

Agenda

MEETING OF THE SAN MARCOS COMMUNITY FOUNDATION

WEDNESDAY, AUGUST 12, 2015 – 6:00 P.M.
MEETING OF THE
SAN MARCOS COMMUNITY FOUNDATION
GRANT FUNDING COMMITTEE
SAN MARCOS ROOM
1 CIVIC CENTER DRIVE
SAN MARCOS, CA 92069

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

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

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

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

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

AGENDA

CALL TO ORDER

ROLL CALL

NEW BUSINESS

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

(A) **CASA DE AMPARO** – Request for funding in the amount of \$5,000 to support their Residential Services Program which improves the quality of life for children and teens who have been removed from their homes due to child abuse or neglect.

Recommendation: **CONSIDER/RECOMMEND**

(B) NORTH COUNTY HEALTH SERVICES (NCHS) – Request for funding in the amount of \$3,452.57 to replace a vaccine refrigerator at NCHS San Marcos Pediatrics (shared with NCHS QuickCare) that is out of compliance with Centers for Disease Control Standards.

Recommendation: **CONSIDER/RECOMMEND**

CONSENT CALENDAR

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

Recommendation: **WAIVE**

3. APPROVAL OF MINUTES. SMCF Grant Funding Committee Meeting, July 8, 2015.

Recommendation: **CONSIDER/APPROVE**

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

ITEMS FOR THE GOOD OF THE ORDER

5. NEXT MEETING DATE.

The next meeting of the SMCF Board of Directors is scheduled for Tuesday, August 18, 2015. The next meeting of the Grant Funding Committee is scheduled for Wednesday, September 9, 2015.

6. MISCELLANEOUS.

7. ADJOURNMENT.

AFFIDAVIT OF POSTING STATE OF CALIFORNIA) COUNTY OF SAN DIEGO) ss. CITY OF SAN MARCOS)
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I, Wendy Kaserman, Secretary of the San Marcos Community Foundation Grant Funding Committee, hereby certify that I caused the posting of this agenda in the glass display case at the north entrance of City Hall on Friday, August 7, 2015, at 5:00 pm.

Wendy Kaserman, Secretary - SMCF

Summer Quarter 2015-Funding Recommendation Worksheet

Asset Balance on 6/30/2015:	\$1,244,692.75
San Marcos- Now and Forever Funds for Current Grantmaking FY 2015-2016:	\$400.00
Available for Distribution for FY15-16:	\$49,803.71-\$62,254.64
Total FY15-16 Summer Quarter Distributions to Date:	\$3,000.00
Target Quarterly Total at 4% Level:	\$12,450.93
Target Quarterly Total at 5% Level:	\$15,563.66

Sort Name	Requested Amount	Type	Name of Project	Summary of Project
Casa de Amparo	\$ 5,000.00	Regular	Residential Services Program	To support their Residential Services Program which improves the quality of life for children and teens who have been removed from their homes due to child abuse or neglect. Serves 85 San Marcos residents.
North County Health Services	\$ 3,452.57	Regular	Vaccine Refrigeration	To replace a vaccine refrigerator at NCHS San Marcos Pediatrics (shared with NCHS QuickCare) that is out of compliance with Centers for Disease Control Standards. Serves 13,325 San Marcos residents.
Total Regular Grants Requested	\$ 8,452.57			



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

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

Project Name: Residential Services Program Date Submitted: 6/10/2015	Total # of people served: 85 Total # of San Marcos residents served: 85	Amount Requested: \$ 5,000
Non-Profit Organization Name and Address, Website Casa de Amparo 325 Buena Creek Road San Marcos, CA 92069 www.casadeamparo.org		Contact Person – Name, Title & Phone, email Katherine M. Karpe, CFRE Director of Development 760-754-5500 kkarpe@casadeamparo.org

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

Casa de Amparo is respectfully requesting support for our Residential Services Program which improves the quality of life for children and teens who have been removed from their homes due to child abuse or neglect. Residential Services is a Level 12 licensed group home, meaning the majority of residents are dealing with significant behavioral and mental health challenges as a result of their maltreatment. The program's services are trauma-informed and therapeutically-based to ensure that each resident receives the necessary tools to succeed once they leave our care. Residential Services accommodates up to 42 youth simultaneously, prenatal to 18 years old, while supporting approximately 85 residents throughout the year. The program's ultimate goal is to assist residents as they overcome the traumatic effects of abuse and neglect so they can enter their next stage in life as healthy, productive members of our community.

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

Residential Services provides the community's most vulnerable children with an opportunity to overcome horrific events in their lives and grow into healthy young adults. All residents in the program are residents of San Marcos and are active members of the community through school, work or recreation. Our programs are aimed at the treatment and prevention of child abuse and neglect in our community with the goal of ending generational cycles of abuse and creating a community where children are provided the opportunity to thrive. By assisting children as they overcome the trauma of abuse, we are able to prepare them academically, emotionally and developmentally to excel as young adults and into the future.

Please attach the following items.

Both Mini-Grant & Regular:

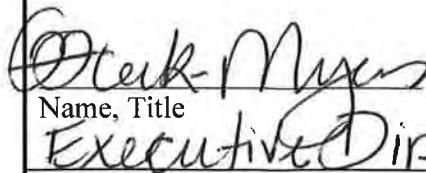
1. Budget for request (use SMCF Budget Worksheet)
2. Annual Operating budget for the organization or unit
3. Federal & State Tax ID numbers
4. Board of Directors listing with affiliations
5. Signature of President or Authorized Officer on Application- *If using a fiscal sponsor, the signature must come 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: **9/1/2015 - 6/30/2016**
Date by which funds will be expended: **6/30/2015**

Signature of President or Authorized Officer


Steve Myers
Name, Title **Executive Director** Date **6/10/2015**

Submit Via Mail, In Person or Via Email to:
San Marcos Community Foundation
c/o City of San Marcos
1 Civic Center Drive
San Marcos, CA 92069
Email (PDF Format): wkaserman@san-marcos.net

**SAN MARCOS COMMUNITY FOUNDATION
Budget Worksheet**

Provide an itemized list of expenses for this project:

Residential Services has an operation budget shortfall of \$162, 801.66 (please see the attached annual operating budget):

<u>Total Operating Expenses</u>	
Personnel Salaries	1,637,226.06
Personnel Taxes	322,725.68
Personnel Benefits	102,347.95
Supplies	93,694.40
Telephone	12,493.37
Postage & Shipping	268.80
Occupancy	115,426.66
Printing	177.60
Transportation	47,279.53
Training, Meetings & Other	7,839.17
Advertising & Recognition	2,273.13
Children's Medical	1,456.80
Recreation & Cultural Events	9,153.60
Child Allowance	21,200.00
Other Program Expenses	8,424.00
Licenses/Prints	2,608.50
Equipment	16,871.89
Miscellaneous	146,717.76
Professional Services	28,000.00
Administrative Support/Overhead	145,316.75
Total EXPENDITURES	2,721,501.66

Total budget for this PROJECT: **\$2,721,501.66**

Grant Request Amount: **\$5,000.00**
(*Mini-grants not to exceed \$1,500, Regular grants not to exceed \$10,000.*)

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

Please list any other funding sources for this project.

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

Committed and Received (*The following are major sources of funding (greater than \$1,000) for Residential Services during fiscal year 2014-2015. We anticipate receiving a similar amount of support from the same entities during fiscal year 2015-2016.*)

\$10,000 – McCarthy Family Foundation

\$7,500 – SDG&E Helping People in Need

\$5,000 – Livingston Family Foundation
\$10,000 – Day for Change
\$2,500 - Arthur P. & Jeanette G. Pratt Memorial Fund
\$10,500 – Wells Fargo Foundation
\$1,260 - Soroptimist International Oceanside-Carlsbad
\$20,000 – St. Germaine Children's Charity
\$3,000 – San Marcos Community Foundation
\$5,000 – Marshall's
\$3,750 – Jewish Teen Foundation

Committed and Pending (*Approved during fiscal year 2014 – 2015, but funds will not be awarded until fiscal year 2015 – 2016.*)
\$10,000 – Country Friends

Pending (*Applied during fiscal year 2014 – 2015, but any awards will not be awarded until fiscal year 2015 – 2016.*)
\$10,000 – Rincon
\$5,000 – TJX Foundation
\$5,500 - The Isla, Charles and Peter Dalebrook Fund
\$5,000 - Build-A-Bear Workshop Foundation
\$15,000 - Variety - The Children's Charity of Southern California
\$5,000 - The Samuel I. & John Henry Fox Foundation
\$5,000 – The Safeway Foundation
\$5,000 – Hitachi America, Ltd.



Casa de Amparo FY 2014-2015 Annual Operating Budget

INCOME

Contributions	\$1,953,211.00
Contracts	\$5,226,207.00
In-Kind Donations	-
Service Fees	\$40,578.00
Miscellaneous	\$87,475.00
Grand Total - Income	\$7,307,471.00

EXPENSES

In-Kind Expenses	-
Personnel Salaries & Wages	\$3,800,749.88
Employee Benefits	\$255,391.87
Payroll Taxes	\$611,586.43
Professional Services	\$152,325.50
Supplies	\$162,275.67
Occupancy, Telephone & Postage	\$682,738.32
Printing, Newsletters & Mail Campaigns	\$11,817.60
Transportation	\$136,330.25
Trainings, Meetings & Other	\$33,194.50
Employment Advertising and Recognition	\$15,868.00
Program Expenses	\$180,110.90
Equipment Expenses	\$71,239.76
Miscellaneous	\$569,095.95
Grand Total Expenses	\$6,682,724.64
Net Outcome	\$624,746.36
Net Outcome without Depreciation/Free Use of Ivy Ranch Land	\$1,060,501.81

Serving all of San Diego County with locations in Oceanside and San Marcos

325 Buena Creek Road, San Marcos, CA 92069

Phone: 760-754-5500 • Fax: 760-566-3569 • www.casadeamparo.org

Casa de Amparo is a 501 (c)(3) nonprofit organization. Federal Tax I.D. #95-3315571



Casa de Amparo is the San Diego Chargers Courage House





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

In reply refer to: 4077589886
Mar. 10, 2014 LTR 4168C 0
95-3315571 000000 00
00049736
BODC: TE

CASA DE AMPARO
% ELIZABETH PORTER
325 BUENA CREEK RD
SAN MARCOS CA 92069-9679



014742

Employer Identification Number: 95-3315571
Person to Contact: Mr. Schatz
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Jan. 16, 2014, 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 August 1979.

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

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

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

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

Sincerely yours,

Tamara Ripperda
Director, Exempt Organizations



**Casa de Amparo
2015 Board of Directors Roster**

100% of Casa de Amparo's Board of Directors contributes to the organization, including annual and capital gifts.

Chair of the Board

Marilou Dela Rosa (10/09-12/15)
Owner, Access Care Culture of Caring

Vice-Chair

John Ayala (2/11-12/16)
Financial Advisor, Merrill Lynch

Immediate Past Chair

Mark Allyn, PMP, CPM (2/08-12/16)
Senior Manager, Dell, Inc.

Treasurer

Debbie Slattery (3/06-12/15)
Branch Manager & Vice President, California Bank & Trust

Secretary

Sharon Stein (6/93-12/17)
Member of the Board of Directors, Stein Family Foundation

Members of the Board

Richard Berwick (10/13-12/16)
Senior Director of Strategic Investments, Qualcomm

Mary Ann Bosanac (11/13-12/16)
Realtor

James Collins (5/13-12/15)
Head Athletic Trainer, San Diego Chargers (Chargers Liaison to Casa Board)

Jim Fish (5/12-12/17)
Retired Executive

Shannon Gonzalez (10/13-12/16)
Finance Director, Noble Environmental Technologies

Jim Grant (8/12-12/15)
President, J.E. Grant General Contractors

Kayleen Huffman (10/13-12/16)
CFO, Bassett Home Furnishings

Peggy Keers (2/15-12/17)
Vice President, Human Resources, Harrah's Resort Southern California

Michael Platis (3/07-12/15)
Project Manager

Francesca San Diego (12/12-12/15)
Business Consultant

Jerry Stein (12/03-12/15)
Member of the Board of Directors, Stein Family Foundation

Executive Director

Tamara Fleck-Myers, LMFT

Regular Grant Narrative

Casa de Amparo's mission is to support those affected by and at risk of child abuse and neglect through a range of programs and services that promote healing, growth and healthy relationships. The organization was established in 1978 in California as a 501(c)(3) and has been providing supportive services to San Diego County residents for over 37 years. Casa de Amparo provides a continuum of trauma-informed services that promotes overall individual wellness, family enrichment, reunification and preservation through programs focused on child abuse prevention, intervention and parent education. Casa de Amparo's goals are to break the cycle of family violence, prevent behaviors which endanger children and implement programs and services that further the organization's mission. Casa de Amparo's services and programs support approximately 1,000 children and 750 families annually. Programs include:

- **Residential Services** provides licensed group home care and intensive treatment services to foster youth, ages 6 to 18, who have been removed from their homes due to abuse and neglect. Residential Services also has a specialized pregnant and parenting licensed group home that serves young families and is the only provider of this service in San Diego County.
- The **Hayward Child Development Center** offers daily support and therapeutic preschool for families and children, 18 months to 5 years of age, and evidence-based parent education and in-home support for at-risk, low-income families.
- **New Directions** transitional housing program was established in 2008 and helps young adults, ages 18-24, and their families, transition from the foster care system to independence through intensive case management and support services designed to foster self-sufficiency.
- **Young Parent Network** addresses the needs of pregnant and parenting youth ages 24 and younger struggling with the emotional, financial, and personal demands of being a parent.
- **Family Visitation** provides supervised, neutral visits for parents and children that have been separated and are working toward healthy reunification, if appropriate.
- **Counseling Services** includes assessments, crisis intervention and individual, group and family counseling for all of Casa de Amparo's programs listed here, as well as other community families through outpatient counseling.

Casa de Amparo is respectfully requesting \$5,000 from the San Marcos Community Foundation to offset expenses associated with Residential Services, our most underfunded program. Casa de Amparo's Residential Services opened in 1978 and provides 24-hour trauma-informed child abuse treatment and support for approximately 85 foster youth removed from their homes due to abuse or neglect each year. The program ensures that regardless of a child's medical condition, behavioral challenge or length of time in our care, every resident has access to an environment where they have the fullest range of healthy childhood experiences and ultimately maximize their level of independence as young adults. Support from the San Marcos Community Foundation will continue to benefit the individualized treatment for residents affected by child abuse and neglect in San Marcos by ensuring they receive the highest level of care through the following services:

- Medical assessments and coordination with specialists for residents with special health care needs
- Transportation to all medical appointments and supervised visits with extended family members, including all prenatal appointments for our pregnant and parenting youth
- Individual counseling and group therapy with licensed clinicians and pre-licensure interns
- Tutoring for residents facing educational challenges
- Literacy skill building
- Job readiness for teens nearing emancipation from foster care
- Nutritious meals and snacks for each resident, every day of the year.
- Nutrition education on healthy eating habits and budgeting
- Recreational and therapeutic activities incorporating art, music, life skills, sports and outdoor activities

Casa de Amparo continues to increase offerings and expand our footprint in San Diego County by remaining responsive to the needs of children and families in the community. Those suffering from and impacted by child abuse and neglect are thriving at the Casa Kids Campus, a place of healing in which they can be proud, while our organization can prosper and grow to help additional underserved populations. Our three Residential Services cottages, counseling offices, library, medical services suite, expansive outdoor learning areas, arts and recreation rooms, basketball court, soccer field, picnic areas and gardens provide convenience and accessibility. The Campus improves and enhances our ability to support additional children and meet continuously evolving needs by integrating education, physical wellness, mental and behavioral health and life skills for residents. In 2014 Casa de Amparo began supporting pregnant and parenting teen moms in the foster care system; this increased the capacity of Residential Services from 20 to 42 residents (including 10 infants). During the current fiscal year, July 1, 2014 – April 30, 2015, Residential Services has served 80 children with over 7,400 bednights.

Casa de Amparo uses "Social Solutions Efforts to Outcomes" (ETO) software for confidential and secure data collection, such as bednights, demographics and number of unduplicated youth served. This is our main source for tracking outcomes and qualitative/quantitative results and has been customized by our Database Manager to meet the individualized needs and outcomes of all of our programs. Outcomes, participation and demographic reports are reviewed monthly by our Program Managers and reported to funders in an effort to share the impact of their support. Casa de Amparo also monitors each individual's progress in Residential Services by using the County's Functional Assessment Rating Scale (CFARS) measuring physical, emotional, behavioral and academic development. In measuring children at intake, six months of care and discharge, we anticipate the following percentages of children to show improvement in the following areas upon discharge:

- 85% to show improvement in ADL functioning (=adult daily living activities)
- 80% to show improvement with substance use
- 80% to show improvement in relationships (=interpersonal, hyperactivity, cognitive thought process)

Partnering with the San Marcos Community Foundation and our local community, we can help end the prevalent problem of child abuse and neglect. With support from the Foundation, the future can be one where children are safe, nurtured and provided with the opportunity to thrive without the fear of abuse or neglect. Your support will be leveraged with other current and new partners dedicated to the community's most pressing needs. Casa de Amparo appreciates your thoughtful consideration in supporting our Casa Kids and looks forward to strengthening our partnership that directly benefits San Marcos's most vulnerable children.

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

A For the 2013 calendar year, or tax year beginning JUL 1, 2013 and ending JUN 30, 2014

<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 CASA DE AMPARO Doing Business As		D Employer identification number 95-3315571
	Number and street (or P.O. box if mail is not delivered to street address) 325 BUENA CREEK ROAD		
	Room/suite		
	City or town, state or province, country, and ZIP or foreign postal code SAN MARCOS, CA 92069		
	F Name and address of principal officer: TAMARA FLECK-MYERS 325 BUENA CREEK ROAD, SAN MARCOS, CA 92069		
	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		E Telephone number 760-754-5500
	J Website: ► WWW.CASADEAMPARO.ORG		G Gross receipts \$ 6,635,472.

K Form of organization: Corporation Trust Association Other ► L Year of formation: 1979 M State of legal domicile: CA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: TO SUPPORT THOSE AFFECTED BY AND AT RISK OF CHILD ABUSE AND NEGLECT, (CONTINUED ON SCHEDULE O)
	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 14
	4 Number of independent voting members of the governing body (Part VI, line 1b) 4 14
	5 Total number of individuals employed in calendar year 2013 (Part V, line 2a) 5 133
	6 Total number of volunteers (estimate if necessary) 6 275
	7a Total unrelated business revenue from Part VIII, column (C), line 12 7a 0. b Net unrelated business taxable income from Form 990-T, line 34 7b 0.
Revenue	8 Contributions and grants (Part VIII, line 1h) Prior Year 1,764,642. Current Year 1,941,524.
	9 Program service revenue (Part VIII, line 2g) 3,493,888. 4,395,248.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) 15,005. 11,554.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 10,601. 123,675.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) 5,284,136. 6,472,001.
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) 0. 0.
	14 Benefits paid to or for members (Part IX, column (A), line 4) 0. 0.
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 3,533,800. 3,923,629.
	16a Professional fundraising fees (Part IX, column (A), line 11e) 0. 0. b Total fundraising expenses (Part IX, column (D), line 25) ► 520,673.
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) 1,738,442. 2,014,026.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) 5,272,242. 5,937,655.
	19 Revenue less expenses. Subtract line 18 from line 12 11,894. 534,346.
Net Assets or Fund Balances	Beginning of Current Year 19,597,146. End of Year 19,923,882.
	20 Total assets (Part X, line 16) 3,836,757. 3,596,407.
	21 Total liabilities (Part X, line 26) 15,760,389. 16,327,475.
	22 Net assets or fund balances. Subtract line 21 from line 20

Part II Signature Block

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

Sign Here	► Signature of officer	Date			
	► TAMARA FLECK-MYERS, EXECUTIVE DIRECTOR Type or print name and title				
Paid Preparer	Print/Type preparer's name ROBERT C. GELLMAN	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN P00183739
Use Only	Firm's name ► CBIZ MHM, LLC			Firm's EIN ►	01-0826173
	Firm's address ► 10616 SCRIPPS SUMMIT COURT, STE 100 SAN DIEGO, CA 92131			Phone no. 858-795-2000	

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III 1 Briefly describe the organization's mission:

CASA DE AMPARO IS RECOGNIZED AS A MAJOR FORCE IN THE FIELD OF CHILD ABUSE PREVENTION. PARTNERING WITH THE GREATER SAN DIEGO COMMUNITY, WE ASSURE THAT CHILDREN AND THEIR FAMILIES RECEIVE UNIQUE AND INNOVATIVE SERVICES FOR HEALING, FOR STOPPING CHILD (CONTINUED ON SCHEDULE O)

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

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

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No
If "Yes," describe these changes on Schedule O.4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 2,016,945. including grants of \$) (Revenue \$ 1,806,489.)

RESIDENTIAL SERVICES - IN FISCAL YEAR 2013-2014, CASA DE AMPARO'S RESIDENTIAL SERVICES PROGRAM PROVIDED 6,582 BEDNIGHTS OF 24-HOUR SHORT AND LONG-TERM RESIDENTIAL GROUP HOME CARE AND SUPPORTIVE SERVICES FOR 60 CHILDREN, AGES BIRTH TO EIGHTEEN, INCLUDING PREGNANT AND PARENTING TEENS AND THEIR BABIES AND THOSE WITH SPECIAL HEALTHCARE NEEDS, WHO HAD BEEN REMOVED FROM THEIR HOMES DUE TO ABUSE OR NEGLECT. CHILDREN BENEFIT FROM A GROUP HOME ENVIRONMENT WHICH FOCUSES ON HEALTHY INTERACTION WITH PEERS AND CAREGIVERS. SERVICES INCLUDE NURSING AND HEALTHCARE, INDIVIDUAL AND GROUP COUNSELING, RECREATION, NUTRITION, INDEPENDENT LIVING AND SOCIAL SKILLS TRAINING, EDUCATION EVALUATION AND INDIVIDUALIZED SUPPORT. THE CHILDREN ARE ROUTINELY PROVIDED GROUP, FAMILY AND INDIVIDUAL COUNSELING, CRISIS (CONTINUED ON SCHEDULE O)

4b (Code:) (Expenses \$ 1,171,810. including grants of \$) (Revenue \$ 1,138,256.)

NEW DIRECTIONS TRANSITIONAL HOUSING AND SUPPORT PROGRAM - IN FISCAL YEAR 2013-2014 PROVIDED 12,419 NIGHTS OF HOUSING AND SUPPORTIVE SERVICES INCLUDING JOB READINESS TRAINING AND EMPLOYMENT, HIGHER EDUCATION ACCESS/SUPPORT, FINANCIAL LITERACY & SOCIAL SKILLS EDUCATION, HEALTHY LEISURE AND TRANSPORTATION ASSISTANCE, TO HELP 52 FORMER FOSTER YOUTH, AGES 18 TO 24 AND THEIR 20 CHILDREN. THE GOAL OF THE PROGRAM IS TO HELP CLIENTS MAKE A SUCCESSFUL TRANSITION FROM FOSTER CARE TO INDEPENDENT LIVING. SUPPORTIVE INTERVENTION IS PROVIDED BASED ON PERSONAL NEED, TO FOSTER SKILL DEVELOPMENT, SELF-DIRECTION AND PARENTING SKILLS THAT WILL SUSTAIN THEM ONCE THEY ARE ON THEIR OWN. ASSISTANCE THAT WOULD TYPICALLY BE PROVIDED BY PARENTS, SUCH AS VEHICLE REPAIR, DENTAL/HEALTHCARE EMERGENCIES, (CONTINUED ON SCHEDULE O)

4c (Code:) (Expenses \$ 632,075. including grants of \$) (Revenue \$ 454,748.)

COUNSELING SERVICES PROGRAM - PROVIDES TRAUMA-INFORMED THERAPY AND CASE MANAGEMENT FOR CHILDREN AND FAMILIES EXPERIENCING OR AT RISK OF CHILD ABUSE. IN FISCAL YEAR 2013-2014 PROVIDED APPROXIMATELY 20,580 HOURS OF INDIVIDUAL, GROUP, FAMILY AND AGE APPROPRIATE PLAY THERAPY TO CHILDREN ENROLLED IN THE HAYWARD CHILD DEVELOPMENT CENTER AND EACH RESIDENT OF THE RESIDENTIAL SERVICES PROGRAM. SUPPORT ALSO INCLUDES FACILITATION OF PSYCHIATRIC AND PSYCHOLOGICAL SERVICES AND OTHER SPECIALIZATIONS SUCH AS SPEECH THERAPY. ALL SERVICES ARE TAILORED TO THE INDIVIDUAL STRENGTHS AND NEEDS OF EACH FAMILY SYSTEM (INDIVIDUAL CHILD, INTACT FAMILY, SINGLE, YOUNG ADULT, COUPLE, ETC.). OUT-PATIENT COUNSELING IS ALSO PROVIDED TO THOSE NOT INVOLVED IN OTHER CASA DE AMPARO PROGRAMS INCLUDING MILITARY FAMILIES AND OTHER CLIENTS (CONTINUED ON SCHEDULE O)

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

(Expenses \$ 1,242,639. including grants of \$) (Revenue \$ 995,755.)

4e Total program service expenses ► 5,063,469.

Form 990 (2013)

Casa de Amparo

Financial Statements and Supplemental Information

As of and for the Year Ended June 30, 2014
(With Comparative Information for June 30, 2013)



Casa de Amparo

Financial Statements and Supplemental Information

**As of and for the Year Ended June 30, 2014
(With Comparative Information for June 30, 2013)**

Casa de Amparo

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Independent Auditor's Report

To the Board of Directors
Casa de Amparo
San Marcos, California

Report on the Financial Statements

We have audited the accompanying financial statements of Casa de Amparo (the "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 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 organization'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 Casa de Amparo 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

Report on Summarized Comparative Information

The financial statements of Casa de Amparo as of June 30, 2013, were audited by other auditors whose report dated November 8, 2013, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2014 on our consideration of Casa de Amparo'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 Casa de Amparo's internal control over financial reporting and compliance.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Organization taken as a whole. The accompanying supplementary information on pages 32 through 44 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in conformity with the CDE Audit Guide issued by the California Department of Education. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Mayer Hoffman McCann PC

San Diego, California

November 6, 2014

Financial Statements

Casa de Amparo

Statements of Financial Position

<u>As of June 30,</u>	2014	2013
Assets		
Current assets		
Cash and cash equivalents	\$ 3,047,110	\$ 2,576,982
Restricted cash	550,172	303,633
Accounts receivable	354,122	470,105
Pledges receivable, net	232,830	201,465
Prepaid expenses and other current assets	67,049	59,918
Total current assets	4,251,283	3,612,103
Property and equipment, net of accumulated depreciation	13,684,407	13,976,372
Other assets		
Pledges receivable, net	229,609	270,440
Land lease	1,338,696	1,391,889
Deposits	14,037	9,460
Assets held by others	405,850	336,882
Total other assets	1,988,192	2,008,671
Total assets	\$ 19,923,882	\$ 19,597,146
Liabilities and Net assets		
Current liabilities		
Accounts payable	\$ 96,795	\$ 70,807
Accrued compensation and other expenses	319,040	302,760
Contract overpayments	-	6,351
Deferred revenue	859	160,550
Current portion of loan payable	129,236	124,488
Current portion of note payable	45,606	
Total current liabilities	591,536	664,956
Other Liabilities		
Fair value of interest rate swap contract	20,104	12,193
Loan Payable, net of current portion	2,984,767	3,114,002
Note Payable, net of current portion	-	45,606
Total other liabilities	3,004,871	3,171,801
Total liabilities	3,596,407	3,836,757
Net assets		
Unrestricted	14,786,718	14,275,782
Temporarily restricted	1,478,019	1,421,869
Permanently restricted	62,738	62,738
Total net assets	16,327,475	15,760,389
Total liabilities and net assets	\$ 19,923,882	\$ 19,597,146

See accompanying notes to financial statements.

Casa de Amparo

Statements of Activities

(With Comparative Totals for the Year Ended June 30, 2013)

<i>Years ended June 30,</i>	<i>2014</i>				<i>2013 Total</i>
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>	
Revenue and support					
Contract revenue	\$ 4,311,808	\$ -	\$ -	\$ 4,311,808	\$ 3,402,801
Contributions	636,411	562,991	-	1,199,402	1,107,775
Special events revenue and related contributions	640,033	-	-	640,033	714,358
In-kind donations	389,236	-	-	389,236	207,220
Interest and other income	122,617	13,027	-	135,644	117,917
Net assets released from restrictions	519,868	(519,868)	-	-	-
Total Revenue and Support	6,619,973	56,150	-	6,676,123	5,550,071
Expenses					
Program services	5,070,225	-	-	5,070,225	4,354,119
Supporting services:					
General and administrative	354,040	-	-	354,040	396,130
Fundraising:					
Special events	163,471	-	-	163,471	252,212
Other	521,301	-	-	521,301	535,723
Total Expenses	6,109,037	-	-	6,109,037	5,538,184
Change in net Assets	510,936	56,150	-	567,086	11,887
Net assets, beginning of year	14,275,782	1,421,869	62,738	15,760,389	15,748,502
Net assets, end of year	\$ 14,786,718	\$ 1,478,019	\$ 62,738	\$ 16,327,475	\$ 15,760,389

See accompanying notes to financial statements.

Casa de Amparo

Statements of Functional Expenses
(With Comparative Totals for the Year Ended June 30, 2013)

	June 30,	Residential Services	New Directions Transitional Housing	Hayward Child Development Center	Family Visitation	Counseling Services	Young Parent Network	Total Program Services	General and Administrative	Fundraising	2014 Total	2013 Total
Salaries	\$ 311,835	\$ 1,198,455	\$ 454,485	\$ 313,282	\$ 68,304	\$ 252,404	\$ 362,859	\$ 105,178	\$ 2,686,663	\$ 181,215	\$ 3,239,232	\$ 2,931,991
Benefits	68,290	70,639	292,502	23,313	15,507	29,164	78,674	20,343	611,406	26,106	684,397	601,808
Occupancy	123,440	66,122	62,348	46,279	74,783	5,380	433,646	11,311	13,039	457,996	344,197	441,959
Depreciation and amortization	105,255	123,532	42,572	79,686	22,071	373,066	378,352	37,190	24,442	439,984	376,847	196,188
In-Kind										240	3,541	163,471
Special event expense											163,471	252,212
Supplies	59,423	23,210	24,126	2,104	3,621	384	112,868	3,784	119,113	2,461	95,657	123,250
Interest expense	44,709	24,338	1,480	4,553	20,013	5,860	95,093	7,667	9,950	6,611	111,810	110,067
Professional services	7,766	613	494	292	33,060	48,085	55,371				106,875	96,296
Program expense	29,161	61,077	1,501	1,130	12,436	1,255	106,560				101,802	104,678
Transportation	34,237	32,557	1,924	23,743	2,938	2,993	98,392	809			97,996	102,087
Equipment expense	22,332	11,142	31,704	4,494	7,709	1,595	78,976	12,475	6,545		36,580	37,542
Training, meetings, other	7,122	3,615	1,778	1,533	4,030	398	18,476	9,220	8,884		28,990	25,005
Telephone	5,809	9,195	2,362	2,335	3,665	1,243	24,609	1,733	2,648		8,770	13,912
Miscellaneous	74	184	21	27	76	67	279	5,178	9,466		10,050	10,560
Printing	140	74	107	200	240	317	110	2,731	691	2,554	5,976	6,781
Advertising and promotion	1,757	1,757	109	73	68	125	2	639	850	2,450	3,939	4,523
Total Functional Expenses	\$ 2,020,067	\$ 1,173,501	\$ 575,459	\$ 496,055	\$ 633,461	\$ 171,682	\$ 5,070,225	\$ 354,040	\$ 684,772	\$ 6,109,037	\$ 5,538,184	

See accompanying notes to financial statements.

Casa de Amparo

Statements of Cash Flows

Years ended June 30,	2014	2013
Cash Flows from Operating Activities:		
Change in net assets	\$ 567,086	\$ 11,887
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	386,791	388,766
Amortization of free use of land	53,193	53,193
Investment gains	(47,706)	(20,730)
Loss on interest rate swap contract	7,911	12,193
(Increase) decrease in cash resulting from change in:		
Accounts receivable	115,983	(218,110)
Pledges receivable	9,466	257,985
Prepaid expenses and other current assets	(7,131)	116,597
Increase (decrease) in cash resulting from change in:		
Accounts payable	25,988	(19,074)
Accrued compensation and other expenses	16,280	62,756
Contract overpayments	(6,351)	5,563
Deferred revenue	(159,691)	(87,316)
Net cash provided by operating activities	961,819	563,710
Cash Flows from Investing Activities:		
Purchases of property and equipment	(94,826)	(94,053)
Purchases of investments	(21,262)	(82,120)
(Increase) decrease in deposits	(4,577)	94,689
Net cash used in investing activities	(120,665)	(81,484)
Cash Flows from Financing Activities:		
Increase in restricted cash	(246,539)	(303,553)
Repayments on loan payable	(124,487)	(175,356)
Net cash used in financing activities	(371,026)	(478,909)
Net increase in cash and cash equivalents	470,128	3,317
Cash and cash equivalents, beginning of year	2,576,982	2,573,665
Cash and cash equivalents, end of year	\$ 3,047,110	\$ 2,576,982
Supplemental Disclosures of Cash Flow Information:		
Interest capitalized to loan payable	\$ -	\$ 14,399
Interest paid	\$ 103,899	\$ 96,657

See accompanying notes to financial statements.

Casa de Amparo

Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies

Nature of Activities

Casa de Amparo (the “Organization”) was established in 1978 in California as a non-profit corporation and is recognized as a 501(c)(3) Tax Exempt organization by the IRS. Casa de Amparo’s mission is to support those affected by and at risk of child abuse or neglect through a range of programs and services that promote healing, growth, and healthy relationships.

Casa de Amparo is a community leader, providing programs and collaborative solutions addressing the physical, clinical, social, and emotional effects of child abuse and neglect. The organization currently offers six integrated child abuse prevention/remediation programs: The Hayward Child Development Center, providing therapeutic preschool and childcare as well as parent education; Family Visitation Services, providing supervised visits and promoting healthy family relationships and reunification; Residential Services, providing 24/7 care and supervision, support and therapeutic care for children 6-18 removed from the home due to abuse or neglect; the New Directions transitional housing and support program for former foster youth working toward achieving sustainable independence; the Young Parent Network, providing support to pregnant or parenting youth aged 24 and younger; and Counseling Services, providing trauma-informed therapy and case management for children and families experiencing or at-risk of child abuse. Unique in the community, Casa de Amparo’s Residential Services program serves foster youth ages 6-18 years of age including children with special healthcare needs. The organization’s continuum of services promotes family enrichment, reunification and preservation through programming focused on child and parent education, as well as child abuse prevention and intervention.

In June 2012, Casa de Amparo officially opened the Casa Kids Campus on 11.4 acres owned by the organization in the Twin Oaks Valley area of San Marcos. Residential Services and administrative offices, formerly in Oceanside, are now located on the new campus. Also located on the Casa Kids Campus are apartments for New Directions participants, Inland Family Visitation Services, and Counseling Services. The acres of land on the Casa Kids Campus provide open space for children and families including an open playing field, basketball court, two age-appropriate play structures, barbecue and picnic areas, community gardens, benches, walking paths, and other open sports areas. Convenience, accessibility, welcoming child-friendly interiors, and sustainable landscaping add to a comforting, healing and efficient environment for children and families receiving services throughout Casa de Amparo’s programs. The new facility incorporates design concepts to provide a nurturing and calming environment for children and families. In addition to being LEED (Leadership in Energy and Environmental Design) certified, the campus is ADA (Americans with Disabilities Act) compliant and well equipped to meet the needs of children and families, including children who are medically fragile or who have disabilities. The new campus greatly increases the organization’s capacity to serve greater numbers of children and families throughout San Diego County and to increase and enhance programs to meet evolving needs.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with U.S. generally accepted accounting principles and, accordingly, reflect all significant receivables, payables, and other liabilities.

Casa de Amparo

Notes to Financial Statements

Use of Estimates

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

Financial Statement Presentation

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

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

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. No allowance was considered necessary at June 30, 2014 and 2013 as management believes that all amounts are collectible.

Pledges Receivable

Unconditional promises to give cash and other assets are recognized as contribution revenue and receivables in the period in which the promise is received. Depending on the existence and nature of donor-imposed restrictions, unconditional promises to give are reported either as unrestricted support that increases unrestricted net assets or as restricted support that increases permanently restricted or temporarily restricted net assets.

Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are discounted to their estimated net present value, see Note 3. After pledges are originally recorded, an allowance for uncollectible pledges may be established based on specific circumstances. No allowance has been made for the years ended June 30, 2014 and 2013.

Investments

Investments with readily determinable fair values are reported at fair value with realized and unrealized gains and losses included in the change in net assets.

Casa de Amparo

Notes to Financial Statements

Property and Equipment

Acquisitions of property and equipment of \$5,000 or more are capitalized. Property and equipment are stated at cost, or if donated, at the approximate fair market value at the date of donation. Expenditures for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of five to 45 years.

	<i>Years</i>
Buildings	20 - 45
Furniture and equipment	5 - 7
Vehicles	5

Valuation of Long-Lived Assets

Accounting Standards Codification (“ASC”) Topic 360, *Property, Plant, and Equipment* requires that long-lived assets and certain identifiable intangibles to be held and used by the Organization be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment, which is determined based upon the estimated fair value of the asset, is recorded when estimated undiscounted cash flows expected to be generated by the asset is insufficient to recover its net carrying value. As of June 30, 2014, the Organization did not identify any events or circumstances that would require the recognition of an impairment loss under this standard.

Revenue and Support

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

Revenue from grants/contracts is recognized to the extent of eligible costs incurred up to an amount not to exceed the total grant/contract authorized. Any amounts received in advance are deferred until eligible costs are incurred.

Cash and Cash Equivalents

The Organization considers cash on hand and short term investments with original maturities of three months or less to be cash and cash equivalents.

Casa de Amparo

Notes to Financial Statements

Donated Stock

In accordance with authoritative guidance, investments in equity securities with readily determinable fair market values and all debt securities are reported at fair value with gains and losses included in the statement of activities. Realized gains and losses on the sale of securities are based upon the original cost of the security, as determined by the specific identification method. Unrealized gains and losses represent the change in the fair market value of the individual investments for the year or since the acquisition date if acquired during the year and are recorded in the statement of activities as part of current year operations.

Securities acquired by gift are recorded at their fair market value at the date of the gift. The Organization's policy is to liquidate all gifts of securities immediately upon receipt.

Reclassification

Certain amounts in the 2013 financial statements have been reclassified to conform with the 2014 classifications. These reclassifications have no effect on total net assets.

Contributed Materials and Services

Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to operations as appropriate. Certain contributed items are auctioned at the Organization's special events. Contributed items are included in the statements of activities as contributions and program and special event expenses. The Organization receives a substantial amount of services donated by volunteers in carrying out the Organization's program services. The services do not meet the criteria as contributions and are, therefore, not recognized in the financial statements.

Contribution of Long Lived Assets

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

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. This exemption is for all income taxes except for those assessed on unrelated business income, if any. The Organization is not a private foundation.

The Organization uses a loss contingencies approach for evaluating uncertain tax positions and continually evaluates changes in tax law and new authoritative rulings. Management believes that the Organization has no uncertain tax positions. At June 30, 2014 the federal statute of limitations remains open for the 2011 through 2014 tax years. The statute of limitations for the state income tax returns remain open for the 2010 through 2014 tax years.

Casa de Amparo

Notes to Financial Statements

Restricted Cash

The Organization has restricted cash of \$550,172 and \$303,633 held at Wells Fargo Bank as of June 30, 2014 and 2013, respectively, for capital improvements and payments on the debt related to the Casa Kids Campus.

Fair Value Measurements

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

- Level 1* - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2* - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.
- Level 3* - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The carrying value of cash, receivables, and payables approximates fair value as of June 30, 2014, due to the relative short maturities of these instruments. The loan payable approximates fair value as the loan was obtained at market value and there have been no significant changes in interest rates.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Organization's management.

Comparative Totals

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, the prior year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013 from which the summarized information was derived.

Casa de Amparo
Notes to Financial Statements

Subsequent Events

The Organization has evaluated subsequent events through November 6, 2014, which is the date the financial statements were available to be issued.

2. Concentration of Credit Risk

Cash

The Organization maintains cash balances at several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). On May 20, 2009, the Helping Families Save Their Homes Act temporarily increased FDIC deposit insurance limits from \$100,000 to \$250,000 until December 31, 2013. The Dodd-Frank Wall Street Reform Act on July 21, 2010 made the higher limits permanent. The SIPC is a non-profit membership corporation funded by its member securities broker-dealers. The SIPC is not a government agency or regulatory agency. The Organization's uninsured cash balance was \$3,051,722 at June 30, 2014 at top tier rated institutions.

Revenue and Receivables

The Organization received approximately 60% and 55% of its revenue from government contracts for the years ended June 30, 2014 and 2013, respectively. Significant revenue from the government contracts includes, for the year ended June 30, 2014, the Organization received \$1,801,489, or 27% of its total revenue for its Foster Care Group Home and \$1,098,916, or 16% of its total revenue for its New Directions program. For the year ended June 30, 2013, the Organization received \$1,290,806 or 23% of its total revenue for its Foster Care Group Home and \$820,877, or 15% of its total revenue for its New Directions program.

Pledges receivable of \$400,000 are due from three individuals or foundations at June 30, 2014. Pledge payments of \$166,805 were collected during the year ended June 30, 2014. Pledges receivable of \$450,000 are due from four individuals at June 30, 2013. Pledge payments of \$272,187 were collected during the year ended June 30, 2013.

3. Pledges Receivable

Pledges receivable consist of the following at June 30:

	2014	2013
Gross pledges receivable	\$ 472,830	\$ 484,635
Less imputed discount	(10,391)	(12,730)
	<u>\$ 462,439</u>	<u>\$ 471,905</u>

Pledges receivable consist of the following:

Due in less than one year	\$ 232,830	\$ 201,465
Due in one to five years	240,000	283,170
	<u>\$ 472,830</u>	<u>\$ 484,635</u>

The net present value for the pledges due in more than one year is discounted at the rate of .93% to 8%.

Casa de Amparo

Notes to Financial Statements

During the year ended June 30, 2010, the Organization received a conditional pledge for up to \$2,000,000. The pledging organization committed to match contributions designated to the Twin Oaks Building Campaign dollar for dollar not to exceed \$400,000 per year for five years. The Organization has earned and received \$2,000,000 of matching contributions from the pledging organization as of June 30, 2013.

4. Assets Held By Others

The Organization's investments consist of endowment funds held by the San Diego Foundation and the Jewish Community Foundation. Both foundations manage a balanced pool portfolio. San Diego Foundation has variance power over the funds. A portion of these funds are considered permanently or temporarily restricted.

The San Diego Foundation's endowment funds are invested in a diversified portfolio which invests 57% in domestic and international equities, 20% in alternative funds, 17% in fixed income, and 6% in real estate. The San Diego Foundation's distribution allocation policy is to disburse 5% annually, based upon endowment principal market value over the last 36 months. These calculations are made on a monthly basis. If the market value of the endowment principal of any fund, at the end of each month, is less than the initial value of all the contributions made to endowment principal, then distributions will be limited to interest and dividends received.

The Jewish Community Foundation's endowment funds are invested in an endowment pool which invests 54% in domestic and international equities, 31% in multi-strategy funds, 10% in fixed income, and 5% in real assets.

The pooled investments are categorized as level 3 because they have no direct observable inputs.

The following table presents the fair value measurement hierarchy and the balanced pool asset allocation at June 30, 2014 and 2013:

<u>June 30, 2014</u>	Level 1	Level 2	Level 3	Total
Endowment Investment Pool - San Diego Foundation	\$ -	\$ -	\$ 214,607	\$ 214,607
Endowment Investment Pool - Jewish Community Foundation	-	-	191,243	191,243
<u>Fair value, end of year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405,850</u>	<u>\$ 405,850</u>
<u>June 30, 2013</u>	Level 1	Level 2	Level 3	Total
Endowment Investment Pool - San Diego Foundation	\$ -	\$ -	\$ 187,084	\$ 187,084
Endowment Investment Pool - Jewish Community Foundation	-	-	149,798	149,798
<u>Fair value, end of year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 336,882</u>	<u>\$ 336,882</u>

Casa de Amparo

Notes to Financial Statements

Changes in the fair value of level 3 investments from the balanced pool assets for the year ended June 30, 2014 and 2013 are as follows:

<u>June 30, 2014</u>	San Diego Foundation	Jewish Community Foundation	Total
Fair value, beginning of year	\$ 187,084	\$ 149,798	\$ 336,882
Contributions	-	21,262	21,262
Change in value	27,523	20,183	47,706
Fair value, end of year	\$ 214,607	\$ 191,243	\$ 405,850

<u>June 30, 2013</u>	San Diego Foundation	Jewish Community Foundation	Total
Fair value, beginning of year	\$ 171,312	\$ 62,720	\$ 234,032
Contributions	-	82,120	82,120
Change in value	15,772	4,958	20,730
Fair value, end of year	\$ 187,084	\$ 149,798	\$ 336,882

5. Property and Equipment

Property and equipment consist of the following at June 30:

	2014	2013
Land	\$ 916,587	\$ 916,587
Buildings	13,628,685	13,628,685
Furniture and equipment	155,803	155,803
Vehicles	207,111	112,285
	14,908,186	14,813,360
Less accumulated depreciation	(1,223,779)	(836,988)
	\$ 13,684,407	\$ 13,976,372

Depreciation and amortization expense related to property and equipment was \$386,791 and \$388,766 for the years ended June 30, 2014 and 2013, respectively.

6. Loan Payable

During fiscal year 2013, permanent financing of the Casa Kids Campus was secured in the form of a loan, combined with an interest rate swap, entered into with Wells Fargo Bank effective August 1, 2012. The loan totaled \$3,524,631 with 30% of the amount being at a variable rate of LIBOR plus 2.5 percentage points and the remaining 70% at a fixed rate of 3.51%. The loan is for a period of five years. The swap is used to fix the variable rate loan amount at an interest rate of 3.51%. The original notional amount of the swap was \$2,467,242 and the general terms are to receive the LIBOR floating amount and pay fixed interest. The Organization is accounting for the derivative contract according to ASC 815 which requires a derivative contract to be recorded as an asset or liability on the balance sheet at its fair value. Gains or losses will be recorded currently in earnings. The notional amount of the swap as of June 30, 2014 and 2013 was \$2,309,716 and \$2,396,862, respectively. The fair value of the swap has been recorded as a liability and totals

Casa de Amparo

Notes to Financial Statements

\$20,014 and \$12,193 at June 30, 2014 and 2013, respectively. Principle payments on the loan for the first two months of fiscal year 2014-2015 are \$10,438 per month and for the remaining ten months are \$10,836 per month. The loan payable balance as of June 30, 2014 and June 30, 2013 was \$3,114,003 and \$3,238,490, respectively. The Organization is in compliance with all covenants at June 30, 2014. The loan payable is secured by the Casa Kids Campus.

The aggregate principal payments due under the loan are as follows:

<i>Years ending June 30,</i>	
2015	\$ 129,236
2016	134,172
2017	2,850,595
	<hr/>
	\$ 3,114,003

7. Note Payable

The Organization has a loan agreement that was executed on June 10, 2005 with the City of Oceanside that was used to finance costs of the child development and family services center in Ivey Ranch. The note matures June 11, 2015. Principal and annual accrued interest of 5% is due at maturity. The loan and accrued interest will be forgiven June 11, 2015 if the Organization complies with all restrictions and encumbrances as noted in the loan agreement. The note is secured by the Organization's assets. The outstanding balance was \$45,606 as of June 30, 2014 and 2013, respectively.

8. Contingencies and Commitments

Government Contracts

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

Operating Leases

The Organization leased program facilities and administrative offices under non-cancelable operating leases which expire at various dates through July 2017. The Organization also leases office equipment under an operating lease which expires April 2017. Total rent expense was \$250,715 and \$150,821 for the years ended June 30, 2014 and 2013, respectively.

Future minimum lease payments under operating leases are due as follows:

<i>Years ending June 30,</i>	
2015	\$ 49,848
2016	44,397
2017	47,636
2018	3,559
	<hr/>
	\$ 145,440

Casa de Amparo

Notes to Financial Statements

The Organization leases real property from the City of Oceanside located at Ivey Ranch Park. The Organization constructed a facility on the Ivey Ranch property that is used for the Haywood Child Development Center. The lease commenced in 2007 with a term of 35 years and an option to extend an additional 25 years. Rent is free as long as the facility is used exclusively to provide child development, care, education, family visitation and counseling services. The unamortized fair value of the free rent is reported as land lease in the statements of financial position. Amortization of the free use of land was \$53,193 and \$53,193 for the years ended June 30, 2014 and 2013, respectively.

9. Temporarily Restricted Net Assets

Temporarily restricted net assets were comprised of the following as of June 30:

	2014	2013
Land Lease - Ivey Ranch	\$ 1,338,696	\$ 1,391,889
Pledges Restricted Due to Time	100,000	-
Permanently Restricted Investment Earnings	39,323	29,980
	\$ 1,478,019	\$ 1,421,869

Net assets in the amounts of \$519,868 and \$636,917 were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors for the years ended June 30, 2014 and 2013, respectively.

10. Permanently Restricted Net Assets

Permanently restricted net assets were made up of the initial principal of two endowments held at the San Diego Foundation as follows as of June 30:

	2014	2013
Teppler Endowment	\$ 12,738	\$ 12,738
Satler Endowment	50,000	50,000
	\$ 62,738	\$ 62,738

The purpose of the permanently restricted net assets is to support the general mission of the Organization.

11. Endowment Investments

Authoritative guidance requires the Organization to classify a portion of a donor-restricted endowment fund of perpetual duration as permanently restricted net assets. Specifically, the portion classified as permanently restricted shall be (a) the amount of the fund that must be retained permanently per explicit donor stipulations or (b) in the absence of such stipulations, the amount which the Organization board determines must be retained (preserved) permanently consistent with the *Uniform Prudent Management of Institutional Funds Act* ("UPMIFA").

In accordance with authoritative guidance, the amount that is classified as permanently restricted net assets is not reduced by losses on investments of the fund or by the Organization's appropriations from the fund unless required by the donor. Furthermore, the portion of the fund

Casa de Amparo

Notes to Financial Statements

that is not classified as permanently restricted net assets must be classified as temporarily restricted net assets until appropriated for expenditure by the Organization. Such appropriation is deemed to occur upon the Organization's governing board's approval of expenditures in the current period. Once the appropriation for expenditure has occurred, the appropriated amount is reclassified to unrestricted net assets.

UPMIFA states that, absent explicit donor instructions to the contrary, assets in an endowment fund are donor-restricted assets until appropriated by the Organization. The Organization interprets this to mean that all earnings on a donor-restricted endowment gift are restricted assets. As such, per authoritative guidance, such earnings are classified as temporarily restricted net assets (time restricted) until appropriated by the Organization.

UPMIFA became effective in California for endowment funds existing on or established after January 1, 2009. The law defines an endowment fund to mean an institutional fund (excluding assets that an institution designate as an endowment fund for its own use) that, under the terms of a gift instrument, is not wholly expendable by the institution on a current basis. The law establishes various factors for the Organization to consider in its determination as to whether to appropriate or accumulate the endowment fund.

Absent explicit donor instructions to the contrary, the Organization interprets UPMIFA to have eliminated the historic dollar value limitation when considering endowment spending, instead providing guidelines for such spending (referred to as "appropriation" in UPMIFA). In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Due to the relatively small size of its endowment, the Organization has not enacted a policy of spending principal or principal appreciation of the funds. The Organization has invested the funds for total return and is limiting spending to interest and dividends to enhance the growth of the funds. The Organization believes it is beneficial to defer endowment spending to more rapidly increase the endowment to a size that will have a meaningful impact in stabilizing the revenues of the Organization.

The Organization considers the value of the endowment gift to be considered for appropriation under UPMIFA to be equal to the sum of the original gift (and any subsequent donations) plus accumulated investment earnings, less accumulated investment losses and appropriations for expenditure by the Organization at any point in time. Thus, pursuant to this interpretation of UPMIFA, the total value of the Organization's donor-restricted endowment funds was \$102,061 and \$89,034 at June 30, 2014 and 2013, respectively.

Although the Organization believes that the historic dollar value is not required by UPMIFA in the determination of the endowment spending, the Organization's governing board believes that, absent explicit donor instructions to the contrary, it is appropriate for the Organization to permanently retain the historic dollar value of the donor-restricted endowment gifts as permanently restricted net assets.

Casa de Amparo

Notes to Financial Statements

Endowment and board-designated endowment funds are invested with a strong equity bias towards significant diversification across investments with fundamentally different risk characteristics. In general, assets are invested in funds that provide liquidity and diversification of security specific risk at reasonable cost. The funds are invested with a long-term horizon without attempting to time market movements. Allocations to asset classes are maintained in accordance with the long-term policy targets and ranges approved by the Operations Committee and the Board of Directors.

Endowment net asset composition by type of fund for the year ended June 30, 2014 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated Donor-restricted	\$ 303,789	\$ 39,323	\$ 62,738	\$ 303,789 102,061
Total Funds	\$ 303,789	\$ 39,323	\$ 62,738	\$ 405,850

The following reflects the changes in invested endowment assets for the year ended June 30:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, June 30, 2012	\$ 152,280	\$ 19,014	\$ 62,738	\$ 234,032
Investment return:	13,448	7,282	-	20,730
Net depreciation <i>(realized and unrealized)</i>	-	-	-	-
Total Investment return	13,448	7,282	-	20,730
Board designated additions	82,120	-	-	82,120
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment assets, June 30, 2013	\$ 247,848	\$ 26,296	\$ 62,738	\$ 336,882
Investment return:	34,679	13,027	-	47,706
Net depreciation <i>(realized and unrealized)</i>	-	-	-	-
Total Investment return	34,679	13,027	-	47,706
Board designated additions	21,262	-	-	21,262
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment assets, June 30, 2014	\$ 303,789	\$ 39,323	\$ 62,738	\$ 405,850

12. Pension Plan

The Organization sponsors a non-contributory 403(b) retirement plan covering all employees who have completed 90 days of eligible service. Contributions to the retirement plan are at the discretion of each employee. There were no contributions by the Organization for the years ended June 30, 2014 and 2013, respectively.

Supplemental Information

Casa de Amparo

Schedule of Expenditures of Federal, State and Other Awards

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Expenditures
FEDERAL AWARDS			
U.S. Department of Health and Human Services			
Pass-through County of San Diego Health and Human Services:			
Foster Care Title IV-E	93.658	n/a	\$ 262,454
Promoting Safe and Stable Families - Family Visitation Program	93.556	541538	94,759
Stephanie Tubbs Jones Welfare Services Program - Family Visitation Program	93.645	541538	26,567
Total Pass-through County of San Diego Health and Human Services			383,780
Pass-through California Department of Education			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR3210	29,433
Child Care and Development Block Grant	93.575	CCTR3210	14,039
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CSPP3420	3,288
Child Care and Development Block Grant/ Entitlement Grants	93.575	CSPP3420	1,569
Total Pass-through California Department of Education			48,329
Pass-through Metropolitan Area Advisory Committee:			
Head Start	93.600	09CH0028	93,847
Total U.S. Department of Health and Human Services			525,956
U.S. Department of Housing and Urban Development			
Pass-through City of Carlsbad CDBG:			
Community Development Block Grant	14.218	n/a	5,000
Total U.S. Department of Housing and Urban Development			5,000
U.S. Department of Agriculture			
Pass-through California Department of Education			
Child and Adult Care Food Program	10.558	n/a	26,328
Total U.S. Department of Agriculture			26,328
Total Expenditures of Federal Awards			\$ 557,284

See independent auditor's report and notes to Schedule of Expenditures of Federal, State and Other Awards

Casa de Amparo

Schedule of Expenditures of Federal, State and Other Awards

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Expenditures
STATE AWARDS			
California Department of Education			
General Child Care and Development Program	n/a	CCTR3210	\$ 48,110
California State Preschool Program	n/a	CSPP3420	80,370
Total California Department of Education			128,480
California Department of Social Services			
Foster Care Group Home	n/a	n/a	681,636
Transitional Housing Program Plus	n/a	524015	810,916
Transitional Youth Housing	n/a	544529	288,000
Total California Department of Social Services			1,780,552
California Department of Mental Health			
Early and Periodic Screening, Diagnosis, and Treatment	n/a	44796	200,534
California Department of Child Welfare Services			
Family Visitation Program	n/a	541538	208,614
San Diego County Office of Education			
First 5 San Diego Quality Preschool Initiative	n/a	1314279	59,040
Total Other State Awards			468,188
Total Expenditures of State Awards			\$ 2,377,220
OTHER AWARDS - County and Local			
County - Foster Care Group Home	n/a	n/a	\$ 857,399
County and Other - Early and Periodic Screening, Diagnosis, and Treatment	n/a	44796	217,966
Total Expenditures of Other Awards - County and Local			\$ 1,075,365
Total Expenditures of Federal, State and Other Awards			\$ 4,009,869

See independent auditor's report and notes to Schedule of Expenditures of Federal, State and Other Awards

Casa de Amparo

Notes to Schedule of Expenditures of Federal, State and Other Awards

Note 1 - Basis of Presentation

The accompanying Schedule of Federal, State and Other Awards (the "Schedule") includes the federal grant activity of Casa de Amparo under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of Casa de Amparo, it is not intended to and does not present the financial position, changes in net assets or cash flows of Casa de Amparo.

The accompanying Schedule of Federal, State and Other Awards includes non-federal grants. The non-federal grant awards were presented in accordance with the California Department of Education Audit Guide.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the Cost Principles for Non-profit Organizations wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.



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

To the Board of Directors
Casa de Amparo
San Marcos, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Casa de Amparo (the "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, and have issued our report thereon dated November 6, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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



Purpose of this Report

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

Mayer Hoffman McCann, P.C.

San Diego, California
November 6, 2014



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

To the Board of Directors
Casa de Amparo
San Marcos, California

Report on Compliance for Each Major Federal Program

We have audited Casa de Amparo's (the "Organization") 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 the Organization's major federal program for the year ended June 30, 2014. The Organization's major federal program is 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 each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2014.



Report on Internal Control Over Compliance

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

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

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

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

Maynor Hoffman McCann, P.C.

San Diego, California
November 6, 2014

Casa de Amparo

Schedule of Findings and Questioned Costs for Federal Awards

Year ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weaknesses? None Reported

Noncompliance material to financial statements noted?

No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weaknesses? None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with section 510(a) of Circular A-133? No

Identification of Major Programs:

U.S. Department of Health and Human Services:

Pass-through, County of San Diego Health and Human Services:

Foster Care - Title IV-E 93.658

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statements Findings

None noted

Section III - Federal Award Findings and Questioned Costs

None noted

Section IV - Summary Schedule of Prior Year Findings

None noted

Supplementary Child Development Services Information

Casa de Amparo
Supplementary Child Development Services Information
General Information

Full official name of agency:	Casa de Amparo	
Program type:	Child development program	
Project number:	37-B254-00	
Type of agency:	Nonprofit corporation	
Address of agency headquarters:	325 Buena Creek Rd San Marcos, CA 92069	
<u>Program Name</u>	<u>Contract Number</u>	<u>Project Number</u>
California State Preschool Program and General Child Care & Development Program	CSPP3420, CCTR3210	37 - B254-00-9
Name and address of Executive Director:	Tamara Fleck-Myers 325 Buena Creek Road San Marcos, CA 92069	
Name and address of Controller:	Elizabeth Porter 325 Buena Creek Road San Marcos, CA 92069	
Telephone number:	(760) 754-5500	
Period covered by examination:	July 1, 2013 to June 30, 2014	
Number of days of operation of agency:	246	
Scheduled hours of operation each day:	Monday through Friday: 7:00 am to 6:00 pm	

Casa de Amparo

Supplementary Child Development Services Information Combining Statement of Activities

Year ended June 30, 2014	California Department of Education			Other Programs	Total
Revenue and support					
Contract revenue	\$ 416,024	\$ 3,895,784	\$ 4,311,808		
Contributions	102,740	1,096,662	1,199,402		
Special events and related contributions	-	640,033	640,033		
In-kind donations	42,522	346,714	389,236		
Interest and other income	4,295	131,349	135,644		
Total revenue and support	565,581	6,110,542	6,676,123		
Expenses					
Salaries	313,282	2,758,732	3,072,013		
Employee benefits	68,304	592,003	660,307		
Supplies	24,126	91,495	115,621		
Telephone and postage	2,435	28,111	30,546		
Occupancy	23,313	424,246	447,559		
Transportation	1,924	99,131	101,055		
Training, meetings, other	1,778	26,294	28,072		
Administrative overhead	30,784	295,911	326,695		
Other services and operating expenses	2,243	187,943	190,186		
Equipment expense	31,704	54,781	86,485		
Depreciation and amortization	62,348	343,318	405,666		
Interest expense	1,480	103,255	104,735		
In-kind and special events	42,522	497,575	540,097		
Total expenses	606,243	5,502,794	6,109,037		
Increase (decrease) in net assets	\$ (40,662)	\$ 607,748	\$ 567,086		

Casa de Amparo

Supplementary Child Development Services Information

Project No: 37-B254-00-9

Contract No: CSPP3420 and CCTR3210

California State Preschool Program and General Child Care & Development Program Schedule of Expenditures by State Categories

Year ended June 30, 2014	Reimbursable	Non-Reimbursable
1000 Certificated salaries	\$ 198,298	\$ -
2000 Classified salaries	114,984	-
3000 Employee benefits	68,304	-
4000 Books and supplies	53,069	-
5000 Services and other operating expenses	35,197	322
6400 New equipment	-	-
Depreciation	-	28,128
Indirect Cost Rate Percentage 7%	30,784	-
Amortization of free use of land	-	34,220
In-kind expenses	-	42,937
Total expenditures	\$ 500,636	\$ 105,607

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above 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.

Casa de Amparo
Supplementary Child Development Services Information
Reconciliation of Schedule of Expenditures by State Categories to
Expenses Recorded in the Statement of Activities

<i>Year ended June 30, 2014</i>	California State Preschool Program and General Child Care & Development Program	Total Child Development Grants
Total Reimbursable Expenditures	\$ 500,636	\$ 500,636
Adjustments to reconcile total expenses charged to grants to expenses recorded in the statement of activities:		
Various expenses related to personnel activities not charged to grants, but expensed in the financial statements	322	322
In-kind expenses and special events not charged to grants, but expensed in the financial statements	42,937	42,937
Depreciation of childcare center not charged to grants, but expensed in the financial statements	28,128	28,128
Amortization of free use of land not charged to grants, but expensed in the financial statements	34,220	34,220
Total youth program expenses in the statement of activities	\$ 606,243	\$ 606,243

Casa de Amparo

Project No: 37-B254-00-9

Contract No: CSPP3420 and CCTR3210

California State Preschool Program and General Child Care & Development Program

Schedule of Equipment Expenditures Utilizing Contract Funds

Year ended June 30, 2014

Expenditures Under \$7,500 Unit Cost		Expenditures Over \$7,500 Unit Cost with CDD Approval		Expenditures Over \$7,500 Unit Cost Without CDD Approval	
Cost	Item	Cost	Item	Cost	Item
None		None		None	

Casa de Amparo

Project No: 37-B254-00-9

Contract No: CSPP3420 and CCTR3210

California State Preschool Program and General Child Care & Development Program

Schedule of Repair and Renovation Expenditures

Year ended June 30, 2014

No repair or renovation expenditures were incurred in the fiscal year ended June 30, 2014.

Casa de Amparo

Project No: 37-B254-00-9

Contract No: CSPP3420 and CCTR3210

California State Preschool Program and General Child Care & Development Program

Schedule of Administrative Costs

<i>Year ended June 30,</i>	<i>2014</i>	
Salaries, benefits and overhead	\$	30,784
Total expenditures	\$	30,784

AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs

Agency Name: Casa de Amparo Vendor No. B254
Fiscal Year Ended: June 30, 2014 Contract No. CSPP3420
Independent Auditor's Name: Mayer Hoffman McCann P.C.

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	-		-	1.1800	-
Full-time	1,140	18	1,158	1.0000	1,158.000
Three-quarters-time	488	(4)	484	0.7500	363.000
One-half-time	1,088	(14)	1,074	0.6172	662.873
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	7		7	1.2000	8.400
Three-quarters-time	11		11	0.9000	9.900
One-half-time	-		-	0.6172	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	215		215	1.1000	236.500
Three-quarters-time	120		120	0.8250	99.000
One-half-time	12		12	0.6172	7.406
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6172	-
TOTAL DAYS OF ENROLLMENT	3,081	-	3,081		2,545.079
 DAYS OF OPERATION	248	-	248		
 DAYS OF ATTENDANCE	3,057	-	3,057		

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:

See letter of recommendations. Revenue and expenses are combined with Contract No. CCTR3210 on pages 42-43.

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

Agency Name: Casa de Amparo Vendor No. B254

Fiscal Year Ended: June 30, 2014 Contract No. CSPP3420

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children.	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
DAY OF ENROLLMENT					
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	1,332		1,332	1.0000	1,332.000
Three-quarters-time	-		-	0.7500	-
One-half-time	-		-	0.6172	-
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6172	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6172	-
TOTAL DAYS OF ENROLLMENT	1,332	-	1,332		1,332.000

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

See letter of recommendations. Revenue and expenses are combined with Contract No CCTR3210 on pages 42-43

AUDITED ATTENDANCE AND FISCAL REPORT

for Child Development Programs

Agency Name: Casa de Amparo Vendor No. B254
 Fiscal Year Ended: June 30, 2014 Contract No. CCTR3210
 Independent Auditor's Name: Mayer Hoffman McCann P.C.

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus			-	2.006	-
Full-time	-		-	1.700	-
Three-quarters-time	-		-	1.275	-
One-half-time	-		-	0.935	-
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus	-		-	1.652	-
Full-time	-		-	1.400	-
Three-quarters-time	-		-	1.050	-
One-half-time	-		-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	-		-	1.652	-
Full-time	1,559	10	1,569	1.400	2,196.600
Three-quarters-time	446	(9)	437	1.050	458.850
On-half-time	102	(1)	101	0.770	77.770
<i>Three Years and Older</i>					
Full-time-plus	-		-	1.180	-
Full-time	-		-	1.000	-
Three-quarters-time	-		-	0.750	-
One-half-time	-		-	0.550	-
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.825	-
TOTAL DAYS OF ENROLLMENT	2,107	-	2,107		2,733.220
DAYS OF OPERATION	248		248		
DAYS OF ATTENDANCE	2,105		2,105		

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:

See letter of recommendations.

AUDITED ATTENDANCE AND FISCAL REPORT for Child Development Programs			
Agency Name: <u>Casa de Amparo</u>	Vendor No. <u>B254</u>		
Fiscal Year End: <u>June 30, 2014</u>	Contract No. <u>CCTR3210</u> Insert Any Comingled Contract No. <u>CSPP3420</u>		
SECTION III - REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED INCOME			
Child Nutrition Programs	\$26,328	\$0	\$26,328
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Subtotal	\$26,328	\$0	\$26,328
Transfer from Reserve	Contract #		0
	Contract #		0
Family Fees for Certified Children			0
CCTR Program	Contract # 3210	2,397	2,397
CSPP Full-Day Program	Contract # 3420	1,479	1,479
CSPP Part-Day Program	Contract #		0
Interest Earned on Apportionments	Contract #		0
	Contract #		0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))	95,412	(1,565)	93,847
Other (Specify):			0
TOTAL REVENUE	\$125,616	(\$1,565)	\$124,051
SECTION IV - REIMBURSABLE EXPENSES			
<i>Direct Payments to Providers (FCCH Only)</i>	\$0	\$0	\$0
1000 Certificated Salaries	198,359	(61)	198,298
2000 Classified Salaries	114,984		114,984
3000 Employee Benefits	68,304		68,304
4000 Books and Supplies	25,624	27,445	53,069
5000 Services and Other Operating Expenses	54,793	(19,596)	35,197
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit	Contract #		0
	Contract #		0
Indirect Costs.	Rate: 6.55% (Rate is Self-Calculating)	26,933	3,851
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$488,997	\$11,639	\$500,636
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$26,933	\$3,851	\$30,784
FOR CDE-A&I USE ONLY:			
Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:			
Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):		COMMENTS - If necessary, attach additional sheets to explain adjustments:	
<input type="checkbox"/> YES		Independent Auditor adjusted days of enrollment for contract CSPP3420 as full-time was understated by eighteen days due to four days incorrectly recorded as three-quarters-time and fourteen days incorrectly recorded as one-half-time. Independent Auditor adjusted days of enrollment for contract CCTR3210 as full-time was understated by ten days due to nine days incorrectly recorded as three-quarters-time and one day incorrectly recorded as one-half-time.	
<input checked="" type="checkbox"/> NO - Explain any discrepancies.		See letter of recommendations Revenue and expenses above include Contract No. CSPP3420.	
Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):			
<input checked="" type="checkbox"/> YES			
<input type="checkbox"/> NO - Explain any discrepancies.			
<input type="checkbox"/> 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 Child Development Programs

Agency Name: Casa de Amparo Vendor No. B254

Fiscal Year End: June 30, 2014 Contract No. CCTR3210

Insert Any Commingled Contract Number CSPP3420

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION V - SUPPLEMENTAL REVENUE			
Enhancement Funding	\$48,478	\$10,562	\$59,040
Other (Specify): Contributions, Other Revenue	56,714	106,031	162,745
Other (Specify): In-kind	0	42,522	42,522
Other (Specify): Gift cards	0	415	415
TOTAL SUPPLEMENTAL REVENUE	\$105,192	\$159,530	\$264,722

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries	\$0	\$0	\$0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies			0
5000 Services and Other Operating Expenses	322		322
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance	62,348		62,348
Indirect Costs			0
Other (Specify):			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify): In-Kind	42,522		42,522
Other (Specify): Gift cards	0	415	415
TOTAL SUPPLEMENTAL EXPENSES	\$105,192	\$415	\$105,607

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

See letter of recommendations. Revenue and expenses above include Contract No. CSPP3420.

Casa de Amparo

Schedule of Findings and Recommendations for the Child Development Services

Financial Reporting Findings

None noted

Compliance

Child Development Programs Findings

None noted

Status of Prior Year Findings and Recommendations

2013-01 A required Notice of Action was not contained in the Family Data File

Information on Federal and/or State Program(s) - Child Development Programs
CSPP2434 and CCTR2225

Criteria - Child Care & Development Funding Terms and Conditions the contractor shall complete a Notice of Action, Recipient of Services when changes are made to the service agreement. Such changes may include, but are not limited to, an increase or decrease in parent fees, an increase or decrease in the amount of services, or termination of services. The Notices of Action ("NOA") forms are to be retained in the Family Data File for each participant.

Condition - During testing of reporting, the prior auditors noted the following exceptions:

- One of the five children tested in the eligibility testing did not have a Notice of Action for his termination of services within his Family Data File.

Questioned Costs - None

Context - This is a condition identified per review of the Organization's compliance with specified requirements.

Effect - The Organization was not in compliance with the Funding Terms and Conditions of the contracts.

Cause - The CD Form 7617, Notices of Action was not completed and/or retained in the family data file.

Recommendation - The prior auditors recommended that the Organization develop policies and procedures to ensure all required forms are maintained within each child's family data file.

Views of Responsible Officials and Planned Corrective Actions - The Manager of the Child Development Center, who was employed at the time the missing NOA was due, is no longer with Casa de Amparo. The current Child Development Center Manager has gone through all family data files for current participants to ensure they are complete. A Child Development Center checklist is prepared by the Child Development Center manager for each file to verify all required documents, including NOAs, are maintained. An administrative Quality Assurance Plan and a site specific Child Development Center Quality Assurance Plan are in place and address Child Development Center chart audits. The Child Development Center Manager and the Director of Community Programs have been trained on and are responsible for the implementation of the Child Development Center Quality Assurance Plan, including chart audits.

Current status - The Organization successfully implemented additional control procedures to ensure all required forms are maintained within each child's family data file.



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

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

Project Name: Vaccine Refrigeration	Total # of people served: 26,908	Amount Requested: \$3,452.57
Date Submitted: July 1, 2015	Total # of San Marcos residents served: 13,325	

Non-Profit Organization Name and Address, Website North County Health Services (NCHS) 150 Valpreda Road San Marcos, CA 92069 www.nchs-health.org	Contact Person – Name, Title & Phone, email Alta Farley Grant Writer (760) 736-8723 Alta.farley@nchs-health.org
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Briefly describe your request for funds (to be expanded upon in narrative for regular grant):
NCHS respectfully requests a \$3,453 grant to replace a vaccine refrigerator at NCHS San Marcos Pediatrics (shared with NCHS QuickCare) that is out of compliance with Centers for Disease Control Standards. The new pharmacy-grade refrigerator will be dedicated to the storage of vaccines and other biologics at an even temperature range while the unit doors are opened and closed throughout each clinical day. The unit will be large enough to hold inventory needed during the busiest point in the year without crowding, such as during the fall flu vaccine season. This San Marcos Community Foundation grant will have long lasting impact over many years, helping NCHS to build capacity to function at higher levels of care and efficiency.

Briefly describe the significance of your request to the San Marcos community: A grant from San Marcos Community Foundation will ensure that there is ample, appropriate and secure storage for over 15,000 vaccines administered annually at NCHS San Marcos Health Center (average 60/day). These vaccines provide vital preventive health for San Marcos' primarily working poor individuals and families. Properly stored and handled vaccines play a strong role in keeping San Marcos residents healthy. From childhood vaccines for mumps, measles and rubella to pneumonia and shingles vaccines for seniors, NCHS provides critical preventive medicine for San Marcos' primarily low- and extremely low-income residents. NCHS' wide array of safety net services provide increased access, high quality medical and dental care, and health education to prevent more severe conditions, spread of disease, loss of days from school and work, and the over-use of emergency rooms.

Please attach the following items.	Expected date project will begin/end: 8/15/15 ongoing
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	Date by which funds will be expended: 12/31/15
	Signature of President or Authorized Officer  Irma Cota, President & CEO Name, Title
	July 1, 2015 Date
	Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): wkaserman@san-marcos.net

North County Health Project, Inc. Proposal

to San Marcos Community Foundation

ORGANIZATION INFORMATION:

North County Health Project, Inc., aka North County Health Services (NCHS) is a 501(c)(3) federally qualified health center that began as an all volunteer organization in 1971. Its **mission** is *“to improve the health status of our diverse communities by providing quality healthcare that is comprehensive, affordable, and culturally sensitive.”*

Based in San Marcos, NCHS has served San Marcos residents since 1976. NCHS' two San Marcos locations served 30,908 patients (107,047 visits) in 2014. Ninety-seven percent (98%) of patients who reported incomes were at or below 200% of the federal poverty level (75% were below 100% FPL). Patients identified themselves as 70% Hispanic, 25% White, 3% Asian, 1% African American, and 1% other or mixed race; 46% of patients were children aged 19 and under. Patients are not turned away due to their level of ability to pay for services.

NCHS' comprehensive services include adult and pediatric primary care, internal medicine, obstetrics, gynecology, perinatology, family planning, dentistry, behavioral health, radiology, lab, and a full range of enabling services, such as transportation and language interpretation. NCHS also conducts extensive outreach and assists eligible families to apply for, enroll and utilize their health insurance and is a certified Covered CA Enrollment Entity.

In addition to clinical services, NCHS has a wide range of programs in North County that focus on early prevention to maximize health outcomes. NCHS' WIC (Women, Infants and Children supplemental nutrition program) serves almost 12,000 women and children monthly. NCHS' Project All Ready, provides 3,000 preschoolers annually with vision and hearing screenings. All Star Teeth provides dental screenings for children 18 months to 12 years old, and helps their parents establish a dental/medical home at NCHS. Through NCHS' Family Nutrition Program, registered dietitians provide nutrition education and training for families with young children to form good nutritional habits from an early age.

NCHS also operates one of San Diego County's largest and most comprehensive HIV care and treatment programs. Other vital federal and state programs include medical and dental services for homeless individuals, teen pregnancy prevention, and mental health support groups.

All of NCHS' primary care health centers have received the National Committee for Quality Assurance prestigious Patient-Centered Medical Home (PCMH) level 3 recognition. This distinction recognizes long-term patient relationships, and continued improvements to quality and efficiency of care.

PROJECT: Pharmacy Grade Vaccine Refrigerator for NCHS San Marcos Health Center

North County Health Services respectfully requests a \$3,453 grant from the San Marcos Community Foundation to purchase a new vaccine refrigerator to replace an existing unit at NCHS San Marcos Health Center Pediatrics that is no longer in compliance with Centers for Disease Control Standards.

Vaccines play a vital role in preventive medicine. They have made serious diseases like Measles, Mumps, Polio, Hepatitis A & B and Tetanus much more rare than in the past. A major

North County Health Project, Inc. Proposal

to San Marcos Community Foundation

immunization issue is appropriate storage and handling. Nationally, preventable disease rates have increased in part because of inappropriate storage and handling of vaccines. Exposing stored vaccines above or below the recommended temperature ranges can decrease potency and reduce the effectiveness and protection they provide. Storage and handling errors can cost thousands of dollars in wasted vaccine and revaccination, as well as loss of patient confidence when repeat doses are required. It is better to not vaccinate than to administer a dose of vaccine that has been mishandled. By adhering to newer Centers for Disease Control requirements for storing and handling vaccines, physicians and clinical staff can ensure that patients will get the full benefit of the vaccines they receive.

Through this project, NCHS will replace an older model dual refrigerator/freezer that is out of compliance with Centers for Disease Control requirements. NCHS will purchase a new and larger Pharmacy Grade, VFC-rated (Vaccines for Children) refrigerator for San Marcos Pediatrics, which will be shared with San Marcos QuickCare (urgent care services). The refrigerator will be used to store vaccines, such as for measles, mumps, rubella, varicella, pneumonia, polio, Hepatitis A, Hepatitis B, Diphtheria and Tetanus. The new unit will be able to maintain an even temperature range while the unit doors are opened and closed throughout each clinical day, and throughout the year. The refrigerator will be dedicated to the storage of biologics (vaccines, medications and test specimens) and large enough to hold inventory needed during the busiest point in the year without crowding, such as during fall flu vaccine season. The refrigerator will feature an external, programmable thermostat with a temperature display. The thermostat includes an alarm that sounds when the temperature has gone outside of the programmed temperature range. The refrigerator includes a factory installed side mounted lock to secure important content from unauthorized handlers.

PROJECT BENEFITS:

A grant from San Marcos Community Foundation will ensure that there is ample, appropriate and secure storage for over 15,000 vaccines administered annually at NCHS San Marcos Health Center (average 60/day). Properly stored and handled vaccines play a strong role in keeping San Marcos residents healthy. From childhood vaccines for mumps, measles and rubella to pneumonia and shingles vaccines for seniors, NCHS provides critical preventive medicine for San Marcos' primarily low- and extremely low-income residents.

Without NCHS' wide array of safety net services, San Marcos' low-income residents might go without crucial care, leading to more severe conditions. This can cause further spread of disease and contribute to days lost from school and work. Oftentimes these untreated, preventable conditions may lead families to resort to emergency rooms when symptoms become dire. NCHS cares for patients during all stages of their lives and does not turn patients away due to their level of ability to pay for services.

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: **\$ 3,452.57**

Grant Request Amount: \$ 3,452.57
(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).

\$ _____ (Name of source) _____ ** _____
\$ _____ (Name of source) _____ ** _____
\$ _____ (Name of source) _____ ** _____
\$ _____ (Name of source) _____ ** _____

Proposal



1890 Cordell Ct. Ste. 102 32910 Alvarado-Niles Rd. St.
El Cajon Union City
(619) 562-8852 (510) 324-8871
www.cascadesci.com mail@cascadesci.com

June 10, 2015

Summary: EQUIP SALE- NEW

Reference #: 58286

Due Date: 7/18/2015

North County Health Services
150 Valpreda Road
San Marcos, CA 92069

Job Name:

North County Health Services Upgrade for All
150 Valpreda Road
San Marcos, CA 92069

(760) 736-6738

We Hereby Submit Specifications And Estimates For:

Cascade Proposes to sell new freezer-less stand alone commercial refrigerators or stand alone freezers for children's vaccine storage (VFC) to replace current older stock with equivalent models Kenmore, Magic Chef and Frigidaire refrigerators/freezers OR upgrade current Kenmore, Magic Chef and Frigidaire Refrigerator/Freezers to commercial or medical units at 7 locations; Encinitas, Oceanside WHS, Loma Alta, Grand Location, Valpreda WHS, Valpreda PEDS, and Ramona.

Models listed on quote meet the CDC (Centers for Disease Control) pink sheet for storage of children's vaccines.

<http://www.cdc.gov/vaccines/pubs/pinkbook/vac-storage.html>(insert pound sign here)equipment and the CDC Vaccine storage and Handling Toolkit May 2014.

<http://www.cdc.gov/vaccines/recs/storage/toolkit/storage-handling-toolkit.pdf>

This quote includes manufacture warranty and Cascade Scientific 2 -year warranty. (see below) It also includes pick up and disposal of old unit and CDC temperature logging manual if needed. Thank you for choosing Cascade as your supplier of new commercial scientific equipment.

Unit Specifications:
varied (see quote)

SN# TBD

Dimensions
variable

Sale Includes:
Complimentary Preventive Maintenance visit after first year of ownership
White glove delivery
Two-Year Parts and Labor Warranty (see below for details)

Terms of Sale:
Advance payment is required for first time clients with purchases under \$10,000. All sales require purchase order. Shipping and crating charges are estimates; final costs will be determined upon shipping and added to the invoice for final payment. For California customers, appropriate sales tax has been added. All items come with the warranty indicated below. All items are subject to availability. Installation is the responsibility of the buyer except as stated otherwise. International orders do not include duties, custom fees, or VAT. Buyer is responsible for all shipping & handling fees for receipt and return of goods. Final payments must be made within the terms extended below. A 1.5% finance charge will be applied to all past due invoices; subsequent finance charges of 1.5% will apply after each 30 day period that passes without complete payment. All returns subject to 35% restocking charge. All items must be returned in the condition they were received. All returned items subject to approval by

Proposal



1890 Cordell Ct. Ste. 102 32910 Alvarado-Niles Rd. St.
El Cajon Union City
(619) 562-8852 (510) 324-8871
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June 10, 2015

Summary: EQUIP SALE- NEW

Reference #: 58286

Due Date: 7/18/2015

North County Health Services
150 Valpreda Road
San Marcos, CA 92069

Job Name:

North County Health Services Upgrade for All
150 Valpreda Road
San Marcos, CA 92069

(760) 736-6738

We Hereby Submit Specifications And Estimates For:

the Seller.

Limited Warranty:

The Seller warrants to the Buyer that the goods sold to the Buyer are free of operating defects under normal use for a period of 2 years from the date of delivery. The Seller will provide the necessary parts and labor to provide such operating condition. While under warranty repair, there is no shipping charge for ZIP codes 90000 through 93599 (a technician will be dispatched to the Buyer). Buyers in all other ZIP codes are responsible for shipping under warranty. The Warranty does not cover operator error, operator misuse, nor repair by third party. The Warranty does not cover damage due to misuse, fire, flood, insufficient utility requirements, natural disasters or other external forces. While extensive efforts have been made to cosmetically detail the equipment, this Warranty does not extend to cosmetic defects such as rust, paint, trim, dents and dings. Nor does the Warranty extend to insulation. The Seller is not responsible for any training or instruction with respect to the equipment and assumes that the Buyer knows what is being purchased and how to safely and correctly operate the equipment. Warranty does not include seals, valve gaskets, bulbs, filters, and all other short-wear or consumable items.

To order:

Please call our offices to confirm availability and to estimate shipping time frames. Please provide 'bill to' and 'ship to' information, along with a purchasing contact for our records. Thank you for choosing Cascade Scientific.

Space Saver Freezer 1-2/7 cu ft	1.00	321.30 EA	321.30
Frigidaire Non-comm refrig stand alone VFC approved	1.00	1637.50 EA	1637.50
Kenmore Non-comm stand alone Refrig 253 Series VFC approved	1.00	1550.00 EA	1550.00
Magic Ch Non-com freezer VFC approved	1.00	418.25 1	418.25
Frigidaire Commercial Refrig Upgrade VFC Approved	1.00	2872.75 1	2872.75
Pharmacy Grade Upgrade Refrigerator VFC App 10.1	1.00	1839.60 EA	1839.60
Summit Commercial VRC Approved Lab freezer upgrade VFC approved	1.00	2821.00 EA	2821.00
Inside Delivery Services-7 different locations	7.00	350.00 PE	2450.00

Proposal



1890 Cordell Ct. Ste. 102 32910 Alvarado-Niles Rd. St.
El Cajon Union City
(619) 562-8852 (510) 324-8871
www.cascadesci.com mail@cascadesci.com

June 10, 2015

Summary: EQUIP SALE- NEW

Reference #: 58286

Due Date: 7/18/2015

North County Health Services
150 Valpreda Road
San Marcos, CA 92069

Job Name:

North County Health Services Upgrade for All
150 Valpreda Road
San Marcos, CA 92069

(760) 736-6738

We Hereby Submit Specifications And Estimates For:

Material	Labor	Subtotal	Sales Tax	Total
11460.40	2450.00	13910.40	916.83	\$14,827.23

Payment to be made as follows:

Project 1

All material is guaranteed to be as specified. All work to be completed in a professional manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders and will become an extra charge over and above the estimate. All agreements contingent upon delays beyond our control. Purchaser agrees to pay all costs of collection, including attorney's fees. This proposal may be withdrawn by us if not accepted by the above due date.

Authorized
Signature _____

Acceptance
Signature _____

Date _____

NORTH COUNTY HEALTH PROJECT, INC.
Operating Budget
For Fiscal Year ending December 31, 2015

**REVENUES, GAINS,
 AND OTHER SUPPORT**

Contracts and grants	10,995,278
Patient services, net of bad debt	41,163,650
Contracted Pharmacy	1,424,900
Contributions	108,367
Donated Pharmacy	85,969
Miscellaneous	28,575
Meaningful Use	
Interest income	23,544
TOTAL REVENUES, GAIN, AND OTHER SUPPORT	<u>53,830,283</u>

EXPENSES

Personnel	32,803,992
Fringe benefits	7,360,035
Contractual services	
Patient	1,197,638
Non-Patient	1,664,983
Accounting services	193,000
Consumable supplies	2,066,125
Donated Pharmacy Supplies	85,969
Administrative supplies	571,675
Insurance	243,628
Facilities	
Rent	505,025
Mortgage Interest	659,424
Utilities	540,868
Other Facilities Expense	687,909
Communications	368,902
Travel	293,889
Minor Equipment, maintenance and rental	729,935
Staff Recruitment & Retention	560,744
Public Communications	334,003
Other Expenses	
Outreach	51,390
Client Assistance Expenses	43,490
Other Operating Expenses	305,696
Depreciation	2,318,120
TOTAL EXPENSES	<u>53,586,440</u>

Projected Increase in Net Assets

Visits	<u>273,069</u>
---------------	-----------------------

OGDEN UT 84201-0038

In reply refer to: 0437870217
Sep. 15, 2011 LTR 4168C 0
95-2847102 000000 00
00025203
BODC: TE

NORTH COUNTY HEALTH PROJECT INC
150 VALPREDA ROAD
SAN MARCOS CA 92069-2973



002592

Employer Identification Number: 95-2847102
Person to Contact: Exempt Organization
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Sep. 06, 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 July, 1973.

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

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

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

0437870217
Sep. 15, 2011 LTR 4168C 0
95-2847102 000000 00
00025204

NORTH COUNTY HEALTH PROJECT INC
150 VALPREDA ROAD
SAN MARCOS CA 92069-2973

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

Sincerely yours,



Sharon Davies
Accounts Management I

STATE OF CALIFORNIA

FRANCHISE TAX BOARD
SACRAMENTO, CALIFORNIA 95867



June 28, 1973

In reply refer to
EO:JCS:ch

North County Health Project Incorporated
170 West Mission
San Marcos, CA 92069

Purpose: Charitable
Form of Organization: Corporation
Accounting Period Ending: August 31
Organization Number: 676146

Gentlemen:

Based on the information submitted and provided your present operations continue unchanged or conform to those proposed in your application, you are exempt from State franchise or income tax under Section 23701d, Revenue and Taxation Code. 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 also must be reported.

You are 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.

If the organization is incorporating or is a foreign corporation qualifying to do business in California, this approval will expire unless incorporation or qualification is completed within 30 days.

Exemption from federal income or other taxes and other state taxes requires separate applications.

James C. Stewart
James C. Stewart
Counsel

cc: Secretary of State (Corp)

North County Health Project, Inc.

2015 Board of Directors

	Director Name	Board Position	Occupation/Business Affiliation	Residence Address	City/State	Zip	Email Address
1	Sheila Brown	Interim Chair	Palomar Health Downtown Campus, 555 E. Valley Parkway, Escondido, CA 92025, Chief Administrative Officer.	5123 Wisteria Drive	Oceanside, CA	92056	sheila.brown@pph.org
1	Sheila Brown	Vice-Chair	Palomar Health Downtown Campus, 555 E. Valley Parkway, Escondido, CA 92025, Chief Administrative Officer	5123 Wisteria Drive	Oceanside, CA	92056	sheila.brown@pph.org
2	Andrew S. Rinde	Secretary	Retired, Sr. Health Consultant	3556 Seahorn Circle	San Diego, CA	92130	andyrinde@aol.com
3	Carl Pinkard	Treasurer	AKT Wealth Advisors, LP, 5946 Priestly Dr., Ste 200, Carlsbad, CA 92008, Certified Financial Advisor	26209 Emily Place	Murrieta, CA	92563	cpinkard@wealthadvisors.com
4	Adriana Andres-Paulson	Director	SD County Off. of Education Migrant Education-Region XI, 135 Vallecitos de Oro, Suite A, San Marcos, CA 92065, Migrant Education	3055 Anaheim Terrace	Escondido, CA.	92025	adriana.paulson@sdcoe.net
5	Harriet H. Carter	Director	Self Employed, Attorney-at-Law,	13190 Calle Caballeros	San Diego, CA	92129	harriethcarteresq.com
6	Steve Kildoo	Director	Community Volunteer	789 N. Alida	San Marcos	92069	sektldoo@gmail.com
7	Andres Ramos Martin	Director	Ramona High School, 1401 Hanson Ln, Ramona, CA 92065, Student Counselor	644 Cedar Street	San Marcos, CA.	92069	andresmartin@gmail.com;_amartin@ramonausd.net
8	Roberto Ramirez	Director	Mountain Meadow Mushroom Farms, Inc 26948 North Broadway Escondido, CA 92026, Owner	1202 Shay Place	Escondido CA	92026	Roberto-Ramirez@cox.net
9	Walt Steffen	Director	Retired, LCSW, County of San Diego	833 North Daisy	Escondido, CA.	92027	wcsteffen43@yahoo.com
10	Linda Strand	Director	Independent Energy Solutions, Inc., 10900 Joshua Way, Vista, CA 92081, President	1522 W. Borden Road	San Marcos	92069	Lstrand@indenergysolutions.com
11	Donald Stump	Director	North County Lifeline, 200 Michigan Ave. Vista, CA 92084, Executive Director	424 Palm Ave.	Coronado, CA	92118	dstump2@nclifeline.org
12	Craig Jung	Director	Retired, former CEO Ramona Chamber of Commerce	16746 Wikup Rd	Ramona, CA	92065	jungtonic@yahoo.com

Form 990

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.

A For the 2013 calendar year, or tax year beginning		01/01	, 2013, and ending	12/31	, 2013
B Check if applicable:		C Name of organization		D Employer identification number	
<input type="checkbox"/> Address change		North County Health Project Inc		95-2847102	
<input type="checkbox"/> Name change		Doing Business As		E Telephone number	
<input type="checkbox"/> Initial return		Number and street (or P.O. box if mail is not delivered to street address)		760-736-6700	
<input type="checkbox"/> Terminated		Room/suite		760-736-6700	
<input type="checkbox"/> Amended return		150 Valpreda Road		G Gross receipts \$ 48,170,019	
<input type="checkbox"/> Application pending		City or town, state or province, country, and ZIP or foreign postal code		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		San Marcos, CA 92069		H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No	
		F Name and address of principal officer: Phil Lenowsky 150 Valpreda Road, San Marcos, CA 92069		If "No," attach a list. (see instructions)	
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527				H(c) Group exemption number ►	
J Website: ► www.nchs-health.org					
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►				L Year of formation: 1973	M State of legal domicile: CA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: North County Health Services' mission is to improve the health status of our diverse communities by providing quality health care that is comprehensive, affordable and culturally sensitive.			
	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	14	
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	14	
	5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	651	
	6 Total number of volunteers (estimate if necessary)	6	0	
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0	
	b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Expenses	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year	
	9 Program service revenue (Part VIII, line 2g)	11,547,728	12,325,544	
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	35,446,117	35,322,993	
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	11,899	11,205	
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	990,336	483,487	
		47,996,080	48,143,229	
	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)	29,935,819	31,598,193	
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0	
Net Assets or Fund Balances	b Total fundraising expenses (Part IX, column (D), line 25) ►	314,935		
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	14,524,177	13,750,245	
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	44,459,996	45,348,438	
	19 Revenue less expenses. Subtract line 18 from line 12	3,536,084	2,794,791	
		Beginning of Current Year	End of Year	
20 Total assets (Part X, line 16)	42,772,422	45,661,096		
21 Total liabilities (Part X, line 26)	17,637,418	17,731,301		
22 Net assets or fund balances. Subtract line 21 from line 20	25,135,004	27,929,795		

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

Phil Lenowsky, CFO-CIO

Type or print name and title

Date

Paid
Preparer
Use Only

Print/Type preparer's name Jeremy Ware	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN P00642659
Firm's name ► TCA Partners LLP	Firm's EIN ► 20-2707086			
Firm's address ► 1111 E Herndon Avenue Suite 211, Fresno, CA 93720	Phone no. 559-431-7708			

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

Form 990 (2013)

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

1 Briefly describe the organization's mission:

North County Health Services' (NCHS) mission is to improve the health status of our diverse communities by providing quality health care that is comprehensive, affordable and culturally sensitive. During the year, NCHS provided 233,003 visits to 54,305 patients.

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 \$ 37,097,655 including grants of \$ 0) (Revenue \$ 48,143,229)

North County Health Services' mission is to improve the health status of our diverse communities by providing the quality health care that is comprehensive, affordable and culturally sensitive.

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

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

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

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

4e Total program service expenses ► 37,097,655

Consolidated Financial Statements
North County Health Project, Inc.
d/b/a North County Health Services
December 31, 2014 and 2013
(With Independent Auditors' Report Thereon)

**North County Health Project, Inc.
d/b/a North County Health Services
December 31, 2014 and 2013**

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*INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*

Board of Directors
North County Health Project, Inc.
d/b/a North County Health Services
San Marcos, California

Report on the Financial Statements

We have audited the accompanying financial statements of North County Health Project, Inc., d/b/a North County Health Services (the "Center"), which comprise the balance sheets as of December 31, 2014 and 2013 and the related statements of operations and changes in net assets, 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 the accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 North County Health Project, Inc., d/b/a North County Health Services as of December 31, 2014 and 2013 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated April 22, 2014, on our consideration of the entity's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Center taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

CAW, LLP

Fresno, California
April 14, 2015

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Balance Sheets
December 31, 2014 and 2013**

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 16,523,602	\$ 14,663,390
Short term investments	3,053,732	-
Patient accounts receivable, net of allowance;	2,396,583	1,549,478
Grant receivable	1,249,248	1,144,351
Estimated third-party payor settlements	3,604,061	2,890,307
Other receivables	312,196	430,955
Inventories	247,241	281,223
Prepaid expenses and other current assets	702,171	620,457
Total current assets	<u>28,088,834</u>	<u>21,580,161</u>
Assets limited as to use:		
Held by trustee	3,124,361	416,780
Deferred compensation	<u>1,874,484</u>	<u>1,512,779</u>
	<u>4,998,845</u>	<u>1,929,559</u>
Property and equipment, at cost:		
Land and land improvements	4,949,452	5,036,550
Buildings and leasehold improvements	20,290,338	20,356,965
Equipment	6,173,022	5,784,114
Construction in progress	<u>6,216,478</u>	<u>1,049,952</u>
	<u>37,629,290</u>	<u>32,227,581</u>
Less accumulated depreciation	<u>(13,347,883)</u>	<u>(12,816,914)</u>
	<u>24,281,407</u>	<u>19,410,667</u>
Other assets:		
Prepaid expenses and other long-term assets	1,084,374	934,960
Long-term investments	1,805,749	1,805,749
Total assets	<u>\$ 60,259,209</u>	<u>\$ 45,661,096</u>

See Notes to Financial Statements

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Balance Sheets
December 31, 2014 and 2013**

	2014	2013
Liabilities		
Current liabilities		
Current maturities of long-term liabilities	\$ 574,058	\$ 284,787
Accounts payable and other accrued expenses	1,762,823	990,631
Accrued payroll and related liabilities	3,580,333	3,058,412
Estimated third-party payor settlements	2,378,037	-
Deferred revenue	273,254	241,516
Total current liabilities	<u>8,568,505</u>	<u>4,575,346</u>
Deferred compensation	1,874,484	1,512,779
Long-term liabilities	<u>14,006,820</u>	<u>11,643,176</u>
Total liabilities	24,449,809	17,731,301
Net Assets		
Unrestricted	<u>35,809,400</u>	<u>27,929,795</u>
Total net assets	<u>35,809,400</u>	<u>27,929,795</u>
Total liabilities and net assets	<u><u>\$ 60,259,209</u></u>	<u><u>\$ 45,661,096</u></u>

See Notes to Financial Statements

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Statements of Operations
Years Ended December 31, 2014 and 2013**

	2014	2013
Change in Unrestricted Net Assets:		
Unrestricted revenues, gains and other support:		
Net patient service revenue	\$ 39,296,223	\$ 35,322,993
Grant revenue	10,606,690	10,771,366
Contributions	806,676	461,957
Other	338,272	426,907
Total unrestricted revenues, gains and other support	51,047,861	46,983,223
Expenses and losses:		
Salaries and wages	29,651,810	26,285,281
Employee benefits	6,293,173	5,182,749
Purchased services and professional fees	2,984,485	2,802,504
Supplies and other	6,830,593	6,169,676
Contractual services	39,931	1,636,115
Rent	466,259	396,665
Insurance	243,718	237,579
Client assistance	79,334	98,630
Depreciation	1,930,861	1,896,503
Interest	663,150	623,320
Total expenses	49,183,314	45,329,022
Excess revenues over expenses	1,864,547	1,654,201
Grants for acquisition of property and equipment	4,488,761	1,160,006
Gain (loss) on disposal of property and equipment	1,526,297	(19,416)
Change in unrestricted net assets	7,879,605	2,794,791
Net Assets:		
Beginning of year	27,929,795	25,135,004
End of year	\$ 35,809,400	\$ 27,929,795

See Notes to Financial Statements

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Statements of Cash Flows
Years Ended December 31, 2014 and 2013**

Cash Flows from Operating Activities	2014	2013
Change in net assets	7,879,605	\$ 2,794,791
Adjustments to reconcile operating income in net assets to net cash provided by operating activities:		
(Gain) loss on disposal of property and equipment	(1,526,297)	19,416
Depreciation and amortization	1,930,861	1,896,503
Grants for the acquisition of property and equipment	(4,488,761)	(1,160,006)
Amortization of refundable loan	(36,990)	(35,190)
Changes in operating assets and liabilities:		
Patient accounts receivable, net	(847,105)	942,947
Grants receivable	(104,897)	(246,839)
Contributions receivable	-	20,967
Estimated amounts due from and to third-party payers	1,664,283	2,503,809
Prepaid and other	(78,387)	(82,270)
Accounts payable and accrued expenses	772,192	(351,364)
Accrued payroll and related liabilities	521,921	172,649
Deferred revenue	31,738	93,923
Net cash provided by operating activities	<u>5,718,163</u>	<u>6,569,336</u>
Cash Flows from Investing Activities		
Purchase of long-term investments	-	(1,805,749)
Net change in assets limited to use	(2,707,581)	-
Purchase of short-term investments	(3,053,732)	-
Purchase of property and equipment	(5,275,304)	(1,702,348)
Net cash used in investing activities	<u>(11,036,617)</u>	<u>(3,508,097)</u>
Cash Flows from Financing Activities		
Proceeds from capital assets contribution for PPE	4,488,761	1,160,006
Proceeds from new debt	3,095,981	-
Principal payments on long-term debt	(406,076)	(272,802)
Net cash provided by financing activities	<u>7,178,666</u>	<u>887,204</u>
Increase in cash and cash equivalents	<u>1,860,212</u>	<u>3,948,443</u>
Cash and Cash Equivalents:		
Beginning of year	<u>14,663,390</u>	<u>10,714,947</u>
End of year	<u>\$ 16,523,602</u>	<u>\$ 14,663,390</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 663,150</u>	<u>\$ 569,020</u>

See Notes to Financial Statements

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2014 and 2013**

Note 1: Summary of Significant Accounting Policies

Organization and Operations

North County Health Project, Inc., d/b/a North County Health Services (the “Center”), is a federally qualified health center that works to further its mission to “improve the health status of our diverse communities by providing quality health care that is comprehensive, affordable and culturally sensitive.” The Center primarily earns revenues by providing medical, dental and mental health services through clinics located in Carlsbad, Encinitas, Oceanside, Ramona and San Marcos, California. In October 2008 the Center formed a new 501(c) (3) California nonprofit public benefit corporations named NCHS-Loma Alta. The purpose of the new corporation is to support the charitable purpose and activities of the Center, including the holding of New Market Tax Credit Loan.

The Center derives its support through grants and contracts with the U.S. Department of Health and Human Services (“DHHS”), US Department of Agriculture (“USDA”), the State of California, the County of San Diego, and various other entities. Additionally, revenues are derived from patient fees and third party charges.

Cash and Cash Equivalents

The Center considers all liquid investments, other than those limited as to use, with original maturities of three months or less to be cash equivalents. At December 31, 2014 and 2013, cash equivalents consisted primarily of checking, savings, and money market accounts. Of the cash balances as of December 31, 2014 and 2013, \$814,954 and \$1,152,242 respectively was covered by federal depository insurance and \$15,708,648 and \$13,511,148, respectively, was uninsured.

Investment Return

Investment return is comprised of interest income and is reported in the statements of operations.

Patient Accounts Receivable

The Center reports patient accounts receivable for services rendered at estimated net realizable amounts from third-party payers, patients and others. The Center provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the patient, the Center bills third-party payers directly and bills the patient when the patient’s liability is determined. Patient account receivables are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts and sent to collections based on individual credit evaluation and specific circumstances of the account.

Third-Party Contractual Agreements

The Center has agreements with Medicare that provide payments under a cost-based reimbursement system and with Medi-Cal that provide payments under the Prospective Payment System (“PPS”). In the case of Medicare, reasonable estimates are made and reported in the period services are rendered, and differences between the estimates and actual receipts are included in the statement of operations in the period in which they are determined. In the case of Medi-Cal, payments under the PPS system are final, unless the number of reimbursable visits is changed as a result of an audit by the State of California, Department of Healthcare Services. In addition, under the Medi-Cal PPS, the Center may apply for a change-in-scope of services annually. This process may result in additional Medi-Cal reimbursement for the Center.

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2014 and 2013**

Note 1: Summary of Significant Accounting Policies (Continued)

Inventories

Inventories consist of pharmaceutical, medical and office supplies and are stated at cost. Due to rapid turnover of supplies, cost approximates market value.

Assets Limited As to Use

Assets limited as to use include cash held by trustee related to Center debt agreements, and assets set aside for deferred retirement benefits.

Property and Equipment

Land, building and equipment are carried at cost or estimated fair value at date of acquisition. The Center capitalizes all acquisitions greater than \$5,000 and such assets are depreciated on a straight-line basis over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. Certain property and equipment have been purchased with grant funds received from various federal agencies. Such items, or a portion thereof, may be reclaimed by the federal government if not used to further the grant's objectives.

Donations of property and equipment are reported at fair market value as an increase in unrestricted net assets unless the donor restricts use of the assets. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service. Donor restricted contributions for property and equipment whose restrictions are met within the same year as received are reported as unrestricted contributions. Construction-in-progress is recorded at cost and is capitalized upon completion. Depreciation is recorded when construction is substantially complete and the assets are placed in service.

Use of Estimates

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

Temporarily and Permanently Restricted Net Assets

Contributions, including government grants and contracts, are recorded as either temporarily or permanently restricted revenue if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restrictions ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as unrestricted revenue.

Donated Supplies

The Center recognizes donated pharmaceuticals at fair value. Donated pharmaceuticals totaling \$63,359 and \$350,974 are recorded as contribution revenue and supplies and other expense for the years ended December 31, 2014 and 2013, respectively.

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2014 and 2013**

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Center has been recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Revenue and taxation Code by the IRS and Franchise Tax Board, respectively. Accordingly, no provision for income taxes is included in the accompanying financial statements. The tax years of 2010 through 2013 remain open and subject to examination by the appropriate agencies in the United States and California.

Net Patient Service Revenue

The Center has agreements with third-party payers that provide for payments to the Center at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, including estimated retroactive adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Contributions

Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. Gifts received with donor stipulations are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions. Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

Excess of Revenues Over Expenses

The consolidated statements of operations include the excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions and grants to be used for the purpose of acquiring such assets).

Reclassification

Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 financial statement presentation. These reclassifications had no effect on the changes in net assets.

Subsequent Events

The Center has evaluated all events and transactions that have occurred after December 31, 2014 and through April 14, 2015, the date of the financial statements and notes to financial statement were available to be issued. During this period no events or transactions occurred that would require adjustments of the financial statements or disclosure in the accompanying notes.

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2014 and 2013**

Note 2: Fair Value of Financial Instruments

Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 820, *Fair Value Measurements and Disclosures*, requires the fair value of financial assets and liabilities to be determined using a specific fair-value hierarchy. The objective of the fair value measurement of financial instruments is to reflect the hypothetical amounts at which the Center could sell assets or transfer liabilities in an orderly transaction between market participants at the measurement date. FASB ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets;

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets;

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets.

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2014:

	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
December 31, 2014:				
Money market funds	\$ 2,386,928	\$ 2,386,928	\$ -	\$ -
Bonds	704,951	-	704,951	-
CDs	280,046	280,046	-	-
Equity	3,778,318	3,778,318	-	-
Life insurance contracts	1,805,749	1,805,749	-	-
Total	\$ 8,955,992	\$ 8,251,041	\$ 704,951	\$ -
December 31, 2013:				
Money market funds	\$ 2,968,313	\$ 2,968,313	\$ -	\$ -
Stocks	33,540	33,540	-	-
Life insurance contracts	1,805,749	1,805,749	-	-
Total	\$ 4,807,602	\$ 4,807,602	\$ -	\$ -

The carrying amounts reported in the balance sheets for other financial assets and liabilities that are not measured at fair value on a recurring basis including patient accounts receivable, grant and other receivables, estimated third-party payor settlements, accounts payable and other accrued expenses, accrued payroll and related liabilities, deferred revenue, and long term debt approximate fair value.

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2014 and 2013**

Note 3: Grant Revenue

The Center is the recipient of Consolidated Health Center (CHC) grants from the U.S. Department of Health and Human Services. The general purpose of the grants is to provide expanded health care service delivery for residents of northern San Diego County, California. Terms of the grants generally provide for funding of the Center's operations based on an approved budget. During the years ended December 31, 2014 and 2013, the Center recognized \$6,192,468 and \$5,850,733 in CHC grant revenue, respectively. Grant revenue is recognized as qualifying expenditures are incurred over the grant period.

In addition to the CHC grants, the Center receives financial support from other federal, state and private sources. Generally, such support requires compliance with terms and conditions specified in grant agreements or award letters and must be renewed on an annual basis.

Note 4: Net Patient Service Revenue

The Center is approved as a Federally Qualified Health Center (FQHC) for both Medicare and Medi-Cal reimbursement purposes. The Center has agreements with third-party payers that provide for payments to the Center at amounts different from its established rates. These payment arrangements include:

Medicare

Covered FQHC services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. The Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by the Center and audit thereof by the Medicare fiscal intermediary. Services not covered under the FQHC benefit are paid based on established fee schedules.

Medi-Cal

Covered FQHC services rendered to Medi-Cal program beneficiaries are paid based on a prospective reimbursement methodology. The Center is reimbursed a set encounter rate for all services provided under the plan. Services not covered under the FQHC benefit are paid based on established fee schedules.

Approximately 86% and 81% of net patient service revenues are from participation in the Medicare and state-sponsored Medi-Cal programs for the years ended December 31, 2014 and 2013, respectively. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Center has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Center under these agreements includes prospectively determined rates and discounts from established charges. The Center also has agreements for capitated patients for which North County Health Services receives a fixed amount per month per member to take care of member's primary and specialty medical care.

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2014 and 2013**

Note 5: Concentrations of Credit Risk

The Center grants credit without collateral to its patients, most of who are area residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at December 31, 2014 and 2013, was:

	<u>2014</u>	<u>2013</u>
Medicare	5%	7%
Medi-Cal	42%	47%
Other third-party payers	40%	31%
Private Pay	14%	15%
	<u>100%</u>	<u>100%</u>

Note 6: Deferred Grant Revenue

Deferred grant revenue consist of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Tides Foundation	\$ 2,019	\$ 6,057
Blue Shield of California Foundation	71,720	13,704
Leichtag Foundation	9,049	5,673
California Community Foundation	-	42,641
CHF ER Program	35,000	35,000
Kaiser Permanente Provision PT	25,000	25,000
Other	<u>130,466</u>	<u>113,441</u>
	<u><u>\$ 273,254</u></u>	<u><u>\$ 241,516</u></u>

Note 7: Line-of-Credit

The Center has a \$2,000,000 line-of-credit; expiring July 1, 2017. The line of credit is collateralized by receivables. At December 31, 2014 and 2013, there was no balance outstanding on the line-of-credit.

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2014 and 2013**

Note 8: Long-Term Debt

	2014	2013
On February 5, 2010 NCHS-Loma Alta entered into a New Market Tax Credit loan agreement through Impact V CDE3 LLC/NCB-Capital Impact. The agreement consists of three loans in the amounts of \$4,483,500, \$1,891,500 and \$750,000 for a total of \$7,125,000. All three promissory notes bear an annual interest rate of 5.546% and mature on February 4, 2016 at which time the principal balance of \$7,125,000 is due in full. The three notes are secured by the Oceanside real property.	\$7,125,000	\$7,125,000
The Center entered into a loan agreement with City National Bank on December 1, 2010 in the amount of \$4,500,000. These funds were used to refinance existing debt in January 2011 and to purchase property that was formerly being leased. This agreement consists of two loans in the amounts of \$3,500,000 and \$1,000,000. Series A loan is in the amount of \$3,500,000 and bears an interest rate of 4.32% with a maturity date of January 1, 2026. The Series B loan in the amount of \$1,000,000 and bears an interest rate of 4.1% with a maturity date of January 1, 2021. Collateral for these loans include real property.	3,451,379	3,736,165
The Center entered into a loan agreement with City National Bank on July 1, 2014 in the amount of \$3,000,000 as Series C of the above loan. These funds were used for continued improvements to the Mission Mesa clinic site. The loan bears interest at a fixed rate of 3.94% per annum with a maturity date of June 1, 2024. Collateral for this loan includes real property.	2,897,696	-
Auto loans at 2.94% to 3.44% interest payable in monthly installments. Loans expire at various times through 2019. Secured by vehicle.	76,995	-
The Center entered into a loan agreement with the City of Carlsbad on February 15, 2012 in the amount of \$1,130,000. These funds were allocated from a Community Block Development Grant (CDBG) as a no interest, deferred, and forgivable loan to be used for the acquisition of property for a health center to serve low income households. The loan has a term of 20 years and is forgivable upon the expiration of the term of the loan if the property has been maintained and operated as a health center consistent with the conditions of the loan.	1,029,808	1,066,798
Total long term debt	14,580,878	11,927,963
Less: current portion	(574,058)	(284,787)
	<u>\$14,006,820</u>	<u>\$11,643,176</u>

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2014 and 2013**

Note 8: Long-Term Debt (Continued)

Interest expense for the year ended December 31, 2014 was \$663,150 and future principal payments are as follows for the years ended December 31:

Year	Principal
2015	\$ 574,061
2016	7,722,502
2017	623,281
2018	628,165
2019	650,205
Thereafter	<u>4,382,664</u>
Total	<u><u>\$14,580,878</u></u>

Note 9: Commitments and Contingencies

Operating Leases

Non-cancelable operating leases for the Center's facilities expire in various years through 2021. Future minimum lease payments are as follows: \$411,966 in 2015; \$321,017 in 2016; \$268,681 in 2017; \$145,461 in 2018; \$112,514 in 2019 and \$123,360 thereafter.

Self-Insurance

The Center was self-insured for employee worker's compensation insurance benefits prior to December 1, 2006 when the Center chose to purchase workers' compensation coverage for future claims.

The accrual for self-insurance is evaluated periodically throughout the fiscal year for adequacy based on staffing changes. The Center is liable for all workers' compensation claims up to \$250,000 that occurred through November 30, 2006. Individual claims that exceed the \$250,000 per claim self-insurance deductible are fully insured by a third-party insurance company. There is no aggregate deductible.

Pension Plan

The Center has a 403(b) defined contribution pension plan covering substantially all employees who meet the eligibility requirements. The Center provides a discretionary match of eligible employee contributions to the plan up to 4% of employees' salaries. Pension expense related to the 403(b) defined contribution pension plan was \$589,981 and \$552,394 for the years ended December 31, 2014 and 2013, respectively.

The Center provides a 457(b) deferred compensation plan for certain providers and executive management as a retention benefit. Under the terms of this plan, the deferred compensation liability and related assets limited as to use are recorded by the Center and are subject to the general creditors of the Center. Expense related to the 457(b) deferred compensation plan was \$341,795 and \$329,963 for the years ended December 31, 2014 and 2013, respectively.

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2014 and 2013**

Note 9: Commitments and Contingencies (Continued)

Malpractice Claims

The U.S. Department of Health and Human Services has deemed the Center and its practicing physicians covered under the Federal Tort Claims Act (FTCA) for damage for personal injury, including death, resulting from the performance of medical, surgical, dental and related functions. FTCA coverage is comparable to an occurrence policy without a monetary cap. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Center's claim experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

The Center is the defendant in class action litigation involving incorrect payroll wage statements and other payroll errors. The Center is a participant in ongoing negotiations to resolve this lawsuit and has accrued an estimated liability related to these settlement negotiations. The Center believes that the ultimate resolution of the matter, which is expected to occur within the year, will not result in any additional loss above what has been accrued.

The Center has other on-going litigation claims as result of its normal course of operations; however, in the opinion of management, these claims will not have a material adverse effect upon the financial statements.

Forgivable Loan

The Center entered into a loan agreement with the City of Carlsbad on February 15, 2012 in the amount of \$1,130,000. These funds were allocated from a Community Block Development Grant as a no interest, deferred, and forgivable loan to be used for the acquisition of property for a clinic to serve low income households. The loan has a term of 20 years and is forgivable upon the expiration of the term of the loan if the property has been maintained and operated as a clinic consistent with the conditions of the loan. The loan is being amortized over the life of the agreement, but in the case the Center does not maintain the clinic, the Center may be liable to refund the entire amount of the original loan to the City of Carlsbad.

Note 10: Functional Expenses

The Center provides healthcare services to residents within its service area. Expenses related to providing these services are as follows:

	2014	2013
Healthcare program services	\$37,515,443	\$37,097,655
General and administrative	11,408,248	7,916,432
Fundraising	259,623	314,935
	<hr/> <u>\$49,183,314</u>	<hr/> <u>\$45,329,022</u>



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Independent Accountants' Report on Consolidating Schedules

Board of Directors
North County Health Project, Inc.
d/b/a North County Health Services
San Marcos, California

We have audited and reported separately herein on the consolidated financial statements of North County Project, Inc., d/b/a North County Health Services (the "Center") as of and for the year ended December 31, 2014.

Our audit was conducted for the purpose of forming an opinion on the financial statements of North County Project, Inc., d/b/a North County Health Services taken as a whole. The consolidating information include in page 17 through 19 is presented for purposes of additional analysis and is not a required part of the financial statements. The consolidating 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.

CHW, LLP

Fresno, California

April 14, 2015

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidating Schedule - Balance Sheets Information
December 31, 2014**

	NCHS	Loma Alta	Eliminations	Consolidated
Assets				
Current assets				
Cash and cash equivalents	\$ 16,328,363	\$ 195,239	\$ -	\$ 16,523,602
Short-term investments	3,053,732			3,053,732
Patient accounts receivable, net of allowance	2,396,583	-	-	2,396,583
Grant receivable	1,249,248	-	-	1,249,248
Estimated third-party payor settlements	3,604,061	-	-	3,604,061
Other receivables	312,196	559,838	(559,838)	312,196
Inventories	247,241	-	-	247,241
Prepaid expenses and other current assets	673,047	29,124	-	702,171
Total current assets	27,864,471	784,201	(559,838)	28,088,834
Assets limited as to use				
Held by trustee	3,124,361	-	-	3,124,361
Deferred compensation	1,874,484	-	-	1,874,484
	4,998,845	-	-	4,998,845
Property and equipment, at cost				
Land and land improvements	4,949,452	-	-	4,949,452
Buildings and leasehold improvements	13,411,951	6,878,387	-	20,290,338
Equipment	6,173,022	-	-	6,173,022
Construction in progress	6,216,478	-	-	6,216,478
	30,750,903	6,878,387	-	37,629,290
Less accumulated depreciation	(11,062,304)	(2,285,579)	-	(13,347,883)
	19,688,599	4,592,808	-	24,281,407
Other assets				
Prepaid expenses and other long-term assets	1,084,374	-	-	1,084,374
Long term investments	1,805,749	-	-	1,805,749
Total assets	\$ 55,442,038	\$ 5,377,009	\$ (559,838)	\$ 60,259,209

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidating Schedule - Balance Sheets Information
December 31, 2014**

	NCHS	Loma Alta	Eliminations	Consolidated
Liabilities and Net Assets				
Current Liabilities				
Current maturities of long-term liabilities	\$ 574,058	\$ -	\$ -	\$ 574,058
Accounts payable and other accrued expenses	1,762,823	- -	- -	1,762,823
Accrued payroll and related liabilities	3,580,333	- -	- -	3,580,333
Other Payables	559,838	- (559,838)	- -	- -
Estimated third-party payor settlements	2,378,037	- -	- -	2,378,037
Deferred grant revenue	273,254	- -	- -	273,254
Total current liabilities	9,128,343	- (559,838)	- -	8,568,505
Deferred Compensation	1,874,484	- -	- -	1,874,484
Long-Term Liabilities	6,881,820	7,125,000	- -	14,006,820
Total liabilities	17,884,647	7,125,000	(559,838)	24,449,809
Net Assets				
Unrestricted	37,557,391	(1,747,991)	- -	35,809,400
Total net assets	37,557,391	(1,747,991)	- -	36,809,400
Total liabilities and net assets	<u>\$55,442,038</u>	<u>\$5,377,009</u>	<u>\$ (559,838)</u>	<u>\$ 60,259,209</u>

North County Health Project, Inc.
d/b/a North County Health Services
Consolidating Schedule – Statement of Operations and Changes in Net Assets Information
December 31, 2014

	NCHS	Loma Alta	Eliminations	Consolidated
Change in Unrestricted Net Assets				
Unrestricted revenues, gains and other support:				
Net patient service revenue	\$ 39,296,223	\$ -	\$ -	\$ 39,296,223
Grant revenue	10,606,690	- -	- -	10,606,690
Contributions	806,676	- -	- -	806,676
Other	337,356	406,516	(405,600)	338,272
Total unrestricted revenues, and other support	51,046,945	406,516	(405,600)	51,047,861
Expenses and Losses:				
Salaries and wages	29,651,810	- -	- -	29,651,810
Employee benefits	6,293,173	- -	- -	6,293,173
Purchased services and professional fees	2,984,485	- -	- -	2,984,485
Supplies and other	6,830,593	- -	- -	6,830,593
Contractual services	39,931	- -	- -	39,931
Rent	871,859	- (405,600)	- 466,259	- 466,259
Insurance	243,718	- -	- -	243,718
Client assistance	79,334	- -	- -	79,334
Depreciation	1,504,196	426,665	- -	1,930,861
Interest	262,509	400,641	- -	663,150
Total expenses	48,761,608	827,306	(405,600)	49,183,314
Excess (deficit) of revenues over expenses	2,285,337	(420,790)	- -	1,864,547
Grants for acquisition of property and equipment	4,488,761	- -	- -	4,488,761
Gain (loss) on sale of property and equipment	1,526,297	- -	- -	1,526,297
Increase (decrease) in unrestricted net assets	8,300,395	(420,790)	- -	7,879,605
Change in net assets	8,300,395	(420,790)	- -	7,879,605
Net assets:				
Beginning of year	29,256,996	(1,327,201)	- -	27,929,795
End of year	\$ 37,557,391	\$ (1,747,991)	\$ -	\$ 35,809,400

Supplementary Information

**North County Health Project, Inc.
d/b/a North County Health Services
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2014**

Grantor	Federal CFDA Number	Expenditures
<u>U.S. Department of Health and Human Services:</u>		
Direct:		
Consolidated Health Centers -330 grant, CPSE, ESSP	*93.224	\$ 6,192,468
ACA Capital Development Grant (CDG)	*93.526	4,085,749
ACA Capital Development Grant (CDG)	*93.526	403,012
Ryan White Part C Outpatient EIS Program	93.918	244,135
		<hr/> 10,925,364
Pass through:		
<u>Family Health Centers of San Diego</u>		
Consolidated Health Centers- Homeless Grant (HG)	*93.224	12,027
<u>County of San Diego</u>		
Expanded HIV Testing	93.943	24,934
HIV High Acuity Case Management	93.914	195,237
Ryan White Part A- HIV Case Management	93.914	106,396
HIV Counseling and Testing Services	93.914	25,576
HIV Early Intervention Service Center	93.914	7,908
<u>California Family Health Council</u>		
Title X Family Planning	93.217	136,838
<u>Regents of University of California San Diego</u>		
Ryan White Part D	93.153	21,489
<u>City of Carlsbad</u>		
Community Development Block Grant Forgivable Loan	93.383	89,490
Total U.S. Department of Health and Human Services		<hr/> 11,545,259

U.S. Department of Agriculture:

Pass through:

<u>California Department of Health Care Services</u>		
WIC Peer Counseling Breastfeeding	10.557	192,804
WIC Farmers Nutrition Market Program	10.557	2,596
Supplemental Nutrition Program for Woman, Infants and Children	10.557	2,014,983
WIC Regional Breastfeeding	10.557	82,002
WIC Vendor Liaison	10.557	56,664
WIC Breast Pump Maintenance	10.557	2,381
WIC Health Care Provider Education	10.557	7,007
WIC IT Funding	10.557	8,793
WIC-Pronto Funding	10.557	6,111

**North County Health Project, Inc.
d/b/a North County Health Services
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2014**

Grantor	Federal CFDA Number	Expenditures
WIC-Task Force	10.557	5,458
WIC-ISIS	10.557	3,993
Total U.S. Department of Agriculture		2,382,792
Total Expenditures of Federal Awards		\$13,928,051

*Major Programs

**North County Health Project, Inc.
d/b/a North County Health Services
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2014**

Note A: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) summarizes the expenditures of North County Health Services (the “Center”) under programs of the federal government for the year ended December 31, 2014. Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows for the Center.

For purposes of the Schedule, federal awards include all grants and contracts entered into directly between the Center, agencies, and departments of the federal government. The awards are classified into major program categories in accordance with the provisions of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Government and Non-Profit Organizations.

Note B: Basis of Accounting

For purposes of the Schedule, expenditures for federal programs are recognized on the accrual basis of accounting. Expenditures are determined using the cost accounting principles and procedures set forth in OMB Circular A-122, Cost Principles for Non-Profit Organizations.

Note C: Relationship of Schedule of Expenditures of Federal Awards to Financial Statements

Consistent with management’s policy, federal awards are recorded in various revenue categories. As a result, the amount of total federal awards expended on the Schedule does not agree to total grant revenue on the Statement of Operations and Changes in Net Assets as presented in the Center’s Report on Audited Financial Statements.

Note D: Pass-Through Awards

North County Project, Inc., d/b/a North County Health Services provided federal awards to subrecipients as follows:

Cluster/Program	Subrecipient	CFDA Number	Amount Expended
Grants to provide Outpatient Early Intervention Services with Respect to HIV Disease	Vista Community Clinic	93.918	\$ 97,259
			<u>\$ 97,259</u>

**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**

Independent Auditor's Report

Board of Directors
North County Health Project, Inc.
d/b/a North County Health Services
San Marcos, California

We have audited, 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, the financial statements of North County Health Project, Inc., d/b/a North County Health Services (the "Center"), which comprise the balance sheets as of December 31, 2014 and 2013 and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 14, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North County Health Project, Inc.'s .., d/b/a North County Health 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.

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.

CAW, LLP

Fresno, California
April 14, 2015

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

Board of Directors
North County Health Project, Inc.
d/b/a North County Health Services
San Marcos, California

Report on Compliance for Each Major Federal Program

We have audited North County Health Project, Inc.'s, d/b/a North County Health Services (the "Center") 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 the Center's major federal programs for the year ended December 31, 2014. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on Each Major Federal Program

In our opinion, North County Health Project, Inc., d/b/a North County Health Services complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Center as of and for the year ended December 31, 2014, and have issued our report thereon dated April 14, 2015, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by OMB Circular A-133 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

CHW, LLP
Fresno, California
April 14, 2015

**North County Health Project, Inc.
d/b/a North County Health Services
Schedule of Findings and Questioned Costs
Year Ended December 31, 2014**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified	
Internal Control over financial reporting:	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Material weakness identified?		
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to the financial statements was disclosed by the audit?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Federal Awards		
Internal control over major programs:	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Material weakness identified?		
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported by OMB Circular A-133.	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Identification of Major Program		
CFDA Number	Name of Federal Program or Cluster	
93.224	Community Health Centers	
93.526	ACA Capital Development Grant	
93.526	ACA Capital Development Grant	
93.224	Consolidated Health Centers- Homeless Grant	
Dollar threshold used to distinguish between Type A and B programs	417,845	
The Center qualified as a low-risk auditee	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no

**North County Health Project, Inc.
d/b/a North County Health Services
Schedule of Findings and Questioned Costs
Year Ended December 31, 2014**

II Current Year Audit Findings and Questioned Costs

Financial Statement Findings:

No matters are reportable.

Federal Awards Findings and Questioned Costs:

No matters are reportable.

III Prior Year Audit Findings and Questioned Costs

None Reported

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

MEETING OF THE GRANT FUNDING COMMITTEE
JULY 8, 2015 – 6:00 PM

CALL TO ORDER BOARD VICE- PRESIDENT WILLIAMS called the meeting to order at 6:00 p.m.

ROLL CALL

PRESENT: BOARD MEMBERS: BURTON, NUTTALL, WILLIAMS
ABSENT: BOARD MEMBERS: NONE

ALSO PRESENT Recording Secretary, Wendy Kaserman; City Staff Michael Gordon and Julia Covert

OLD BUSINESS

1. GRANT AWARD WORKSHEET. Fiscal year 2014-2015
Noted and filed.

NEW BUSINESS

2. REQUEST FROM TRI-CITY HOSPITAL FOUNDATION FOR EXTENSION OF GRANT PERIOD

The Grant Funding Committee reviewed the correspondence from Glen Newhart, President, Tri-City Hospital Foundation, requesting an extension of the grant period to June 30, 2016. Discussion followed. BOARD MEMBER BURTON made the motion to approve the request for extension. BOARD MEMBER NUTTALL seconded the motion. Motion passed by unanimous voice vote.

AYES: BURTON, NUTTALL, WILLIAMS
NOES: NONE
ABSTENTION: NONE
ABSENT: NONE

3. REGULAR GRANT APPLICATION PROPOSALS

A. CASA DE AMPARO

The Committee discussed the request from Casa De Amparo for \$5,000 in funding to support their Residential Services Program. BOARD VICE-PRESIDENT WILLIAMS will contact the organization and ask follow up questions. She will report back to the Committee at its August meeting.

4. MINI-GRANT APPLICATION PROPOSALS

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

The Committee discussed the request from Meals-On-Wheels for \$1,500 in funding to purchase food and disposable packaging for meals delivered to homebound seniors living in the City of San Marcos.

B. SOLUTIONS FOR CHANGE, INC.

The Committee discussed the request from Solutions for Change for \$1,500 in funding to help fund their Child Development Specialist who will orchestrate field trips, coordinate childcare, and provide a supportive environment for children from birth through age 18.

BOARD MEMBER BURTON MOTIONED TO APPROVE RESOLUTION GFC-2015-02, AWARDING A MINI GRANT IN THE AMOUNT OF \$1,500 TO MEALS-ON-WHEELS GREATER SAN DIEGO, INC., AND A MINI GRANT IN THE AMOUNT OF \$1,500 TO SOLUTIONS FOR CHANGE, INC. BOARD MEMBER NUTTALL SECONDED THE MOTION. THE MOTION PASSED BY UNANIMOUS VOICE VOTE.

AYES: BURTON, NUTTALL, WILLIAMS

NOES: NONE

ABSTENTION: NONE

ABSENT: NONE

CONSENT CALENDAR

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

AYES: BURTON, NUTTALL, WILLIAMS

NOES: NONE

ABSTENTION: NONE

ABSENT: NONE

6. WAIVER OF TEXT – Waived.

7. APPROVAL OF MINUTES – Approved - SMCF Grant Funding Committee Meeting minutes of May 13, 2015.

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

ITEMS FOR THE GOOD OF THE ORDER

9. NEXT MEETING DATE – The next Grant Funding Committee meeting is scheduled for Wednesday,

**San Marcos Community Foundation
Grant Funding Committee Meeting Minutes
July 8, 2015
Page 3**

August 12, 2015. The next meeting of the SMCF Board of Directors is scheduled for Tuesday, August 18, 2015.

10. MISCELLANEOUS

11. ADJOURNMENT

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

Meeting adjourned at 6:17 PM.

Terri Williams, Board Vice-President

ATTEST:

Wendy Kaserman, Recording Secretary