
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with Government Auditing Standards	27-28
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	29-31
Schedule of Findings and Questioned Costs	32-34
Summary Schedule of Prior Year Audit Findings	35



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A Professional Corporation

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

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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)**

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

	2014	2013
<b>UNRESTRICTED REVENUE AND SUPPORT</b>		
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>
<b>EXPENSES</b>		
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>
<b>TOTAL UNRESTRICTED CHANGE IN NET ASSETS</b>	 <u>(122,982)</u>	 <u>(5,058)</u>
<b>TEMPORARILY RESTRICTED SUPPORT</b>		
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>
<b>TOTAL CHANGE IN NET ASSETS</b>	 <u>(124,850)</u>	 <u>(23,376)</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	 <u>139,536</u>	 <u>162,912</u>
<b>NET ASSETS - END OF YEAR</b>	 <u>\$ 14,686</u>	 <u>\$ 139,536</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Board 5/19/15 Item 5(a)5 Page 14 of 46

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

	Program Services	Management & General	2014 Totals	2013 Totals
<b>EXPENSES</b>				
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
<b>TOTAL EXPENSES</b>	<b>\$ 3,539,483</b>	<b>\$ 448,386</b>	<b>\$ 3,987,869</b>	<b>\$ 4,095,083</b>

**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>
<b>RECONCILIATION OF CHANGE IN NET ASSETS</b>		
<b>TO NET CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES:</b>		
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
(Acrease) 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	<u>9,585</u>	<u>924</u>
Net cash provided by (used in) operating activities	<u>(47,459)</u>	<u>8,688</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(253,239)	(12,495)
Acquisition of loan fees	<u>(8,500)</u>	-
Net cash provided by (used in) investing activities	<u>(261,739)</u>	<u>(12,495)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings on loans payable	538,466	-
Principal payments on loans payable	(278,512)	(16,969)
Proceeds (payments of) from line of credit, net	<u>(60,529)</u>	<u>110,529</u>
Net cash provided by (used in) financing activities	<u>199,425</u>	<u>93,560</u>
<b>NET CHANGE IN CASH</b>	<u>(109,773)</u>	<u>89,753</u>
<b>CASH - BEGINNING OF YEAR</b>	<u>142,100</u>	<u>52,347</u>
<b>CASH - END OF YEAR</b>	<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 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**

<b>Federal Catalog Number</b>	<b>Program or Award Amount</b>	<b>Recognized Revenue</b>	<b>Disbursements/Expenditures</b>
<b>FEDERAL AWARDS</b>			
<u>U.S. Dept of Health and Human Services</u>			
Pass-through from MAAC Project			
Head Start Program	93.600	\$ 402,300	\$ 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
<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
Total Federal Awards	<hr/>	<hr/>	<hr/>
	\$ 703,082	\$ 655,639	\$ 655,639
<b>STATE AWARDS</b>			
<u>California Department of Education</u>			
CA State Preschool Program (CSPP 3436)	<hr/>	<hr/>	<hr/>
	\$ 2,802,685	\$ 2,536,869	\$ 2,999,171

See Notes to Supplementary Information

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

	<b>State Preschool CSPP-3436</b>	<b>Non-CDE Programs</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
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	<u>1</u>	<u>36,340</u>	<u>36,341</u>
 Total revenue and support	 <u>3,432,215</u>	 <u>430,803</u>	 <u>3,863,019</u>
<b>EXPENSES</b>			
Preschool program	3,010,631	-	3,010,631
Food bank	365,990	-	365,990
Other program services	162,863	-	162,863
Management & general	<u>357,584</u>	<u>90,802</u>	<u>448,386</u>
 Total expenses	 <u>3,368,215</u>	 <u>619,655</u>	 <u>3,987,869</u>
 <b>CHANGE IN NET ASSETS</b>	 <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
<b>EXPENDITURES</b>		
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	-	-
Total expenses claimed for reimbursement (a)	<u>3,029,693</u>	<u>3,029,693</u>
Total supplemental expenses	<u>\$ 449,158</u>	<u>\$ 449,158</u>
 Total Expenditures	 <u>\$ 3,478,851</u>	 <u>\$ 3,478,851</u>

(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
<b>Adjustment to Reconcile Differences in Reporting:</b>		
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>
<b>Subtotal</b>	<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
<b><u>Unit Cost Under \$7,500:</u></b>			
Item:	\$	\$	\$
Subtotal	—	—	—
<b><u>Unit Cost Over \$7,500 with CDD Approval:</u></b>			
Item:	—	—	—
Subtotal	—	—	—
<b><u>Unit Cost Over \$7,500 without CDD Approval:</u></b>			
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>
<b><u>Unit Cost Under \$10,000:</u></b>			
Item:	\$ -	\$ -	\$ -
Subtotal	<hr/>	<hr/>	<hr/>
<b><u>Unit Cost Over \$10,000 with CDD Approval:</u></b>			
Item:	- -	- -	- -
Subtotal	<hr/>	<hr/>	<hr/>
<b><u>Unit Cost Over \$10,000 without CDD Approval:</u></b>			
Item:	- -	- -	- -
Subtotal	<hr/>	<hr/>	<hr/>
Total Renovation and Repair Expenditures	<hr/>	<hr/>	<hr/>

See Notes to Supplementary Information

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

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

See Notes to Supplementary Information

## AUDITED ATTENDANCE AND FISCAL REPORT

## for California State Preschool Programs

Agency Name: North County Community Services Vendor No. B803Fiscal Year Ended: June 30, 2014 Contract No. CSPP-3436Independent 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	-
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>89,761</b>	<b>-</b>	<b>89,761</b>		<b>78,254.508</b>
<b>DAYS OF OPERATION</b>	<b>250</b>	<b>-</b>	<b>250</b>		
<b>DAYS OF ATTENDANCE</b>	<b>88,552</b>	<b>-</b>	<b>88,552</b>		

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
<b>SECTION III - REVENUE</b>			
RESTRICTED INCOME			
Child Nutrition Programs	\$295,782	\$0	\$295,782
County Maintenance of Effort (EC § 8279)	0	0	0
Other (Specify):	0	0	0
Other (Specify):	0	0	0
Subtotal	\$295,782	\$0	\$295,782
Transfer from Reserve	9,586	0	9,586
Family Fees for Certified Children Full-Day Program	144,481	0	144,481
Family Fees for Certified Children Part-Day Program	18,626	0	18,626
Interest Earned on Apportionments	0	0	0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	0	0	0
Head Start Program (EC § 8235(b))	354,857	0	354,857
Other contributions and contracts	93,008	0	93,008
Other (Specify):	0	0	0
TOTAL REVENUE	\$916,340	\$0	\$916,340
<b>SECTION IV - REIMBURSABLE EXPENSES</b>			
1000 Certificated Salaries	\$705,210	\$0	\$705,210
2000 Classified Salaries	968,268	0	968,268
3000 Employee Benefits	494,023	0	494,023
4000 Books and Supplies	7,068	0	7,068
5000 Services and Other Operating Expenses	855,124	0	855,124
6100/6200 Other Approved Capital Outlay	0	0	0
6400 New Equipment (program-related)	0	0	0
6500 Replacement Equipment (program-related)	0	0	0
Depreciation or Use Allowance	0	0	0
Start-Up Expenses (service level exemption)	0	0	0
Budget Impasse Credit	0	0	0
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)	0	0	0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$3,029,693	\$0	\$3,029,693
TOTAL ADMINISTRATIVE COSTS (Included in section IV above)	0	0	0
FOR CDE-A&I USE ONLY:	0	0	0

**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):

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

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.

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

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

**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
<b>TOTAL SUPPLEMENTAL EXPENSES</b>	<b>\$449,158</b>	<b>\$0</b>	<b>\$449,158</b>

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):	COLUMN A	COLUMN B	COLUMN C
<input checked="" type="checkbox"/> Center Based <input type="checkbox"/> Resource and Referral <input type="checkbox"/> Alternative Payment	PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT

## LAST YEAR:

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
4. Ending Balance on Last Year's Post-Audit CDFS 9530	\$9,585	\$0	\$9,585

## THIS YEAR:

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

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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?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
• Significant deficiency identified that are not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
• Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

**Federal Awards:**

Internal control over major programs:		
• Material weakness identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
• Significant deficiency identified that are not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> 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?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no

**Identification of Major Program(s):**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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?  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 Date Submitted: 4/1/2015	Total # of people served: 560 Total # of San Marcos residents served: 113 (20%)	Amount Requested: \$ 4,752
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	

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 3/31/15

Name, Title EXECUTIVE DIRECTOR 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](mailto: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

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

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#### Bridge to Success Initiative

##### \* Program Enhancement Expenses

Student Activity Cards for Summer Bridge and FYE students - 550 cards (\$15.00 each X 2 semesters)	\$ 16,500.00
Learning Experience Field Trip (Museum of Tolerance or Getty Museum) - 100 students X \$10.50 admission, \$10.00 food stipend X 100 students, \$1,000 bus rental	\$ 3,050.00
<b>Incentive Program</b>	
- 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 X 12 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
<b>Total budget for this PROJECT:</b>	<b>\$ 23,760.00*</b>
<b>Grant Request Amount:</b> [20% of total Bridge to Success Enhancement Expense]	<b>\$ 4,752.00</b>
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

<b>REVENUE</b>		
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
<b>TOTAL REVENUE &amp; SUPPORT</b>	<b>\$</b>	<b>2,486,462</b>

<b>EXPENSES</b>		
<b>Supporting Services</b>		
- 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
<i>Total</i>	<i>\$</i>	<i>988,962</i>
<b>Program Services</b>		
- 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
<i>Total</i>	<i>\$</i>	<i>1,058,250</i>
<b>TOTAL EXPENSES</b>	<b>\$</b>	<b>2,047,212</b>

\* 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 ENDING
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

STATE OF CALIFORNIA  
FRANCHISE TAX BOARD  
SACRAMENTO, CALIFORNIA 95817



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

Form 990

Department of the Treasury  
Internal Revenue Service

## Return of Organization Exempt From Income Tax

OMB No. 1546-0047

2013

Open to Public  
Inspection

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](http://www.irs.gov/form990).

A For the 2013 calendar year, or tax year beginning

, 2013, and ending

, 20

B Check if applicable:		C Name of organization <b>PALOMAR COLLEGE FOUNDATION</b>			D Employer identification number <b>95-6094128</b>		
<input type="checkbox"/> Address change		Doing Business As			E Telephone number <b>(760) 744-1150</b>		
<input type="checkbox"/> Name change		Number and street (or P.O. box if mail is not delivered to street address) <b>1140 W. MISSION ROAD</b>			Room/suite		
<input type="checkbox"/> Initial return		City or town, state or province, country, and ZIP or foreign postal code <b>SAN MARCOS, CA 92069</b>			F Gross receipts \$ <b>1,822,761.</b>		
<input type="checkbox"/> Terminated		F Name and address of principal officer: <b>RICHARD D. TALMO</b> <b>1140 WEST MISSION ROAD SAN MARCOS, CA 92069</b>			G Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<input type="checkbox"/> Amended return					H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No		
<input type="checkbox"/> Application pending					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.)		J Website: ► <a href="http://WWW.PALOMAR.EDU/FOUNDATION">WWW.PALOMAR.EDU/FOUNDATION</a>		H(c) Group exemption number ►			
K Form of organization: <input type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input checked="" type="checkbox"/> Other ► <b>NON-PROFIT</b>					L Year of formation: <b>1959</b> M State of legal domicile: <b>CA</b>		

## Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <b>THE PALOMAR COLLEGE FOUNDATION SECURES SUPPLEMENTAL FUNDING, OTHER RESOURCES, AND PROVIDES PROGRAM SUPPORT FOR THE BENEFIT OF PALOMAR COMMUNITY COLLEGE AND ITS STUDENTS.</b>	
	2 Check this box ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
Revenue	3 Number of voting members of the governing body (Part VI, line 1a) . . . . .	3 <b>17.</b>
4 Number of independent voting members of the governing body (Part VI, line 1b) . . . . .	4 <b>17.</b>	
5 Total number of individuals employed in calendar year 2013 (Part V, line 2a) . . . . .	5 <b>0</b>	
6 Total number of volunteers (estimate if necessary) . . . . .	6 <b>0</b>	
7a Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .	7a <b>0</b>	
b Net unrelated business taxable income from Form 990-T, line 34 . . . . .	7b <b>0</b>	
8 Contributions and grants (Part VIII, line 1h) . . . . .	Prior Year <b>1,248,179.</b> Current Year <b>1,400,169.</b>	
9 Program service revenue (Part VIII, line 2g) . . . . .	<b>0</b> <b>0</b>	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .	<b>219,946.</b> <b>226,069.</b>	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) . . . . .	<b>-62,630.</b> <b>-88,087.</b>	
12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	<b>1,405,495.</b> <b>1,538,151.</b>	
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) . . . . .	<b>1,108,605.</b> <b>1,063,127.</b>
14 Benefits paid to or for members (Part IX, column (A), line 4) . . . . .	<b>0</b> <b>0</b>	
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) . . . . .	<b>0</b> <b>0</b>	
16a Professional fundraising fees (Part IX, column (A), line 11e) . . . . .	<b>0</b> <b>0</b>	
b Total fundraising expenses (Part IX, column (D), line 25) ► <b>0</b>		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) . . . . .	<b>275,412.</b> <b>233,352.</b>	
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) . . . . .	<b>1,384,017.</b> <b>1,296,479.</b>	
22 Net assets or fund balances. Subtract line 18 from line 12 . . . . .	<b>21,478.</b> <b>241,672.</b>	
Net Assets or Fund Balances	Beginning of Current Year <b>6,030,403.</b>	End of Year <b>6,519,113.</b>
20 Total assets (Part X, line 16) . . . . .	<b>129,168.</b> <b>96,900.</b>	
21 Total liabilities (Part X, line 26) . . . . .	<b>5,901,235.</b> <b>6,422,213.</b>	

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

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)

## PALOMAR COLLEGE FOUNDATION

95-6094128

Page 2

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.

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

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

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\_\_\_\_\_

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

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

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

JSA

3E1020 2.000

66897S 577A

V 13-6.5F

Form 990 (2013)  
Board 5/19/15 Item 5(a)6 Page 10 of 23  
PAGE 2

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

**PALOMAR COLLEGE FOUNDATION  
TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report.....	1
<b>Financial Statements</b>	
Statements of Financial Position .....	2
Statements of Activities .....	3
Statements of Cash Flows .....	5
Notes to Financial Statements .....	6

## 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**

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

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
<b>REVENUE AND SUPPORT</b>				
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	<u>908,937</u>	<u>(908,937)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<b>2,360,552</b>	<b>146,541</b>	<b>35,000</b>	<b>2,542,093</b>
<b>EXPENSES</b>				
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	<u>1,569,227</u>	<u>-</u>	<u>-</u>	<u>1,569,227</u>
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	<u>451,888</u>	<u>-</u>	<u>-</u>	<u>451,888</u>
<b>TOTAL EXPENSES</b>	<b>2,021,115</b>	<b>-</b>	<b>-</b>	<b>2,021,115</b>
<b>INCREASE IN NET ASSETS</b>	<b>339,437</b>	<b>146,541</b>	<b>35,000</b>	<b>520,978</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>729,792</b>	<b>2,288,609</b>	<b>2,882,834</b>	<b>5,901,235</b>
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$ 1,069,229</u></b>	<b><u>\$ 2,435,150</u></b>	<b><u>\$ 2,917,834</u></b>	<b><u>\$ 6,422,213</u></b>

The accompanying notes are an integral part of this statement

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>				
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	<u>1,184,212</u>	<u>(1,184,212)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<b>2,146,724</b>	<b>275,344</b>	<b>-</b>	<b>2,422,068</b>
<b>EXPENSES</b>				
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	<u>1,578,841</u>	<u>-</u>	<u>-</u>	<u>1,578,841</u>
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	<u>515,106</u>	<u>-</u>	<u>-</u>	<u>515,106</u>
<b>TOTAL EXPENSES</b>	<b>2,093,947</b>	<b>-</b>	<b>-</b>	<b>2,093,947</b>
<b>INCREASE IN NET ASSETS</b>	<b>52,777</b>	<b>275,344</b>	<b>-</b>	<b>328,121</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>677,015</b>	<b>2,013,265</b>	<b>2,882,834</b>	<b>5,573,114</b>
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$ 729,792</u></b>	<b><u>\$ 2,288,609</u></b>	<b><u>\$ 2,882,834</u></b>	<b><u>\$ 5,901,235</u></b>

The accompanying notes are an integral part of this statement

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

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>147,547</b>	<b>32,511</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds From Sale of Investments	259,879	262,618
Purchase of Investments	(332,967)	(276,646)
Purchase of Furniture	(550)	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(73,638)</b>	<b>(14,028)</b>
<b>NET INCREASE IN CASH</b>	<b>73,909</b>	<b>18,483</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>229,183</b>	<b>210,700</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 303,092</b>	<b>\$ 229,183</b>

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:

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

**C. Investments:**

Investments consists of the following:

	2013	2012
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><u>\$ 6,127,592</u></u>	<u><u>\$ 5,794,625</u></u>

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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><u>\$ 228,398</u></u>	<u><u>\$ 268,921</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 497,319</u></u>

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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><u>\$ 142,737</u></u>	<u><u>\$ 378,908</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 521,645</u></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 or 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	<u>17,600</u>
	<u>\$ 65,600</u>

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	<u>(25,703)</u>	<u>(24,387)</u>
	<u>\$ 5,829</u>	<u>\$ 6,595</u>

**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:

	<b>2013</b>	<b>2012</b>
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	<u>101,107</u>	<u>88,754</u>
	<u><u>\$ 2,435,150</u></u>	<u><u>\$ 2,288,609</u></u>

Permanently restricted net assets consist of the following:

	<b>2013</b>	<b>2012</b>
Endowment funds	\$ 2,352,800	\$ 2,317,800
Scholarship funds	<u>565,034</u>	<u>565,034</u>
	<u><u>\$ 2,917,834</u></u>	<u><u>\$ 2,882,834</u></u>

**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
Non-Profit Organization Name and Address, Website  Palomar Health Foundation 960 Canterbury Dr., Suite 200 Escondido, CA 92025 <a href="http://www.palomarhealthfoundation.org">www.palomarhealthfoundation.org</a>	Contact Person – Name, Title & Phone, email  Vanessa Ordillas Development Coordinator (760) 739-2778 <a href="mailto:vanessa.ordillas@palomarhealth.org">vanessa.ordillas@palomarhealth.org</a>	

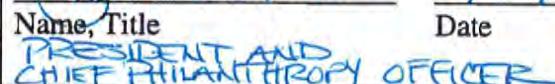
**Briefly describe your request for funds (to be expanded upon in narrative for regular grant):**

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 0-5 yrs 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. <b>Both Mini-Grant &amp; Regular:</b> 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 <b>5. Regular Grants Only:</b> 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   3/27/15 Name, Title  Date  Submit Via Mail, In Person or Via Email to:
---	---

- any management letters associated with Audit.
- d. Signature of President or Authorized Officer on Application
- e. Optional: letters of support

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](mailto:wkaserman@san-marcos.net)

**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
<b>Total</b>	<b>\$46,062</b>

**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**

Could it be? No

**Please list any other funding sources for this project.**

**Please list any other funding sources for this project.**

100% of HDS employees have donated money and company paid time off.

## Healthy Development Children's Sensory Gym Project.

**\$ 222,221.41** for the Hospital

3

\$ 880.00 pledges from individuals

P

# **Annual Operating Budget for Healthy Development Services**

<b>Total annual funding:</b>	<b>\$ 2,155,311</b>
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 23701d.
- 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](http://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 Nasseri, 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](mailto: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.

Department of the Treasury  
Internal Revenue ServiceReturn of Organization Exempt From Income Tax  
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code  
(except black lung benefit trust or private foundation)

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

2012

Open to Public  
Inspection

A For the 2012 calendar year, or tax year beginning		7/01	, 2012, and ending		6/30	, 2013	
B Check if applicable:		C Palomar Health Foundation 960 Canterbury Place #200 Escondido, CA 92025				D Employer Identification Number 93-3573154	
<input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending		<input type="checkbox"/> Name and address of principal officer: <b>Same As C Above</b>				<input type="checkbox"/> Telephone number <b>760-739-2787</b>	
<b>I</b> 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		<b>H(a)</b> Is this a group return for affiliates? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					
<b>J</b> Website: ► <a href="http://www.pphfoundation.org">www.pphfoundation.org</a>		<b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'No,' attach a list. (see instructions)					
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of Formation: <b>2006</b>				<b>M</b> State of legal domicile: <b>CA</b>	

## Part I Summary

1 Briefly describe the organization's mission or most significant activities: **To provide financial support to Palomar Health District Hospitals.**

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).....	<b>3</b>	17
Revenue	4 Number of independent voting members of the governing body (Part VI, line 1b).....	<b>4</b>	17
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a).....	<b>5</b>	11
Expenses	6 Total number of volunteers (estimate if necessary).....	<b>6</b>	40
	7a Total unrelated business revenue from Part VIII, column (C), line 12.....	<b>7a</b>	0.
Net Assets or Fund Balances	b Net unrelated business taxable income from Form 990-T, line 34.....	<b>7b</b>	0.
		<b>Prior Year</b>	<b>Current Year</b>
Revenue	8 Contributions and grants (Part VIII, line 1h).....	<b>3,863,241.</b>	2,320,313.
	9 Program service revenue (Part VIII, line 2g).....	<b>88,237.</b>	18,583.
Expenses	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d).....	<b>-268,363.</b>	1,403,102.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e).....	<b>3,683,115.</b>	1,261,228.
Net Assets or Fund Balances	12 Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12).....	<b>1,077,799.</b>	209,945.
	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3).....	<b>1,579,417.</b>	1,301,796.
Revenue	14 Benefits paid to or for members (Part IX, column (A), line 4).....	<b>2,704,898.</b>	505,783.
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10).....	<b>978,217.</b>	3,054,755.
Expenses	16a Professional fundraising fees (Part IX, column (A), line 11e).....	<b>8,452,274.</b>	-715,859.
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e).....	<b>10,210,418.</b>	10,323,078.
Net Assets or Fund Balances	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25).....	<b>1,758,144.</b>	2,586,663.
	19 Revenue less expenses. Subtract line 18 from line 12.....	<b>8,452,274.</b>	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	Date			
	► <b>Ann Braun</b> Type or print name and title.	<b>President</b>			
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	<b>Charles J. McLucas Jr. Charles J. McLucas Jr.</b>			<b>P00839016</b>	
	Firm's name ▶ <b>Charitable Trust Administrators, Inc.</b>				Firm's EIN ▶ <b>68-0366197</b>
Firm's address ▶ <b>17501 East 17th Street, Suite 100</b>				Phone no. <b>(714) 508-9100</b>	

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>
<b>Revenues</b>		
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 Value 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
<b>Total Revenues</b>		<b>\$4,425,341.83</b>
<b>Expenses</b>		
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)
<b>Total Expenses</b>		<b><u>\$3,873,981.03</u></b>
 <b>Transfers</b>		
01-7000	Transfer	\$12,305.15
02-7000	Transfer	\$7,694.84
03-7000	Transfer	(\$19,999.99)
<b>Total Transfers</b>		<b><u>\$0.00</u></b>
 <b>BEGINNING NET ASSETS</b>		<b><u>\$6,145,247.05</u></b>
 <b>NET SURPLUS/(DEFICIT)</b>		<b><u>\$551,360.80</u></b>
 <b>ENDING NET ASSETS</b>		<b><u>\$6,696,607.85</u></b>

# 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.

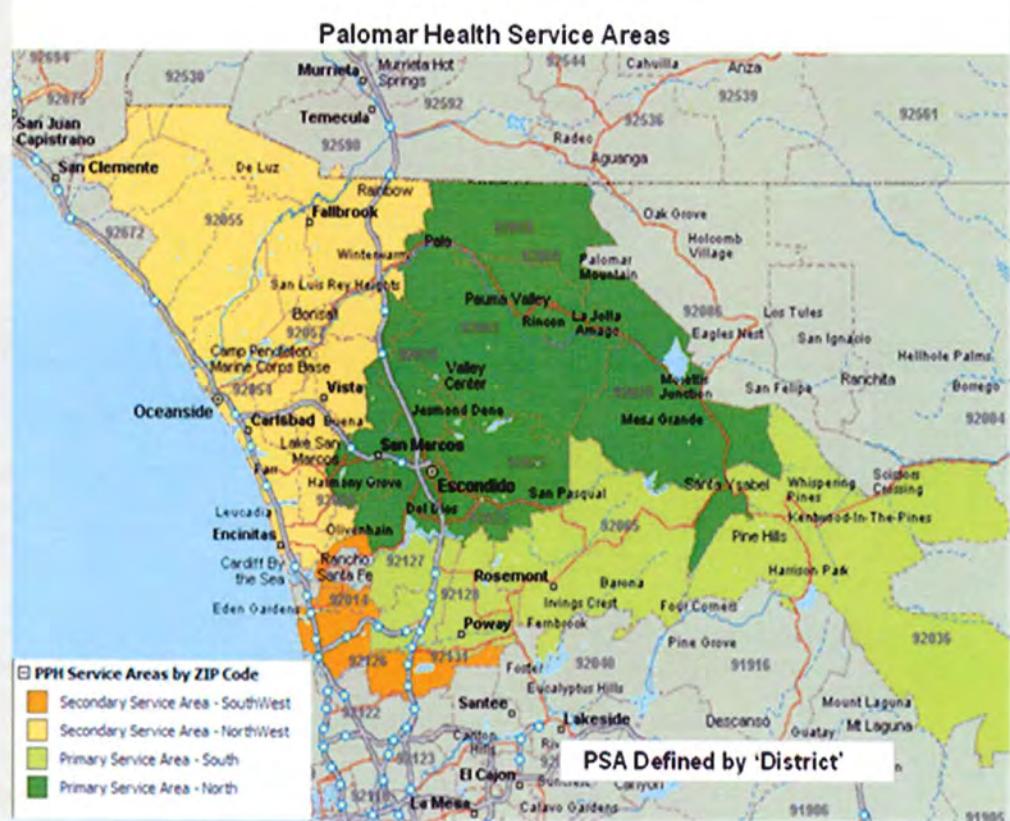


# PALOMAR HEALTH SYSTEM

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



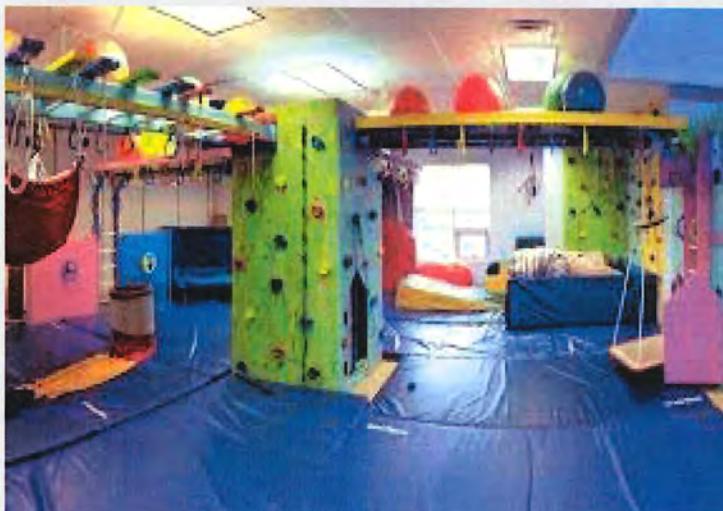
# HEALTHY DEVELOPMENT SERVICES

## 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



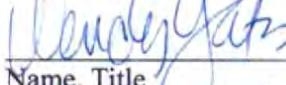
Please contact:  
Vanessa Ordillas at the Palomar Health Foundation  
760-739-2778  
[vanessa.ordillas@palomarhealth.org](mailto:vanessa.ordillas@palomarhealth.org)  
Palomar Health Tax ID # 93-3573154  
Palomar Health Foundation is a 501(c)3.





**SAN MARCOS COMMUNITY FOUNDATION**  
**Wildlife Grant Cover Page**

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

Project Name: Educational Infrastructure Enhancement Project	Total # of people served: 2,000	Amount Requested: \$ 5,000
Date Submitted: 3/20/2015	Total # of San Marcos residents served: 300	
Non-Profit Organization Name and Address, Website Nurtured by Nature 15630 Rim of the Valley Road Valley Center, CA 92082	Contact Person – Name, Title & Phone, email Wendy Yates Co-Founder/Treasurer wyates3401@sbcglobal.net 760-638-0880	
<u>Briefly describe your request for funds (to be expanded upon in narrative for regular grant):</u> <p>The goals of the project are to consolidate existing wildlife 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 grant from the San Marcos Wildlife Fund would be used to design an interactive habitat map for visitors, purchase educational signage to be installed near animal enclosures, and design and print souvenir flashcards featuring pictures of the animals children interacted with and "fun facts" about their species.</p>		
<u>Briefly describe the significance of your request to the San Marcos community:</u> <p>Many families with seriously or terminally ill children live in the San Marcos community and frequently visit the Nurtured by Nature facilities. Nurtured by Nature's opportunities to interact directly with otters, kangaroos, sloths, and more inspire a bond between humankind and animals that leads to interest in further learning about the natural world and championing its conservation. It serves primarily low-income families in the San Marcos area that may not otherwise be exposed to engaging, cutting-edge educational materials in zoology, biology, ecology, and conservation science.</p>		
Please attach the following items. <b>Both Mini-Grant &amp; Regular:</b> 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 <b>6. Regular Grants Only:</b> a. 1-2 page narrative b. First 2 pages of Federal 990 c. Most recent year-end Statement or Audit including any management letters associated with Audit. d. Optional: letters of support	Expected date project will begin/end: <u>Summer 2015</u>	Date by which funds will be expended: <u>Fall 2015</u>
<u>Signature of President or Authorized Officer</u>  <u>Name, Title</u> <u>Secretary/Treasurer</u>		<u>Date</u> <u>3/20/2015</u>
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): <a href="mailto:wkaserman@san-marcos.net">wkaserman@san-marcos.net</a>		

# **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>Outdoor signage, 10 @ \$200 each plus delivery</u>	\$ 2,050
<u>Sign installation labor, 4 hours @ \$20 per hour</u>	\$ 80
<u>Sign installation materials (posts, cement, screws, etc.)</u>	\$ 200
<u>Animal flashcards, English and Spanish, 400 sets @ \$3 each</u>	\$ 1,200
<u>Digital animal habitat map, professional programmer</u>	\$ 2,000
<u>Staff hours, graphic design/ content writing, 20 hrs @ \$20 per hour</u>	\$ 400
<u>(Two) Tablets to display Animal Habitat Map</u>	\$ 500
	\$
	\$
	\$
	\$
	\$
	\$
	\$
<b>Total budget for this PROJECT:</b>	<b>\$ 6,430</b>

**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	2015	2015
	2014	2014			
	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 kind)***	\$208,000	\$0	\$0	\$208,000	\$0
Facility upkeep and animal feeding (in kind)***	\$21,840	\$0	\$0	\$22,000	\$0
<b>TOTAL INCOME</b>	<b>\$317,440</b>	<b>\$78,000</b>	<b>\$58,400</b>	<b>\$339,600</b>	<b>\$100,000</b>
 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 kind)	\$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
<b>TOTAL EXPENSES</b>	<b>\$317,440</b>	<b>\$78,000</b>	<b>\$78,000</b>	<b>\$339,600</b>	<b>\$100,000</b>

\* 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 time)

\*\*\*\* 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 Nurtured 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 [wyates3401@sbcglobal.net](mailto:wyates3401@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

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**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

2014

**Federal Exempt Organization Tax Summary (EZ)****Page 1****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

**2014****California 199 Tax Summary****Page 1****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

**2014**

**General Information**

**Page 1**

**NURTURED BY NATURE**

**41-2272934**

**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

IRS e-file Signature Authorization  
for an Exempt Organization

OMB No. 1545-1878

Department of the Treasury  
Internal Revenue Service

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](http://www.irs.gov/form8879eo).

2014

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.

1a Form 990 check here . . . . . ►  b Total revenue, if any (Form 990, Part VIII, column (A), line 12) . . . . . 1b \_\_\_\_\_  
 2a Form 990-EZ check here . . . . . ►  b Total revenue, if any (Form 990-EZ, line 9) . . . . . 2b 60,412.  
 3a Form 1120-POL check here . . . . . ►  b Total tax (Form 1120-POL, line 22) . . . . . 3b \_\_\_\_\_  
 4a Form 990-PF check here . . . . . ►  b Tax based on investment income (Form 990-PF, Part VI, line 5) . . . . . 4b \_\_\_\_\_  
 5a Form 8868 check here . . . . . ►  b Balance Due (Form 8868, Part I, line 3c or Part II, line 8c) . . . . . 5b \_\_\_\_\_

**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**

**Short Form**  
**Return of Organization Exempt From Income Tax**

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

OMB No. 1545-1150

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

- Do not enter social security numbers on this form as it may be made public.
- Information about Form 990-EZ and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

**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) ►**I** Website: ► [nurturedbynature.org](http://nurturedbynature.org)**J** Tax-exempt status (check only one) —  501(c)(3)  501(c)( ) (insert no.)  4947(a)(1) or  527**H** Check ►  if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).**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 

<b>R E V E N U E</b>	<p>1 Contributions, gifts, grants, and similar amounts received.....</p> <p>2 Program service revenue including government fees and contracts.....</p> <p>3 Membership dues and assessments.....</p> <p>4 Investment income.....</p> <p>5a Gross amount from sale of assets other than inventory.....</p> <p>  b Less: cost or other basis and sales expenses.....</p> <p>  c Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a) .....</p> <p>6 Gaming and fundraising events</p> <p>  a Gross income from gaming (attach Schedule G if greater than \$15,000) .....</p> <p>  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) .....</p> <p>  c Less: direct expenses from gaming and fundraising events .....</p> <p>  d Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c) .....</p> <p>7a Gross sales of inventory, less returns and allowances.....</p> <p>  b Less: cost of goods sold.....</p> <p>  c Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a) .....</p> <p>8 Other revenue (describe in Schedule O).....</p> <p>9 <b>Total revenue.</b> Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8. ►</p>	<p>1 54,465.</p> <p>2</p> <p>3</p> <p>4</p> <p>5a</p> <p>5b</p> <p>5c</p> <p>6a</p> <p>6b 5,947.</p> <p>6c</p> <p>6d 5,947.</p> <p>7a</p> <p>7b</p> <p>7c</p> <p>8</p> <p>9 60,412.</p>
<b>E X P E N S E S</b>	<p>10 Grants and similar amounts paid (list in Schedule O).....</p> <p>11 Benefits paid to or for members.....</p> <p>12 Salaries, other compensation, and employee benefits.....</p> <p>13 Professional fees and other payments to independent contractors.....</p> <p>14 Occupancy, rent, utilities, and maintenance.....</p> <p>15 Printing, publications, postage, and shipping.....</p> <p>16 Other expenses (describe in Schedule O).....</p> <p>17 <b>Total expenses.</b> Add lines 10 through 16. ►</p> <p style="text-align: right;">See Schedule O</p>	<p>10</p> <p>11</p> <p>12</p> <p>13 1,745.</p> <p>14</p> <p>15</p> <p>16 48,797.</p> <p>17 50,542.</p>
<b>A S S E T S</b>	<p>18 Excess or (deficit) for the year (Subtract line 17 from line 9).....</p> <p>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).....</p> <p>20 Other changes in net assets or fund balances (explain in Schedule O).....</p> <p>21 Net assets or fund balances at end of year. Combine lines 18 through 20. ►</p>	<p>18 9,870.</p> <p>19 0.</p> <p>20</p> <p>21 9,870.</p>

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

Form 990-EZ (2014)

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

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

	(A) Beginning of year	(B) End of year
<b>22 Cash, savings, and investments</b> .....	<b>22</b>	<b>7,870.</b>
<b>23 Land and buildings</b> .....	<b>23</b>	<b>2,000.</b>
<b>24 Other assets (describe in Schedule O)</b> .....	<b>24</b>	
<b>25 Total assets</b> .....	<b>0.</b>	<b>25</b>
<b>26 Total liabilities (describe in Schedule O)</b> .....	<b>0.</b>	<b>26</b>
<b>27 Net assets or fund balances (line 27 of column (B) must agree with line 21)</b> .....	<b>0.</b>	<b>27</b>
		<b>9,870.</b>

**Part III Statement of Program Service Accomplishments (see the instructions for Part III)**

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

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

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

## Expenses

(Required for section 501(c)(3) and 501(c)(4) organizations; optional for others.)

28 See Schedule O			
(Grants \$ _____) If this amount includes foreign grants, check here _____ ▶ <input type="checkbox"/>		28a	50,218.
29 _____			
(Grants \$ _____) If this amount includes foreign grants, check here _____ ▶ <input type="checkbox"/>		29a	
30 _____			
(Grants \$ _____) If this amount includes foreign grants, check here _____ ▶ <input type="checkbox"/>		30a	
31 Other program services (describe in Schedule O) _____			
(Grants \$ _____) If this amount includes foreign grants, check here _____ ▶ <input type="checkbox"/>		31a	
32 Total program service expenses (add lines 28a through 31a) _____ ▶ <input type="checkbox"/>		32	50,218.

## **Part IV List of Officers, Directors, Trustees, and Key Employees**

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

**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	<u>250.00</u>
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	
<b>Fundraisers</b>	
San Diego Foundation giveBig Fundraiser	2,372.04
Escrip	42.52
Otter Naming Contest	3,423.00
Ralphs	<u>108.96</u>
<b>Total Fundraisers</b>	
\$ 5,946.52	
<b>Grants</b>	
Geico	2,500.00
WalMart	2,500.00
Rincon Band	1,000.00
San Pasqual Band	500.00
<b>Total Grants</b>	
\$ 6,500.00	
<b>TOTAL PUBLIC SUPPORT</b>	
<b><u>\$ 60,411.44</u></b>	

**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
<b>TOTAL EXPENSES</b>	<b>\$55,499.24</b>
<b>CHANGE IN NET ASSETS</b>	<b><u>\$ 4,912.20</u></b>

## 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)

**SAN MARCOS COMMUNITY FOUNDATION**

**Summary of Arts and Cultural Grant Funding Requests**

**Available for Distribution: \$5,000**

<b>Applicant</b>	<b>Summary of Request</b>	<b>Requested</b>	<b>GFC Recommendation</b>
Art Animates Life	Request for funding to facilitate two theatrical productions in the 2015 calendar year.	\$2,500	\$2000
Boys & Girls Club of San Marcos	Request for funding to implement a Youth Fine Arts Program & Exhibit for youth members.	\$2,500	\$1000
San Marcos Arts Council	Request for funding to host art projects and events.	\$2,500	\$2000
		<b>Total Grants Requested: \$7,500</b>	<b>\$5000</b>

# Charles Carr

April 10, 2015

City of San Marcos  
c/o San Marcos Art & Cultural Grant Program  
1 Civic Center Drive  
San Marcos, CA 92069



President/Co-founder



Contributor/Features Writer



Columnist/Features Writer



News & Reviews Editor/Columnist

Dear Sir or Ma'am,

Below is a list of **Art Animates Life** board members outlining residency and employment status as part of our organization's application for a 2015 **San Marcos Community Foundation Arts & Culture Grant**.

**Charles Caratti**

(president) lives in Valley Center but over the past 20 years has penned many newspaper columns featuring San Marcos which have appeared in 'The North County Times,' 'The Californian,' and 'The Union Tribune.'

**Marcelle Caratti**

(vice president) lives in Valley Center but contracts through San Marcos' Pathways Academy (292 East Barham Drive) as a music teacher.

**Peter Bunn**

(board member) lives in San Marcos (3535 Linda Vista Dr.)

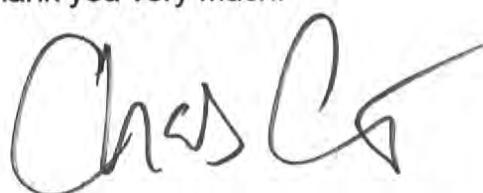
**Daniel Geiszler**

(board member) lives in San Marcos (1135 Via Vera Cruz)

**Alex Caratti**

(secretary/treasurer) lives in San Marcos (1135 Via Vera Cruz)

Thank you very much!



Charles Carr (Caratti)  
President, Art Animates Life, Inc.

Date: **MAY 13 2014**

ART ANIMATES LIFE INC  
C/O A CHARLES CARATTI  
30497 LILAC RD  
VALLEY CENTER, CA 92082

Employer Identification Number:  
46-3620003  
DLN:  
17053276322043  
Contact Person:  
CUSTOMER SERVICE ID# 31954  
Contact Telephone Number:  
(877) 829-5500  
Accounting Period Ending:  
December 31  
Public Charity Status:  
170(b) (1) (A) (vi)  
Form 990 Required:  
Yes  
Effective Date of Exemption:  
August 08, 2013  
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.

Sincerely,



Director, Exempt Organizations

Enclosure: Publication 4221-PC

Letter 947

**City of San Marcos  
Arts and Cultural Grant Application 2015**

Grant request: \$ **2,500 +/-**  
Total Program Budget: \$ **9,000 (est.)**

Name of Organization: **Art Animates Life, Inc.**

Contact Person: **Charles Caratti** Title: **President**

Organization Address: **30497 Lilac Road**

Phone: **760-749-8229** Fax: **n/a**

Email: **charles@carrfamily.com** Web address: **www.artanimateslife.org**

Number Paid staff: **0** Number volunteer staff: **50+**

Are you... Non-profit: **Yes** For profit: **\_\_\_\_\_**

Geographic Area Served: **For the 2015 season, specifically the San Marcos area**

Describe your organization in the space below):

Art Animates Life, along with its theatrical offshoot, North County Players, produces live stage productions and other events to benefit local nonprofits and members of the community, both on stage in the audience.

Over the past decade Art Animates Life events have benefitted many essential charities including Charity Wings Art Center (San Marcos), the San Marcos VFW's Veterans' Relief Fund, the San Marcos Historical Society, Escondido Arts Partnership, Park Avenue Center, Paradise Community Services, PowPAC, the San Marcos VFW, and others.

Describe the project seeking grant funding: *(Please use font size 10 point or larger)*  
*[Discuss its goals, your plan to carry out the project, project timeline and readiness, proposed venue and target audience, whether this is a paid or free event. Please include how this event will promote San Marcos.]*

The project for which we're requesting a SMCF grant would facilitate two productions in the 2015 calendar year:

- 1) "Passage Into Fear," a stage thriller/historical drama coinciding with the worldwide recognition of the 100-year anniversary of World War I. Proceeds would benefit the San Marcos VFW's Veterans' Relief Fund (75\$ to VFW, 25% to our nonprofit).
- 2) Our annual production of "A Christmas Carol" ("Mr. Scrooge & Mr. Dickens"), coming up on its tenth year, benefiting a to-be-determined San Marcos-based group which provides toys for needy children, a homeless shelter, or a community meals program (same division of proceeds as above).

Art Animates Life events promote tourism and economic development by advancing the ideal of a vibrant, grass roots art community that is well integrated with governmental and other social institutions.

Art Animates Life productions also offer greatly-reduced ticket pricing -- 1/2 or 2/3 less than would normally be charged for productions of comparable quality -- and provide a crucible of sorts for new actors and aspiring artists work side-by-side with seasoned pros in real world on-stage environments.

Donations from entities and individuals allow us to both maximize returns to our beneficiaries and keep ticket prices extremely low.

Roughly 1,000 people are directly served but, considering widespread ad buys (The Paper, 92078, SHARE, the Times Advocate), press coverage, and deep saturation with banners and flyers, the effective reach is many times larger.

A grant from the San Marcos Community Foundation would be prominently noted in all press releases and on distributables including banners, flyers, show programs, and other promotional materials.

Art Animates Life's portion of proceeds is used for upkeep and improvement of technical equipment, sets, costumes, props, and ongoing production expenses. No member of Art Animates Life accepts payment in any form, including actors and production team members. We hope to be able to rent the San Marcos Civic Center's Community Theatre for all of our 2015 shows; a reasonably-priced venue with a fantastic support staff.

**Community Support:**

*[Please describe actions that indicate active community support for this event. Provide details of in-kind or cash contributions. Describe additional funding sources for the event if applicable. Describe any steps already taken to get additional funds or in-kind support for this event.]*

We have created what we believe to be a unique and highly beneficial operating model in which we have built key trust relationships with prominent local business owners and franchise managers, primarily in the food service industry (McDonalds, Chick-fil-A, FroYo Love, Chipotle, Noodles & Company, Roebeck's, Ryan's Coffee, and others) who provide large quantities of gift coupons and special offers that we are then able to offer as special incentives to encourage ticket sales. To encourage attendance, we currently offer each audience member 2X the face value of their ticket price in these gifts.

For 2015 we have also been awarded a \$4500 Neighborhood Grant from SD County Fifth District Supervisor Bill Horn which will help greatly but not cover all projected costs.

Over the past decade, Art Animates Life productions has raised tens-of-thousands of dollars for San Diego area disaster relief, an arts nonprofit, a municipal gallery, a community outreach center, an historical society, and several struggling community theaters. Thousands of Southern California residents have attended North County Players shows.

Our model benefits the greater community in five key ways -- a 'five-fer':

- 1) Offers financial support for essential North County charities
- 2) Provides excellent live theater at greatly reduced ticket prices, thanks in large measure to previous awards from San Diego County Supervisor Bill Horn, the H.O.M.E. Foundation, the San Marcos Historical Society, and corporate sponsorship from Chick-fil-A, McDonalds, Chipotle, Noodles & Company, and others.
- 3) Serves as a creative crucible, putting 'newbies' side-by-side with accomplished professionals in honest-to-goodness real world environments. There is never a pay-to-play fee of ANY kind, which further enables every member of the community the opportunity to participate regardless of financial situation.
- 4) Produces shows that are not only entertaining but educative and historically significant
- 5) Finally, Art Animates Life is a complete production entity that owns its own lights, sound, sets, props, costumes, video projection, and more. As a result we are able to stage events at venues which would not otherwise be able to (e.g., a municipal gallery, an arts center in an industrial district, a nearly-100-year-old restored theater, etc.) or rent a local venue, if price fits our budget.

## Project Budget

### Project Income:

#### Donated Income:

Individual contributions  
Business/Corporate Contributions  
Other Government grants  
Foundation Grants  
Other grants

4,500

#### Earned Income:

Admission/Ticket Sales  
Other

2.000 (est.)

#### In-kind contributions


#### San Marcos Art and Cultural Grant request

2.500

#### TOTAL INCOME:

9.000

### Project Expenses:

Administrative Personnel  
Artistic Personnel  
Program/Production/Exhibition Cost  
Facility Rental  
Artist Fees  
Promotion/Marketing Costs  
Office Supplies and Materials  
Other

1.000
3.500
1.500
500
2.500 (sets, props, tech)

#### Total Project expenses:

9.000

Higher consideration will be given to those applicants having matching funds.

**Certification Page**

Is your organization incorporated as a non-profit organization? **Yes**

If "YES"

Date of incorporation as a non-profit:

**Sept. 2013**

Federal Tax ID#:

**46-3620003**

If "NO"

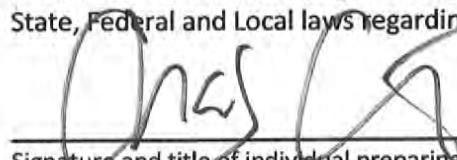
Name of sponsoring organization:

**n/a**

Its Federal Tax ID#:

**n/a**

We certify that the information contained in this application, and its attachments, is true and correct to the best of our knowledge. We also hereby certify that our organization is in compliance with all State, Federal and Local laws regarding licensing and employment practices.

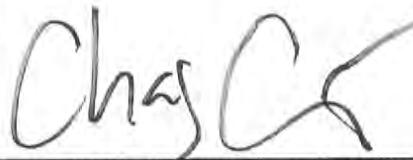


**Charles Caratti**

Signature and title of individual preparing the application form

Print Name

AND



**Charles Caratti**

Signature and title of President or authorized officer

Print Name



**Marcelle Caratti**  
(Vice President)

Return Application to:

City of San Marcos  
c/o San Marcos Art & Cultural Grant Program  
1 Civic Center Drive  
San Marcos, CA 92069

**Due Date: WEDNESDAY, APRIL 15, 2015 BY 5:30 P.M.**

**City of San Marcos  
Arts and Cultural Grant Application 2015**

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Grant request: \$2,500

Total Program Budget: \$10,000

Name of Organization: Boys & Girls Club of San Marcos

Contact Person Melissa Gillie Title Director of Development and Marketing

Organization Address 1 Positive Place

Phone: 760-471-2490 Fax: 760-471-0673

Email: melissa@boysgirlsclubsm.org Web address: www.boysgirlsclubsm.org

Number Paid staff 67 Number volunteer staff 162

Are you... Non-profit: yes-95-3330218 For profit: \_\_\_\_\_

Geographic Area Served: San Marcos, Ca

Describe your organization in the space below):

The Boys & Girls Club of San Marcos is committed to serving the needs of at-risk boys and girls 6 to 18 years of age during the critical hours when they are out of school and away from parental supervision. The Club gives children what they need most: a safe environment where they can have fun and be themselves; adult role models who respect and listen to them; and interesting and constructive educational and recreational activities that channel youthful energy into challenging and productive pursuits.

Today, over 2,800 young people are taking advantage of the programs, activities and services provided by the Boys & Girls Club of San Marcos. Our vision is to provide a world-class Club Experience that assures success is within reach of every young person who comes through our doors, with all members on track to graduate from high school with a plan for the future, demonstrating good character and citizenship, and living a healthy lifestyle.

Describe the project seeking grant funding: (Please use font size 10 point or larger)

*[Discuss its goals, your plan to carry out the project, project timeline and readiness, proposed venue and target audience, whether this is a paid or free event. Please include how this event will promote San Marcos.]*

The Boys & Girls Club of San Marcos will implement a Youth Fine Arts Program & Exhibit for youth members ages 6-18. Youth members will be exposed to a broad range of arts education activities and be continually encouraged to develop new skills and talents, express themselves, and to expand individual creativity.

Participation in the Youth Fine Arts Program & Exhibit will not be limited to the obviously talented. All youth members will be encouraged to participate as an integral part of the Club's overall youth development mission. At its core, the program will reflect the developmental need for all young people to express themselves creatively in their search for identity.

The Boys & Girls Club of San Marcos has over 2,800 youth in membership and serves over 850 youth per day during the school year at seven sites in San Marcos. Youth members will receive daily/weekly opportunities between June 2015 and October 2015 to participate in arts education activities, including:

- Crafts (clay, ceramics, collage, etc.)
- Visual arts (drawing, sculpting, painting, etc.)
- Photography
- Guest speakers (i.e., professional artists/instructors)
- Field trips to museums, art galleries, etc.

The goals of the Youth Fine Arts Program & Exhibit are to:

- Explore the aesthetic and technical qualities of various arts and crafts and develop critical thinking skills
- Learn the processes and essential elements of the discipline needed to produce work in each medium.
- Produce completed projects based on this newly acquired knowledge.
- Gain a broad understanding of cultures and civilizations past and present through Art History and Art Appreciation.
- Develop skills and expand individual creativity.
- Show/share completed art work with the community at an art exhibit

#### **The Youth Fine Arts Exhibit:**

The culmination of the Youth Fine Arts Program & Exhibit over the five month period will convene with a high profile Youth Fine Arts Exhibit. The Youth Fine Arts Exhibit will be held at a local prominent San Marcos place of business in November 2015. A panel of artists and educators from the community will be invited to select outstanding works from the local Youth Fine Arts Exhibit to be entered in the Boys & Girls Clubs of America's Regional and National Fine Arts Exhibit competition.

The National Fine Arts Exhibit, which is designed to enable youth members to develop their creativity and cultural awareness through visual arts, has ten categories including monochromatic drawing, multicolored drawing, pastel, watercolor, oil/acrylic, print making, mixed media, collage, sculpture and group project. Both the Local and National Fine Arts Exhibits all Club members the opportunity to showcase the art work of Club members.

• **Local Shows**-(November) Club members of all ages can participate in the National Fine Arts Exhibit. The first place winners in each category and four age groups are sent on to the regional competitions. *This year's show will be held in a prominent local business and will highlight the San Marcos Community Foundation as the program sponsor.*

• **Regional Shows (March)** – Local Clubs submit artwork for shows and judging are conducted in six regional locations in May and June. First place artwork at the regional level proceeds to the national contest.

• **National Contest (June)** – The top artwork in each of four age groups and ten categories are selected as national winners. Each national winner has his or her artwork showcased on the virtual gallery.

*[Please describe actions that indicate active community support for this event. Provide details of in-kind or cash contributions. Describe additional funding sources for the event if applicable. Describe any steps already taken to get additional funds or in-kind support for this event.]*

The Boys & Girls Club of San Marcos has been in the community of San Marcos since 1979. Programs and events, such as the Youth Fine Arts Program & Exhibit, are well supported by local residents and the business community. The Club has a \$1.5 million dollar operating budget and half of those funds come from the local community organizations, like the San Marcos Community Foundation. The Club's Board of Directors is actively seeking funds to support the many programs facilitated by the Club, including the Youth Fine Arts Program & Exhibit.

The Twin Oaks Gallery in San Marcos has committed to supporting the Club's Youth Fine Art Program & Exhibit and will provide materials and labor to mount the art pieces. The San Marcos Arts Council and CSUSM will provide art instructors to the program.

## Project Budget

### Project Income:

#### Donated Income:

Individual contributions	\$1000
Business/Corporate Contributions	\$1000
Other Government grants	\$1000
Foundation Grants	
Other grants	\$2000

#### Earned Income:

Admission/Ticket Sales	
Other	

#### In-kind contributions

\$2500
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#### San Marcos Art and Cultural Grant request

\$2500
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#### TOTAL INCOME:

\$10,000
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### Project Expenses:

Administrative Personnel	\$2000
Artistic Personnel	\$2000
Program/Production/Exhibition Cost	\$500
Facility Rental	
Artist Fees	\$500
Promotion/Marketing Costs	\$500
Office Supplies and Materials	\$4000
Other	\$500

Total Project expenses:	\$10,000
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Higher consideration will be given to those applicants having matching funds.

*Boys Girls Club of San Marcos*  
**Board of Directors**  
*Public Roster*  
**2014-2015**

<b>Board Member</b>	<b>City of Residence</b>	<b>Company</b>	<b>Company's City of Residence</b>
Russ Jabara	San Marcos	Colliers International	Carlsbad
Gary Levitt	San Diego	Sea Breeze Properties	San Diego
Gary Massa	San Marcos	Pacific Sotheby's Int'l Realty	Del Mar
Paul Malonoe	San Marcos	Former City Manager	San Marcos
Noemi Rivera	San Marcos	Hunter Industries	San Marcos
Jason Simmons	San Marcos	Consultants Collaborative	San Marcos
Debbie Thompson	Ramona	California Bank & Trust	San Marcos
Steve Wagner	Poway	Stone Brewing	Escondido
Tim Williams	Escondido	Markstein	San Marcos
Chris Cochran	San Marcos	Stone Brewing	Escondido
Tim Williams	Escondido	Markstein	San Marcos

**Certification Page**

Is your organization incorporated as a non-profit organization?  Yes

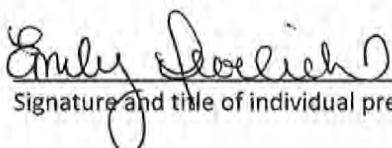
If "YES"

Date of incorporation as a non-profit:   
Federal Tax ID#:

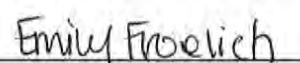
If "NO"

Name of sponsoring organization:   
Its Federal Tax ID#:

We certify that the information contained in this application, and its attachments, is true and correct to the best of our knowledge. We also hereby certify that our organization is in compliance with all State, Federal and Local laws regarding licensing and employment practices.

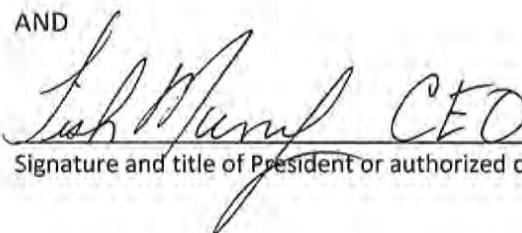


Signature and title of individual preparing the application form



Print Name

AND



Signature and title of President or authorized officer



Print Name

Return Application to:

City of San Marcos  
c/o San Marcos Art & Cultural Grant Program  
1 Civic Center Drive  
San Marcos, CA 92069

**Due Date: WEDNESDAY, APRIL 15, 2015 BY 5:30 P.M.**

OGDEN UT 84201-0038

In reply refer to: 0441746480  
Apr. 07, 2011 LTR 4168C 0  
95-3330218 000000 00

00031837  
BODC: TE

BOYS & GIRLS CLUB OF SAN MARCOS  
1 POSITIVE PL  
SAN MARCOS CA 92069-2875



029195

Employer Identification Number: 95-3330218  
Person to Contact: Ms. Casteel  
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Mar. 29, 2011, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in June 1982.

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

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

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



## San Marcos Community Foundation Art & Cultural Grant Submission

Submitted and prepared by:  
Marilyn Huerta, President  
San Marcos Arts Council  
760.271.6795  
April 15, 2015



**San Marcos Arts Council**  
President Marilyn Huerta  
441 La Moree Road  
San Marcos, CA 92078

April 15, 2015

City of San Marcos  
c/o San Marcos Art & Cultural Grant Program  
1 Civic Center Drive  
San Marcos, CA 92069

Dear San Marcos Community Foundation,

The San Marcos Arts Council submits this proposal to request funding to help continuing the arts throughout San Marcos but also along the 78 Corridor. This arts council is dedicated to encouraging creative and cultural activities and plans to co-sponsor artists and art education for ages 1 to 101.

In the past, SMAC has hosted and sponsored activities such as live music events, workshops, festivals exhibitions, theater performances, juried contests, writing sessions, poetry jams and more! These activities not only support the citizens of the community but they also build new partnerships with local organizations and businesses.

With your support, the San Marcos Arts Council will continue to enhance the arts in your own neighborhood. Won't you travel the creative journey with us?

Thank you,

A handwritten signature in blue ink that reads 'Marilyn L. Huerta'.

**City of San Marcos  
Arts and Cultural Grant Application 2015**

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Grant request: \$ 2500.00

Total Program Budget: \$ 2500.00

Name of Organization: San Marcos Arts Council

Contact Person Marilyn Huerta Title President

Organization Address 441 La Moree Road, San Marcos CA 92078

Phone: 760-271-6795 Fax:

Email: [sanmarcosarts@gmail.com](mailto:sanmarcosarts@gmail.com) or [mhuerta@csusm.edu](mailto:mhuerta@csusm.edu)

Web: [www.sanmarcosarts council.com](http://www.sanmarcosarts council.com)

Number Paid staff 0 Number volunteer staff 10 Board Members + 4 Volunteers

Are you... Non-profit: Yes For profit:

Geographic Area Served: San Marcos, residents and businesses along 78 corridor

Describe your organization in the space below):

### **Council Overview**

The San Marcos Arts Council of San Marcos, California is organized to promote and advance artistic activity in our community, primarily through education, by exposing the public to the fine and performing arts, and serving the community. The San Marcos Arts Council fosters and promotes an arts environment that enriches the community and envisions a culturally exciting and artistically vibrant community where all forms of the arts flourish.

**Our Guiding Principles...** As a regional leader in arts education and advocacy, we believe that:

- The arts are critical to the development of the whole person and the whole community

- The arts build a sense of community and reflect the identity of that region. San Marcos is a community that should be known and recognized for its exciting and dynamic arts culture
- A thriving arts community contributes positively to the economic vitality of the region
- San Marcos embraces and encourages cultural diversity and strives to reflect diversity through the arts and arts-related activities

Describe the project seeking grant funding: *(Please use font size 10 point or larger)*

*[Discuss its goals, your plan to carry out the project, project timeline and readiness, proposed venue and target audience, whether this is a paid or free event. Please include how this event will promote San Marcos.]*

The San Marcos Arts Council (SMAC) appreciates previous grant funding from the San Marcos Foundation and would like to continue being your partner in supporting the citizens of San Marcos. Over the last several years, SMAC has been successful in bringing arts to the community and encouraging the arts in the schools. SMAC has hosted and sponsored activities including live music events, art exhibitions, art walks with Old California Restaurant Row, festivals as a partnership with City Parks and Recreation, workshops, mural projects, professional development for emerging artists, theater, dance, juried contests, writing sessions, poetry jams, and more! SMAC promotes and encourages the development of new artistic venues, and actively collaborates with program activities involving sister communities throughout North San Diego County.

Within the upcoming year, SMAC has plans to co-sponsor artists and art education with the aide of this requested funding. These students SMAC would support could be preschoolers, elementary children, and high school or college students. These students could also be senior citizens or community members just interested in furthering their education in the arts.

With the aid of the San Marcos Foundation's support SMAC will host art contests, art exhibits, art installation opportunities and other events and activities that encourage artists

to raise the bar through showcase of their passions and talents. These events could range from coloring contests for youth, to an art presentation of a high school student, or to a performance by a college student or senior citizen. This past year SMAC was thrilled to have co-sponsored the *Fortissimo: Making Musical History in San Marcos* with the San Marcos Unified School District. SMAC funding was used to purchase music instruments for the children involved in the new music classes. SMAC also funded an artist who painted a beautiful garden mural for the Charity Wings Art Center.

Over the last few years, SMAC has been supporting the City of San Marcos Photography Exhibit/Contest as well as the San Marcos Boys & Girls Club Fine Art Contest, and hundreds of children who participated in the Arts Alive coloring contest coordinated by the City of San Marcos. SMAC would like to continue to build upon these opportunities and relationships encouraging more San Marcos community members to participate in the arts.

#### **The San Marcos Arts Council Funding:**

SMAC funding and grant funding would cover the costs and needs to host a variety of events and activities that provide opportunities for community members to participate. These costs would cover event logistics, materials, and marketing materials but also provide monies to the winning participants to help create more art or fulfill their performing talents. These activities would take place during the 2015-2016 year.

#### **Goals, Details & Logistics**

Venues for these particular projects and events will take place throughout San Marcos to draw community members to local businesses. SMAC's history is to partner with local businesses. This year SMAC will also host some upcoming events at some of our beautiful San Marcos parks. Target audiences will consist of ages 1 to 101. Events are expected to be free unless more funding is needed for supplies or setup costs. SMAC's primary goal is to provide arts programming for free.

San Marcos is known as an educational hub so it's important for SMAC to be a part of the educational support. Cal State San Marcos and Palomar College are a huge asset to our community and SMAC has a great relationship with these institutions as well as with the San Marcos Unified School District. SMAC has a vested interest in continuing its local partnerships and supporting the arts. SMAC is a member of the North County Arts Network and are excited to support the new 78 Corridor Innovation plan.

By providing more arts and culture for San Marcos, surrounding community members will also want to partake and will visit San Marcos more frequently. Our goal is to get the arts booming in San Marcos.

**Community Support:**

*[Please describe actions that indicate active community support for this event. Provide details of in-kind or cash contributions. Describe additional funding sources for the event if applicable. Describe any steps already taken to get additional funds or in-kind support for this event.]*

The San Marcos Arts Council consists of 10 Board Members who volunteer their time to support the arts throughout our community. All of the members have families to care for, hold full-time employment positions, or manage their own businesses. These active volunteers are so passionate about the arts and our community that they put in long hours and dedication to make our programs successful. We'd like to acknowledge the dedication of this Board as "in-kind" contributions so with your support and partnership, we'd like to continue to service and bring arts to San Marcos.

**Board of Directors:**

*Craig Garcia	Chairman of the Board	<a href="mailto:supportwithcraig@gmail.com">supportwithcraig@gmail.com</a>
*Marilyn Huerta	President/Secretary	<a href="mailto:mhuerta@csusm.edu">mhuerta@csusm.edu</a>
*John Walker	Vice President/Treasurer	<a href="mailto:jdwalker@argoduo.com">jdwalker@argoduo.com</a>
Joanne Tawfilis	Board Member	<a href="mailto:jtawfilis@aol.com">jtawfilis@aol.com</a>
*Greg Snaer	Board Member	<a href="mailto:gregs@teriinc.org">gregs@teriinc.org</a>
Raziah Roushan	Board Member	<a href="mailto:raziah.roushan@hotmail.com">raziah.roushan@hotmail.com</a>
Spramani Elaun	Board Member	<a href="mailto:treepassion@gmail.com">treepassion@gmail.com</a>
*Tonya Lenz	Board Member	<a href="mailto:tonyalenz@twinoaksgallery.com">tonyalenz@twinoaksgallery.com</a>
*Jody Hall	Board Member	<a href="mailto:newz4us3@cox.net">newz4us3@cox.net</a>

\*Lisa Hughes

Board Member

[lh52455@aol.com](mailto:lh52455@aol.com)

\* Meets the Requirement as a San Marcos Resident or Employed by a San Marcos Business

## Project Budget

### Project Income:

#### Donated Income:

Individual contributions	<u>Volunteerism for activities &amp; events</u>
Business/Corporate Contributions	<u>\$2500 Funding for activities</u>
Other Government grants	<u>None</u>
Foundation Grants	<u>None</u>
Other grants	<u>None</u>

#### Earned Income:

Admission/Ticket Sales	<u>None</u>
Other	<u>\$5714.13</u>

#### In-kind contributions

Website management donated

#### San Marcos Art and Cultural Grant request

\$2500

#### TOTAL INCOME:

\$5000

### Project Expenses:

Administrative Personnel	<u>Volunteer Board of Directors</u>
Artistic Personnel	<u>Volunteer Board of Directors</u>
Program/Production/Exhibition Cost	<u>\$2500</u>
Facility Rental	<u>Donated</u>
Artist Fees	<u>\$1250 Instructors</u>
Promotion/Marketing Costs	<u>\$500</u>
Office Supplies and Materials	<u>\$250</u>
Other	<u>\$500 art supplies as needed</u>

#### Total Project expenses:

\$5000

Higher consideration will be given to those applicants having matching funds.

**Certification Page**

Is your organization incorporated as a non-profit organization? YES

If "YES"

Date of incorporation as a non-profit: 1/7/2009  
Federal Tax ID#: 26-4219400

If "NO"

Name of sponsoring organization: \_\_\_\_\_  
Its Federal Tax ID#: \_\_\_\_\_

We certify that the information contained in this application, and its attachments, is true and correct to the best of our knowledge. We also hereby certify that our organization is in compliance with all State, Federal and Local laws regarding licensing and employment practices.



Signature and title of individual preparing the application form

Marilyn Huerta

Print Name

AND



Signature and title of President or authorized officer

Marilyn Huerta

Print Name

Return Application to:

City of San Marcos  
c/o San Marcos Art & Cultural Grant Program  
1 Civic Center Drive  
San Marcos, CA 92069

**Due Date: WEDNESDAY, APRIL 15, 2015 BY 5:30 P.M.**



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

In reply refer to  
755:G :SIK

July 6, 2009

THE SAN MARCOS ARTS COUNCIL INC  
JANICE R JACKSON  
310 S TWIN OAKS VALLEY RD  
NO 107 127  
SAN MARCOS CA 92078-4387

Purpose : EDUCATIONAL  
Code Section : 23701d  
Form of Organization : Corporation  
Accounting Period Ending: June 30  
Organization Number : 3186406

**EXEMPT DETERMINATION LETTER**

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

The tax-exempt status is effective as of 01/07/2009.

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

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

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

July 6, 2009  
THE SAN MARCOS ARTS COUNCIL, INC.  
ENTITY ID : 3186406  
Page 2

within the meaning of Revenue and Taxation Code Section 21012(a)(2).

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

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

M SIKICH  
EXEMPT ORGANIZATIONS  
BUSINESS ENTITIES SECTION  
TELEPHONE (916) 845-4092  
FAX NUMBER (916) 843-0187

EO :

## 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 DiegolImperial 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					

**SMCF Resolution No 2015-130**

**A RESOLUTION OF THE SAN MARCOS COMMUNITY FOUNDATION  
BOARD OF DIRECTORS AUTHORIZING THE AWARD OF GRANT  
MONIES TO CERTAIN NON-PROFIT ORGANIZATION APPLICANTS**

**-- SPRING QUARTER 2015 --**

**WHEREAS**, the San Marcos Community Foundation Board of Directors is authorized, pursuant to its adopted articles and bylaws, to entertain proposals for non-profit activities from qualified public and charitable groups; and

**WHEREAS**, a total of seven (7) proposals were received by the Foundation prior to the April 1, 2015, submittal deadline established for the 2015 Spring quarter; and

**WHEREAS**, the Board of Directors did, at its quarterly meeting on May 19, 2015, consider such proposals and oral arguments pertaining to such proposals in a public meeting duly advertised and held in the manner required by law.

**NOW, THEREFORE, BE IT RESOLVED**, that the San Marcos Community Foundation Board of Directors does hereby authorize funding of the following grant proposals in the amounts specified:

<u>REQUESTING ORGANIZATION</u>	<u>GRANT AWARD</u>
California State University San Marcos Foundation	\$ 1,000
Elizabeth Hospice	\$ 2,500
Fraternity House, Inc.	\$ 2,524
Miracle Babies	\$ 0
North County Community Services	\$ 0
Palomar College Foundation	\$ 2,500
Palomar Health Foundation	<u>\$ 3,500</u>
	\$12,024

**BE IT FURTHER RESOLVED**, that actual award of the above grants shall be contingent upon satisfactory compliance with all preconditions to funding specified.

**BE IT FURTHER RESOLVED**, that the Board's decision is based upon its determination that the above-referenced requests meet applicable legal requirements for funding as a non-profit activity and conform to Foundation policies pertaining to grant awards.

**PASSED AND ADOPTED** by the San Marcos Community Foundation Board of Directors, at a regular meeting thereof, this 19<sup>th</sup> day of May, 2015, by the following roll call vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

**APPROVED:**

---

Colleen Lukoff, President

**ATTEST:**

---

Wendy Kaserman, Secretary

I certify that the foregoing Resolution was duly adopted by the San Marcos Community Foundation Board of Directors on May 19, 2015.

Dated:

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Wendy Kaserman, Recording Secretary

**SMCF Resolution No 2015-131**

**A RESOLUTION OF THE SAN MARCOS COMMUNITY FOUNDATION  
BOARD OF DIRECTORS AUTHORIZING THE AWARD OF GRANT  
MONIES TO CERTAIN NON-PROFIT ORGANIZATION APPLICANTS**

**-- SPRING QUARTER 2015 --**

**WHEREAS**, the San Marcos Community Foundation Board of Directors is authorized, pursuant to its adopted articles and bylaws, to entertain proposals for non-profit activities from qualified public and charitable groups; and

**WHEREAS**, a total of one (1) proposal was received by the Foundation prior to the April 8, 2015, submittal deadline established for the 2015 Spring quarter; and

**WHEREAS**, the Board of Directors did, at its quarterly meeting on May 19, 2015, consider such proposals and oral arguments pertaining to such proposals in a public meeting duly advertised and held in the manner required by law.

**NOW, THEREFORE, BE IT RESOLVED**, that the San Marcos Community Foundation Board of Directors does hereby authorize funding of the following grant proposal in the amount specified:

REQUESTING ORGANIZATION  
Nurtured by Nature

GRANT AWARD  
\$ 0

**BE IT FURTHER RESOLVED**, that actual award of the above grant shall be contingent upon satisfactory compliance with all preconditions to funding specified.

**BE IT FURTHER RESOLVED**, that the Board's decision is based upon its determination that the above-referenced request meets applicable legal requirements for funding as a non-profit activity and conforms to Foundation policies pertaining to grant awards.

**PASSED AND ADOPTED** by the San Marcos Community Foundation Board of Directors, at a regular meeting thereof, this 19<sup>th</sup> day of May, 2015, by the following roll call vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

**APPROVED:**

---

Colleen Lukoff, President

**ATTEST:**

---

Wendy Kaserman, Secretary

I certify that the foregoing Resolution was duly adopted by the San Marcos Community Foundation Board of Directors on May 19, 2015.

Dated:

---

Wendy Kaserman, Recording Secretary

**SMCF Resolution No 2015-132**

**A RESOLUTION OF THE SAN MARCOS COMMUNITY FOUNDATION  
BOARD OF DIRECTORS AUTHORIZING THE AWARD OF GRANT  
MONIES TO CERTAIN NON-PROFIT ORGANIZATION APPLICANTS**

**-- SPRING QUARTER 2015 --**

**WHEREAS**, the San Marcos Community Foundation Board of Directors is authorized, pursuant to its adopted articles and bylaws, to entertain proposals for non-profit activities from qualified public and charitable groups; and

**WHEREAS**, a total of three (3) Arts & Cultural Grant program proposals were received by the Foundation prior to the April 15, 2015, submittal deadline established for the 2015 Spring quarter; and

**WHEREAS**, the Board of Directors did, at its quarterly meeting of May 19, 2015, consider such proposals and oral arguments pertaining to such proposals in a public hearing duly advertised and held in the manner required by law.

**NOW, THEREFORE, BE IT RESOLVED**, that the San Marcos Community Foundation Board of Directors does hereby authorize funding of the following Arts & Cultural Grant Program grant proposals in the amounts specified:

<u>REQUESTING ORGANIZATION</u>	<u>GRANT AWARD</u>
Art Animates Life	\$ 2,000
Boys & Girls Club of San Marcos	\$ 1,000
San Marcos Arts Council	\$ <u>2,000</u>
	\$ 5,000

**BE IT FURTHER RESOLVED**, that actual award of the above grants shall be contingent upon satisfactory compliance with all preconditions to funding specified.

**BE IT FURTHER RESOLVED**, that the Board's decision is based upon its determination that the above-referenced requests meet applicable legal requirements for funding as a non-profit activity and conform to Foundation policies pertaining to grant awards.

**PASSED AND ADOPTED** by the San Marcos Community Foundation Board of Directors, at a regular meeting thereof, this 19th day of May, 2015, by the following roll call vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

**APPROVED:**

---

Colleen Lukoff, President

**ATTEST:**

---

Wendy Kaserman, Secretary

I certify that the foregoing Resolution was duly adopted by the San Marcos Community Foundation Board of Directors on May 19, 2015.

Dated:

---

Wendy Kaserman, Recording Secretary

**MINUTES**  
**SAN MARCOS COMMUNITY FOUNDATION**  
**COUNCIL CHAMBER**  
**1 CIVIC CENTER DRIVE**  
**SAN MARCOS, CA 92069**

**FEBRUARY 17, 2015, MEETING**

**CALL TO ORDER:** BOARD PRESIDENT LUKOFF called the meeting to order at 6:10 PM.

**PLEDGE OF ALLEGIANCE:** BOARD MEMBER HALL led the Pledge of Allegiance.

**ROLL CALL:**

PRESENT:           BOARD MEMBERS: HALL, LUKOFF, NAJERA, WILLIAMS, WASCO

ABSENT:           BOARD MEMBERS: BURTON

**ALSO PRESENT:** Board Secretary Wendy Kaserman  
Recording Secretary Julia Covert

**1. PRESIDENT'S REPORT**

BOARD PRESIDENT LUKOFF shared information on the San Diego Grantmakers project entitled “zero8hundred,” which provides a hub of resources that are specifically designed to address the needs of transitioning service members and their families. This program is a new community approach focused on helping military veterans and their families transition into civilian life in San Diego and making sure they’re welcomed into the community. The San Marcos Community Foundation granted \$500 toward this project and, as a result of this and other grants, a non-profit organization was created. The Board viewed a video presentation on the zero8hundred program.

BOARD PRESIDENT LUKOFF encouraged San Marcos Community Foundation Board Members to attend meetings of the San Diego Grantmakers, which are usually held at their office in La Jolla. The Foundation pays \$500 per year for membership in this group.

**2. SMCF GRANT FUNDING COMMITTEE RECOMMENDATION**

BOARD MEMBER WILLIAMS introduced the Grant Funding Committee recommendations. She mentioned that four Regular Grant applications and one Wildlife Grant application had been received. One of the applications was a bit premature and was withdrawn, leaving three Regular Grant applications and one

Wildlife Grant Application. After review of the Wildlife Grant application, it was deemed to be outside the Wildlife Grant parameters and was declined for funding at this time; however, the organization is eligible to reapply for a Regular Grant in the future. Board members agreed to accept the slate of recommended grants as presented.

**BOARD MEMBER WILLIAMS MOTIONED TO APPROVE RESOLUTION NO. 2015-128 – APPROVING FUNDING FOR INTERFAITH COMMUNITY SERVICES IN THE AMOUNT OF \$6,534, FUNDING FOR JUST IN TIME FOR FOSTER YOUTH IN THE AMOUNT OF \$3,600, AND FUNDING FOR SOLUTIONS FOR CHANGE, INC. IN THE AMOUNT OF \$6,534. BOARD MEMBER HALL SECONDED. THE MOTION PASSED BY UNANIMOUS VOICE VOTE.**

### **3. FOLLOW UP ON ADVISORY COMMITTEE RECOMMENDATIONS**

The San Marcos Community Foundation Advisory Committee met earlier in the evening. The Committee suggested an event that would make it possible to recognize the non-profits to which the Foundation has granted money. This would give the non-profits an opportunity to meet the community and tell the community a little bit about themselves, as well as raise awareness about the good work the Foundation is doing in the community. The Advisory Committee visualizes an event of this sort as a way to shine a light on the Foundation and help position the Foundation as a philanthropic leader in the community. The Committee discussed the possibility of this becoming an annual event, and all Committee Members agreed to assist with the event. The San Marcos Community Foundation Board Members would be involved, as well. City Staff will look into the availability of the Community Services Main Hall for an event on a Thursday evening in the Fall.

Another recommendation made by the Advisory Committee was to sponsor a “What’s Up in San Marcos” event a couple of times a year to start conversations that addressing topics and pressing issues in neighborhoods in the San Marcos Community. The public would be invited to participate and offer ideas.

There need to find additional people to serve either on the Advisory Board or to assist with fundraising was discussed. The Advisory Board also expressed a willingness to meet more frequently.

### **CONSENT CALENDAR**

**BOARD MEMBER WILLIAMS MOTIONED TO APPROVE THE CONSENT CALENDAR, BOARD MEMBER WASCO SECONDED. THE MOTION PASSED BY UNANIMOUS VOICE VOTE.**

### **4. WAIVER OF TEXT** – Waived

5. **APPROVAL OF MINUTES** SMCF Board Meeting November 18, 2014 – Approved
6. **APPROVAL OF MINUTES** Special SMCF Board Meeting December 14, 2014 – Approved
7. **FINANCIAL REPORT** – Noted and Filed
8. **ORAL COMMUNICATIONS** – No members of the public requested to speak.

**ITEMS FOR THE GOOD OF THE ORDER**

**9. MISCELLANEOUS**

- (a) Selection of next quarter's Grant Funding Committee
- (b) Arts and Cultural Grants – Applications currently being accepted through 4/15/15

**10. ADJOURNMENT**

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

Meeting adjourned at 7:15 p.m.

---

Wendy Kaserman, Board Secretary

---

Colleen Lukoff, President

ATTEST:

---

Julia Covert, Recording Secretary



Laura Rocha  
San Marcos Community Foundation  
City of San Marcos  
1 Civic Center Drive  
San Marcos, CA 92069-2949

## **FUND STATEMENT**

**San Marcos Community Foundation Fund  
For the Quarter Ending 3/31/2015**



4950 Murphy Canyon Road  
San Diego, CA 92123  
(858) 279-2740 tel  
(858) 279-6105 fax  
[www.jcfsandiego.org](http://www.jcfsandiego.org)

**San Marcos Community Foundation Fund**  
**Fund ID: Sanm**  
**For the Quarter Ending 3/31/2015**

**ASSETS AND LIABILITIES**

**Market Value as of 03/31/2015**

Long Term Pool	\$ 1,258,510.05
<b>Total Assets</b>	<b>\$ 1,258,510.05</b>

**Liabilities and Fund Balance**

Fund Balance	\$ 1,258,510.05
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,258,510.05</b>



4950 Murphy Canyon Road  
San Diego, CA 92123  
(858) 279-2740 tel  
(858) 279-6105 fax  
[www.jcfsandiego.org](http://www.jcfsandiego.org)

**San Marcos Community Foundation Fund**  
**Fund ID: Samm**  
**For the Quarter Ending 3/31/2015**

**FUND ACTIVITY SUMMARY**

	<b>Current Period</b>	<b>Year-To-Date</b>
	<b><u>01/01/2015 - 03/31/2015</u></b>	<b><u>07/01/2014 - 03/31/2015</u></b>
<b>BEGINNING FUND BALANCE</b>	\$ 1,241,198.89	\$ 1,300,541.17
<b>Contributions</b>		
Additions	\$ 0.00	\$ 0.00
<b>Total Contributions</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
<b>Investment Activity</b>		
Interest & Dividends	\$ 5,441.12	\$ 39,812.95
Realized Gains (Losses)	2,265.47	(1,683.29)
Unrealized Gains (Losses)	11,333.18	(37,970.51)
Investment Expenses	(328.95)	(949.92)
<b>Total Investment Activity</b>	<u>\$ 18,710.82</u>	<u>\$ (790.77)</u>
<b>Disbursements</b>		
Custodial Withdrawals	0.00	(37,000.00)
Foundation Support	(1,399.66)	(4,240.35)
<b>Total Disbursements</b>	<u>\$ (1,399.66)</u>	<u>\$ (41,240.35)</u>
<b>Net Change</b>	17,311.16	(42,031.12)
<b>ENDING FUND BALANCE</b>	<u><u>\$ 1,258,510.05</u></u>	<u><u>\$ 1,258,510.05</u></u>



Laura Rocha  
San Marcos Community Foundation  
City of San Marcos  
1 Civic Center Drive  
San Marcos, CA 92069-2949

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## FUND STATEMENT

**S.M. Community Found - Now & Forever Fund  
For the Quarter Ending 3/31/2015**



4950 Murphy Canyon Road  
San Diego, CA 92123  
(858) 279-2740 tel  
(858) 279-6105 fax  
[www.jcfsandiego.org](http://www.jcfsandiego.org)

**S.M. Community Found - Now & Forever Fund**  
**Fund ID: Sanma**  
**For the Quarter Ending 3/31/2015**

**ASSETS AND LIABILITIES**

**Market Value as of 03/31/2015**

Long Term Pool	\$ 3,680.65
<b>Total Assets</b>	<b>\$ 3,680.65</b>

**Liabilities and Fund Balance**

Fund Balance	\$ 3,680.65
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,680.65</b>



4950 Murphy Canyon Road  
San Diego, CA 92123  
(858) 279-2740 tel  
(858) 279-6105 fax  
[www.jcfsandiego.org](http://www.jcfsandiego.org)

**S.M. Community Found - Now & Forever Fund**  
**Fund ID: Sanma**  
**For the Quarter Ending 3/31/2015**

**FUND ACTIVITY SUMMARY**

	<b>Current Period</b>		<b>Year-To-Date</b>	
	<u>01/01/2015 - 03/31/2015</u>		<u>07/01/2014 - 03/31/2015</u>	
<b>BEGINNING FUND BALANCE</b>	\$	3,630.03	\$	0.00
<b>Contributions</b>				
Additions	\$	0.00	\$	3,680.00
<b>Total Contributions</b>	\$	0.00	\$	3,680.00
<b>Investment Activity</b>				
Interest & Dividends	\$	15.91	\$	116.40
Realized Gains (Losses)		6.62		(4.91)
Unrealized Gains (Losses)		33.14		(97.31)
Investment Expenses		(0.96)		(2.64)
<b>Total Investment Activity</b>	\$	54.71	\$	11.54
<b>Disbursements</b>				
Foundation Support		(4.09)		(10.89)
<b>Total Disbursements</b>	\$	(4.09)	\$	(10.89)
<b>Net Change</b>		50.62		3,680.65
<b>ENDING FUND BALANCE</b>	\$	<u><u>3,680.65</u></u>	\$	<u><u>3,680.65</u></u>

**City of San Marcos Community Foundation  
FY 14/15 Summary of Transactions**

204-160100

Date	Check #	Payee	Description	Revenues	Expenditures	Balance
				Beginning Balance		
7/1/2014						1,295,461.88
<b><u>SM Community Foundation</u></b>						
7/2/2014	119098	SM Chamber	2014 Membership Renewal		(145.00)	
7/2/2014	119087	North County Philanthropy Council	Membership Renewal		(100.00)	
8/19/2014	119987	Foundation for Seniors Well Being	SMCF Grant Award		(1,200.00)	
8/19/2014	119960	Alzheimer's Association San Diego/Imperial Chapter	SMCF Grant Award		(1,500.00)	
8/25/2014	120125	San Marcos Boys & Girls Club	SMCF Grant Award		(4,153.00)	
8/25/2014	120044	Casa de Amparo	SMCF Grant Award		(3,000.00)	
8/25/2014	120038	The Angel's Depot	SMCF Grant Award		(500.00)	
8/26/2014	120106	Partnerships with Industry	SMCF Grant Award		(2,000.00)	
8/26/2014	120097	North County Health Services	SMCF Grant Award		(4,315.00)	
9/15/2014	120521	Kiwanis Club of San Marcos	SMCF Grant Award		(1,500.00)	
9/16/2014	120542	Positive Action Community Theatre	SMCF Grant Award		(1,500.00)	
		Interest Earnings Qtr Ended 9/30/14	Cash held at City	(1.91)		
		Interest Earnings Qtr Ended 9/30/14	SD Jewish Foundation	2,996.99		
		SD Jewish Foundation	Qtr Ended 9/30/14 Management Fee		(1,271.44)	
		Unrealized Gain/(Loss) Qtr ended 9/30/14			(23,623.89)	
10/14/2014	120982	REINS	SMCF Grant Award		(1,000.00)	
11/5/2014	121375	Franchise Tax Board	2013 CA Exempt Organization Return		(10.00)	
11/5/2014	121365	Comstock & Associates	2013 SMCF Tax Preparation		(595.00)	
11/5/2014	121357	Attorney General of CA	Registration Renewal Fee		(25.00)	
11/19/2014	121440	Blackbaud, Inc.	Renewal fundraising solutions 11/5/14-11/4/15		(272.54)	
12/1/2014	121701	Bayshore Prepar Charter School	SMCF Grant Award		(2,855.00)	
12/1/2014	121740	San Marcos High School Music Boosters	SMCF Grant Award		(1,000.00)	
12/1/2014	121725	Meals-On-Wheels City of San Marcos	SMCF Grant Award		(2,000.00)	
12/12/2014	121865	Attorney General of CA	Registration Renewal Fee		(25.00)	
12/15/2014	121933	SMUSD	SMCF Grant Award - Orchestral Program		(5,000.00)	
12/18/2014	122079	Tri-City Hospital Foundation	SMCF Grant Award		(4,500.00)	
		Interest Earnings Qtr Ended 12/31/14	Cash held at City	4.84		
		Interest Earnings Qtr Ended 12/31/14	SD Jewish Foundation	27,515.04		
		SD Jewish Foundation	Qtr Ended 12/31/14 Management Fee		(2,198.70)	
		Unrealized Gain Qtr ended 12/31/14			(25,810.25)	
2/9/2015	122700	SD Grantmaker	2015 Membership Renewal		(525.00)	
2/12/2015	121933	SMUSD	VOID - SMCF Grant Award - Orchestral Program		5,000.00	
2/23/2015	122883	Just in Time for Foster Youth	SMCF Grant Award		(3,600.00)	
2/23/2015	122881	Interfaith Community Services	SMCF Grant Award		(6,534.00)	
2/24/2015	122899	Solutions for Change	SMCF Grant Award		(6,534.00)	
3/24/2015	123274	Secretary of State	Filing Fee for Statement of Information		(20.00)	
3/30/2015	123394	SM Middle School	SMCF Grant Award		(1,500.00)	
		Interest Earnings Qtr Ended 3/31/15	Cash held at City	(0.80)		
		Interest Earnings Qtr Ended 3/31/15	SD Jewish Foundation	7,729.12		
		SD Jewish Foundation	Qtr Ended 3/31/15 Management Fee		(1,733.66)	
		Unrealized Gain Qtr ended 3/31/15			11,366.32	
					<u>49,609.60</u>	<u>(105,546.48)</u>
<b><u>SM Wildlife Fund</u></b>						
<b><u>25th Anniversary Event</u></b>						
						Balance of Wildlife Fund: 5,407.49
						Balance of 25th Anniversary Event Fund: 34.55
<b><u>Now &amp; Forever</u></b>						
8/22/2014	CR #39753	Terri Williams	Now & Forever donation	200.00		
12/1/2014	CK #121701	Bayshore Prepar Charter School	SMCF Grant Award		(1,645.00)	
1/21/2015	CR #45445	Coleen Lukoff	Now & Forever donation	500.00		
3/11/2015	CR #47491	Terri Williams	Now & Forever donation	100.00		
				800.00	<u>(1,645.00)</u>	
						Balance of Now & Forever Fund: 4,480.00
					<u>1,239,525.00</u>	
<b><u>(1) The management fee is calculated based on the average balance for the quarter. The fee is 0.5% of the average balance up to the first \$1,000,000 plus 0.25% of the average balance above \$1,000,000.</u></b>						
<b><u>(2) The Jewish Foundation allocates interest received on a monthly basis.</u></b>						
<b><u>Board 5/19/15 Item 9 Page 1 of 2</u></b>						

(1) The management fee is calculated based on the average balance for the quarter. The fee is 0.5% of the average balance up to the first \$1,000,000 plus 0.25% of the average balance above \$1,000,000.

(2) The Jewish Foundation allocates interest received on a monthly basis.

**SAN MARCOS COMMUNITY FOUNDATION  
TREASURER'S INVESTMENT REPORT  
MARCH 31, 2015**

TYPE OF INVESTMENT	INSTITUTION	YIELD	MATURITY DATE	MARKET/FAIR VALUE	% OF PORTFOLIO
<b>Cash and Investments - Pooled with the City</b>	Various	0.81%	(1)	(16,651)	-1.34%
<b>Deposit with Jewish Community Foundation - Endowment</b>	Various	(2)	(1)	1,258,510	101.04%
<b>Deposit with Jewish Community Foundation - Now &amp; Forever Fund</b>	Various	(2)	(1)	<u>3,681</u>	0.30%
<b>Total Cash and Investments:</b>				<u><b>\$ 1,245,540</b></u>	100.00%

(1) Liquid and currently available.

(2) See attached reports provided by the Jewish Community Foundation.