

---

## **SAN MARCOS COMMUNITY FOUNDATION – GRANT FUNDING SUBCOMMITTEE MEETING AGENDA**

**Wednesday, August 14, 2019 – 6:00 PM**

**San Marcos Conference Room**

---

**Cell Phones:** As a courtesy to others, please silence your cell phone 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. 3137. 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.

**Meeting Schedule:** Regular San Marcos Community Foundation Grant Funding Subcommittee meetings are generally held on the second Wednesday of each month. The subcommittee does not meet in December. The Agenda's are posted on the City website at: [www.san-marcos.net](http://www.san-marcos.net).

**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. Any agenda-related writings or documents provided to a majority of the San Marcos Community Foundation Grant Funding Subcommittee after distribution of the agenda packet are available for public inspection at the same time at the Administration Department.

**CALL TO ORDER**

**ROLL CALL**



SMCF GRANT FUNDING SUBCOMMITTEE MEETING AGENDA  
August 14, 2019  
Page 2 of 4

**City of San Marcos**  
1 Civic Center Drive  
San Marcos, CA 92069

## **OLD BUSINESS**

### **1. FY 2018/19 GRANT AWARD HISTORY**

*Recommendation: NOTE & FILE*

## **NEW BUSINESS**

### **2. MINI GRANT APPLICATION PROPOSAL – Consider one (1) Mini Grant proposal by a non-profit organization requesting funds from the Foundation.**

**(A) THE ESCONDIDO CREEK CONSERVANCY** - Request for funding in the amount of \$1,500 to purchase stereo microscope. Will serve 1,300 San Marcos residents.

*Recommendation: CONSIDER/APPROVE*

### **3. REGULAR GRANT APPLICATION PROPOSALS – Consider seven (7) Regular Grant proposals by non-profit organizations requesting funds from the Foundation.**

**(A) SAN MARCOS PREVENTION COALITION:** Request for funding in the amount of \$4,840 to send Youth Coalition Director and seven youth to San Diego County Office of Education Spring Jam Leadership Camp. Serves 10,000 San Marcos residents.

*Recommendation: CONSIDER/APPROVE*

**(B) NORTH COUNTY LGBTQ RESOURCE CENTER:** Request for funding in the amount of \$10,000 to support the Center's Youth activities. Will serve 2,885 San Marcos residents.

*Recommendation: CONSIDER/APPROVE*

**(C) SAN DIEGO GREEN BUILDING COUNCIL (SDGBC):** Request for funding in amount of \$9,000 to provide funds to provide water conservation training and education. Will serve 15 San Marcos residents.

**(D) SAN DIEGO CHILDREN'S DISCOVERY MUSEUM:** Request for funding in amount of \$10,000 to provide mobile educational workshops for low-income children. Will serve approximately 1,050 residents.

*Recommendation: CONSIDER/APPROVE*

**(E) INTERFAITH COMMUNITY SERVICES:** Request for funding in amount of \$10,000 to support North County Senior Connections. Will serve 401 San Marcos seniors.

*Recommendation: CONSIDER/APPROVE*

**(F) THE ELIZABETH HOSPICE:** Request for funding in amount of \$10,000 to provide grief support services. Will serve 251 residents.

*Recommendation: CONSIDER/APPROVE*



SMCF GRANT FUNDING SUBCOMMITTEE MEETING AGENDA  
August 14, 2019  
Page 3 of 4

**City of San Marcos**  
1 Civic Center Drive  
San Marcos, CA 92069

**(G) SOLUTIONS FOR CHANGE:** Request for funding in the amount of \$10,000 to provide to shelter and case management for families with children and single women. Will serve 20 San Marcos residents.

*Recommendation: CONSIDER/APPROVE*

#### **CONSENT CALENDAR**

**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*

**APPROVAL OF MINUTES** – SMCF Grant Funding Subcommittee Meeting, April 10, 2019.

*Recommendation: CONSIDER/APPROVE*

**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**

**NEXT MEETING DATE** – The next meeting of the Grant Funding Committee is scheduled for Wednesday, October 9, 2019. The next meeting of the SMCF Board of Directors is scheduled for Tuesday, August 27, 2019. Please note this is a rescheduled meeting.

#### **MISCELLANEOUS**

#### **ADJOURNMENT**

#### **AFFIDAVIT OF POSTING**

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

I, Julie Magee, hereby certify that I caused the posting of this Agenda in the glass display case at the north entrance of City Hall and on the City website on Thursday, August 8, 2019 prior to 5:30 pm.



SMCF GRANT FUNDING SUBCOMMITTEE MEETING AGENDA  
August 14, 2019  
Page 4 of 4

**City of San Marcos**  
1 Civic Center Drive  
San Marcos, CA 92069

---

Julie Magee, Recording Secretary – SMCF

**SAN MARCOS COMMUNITY FOUNDATION**

**June 30, 2019**

**Grant Award History FY2018-2019**

Name	Type	Amount	Date	Name of Project	Summary of Project
San Marcos High School Athletic Boosters	Mini	\$500.00	7/11/2018	Engineering and robotics training	To help cover the cost of STEM supplies for students to build a robot that will be presented at a number of school events. Serves 30+ San Marcos students.
Marine Corps Recruit Depot Museum Foundation	Mini	\$1,000.00	7/11/2018	Dialogues on the Experience of War	To provide funding for veterans to discuss their experiences in combat in order to inform history and address PTSD. Serves 4 San Marcos residents each cycle.
SPARC, Inc.	Mini	\$1,000.00	7/11/2018	SPARC Senior Art Program	To provide funding to collaborate with Charity Wings to bring a monthly art class to the senior communities. Will serve 100 residents.
Community Resource Center	Regular	\$3,000.00	8/21/2018	Food and Nutrition Distribution and Integrated Services	To provide trauma-informed case management and resources for targeted needy populations. Serves over 300 San Marcos residents.
Palomar College Foundation	Regular	\$3,000.00	8/21/2018	Comets Affordable Learning Materials Program	To help convert courses to zero textbook cost or low textbook cost offerings. Serves 5,000 San Marcos residents.
The Elizabeth Hospice	Regular	\$4,500.00	8/21/2018	Bereavement Services	To provide bereavement services and training. Serves 252 San Marcos residents.
Interfaith Community Services	Regular	\$3,000.00	8/21/2018	North County Senior Connections	To provide funding for its North County Senior Connections program. Serves 150 San Marcos residents.
Operation Hope	Mini Grant	\$300.00	10/10/2018	Homelessness Services	To provide funding to purchase consumable paper goods and 60 bus passes. Will serve 11 San Marcos residents.
Brother Benno - North County San Diego	Mini Grant	\$1,500.00	11/7/2018	Homelessness Services	To provide funding to purchase diapers for homeless families. Will serve 45 San Marcos residents.
Woodland Park Middle School Music Booster Club	Mini Grant	\$1,500.00	11/7/2018	Musical Education	To provide funding for instructional music books and repairs to school-issued instruments. Will serve 120 San Marcos students.
North County Health Services	Regular Grant	\$4,973.00	11/7/2018	Diabetic Retinopathy Camera	To purchase camera for the provision of diabetic retinopathy screening to prevent blindness. Will serve 2,334 low-income San Marcos residents.

Jacobs & Cushman San Diego Food Bank	Regular Grant	\$3,000.00	11/7/2018	Emergency Food Relief	To provide emergency food relief. Will serve 4,502 San Marcos residents.
San Marcos Prevention Coalition Youth Group	Regular Grant	\$3,000.00	11/7/2018	SM Prevention Coalition Youth Group	To provide 50 t-shirts, 2 tablecloths, 2 poster boards, 2 computers, and 10 printer toners for youth outreach activities. Will serve 10,000 San Marcos residents.
Meals on Wheels	Mini	\$1,500.00	2/13/2019	Packaging and meal delivery for seniors.	To assist in meal and packaging costs to produce 707 meals for in-home delivery for food insecure seniors. Will serve 140 residents.
Coastal Roots Farm	Mini	\$1,500.00	2/13/2019	Spanish Farm Recipe Books	To print 300 additional Spanish Farm Recipe Books to meet demand. Recipe books are bilingual, vegetable identification and recipe sheets. Will serve 150-400 San Marcos residents.
New West Ballet	Mini	\$500.00	2/13/2019	The Princess and the Pea	To help offset the costs of professional choreographers, costumes, props/set and travel (gas and mileage). Will serve 10,000 residents.
Canine Companions for Independence	Mini	\$500.00	2/13/2019	TV for Training Room	To provide funds to purchase a television for dog training room. Will serve a handful of San Marcos residents.
CSU Latino Association of Faculty & Staff	Regular	\$2,000.00	2/19/2019	The Lowrider Experience	To provide funds to support <i>The Lowrider Experience</i> , a grassroots event to celebrate National Hispanic Heritage Month. Will serve 550 residents.
Just in Time for Foster Youth	Regular	\$1,500.00	2/19/2019	College Bound	To provide transition age foster youth (18-26) enrolled in college with resources they need to achieve their higher education goals. Will serve 24 San Marcos residents.
Woodland Park Middle School Music Boosters Club	Regular	\$2,500.00	2/19/2019	WPMS Music Instruction and Instrument Purchase Support	To provide funds for music coaching and the purchase of three additional instruments. Will serve 112 San Marcos residents.
Casa de Amparo	Regular	\$2,000.00	2/19/2019	Residential Services	To provide funds for residential services. Residential Services provide 24-hour trauma-informed care for foster youth removed from their homes. Will serve 100 San Marcos residents.
The Kid's College	Regular	\$2,500.00	2/19/2019	SMUSD/Kid's College Fortissimo Orchestral Music Program	To provide funds for one additional string instructor. Will serve 200 San Marcos residents.

Classics 4 Kids	Mini	\$1,300.00	4/10/2019	Classics 4Kids Music Education Workshop	To provide funds for (2) in-school music education workshops. Will serve 250 San Marcos students and teachers.
Special Olympics	Mini	\$1,000.00	4/10/2019	Community Program	To support athletes with disabilities in competing in 11 Olympic-type sports. Will serve 24 athletes.
San Marcos Mega Gameplex	Mini	\$1,500.00	5/21/2019	San Marcos Mega GamePlex	Funds to launch website and conduct multiple public events to build awareness of effort to build sport facility.
Community Resource Center	Regular	\$1,000.00	5/21/2019	Homeless Prevention Services	Funds to support persons experiencing homelessness with self sufficiency tools. Will serve 76 persons experiencing homelessness from San Marcos.
Operation Hope	Regular	\$1,000.00	5/21/2019	Shelter and Case Management	Funds to provide shelter and case management for families with children and single women. Will serve 11 San Marcos residents.
Gary and Mary West Dental Center North County	Regular	\$1,000.00	5/21/2019	Dental Technology for At-Risk Seniors Oral Healthcare	Funds to purchase Apple IPADS to view graphical explanations of dental work being performed. Will serve 100 San Marcos seniors.
Feeding San Diego	Regular	\$5,000.00	5/21/2019	Mobile Food Pantry	Funds to support mobile food pantry for food insecure persons. Will serve 375 San Marcos households.
Fraternity House	Regular	\$3,500.00	5/21/2019	Urgent Repairs	Funds for urgent repair to windows to ensure compliance and preserve house. Will serve 15 San Marcos residents.
<b>Total Grants Awarded FY18-19</b>		<b>\$60,073.00</b>			

#### Wildlife Grant Award History FY2018-2019

Name	Type	Amount	Date	Name of Project	Summary of Project
Escondido Creek Conservancy	Wildlife	\$1,500.00	8/21/2018	Human-Coyote Coexistence	To create an interactive exhibit promoting the human-coyote coexistence. Will serve approximately 1,000 San Marcos residents

San Diego Wildlife Center of the Rancho Coastal Humane Society	Wildlife	\$1,270.00	2/19/2019	Outreach/Baby Shower	To cover the cost of community outreach in the form of a Baby Shower. The purpose of the shower is to bring awareness and raise funds to help care for injured, sick or orphaned wildlife. The center has saved 64 San Marcos animals in eight months of operation.
<b>Total Grants Awarded FY18-19</b>		<b>\$2,770.00</b>			

#### **Arts and Culture Grant Award History FY2018-2019**

Name	Type	Amount	Date	Name of Project	Summary of Project
Art Imitates Life	Arts and Cultural	\$2,500.00	5/21/2019	Art Imitates Life/North County Players	Funds to support Art Imitates Life/North County Players productions, both theatrical and public service announcements.
<b>Total Grants Awarded FY18-19</b>		<b>\$2,500.00</b>			

## Summer Quarter FY 2019-2020: Funding Recommendation Worksheet

Asset Balance on 6/30/2019:	\$1,233,180
Total Available for Distribution for FY 2019-20:	\$49,327
Total FY19-20 Distributions Year to Date:	\$61,659
	\$0.00
Total Funds Available for Quarter if Awarding Grants at 4% of Assets:	\$12,332
Total Funds Available for Quarter if Awarding Grants at 5% of Assets:	\$15,414

Name	Requested Amount	Type	Name of Project	Summary of Project	GFC Funding Recommendation
The Escondido Creek Conservancy*	\$1,500.00	Mini	Elfin Forest Interpretive Microscope	Purchase stereo microscope for visitors to view creek inhabitants. Will serve approximately 1,300 residents a year.	
San Marcos Prevention Coalition*	\$4,840.00	Regular	San Marcos Prevention Coalition Youth Group	Provide funds for Youth Coalition Director and 7 youth to participate in San Diego County Office of Education Spring Jam Leadership Development Camp. Serves 10,000 residents.	
North County LGBTQ Resource Center	\$10,000.00	Regular	Project Youth	Provide funds to support The Center's Youth activities including mental health services, the Leadership Summit Project, and Certified LGBTQ Competency Training for educators, youth organizations and first responders. Will serve 2,885 residents.	
San Diego Green Building Council (SDGBC)	\$9,000.00	Regular	Water Conservation Training	Provide training and education centered around water conservation to 20 City staff and 15 San Marcos community members to address City's Climate Action Plan. Will serve 15 residents.	
San Diego Children's Discovery Museum	\$10,000.00	Regular	Educational Mobile Children's Museum Workshops and Exhibits for Low-Income Children in San Marcos	Provide supplemental education workshops to Title-I and low-income schools in the San Marcos Unified School District (SMUSD) through the Mobile Children's Museum. Will serve approximately 1,050 San Marcos children.	
Interfaith Community Services*	\$10,000.00	Regular	North County Senior Connections	Provide funds to support the North County Senior Connections program which provide low-income seniors with hot, affordable meals, socialization, referrals for health care and other services. Will serve 401 seniors.	

The Elizabeth Hospice*	\$10,000.00	Regular	Grief Support Services	Provide grief support services which include counseling, educational workshops, outreach programs, community events, and specialized programs for children and families. Will serve 251 residents.	
Solutions for Change*	\$10,000.00	Regular	Solutions for Change	Provide parents and children a safe, stable, sober living environment and provide extensive support services for successful transition to self-sufficiency. Will serve 20 residents.	
<b>Total Grants Requested:</b>	<b>\$65,340.00</b>			<b>Total Amount Recommended:</b>	

August 14, 2019

\*Previously funded by SMCF



**SAN MARCOS COMMUNITY FOUNDATION  
Grant Cover Page**

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

Project Name: Elfin Forest Interpretive Center Public-Use Microscope  Date Submitted: 07/16/2019	Total # of people served: ~7,000/year  Total # of San Marcos residents served: ~1,300/year (approx.)	Amount Requested: \$1500
Non-Profit Organization Name and Address, Website The Escondido Creek Conservancy 120 West Grand Ave. Suite #202 Escondido, CA 92025 <a href="http://www.escondidocreek.org">www.escondidocreek.org</a>	Contact Person – Name, Title & Phone, email Simon Breen Education Director <a href="mailto:simon@escondidocreek.org">simon@escondidocreek.org</a> (619) 481-2661	

**Briefly describe your request for funds (to be expanded upon in narrative for regular grant):**  
The Interpretive Center at the Elfin Forest Recreational Reserve provides visitors with an opportunity to learn more about the local habitats, plants, and animals of the reserve. One of the most popular stations within the center is a stereo microscope attached to a television screen that visitors can use to take a close-up look at some of the creek's tiniest inhabitants—aquatic macroinvertebrates. The microscope allows visitors to see a part of the local ecosystem that they wouldn't otherwise have the opportunity to see. Unfortunately, the microscope that we currently use is more than 10 years old. The magnification is not very high and the picture is not as clear as it once was. Similar microscopes today come with a higher magnification and higher resolution. We have received feedback that an updated microscope would improve our visitor experience.

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

The Elfin Forest Recreational Reserve is located just south of San Marcos. Many of the visitors to the park come from San Marcos, and many of the docents who volunteer in our Interpretive Center are residents of San Marcos. A new microscope would help provide an even better educational experience to Elfin Forest visitors. It would allow visitors to see macroinvertebrates in greater detail and even see microscopic plankton that reside in the creek, which we cannot see with our current microscope's magnification capabilities. We also use the microscope for our educational fieldtrips, so thousands of students each year would benefit from a new and improved microscope, in addition to the thousands of regular visitors to the Center.

Please attach the following items.

**Both Mini-Grant & Regular:**

1. Budget for request (use SMCF Budget Worksheet)
2. Annual Operating budget for the organization or unit
3. Federal & State Tax ID numbers
4. Board of Directors listing with affiliations

**5. Regular Grants Only:**

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

Expected date project will begin/end:

Date by which funds will be expended:

Signature of President or Authorized Officer

*Ann Van Leer Ex Di-* 7-15-19  
Name, Title *Ann Van Leer*

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): [jimagee@san-marcos.net](mailto:jimagee@san-marcos.net)

# **SAN MARCOS COMMUNITY FOUNDATION**

## **Budget Worksheet**

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

**Total budget for this PROJECT:** \$ 1,696.99

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

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

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

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

\$ 196.99 (The Escondido Creek Conservancy) \*\* (C)

**The Escondido Creek Conservancy**  
**Balance Sheet**  
As of May 31, 2019

Accrual Basis

ASSETS	May 31, 19
Current Assets	
Checking/Savings	
1000 · Cash	
1025 · Banner Bank #2597	272,309.94
1075 · Banner Bank #3910	6,135.85
1078 · Banner Bank #4089	65,422.12
1080 · PayPal Account	116.16
Total 1000 · Cash	<hr/> 343,984.07
Total Checking/Savings	343,984.07
Other Current Assets	
1300 · Rancho Santa Fe Foundation	51,389.09
1310 · Fund #0177 IC	
Total 1300 · Rancho Santa Fe Foundation	51,389.09
1350 · San Diego Foundation	51,389.09
1390 · Fund #6293 Land Acq/Maintenace	
1395 · Fund #7015 Gen Support	390,371.86
1398 · Fund #7044 Old Castle Contgency	2,195.23
1400 · Fund #7113 HGV/MJM/OC	130,741.37
1402 · Fund #7115 Coler/Meadowbrook	471,239.03
1404 · Fund #7116 Bumann/EUSD/Rock...	24,502.48
1406 · Fund #7117 Greenland	49,637.33
1408 · Fund #7118 Onyx Ridge	22,073.01
1410 · Fund #7119 Operational	145,579.77
1412 · Fund #7120 San Elijo Ridge	13,041.93
1414 · Fund #7196 Cielo del Norte B	74,302.27
Total 1350 · San Diego Foundation	176,136.38
Total Other Current Assets	1,499,820.66
Total Current Assets	1,551,209.75
Fixed Assets	1,895,193.82
1500 · Fixed Assets	
1515 · Furniture	
1525 · Machinery & Equipment	10,390.87
1530 · Vehicles	21,006.15
1550 · Accumulated Depreciation	5,200.00
1560 · Land	-17,524.00
1565 · Land - Quarry	
1570 · Land - Bottle Peak	75,077.00
1571 · Land - Bottle Peak	
1572 · FMV Adjustment - Bottle Peak	3,552,900.00
Total 1570 · Land - Bottle Peak	-3,552,900.00
Total 1570 · Land - Bottle Peak	0.00
1580 · Land - Cielo Del Norte	
1581 · Land - Cielo Del Norte	11,503,663.00
1582 · FMV Adjustment -Cielo Del Norte	-11,503,663.00
Total 1580 · Land - Cielo Del Norte	0.00
1585 · Land - Hoover	607,581.04
Total 1560 · Land	682,658.04
Total 1500 · Fixed Assets	701,731.06
Total Fixed Assets	701,731.06
Other Assets	701,731.06
1800 · Deposits - Options	
1850 · Deposit - Lease	1,003,602.01
1855 · Property Management Reserve	1,829.65
	500.00

**The Escondido Creek Conservancy**

**Balance Sheet**

As of May 31, 2019

Accrual Basis

	May 31, 19
1860 · Other Assets	
1865 · Vanguard	3,540,985.96
Total 1860 · Other Assets	<u>3,540,985.96</u>
Total Other Assets	<u>4,546,917.62</u>
<b>TOTAL ASSETS</b>	<b><u>7,143,842.50</u></b>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	821.47
2000 · Accounts Payable	821.47
Total Accounts Payable	<u>821.47</u>
Other Current Liabilities	
2075 · Suspense	2,884.85
Total Other Current Liabilities	<u>2,884.85</u>
Total Current Liabilities	<u>3,706.32</u>
Total Liabilities	<u>3,706.32</u>
Equity	
3100 · Unrestricted Net Assets	2,402,250.13
3200 · Temp. Restricted Net Assets	823,001.84
3400 · Board Restricted	3,600,000.00
Net Income	314,884.21
Total Equity	<u>7,140,136.18</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>7,143,842.50</u></b>

INTERNAL REVENUE SERVICE  
DISTRICT DIRECTOR  
CUPANIA CIRCLE  
MONTEREY PARK, CA 91755-7406

Date: AUG 29 1996

ESCONDIDO CREEK CONSERVANCY  
P.O. BOX 460791  
ESCONDIDO, CA 92046-0791

DEPARTMENT OF THE TREASURY

Employer Identification Number:  
33-0497525  
Case Number:  
956159049  
Contact Person:  
SUSAN PALADINI  
Contact Telephone Number:  
(916) 974-5430  
Our Letter Dated:  
April, 1992  
Addendum Applies:  
No

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization that is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi).

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

*Frank P. Nixon*  
Acting District Director

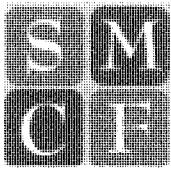


## 2019 Board of Directors

Name	Position	Other Affiliations
Richard Murphy	Board President Chair – Finance Committee Member-Communications Committee	DJO Global, President of Sales & Marketing
Leonard Wittwer	Board Vice President Land Management Lead	Research Scientist, retired.
Betsy Keithley	Secretary	Board member of the Deafness Research Foundation, a member of the EFHG Fire Auxiliary, a volunteer professor at the University of California, San Diego.
Vicky Taylor	Treasurer	CPA
Steve Barker	Board member	Former Company President & Founder of Eagle Creek Travel Gear Chair of Community Foundation Battalion Chief Elfin Forest/ Harmony Grove Fire Department. Conservation Alliance board member.
Brent Alspach	Board member Water Quality Lead	Environmental Engineer. Volunteer Youth Leader & high school Sunday School Teacher at San Dieguito United Methodist Church. Board member for the Sierra Service Project, a Christian Youth Service Project. San Diego Coastkeeper Community Advisory Council Member
Kevin Barnard	Board member Immediate past President	Police Officer, retired

Tim Costanzo	Board member	Small Business Owner, retired Board member Elfin Forest/ Harmony Grove Fire Station Board member San Diego Emergency Services & Fire Foundation
Jon Dummer	Board member	Company President Surface Optics Corporation
Ron Forster	Board member Chair – Communications Committee	Wildcoast - board member, board secretary, development committee chair. YMCA of San Diego Camps Board - board member. World Beat Center Sangha (meditation group) - Care Taking Council member. 2017 President, Deer Park Monastery
Jeff Swenerton	Board member Education Lead	Retired Teacher and Elementary Principal Chairperson of the Elfin Forest Advisory Committee for the Olivenhain Municipal Water District. Elfin Forest/Harmony Grove Parade and Picnic Chairperson Milken Family Foundation: Consultant and Presenter

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



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

Project Name: San Marcos Prevention Coalition Youth Group Date Submitted: 6-20-19	Total # of people served: 10,000 Total # of San Marcos residents served: 10,000	Amount Requested: \$4,840.00
Non-Profit Organization Name and Address, Website San Marcos Prevention Coalition 920 Citrine Way San Marcos, CA 92078 sanmarcospreventioncoalition.org		Contact Person – Name, Title & Phone, email K.C. Strang, Executive Director (858) 688-5537/kcstrang1@gmail.com

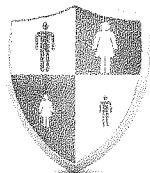
Briefly describe your request for funds (to be expanded upon in narrative for regular grant):

The San Marcos Prevention Coalition's Youth Coalition is requesting funds for its youth coalition/group. The funding request is to help pay for our Youth Coalition director, admission costs to send seven youth to a Leadership Development camp, and water/snacks for the youth coalition's bi-weekly meetings.

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

The grant funds will help pay for the youth leader to help sustain our very successful youth group. The funding will send seven youth coalition members the San Diego County Office of Education Leadership Development Camp, to continue developing youth leaders who advocate for drug-free lifestyles, families, and neighborhoods. The funding will also pay for water/snacks for youth coalition members while they meet and work.

Please attach the following items. <b>Both Mini-Grant &amp; Regular:</b> <ol style="list-style-type: none"> <li>1. Budget for request (use SMCF Budget Worksheet)</li> <li>2. Annual Operating budget for the organization or unit</li> <li>3. Federal &amp; State Tax ID numbers</li> <li>4. Board of Directors listing with affiliations</li> </ol> <b>5. Regular Grants Only:</b> <ol style="list-style-type: none"> <li>a. 1-2 page narrative</li> <li>b. First 2 pages of Federal 990</li> <li>c. Most recent year-end Statement or Audit including any management letters associated with Audit.</li> <li>d. Signature of President or Authorized Officer on Application</li> <li>e. Optional: letters of support</li> </ol>	Expected date project will begin/end: September, 2019  Date by which funds will be expended: June, 2020  Signature of President or Authorized Officer <u>K.C. Strang, Executive Director</u> Name, Title <u>6-18-19</u> Date
Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): <a href="mailto:mgordon@san-marcos.net">mgordon@san-marcos.net</a>	



San Marcos  
Prevention  
Coalition

WORKING TOGETHER FOR ALCOHOL AND DRUG FREE SAN MARCOS YOUTH

**San Marcos Community Foundation Grant Application – June 20<sup>th</sup>, 2019**

**1. Budget:**

See attached budget worksheet

**2. Annual Operating Budget:**

This current FY budget was \$10,350, next FY budget is currently zero dollars.

**3. Federal and State ID numbers:**

Federal is 47-139511201 / State is 3708038

**4. Board of Directors:**

K.C. Strang, President	Affiliation: San Marcos Prevention Coalition
Barbara Gordon, Secretary	Affiliation: County of San Diego Office of Ed. Friday Night Live Program
Diane Grace, Treasury	Affiliation: North County Hispanic Network

**5. Regular Grants**

- a. 1-2 page narrative is attached
- b. Federal 990 is attached
- c. Most recent year-end statement/Audit – Our budget for this past fiscal year was \$10,350 dollars.
- d. Signature - complete
- e. Letter of Support – See attached

**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)

(270) hours for Youth Director at \$14.00 per hour	\$3,780.00
(7) reservations for Youth Leadership Camp at \$100 each	\$700.00
(18) youth group meetings - \$20 for water/snacks for each meeting	\$360.00
_____	\$ _____
_____	\$ _____
_____	\$ _____

**Total budget for this PROJECT:** **\$4,840.00**

**Grant Request Amount:** **\$4,840.00**  
*(Mini-grants not to exceed \$1,500, Regular grants not to exceed \$10,000.)*

Is this a challenge grant? Could it be?

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

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

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

Date: June 20, 2019  
To: San Marcos Community Foundation  
From: Michelle Santiago, San Marcos resident and School Social Worker, San Marcos Middle  
*MSantiago*  
Subject: **Support for grant funding to the San Marcos Prevention Coalition's Youth Coalition/Group**

The San Marcos Prevention Coalition's Youth Coalition/Group that operates at San Marcos Middle School does extraordinary work in our school and city. I fully support their efforts in making San Marcos' neighborhoods drug-free, safe and healthy.

Over the past several years, I have observed many of the activities the youth group has been involved in, including advocating for smoke-free parks at City Hall and participating in a program called Sticker Shock where they placed stickers on alcohol in local liquor stores as reminders to not serve alcohol to minors. The dedication and commitment of this group is unparalleled. I can't say enough of how impressed I am with their leadership skills and their advocacy for safer and healthier schools, parks, and neighborhoods. The youth coalition members are learning the importance of being active in their community, learning public speaking and gaining confidence. They were successful in their advocacy for smoke-free parks and were recently recognized by the San Marcos City Council. They are already making a difference in our community!

Thank you for your consideration of granting funds to the application submitted for the San Marcos Prevention Coalition's Youth Coalition/Group. This funding will help sustain them into the future and continue building tomorrow's leaders in our San Marcos community.

## **San Marcos Community Foundation Grant Narrative**

The San Marcos Prevention Coalition mission is to reduce youth alcohol and drug use and advocate for safe and healthy neighborhoods by improving environmental norms and community policies and enhancing efforts to promote and deliver effective substance abuse prevention. The coalition is made of 12-community sector leaders and others interested in preventing youth substance abuse.

The San Marcos Prevention Coalition's youth coalition/group is made up of students from San Marcos Middle School. The youth coalition/group meets every other Friday during lunch at San Marcos Middle School. The youth coalition/group uses Club Live (a program of CA Friday Night Live Partnership) Curriculum. This curriculum is supported by the County of San Diego's Office of Education.

**Youth Coalition Recruits:** 1) At the beginning of each school year the Youth Director and youth coalition leaders hold a lunch time recruitment event with a DJ, where students learn about the club's mission, goals, and activities to become substance abuse prevention leaders in the community and for their peers. 2) The Coalition conducts a parent forum at the beginning of each school year to educate parents about the substance abuse prevention activities and inspire parents to encourage their teens to join the youth group. Parents are given informational brochures about the youth group and learn about benefits for youth in participating.

**Youth Coalition Retains:** Club Live meets on campus during lunch, providing a convenient and accessible location and time for the youth to attend and continue participating. Retention has remained high because of an excellent Youth Director who demonstrates patience, understanding, and love for students. Youth group meetings are always safe, fun, uplifting and cater to the interest of students; resulting in a very high retention rate throughout the year.

**The San Marcos Prevention Coalition engages the youth groups** in all of its prevention strategies and activities. Some examples include: (1) Assessing smoking in community parks; (2) Planning and facilitating parent and student forums; (3) Presenting to alcohol and tobacco retailers the importance of not selling to minors; (4) Educating parents about the laws against hosting parties where alcohol or drugs may be served; (5) Creating informational fact sheets and brochures; (6) Posting information to the coalition website and Facebook page; (7) Coordinating and participating in Impaired Driving forums; (8) Speaking to the media and policy makers about laws and norms that positively and or negatively affect youth substance abuse; and (9) Participating in focus groups and media events.

The Coalition is very mindful in all its efforts to include youth group members early on in the planning processes and receive their perspectives on the proposed prevention activities and educational presentations.

**It is important to the Coalition to train youth about substance use prevention.** The Youth Coordinator and other youth coalition leaders use the evidenced based *Friday Night Live* curriculum for many of the youth group meetings to train the youth in being leaders and advocates for their neighborhoods, and in promoting a drug-free lifestyle, school, home, and community. These trainings include: (1) Providing and reviewing the 'new member packet' to understand the youth group's goals and objectives and coalition's mission, goals, and strategies within the 12-month action plan; (2) Discussing the Strategic Prevention Framework (SPF), seven strategies to affect community change, and the coalition's current 12-month action; (3) Learning what are environmental prevention strategies; (4) Practicing public speaking and learning the role of media in advancing prevention goals; (5) Learning about and conducting

data collection, and conducting public opinion polls; analysis, trends; community scans; (6) Researching local prevention policies/laws and emerging trends; (7) Participating in 'Field trips' or off campus activities in the community to learn more about their community.

Additionally, youth group members attend coalition meetings to learn how the meetings are conducted, meet the 12-sector leaders and Leadership Team, and receive updates on the coalition Action Plan's activities and work assignments.

**The Coalition evaluates the effectiveness of its youth group by** (1) Keeping attendance records of the youth group meetings and after school events/activities to analyze participation trends, and (2) Annually surveying youth group members to gauge their experiences with their youth groups and the Coalition and querying them for ways to improve their Coalition involvement experience. Leadership Team and Youth Director will review and take the necessary steps to improve youth engagement.

The Coalition's Leadership Team including the Youth Director will review monthly the 12-month action plan to ensure the youth are involved in as many of the strategies as possible, and annually survey the 12-sector leaders to learn how our youth engagement can improve within each of the sectors' work; to find out what is working and/or what needs to improve.

**It is important to the Coalition for youth to be engaged in communicating the coalition's efforts.** Youth typically have social media accounts, and the Coalition's Leadership Team and Youth Coordinator encourage them to share the results of the coalition's work on their accounts. Working with the Youth Director and Media Specialist, youth group members identify the most effective and appropriate communication 'vehicle' to use and under what circumstances. For example, Op-Eds, Letters to Editor, Press Releases, Press Conferences, and Coalition's Facebook/Website each have their place, dependent on the goal of the prevention message. Youth group members are trained by the Coalition's Media Specialist, and the Media and Government Sector leaders to speak to the media and community leaders. Press conferences and other media events are organized by the Youth Director and youth group members to deliver prevention messages related to the Action Plan's activities. The media and public pay more attention to youth advocates than to adults. When appropriate, youth group members are prepared to speak at City Council and School Board meetings.

Youth driven communication is a proven effective approach to educate the community regarding the Coalition's work, their goals and mission, and their environmental strategies they are pursuing. We have found that not only does the community listens, but they will express their gratitude for the youth's communication effort. This recognition increases the youth's self-esteem and confidence and energizes them to continue their substance abuse prevention work and participation in the Coalition. When the youth group members attend Coalition meetings and briefings on Coalition activities they can more easily understand the prevention messages been taught them by the Youth Director.

The San Marcos Community Foundation funding will help ensure this youth coalition can continue to meet at San Marcos Middle School with their Youth Director, will have water/snacks for their meetings, and can send seven youth coalition members to the County of San Diego's Leadership Development Camp. The youth coalition members are developing into out City's next engaged and caring leaders.

A For the 2018 Calendar year, or tax year beginning 2018-01-01 and ending 2018-12-31

B Check if available  
Terminated for Business  
✓ Gross receipts are normally \$50,000 or less

C Name of Organization: SAN MARCOS PREVENTION  
COALITION  
920 Citrine Way, San Marcos,  
CA, US, 92078

D Employee Identification  
Number 47-1395112

E Website:

F Name of Principal Officer: Kenneth Strang  
920 Citrine Way, San Marcos,  
CA, US, 92078

**Privacy Act and Paperwork Reduction Act Notice:** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws.

The organization is not required to provide information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. The rules governing the confidentiality of the Form 990-N is covered in code section 6104.

The time needed to complete and file this form and related schedules will vary depending on the individual circumstances. The estimated average time is 15 minutes.

**Note:** This image is provided for your records only. Do Not mail this page to the IRS. The IRS will not accept this filing via paper. You must file your Form 990-N (e-Postcard) electronically.



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

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

Project Name: Project Youth  Date Submitted: June 25, 2019	Total # of people served: 10,000  <b>Total # of San Marcos residents served:</b> 2,885	Amount Requested: \$10,000
Non-Profit Organization Name and Address, Website  North County LGBTQ Resource Center 3220 Mission Avenue, Suite 2 Oceanside, CA 92058	Contact Person – Name, Title & Phone, email  Max Disposti, Executive Director (760) 672-1848 <a href="mailto:maxrome@cox.net">maxrome@cox.net</a>	

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

Funding from the San Marcos Community Foundation will support The Center's Project Youth activities in San Marcos, including the school district, Palomar College and Cal State San Marcos. Project Youth activities include expert mental health services and the Leadership Summit Project. Additionally, funding will support Certified LGBTQ Competency Training for San Marcos educators, youth serving organizations, first responders and more.

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

The LGBTQ Resource Center is the only organization in North San Diego County providing services directed to increasing safety and support for LGBTQ+ community members, and to increasing the competence of front-line services and systems. In addition to supporting the San Marcos School District, the presence of both Palomar College and Cal State San Marcos in the San Marcos community make the support of The Center particularly significant and relevant.

Please attach the following items. <b>Both Mini-Grant &amp; Regular:</b> 1. Budget for request (use SMCF Budget Worksheet) 2. Annual Operating budget for the organization or unit 3. Federal & State Tax ID numbers 4. Board of Directors listing with affiliations <b>5. Regular Grants Only:</b> a. 1-2 page narrative b. First 2 pages of Federal 990 c. Most recent year-end Statement or Audit including any management letters associated with Audit. d. Signature of President or Authorized Officer on Application e. Optional: letters of support	Expected date project will begin/end: 9/1/2019 - 8/31/2020  Date by which funds will be expended: 8/31/2020  Signature of President or Authorized Officer  Max Disposti, Executive Director, 6/24/2019 Name, Title Date  Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): <a href="mailto:imagee@san-marcos.net">imagee@san-marcos.net</a>
--	--

# **SAN MARCOS COMMUNITY FOUNDATION**

## **Budget Worksheet**

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

**Total budget for this PROJECT:** **\$72,400**

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

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

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

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

\$15,000 (Name of source) McCarthy Family Foundation \*\*C  
\$10,000 (Name of source) Monthly Donors \*\*C  
\$10,000 (Name of source) General/Individual Contributions \*\*P  
\$22,400 (Name of source) Gala (Annual Event) \*\*C

**2019 INCOME STATEMENT**

Board Approved on:

<b>Income</b>	<b>Year 2016</b>	<b>Year 2017</b>	<b>Year 2018</b>	<b>2019 Budget</b>
1. Gala Fundraiser + Raffle.....	\$65,931.00	\$71,867.49	\$105,826.16	\$100,000.00
2. Monthly Donors .....	\$19,901.00	\$21,637.07	\$23,843.92	\$30,000.00
3. General Contributions .....	\$24,578.00	\$39,971.14	\$40,680.48	\$40,000.00
4. Dining Out For Life .....	\$8,310.63	\$6,404.00	\$6,391.94	\$8,000.00
5. Marketing Promotions-Rent Income .....	\$2,110.00	\$0.00	\$560.00	\$2,000.00
6. NP Matching Contributions (San Diego Pride) +AIDS WALK.....	\$4,000.00	\$4,000.00	\$10,092.00	\$5,000.00
7. Corporate Donations/match.....	\$368.31	\$10,000.00	\$16,305.80	\$15,000.00
8. Training.....	\$3,025.00	\$5,458.02	\$2,650.00	\$3,000.00
9. Unicorn Homes/HT grant.....	\$7,250.00	\$10,000.00	\$10,000.00	\$13,000.00
10. HIV Account Administrative (+ Payroll).....	\$10,450.00	\$4,900.00	\$4,800.00	\$6,000.00
11. Reimbursements (+Payroll: Project Youth, GAP).....	\$0.00	\$2,289.74	\$11,412.88	\$15,000.00
<b>Total Revenue</b> .....	<b>\$145,923.94</b>	<b>\$176,527.46</b>	<b>\$232,563.18</b>	<b>\$237,000.00</b>
<b>Expenses</b>	<b>Year 2016</b>	<b>Year 2017</b>	<b>Year 2018</b>	<b>2019 budget</b>
1. Rent .....	\$20,882.75	\$15,000.00	\$15,000.00	\$15,000.00
2. Office Supply Expenses (Ink, paper, material) .....	\$3,630.46	\$3,153.12	\$3,705.45	\$3,500.00
3. Book Keeping .....	\$0.00	\$0.00	\$0.00	\$0.00
4. EA Linda Johnson W2.....	\$26,000.00	\$26,372.08	\$28,493.90	\$28,000.00
5. ED Max Disposti Salary W2.....	\$48,000.00	\$38,645.11	\$44,785.49	\$41,000.00
6. GAP Coordinator W2/HT.....	\$8,600.00	\$9,140.75	\$9,591.71	\$8,000.00
7. Unicorn Home Coordinator W2.....	\$0.00	\$0.00	\$0.00	\$9,000.00
8. Youth Coordinator Relle Goan W2.....	\$0.00	\$2,476.20	\$7,816.79	\$7,500.00
9. HIV Tester and Educator Sam Fernandez W2.....	\$0.00	\$0.00	\$0.00	\$3,500.00
10. Janitorial Kylee Contractor .....	\$0.00	\$1,708.83	\$1,247.86	\$1,500.00
11. Dining Out for Life (Contractor).....	\$0.00	\$547.50	\$0.00	\$2,000.00
12. Health Benefits.....			\$0.00	\$9,000.00
13. ADP .....	\$1,530.63	\$1,826.22	\$2,424.09	\$2,500.00
14. Taxes .....	\$28,306.73	\$29,157.69	\$30,481.76	\$32,000.00
15. Taxes Preparation.....	\$250.00	\$2,127.84	\$2,032.05	\$1,000.00
16. Mileage .....	\$1,448.54	\$1,343.47	\$1,405.72	\$1,500.00
17. Paymentech Charges (credit cards charges) .....	\$773.93	\$2,534.27	\$2,958.47	\$3,000.00
18. Board expenses (food, awards presentations, retreats etc...) .....	\$2,709.87	\$1,906.38	\$3,279.07	\$6,000.00
19. ED Expenses/Networking/Travelling/ .....	\$1,813.00	\$2,187.78	\$2,102.07	\$2,300.00
20. Training Expenses (Staff) .....	\$414.03	\$0.00	\$375.49	\$1,000.00
21. Web Site Charges Startlogic, Constant contact + Quickbook Software .....	\$1,149.18	\$1,175.28	\$2,185.49	\$2,700.00
22. Insurance BOD/ .....	\$3,752.49	\$4,422.82	\$4,394.82	\$4,300.00
23. Insurance Worker Comps .....	\$0.00	\$538.25	\$892.14	\$1,000.00
24. Cleaning Supplies (TP, trash bags, etc...) .....	\$324.33	\$258.24	\$307.88	\$300.00
25. Utilities: SDGE .....	\$1,474.04	\$1,683.75	\$1,697.36	\$1,700.00
26. Internet Cox .....	\$420.02	\$600.00	\$600.00	\$600.00
27. Phone .....	\$314.41	\$219.82	\$222.07	\$250.00
28. Gala Fundraiser .....	\$13,354.03	\$16,277.54	\$21,953.41	\$21,000.00
29. Dining Out For Life market .....	\$0.00	\$564.21	\$479.53	\$500.00
30. Marketing Promotions (center fliers, mailing promotion) .....	\$1,191.19	\$2,403.09	\$5,346.78	\$4,000.00
31. Gender Advocacy Project .....	\$340.00	\$306.00	\$1,317.63	\$1,000.00
32. TDOR.....	\$393.05	\$40.00	\$0.00	\$300.00
33. TDOV.....	\$240.50	\$575.47	\$996.28	\$700.00
34. SD PRIDE and Trans Pride.....	\$280.00	\$1,781.75	\$595.00	\$1,800.00
35. Town Hall Meeting.....	\$384.00	\$249.90	\$396.65	\$400.00
36. Holiday and General Events (Thanks giving-xmas lunch, BBQ events) .....	\$683.08	\$1,062.77	\$2,566.13	\$2,000.00
37. Support groups expenditures.....	\$1,178.84	\$1,617.27	\$1,298.50	\$1,000.00
38. Maintenance and repair.....	\$1,500.00	\$0.00	\$481.31	\$1,500.00
39. Volunteer Appreciation Event .....	\$0.00	\$0.00	\$671.88	\$1,000.00
<b>Total Expenses</b> .....	<b>\$171,339.10</b>	<b>\$171,903.40</b>	<b>\$202,102.78</b>	<b>\$223,350.00</b>

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

In reply refer to: 4077556534  
Sep. 07, 2011 LTR 4168C 0  
39-2069596 000000 00  
00025352  
BODC: TE

  
NORTH COUNTY LESBIAN GAY BISEXUAL  
TRANSGENDER QUESTIONING RESOURCE  
CENTER  
% MAX DISPOSTI  
PO BOX 551  
OCEANSIDE CA 92049-0551

000198

Employer Identification Number: 39-2069596  
Person to Contact: SHARON LENARD  
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Aug. 03, 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 November 2008.

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 509(a)(2).

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

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

4077556534  
Sep. 07, 2011 LTR 4168C 0  
39-2069596 000000 00  
00025353

NORTH COUNTY LESBIAN GAY BISEXUAL  
TRANSGENDER QUESTIONING RESOURCE  
CENTER  
% MAX DISPOSTI  
PO BOX 551  
OCEANSIDE CA 92049-0551

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

Sincerely yours,

*Cindy Thomas*

Cindy Thomas  
Manager, EO Determinations



## Entity Status Letter

Date: 6/25/2019

ESL ID: 1252051803

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

Entity ID: 8003452

Entity Name: NORTH COUNTY LGBTQ RESOURCE CENTER

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

The above information does not necessarily reflect:

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

## Connect With Us

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

Phone: 800.852.5711 from 7 a.m. to 5 p.m. weekdays, except state holidays  
916.845.6500 from outside the United States

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



**San Marcos Community Foundation**  
**North County LGBTQ Resource Center (The Center)**  
**Narrative**

The North County LGBTQ Resource Center (The Center) was founded in 2008 as 501(c)(3) non-profit organization to address the reality that there were no agencies in the region specifically dedicated to, and able to provide culturally competent services to, the LGBTQ population. The Center opened its Oceanside Resource Center in December 2011 and since that inauguration the population served has grown to approximately 10,000 people annually, with two full-time staff supplemented by a deep bench of volunteers and contractors. Currently, The Center provides services and a safe place six days a week, for a total of 48 hours each week.

The Center is singularly dedicated to the health, mental health and overall well-being of LGBTQ+ residents of North San Diego County, providing safe spaces and expert, culturally aware programming. The Center addresses equity (health, mental health, social) and inclusiveness through the delivery of nine permanent and distinguished programs: Project Youth, Unicorn Homes, Mental Health, Gender Advocacy Project, Professional Partner Project, Certified LGBTQI Competency Training, Human Trafficking Prevention, HIV Services, and Pride By the Beach.

Project Youth (PY) is a constellation of direct service, educational, and advocacy strategies designed to support safety and resilience for LGBTQ youth. Youth development activities are facilitated by a volunteer director and are guided and owned by a committee of 7-8 youth, supported by a part-time staff member. PY is responsible for many of the youth related activities and events that are essential for raising awareness and creating visibility among youth. This visibility ensures that queer and questioning youth can access a safe space, support and services in a socio-cultural environment that often presents a hostile face to them. This support can and has been lifesaving. Activities and events include the Gay Straight Alliance (GSA) Award, Leadership Summit, and Queer Prom. PY delivers its activities thanks to a group of 40-60 volunteers.

LGBTQ+ youth have high rates of suicide attempts and are regularly targeted for bullying and hate-related crimes. LGBTQ+ youth end up homeless at much higher rates than straight youth, can be prime targets for human trafficking and forced prostitution, and they are at high risk of not reaching their academic and vocational goals for many reasons including a lack of family support, lack of social support and acceptance, and bullying. In order for queer youth to succeed in their transition to adulthood, they must have a safe space where they are accepted for who they are, and are provided with support, including expert mental health services, life skills training and support, encouragement, and opportunities for leadership and self-directed



advocacy. Specifically, funding from the San Marcos Community Foundation will support the following activities targeting San Marcos youth and young adults:

- **Leadership Summit Project** is a youth-driven educational program that aims to strengthen LGBTQ+ students and their relations with peers and community members while providing a safe environment for all. The program provides peer support, leadership development and training throughout the school year in starting, strengthening, and sustaining Gay Straight Alliance (GSA) clubs in North County high schools. The program allows students to support themselves and others while educating the surrounding community about the issues of homophobia, transphobia, gender identity and sexual orientation-related topics. Research by The Gay Straight Alliance Network (GSAN) and the Gay Lesbian, and Straight Educational Network (GLSEN) demonstrates that the presence of a safe space in the community and within schools can reduce suicide attempts from 47% to 4% for transgender individuals and reduce drop outs rates up to 50% the first year of implementation.
- **Mental Health Counseling** will be provided ongoing by licensed therapists with expertise in the issues of LGBTQ youth, increasing resiliency, improving family relationships, supporting continued participation in education and supporting prosocial relationships.
- **LGBTQ Competency Training**: will contribute to a culture and responsiveness shift in favor of safety for some of our most vulnerable youth by ensuring that educators, service providers, and first responders have the information and tools they need to support LGBTQ youth and families.

The Center's Project Youth is dedicated to serving San Marcos youth and young adults through its work in the San Marcos School District, as well as at Cal State San Marcos and Palomar College. In addition, all San Marcos youth benefit from increased LGBTQ+ Competency in institutions and systems that interface with youth, ensuring increased advocacy and support to decrease bullying, depression, anxiety, improve family relationships and increase school and life success for our most vulnerable youth.

## Return of Organization Exempt From Income Tax

Department of the Treasury  
Internal Revenue Service

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

- Do not enter social security numbers on this form as it may be made public.
- Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

2018

Open to Public  
Inspection

## A For the 2018 calendar year, or tax year beginning

, and ending

B Check if applicable:	C Name of organization NORTH COUNTY LGBTQ RESOURCE CENTER			D Employer identification number 39-2069596
<input type="checkbox"/> Address change	Doing business as			E Telephone number 760-994-1690
<input type="checkbox"/> Name change	Number and street (or P.O. box if mail is not delivered to street address) 3220 MISSION AVENUE			F Gross receipts \$ 306,495
<input type="checkbox"/> Initial return	City or town OCEANSIDE	State CA	ZIP code 92058	G
<input type="checkbox"/> Final return/terminated	Foreign country name Foreign province/state/county			Foreign postal code
<input type="checkbox"/> Amended return				
<input type="checkbox"/> Application pending	F Name and address of principal officer: MASSIMILIANO DISPOSTI 3220 MISSION AVENUE, OCEANSIDE, CA			H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> X <input type="checkbox"/> No
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(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No
J Website: ► <a href="http://WWW.NCRESOURCECENTER.ORG">WWW.NCRESOURCECENTER.ORG</a>				
K Form of organization: <input type="checkbox"/> Corporation <input type="checkbox"/> Trust <input checked="" type="checkbox"/> Association <input type="checkbox"/> Other ►			L Year of formation: 2008	M State of legal domicile: CA

## Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: EQUALITY AND INCLUSIVENESS OF THE LGBTQ COMMUNITY	TO EMPOWER AND INCREASE THE VISIBILITY,	
	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	8
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	8
	5 Total number of individuals employed in calendar year 2018 (Part V, line 2a)	5	5
	6 Total number of volunteers (estimate if necessary)	6	150
	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 38	7b	0
		Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	194,666	260,561	
9 Program service revenue (Part VIII, line 2g)	0	0	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0	0	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	26,222	24,310	
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	220,888	284,871	
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)	105,791	135,158
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ►	6,373	
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	100,381	55,977
	18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	206,172	191,135
Net Assets or Fund Balances	19 Revenue less expenses. Subtract line 18 from line 12	14,716	93,736
	Prior Year	Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	72,051	165,787
	21 Total liabilities (Part X, line 26)	0	0
22 Net assets or fund balances. Subtract line 21 from line 20	72,051	165,787	

## Part II Signature Block

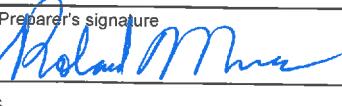
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign  
Here

Signature of officer

Date

Type or print name and title

Paid Preparer Use Only	Print/Type preparer's name Roland W Munger	Preparer's signature 	Date 3/5/2019	Check <input type="checkbox"/> if self-employed	PTIN P01875419
	Firm's name ► Munger & Company, CPAs		Firm's EIN ► 47-3342732		
	Firm's address ► 5814 Van Allen Way, Suite 200, Carlsbad, CA 92008		Phone no. 760-730-8020		

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

 Yes  No

For Paperwork Reduction Act Notice, see the separate instructions.

HTA

**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:

TO FOSTER AND EMPOWER THE NORTH COUNTY LESBIAN, GAY, BISEXUAL, TRANSGENDER AND QUESTIONING (LGBTQ) COMMUNITY BY PROVIDING A SAFE PLACE, ADVANCING AWARENESS AND VISIBILITY AND SUSTAINING EQUALITY AND INCLUSIVENESS.

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 \$ 136,606 including grants of \$ \_\_\_\_\_) (Revenue \$ \_\_\_\_\_)  
 THE GOAL OF THE CENTER S TO PROVIDE RESOURCES AND EXPAND OUR PRESENCE IN THE LOCAL COMMUNITY. THE RESOURCE CENTER IS BECOMING A VISIBLE SPACE THROUGHOUT THE LGBTQI COMMUNITY IN NORTH COUTY SAN DIEGO. THE RESOURCE CENTER SUPPORTS, BUILDS, EDUCATES, AND IMPROVES THE RELATIONSHIPS OF THE LGBTQI COMMUNITY AND OUR FRIENDS AND ALLIES. SERVICES INCLUDES SUPPORT GROUPS FOR YOUTH, SENIORS TRANSGENDER INDIVIDUAL, HUMAN TRAFFICKING PREVENTION, HIV/AIDS TESTING AND PREVENTION SERVICES, COUNSELING, MENTAL HEALTH, PATIENTS ADVOCACY, CLASSES, WORKGROUP AND PROVIDE LGBTQI COMPENTENCY TRAINING FOR THE LOCAL POLICE DEPARTMENT, SCHOOLS, HOSPITALS AND SERVICE PROVIDERS.

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 ► 136,606



North County LGBTQ Resource Center  
2018 INCOME

Board Approved on:

Income	Year 2015	Year 2016	Year 2017	BDGT 2018	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR 2018
1. Gala Fundraiser .....	\$45,815.88	\$65,931.00	\$71,867.49	\$100,000.00	\$0.00	\$2,012.82	\$12,967.93	\$16,606.03	\$23,568.57	\$39,170.81	\$0.00	\$1,500.00	\$0.00	\$10,000.00		\$105,826.16	
2. Monthly Donors .....	\$18,712.58	\$19,901.00	\$21,637.07	\$25,000.00	\$1,864.86	\$2,020.88	\$2,042.57	\$2,173.92	\$2,207.60	\$2,094.43	\$2,105.07	\$1,918.02	\$1,733.88	\$1,981.73		\$20,142.96	
3. General Contributions .....	\$25,675.98	\$24,578.00	\$39,971.14	\$40,000.00	\$14,090.36	\$449.58	\$3,336.63	\$335.00	\$240.00	\$4,050.00	\$1,050.22	\$687.15	\$844.10	\$1,614.24		\$26,697.28	
4. Dining Out For Life .....	\$6,768.00	\$8,310.63	\$6,404.00	\$9,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,219.87	\$2,973.07	\$0.00	\$200.00	\$0.00	\$0.00		\$6,392.94	
5. Marketing Promotions-Rent Income .....	\$1,080.00	\$2,110.00	\$0.00	\$1,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$300.00	\$260.00		\$560.00	
7. AIDS Walk 2018 SD LGBT .....	\$9,429.82	\$9,577.50	\$8,175.00	\$10,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$502.55	\$0.00		\$502.55	
8. Matching Contributions (SDHDF- SD PRIDE).....	\$8,267.98	\$4,000.00	\$4,000.00	\$4,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
9. Corporate Donations.....	\$10,589.64	\$368.31	\$10,000.00	\$5,000.00	\$3,010.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$13,010.00
10.Training.....	\$2,250.00	\$3,025.00	\$5,458.02	\$3,000.00	\$600.00	\$0.00	\$700.00	\$200.00	\$0.00	\$400.00	\$250.00	\$0.00	\$250.00	\$250.00		\$2,650.00	
11. Residuals from grants .....	\$781.40	\$11,000.00	\$0.00	\$1,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
12. Human Trafficking Grant.....	\$0.00	\$7,250.00	\$10,000.00	\$10,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00		\$10,000.00
13. HIV Account Administrative.....	\$0.00	\$10,450.00	\$4,900.00	\$5,000.00	\$700.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$0.00	\$600.00		\$4,800.00	
14. Reimbursement.....	\$0.00	\$0.00	\$2,289.74	\$5,000.00	\$500.00	\$500.00	\$650.00	\$1,120.00	\$500.00	\$2,500.00	\$1,185.00	\$1,553.64	\$600.00	\$704.24		\$9,812.88	
<b>Total Revenue</b> .....	<b>\$129,371.28</b>	<b>\$166,501.44</b>	<b>\$184,702.46</b>	<b>\$218,000.00</b>	<b>\$21,765.22</b>	<b>\$6,483.28</b>	<b>\$21,197.13</b>	<b>#####</b>	<b>\$31,236.04</b>	<b>#####</b>	<b>\$6,090.29</b>	<b>\$7,358.81</b>	<b>\$5,230.53</b>	<b>\$16,410.21</b>		<b>\$200,394.77</b>	
Expenses	Year 2015	Year 2016	Year 2017	BDGT 2018	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR 2018
1. Rent .....	\$33,296.80	\$20,882.75	\$15,000.00	\$15,000.00	\$1,250.00	\$1,250.00	\$1,250.00	\$1,250.00	\$1,250.00	\$1,250.00	\$1,250.00	\$1,250.00	\$1,250.00	\$1,250.00		\$12,500.00	
2. Office Supply Expenses (Ink, paper, material) .....	\$3,047.58	\$3,630.46	\$3,153.12	\$3,500.00	\$491.24	\$187.99	\$466.17	\$358.44	\$297.97	\$34.46	\$272.29	\$280.96	\$385.43	\$507.61		\$3,282.56	
3. Book Keeping .....	\$1,344.00	\$0.00	\$0.00	\$600.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
5. Adm. Assist. Salary Linda Jo .....	\$26,000.00	\$26,372.08	\$28,000.00	\$28,000.00	\$2,094.54	\$2,117.72	\$2,117.72	\$2,117.72	\$2,117.72	\$2,117.72	\$2,117.72	\$2,117.72	\$2,117.72	\$2,117.72		\$22,390.40	
6. ED Salary (Max Dispositi).....	\$48,000.00	\$38,645.11	\$40,000.00	\$30,000.00	\$3,012.17	\$3,069.83	\$3,069.83	\$3,069.82	\$3,069.82	\$4,829.87	\$3,160.64	\$3,160.62	\$3,160.62	\$3,160.64		\$32,763.85	
7. Human Trafficking Salary (Jonathan King-Cretot).....	\$8,600.00	\$9,140.75	\$10,000.00	\$9,518.00	\$959.17	\$959.18	\$959.17	\$959.17	\$1,438.71	\$959.18	\$959.18	\$959.18	\$959.18	\$479.58		\$9,591.71	
8. Youth Coordinator Salary (Relle Goan).....	\$0.00	\$2,476.20	\$3,000.00	\$775.42	\$522.52	\$522.52	\$522.52	\$522.52	\$522.52	\$783.81	\$522.54	\$646.11	\$646.13	\$646.10		\$6,110.19	
9. Janitorial Contractor .....	\$0.00	\$1,708.83	\$1,900.00	\$0.00	\$110.25	\$99.75	\$138.00	\$120.00	\$143.75	\$154.61	\$132.25	\$126.50	\$0.00			\$1,025.11	
10. Dining Out for Life (Contractor).....	\$0.00	\$547.50	\$1,200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
11. ADP .....	\$1,256.28	\$1,530.62	\$1,826.22	\$1,950.00	\$256.44	\$166.74	\$250.11	\$175.08	\$175.08	\$175.08	\$175.08	\$262.62	\$175.08			\$1,986.39	
12. Taxes /Worker Comps .....	\$20,732.35	\$28,306.73	\$29,157.69	\$32,000.00	\$2,600.07	\$2,377.07	\$2,240.89	\$2,341.06	\$2,341.74	\$3,353.88	\$2,235.64	\$2,278.21	\$2,278.19	\$2,379.71		\$24,608.46	
13. Taxes Preparation.....	\$250.00	\$127.84	\$2,200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12.32	\$2,019.73	\$0.00	\$0.00	\$0.00	\$0.00		\$2,032.05	
14. Mileage .....	\$1,837.45	\$1,448.54	\$1,343.47	\$1,500.00	\$128.40	\$115.56	\$34.47	\$105.04	\$77.58	\$163.71	\$140.00	\$261.87	\$121.45	\$109.14		\$1,257.22	
15. Paymentech Charges (credit cards charges) .....	\$524.84	\$773.93	\$2,534.27	\$3,000.00	\$258.50	\$143.28	\$158.32	\$253.69	\$612.62	\$352.44	\$625.45	\$101.20	\$92.52	\$111.54		\$2,709.56	
16. Board expenses (food, awards presentations, retreats etc.) .....	\$1,153.76	\$2,707.87	\$1,906.38	\$2,500.00	\$597.87	\$48.99	\$451.00	\$75.00	\$205.63	\$688.26	\$15.66	\$285.39	\$419.23	\$211.58		\$2,908.61	
17. ED Expenses/Networking/Travelling/ .....	\$2,426.87	\$1,813.00	\$2,187.78	\$2,500.00	\$309.35	\$375.00	\$225.01	\$25.00	\$80.00	\$291.60	\$0.00	\$0.00	\$291.71	\$504.40		\$2,102.07	
18. Training Expenses (Staff) .....	\$414.03	\$0.00	\$1,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$77.49	\$298.00	\$0.00		\$375.49	
19. Web Site Charges Startlogic, Constant contact + Quickbook Software .....	\$1,016.56	\$1,149.18	\$1,175.28	\$1,200.00	\$129.41	\$238.00	\$227.94	\$132.99	\$812.18	\$178.00	\$84.99	\$70.00	\$101.98	\$70.00		\$2,045.49	
20. Insurance BOD/ .....	\$3,910.77	\$3,752.49	\$4,422.82	\$4,500.00	\$436.34	\$437.93	\$432.50	\$440.10	\$0.00	\$0.00	\$0.00	\$865.40	\$447.28	\$446.18		\$3,505.73	
21. Insurance Worker Comps .....	\$0.00	\$538.25	\$600.00	\$127.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$127.75	\$0.00	\$0.00	\$0.00		\$636.64	
22. Cleaning Supplies (TP, trash bags, etc...) .....	\$474.53	\$324.33	\$258.24	\$300.00	\$0.00	\$20.46	\$0.00	\$0.00	\$0.00	\$0.00	\$31.46	\$33.38	\$30.71	\$143.87		\$259.88	
23. Utilities: SDGE .....	\$1,464.21	\$1,474.04	\$1,683.75	\$1,700.00	\$111.10	\$90.16	\$92.29	\$81.89	\$87.21	\$83.68	\$144.50	\$248.77	\$298.08	\$210.78		\$1,448.46	
24. Internet Cox .....	\$872.46	\$420.02	\$600.00	\$650.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00		\$500.00	
25. Phone .....	\$406.35	\$314.41	\$219.82	\$240.00	\$18.34	\$18.34	\$18.37	\$18.52	\$18.52	\$18.52	\$18.48	\$18.48	\$18.48	\$18.46		\$184.71	
26. Gala Fundraiser .....	\$10,074.23	\$13,354.03	\$16,277.54	\$20,000.00	\$0.00	\$0.00	\$648.27	\$191.78	\$8,874.52	\$12,225.64	\$0.00	\$0.00	\$0.00	\$0.00		\$21,940.21	
27. Dining Out For Life market .....	\$139.75	\$0.00	\$564.21	\$600.00	\$0.00	\$0.00	\$0.00	\$479.53	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$479.53	
28. Marketing Promotions (center fliers, mailing promotion) .....	\$557.79	\$1,191.19	\$2,403.09	\$3,000.00	\$609.55	\$412.35	\$0.00	\$109.85	\$370.00	\$2,202.72	\$472.42	\$0.00	\$24.93	\$465.05		\$4,666.87	
29. Gender Advocacy Project .....	\$105.00	\$340.00	\$306.00	\$350.00	\$29.08	\$0.00	\$0.00	\$0.00	\$331.87	\$0.00	\$0.00	\$956.68	\$0.00	\$0.00		\$1,317.63	
30.TDOR.....	\$303.49	\$393.05	\$40.00	\$350.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
31.TDOV.....	\$145.00	\$240.50	\$575.47	\$500.00	\$0.00	\$0.00	\$0.00	\$982.01	\$14.27	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$996.28	
32. SD PRIDE.....	\$80.25	\$280.00	\$1,781.75	\$2,000.00	\$0.00	\$0.00	\$495.00	\$0.00	\$0.00	\$0.00	\$0.00	\$100.00	\$0.00	\$0.00		\$595.00	
33. Town Hall Meeting.....	\$250.00	\$384.00	\$249.90	\$200.00	\$100.00	\$296.65	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$396.65	
34. Holiday and General Events (Thanks giving-xmas lunch, BBQ events, etc) .....	\$1,203.42	\$683.08	\$1,062.77	\$1,100.00	\$132.61	\$0.00	\$0.00	\$0.00	\$1,424.55	\$311.97	\$362.04	\$0.00	\$0.00	\$0.00		\$2,231.17	
35. Support groups expenditures.....	\$1,555.38	\$1,178.84	\$1,617.27	\$2,000.00	\$0.00	\$0.00	\$88.03	\$0.00	\$0.00	\$41.92	\$0.00	\$15.68	\$0.00	\$0.00		\$145.63	
36. Construction Deposit/Maintanance and repair.....	\$1,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$481.31	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$481.31	
37. Volunteer Appreciation Event .....	\$0.00	\$900.00	\$0.00	\$0.00	\$671.88	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$671.88	
<b>Total Expenses</b> .....	<b>\$88,179.12</b>	<b>\$171,339.09</b>	<b>\$171,903.40</b>	<b>\$190,040.00</b>	<b>\$14,477.36</b>	<b>\$13,008.00</b>	<b>\$15,360.69</b>	<b>\$13,581.35</b>	<b>\$23,811.03</b>	<b>\$33,996.33</b>	<b>\$12,920.45</b>	<b>\$14,172.01</b>	<b>\$13,293.20</b>	<b>\$13,781.82</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$168,402.24</b>

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



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

Project Name: <b>Water Conservation Training</b> Date Submitted: <b>6/26/19</b>	Total # of people served: <b>Open to general public in San Diego County</b> Total # of San Marcos residents served: <b>15</b>	Amount Requested: <b>\$9000</b>
Non-Profit Organization Name and Address, Website <b>San Diego Green Building Council (SDGBC)</b> <b>797 J St. San Diego, CA 92101</b> <a href="https://www.sd-gbc.org/"><u>https://www.sd-gbc.org/</u></a>		Contact Person – Name, Title & Phone, email <b>David Adler – Program Coordinator</b> <b>(858) 692- 3068</b> <b>david@sd-gbc.org</b>

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

**Provide training and education centered around water conservation to 20 City of San Marcos Development Services and Public Works staff as well as 15 San Marcos community members that addresses and fulfills goals of the City of San Marcos' Climate Action Plan. The product of these trainings would be a permitting roadmap for alternative water sources for City of San Marcos to use created with input from City staff, the San Marcos community and local experts.**

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

**Water conservation education for the community was identified as an implementation action in the City of San Marcos' Climate Action Plan. SDGBC has been working with other municipalities to educate their staff and community members on how alternative water sources can be used safely and effectively. With this proposed educational series, the San Marcos community will be able to take best practices and innovative ideas on how water conservation can help the City reach its Climate Action Plan goals while reducing dependence on imported water.**

Please attach the following items. <b>Both Mini-Grant &amp; Regular:</b> <ol style="list-style-type: none"> <li>1. Budget for request (use SMCF Budget Worksheet)</li> <li>2. Annual Operating budget for the organization or unit</li> <li>3. Federal &amp; State Tax ID numbers</li> <li>4. Board of Directors listing with affiliations</li> </ol> <p><b>5. Regular Grants Only:</b></p> <ol style="list-style-type: none"> <li>a. 1-2 page narrative</li> <li>b. First 2 pages of Federal 990</li> </ol>	Expected date project will begin/end:  Date by which funds will be expended:  Signature of President or Authorized Officer  Name, Title Executive Director  Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos
---	---

- 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

1 Civic Center Drive  
San Marcos, CA 92069  
Email (PDF Format): [imagee@san-marcos.net](mailto:imagee@san-marcos.net)

## **SAN MARCOS COMMUNITY FOUNDATION**

## Budget Worksheet

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

Host 3 x \$3000 roundtable/charrettes with local government and the San Marcos public on water conservation (costs include: hard costs of events, SDGBC staff time and speaker fees) \$

## **Total budget for this PROJECT:**

\$ 12,000

Grant Request Amount: \$ 9,000  
*(Mini-grants not to exceed \$1,500, Regular grants not to exceed \$10,000.)*

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

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

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

\$ \_\_\_\_ 3,000 \_\_\_\_ (Name of source) \_\_\_\_ The San Diego Foundation \_\_\_\_ \*\* \_C\_  
\$ \_\_\_\_\_ (Name of source) \_\_\_\_\_ \*\*  
\$ \_\_\_\_\_ (Name of source) \_\_\_\_\_ \*\*

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL
	Jul '18	Jun '19											
<b>Income</b>													
Contract Income													
Energy Innovation Center	2,300.00	2,300.00	2,400.00	2,300.00	2,300.00	2,400.00	2,300.00	2,300.00	2,400.00	2,300.00	2,300.00	2,400.00	28,000.00
Center for Sustainable Energy	1,000.00	1,000.00	1,000.00	3,000.00	3,000.00	3,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	38,000.00
Local Government Partnership													
City of San Diego	8,300.00	8,300.00	8,300.00	8,300.00	8,300.00	8,300.00	8,300.00	8,300.00	8,300.00	8,300.00	8,300.00	8,300.00	103,300.00
City of Encinitas	5,780.00	5,780.00	5,780.00	5,780.00	5,780.00	5,780.00	5,780.00	5,780.00	5,780.00	5,780.00	5,780.00	5,780.00	73,520.00
National City													
New partner													
Total contract income	19,170.00	19,170.00	21,270.00	21,170.00	21,170.00	21,270.00	22,880.00	20,380.00	26,980.00	20,380.00	22,880.00	24,480.00	253,700.00
<b>Corp Membership &amp; Sponsorship</b>													
Member Dues Companies (USGBC national)			3,000.00				3,000.00						3,000.00
Corporate Sponsorship Income	2,500.00	20,000.00	2,500.00	2,500.00	2,500.00	5,000.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	40,000.00
Total Corp Membership & Sponsorship	0.00	2,500.00	23,000.00	2,500.00	2,500.00	5,500.00	5,000.00	2,500.00	5,800.00	0.00	0.00	3,000.00	52,000.00
<b>Individual contributions</b>													
Individual Membership	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	16,250.00
Individual sponsorships													1,200.00
Total individual contributions	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	17,450.00
<b>Events</b>													
Ticket sales			9,000.00	1,000.00		1,000.00	2,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	20,000.00
Event sponsorships			500.00	500.00		500.00	500.00	500.00	500.00	500.00	500.00	500.00	2,500.00
Total events income	0.00	0.00	9,500.00	1,000.00	1,500.00	2,000.00	1,500.00	1,000.00	1,500.00	1,000.00	1,500.00	1,000.00	22,500.00
<b>Grant Income</b>													
San Diego Foundation	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	12,000.00
City of San Diego (EDD)*	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	30,000.00
Trees San Diego	2,500.00												10,000.00
Environmental Champions / SDG&E	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	25,000.00
Total grant income	6,500.00	9,000.00	6,500.00	6,500.00	9,000.00	6,500.00	4,500.00	7,000.00	4,500.00	4,500.00	7,000.00	4,500.00	77,000.00
<b>In-Kind Income</b>													0.00
Interest Income													0.00
<b>Total Income</b>	26,920.00	31,920.00	61,520.00	32,420.00	35,420.00	36,520.00	35,130.00	32,380.00	41,160.00	27,380.00	32,880.00	36,480.00	430,150.00
<b>Gross Profit</b>													
<b>Expense</b>													
Event & Program Expenses													
Website	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	6,000.00
Education / Socials	0.00	0.00	12,000.00	500.00	500.00	2,000.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	2,000.00	23,250.00
Green Assistance Program	625.00	625.00	625.00	625.00	625.00	625.00	625.00	625.00	625.00	625.00	625.00	625.00	7,500.00
Net Zero Water	1,000.00	1,000.00	0.00	2,000.00	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,000.00
LGP Expenses	500.00	500.00	2,500.00	500.00	500.00	2,500.00	500.00	500.00	2,500.00	500.00	500.00	2,500.00	14,000.00
Civic Spark	0.00	2,500.00	2,300.00	2,300.00	2,300.00	2,300.00	2,300.00	2,300.00	2,300.00	2,300.00	2,300.00	2,300.00	25,500.00
Green Homes Tour	0.00	0.00	0.00	4,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,500.00
EcoDistricts	0.00	0.00	250.00	0.00	0.00	250.00	0.00	0.00	2,500.00	0.00	0.00	2,500.00	5,500.00
Marketing and PR program expenses	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	15,000.00
Member benefits													3,000.00
<b>Total Event &amp; Program Expenses</b>	3,875.00	6,375.00	19,425.00	12,175.00	6,675.00	9,425.00	6,925.00	6,425.00	10,925.00	6,425.00	6,425.00	11,675.00	105,250.00
<b>Strategic development</b>													
Board of Directors													2,500.00
Staff	710.00	710.00	710.00	710.00	710.00	710.00	710.00	710.00	710.00	710.00	710.00	710.00	8,520.00
<b>Total strategic development</b>	710.00	710.00	710.00	710.00	710.00	710.00	710.00	710.00	710.00	710.00	710.00	710.00	11,020.00
<b>General &amp; Administrative</b>													
Accounting													
Bookkeeping	600.00	600.00	600.00	2,600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	9,200.00
Accounting - Other													3,500.00
<b>Total Accounting</b>	600.00	600.00	600.00	2,600.00	600.00	600.00	3,500.00	4,100.00	600.00	600.00	600.00	600.00	12,700.00
Bank Charges													
Credit Card Processing Fees	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	2,400.00
Service charges	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	240.00
<b>Total Bank Charges</b>	220.00	220.00	220.00	220.00	220.00	220.00	220.00	220.00	220.00	220.00	220.00	220.00	2,640.00
Computers and Software													
Computers	2,000.00												2,000.00
Software	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	1,800.00
<b>Total Computers and software</b>	150.00	2,150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	3,800.00
Insurance													
General Liability													5,000.00
Insurance - Other													0.00
Special insurance (events)													500.00
<b>Total Insurance</b>	0.00	0.00	0.00	500.00	2,000.00	0.00	0.00	0.00	3,000.00	0.00	0.00	0.00	5,500.00
Other administrative													
License and subscriptions													
Office Supplies	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00
Postage & Delivery	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	480.00
Rent or Lease													8,000.00
Telephone	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	368.00
Travel	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00
Meeting expenses	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	3,000.00
Storage	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00	720.00
Utilities - DSL													1,200.00
<b>Total other administrative</b>	640.00	640.00	640.00	640.00	640.00	640.00	2,220.00	2,220.00	2,220.00	2,220.00	2,220.00	2,220.00	17,410.00
<b>Total General &amp; Administrative</b>	1,610.00	3,610.00	1,610.00	4,110.00	3,610.00	1,610.00	6,690.00	3,190.00	6,440.00	3,190.00	3,190.00	3,190.00	42,050.00
<b>In-Kind Expense</b>													
Independent Contractors													
Programming													
Education	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	7,000.00
Programs	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	15,000.00
Strategic	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	9,000.00
Indirect													
Marketing													
Photography													
PR													
<b>Total Independent contractors</b>	3,750.00	3,750.00	3,500.00	3,750.00	3,750.00	2,750.00	3,000.00	1,250.00	2,250.00	3,000.00	2,250.00	1,250.00	34,250.00
Personal													
Payroll Expenses - Other	435.00	435.00	435.00	435.00	435.00	435.00	435.00	435.00	435.00	435.00	435.00	435.00	5,220.00
Salaries	17,100.00	17,100.00	17,100.00	17,100.00	17,100.00	17,100.00	17,600.00	17,800.00	17,800.00	17,800.00	17,600.00	17,600.00	208,200.00
<b>Total Personnel</b>	17,535.00	17,535.00	17,535.00	17,535.00	17,535.00	17,535.00	18,035.00	18,035.00	18,035.00	18,035.00	18,035.00	18,035.00	213,420.00
<b>Reserves (planned 'savings')</b>													
	5,000.00												20,000.00
<b>Total Expense</b>	27,480.00	31,980.0											

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

DEPARTMENT OF THE TREASURY

**MAY 21 2007**  
Date:

U S GREEN BUILDING COUNCIL-SAN  
DIEGO CHAPTER  
5560 RUFFIN RD STE 1  
SAN DIEGO, CA 92123

Employer Identification Number:  
20-2614848  
DLN:  
17053209017006  
Contact Person:  
DONNA ELLIOT-MOORE ID# 50304  
Contact Telephone Number:  
(877) 829-5500  
Accounting Period Ending:  
DECEMBER 31  
Public Charity Status:  
509(a)(2)  
Form 990 Required:  
YES  
Effective Date of Exemption:  
JANUARY 4, 2005  
Contribution Deductibility:  
YES  
Advance Ruling Ending Date:  
DECEMBER 31, 2009

Dear Applicant:

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

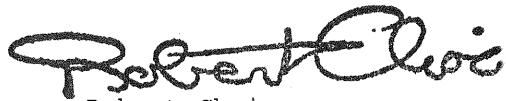
Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. During your advance ruling period, you will be treated as a public charity. Your advance ruling period begins with the effective date of your exemption and ends with advance ruling ending date shown in the heading of the letter.

Shortly before the end of your advance ruling period, we will send you Form 8734, Support Schedule for Advance Ruling Period. You will have 90 days after the end of your advance ruling period to return the completed form. We will then notify you, in writing, about your public charity status.

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

U S GREEN BUILDING COUNCIL-SAN

Sincerely,



Robert Choi  
Director, Exempt Organizations  
Rulings and Agreements

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

U S GREEN BUILDING COUNCIL-SAN

INFORMATION FOR ORGANIZATIONS EXEMPT UNDER SECTION 501(c) (3)

WHERE TO GET FORMS AND HELP

You can obtain forms and instructions by calling toll free 1-800-829-3676, through the Internet Web Site at [www.irs.gov](http://www.irs.gov), and at local tax assistance centers.

You can obtain additional information about most topics discussed below through our customer service function by calling toll free 1-877-829-5500, or on our Web Site at [www.irs.gov/eo](http://www.irs.gov/eo). In addition, you should sign up for Exempt Organization's EO Update, a regular e-mail newsletter that highlights new information posted on the charities pages of [irs.gov](http://irs.gov). To subscribe, go to [www.irs.gov/eo](http://www.irs.gov/eo) and click on "EO Newsletter."

NOTIFY US ON THESE MATTERS

If you change your name, address, purposes, operations or sources of financial support, please inform our TE/GE EO Determinations Office at the following address: Internal Revenue Service, P.O. Box 2508, Cincinnati, Ohio 45201. If you amend your organizational document or by-laws, or dissolve, provide the EO Determinations Office with a copy of the amended documents. Please use your employer identification number on all returns you file and in all correspondence with the Internal Revenue Service.

FILING REQUIREMENTS

In your exemption letter, we indicated whether you must file Form 990, Return of Organization Exempt From Income Tax. If your exemption letter states that you are not required to file Form 990, you are exempt from these requirements. Otherwise, if your gross receipts are normally more than \$25,000, you must file Form 990 or Form 990-EZ with the Ogden Submission Processing Center, Ogden, UT 84201-0027.

You are eligible to file Form 990-EZ if your gross receipts are normally between \$25,000 and \$100,000, and your total assets are less than \$250,000. You must file the complete Form 990 if your gross receipts are over \$100,000, or your total assets are over \$250,000. The Form 990 instructions show how to compute your "normal" receipts.

Form 990 Schedule A is required for both Form 990 and Form 990-EZ.

Organizations With Gross Receipts of \$25,000 or Less

For tax periods beginning after December 31, 2006, you must file an annual electronic notice if your gross receipts are normally \$25,000 or less. Alternatively, you may file a complete Form 990 Package if we send one to you.

Exception: Section 509(a)(3) supporting organizations must file Form 990 or



## Entity Status Letter

Date:

ESL ID:

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

Entity ID:

Entity Name:

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

The above information does not necessarily reflect:

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

## Connect With Us

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

Phone: 800.852.5711 from 7 a.m. to 5 p.m. weekdays, except state holidays  
916.845.6500 from outside the United States

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

U S GREEN BUILDING COUNCIL-SAN

Form 990-EZ even if gross receipts are normally \$25,000 or less. However, supporting organizations of religious groups with gross receipts that are normally \$5,000 or less may file an annual electronic notice instead of Form 990 or Form 990-EZ.

Due Date of Return or Annual Electronic Notice

Your return or annual electronic notice is due by the 15th day of the fifth month after the end of your annual accounting period. There are penalties for failing to file a complete return timely. For additional information on penalties, see the Form 990 instructions or call our toll free number.

Revocation of Tax-Exempt Status

For tax periods beginning after December 31, 2006, your tax-exempt status will be revoked as of the filing due date of the third year if you fail to file for three consecutive years Form 990, Form 990-EZ, or the annual electronic notice.

If your tax-exempt status is revoked because you failed to file for three consecutive years, you must reapply for exemption and pay the appropriate user fee.

UNRELATED BUSINESS INCOME TAX RETURN

If you receive more than \$1,000 annually in gross receipts from a regular trade or business, you may be subject to Unrelated Business Income Tax and required to file Form 990-T, Exempt Organization Business Income Tax Return. There are several exceptions to this tax:

1. Income you receive from the performance of your exempt activity,
2. Income from fundraisers conducted by volunteer workers, or where donated merchandise is sold, and
3. Income from routine investments such as certificates of deposit, savings accounts, or stock dividends.

There are special rules for income derived from real estate or other investments purchased with borrowed funds. This income is called "debt financed" income. For additional information regarding unrelated business income tax, see Publication 598, Tax on Unrelated Business Income of Exempt Organizations, or call our toll free number shown above.

PUBLIC INSPECTION OF APPLICATION AND INFORMATION RETURN

You are required to make your annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return, or the date the return is filed. This rule also applies to any Form 990-T filed after August 17, 2006. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. You must also provide copies

U S GREEN BUILDING COUNCIL-SAN

of these documents to any individual, upon written or in person request, without charge other than reasonable fees for copying and postage.

You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or call our toll free number shown above.

FUNDRAISING

Contributions to you are deductible only to the extent that they are gifts and no consideration is received in return. Depending on the circumstances, ticket purchases and similar payments in conjunction with fundraising events may not qualify as fully deductible contributions.

CONTRIBUTIONS OF \$250 OR MORE

Donors must have written substantiation from the charity for any charitable contribution of \$250 or more. Although it is the donor's responsibility to obtain written substantiation from the charity, you can assist donors by providing a written statement listing any cash contribution or describing any donated property.

This written statement must be provided at the time of the contribution. There is no prescribed format for the written statement. Letters, postcards and electronic (e-mail) or computer-generated forms are acceptable.

The donor is responsible for the valuation of donated property. However, your written statement must provide a sufficient description to support the donor's contribution.

For contributions of cash, a check or other monetary gift made on or after January 1, 2007, a donor cannot claim a tax deduction unless the donor maintains a record of the contribution in the form of either a bank record (such as a cancelled check) or a written communication from the charity (such as a receipt or letter) showing the name of the charity, the date of the contribution, and the amount of the contribution.

For additional information regarding donor substantiation, see Publication 1771, Charitable Contributions - Substantiation and Disclosure Requirements. For information about the valuation of donated property, see Publication 561, Determining the Value of Donated Property.

CONTRIBUTIONS OF MORE THAN \$75 AND  
CHARITY PROVIDES GOODS OR SERVICES

You must provide a written disclosure statement to donors who receive goods or services from you in exchange for contributions in excess of \$75.

Contribution deductions are allowable to donors only to the extent their contributions exceed the value of the goods or services received in exchange.

U S GREEN BUILDING COUNCIL-SAN

Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as fully deductible contributions, depending on the circumstances. If you conduct fundraising events such as benefit dinners, shows, membership drives, etc., where something of value is received, you are required to provide a written statement informing donors of the fair market value of the specific items or services you provided in exchange for contributions of more than \$75.

You should provide the written disclosure statement in advance of any event, determine the fair market value of any benefit received, determine the amount of the contribution that is deductible, and state this information in your fundraising materials such as solicitations, tickets, and receipts. The amount of the contribution that is deductible is limited to the excess of any money (and the value of any property other than money) contributed by the donor less the value of goods or services provided by the charity. Your disclosure statement should be made, no later than, at the time payment is received. Subject to certain exceptions, your disclosure responsibility applies to any fundraising circumstances where each complete payment, including the contribution portion, exceeds \$75. For additional information, see Publication 1771 and Publication 526, Charitable Contributions.

EXCESS BENEFIT TRANSACTIONS

Excess benefit transactions are governed by section 4958 of the Code. Excess benefit transactions involve situations where a section 501(c)(3) organization provides an unreasonable benefit to a person who is in a position to exercise substantial influence over the organization's affairs. If you believe there may be an excess benefit transaction in which you are involved, you should report the transaction on Form 990 or 990-EZ. For information on how to correct and report this transaction, see the instructions for Form 990 and Form 990-EZ, or call our toll free number shown above.

EMPLOYMENT TAXES

If you have employees, you are subject to income tax withholding and the social security taxes imposed under the Federal Insurance Contribution Act (FICA). You are required to withhold Federal income tax from your employee's wages and you are required to pay FICA on each employee who is paid more than \$100 in wages during a calendar year. To know how much income tax to withhold, you should have a Form W-4, Employee's Withholding Allowance Certificate, on file for each employee. Organizations described in section 501(c)(3) of the Code are not required to pay Federal Unemployment Tax Act (FUTA) tax.

Employment taxes are reported on Form 941, Employer's Quarterly Federal Tax Return. The requirements for withholding, depositing, reporting and paying employment taxes are explained in Circular E, Employer's Tax Guide, (Publication 15), and Employer's Supplemental Tax Guide, (Publication 15-A). These publications explain your tax responsibilities as an employer.

CHURCHES

U S GREEN BUILDING COUNCIL-SAN

Churches may employ both ministers and church workers. Employees of churches or church-controlled organizations are subject to income tax withholding, but may be exempt from FICA taxes. Churches are not required to pay FUTA tax. In addition, although ministers are generally common law employees, they are not treated as employees for employment tax purposes. These special employment tax rules for members of the clergy and religious workers are explained in Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers. Churches should also consult Publications 15 and 15-A. Publication 1828, Tax Guide for Churches and Religious Organizations, also discusses the various benefits and responsibilities of these organizations under Federal tax law.

PUBLIC CHARITY STATUS

Every organization that qualifies for tax-exemption as an organization described in section 501(c)(3) is a private foundation unless it falls into one of the categories specifically excluded from the definition of that term [referred to in section 509(a)(1), (2), (3), or (4)]. In effect, the definition divides these organizations into two classes, namely private foundations and public charities.

The Code section under which you are classified as a public charity is shown in the heading of your exemption letter. This determination is based on the information you provided and the request you made on your Form 1023 application. Please refer to Publication 557 for additional information about public charity status.

GRANTS TO INDIVIDUALS

The following information is provided for organizations that make grants to individuals. If you begin an individual grant program that was not described in your exemption application, please inform us about the program.

Funds you distribute to an individual as a grant must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should keep adequate records and case histories that demonstrate that grants to individuals serve your charitable purposes. For example, you should be in a position to substantiate the basis for grants awarded to individuals to relieve poverty or under a scholarship or education loan program. Case histories regarding grants to individuals should show names, addresses, purposes of grants, manner of selection, and relationship (if any) to members, officers, trustees, or donors of funds to you.

For more information on the exclusion of scholarships from income by an individual recipient, see Publication 970, Tax Benefits for Education.

**Part X Public Charity Status (Continued)**

e 509(a)(4)—an organization organized and operated exclusively for testing for public safety.

f 509(a)(1) and 170(b)(1)(A)(iv)—an organization operated for the benefit of a college or university that is owned or operated by a governmental unit.

g 509(a)(1) and 170(b)(1)(A)(vi)—an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.

h 509(a)(2)—an organization that normally receives not more than one-third of its financial support from gross **investment income** and receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions).

i A publicly supported organization, but unsure if it is described in 5g or 5h. The organization would like the IRS to decide the correct status.

6 If you checked box g, h, or i in question 5 above, you must request either an **advance** or a **definitive ruling** by selecting one of the boxes below. Refer to the instructions to determine which type of ruling you are eligible to receive.

a **Request for Advance Ruling:** By checking this box and signing the consent, pursuant to section 6501(c)(4) of the Code you request an advance ruling and agree to extend the statute of limitations on the assessment of excise tax under section 4940 of the Code. The tax will apply only if you do not establish public support status at the end of the 5-year advance ruling period. The assessment period will be extended for the 5 advance ruling years to 8 years, 4 months, and 15 days beyond the end of the first year. You have the right to refuse or limit the extension to a mutually agreed-upon period of time or issue(s). Publication 1035, *Extending the Tax Assessment Period*, provides a more detailed explanation of your rights and the consequences of the choices you make. You may obtain Publication 1035 free of charge from the IRS web site at [www.irs.gov](http://www.irs.gov) or by calling toll-free 1-800-829-3676. Signing this consent will not deprive you of any appeal rights to which you would otherwise be entitled. If you decide not to extend the statute of limitations, you are not eligible for an advance ruling.

**Consent Fixing Period of Limitations Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code**

For Organization



(Signature of Officer, Director, Trustee, or other authorized official)

David Rosenberger

(Type or print name of signer)

7/19/06

(Date)

President

(Type or print title or authority of signer)

For Director, Exempt Organizations



By \_\_\_\_\_

Date \_\_\_\_\_

MAY 21 2007

b **Request for Definitive Ruling:** Check this box if you have completed one tax year of at least 8 full months and you are requesting a definitive ruling. To confirm your public support status, answer line 6b(i) if you checked box g in line 5 above. Answer line 6b(ii) if you checked box h in line 5 above. If you checked box i in line 5 above, answer both lines 6b(i) and (ii).

(i) (a) Enter 2% of line 8, column (e) on Part IX-A. Statement of Revenues and Expenses.

(b) Attach a list showing the name and amount contributed by each person, company, or organization whose gifts totaled more than the 2% amount. If the answer is "None," check this box.

(ii) (a) For each year amounts are included on lines 1, 2, and 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each **disqualified person**. If the answer is "None," check this box.

(b) For each year amounts are included on line 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each payer, other than a disqualified person, whose payments were more than the larger of (1) 1% of line 10, Part IX-A. Statement of Revenues and Expenses, or (2) \$5,000. If the answer is "None," check this box.

7 Did you receive any unusual grants during any of the years shown on Part IX-A. Statement of Revenues and Expenses? If "Yes," attach a list including the name of the contributor, the date and amount of the grant, a brief description of the grant, and explain why it is unusual.  Yes  No

## Board of Directors Roster

First Name	Last Name	Title	Company	Email	Phone	Board Role
Bryon	Stafford	President	Leland Construction	bryon@lelandconstruction.com	619.757.0634	Treasurer
Christopher	Brown	District Engineer	SDG&E	cwbrown@semprautilities.com	619.540.9632	
Courtney	Bonas	Project Manager	Brummitt Energy Associates	court.e.ward@gmail.com	619.318.2753	Vice President
Elizabeth	Carmichael	Principal Architect, AIA	ECOhouse architecture	liz@ecohousegreen.com	619.203.9251	
Rebecca	Baptiste	Associate Manager, Advisory Services	Center for Sustainable Energy	rebecca.baptiste@energycenter.org	(858) 244-4849	
Katy	Hamilton	Project Architect	L7 Studio Architects	katy2633@me.com	619-549-1738	Secretary
Mathieu (Matt)	Bargas	Student	San Diego State University	mathieubargas@gmail.com	240-416-1512	
Ravi	Bajaj	Marketing Manager	Healthy Buildings   Sustainability Group	rbajaj@healthybuildings.com	949.562.5461	President
Steven	Shinn	Studio Director, Senior Associate	Gensler	steven_shinn@gensler.com	619.557.2578	
Tanya	Goyette	Technical Training Specialist	Qualcomm	goyettet@gmail.com	619-204-9583	
Soheil	Nakhshab	Principal, CEO	Nakhshab Development & Design, Inc.	<a href="mailto:soheil@nddinc.net">soheil@nddinc.net</a>	619-255-7257	
Bob	Secrest	Principal	Cityscape	Bob.secrest@gmail.com	619.549.8949	
Colleen	FitzSimons	Senior Project Manager	Urban Fabric Inc.	colleen@urbanfabric.com	415.323.4019	

## San Marcos Regular Grant Narrative

With a changing climate, fires and unseasonal drought cycles, water conservation is a very important concept for most people in Southern California. With the City of San Marcos adopting a Climate Action Plan in September of 2013, it committed to meeting water conservation targets, expanding opportunities for recycled water, and seeking opportunities for methane capture and cogeneration at wastewater treatment facilities. The City of San Marcos has already proven their commitment to achieving these goals by retrofitting City buildings, encourage residents to conserve water, reducing irrigation cycles and planting drought tolerant landscape in new public spaces. This work is invaluable to the City of San Marcos as an organization but also for its residents. That being said, there are more opportunities for water conservation that can be done in the City. With more education for City staff, elected officials and residents of San Marcos, different approaches and strategies to achieve current water conservation goals can be met. In turn, this continuing education could create bolder and more aggressive water conservation goals and allow the City of San Marcos to be a leader in San Diego County.

The San Diego Green Building Council (SDGBC) is a 501c3 Community benefit nonprofit servicing the entire County of San Diego and collaborating throughout the State of California. The SDGBC has been providing education around sustainable and high-performance buildings since its inception in 2002. Over the past 3 years the SDGBC has been working with municipalities from down in Chula Vista up to Encinitas to provide its staff and residents this type of education and promote sustainability in the built environment within each city.

SDGBC had previously received grant funding from The San Diego Foundation to provide similar education to the whole of San Diego on using alternative water sources (i.e. rainwater, greywater, recycled water, etc.). Through this funding, we managed to build strong partnerships with local government, vendors, engineers and architects who see water conservation in buildings as having a large impact on the overall water demand of the San Diego region. With the partnerships we were able to garner, the SDGBC offered to assist with a project local to the City of San Marcos. The TERI Campus of Life will be a 20 acres campus in San Marcos servicing students with developmental disabilities. It will be designed to be as sustainable as possible and not only service its students, but also City of San Marcos residents as well be able to be a replicated model internationally. With such a large campus that will include 3 pools, a large commercial kitchen, agricultural space, housing for students and teachers, there are multiple and different end uses for water and many opportunities for conservation and reuse. This campus will also be a large water consumer for the region and a valuable opportunity to incorporate as much conservation and sustainability features as possible to reduce demand on imported water.

SDGBC is seeking Regular Grant funding to be able to offer education on water conservation to City staff as well as its residents. Since the State now allows for a risk-based approach for the onsite treatment and reuse of nonpotable water, more and more projects will begin to incorporate these types of systems into their buildings. This education will prepare City staff for that inevitability. Through this education, it will also allow participating City staff to start thinking outside the box and break down silos within their departments. Water conservation policy is dynamic and more and more municipalities in San Diego are adopting more aggressive conservation goals. Putting City staff in a room who don't usually talk to one another has been proven to have a positive effect on City policy and builds relationships that wouldn't normally exist. This also could inevitably lead to the interdepartmental creation of reach codes for City or amendments to current ordinances. The benefit of this education is two-fold. Bringing in the San Marcos community to these trainings with City staff will offer a different perspective/insight and educate the community on alternative water sources that can be utilized in their homes or businesses. This type of community engagement and education is spelled out in the City's Climate Action Plan and SDGBC sees itself as the facilitator to bring this education to them. Another component of the of this education is the fact that a candidate for recycled water - with a large water footprint - has already been identified. The TERI Campus is a perfect project for recycled water with many different end uses. This will allow City staff to learn about the concept of the right water for the right purpose.

In conclusion, SDGBC is seeking this funding for water conservation education. We believe this education is important to meet the City's Climate Action Plan goals for water but also has a dual benefit to other aspects of the plan like reducing Green House Gas emissions. This education will provide a larger community benefit by elevating the understanding around water conservation of San Marcos residents. Finally, all of these various stakeholders will see the fruits of their labor when water reuse systems are incorporated into the TERI Campus of Life project which will be open to everyone to enjoy.

## Return of Organization Exempt From Income Tax

2017

Open to Public  
InspectionDepartment of the Treasury  
Internal Revenue Service

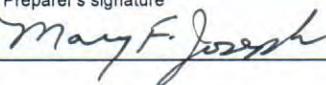
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

- Do not enter social security numbers on this form as it may be made public.
- Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

<b>A For the 2017 calendar year, or tax year beginning</b>		7/1/2017	<b>, and ending</b>	6/30/2018	
<b>B Check if applicable:</b>		<b>C Name of organization</b>		U. S. Green Building Council San Diego Chapter	<b>D Employer identification number</b>
<input type="checkbox"/> Address change		Doing business as		San Diego Green Building Council	20-2614848
<input type="checkbox"/> Name change		Number and street (or P.O. box if mail is not delivered to street address)		Room/suite	<b>E Telephone number</b>
<input type="checkbox"/> Initial return		797 J Street	City or town	State	(619) 786-0979
<input type="checkbox"/> Final return/terminated		San Diego	CA	ZIP code	92101
<input type="checkbox"/> Amended return		Foreign country name	Foreign province/state/county	Foreign postal code	<b>G Gross receipts \$</b>
<input type="checkbox"/> Application pending		Josh Dean 797 J Street, San Diego, CA 92101		369,180	
<b>I Tax-exempt status:</b>		<input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) <input type="checkbox"/> (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(a) Is this a group return for subordinates?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> X <input type="checkbox"/> No	
<b>J Website:</b>		► <a href="http://www.usgbc-sd.org">www.usgbc-sd.org</a>		<b>H(b) Are all subordinates included?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> X <input type="checkbox"/> No	
<b>K Form of organization:</b>		<input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►		<b>L Year of formation:</b>	2005
<b>M State of legal domicile:</b>		CA			

<b>Part I Summary</b>							
1	Briefly describe the organization's mission or most significant activities: Inspire, educate and collaborate toward true sustainability of our build environment. We support the cause of working toward greener buildings and healthier communities.						
2	Check this box ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.						
3	Number of voting members of the governing body (Part VI, line 1a) . . . . .						
4	Number of independent voting members of the governing body (Part VI, line 1b) . . . . .						
5	Total number of individuals employed in calendar year 2017 (Part V, line 2a) . . . . .						
6	Total number of volunteers (estimate if necessary) . . . . .						
7a	Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .						
b	Net unrelated business taxable income from Form 990-T, line 34 . . . . .						
				<b>Prior Year</b>	<b>Current Year</b>		
8	Contributions and grants (Part VIII, line 1h) . . . . .						
9	Program service revenue (Part VIII, line 2g) . . . . .						
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .						
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) . . . . .						
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .						
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3) . . . . .						
14	Benefits paid to or for members (Part IX, column (A), line 4) . . . . .						
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) . . . . .						
16a	Professional fundraising fees (Part IX, column (A), line 11e) . . . . .						
b	Total fundraising expenses (Part IX, column (D), line 25) ► 0 . . . . .						
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) . . . . .						
18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25) . . . . .						
19	Revenue less expenses. Subtract line 18 from line 12 . . . . .						
				<b>Beginning of Current Year</b>	<b>End of Year</b>		
20	Total assets (Part X, line 16) . . . . .						
21	Total liabilities (Part X, line 26) . . . . .						
22	Net assets or fund balances. Subtract line 21 from line 20 . . . . .						

<b>Part II Signature Block</b>	
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.	
<b>Sign Here</b>	 Signature of officer Joshua C. Dean Type or print name and title
	Date 5/15/19 Executive Director

<b>Paid Preparer Use Only</b>	Print/Type preparer's name Mary F Joseph	Preparer's signature 	Date 5/14/2019	Check <input type="checkbox"/> if self-employed	PTIN P01270486
	Firm's name ► MFJ Systems		Firm's EIN ► 95-3081496		
	Firm's address ► 2356 Moore Street, San Diego, CA 92110		Phone no. 619-298-8280		

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

For Paperwork Reduction Act Notice, see the separate instructions.

HTA

**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:

---



---



---

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No  
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No  
If "Yes," describe these changes on Schedule O.

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

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

USGBC San Diego's mission is to inspire, educate and collaborate within our community to transform our built environment toward true sustainability. The organization has 3.5 staff members and is governed by a voluntary Board of Directors. In FY2017-2018 the organization promoted green buildings in the San Diego region by completing programs such as educational events, sustainability projects and other collaborations with local organizations. During the year, 67 events were held with over 1,954 registrants in attendance where they had a chance to learn about green buildings and their impact on climate change. Event topics included: Net Zero Water, Net Zero Energy, building controls and automation, and LEED rating systems.

---



---



---

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

Other programs, such as Green Apple Day of Service and the Green Assistance Program, have delivered support for local institutions in an effort to improve their operations and make them more environmentally friendly. The Green Apple Day of Service program helped build a garden and paint a local school. The Green Assistance Program continues support of a local nonprofit to help them reduce energy and water usage.

---



---



---

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 ► 297,007

# ADG CPA

## U.S. GREEN BUILDING COUNCIL – SAN DIEGO CHAPTER

### AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

CONTENTS	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENT OF FUNCTIONAL EXPENSES	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6-9

# ADG CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
**U.S. Green Building Council – San Diego Chapter**

I have audited the accompanying financial statements of U.S. Green Building Council – San Diego Chapter (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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***

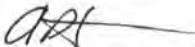
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of U.S. Green Building Council – San Diego Chapter as of June 30, 2018, 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.



Andres D. Garcia CPA

May 13, 2019

**U.S. GREEN BUILDING COUNCIL - SAN DIEGO CHAPTER**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**

**ASSETS:**

Cash and Cash Equivalents	\$ 67,984
Accounts Receivable	<u>52,525</u>
Total Current Assets	<u>120,509</u>
Prepaid Expenses	<u>10,058</u>
Total Other Assets	<u>10,058</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>130,567</u></b>

**LIABILITIES:**

Vacation Payable	\$ 1,734
Deferred Grant Revenue	<u>37,243</u>
Total Current Liabilities	<u>38,977</u>
<b>TOTAL LIABILITIES</b>	<b>\$ <u>38,977</u></b>

**NET ASSETS:**

Unrestricted	\$ <u>91,590</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>91,590</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>130,567</u></b>

The Accompanying Notes are an Integral Part of the Financial Statements

**U.S. GREEN BUILDING COUNCIL - SAN DIEGO CHAPTER**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**SUPPORT AND REVENUE:**

Contract Revenue	\$ 198,634
Contributions and Grants	96,612
Memberships	47,017
Events & Education	26,876
In-Kind Facilities	21,412
Interest	<u>41</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>390,592</b>

**EXPENSES:**

Program Services	297,007
Management & General	<u>56,818</u>
<b>TOTAL EXPENSES</b>	<b><u>353,825</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>36,767</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b><u>54,823</u></b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ <u>91,590</u></b>

The Accompanying Notes are an Integral Part of the Financial Statements

**U.S. GREEN BUILDING COUNCIL - SAN DIEGO CHAPTER**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2018**

<b>FUNCTIONAL EXPENSES</b>	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Total</u>
<b>Payroll &amp; Related</b>			
Salaries & Wages	\$ 175,482	\$ 19,498	\$ 194,980
Payroll Taxes	15,412	1,712	17,124
Employee Benefits	10,067	1,119	11,186
Workers Compensation Insurance	1,648	183	1,831
<b>Total Payroll &amp; Related</b>	<b>202,609</b>	<b>22,512</b>	<b>225,121</b>
<b>Other Expenses</b>			
Accounting & Legal	8,275	4,075	12,350
Advertising	4,948	-	4,948
Bank & Credit Card Fees	2,408	252	2,660
Conferences and Meetings	1,231	-	1,231
Contract Services	5,462	-	5,462
Events	53,718	-	53,718
Information Technology	1,719	1,869	3,588
In-Kind Facilities	-	21,412	21,412
Insurance	-	4,487	4,487
Occupancy	-	1,680	1,680
Office Expenses	4,781	531	5,312
Professional Development	6,344	-	6,344
Travel	5,512	-	5,512
<b>Total Other Expenses</b>	<b>94,398</b>	<b>34,306</b>	<b>128,704</b>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 297,007</b>	<b>\$ 56,818</b>	<b>\$ 353,825</b>

The Accompanying Notes are an Integral Part of the Financial Statements

**U.S. GREEN BUILDING COUNCIL - SAN DIEGO CHAPTER**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 36,767
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
(Increase) Decrease in:	
Accounts Receivable	(17,032)
Prepaid Expenses	(8,057)
Increase (Decrease) in:	
Accounts Payable	(1,607)
Vacation Payable	(2,282)
Deferred Grant Revenue	<u>10,226</u>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	<u>18,015</u>
<b>NET INCREASE IN CASH</b>	<b>18,015</b>
<b>CASH &amp; CASH EQUIVALENTS, JUNE 30, 2017</b>	<u>49,969</u>
<b>CASH &amp; CASH EQUIVALENTS, JUNE 30, 2018</b>	<b>\$ <u>67,984</u></b>

The Accompanying Notes are an Integral Part of the Financial Statements

# U.S. GREEN BUILDING COUNCIL – SAN DIEGO CHAPTER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### Note 1. Nature of Organization

U.S. Green Building Council – San Diego Chapter (the Chapter) was incorporated in 2005 as a California Not-For-Profit corporation. The Chapter is dedicated to providing education, outreach and advocacy surrounding green building in the San Diego community. The Chapter is organized around its vision and mission:

- ***Vision:*** Our buildings and communities will generate and sustain the health and vitality of all life within a generation
- ***Mission:*** Inspire, educate and collaborate within our community to transform our built environment toward true sustainability.

### Note 2. Summary of Significant Accounting Policies

Basis of Accounting: The accompanying financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Fund Accounting: To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Chapter are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

The Chapter also prepares financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections. Under ASC 958-205, the Chapter is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – Net assets not subject to donor-imposed restrictions or stipulations as to purpose of use.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed restrictions or stipulations that may or will be met either by actions of the Chapter or the passage of time. The Chapter does not have any permanently restricted net assets as of June 30, 2018.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed restrictions of investing the principal contribution in perpetuity and the investment income be used for the Chapter's operations and programs. The Chapter does not have any permanently restricted net assets as of June 30, 2018.

**U.S. GREEN BUILDING COUNCIL – SAN DIEGO CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**Note 2. Summary of Significant Accounting Policies, continued**

*Cash and Cash Equivalents:* The Chapter has defined cash and cash equivalents as cash in banks and money market accounts.

*Accounts Receivable:* Accounts receivables are receivables from customers for services rendered through June 30, 2018. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from past history. No allowance for doubtful accounts was considered necessary as of June 30, 2018.

*Property and Equipment:* Property and equipment are recorded at cost if purchased or at fair market value at the date of donation if donated. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year. Depreciation is computed using the straight-line method over the useful lives of the assets, which are seven years for furniture and five years for equipment.

At June 30, 2018, the Chapter did not have any property and equipment.

*Contributions:* Contributions are recognized as revenues in the period received. Contributions are available for unrestricted use unless specifically restricted by the donor. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions.

*Donated Materials and Services:* Donated materials and services are recognized as contributions if the materials or services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Chapter. Volunteers provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

*Functional Allocation of Expenses:* The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Chapter providing these services.

*Use of Estimates:* The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

**U.S. GREEN BUILDING COUNCIL – SAN DIEGO CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**Note 3. Income Tax Status**

The Chapter is a California Not-For-Profit corporation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California State Tax Code 23701(d), respectively, whereby only unrelated business income, as defined by Section 509(a)(1) of the Internal Revenue Code is subject to federal income tax. The Chapter currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

U.S. generally accepted accounting principles require the Chapter's management to evaluate tax positions taken by the Chapter and recognize a tax liability if the Chapter has taken uncertain tax positions that more-likely-than-not would not be sustained upon examination by applicable taxing authorities. Management has analyzed tax positions taken by the Chapter and has concluded that, as of June 30, 2018, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or that would require disclosure in the financial statements.

The Chapter is subject to routine audits by taxing jurisdictions. However, currently no audits for any tax periods are in progress.

**Note 4. Concentration of Credit Risk**

Financial instruments which potentially expose the Chapter to concentrations of credit risk consist primarily of accounts receivable. As of June 30, 2018, 57%, of the Chapter's accounts receivable were related to fees-for-services from contracts with the San Diego Gas & Electric Local Government Partnership. All outstanding accounts receivable at June 30, 2018 have been collected as of the date of this report.

**Note 5. Deferred Grant Revenue and Liabilities**

Deferred grant revenue earned for the year ended June 30, 2018 and balances at June 30, 2018 consists of the following:

<u>Funding Source - Purpose</u>	<u>06/30/17</u>	<u>Additions</u>	<u>( Earned )</u>	<u>06/30/18</u>
San Diego Gas & Electric –				
Environmental Champions Grant	\$ -	\$ 25,000	(\$ 25,000)	\$ -
San Diego Foundation –				
Net Zero Water San Diego Project	<u>27,017</u>	<u>20,000</u>	<u>( 9,774 )</u>	<u>37,243</u>
	<u>\$ 27,017</u>	<u>\$ 45,000</u>	<u>(\$ 34,774 )</u>	<u>\$ 37,243</u>

**U.S. GREEN BUILDING COUNCIL – SAN DIEGO CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**Note 6. Commitments and Contingencies**

*Grants and Contracts:* The Chapter's grants and contracts are subject to inspection and audit by the appropriate funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these audits cannot be reasonably estimated and, accordingly, the Chapter has no provisions for the possible disallowance of program costs on its financial statements. The Chapter would be required to use its net assets to cover any disallowances. Management has submitted all reports required by funding agencies and is not aware of the existence of any potential disallowances.

**Note 7. Subsequent Events**

The management of the Chapter have reviewed the results of operations and evaluated subsequent events for the period of time from its year end June 30, 2018 through May 13, 2019, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events have occurred, the nature of which would require disclosure.

To whom it may concern,

The San Diego Green Building Council (SDGBC) is assisting TERI Inc in designing a sustainability model for the Campus of Life that will serve Developmentally Disabled children and adults, serve the San Marcos community, and southern California as a place to learn, grow, and create, and to be an educational model for sustainability for the world.

In addition to the TERI campus of life, TERI Inc also has a residential home and a non-public school in San Marcos. The SDGBC will be assisting TERI by assessing the sustainability of these two locations, including water and energy production and usage, and then creating models of efficiency that will be educational tools for the community at large.

Thank you

Micheal MacEoghain

Director of Capital Construction

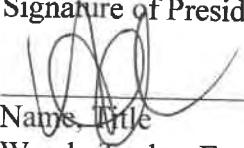
Facilities Operations Director

TERI Inc



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

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

Project Name: Educational Mobile Children's Museum Workshops and Exhibits for Low-Income Children in San Marcos  Date Submitted: 6/26/19	Total # of people served: 1,050  Total # of San Marcos residents served: 1,050	Amount Requested: \$10,000.00
Non-Profit Organization Name and Address, Website San Diego Children's Discovery Museum 320 North Broadway Escondido, CA 92025 www.scdcm.org		Contact Person – Name, Title & Phone, email Michael Vierela Development Coordinator 760-233-7755 x1006 MichaelV@scdm.org
<p><u>Briefly describe your request for funds (to be expanded upon in narrative for regular grant):</u> San Diego Children's Discovery Museum (SDCDM) seeks to provide supplemental educational workshops to Title-I and low-income schools in San Marcos Unified School District (SMUSD) through its Mobile Children's Museum, serving approximately 1,050 children in San Marcos. Through our mobile exhibits and workshops, children partake in guided instruction and free play, which are important in children's learning, development, and growth. Our curriculum-aligned workshops provide hands-on learning opportunities that enhance what students are learning in the classroom and allow them to practice these concepts outside of a traditional classroom setting. All exhibits and workshops are led by professional museum educators and also provide teachers with supplemental resources and curriculum aligned with Next Generation Science Standards and California's State Standards for each subject. The Museum's mobile programs include multiple age-appropriate curricula focused on science, art, and world cultures for children in Preschool – Grade 5.</p> <p><u>Briefly describe the significance of your request to the San Marcos community:</u> According to the California Department of Education's 2018 California Assessment of Student Performance and Progress, a significant academic achievement gap exists between low-income students and their peers in SMUSD. Overall, 64.9% of SMUSD students have met or exceeded standards in English language arts/literacy and 51.2% have met or exceeded standards in math and science. For economically disadvantaged students (those who qualify for free or reduced-price meals), these statistics are even lower. Only 46.8% of low-income students in SMUSD have met standards in English language arts/literacy and 32.3% have met standards in math and science. Title-I and low-income schools in SMUSD have low-income student populations as high as 80.3%. Our Mobile Children's Museum exhibits and workshops would provide supplemental educational opportunities to those students who need it the most.</p>		
<p>Please attach the following items.</p> <p><b>Both Mini-Grant &amp; Regular:</b></p> <ol style="list-style-type: none"><li>1. Budget for request (use SMCF Budget Worksheet)</li><li>2. Annual Operating budget for the organization or unit</li><li>3. Federal &amp; State Tax ID numbers</li><li>4. Board of Directors listing with affiliations</li></ol> <p><b>5. Regular Grants Only:</b></p> <ol style="list-style-type: none"><li>a. 1-2 page narrative</li><li>b. First 2 pages of Federal 990</li><li>c. Most recent year-end Statement or Audit including any management letters associated with Audit.</li><li>d. Signature of President or Authorized Officer on Application</li><li>e. Optional: letters of support</li></ol>	<p>Expected date project will begin/end: 9/1/19</p> <p>Date by which funds will be expended: 2/29/20</p> <p>Signature of President or Authorized Officer </p> <p>Name, Title Wendy Taylor, Executive Director</p> <p>Date </p> <p>Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): <a href="mailto:imagee@san-marcos.net">imagee@san-marcos.net</a></p>	

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

Provide an itemized list of expenses for this project:

(example – 72 bicycle helmets at \$7.80 each including tax = \$561.60)

<u>14 Mobile Children's Museum visits to SMUSD schools at \$700.00 each</u>	<u>\$9,800.00</u>
<u>Transportation fee for 14 visits at \$25.00 each (within 20 miles of SDCDM)</u>	<u>\$ 350.00</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
<b>Total budget for this PROJECT:</b>	<b><u>\$10,150.00</u></b>

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

Is this a challenge grant? No

Could it be?

We currently have other challenge grants in place from the Linden Root Dickinson Foundation and California Arts Council. We would prefer that this grant not be a challenge grant.

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

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

We do not currently have committed or pending funding for scholarships restricted for San Marcos schools.

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

**San Diego Children's Discovery Museum**  
**FYE 20 BUDGET**

		<b>Budget</b> <b>FYE 2020</b>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
<b>4000 · Contributed Support</b>		
<b>4005 · Revenue from Contributions</b>		
<b>4010 · Individual Contributions</b>		\$ 115,000
<b>4030 · Corporate Contributions</b>		\$ 140,000
<b>4040 · Foundation Contribution</b>		\$ 350,000
<b>4050 · Long Term Contribution</b>		\$ 30,000
<b>Total 4005 · Revenue from Contributions</b>		<b>\$ 635,000</b>
<b>4200 · Revenue from Grants</b>		
<b>4210 · Corporate Grants</b>		\$ 117,716
<b>4220 · Foundation Grants</b>		\$ 350,000
<b>4230 · Government Grants</b>		\$ 55,000
<b>Total 4200 · Revenue from Grants</b>		<b>\$ 522,716</b>
<b>Total 4000 · Contributed Support</b>		<b>\$ 1,157,716</b>
<b>5000 · Earned Revenues</b>		
<b>5100 · Program Revenue</b>		
<b>5110 · Admissions</b>		\$ 276,500
<b>5120 · Birthday Parties</b>		\$ 29,500
<b>5130 · Discovery Camps</b>		\$ 19,750
<b>5140 · Group Visits</b>		
<b>5142 · Group Play</b>		\$ 15,000
<b>5145 · Workshops</b>		\$ 18,000
<b>5140 · Group Visits - Other</b>		\$ -
<b>Total 5140 · Group Visits</b>		<b>\$ 33,000</b>
<b>5150 · School Enrichment Services</b>		
<b>5151 · Afterschool Enrichment</b>		\$ 125,000
<b>5152 · Summer School Enrichment</b>		\$ 19,500
<b>Total 5150 · School Enrichment Services</b>		<b>\$ 144,500</b>
<b>5160 · Mobile Museum</b>		
<b>5161 · Mobile Birthdays</b>		\$ 2,500
<b>5162 · Mobile Exhibits</b>		\$ 45,250
<b>5163 · Mobile Workshops</b>		\$ 37,000
<b>5164 · Mobile Museum Transportation</b>		\$ 3,600
<b>Total 5160 · Mobile Museum</b>		<b>\$ 88,350</b>
<b>5160 · Special Program Events</b>		\$ 20,500
<b>Total 5100 · Program Revenue</b>		<b>\$ 612,100</b>
<b>5200 · Private Event Rental Income</b>		<b>\$ 15,000</b>
<b>5300 · Gift Shop &amp; Food Sales</b>		
<b>5325 · Food Sales</b>		\$ 15,600
<b>5350 · Gift Shop Sales</b>		\$ 60,000
<b>5375 · Locker Rental</b>		\$ 300
<b>Total 5300 · Gift Shop &amp; Food Sales</b>		<b>\$ 75,900</b>
<b>5400 · Membership Dues</b>		<b>\$ 145,000</b>
<b>Total 5000 · Earned Revenues</b>		<b>\$ 848,000</b>
<b>5500 · Special Event Revenue</b>		
<b>5510 · Auction</b>		\$ 15,000
<b>5520 · Donations</b>		\$ 80,000
<b>5530 · Raffle Tickets</b>		\$ 1,600
<b>5540 · Sponsors</b>		\$ 40,000
<b>5550 · Ticket Sales\Registration</b>		\$ 15,000
<b>Total 5500 · Special Event Revenue</b>		<b>\$ 115,400</b>
<b>Total Income</b>		<b>\$ 2,121,116</b>
<b>Cost of Goods Sold</b>		
<b>5900 · Cost of Inventory Sold</b>		\$ 36,000

<b>Total COGS</b>	\$ 36,000
<b>Gross Profit</b>	\$ 2,085,116
<b>Expense</b>	
<b>6000 · Personnel Expenses</b>	
<b>6100 · Payroll</b>	\$ 1,141,450
<b>6101 · Summer School Enrichment</b>	\$ -
<b>6200 · Employee Benefits</b>	\$ 48,000
<b>6300 · Payroll Service Fees</b>	\$ 35,000
<b>6400 · Payroll Taxes</b>	\$ 116,500
<b>6500 · Workers Comp Insurance</b>	\$ 24,000
<b>Total 6000 · Personnel Expenses</b>	\$ 1,364,950
<b>7000 · Non-Personnel Expenses</b>	
<b>GENERAL &amp; ADMINISTRATIVE</b>	
<b>7050 · Computer Technology Services</b>	
<b>7060 · Information Technology Support</b>	\$ 20,400
<b>7070 · Software and Online</b>	\$ 4,200
<b>Total 7050 · Computer Technology Services</b>	\$ 24,600
<b>7100 · Contract Service Expenses</b>	\$ -
<b>7110 · Accounting</b>	\$ 65,000
<b>Total 7100 · Contract Service Expenses</b>	\$ 65,000
<b>7150 · Depreciation</b>	\$ 84,000
<b>7200 · Dues and Subscriptions</b>	\$ 1,200
<b>7250 · Fees</b>	
<b>7260 · Bank Service Charge</b>	\$ 395
<b>7280 · Loss/Gain on Stock Donations</b>	\$ -
<b>7290 · Merchant Service Fees</b>	\$ 21,109
<b>Total 7250 · Fees</b>	\$ 21,504
<b>7300 · Insurance</b>	\$ 12,000
<b>7350 · Interest Expense</b>	\$ 4,800
<b>7400 · Meetings &amp; Meals</b>	\$ 4,800
<b>7450 · Mileage, Fuel, &amp; Local Travel</b>	\$ 5,300
<b>7500 · Office &amp; Business Expenses</b>	\$ -
<b>7510 · Business Storage</b>	\$ 600
<b>7530 · License Renewals &amp; Filing Fees</b>	\$ 2,620
<b>7540 · Loss due to Fraud</b>	\$ -
<b>7500 · Office &amp; Business Expenses - Other</b>	\$ -
<b>Total 7500 · Office &amp; Business Expenses</b>	\$ 3,220
<b>7550 · Office Supplies</b>	\$ 1,200
<b>7600 · Postage &amp; Shipping</b>	\$ 1,800
<b>7650 · Property Taxes</b>	\$ 250
<b>7700 · Staff Development &amp; Recognition</b>	\$ 12,000
<b>7750 · Telephone - Internet</b>	\$ 24,000
<b>7800 · Travel &amp; Conference Expense</b>	\$ 4,450
<b>7850 · Utilities</b>	\$ 28,600
<b>Total GENERAL &amp; ADMINISTRATIVE</b>	\$ 298,724
<b>MARKETING &amp; EVENTS</b>	
<b>8000 · Advertising &amp; Marketing</b>	
<b>8125 · Advertising (all media)</b>	\$ 15,850
<b>8150 · Community Partnerships</b>	\$ 7,154
<b>8175 · Donor Appreciation</b>	\$ 7,840
<b>8200 · Email Newsletter</b>	\$ 2,485
<b>8225 · Graphic Design</b>	\$ 33,395
<b>8250 · Networking</b>	\$ -
<b>8275 · Photography &amp; Videography</b>	\$ 3,000
<b>8300 · Printing &amp; Copying</b>	\$ 9,500
<b>8325 · Public Relations</b>	\$ 10,500
<b>8350 · Social Media</b>	\$ 4,500
<b>8375 · Special Program Events</b>	\$ -
<b>8400 · Translation Assistance</b>	\$ 300
<b>8425 · Website</b>	\$ 64,305
<b>Total 8000 · Advertising &amp; Marketing</b>	\$ 158,829
<b>8500 · Special Event Expense</b>	\$ -

8550 · Advertising	\$ 600
8650 · Entertainment	\$ 5,500
8750 · Meetings & Miscellaneous	\$ 1,400
8800 · Postage	\$ 800
8850 · Printing	\$ 2,750
8900 · Supplies	\$ 5,250
8950 · Venue/Catering	\$ 9,300
<b>Total 8500 · Special Event Expense</b>	<b>\$ 27,100</b>
<b>Total MARKETING &amp; EVENTS PROGRAM</b>	<b>\$ 185,929</b>
9000 · Facility & Equipment Expenses	
9010 · Equipment Maintenance	\$ 2,000
9020 · Equipment Purchases	\$ 2,500
9030 · Equipment Rental	\$ 11,000
9040 · Facility Maintenance & Repair	\$ 85,000
<b>Total 9000 · Facility &amp; Equipment Expenses</b>	<b>\$ 100,500</b>
9100 · Program Expenses	
9200 · Museum Experience - Exhibits	
9210 · Exhibit Maintenance	\$ 42,000
9220 · Operations Supplies	\$ 24,000
9200 · Museum Experience - Exhibits - Other	\$ -
<b>Total 9200 · Museum Experience - Exhibits</b>	<b>\$ 66,000</b>
9300 · Group Visit Expenses	
9310 · Fieldtrip Supplies	\$ 3,000
9320 · Transportation to Museum	\$ 14,250
9300 · Group Visit Expenses - Other	\$ -
<b>Total 9300 · Group Visit Expenses</b>	<b>\$ 17,250</b>
9400 · Museum Program Events	
9410 · Program Events Supplies	\$ 4,800
9420 · Entertainment	\$ 9,600
9440 · Food / Catering	\$ 1,800
9450 · Workshop Materials	\$ 10,000
<b>Total 9400 · Museum Program Events</b>	<b>\$ 26,200</b>
9500 · Birthday Parties	\$ 600
9600 · School Enrichment Services	
9610 · Afterschool Enrichment	\$ 5,000
9620 · Summer School Enrichment	\$ 3,000
<b>Total 9600 · School Enrichment Services</b>	<b>\$ 8,000</b>
9700 · Mobile Museum	
9720 · Mobile Museum Supplies	\$ 12,000
9730 · Mobile Workshop Supplies	\$ 1,200
9730 · Mobile Museum - Vehicle	\$ 1,250
9600 · Mobile Museum - Other	\$ -
<b>Total 9600 · Mobile Museum</b>	<b>\$ 14,450</b>
9700 · Volunteer & Internship Program	\$ 2,443
9750 · Balancing Adjustments	\$ 70
9100 · Program Expenses - Other	\$ -
<b>Total 9100 · Program Expenses</b>	<b>\$ 135,013</b>
<b>Total PROGRAM</b>	<b>\$ 235,513</b>
<b>Total 7000 · Non-Personnel Expenses</b>	<b>\$ 720,166</b>
<b>Total Expense</b>	<b>\$ 2,085,116</b>
Net Ordinary Income	\$ -
Other Income/Expense	
Other Income	
10000 · In-Kind Donation Income	\$ 175,000
Total Other Income	\$ 175,000
11000 · In-Kind Donation Expenses	\$ 175,000
Total Other Expense	\$ 175,000
Net Other Income	
Net Income	\$ -



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

In reply refer to: 4077950279  
May 04, 2018 LTR 4168C 0  
33-0912735 000000 00  
00032424  
BODC: TE

SAN DIEGO CHILDRENS DISCOVERY  
MUSEUM  
% KATIE RAGAZZI  
320 N BROADWAY  
ESCONDIDO CA 92025-2716

055598

Employer ID number: 33-0912735  
Form 990 required: YES

Dear Taxpayer:

We're responding to your request dated Mar. 19, 2018, about your tax-exempt status.

We issued you a determination letter in JANUARY 2001, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(3).

We also show you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If you're required to file a return, you must file one of the following by the 15th day of the 5th month after the end of your annual accounting period:

- Form 990, Return of Organization Exempt From Income Tax
- Form 990EZ, Short Form Return of Organization Exempt From Income Tax
- Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990-EZ
- Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation

According to IRC Section 6033(j), if you don't file a required annual information return or notice for 3 consecutive years, we'll revoke your tax-exempt status on the due date of the 3rd required return or notice.

You can get IRS forms or publications you need from our website at [www.irs.gov/forms-pubs](http://www.irs.gov/forms-pubs) or by calling 800-TAX-FORM (800-829-3676).

If you have questions, call 877-829-5500 between 8 a.m. and 5 p.m.,

4077950279  
May 04, 2018 LTR 4168C 0  
33-0912735 000000 00  
00032425

SAN DIEGO CHILDRENS DISCOVERY  
MUSEUM  
% KATIE RAGAZZI  
320 N BROADWAY  
ESCONDIDO CA 92025-2716

local time, Monday through Friday (Alaska and Hawaii follow Pacific time).

Thank you for your cooperation.

Sincerely yours,

*Stephen A. Martin*

Stephen A. Martin  
Director, EO Rulings & Agreements



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

In Reply Refer To: 659ky  
Date : 01/31/03

## ENTITY STATUS

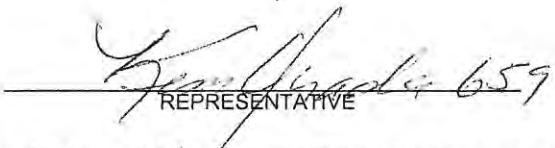
**Note:** This letter does not reflect the entity's status with any other agency.

Entity Name : THE EXCONDIDO CHILDREN'S MUSEUM, INC.  
156 WEST GRAND AVE ESCONDIDO CA 92025

Entity Number : 2220688

- 1. The above entity is in good standing with this agency.
- 2. The above entity is currently exempt from tax under Revenue and Taxation Code Section 23701d.
- 3. Our records indicate the above entity is not incorporated, qualified, organized, or registered through the Secretary of State to transact business in California.
- 4. The above entity was incorporated, qualified, organized, or registered through the Secretary of State on \_\_\_\_\_.
- 5. The above entity has an unpaid liability of \$ \_\_\_\_\_ for account period(s) ending \_\_\_\_\_
- 6. Our records do not show that the above entity filed returns for account period(s) ending \_\_\_\_\_
- 7. The above entity was \_\_\_\_\_ effective \_\_\_\_\_.
- 8. The above entity's current address on record with this agency is:
  
- 9. We do not have current information about the above entity.

Comments:



REPRESENTATIVE

### ASSISTANCE

Telephone assistance is available year-round from 7 a.m. until 8 p.m. Monday through Friday. From January through June, assistance is also available from 8 a.m. until 5 p.m. on Saturdays. We may modify these hours without notice to meet operational needs.

From within the United States, call ..... (800) 852-5711  
From outside the United States, call (not toll-free) ..... (916) 845-6500

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

**Assistance for person with disabilities:** We comply with the Americans with Disabilities Act. Persons with hearing or speech impairments please call TTY/TDD (800) 822-6268.

San Diego Children's Discovery Museum  
Board of Directors  
June 2019

**Executive Committee**

Kim Dunham Bergsma, M.S., *Board Chair*  
Serving since 2011  
Marketing and Organization Development Professional

Carmen Nava, Ph.D., *Board Vice Chair*  
Serving since 2000  
Department of History, CSUSM

Chad Vargo, *Board Secretary*  
Serving since 2017  
President of Risk Management, Culture Insurance Services, LLC

Rich Martin, *Board Treasurer*  
Serving since 2014  
Principal, RAM Consulting Services

Rebecca Raymond, *Member-at-Large*  
Serving since 2012  
The Foundation for Community Development and Empowerment

**Board of Directors**

Erick Altona  
Serving since 2003  
Lounsberry Ferguson Altona & Peak

Brian Brillo, M.A.  
Serving since 2019  
Human Resources Professional

Jason Davis  
Serving since 2017  
Vice President, California Bank & Trust Premier Wealth Management

Bob MacMahon  
Serving since 2003  
Licensed Marriage and Family Therapist

San Diego Children's Discovery Museum  
Board of Directors  
June 2019

Heather McDonald  
Serving since 2014  
Business Owner

Vincent Pandes  
Serving since 2017  
Managing Director, Silvercrest Asset Management

**San Diego Children's Discovery Museum**  
**Funding Request for San Marcos Community Foundation**  
**\$10,000 for Mobile Educational Workshops and Exhibits for Low-Income Schools**

### **Organization Overview**

The mission of San Diego Children's Discovery Museum (SDCDM) is to inspire children to learn about our world through exploration, imagination, and experimentation. Our vision is to be a model community children's museum providing access to authentic, hands-on learning experiences that develop the whole child, lifelong learners, and global citizens. The Museum has provided supportive educational experiences in science, art, and world cultures to children ages 0-10 in San Diego County since 2000. We offer curriculum-aligned workshops through school field trips at the Museum and off-site visits from our Mobile Children's Museum as well as daily programs, camps during school breaks, and monthly special events. Our attendance has grown from 15,000 in 2011 to approximately 155,000 through all Museum services in 2018.



### **Program Description**

SDCDM respectfully requests \$10,000 from San Marcos Community Foundation to support our Access for All scholarship program and provide approximately 1,050 students from San Marcos Unified School District (SMUSD) with interactive, educational workshops through our Mobile Children's Museum. SMUSD has confirmed its support of SDCDM to provide these educational services to SMUSD students, and SDCDM has already received interest in these services from the Principal of San Marcos Elementary, Stephanie Wallace, and the STEAM and Makerspace Coordinator of Richland Elementary, Kjerstie Bourne, and will schedule mobile visits with additional Title-I and low-income schools upon notification of the grant award. Grant funds will be used to provide workshop scholarships for SMUSD schools to experience a Mobile Children's Museum visit at their school. Mobile workshop and exhibit fees are \$700 per visit for up to 75 students with a \$25 transportation fee within 20 miles of the Museum, which subsidizes the cost of workshop materials, curriculum development, personnel expenses, overhead, and maintaining MCM equipment and vehicles. These students will participate in guided interactive workshops with a professional educator in science, art, and world cultures. Your support is crucial to ensure these supplemental educational opportunities remain accessible to all children in San Marcos.

Mobile workshop curricula are designed for students in Preschool – Grade 5. The curricula are designed by museum education experts, child development specialists, and education professionals, ensuring a wide range of concepts that align with Next Generation Science Standards and California State Standards for each subject. This school year, we served nearly 27,000 children and adults throughout San Diego County with on-site field trip and Mobile Children's Museum workshops, 70% of whom relied on Access for All scholarships to subsidize program costs.

SDCDM has become a leader in non-formal education, and a unique resource in the area, because of our focus on guided play in a variety of subject areas. Children are guided by Museum educators while playing with and experiencing our educational exhibits and activities to ensure they are progressing with learning goals. The National Association for the Education of Young Children reports that guided play has key components that are attributed to successful learning. Researchers have determined that learning occurs best when children are mentally active, engaged, socially interactive, and build meaningful connections to their lives. Guided play, which is featured in all of our Museum exhibits and programs, maintains active engagement in children because it's fun, flexible, and voluntary. Interactive learning experiences and guided play are crucial and often overlooked elements of children's education. Children need to be engaged in learning outside the traditional classroom experience to reinforce skills acquired at school. Young children learn differently than older children and adults, and play is an essential part of developmentally

San Diego Children's Discovery Museum  
Funding Request for San Marcos Community Foundation  
\$10,000 for Mobile Educational Workshops and Exhibits for Low-Income Schools

appropriate, high-quality early education. The Museum's innovative approach to learning through guided play and hands-on educational experiences develops crucial life skills like curiosity, confidence, and creativity, all of which help children excel in life. Attached to this application, you will find a letter of support from Stephanie Casperson, Director of Educational Technology at San Marcos Unified School District, describing the need of SMUSD students for educational enrichment opportunities and modern educational resources and technology.

Currently, our workshops include multiple age-appropriate curricula focused on the following topics:

**Mobile Workshops (Grades Pre-K – 3)**

- Science/STEM: Birds of Prey, Engineering, Forces (Pre-K – K), Fossils, Gardens, Ocean Life, Robotics, Water
- Art: Recycled Masterpieces, Rhythm and Music, Still Life
- World Culture: Anthropology, Kumeyaay, Masks



**Mobile Exhibits (Grades Pre-K – 5)**

- Science/STEM: Snap Circuits, Coding, Water Table, Rokenbok, Rigamajig, Wind Tunnel, Imagination Playground, Keva Plank, Ramps, Lepao Blocks, Ball Wall

**Impact and Measurement of Success**

Statistically, economically disadvantaged students perform at lower rates in school than their peers. According to the California Department of Education's 2018 California Assessment of Student Performance and Progress, 64.9% of SMUSD students have met standards in English language arts/literacy and 51.2% have met standards in math and science, but only 46.8% of low-income students in the District (those who qualify for free and reduced-price meals) have met standards in English language arts/literacy and 32.3% have met standards in math and science. A grant from San Marcos Community Foundation would provide additional educational support to students in many of SMUSD's Title-I and low-income schools, which have low-income student populations as high as 80.3%. Our anticipated outcome is to bridge this gap in educational achievement by providing low-income students with supplemental educational opportunities; inspiring a love for learning through guided, educational play; and providing teachers at low-income schools with curriculum and modern educational resources aligned with State standards.

The evaluation of the program will be ongoing and analysis of evaluations will be conducted on a quarterly basis. Museum educators will log the number of children and adults served during each workshop and the Education Manager of School Programs will send surveys to participating teachers after every visit. The survey seeks feedback on the quality of resources provided by SDCDM compared to those available to each educator, the educator's intention of using SDCDM curriculum in the future, curriculum alignment with classroom learning standards, impact of scholarships if an educator received one and a rating of the overall experience as well as an opportunity to gather qualitative information through testimonials. Museum educators are also asked to observe and note the engagement level of children for each workshop and exhibit activity. Improvements to workshop curricula are made based on survey feedback and we disseminate evaluation results to partners and supporters as needed.

Based on previous survey results from schools that participated in workshops, 87.5% of teachers rated the Museum's STEM curriculum as good or outstanding compared to 37.5% of teachers that rated STEM curriculum at their own school as good or outstanding. Approximately 75% of teachers said they would incorporate the Museum's curriculum into their lesson plans and 100% of teachers said the workshop experience was worthwhile.

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

2017

Open to Public  
Inspection

► Do not enter social security numbers on this form as it may be made public.  
► Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

A For the 2017 calendar year, or tax year beginning JUL 1, 2017 and ending JUN 30, 2018

B Check if applicable:	C Name of organization <b>SAN DIEGO CHILDREN'S DISCOVERY MUSEUM</b>		D Employer identification number <b>33-0912735</b>
<input type="checkbox"/> Address change <input checked="" type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Doing business as Number and street (or P.O. box if mail is not delivered to street address) <b>320 N BROADWAY</b>		Room/suite
	City or town, state or province, country, and ZIP or foreign postal code <b>ESCONDIDO, CA 92025</b>		
	F Name and address of principal officer: <b>WENDY TAYLOR SAME AS C ABOVE</b>		
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			G Gross receipts \$ <b>2,104,065.</b>
J Website: ► <b>WWW.SDCDM.ORG</b>			H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►			H(b) Are all subordinates included? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
L Year of formation: <b>2000</b>			H(c) Group exemption number ►

## Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <b>INSPIRING CHILDREN TO LEARN ABOUT OUR WORLD THROUGH EXPLORATION, IMAGINATION, EXPERIMENTATION.</b>	
	2 Check this box ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
	3 Number of voting members of the governing body (Part VI, line 1a) .....	3 <b>12</b>
	4 Number of independent voting members of the governing body (Part VI, line 1b) .....	4 <b>12</b>
	5 Total number of individuals employed in calendar year 2017 (Part V, line 2a) .....	5 <b>60</b>
	6 Total number of volunteers (estimate if necessary) .....	6 <b>63</b>
	7a Total unrelated business revenue from Part VIII, column (C), line 12 .....	7a <b>0.</b>
b Net unrelated business taxable income from Form 990-T, line 34 .....	7b <b>0.</b>	
Revenue	8 Contributions and grants (Part VIII, line 1h) .....	Prior Year <b>1,245,133.</b> Current Year <b>1,470,739.</b>
	9 Program service revenue (Part VIII, line 2g) .....	<b>416,985.</b> <b>521,876.</b>
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) .....	<b>0.</b> <b>0.</b>
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) .....	<b>53,500.</b> <b>27,407.</b>
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) .....	<b>1,715,618.</b> <b>2,020,022.</b>
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) .....	<b>0.</b> <b>0.</b>
	14 Benefits paid to or for members (Part IX, column (A), line 4) .....	<b>0.</b> <b>0.</b>
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) .....	<b>1,003,738.</b> <b>1,200,476.</b>
	16a Professional fundraising fees (Part IX, column (A), line 11e) .....	<b>0.</b> <b>0.</b>
	b Total fundraising expenses (Part IX, column (D), line 25) ► <b>224,565.</b>	
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) .....	<b>513,158.</b> <b>568,420.</b>
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) .....	<b>1,516,896.</b> <b>1,768,896.</b>
19 Revenue less expenses. Subtract line 18 from line 12 .....	<b>198,722.</b> <b>251,126.</b>	
Net Assets or Fund Balances	20 Total assets (Part X, line 16) .....	Beginning of Current Year <b>2,319,437.</b> End of Year <b>2,632,917.</b>
	21 Total liabilities (Part X, line 26) .....	<b>442,512.</b> <b>504,866.</b>
	22 Net assets or fund balances. Subtract line 21 from line 20 .....	<b>1,876,925.</b> <b>2,128,051.</b>

## Part II Signature Block

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

Sign Here	► Signature of officer <b>WENDY TAYLOR, EXECUTIVE DIRECTOR</b>	Date
	Type or print name and title	
Paid	Print/Type preparer's name <b>ELSA A. ROMERO</b>	Preparer's signature
Preparer	Date <b>05/11/19</b>	Check <input type="checkbox"/> if self-employed
Use Only	Preparer's PTIN <b>P00485021</b>	
	Firm's name ► <b>ALDRICH CPAS AND ADVISORS, LLP</b>	Firm's EIN ► <b>93-0623286</b>
	Firm's address ► <b>7676 HAZARD CENTER DRIVE, STE 1300 SAN DIEGO, CA 92108</b>	Phone no. (619) 810-4940

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:

**SAN DIEGO CHILDREN'S DISCOVERY MUSEUM'S MISSION IS TO INSPIRE CHILDREN TO LEARN ABOUT OUR WORLD THROUGH EXPLORATION, IMAGINATION AND EXPERIMENTATION. OUR CURRICULUM-ALIGNED PROGRAMS AND EXHIBITS CULTIVATE SCHOOL READINESS AND LIFELONG LEARNING.**

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

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

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

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

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses.

Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: \_\_\_\_\_) (Expenses \$ 1,377,673. including grants of \$ \_\_\_\_\_) (Revenue \$ 549,894.)

**PROVIDES SUPPORTIVE EDUCATIONAL EXPERIENCES IN SCIENCE, ARTS, AND WORLD CULTURES TO CHILDREN AGES 0-10. WE HAVE INDOOR AND OUTDOOR CLASSROOMS, TWO PERFORMANCE STAGES, AN OUTDOOR MAKER/ART STUDIO, AND A VARIETY OF EXHIBITS, GARDENS, AND EDUCATIONAL PROGRAMS FOR VISITORS. WE OFFER CURRICULUM-ALIGNED WORKSHOPS AND EXHIBITS THROUGH SCHOOL FIELD TRIPS AT THE MUSEUM AND OFF-SITE VISITS FROM OUR MOBILE CHILDREN'S MUSEUM. WORKSHOPS AND EXHIBITS HAVE CUSTOMIZED CURRICULA FOR CHILDREN IN PRESCHOOL THROUGH GRADE 5 AND ALIGN WITH CA COMMON CORE CURRICULUM, NEXT GENERATION SCIENCE STANDARDS, VISUAL & PERFORMING ARTS CONTENT STANDARDS, AND CA PRESCHOOL LEARNING FOUNDATIONS. WE ALSO OFFER AFTERSCHOOL ENRICHMENT IN ALL 17 PUBLIC ESCONDIDO ELEMENTARY SCHOOLS DURING THE ACADEMIC YEAR AND SUMMER SCHOOL.**

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

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

4e Total program service expenses ► 1,377,673.

Form 990 (2017)

# San Diego Children's Discovery Museum and Subsidiary

Consolidated Financial Statements

Years Ended June 30, 2018 and 2017



**SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY**  
**Consolidated Financial Statements**  
**Years Ended June 30, 2018 and 2017**

---

**Table of Contents**

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



Aldrich CPAs + Advisors LLP

5946 Priestly Drive, #200

Carlsbad, California 92008

#### **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
San Diego Children's Discovery Museum and Subsidiary  
Escondido, California

We have audited the accompanying consolidated financial statements of San Diego Children's Discovery Museum (a nonprofit organization) and Subsidiary (collectively, the Museum), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

#### **Management's Responsibility for the Consolidated Financial Statements**

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

#### **Auditors' Responsibility**

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

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

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

#### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of San Diego Children's Discovery Museum and Subsidiary as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Aldrich CPAs + Advisors LLP*

Carlsbad, California  
October 19, 2018

**SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY**  
**Consolidated Statements of Financial Position**  
June 30, 2018 and 2017

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 157,549	\$ 64,115
Accounts receivable	92,420	17,923
Pledges receivable, net	315,809	114,902
Grants receivable	26,000	70,300
Inventory	12,135	14,668
Prepaid expenses	15,416	6,641
Property and equipment, net	2,013,588	2,030,888
 Total Assets	 \$ 2,632,917	 \$ 2,319,437
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 46,234	\$ 12,774
Unearned revenue	78,094	82,808
Accrued vacation	27,968	16,878
Accrued expenses - other	52,570	30,052
Advances payable - LRDF	300,000	300,000
 Total Liabilities	 504,866	 442,512
Net Assets:		
Unrestricted	2,024,048	1,738,375
Temporarily restricted	104,003	138,550
 Total Net Assets	 2,128,051	 1,876,925
 Total Liabilities and Net Assets	 \$ 2,632,917	 \$ 2,319,437

**SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY**  
**Consolidated Statement of Activities**  
Year Ended June 30, 2018 (With Comparative Totals for 2017)

	Unrestricted	Temporarily Restricted	Total	2017 Total
<b>Revenue and Support:</b>				
Contributions - general	\$ 820,224	\$ 12,669	\$ 832,893	\$ 600,812
Earned revenue	596,667	-	596,667	499,200
Grants	269,395	71,505	340,900	247,250
Contributions - gifts in kind	206,928	-	206,928	181,929
Membership dues	163,227	-	163,227	154,969
Fundraising events	150,347	-	150,347	141,096
Contributions - capital campaign	-	-	-	168,867
Net assets released from restrictions, satisfaction of program restrictions	118,721	(118,721)	-	-
<b>Total Revenue and Support</b>	<b>2,325,509</b>	<b>(34,547)</b>	<b>2,290,962</b>	<b>1,994,123</b>
<b>Expenses:</b>				
Program services	1,593,896	-	1,593,896	1,376,174
<b>Supporting services:</b>				
Management and general	173,349	-	173,349	147,709
Fundraising	272,591	-	272,591	271,518
<b>Total Expenses</b>	<b>2,039,836</b>	<b>-</b>	<b>2,039,836</b>	<b>1,795,401</b>
<b>Change in Net Assets</b>	<b>285,673</b>	<b>(34,547)</b>	<b>251,126</b>	<b>198,722</b>
<b>Net Assets, beginning</b>	<b>1,738,375</b>	<b>138,550</b>	<b>1,876,925</b>	<b>1,678,203</b>
<b>Net Assets, ending</b>	<b>\$ 2,024,048</b>	<b>\$ 104,003</b>	<b>\$ 2,128,051</b>	<b>\$ 1,876,925</b>

**SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY**  
**Consolidated Statement of Activities**  
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support:</b>			
Contributions - general	\$ 595,251	\$ 5,561	\$ 600,812
Earned revenue	499,200	-	499,200
Grants	119,772	127,478	247,250
Contributions - gifts in kind	181,929	-	181,929
Membership dues	154,969	-	154,969
Fundraising events	141,096	-	141,096
Contributions - capital campaign	168,867	-	168,867
Net assets released from restrictions, satisfaction of program restrictions	69,355	(69,355)	-
<b>Total Revenue and Support</b>	<b>1,930,439</b>	<b>63,684</b>	<b>1,994,123</b>
<b>Expenses:</b>			
Program services	1,376,174	-	1,376,174
<b>Supporting services:</b>			
Management and general	147,709	-	147,709
Fundraising	271,518	-	271,518
<b>Total Expenses</b>	<b>1,795,401</b>	<b>-</b>	<b>1,795,401</b>
Change in Net Assets	135,038	63,684	198,722
Net Assets, beginning	1,603,337	74,866	1,678,203
<b>Net Assets, ending</b>	<b>\$ 1,738,375</b>	<b>\$ 138,550</b>	<b>\$ 1,876,925</b>

**SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY**  
**Consolidated Statement of Functional Expenses**  
Year Ended June 30, 2018 (With Comparative Totals for 2017)

	Supporting Services				2017 Total
	Program Services	Management and General	Fundraising	Total	
Compensation and Related Expenses:					
Compensation	\$ 747,980	\$ 111,867	\$ 166,829	\$ 1,026,676	\$ 861,913
Payroll tax	79,764	8,569	13,835	102,168	81,876
Employee benefits	35,334	6,452	8,317	50,103	36,777
Workers' compensation insurance	15,736	2,282	3,511	21,529	23,172
Service fees	27,718	1,814	2,242	31,774	6,429
Total	906,532	130,984	194,734	1,232,250	1,010,167
Advertising and marketing:					
In-kind	179,760	-	-	179,760	168,600
Other	63,312	97	11,364	74,773	70,445
Bad debt	900	-	-	900	2,180
Bank and credit card charges	18,692	469	62	19,223	20,650
Computer service	20,461	6,023	4,910	31,394	37,423
Conference and training	576	-	-	576	7,943
Contract services	17,880	2,824	2,235	22,939	52,200
Cost of goods sold	34,330	-	-	34,330	27,445
Depreciation	101,043	1,926	1,617	104,586	83,923
Events	-	-	19,330	19,330	41,240
Exhibits and maintenance	68,805	630	70	69,505	37,471
Fundraising	943	4	27,896	28,843	27,445
Interest	-	10,291	-	10,291	11,403
Insurance	12,423	3,444	2,537	18,404	18,294
Meetings and meals	1,502	612	1,795	3,909	5,652
Occupancy	77,823	7,003	695	85,521	71,139
Office	20,234	5,740	3,394	29,368	34,788
Outreach and special programs	32,047	-	800	32,847	26,795
Supplies	7,960	1,052	349	9,361	22,129
Staff development	7,587	2,192	734	10,513	5,345
Taxes:					
Property tax	-	-	-	-	4,915
Other	-	-	-	-	30
Transportation	20,359	58	69	20,486	7,297
Volunteer program	727	-	-	727	482
<b>Total Expenses</b>	<b>\$ 1,593,896</b>	<b>\$ 173,349</b>	<b>\$ 272,591</b>	<b>\$ 2,039,836</b>	<b>\$ 1,795,401</b>

**SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY**  
**Consolidated Statement of Functional Expenses**  
Year Ended June 30, 2017

	Supporting Services				Total
	Program Services	Management and General	Fundraising		
Compensation and Related Expenses:					
Compensation	\$ 652,932	\$ 60,430	\$ 148,551	\$ 861,913	
Payroll tax	65,037	5,074	11,765	81,876	
Employee benefits	29,104	1,852	5,821	36,777	
Workers' compensation insurance	16,695	2,140	4,337	23,172	
Service fees	4,336	1,525	568	6,429	
Total	768,104	71,021	171,042	1,010,167	
Advertising and marketing:					
In-kind	168,600	-	-	168,600	
Other	65,454	266	4,725	70,445	
Bad debt	200	90	1,890	2,180	
Bank and credit card charges	19,828	372	450	20,650	
Computer service	22,259	8,717	6,447	37,423	
Conference and training	7,383	213	347	7,943	
Contract services	29,040	19,530	3,630	52,200	
Cost of goods sold	27,445	-	-	27,445	
Depreciation	80,566	2,518	839	83,923	
Events	-	-	41,240	41,240	
Exhibits and maintenance	37,351	120	-	37,471	
Fundraising	1,057	-	26,388	27,445	
Interest	-	11,403	-	11,403	
Insurance	12,175	3,179	2,940	18,294	
Meetings and meals	1,438	715	3,499	5,652	
Occupancy	55,659	12,707	2,773	71,139	
Office	22,293	8,321	4,174	34,788	
Outreach and special programs	25,893	21	881	26,795	
Supplies	19,278	2,631	220	22,129	
Staff development	4,372	940	33	5,345	
Taxes:					
Property tax	-	4,915	-	4,915	
Other	-	30	-	30	
Transportation	7,297	-	-	7,297	
Volunteer program	482	-	-	482	
Total Expenses	\$ 1,376,174	\$ 147,709	\$ 271,518	\$ 1,795,401	

**SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY**  
**Consolidated Statements of Cash Flows**  
Years Ended June 30, 2018 and 2017

	<b>2018</b>	<b>2017</b>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 251,126	\$ 198,722
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	104,586	83,923
Forgiveness of advances payable	-	(200,000)
Changes in operating assets and liabilities:		
Accounts receivable	(74,497)	(680)
Pledges receivable	(200,907)	52,643
Grants receivable	44,300	(47,300)
Inventory	2,533	(3,370)
Prepaid expenses	(8,775)	1,375
Accounts payable	33,460	7,034
Unearned revenue	(4,714)	12,124
Payroll taxes payable	-	(9,847)
Accrued vacation	11,090	5,949
Accrued expenses - other	<u>22,518</u>	<u>10,310</u>
Net Cash Provided by Operating Activities	180,720	110,883
<b>Cash Flows Used by Investing Activities:</b>		
Purchases of property and equipment	(87,286)	(55,429)
<b>Cash Flows Used by Financing Activities:</b>		
Change on line of credit	<u>-</u>	<u>(55,481)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	93,434	(27)
Cash and cash equivalents, beginning	<u>64,115</u>	<u>64,142</u>
Cash and cash equivalents, ending	<u>\$ 157,549</u>	<u>\$ 64,115</u>
<b>Supplemental Cash Flow Information:</b>		
Cash paid for interest	<u>\$ 3,604</u>	<u>\$ 3,587</u>

## **SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY**

### **Notes to Consolidated Financial Statements**

Years Ended June 30, 2018 and 2017

---

#### **Note 1 – Organization and Summary of Significant Accounting Policies**

##### Nature of Activities

San Diego Children's Discovery Museum (SDCDM) was incorporated as a non-profit corporation in January 2000. The mission of SDCDM is to inspire children to learn about our world through exploration, imagination, and experimentation. The Museum fills a community need by offering a wholesome, educational, and appealing gathering place and mobile experience for families, schools, libraries, and other groups that serve children. Programs and exhibits cultivate lifelong learning and develop diverse understandings of the world.

The Children's Discovery Museum Holdings, LLC (Holdings) was incorporated as a single-member LLC in July 2011 to hold SDCDM land, building, and improvements located at 320 North Broadway in Escondido, California.

##### Basis of Consolidation

The consolidated financial statements include the accounts of SDCDM and Holdings. SDCDM and Holdings are collectively referred to as the Museum. The effective date of consolidation was January 14, 2016. All significant inter-entity balances and transactions have been eliminated in consolidation.

##### Financial Statement Presentation

The Museum reports information regarding its financial position and activities according to the two classes of net assets: unrestricted net assets and temporarily 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 Museum may spend the funds.

The Museum had no permanently restricted net assets as of June 30, 2018 and 2017.

##### Use of Estimates

The preparation of consolidated 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.

##### Cash and Cash Equivalents

The Museum considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The carrying amount of the Museum's cash and cash equivalents approximates fair value due to the short maturity of these investments.

##### Receivables

Pledges and grants receivable consist of unconditional promises to give. All pledges and grants receivable are recorded in the year promised at the present value of expected cash flows. Pledges receivable are from individuals, corporations, foundations, and governmental agencies. Accounts receivable arise in the normal course of business.

Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and once these receivables are determined to be uncollectible, they are written-off through a charge against an existing allowance account or against earnings. Management has determined that no allowance for doubtful accounts is deemed necessary as of June 30, 2018 and 2017.

## **SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY**

### **Notes to Consolidated Financial Statements**

Years Ended June 30, 2018 and 2017

---

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

##### Inventory

Inventory consists primarily of items for resale in the gift shop and is valued at the lower of cost (first-in, first-out method) and net realizable value.

##### Property and Equipment

Property and equipment owned by the Museum is stated at cost or at estimated fair value at date of gift, if donated, less accumulated depreciation and consists of land, building, office furniture, equipment, exhibits, and improvements. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Acquisitions of property and equipment plus all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful life of the asset are capitalized if above \$1,000. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of five to 39 years.

##### Revenue and Support

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

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

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

Membership revenue is recognized over the membership period.

##### Advertising

The Museum follows the policy of charging the costs of advertising to expense as incurred. During the years ended June 30, 2018 and 2017, SDCDM received gift in-kind contributions of advertising valued at \$179,760 and \$168,800, respectively, which are reflected in the consolidated statements of activities and consolidated statements of functional expenses.

##### Income Tax Status

SDCDM 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. Holdings is a single-member LLC. The Museum remains subject to taxes on any net income which is derived from a trade or business regularly carried on and unrelated to its exempt purpose. In the opinion of management, there is no unrelated business income for the years ended June 30, 2018 and 2017.

The Museum follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Museum recognizes accrued interest and penalties associated with uncertain tax positions as part of the consolidated statement of activities, when applicable. Management has determined that the Museum has no uncertain tax positions at June 30, 2018 and 2017 and therefore no amounts have been accrued.

## **SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY**

### **Notes to Consolidated Financial Statements**

Years Ended June 30, 2018 and 2017

---

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

##### **Fair Value Measurements**

The Museum 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 Museum applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurements maximize the use of objective pricing techniques and minimize the use of subjective pricing techniques.

The carrying value of cash, receivables, other current assets, and payables approximate fair values as of June 30, 2018 and 2017, due to the relative short maturities of these instruments.

##### **Concentrations**

From time to time, the Museum has financial instruments, namely cash and cash equivalents, which potentially subject it to a concentration of credit risk. The Museum places its cash with high credit-quality financial institutions.

The Museum relies on contributions and grants and is subject to the economic risks that affect donors' and grantors' abilities to support the Museum. As of June 30, 2018, two entities accounted for approximately 96% of total pledges and grants receivable and as of June 30, 2017, two entities accounted for approximately 65% of total pledges receivable. For the year ended June 30, 2018, two entities accounted for approximately 27% of total revenue and support and for the year ended June 30, 2017, two entities accounted for 36% of total revenue and support.

##### **Subsequent Events**

The Museum has evaluated subsequent events through October 19, 2018, which is the date the consolidated financial statements were available to be issued.

#### **Note 2 – Concentration of Credit Risk**

The Museum maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per financial institution. The Museum maintains cash balances at several banks which, at times, may exceed the federal insurable limit. As of June 30, 2018 and 2017, no losses have occurred in the bank deposit accounts and management does not believe that the Museum is exposed to any significant credit risk on cash.

#### **Note 3 – Pledges and Grants Receivable**

Pledges and grants receivable consist of the following:

	<u>2018</u>	<u>2017</u>
Due in one year or less	\$ 99,048	\$ 147,887
Due after one year through nine years	345,042	37,315
	<u>444,090</u>	<u>185,202</u>
Less reduction in pledges for present value	(102,281)	-
	<u>\$ 341,809</u>	<u>\$ 185,202</u>

## **SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY**

### **Notes to Consolidated Financial Statements**

Years Ended June 30, 2018 and 2017

---

#### **Note 3 – Pledges and Grants Receivable, continued**

No allowance was considered necessary at June 30, 2018 and 2017 because management believes that all amounts are collectible. Discount was imputed for long term pledges at rates from 6% to 10% based on the deemed credit worthiness of the donor.

#### **Note 4 – Property and Equipment**

Property and equipment consists of the following:

	<u>2018</u>	<u>2017</u>
Building and improvements	\$ 1,188,258	\$ 1,118,360
Land	749,240	749,240
Exhibits	235,194	231,278
Furniture and equipment	119,858	106,386
Vehicles	68,162	68,162
	<u>2,360,712</u>	<u>2,273,426</u>
Less accumulated depreciation	(347,124)	(242,538)
	<u>2,013,588</u>	<u>2,030,888</u>
Property and equipment, net	<u>2,013,588</u>	<u>2,030,888</u>

#### **Note 5 – Restrictions on Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Exhibits and Building	\$ 16,466	\$ 21,010
Programs	76,802	103,731
Management	10,735	13,809
	<u>104,003</u>	<u>138,550</u>

#### **Note 6 – Line of Credit**

For the years ended June 30, 2018 and 2017, the Museum had a \$100,000 unsecured bank revolving line of credit with an annual interest rate of prime plus 2.5%. There was no outstanding balance as of June 30, 2018 or 2017. Interest expense on the line of credit for the years ended June 30, 2018 and 2017 was \$3,604 and \$3,587, respectively. The Museum has secured a new bank line of credit for the year ended June 30, 2019 of \$150,000 with an annual interest rate of prime plus 2.25%.

#### **Note 7 – Advances Payable - LRDF**

The Linden Root Dickinson Foundation (LRDF) provided the Museum non-interest bearing cash advances totaling \$600,000 which were used to fund leasehold improvements and operating expenses. Since the Advance Agreement, dated July 19, 2011, LRDF has provided loan forgiveness in the amount of \$300,000, leaving a principal balance due of \$300,000 at June 30, 2018 and \$300,000 at June 30, 2017, respectively. While, the unsecured advances of \$300,000 are payable on July 19, 2019, LRDF has expressed its willingness to extend the due date as necessary.

**SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY****Notes to Consolidated Financial Statements**

Years Ended June 30, 2018 and 2017

---

**Note 7 – Advances Payable – LRDF, continued**

Contributed interest of \$6,687 and \$7,816 for the years ended June 30, 2018 and 2017, was calculated using the AFR mid-term quarterly rates ranging from 1.18%-2.83%.

**Note 8 – Functional Allocation of Expenses**

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

June 4, 2019

To Whom It May Concern,

On behalf of San Marcos Unified School District (SMUSD), it is my pleasure to provide a letter of support for San Diego Children's Discovery Museum's (SDCDM) pursuit of a grant to provide educational experiences to children in SMUSD.

As early as 2014, the San Diego Children's Discovery Museum has been providing hands-on educational workshops for students, families, and the community of San Marcos. Many schools within our district have found it difficult to fund modern resources, tools, and technology that SDCDM offers. Therefore, nearly 60% of SMUSD classes, at some point, have relied on workshop scholarships through the Museum's Access for All Scholarship Fund. Please note that many students in our district would not have access to participate in educational enrichment opportunities without SDCDMs programs. We are looking forward, with great enthusiasm, to enhancing the learning experiences of students at SMUSD, with curriculum-aligned exhibits and workshops that focus on science, arts, and world cultures, which align with Common Core State Standards.

The Museum continues to make a significant impact in the lives of many of our students, teachers and families in the San Marcos Community. We value the opportunity to work with SDCDM to help advance the educational experiences of students in San Marcos and accomplish the educational goals of both institutions. I am delighted to recommend their work, which will allow them to expand on the great work they are already doing.

Sincerely,

Stephanie Casperson  
Director, Educational Technology  
[stephanie.casperon@smusd.org](mailto:stephanie.casperon@smusd.org)  
760-290-2662

## SAN MARCOS COMMUNITY FOUNDATION

## Grant Cover Page



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

Project Name: North County Senior Connections (NCSC) Date Submitted: June 26, 2019	Total # of people served: 2,621 seniors Total # of San Marcos residents served: 401 seniors	Amount Requested: \$10,000
Non-Profit Organization Name and Address, Website  Interfaith Community Services 550 West Washington Avenue Escondido, CA 92025 www.interfaithservices.org		Contact Person – Name, Title & Phone, email  Jennifer Handy Grant Writer (760) 546-8948 jhandy@interfaithservices.org

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

Interfaith Community Services (Interfaith) respectfully requests that the San Marcos Community Foundation consider a gift in the amount of \$10,000 to provide programmatic support for its North County Senior Connections (NCSC) Program. NCSC provides senior community members with hot, nutritious, affordable meals; a place for socialization; warm referrals to primary care and other health providers and services; speaker presentations; and entertainment, with the goal of combatting isolation, loneliness, and poor nutrition among vulnerable, low-income seniors, as well as improve their access to community resources. Interfaith and Dreams for Change partner together to change the lives of seniors living in North San Diego County.

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

Many seniors in San Diego County are forced to make difficult decisions on a daily basis; most live on a fixed income and have to choose between paying for housing, food, and/or healthcare. In addition, transportation and access to services are major obstacles that many seniors face, especially in a geographically large area like North San Diego County. NCSC brings meals and services to where seniors live and congregate. Two (2) of the five (5) locations served through NCSC are in San Marcos (at Palomar Estates East and West) with approximately 40 percent of the meals served by NCSC benefitting San Marcos senior residents.

Please attach the following items.

**Both Mini-Grant & Regular:**

1. Budget for request (use SMCF Budget Worksheet)
2. Annual Operating budget for the organization or unit
3. Federal & State Tax ID numbers
4. Board of Directors listing with affiliations

**5. Regular Grants Only:**

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

Expected date project will begin/end: 9/1/2019

Date by which funds will be expended: 8/31/2020

Signature of President or Authorized Officer

A handwritten signature in blue ink, appearing to read 'Greg Anglea'.

6/26/2019

Name, Title

Date

Greg Anglea, Chief Executive Officer

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): [imagee@san-marcos.net](mailto:imagee@san-marcos.net)

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

**Interfaith Community Services – North County Seniors Connections Budget**

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

***Personnel & Related***

Salaries & Wages	\$70,080
Benefits @38%	\$26,630
<b>Total Personnel &amp; Related</b>	<b>\$96,710</b>

***Program Expenses***

*Occupancy Expenses*

Purchase of Furniture/Equipment	\$600
Repairs & Maintenance – Building	\$600
Utilities	\$4,500

*Professional Fees*

Corporate Technologies/Other Technology	\$1,240
---	---------

*Insurance*

Property & Liability Insurance	\$600
--------------------------------	-------

*Other Expenses*

Postage & Shipping	\$180
Office Supplies	\$360
Other Office Expenses	\$600
Employment Advertising	\$600
Employment Expense	\$360
Computer Expenses	\$780
Copier Expenses	\$420
Rent – Office Equip/Furniture	\$350
Staff Mileage Reimbursement	\$3,600
Seminars/Trainings	\$600
Telecommunications	\$1,200
Printing & Publications	\$1,800

<b>Total Program Expenses</b>	<b>\$18,390</b>
-------------------------------	-----------------

**Total budget for this PROJECT:** **\$115,100**

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

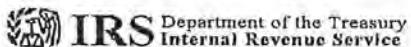
Is this a challenge grant? No Could it be? Yes

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

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

<u>\$5,000</u>	<u>Escondido Senior Enterprises</u>	<u>C</u>
<u>\$25,000</u>	<u>Sahm Family Foundation</u>	<u>C</u>
<u>\$75,000</u>	<u>Gary and Mary West Foundation</u>	<u>C</u>

INTERFAITH COMMUNITY SERVICES				
FY 2019 BUDGET				
(Excludes Inkind)		Fav / (Unfav)		
In \$		FY 2019 Budget	FY 2018 Forecast	Amount
<b>Revenues</b>				
Grants and Contracts	8,870,388	7,234,006	1,636,382	23%
Contributions	4,750,000	5,207,954	(457,954)	(9%)
Rental Income	883,040	613,391	269,649	44%
Interest income	238,330	302,426	(64,096)	(21%)
Other Income	2,040	7,837	(5,797)	(74%)
<b>Total Revenues</b>	<b>14,743,798</b>	<b>13,365,614</b>	<b>1,378,184</b>	<b>10%</b>
<b>Expenses</b>				
Personnel & Related	10,038,814	7,720,635	(2,318,179)	(30%)
Program Services	1,793,359	2,449,338	655,979	27%
Occupancy Expense	1,188,827	1,244,350	55,523	4%
Professional Fees	281,081	199,930	(81,151)	(41%)
Business Insurance	91,600	76,680	(14,920)	(19%)
Interest Expense	147,075	117,035	(30,040)	(26%)
Depreciation Expense	589,368	550,635	(38,733)	(7%)
Other Expenses	840,854	604,922	(235,932)	(39%)
<b>Total Expenses</b>	<b>14,970,978</b>	<b>12,963,525</b>	<b>(2,007,453)</b>	<b>(15%)</b>
<b>Gain/(Loss) from Operations</b>	<b>(227,180)</b>	<b>402,089</b>	<b>(629,269)</b>	<b>(156%)</b>



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

In reply refer to: 4077550286  
June 03, 2013 LTR 4168C 0  
95-3837714 000000 00  
00032869  
BODC: TE

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

005682

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

Dear Taxpayer:

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

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

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

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

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

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

Sincerely yours,

Cindy Thomas  
Manager, EO Determinations



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

## Entity Status Letter

Date:

ESL ID:

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

Entity ID:

Entity Name:

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

The above information does not necessarily reflect:

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

## Internet and Telephone Assistance

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

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

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



## BOARD OF DIRECTORS

Updated February 2019

### Chair

#### General Membership Chair

##### Reverend Meg Decker

Trinity Episcopal Church in Escondido  
Escondido Faith Leaders' Council  
University of Nevada

### Immediate Past Chair

#### Silas Harrington

Community Lutheran Church in Escondido  
Law Offices of Silas Harrington  
University of Washington School of Law

### Treasurer

#### Finance Committee Chair

##### Gene Evenskaas

Bank of America  
US Treasury's Office of Technical Assistance  
CEO and Founding Partner of Diablo Capital  
Funding LLC.  
Core Securities and Global Capital Markets Group  
Carroll College  
Harvard Business School

### Secretary

#### Development Committee Chair

##### Mitchell Dubick, J.D., LL.M.

Yale University  
Case Western Reserve University  
Georgetown University  
Chairman of the Board of Trustees of Seacrest  
Village of San Diego Senior Community Centers  
Chairman of Second Chance  
National Executive Committee Member of the  
Anti-Defamation League  
Board Trustee of the San Diego Museum of Man

#### Investment Committee Chair

##### Lisa Brinig, CFP

Mariner Wealth Advisors, San Diego  
University of Kansas  
San Diego State University

### Audit Committee Chair

#### Paul Polito

Polito Eppich Associated LLP, CPAs  
Loyola Marymount University  
Palomar College Foundation  
St. Stephen's Catholic Community  
North County Trade Tech High School  
New Haven Youth and Family Services  
John Paul the Great Catholic University

### Governance Committee Chair

#### Kate McKone-Sweet, Ph.D.

HERS Wellesley Institute  
University of Virginia Darden School of Business  
University of Virginia, Darden Graduate School of  
Business Administration  
Schlesinger Fund for Global Healthcare  
Professor of Operations Management at  
Babson College  
St. Bartholomew's Episcopal Church

### Programs Committee Chair

#### Laurie Burt

The Church of Jesus Christ of Latter-day Saints,  
Humanitarian Specialist  
University of Utah  
Past Board member, Charity Visions  
Board Member, The Moran Eye Institute

### Faith Leaders Council Chair

#### The Reverend Kadri Webb

St. John Missionary Baptist Church  
University of Maryland Baltimore County  
Samuel DeWitt Proctor School of Theology at the  
Virginia Union University

### Quality Assurance & Compliance Chair

#### John Byers

Purdue University  
Indiana University Kelley School of Business  
Chief Information Officer of Nordson Corporation

**Member****Saima Akhter**

Northwestern University  
 North Carolina State University  
 Feeding-the-Hungry  
 IMAN (Intuit Muslim Awareness Network)  
 Sisterhood of Salaam Shalom's San Diego  
 Pious Projects of America  
 Helping Hand for Relief and Development

**Member****Carol J. Brooks**

Rising Star Missionary Baptist Church  
 Kent State University  
 San Jose State University  
 Community Healthcare Alliance Committee  
 North County African American  
 Women's Association  
 Women's Community Club  
 Past Board Member Vista Community Clinic  
 Past Board Member KOCT Community Television

**Member****Christine Carrick**

Owner/Director, Youngdale Mfg. Corp.  
 National University  
 San Diego State University  
 University of California Los Angeles  
 Past President, Palomar College Foundation  
 Palomar College President's Associates  
 Past Board Member, San Marcos  
 Boys and Girls Club  
 Palomar College Presidents Associates

**Member****Rabbi David Castiglione**

University of California, Santa Cruz  
 Hebrew Union College-Jewish Institute of Religion  
 in Cincinnati  
 Temple B'nai Israel of Elmira, New York.  
 Temple Adat Shalom in Poway  
 Hebrew Union College-Jewish Institute of Religion  
 in Los Angeles.  
 President of the Union of Reform Judaism  
 President of Hebrew Union College

**Member****Zeynep Ilgaz**

Founder, President & CEO, Confirm BioSciences  
 San Diego State University  
 National Institutes of Health Commercialization  
 Assistance Program  
 Entrepreneur Society and San Diego State  
 University

**Member****Paul Marx**

UC Berkeley  
 UC San Diego  
 University of San Diego  
 Interfaith Community Services  
 Palomar YMCA Board Member  
 Y Indian Guide Program Chairman  
 Chairman Escondido Rotary RYLA Scholarship  
 Committee  
 San Diego Building Industry Assoc. Board Member

**Member****Faye Rencher**

United Way San Diego  
 National Public Service Organization (Delta Sigma  
 Theta, Inc  
 National Alumnae Association of Spelman College  
 Poway Unified School District.

**Member****Pastor Frederico Salas**

Golden Gate Seminary  
 California Christian University.  
 Iglesia Latina Emanuel Church  
 Palomar Medical Center  
 Neighborhood Healthcare  
 San Diego Pastors Group  
 Crisis Responder with the Escondido Police  
 Department

**Member****Stephen Smith**

Partner, Lewis Brisbois Bisgaard & Smith  
 University of San Diego School of Law  
 University of San Diego  
 Adjunct Professor of Law at  
 Thomas Jefferson School of Law

**Member****Diana VanDuzer**

Village Community Presbyterian USA Church  
 Northwest Assistance Ministries

**Member****Christine Weigel Schwan**

University of St. Thomas St. Paul, MN  
 Certified Alcohol and Drug Counselor (CADAAC I)  
 Member (California Consortium of Addiction  
 Programs and Professionals (CCAPP)  
 National Association of Social Workers  
 Hope in the Streets Maranatha Chapel  
 Lutheran Women's Missionary Society  
 Summit for Stem Cells  
 Wounded Warrior Project  
 Westmont College President's Club  
 United States Tennis Association Representative

## **Interfaith Community Services Proposal to the San Marcos Community Foundation**

The primary mission of Interfaith's more than 45 comprehensive programs is to provide a pathway to self-sufficiency for low-income, homeless, and vulnerable individuals and families. Since its inception, Interfaith has assisted frail, isolated, and vulnerable seniors through its social services programs. In 1997, Interfaith's Senior Services Program was created to specifically empower seniors to lead more independent lives through the provision of case management, emergency housing, housing for aging veterans and seniors with mental illness, nutritional assistance, and minor home safety repairs. The overarching goal of Interfaith's Senior Services Program is to build community among North San Diego County seniors while simultaneously enhancing wellness and food security.

As the largest social services agency in North San Diego County, Interfaith is acutely aware of the growing demand for the services provided and the impact of senior programming in the region. Through its comprehensive senior programs, Interfaith has supported seniors in the North San Diego County region from July 1, 2018 through June 24, 2019 in the following ways:

- 2,621 seniors have been served by Interfaith;
- 1,266 received social services assistance;
- 423 received emergency food distributions;
- 220 received services through the Project CARE Program;
- 1,102 received information and referral services;
- 599 seniors served through the North County Senior Connections Program, with 4,647 total meals served; and
- 367 North County seniors overcoming homelessness slept under an Interfaith roof.

Interfaith understands that seniors in San Diego County are forced to make difficult decisions on a daily basis; most live on a fixed income and have to choose between paying for housing, food, and/or healthcare, with little-to-no knowledge of how to access much-needed social and healthcare services. Additionally, seniors are faced with barriers such as isolation, depression, declining health, chronic illness, food insecurity, lack of transportation, and limited physical mobility. These factors can lead to malnutrition in seniors, which severely impacts their ability to fight illness and infection, and can result in loss of independence and higher mortality rates. Interfaith's Senior Services Program works to combat declining health and food insecurity for seniors by providing them with easily accessible social services, nutritious meals, referrals to healthcare agencies, minor home repairs, and much more.

Through Interfaith's comprehensive service model, community members ages 60 and older have access to Interfaith's safety net senior programming, assisting thousands of seniors each year, allowing them to live independently while feeling supported, connected, and appreciated. Services include: mobile case management; social services, including emergency financial assistance, recuperative care, behavioral health, and nutritional assistance; home repairs to accommodate senior safety and mobility to help them age in place; and housing and shelter. Through Project CARE's (Community Action Reaching the Elderly) in-home case management and individualized assessments, seniors are offered information and referrals to additional resources, and scheduled for daily "How R U?" calls to ensure their safety. Interfaith collaborates with a variety of agencies to provide the most effective resources for our community, filling the gaps for North County seniors as much as possible.

North County Senior Connections (NCSC) provides nutritious, affordable meals cooked fresh daily, social interaction, and educational/informative presentations for low-income seniors in their community to help improve health and wellness, while reducing isolation and loneliness. The Senior Connections Project

Coordinator visits five (5) different senior housing facilities each week. Senior participants are able to access a number of available services and resources, including referrals to Interfaith's 45+ comprehensive programs, presentations on topics such as healthy eating, meals on a budget, tax education, life planning, community engagement opportunities, legal resources, and other topics of interest suggested by participants. Interfaith also provides entertainment for senior participants, such as the Navy and Marine Corps Band, magicians, story-telling, sharing life experiences, and get-to-know-you activities.

On Mondays and Tuesdays, meals are prepared in Interfaith's Margaret R. Freund Nutrition Center and delivered to NCSC site locations by staff and volunteers, and Wednesdays through Fridays NCSC is operated from a mobile food truck, *Thyme Together*, which enables Interfaith to bring nutritious meals to seniors who may not have access to reliable transportation. Over the past year, Interfaith has expanded its NCSC Program to serve seniors in Escondido. The current schedule is as follows: Mondays at Vista Village Mobile Home in Vista, Tuesdays at Palomar Estates East Mobile Home Park in San Marcos, Wednesdays at Imperial Escondido Mobile Estates in Escondido, Thursdays at Palomar Estates West Mobile Home Park in San Marcos, and Fridays at Rancho Calevero Mobile Home Park in Oceanside.

According to surveys taken by senior participants, NCSC has played a significant role in improving their quality of life and promoting a healthy lifestyle. Since attending the luncheons, 74 percent of seniors reported an improvement to their feelings of socialization, and 64 percent reported improved access to nutritious food items.

#### **Client Story:**

Pauline had been struggling with caring for her husband who suffers from Alzheimer's. Due to her caregiving role, Pauline had become very isolated and lonely. In working with Interfaith's Senior Services Program staff, Pauline stated that she needed some time out in the community without her husband. After some coaching, Pauline was able to express this need to her daughter and is now able to ask for help without experiencing feelings of guilt. As a result, Pauline and her daughter have established a schedule that allows her to join activities taking place in her senior community, including attending North County Senior Connections luncheons, while her daughter cares for her husband. In addition, Interfaith case managers have connected Pauline with legal resources that will assist her in processing power of attorney paperwork and addressing her husband's medical needs. Pauline is very grateful to Interfaith for providing the resources and referrals that have allowed her to improve her mental health and assist with the challenges she continues to face with her husband.

Thanks to the support of the San Marcos Community Foundation, and other donors and organizations in our community, Interfaith is able to continue to provide these essential services to seniors in our shared community. These services are critical for those seniors who are on a fixed budget and often living below the poverty level.

Over the course of the next year, NCSC will continue to improve the health and wellness of vulnerable and low-income seniors in North San Diego County by providing access to healthy food while enhancing social connectedness. NCSC proposes to achieve the following goals during the 12-month grant period:

- Serve 4,500+ meals to at least 600 vulnerable seniors, including 100 San Marcos residents;
- 70 percent of participants will report that meals and resources provided by NCSC have improved their access to nutritionally-balanced food items; and
- 70 percent of participants will report that socialization, supportive services, and case management provided through NCSC have improved their quality of life.

## Return of Organization Exempt From Income Tax

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

- Do not enter social security numbers on this form as it may be made public.
- Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

2017

Open to Public  
Inspection

A For the 2017 calendar year, or tax year beginning 7/01, 2017, and ending 6/30, 2018

B Check if applicable:	C Interfaith Community Services, Inc. 550 W. Washington Ave B Escondido, CA 92025		D Employer identification number 95-3837714
			E Telephone number (760) 294-6356
			G Gross receipts \$ 17,631,385.
	F Name and address of principal officer: Same As C Above		H(a) Is this a group return for subordinates? <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'No,' attach a list. (see instructions)
I Tax-exempt status [X] 501(c)(3)    501(c) ( ) ▶ (insert no.)	4947(a)(1) or 527	H(c) Group exemption number ►	
J Website: ► <a href="http://WWW.INTERFAITHSERVICES.ORG">WWW.INTERFAITHSERVICES.ORG</a>		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: 1979    M State of legal domicile: CA	

## Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: Interfaith Community Services empowers people in need to stabilize and improve their lives through comprehensive programs in partnership with diverse faith communities and people of compassion.	
	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 21
	4 Number of independent voting members of the governing body (Part VI, line 1b).....	4 21
Expenses	5 Total number of individuals employed in calendar year 2017 (Part V, line 2a).....	5 185
	6 Total number of volunteers (estimate if necessary).....	6 3,134
Net Assets or Fund Balances	7a Total unrelated business revenue from Part VIII, column (C), line 12.....	7a 0
	b Net unrelated business taxable income from Form 990-T, line 34.....	7b 0
Revenue	8 Contributions and grants (Part VIII, line 1h).....	Prior Year 8,379,363.    Current Year 6,717,926.
	9 Program service revenue (Part VIII, line 2g).....	8,009,611.    7,822,601.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d).....	163,421.    1,191,982.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e).....	
	12 Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12).....	16,552,395.    15,732,509.
	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3).....	
	14 Benefits paid to or for members (Part IX, column (A), line 4).....	
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10).....	7,307,550.    7,449,339.
	16a Professional fundraising fees (Part IX, column (A), line 11e).....	
	b Total fundraising expenses (Part IX, column (D), line 25) ► 728,901.	
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e).....	5,467,001.    6,321,302.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25).....	12,774,551.    13,770,641.
19 Revenue less expenses. Subtract line 18 from line 12.....	3,777,844.    1,961,868.	
20 Total assets (Part X, line 16).....	Beginning of Current Year 28,186,861.    End of Year 30,923,307.	
21 Total liabilities (Part X, line 26).....	4,510,851.    5,428,109.	
22 Net assets or fund balances. Subtract line 21 from line 20.....	23,676,010.    25,495,198.	

## 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			
	► Joseph Stemmler	CFO			
Paid Preparer Use Only	Print/Type preparer's name John Gurrera	Preparer's signature John Gurrera	Date	Check <input type="checkbox"/> if self-employed	PTIN P00468426
	Firm's name ► <u>Gurrera &amp; Associates</u>	Firm's EIN ► 91-2085612			
	Firm's address ► <u>5665 Oberlin Drive, Suite 200</u>				
	<u>San Diego, CA 92121</u>				
May the IRS discuss this return with the preparer shown above? (see instructions).....		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> 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:

Interfaith Community Services empowers people in need to stabilize and improve their lives through comprehensive programs in partnership with diverse faith communities and people of compassion.

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 \$ 5,922,452, including grants of \$ \_\_\_\_\_) (Revenue \$ 4,627,047.)

Housing and Shelter - Interfaith Community Services (ICS) provides emergency shelter and permanent supportive housing to homeless, senior, and mentally ill women and men. ICS provides transitional and low-income housing to families and veterans. These programs include case management, screening and referrals for other programs and services. ICS provides rapid rehousing and homeless prevention assistance to families and veterans.

**4b** (Code: \_\_\_\_\_) (Expenses \$ 2,120,032, including grants of \$ \_\_\_\_\_) (Revenue \$ 675,817.)

Self Sufficiency and Supportive Services - ICS provides low income and unemployed individuals and families emergency food, basic employment services, legal assistance, free tax preparation, financial literacy training, rental assistance, utilities assistance, transportation assistance and referrals for other services. ICS supplies daily breakfast and lunch, showering, laundry facilities, and mail receipt for the homeless. ICS also provides seniors with hot lunches, friendly visits and minor home repairs.

**4c** (Code: \_\_\_\_\_) (Expenses \$ 1,977,239, including grants of \$ \_\_\_\_\_) (Revenue \$ 1,307,841.)

Recovery and Wellness - ICS provides residential, outpatient, and interim housing for homeless or low-income individuals suffering from substance use disorders. ICS also provides recuperative care services for recently released hospitalized veterans and homeless individuals.

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

See Schedule O

(Expenses \$ 1,730,237, including grants of \$ \_\_\_\_\_) (Revenue \$ 1,211,896.)

**4e** Total program service expenses ► 11,749,960.

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
INTERFAITH COMMUNITY SERVICES, INC.  
JUNE 30, 2018**

## CONTENTS

	Page
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>3</b>
<b>FINANCIAL STATEMENTS:</b>	
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF ACTIVITIES	7
STATEMENT OF FUNCTIONAL EXPENSES	8
STATEMENT OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10-23
<b>SUPPLEMENTAL INFORMATION:</b>	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	24-25
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	26
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	27-28
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	29-31
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS	32-33
CASAWORKS APARTMENTS 99-FMTW-010 STATEMENT OF OPERATIONS	34-35
CASAWORKS APARTMENTS 99-FMTW-010 STATEMENT OF CASH FLOWS	36

# GURRERA & ASSOCIATES

Certified Public Accountants  
Business & Personal Consultants

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Interfaith Community Services, Inc., (the "Organization"), which comprise the statement of financial position as of June 30, 2018, 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 judgement, 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 Organization'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.

INDEPENDENT AUDITOR'S REPORT

Page 2

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interfaith Community Services, Inc., as of June 30, 2018, 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

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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 26, 2018, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

INDEPENDENT AUDITOR'S REPORT

Page 3

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 information for CASAWorks Apartments 99-FMTW-010, statement of operations on page 34-35 and CASAWorks Apartments 99-FMTW-010, statement of cash flows on page 36, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Orren J. Aut*  
GURRERA & ASSOCIATES

San Diego, California  
November 26, 2018

INTERFAITH COMMUNITY SERVICES, INC.  
 STATEMENT OF FINANCIAL POSITION  
 June 30, 2018

ASSETS

ASSETS:

Cash	\$ 3,950,667
Grants and contracts receivable	2,148,279
Prepaid expenses and other current assets	164,831
Unamortized donated rent	148,806
Investments	7,528,392
Property and equipment, net of accumulated depreciation	<u>16,982,331</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 30,923,306</u></b>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$ 151,830
Accrued expenses	690,218
Accrued interest	545,019
Notes payable	<u>4,041,041</u>
<b>TOTAL LIABILITIES</b>	<b>5,428,108</b>

NET ASSETS:

Unrestricted:	
Undesignated	17,002,333
Board designated long-term	<u>2,286,998</u>
	19,289,331
Temporarily restricted	723,024
Permanently restricted	<u>5,482,843</u>
<b>TOTAL NET ASSETS</b>	<b><u>25,495,198</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 30,923,306</u></b>

See notes to financial statements and independent auditor's report

INTERFAITH COMMUNITY SERVICES, INC.  
 STATEMENT OF ACTIVITIES  
 For the year ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
<b>REVENUE and SUPPORT:</b>				
Contract revenue	\$ 7,188,312	\$ 513,528	\$ 119,141	\$ 7,188,312
Contributions	5,234,353	0-	0-	5,234,353
In-kind donations	1,034,081	0-	0-	1,034,081
Rental income	626,008	0-	0-	626,008
Investment return	528,412	0-	0-	528,412
Other income	8,281	0-	0-	8,281
Gain on the disposal of fixed assets	543,435	0-	0-	543,435
Net assets released from restrictions, satisfaction of program restrictions	<u>462,318</u>	<u>(462,318)</u>	<u>0-</u>	<u>0-</u>
Total Revenue and Support	15,625,200	51,210	119,141	15,795,551
<b>EXPENSES:</b>				
Program Services:				
Supportive services	2,223,471	0-	0-	2,223,471
Clinical	200,666	0-	0-	200,666
Housing & shelters	5,983,211	0-	0-	5,983,211
Employment and economic development	1,118,486	0-	0-	1,118,486
Recovery and wellness	1,989,528	0-	0-	1,989,528
Other community services	440,320	0-	0-	440,320
Total Program Services	11,955,682	0-	0-	11,955,682
Supporting Services:				
Management and general	1,291,780	0-	0-	1,291,780
Fundraising	<u>728,901</u>	<u>0-</u>	<u>0-</u>	<u>728,901</u>
Total Supporting Services	<u>2,020,681</u>	<u>0-</u>	<u>0-</u>	<u>2,020,681</u>
<b>TOTAL EXPENSES</b>	<b><u>13,976,363</u></b>	<b><u>0-</u></b>	<b><u>0-</u></b>	<b><u>13,976,363</u></b>
Increase (decrease) in net assets	1,648,837	51,210	119,141	1,819,188
Net Assets - Beginning of year	<u>17,640,494</u>	<u>671,814</u>	<u>5,363,702</u>	<u>23,676,010</u>
Net Assets - End of Year	<u>\$ 19,289,331</u>	<u>\$ 723,024</u>	<u>\$ 5,482,843</u>	<u>\$ 25,495,198</u>

See notes to financial statements and independent auditor's report

INTERFAITH COMMUNITY SERVICES, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 For the year ended June 30, 2018

	Program Services						Supporting Services			Total Functional Expenses
	Supportive Services	Employment & Economic Development	Clinical	Housing & Shelter	Recovery & Wellness	Other Community Services	Total	Management and General	Fundraising	
Wages, salaries, contract labor, and employee benefits	\$ 1,237,000	\$ 719,117	\$ 186,074	\$ 2,433,161	\$ 1,403,858	\$ 279,485	\$ 6,258,695	\$ 929,462	\$ 445,697	\$ 1,375,159
Living assistance	583,000	24,288	5,537	801,845	172,101	67,395	1,654,166	-0-	-0-	-0-
Training and employment assistance	14,634	192,225	-0-	3,095	542	17,012	210,496	-0-	-0-	210,496
Office	101,416	46,700	2,561	454,000	63,219	684,908	170,112	213,552	383,664	1,068,572
Depreciation	28,835	12,861	1,406	361,397	137,290	12,023	553,812	4,923	14,556	568,368
Interest	-0-	-0-	-0-	73,943	35,617	-0-	109,560	6,627	-0-	6,627
Operations and support services	218,050	103,523	2,584	1,793,733	124,963	41,818	2,284,671	2,613	2,281	2,289,565
Other	40,536	19,772	2,504	62,037	51,938	22,587	199,374	173,333	62,448	235,781
<b>Total Expenses</b>	<b>\$ 2,223,471</b>	<b>\$ 1,118,486</b>	<b>\$ 200,666</b>	<b>\$ 5,983,211</b>	<b>\$ 1,989,528</b>	<b>\$ 440,320</b>	<b>\$ 11,955,692</b>	<b>\$ 1,291,780</b>	<b>\$ 728,901</b>	<b>\$ 13,976,363</b>
% of total expense by activity	15.9%	8.0%	1.4%	42.8%	14.2%	3.2%	85.5%	9.3%	5.2%	14.5%
										100.0%

See notes to financial statements and independent auditor's report

INTERFAITH COMMUNITY SERVICES, INC.  
 STATEMENT OF CASH FLOWS  
 For the year ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 1,819,188
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	568,368
Realized and unrealized gain on investments	(489,996)
Realized gain on the sale of property and equipment	(542,435)
Contribution of securities	(282,233)
Contribution of endowment	(119,141)
Changes in operating assets and liabilities:	
Contracts receivable	(1,352,046)
Prepaid expenses and other current assets	181,619
Accounts payable	32,525
Accrued expenses	198,719
Accrued interest	<u>50,353</u>
Net cash provided by operating activities	<u>64,921</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	(1,946,618)
Sale of property	2,141,912
Proceeds from sales of investments	<u>635,407</u>
Net cash provided by investing activities	<u>830,701</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on capital lease	(20,839)
Payments on notes payable	<u>(543,501)</u>
Net cash used by financing activities	<u>(564,340)</u>

NET INCREASE IN CASH

331,282

CASH, BEGINNING OF YEAR

3,619,385

CASH, END OF YEAR

\$ 3,950,667

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Interest paid

\$ 71,549

SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING TRANSACTION:

New financing on property purchase

\$ 1,200,000

See notes to financial statements and independent auditor's report

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE A -ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

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

USE OF ESTIMATES

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

FINANCIAL STATEMENT PRESENTATION

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

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

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS - (Continued)  
June 30, 2018

NOTE A -ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

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 values of cash, receivables, and payable approximate fair value as of June 30, 2018, due to the relative short maturities of these instruments.

CASH EQUIVALENTS

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

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS - (Continued)  
June 30, 2018

NOTE A -ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES  
(Continued)

GRANTS AND CONTRACTS RECEIVABLE

The grants and contracts receivable arise in the normal course of operations. It is the policy of management to review the outstanding 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, 2018, because management believes that all amounts are collectible.

PROMISES TO GIVE

Unconditional written pledges to the Organization in the future are recorded as promises to give and revenue in the year promised at the present value of expected cash flows, see Note E. Unconditional written pledges must be evidenced by donor signature and deemed legally enforceable by the Board of Directors. Conditional pledges are recognized as revenue when the conditions are met. Intentions to pledge are recognized as revenue when the funds are actually received. After pledges are originally recorded, an allowance for uncollectible pledges may be established based on specific circumstances.

INVESTMENTS

The Organization has investments held by the Jewish Community Foundation of San Diego and Rancho Santa Fe Foundation, which are invested in various pools and are valued at the Organization's percentage interest in the total pools. At June 30, 2018, these pools included domestic and international equities, domestic and international fixed income, and other investments. All investments have been recorded at fair market value using a market approach. The fair values of investments in securities traded on national exchanges are valued at the closing price on the last day of business of the fiscal year. The fair value of other investments is determined by investment managers in good faith using methods appropriate, and are subject to oversight and review by the management of the Jewish Community Foundation San Diego and Rancho Santa Fe Foundation. Realized and unrealized gains and losses on investments are included in the change in net assets in the Statement of Activities.

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS - (Continued)  
June 30, 2018

NOTE A -ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

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 from five to thirty-nine years.

REVENUE AND SUPPORT

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

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

CONTRIBUTED MATERIALS AND SERVICES

Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to operations as appropriate. The fair market value of contributed professional services is reported as support and expense in the period in which the services are performed. In addition, the Organization receives a substantial amount of nonprofessional services donated by volunteers in carrying out the Organization's program services. These services do not meet the generally accepted accounting principles criteria as contributions and are, therefore, not recognized in the financial statements.

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS - (Continued)  
June 30, 2018

NOTE A -ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

INCOME TAXES

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

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

At June 30, 2018, the federal statute of limitations remains open for the 2015 through 2018 tax years. The statute of limitations for the state income tax returns remains open for the 2014 through 2018 tax years.

NOTE B - CONCENTRATION OF CREDIT RISK

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

NOTE C - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Other accounts receivable	\$ 73,976
Prepaid insurance	14,837
Deposits and prepaid rent	20,034
Prepaid software	<u>55,984</u>
 Total other current assets	 <u>\$ 164,831</u>

NOTE D - UNAMORTIZED DONATED RENT

In January 2014, the Organization entered into a ten year agreement to provide Veterans services in exchange for free rent at 1617 Mission Avenue, Oceanside, CA. This agreement expires January 30, 2024. The Organization began providing services at this location on April 1, 2014.

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE D - UNAMORTIZED DONATED RENT - (Continued)

The unamortized donated rent of \$148,806 represents the fair market value of the rent for the remaining 67 months of this agreement discounted by five percent.

NOTE E - PROMISES TO GIVE

As of June 30, 2018, the Organization did not have any promises to give.

NOTE F - INVESTMENTS

The Organization's Level 2 investments consist of endowment and long-term investment funds held by the Jewish Community Foundation San Diego and endowment funds held by the Rancho Santa Fe Foundation in balanced pool portfolios that include primarily publicly traded securities. The Organization has variance power over the funds. The pooled investments are categorized as Level 2 because they have no direct observable inputs.

The following table summarizes the valuation of the Organization's investments in accordance with authoritative fair value guidance at June 30, 2018:

	Level 1	Level 2	Total
Cash and cash equivalents	\$ -0-	\$ 108,825	\$ 108,825
Domestic equities	-0-	1,676,665	1,676,665
International equities	-0-	2,728,263	2,728,263
Domestic fixed income	-0-	2,485,783	2,485,783
International fixed income	-0-	360,584	360,584
Other	-0-	168,272	168,272
	<u>\$ -0-</u>	<u>\$ 7,528,392</u>	<u>\$ 7,528,392</u>

Investment return for the year ended June 30, 2018, consisted of the following:

Interest and dividends	\$ 312,540
Realized and unrealized gains and losses	215,872
Investment fees	(33,904)
	<u>\$ 494,508</u>

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2018, consisted of the following:

Construction in progress	\$ 161,972
Land	6,038,870
Buildings	15,216,782
Leasehold improvements	632,822
Furniture and equipment	608,343
Software	27,395
Vehicles	<u>238,404</u>
	22,924,588
Less accumulated depreciation	<u>(5,942,257)</u>
	<u>\$ 16,982,331</u>

NOTE H - LINE OF CREDIT

The Organization has a line of credit with First Citizens Bank in the amount of \$500,000 that is secured by all personal property of the Organization. Interest is payable monthly at the greater of 1.0% above the Wall Street Journal's prime rate (5.75% at June 30, 2018) or the floor rate of 5.75%. The line of credit expires July 14, 2019. The Organization had no outstanding balance at June 30, 2018.

NOTE I - NOTES PAYABLE

Notes payable at June 30, 2018, consisted of the following:

Note payable to First Citizens Bank in monthly payments of \$11,390 including interest at 3.25% per annum, secured by real property, due April 2021. \$ 1,005,926

Note payable to City of Escondido for \$443,000, secured by real property, due December 2018. Annual payments of principal and interest (3.00% per annum) are due only to the extent that the Home Project provides positive cash flow. There were no payments made during the year ended June 30, 2018. 443,000

INTERFAITH COMMUNITY SERVICES, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2018

NOTE I - NOTES PAYABLE - (Continued)

Note payable to City of Escondido for \$450,000, secured by real property, due June 2072. Annual payments of principal and interest (3.00% per annum) are due only to the extent that the Home Project II provides positive cash flow.	450,000
Note payable to Union Bank in aggregate monthly payments of \$3,182 including interest at 4.50% per annum, secured by real property, due July 2025.	233,441
Note payable to First Citizens Bank secured by real property, 1820 S. Escondido Blvd., due June 5, 2033. Monthly payments of principal and interest at 4.75% per annum. There were no payments made during the year ended June 30, 2018.	1,200,000
Note payable to the City of Oceanside (City) for \$350,000, secured by real property, due December 2065. The City recorded a deed of trust that is subordinate to Wells Fargo Bank, NA. Annual payments of principal and interest (3.00% per annum) are due only to the extent that the Garfield Program provides positive cash flow. There were no payments made during the year ended June 30, 2018.	350,000
Note payable to California Department of Housing and Community Development for \$245,000, secured by real property, due July 2057. Annual payments of principal and interest (3.00% per annum) are due only to the extent that the CASA Program provides positive cash flow. The Development was constructed in 1964 and is made up of eight units. There were no payments made during the year ended June 30, 2018.	245,000
Note payable to Wells Fargo Bank in monthly payments of \$1,416 including interest at 5.50% per annum, secured by real property, remaining balance of principal and interest due December 2020.	39,598
Mortgage payable to Greenwich Investors in monthly payments of \$845 including adjustable rate interest interest of 0.50% above bank prime rate (4.75% at June 30, 2018) secured by real property due June 2025.	63,354

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE I - NOTES PAYABLE - (Continued)

Mortgage payable to Greenwich Investors in monthly payments of \$1,060 including interest at 7.00% per annum, secured by real property, due June 2019.

	10,722
	<u>\$ 4,041,041</u>

Future principal payments on notes payable at June 30, 2018, are due as follows:

Year Ending <u>June 30,</u>	
2019	\$ 216,081
2020	661,537
2021	905,448
2022	105,412
2023	110,420
Thereafter	<u>2,042,143</u>
	<u>\$ 4,041,041</u>

Notes payable contain certain financial and non-financial covenants for which the Organization was in compliance with as of June 30, 2018.

NOTE J - COMMITMENTS

Operating Leases

The Organization leases space for its Coastal Service Center in Oceanside, California under an operating lease which expires in April 2019. The monthly lease payment was approximately \$1,550. Total rent expense was \$18,604 for the year ended June 30, 2018.

The Organization leases office space for senior programs and administrative offices which expires in August 2018. The monthly lease payment was \$3,810. Total lease expense was \$44,610 for the year ended June 30, 2018.

The Organization leases a van requiring monthly lease payments of \$361 through lease maturity in August, 2018. Total lease expense was \$4,322 for the year ended June 30, 2018.

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE J - COMMITMENTS - (Continued)

The Organization leases eight copiers requiring monthly lease payments of \$1,100 through lease maturity in July, 2021. Total lease expense was \$13,195 for the period ended June 30, 2018.

The Organization leases one copier requiring lease payments of \$128 through lease maturity in November, 2022. Total lease expense was \$974 for the period ended June 30, 2018.

The Organization leases warehouse space which expires August 2020. The monthly lease payment was \$4,041. Total lease expense was \$40,405 for the period ended June 30, 2018.

Future minimum lease payments under operating leases at June 30, 2018, are due as follows:

Year Ending June 30,	
2019	\$ 87,950
2020	65,866
2021	27,548
2022	2,641
2023	642
Total lease payments	<u>\$ 184,647</u>

NOTE K - CONTINGENCIES

Grants and Contracts

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

Repayment Contingency

The Organization received a contribution of \$463,907 in 2003 from the City of Escondido that was used to purchase its headquarters which is included in property and equipment in the Statement of Financial Position. The contribution amount is to be repaid in the event that the property is sold or is no longer used for its designated purpose.

The Organization has not expressed intent to sell the property and plans to continue to operate the facility consistent with its designated purpose.

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE K - CONTINGENCIES - (Continued)

Litigation

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

NOTE L - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following at June 30, 2018:

Purpose and Time Restrictions:

Employment services	\$ 30,359
Coastal services	300,000
Transitional Youth Academy	14,798
Teens teaching tech	18,838
Veteran behavioral health	80,384
Senior services	12,773
Housing assistance	4,318
Food distribution	70,130
Immigration services	31,125
Other	11,493

Time Restrictions:

Unamortized donated rent	<u>148,806</u>
	<u>\$ 723,024</u>

NOTE M - PERMANENTLY RESTRICTED ENDOWMENT

The Organization's donor-restricted endowment consists of pooled funds at the Jewish Community Foundation of San Diego and Rancho Santa Fe Foundation and is established for a variety of purposes, including to serve children's needs and those of their families. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

**NOTE M - PERMANENTLY RESTRICTED ENDOWMENT - (Continued)**

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

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

At June 30, 2018, the endowment net asset composition by type of fund, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 44,664	\$ -0-	\$ 5,482,843	\$ 5,527,507

Changes in endowment net assets for the year ended June 30, 2018, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ (42,968)	\$ -0-	\$ 5,363,702	\$ 5,320,734
<b>Activity:</b>				
Donations	-0-	-0-	119,141	119,141
Interest and dividends	204,244	-0-	-0-	204,244
Realized and unrealized gains	172,756	-0-	-0-	172,756
Investment expense	(25,525)	-0-	-0-	(25,525)
Appropriations	(263,843)	-0-	-0-	(263,843)
<b>Net Activity</b>	<b>87,632</b>	<b>-0-</b>	<b>119,141</b>	<b>206,773</b>
Endowment net assets, end of year	\$ 44,664	\$ -0-	\$ 5,482,843	\$ 5,527,507

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE M - PERMANENTLY RESTRICTED ENDOWMENT - (Continued)

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide funding for the operating expenses of programs supported by its endowments. In order to limit risk exposure, account features such as asset allocation, diversity, duration of holding each security, return on investment, and investment quality shall be applied, measured, and reviewed.

Investment Strategy

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

Spending Policy

The Organization has a policy of appropriating for distribution annually an amount equal to 5% of the average last twelve-quarter investment account balances. The Organization expects the current spending policy to allow its endowment to meet the needs of the Organization. This is consistent with the Organization's objective to provide funding for the operating expenses of programs as well as to provide additional real growth through new gifts and investment return.

NOTE N - BOARD DESIGNATED LONG-TERM

The Organization also has unrestricted funds held in a pooled account at the Jewish Community Foundation of San Diego. The Board of Directors has designated these funds to support the Organization for a long but unspecified period of time.

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE N - BOARD DESIGNATED LONG-TERM - (Continued)

These funds are invested in a manner similar to the permanently restricted endowment funds. All earnings related to the board designated long-term funds are recorded in the undesignated net asset balance.

Board designated long-term investments, beginning of year	\$ 1,874,998
Board designated contributions	412,000
Board releases	<u>-0-</u>
Board designated long-term investments, end of year	<u>\$ 2,286,998</u>

NOTE O - PENSION PLAN

The Organization has a 401(k) retirement plan which covers substantially all employees 18 years of age or older who have completed three months of service. A contribution to the Plan is paid monthly at a rate determined by the Board of Directors. Employee contributions to the Plan are at the discretion of each eligible employee and are matched by the Organization monthly at a percentage determined by the Board of Directors. For the year ended June 30, 2018, the Organization contributed at a rate of 1% employer contribution and a 1% employer match. The total employer contributions to the Plan for the year ended June 30, 2018, were \$93,814.

NOTE P - FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE Q - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 26, 2018, which is the date the financial statements were available to be issued.

INTERFAITH COMMUNITY SERVICES, INC.  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2018

<u>U.S. Department of Housing and Urban Development</u>	<u>Federal/Pass-Through Grantor/Program/Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Total Federal Expenditures</u>	<u>Total Federal Expenditures to Subrecipients</u>
<u>Direct Programs:</u>					
Continuum of Care Program - CasaWorks	14.267	CA0711L9D011609		\$ 50,830	
Continuum of Care Program - Raymond's Refuge	14.267	CA0944L9D011607		91,103	
Continuum of Care Program - Spruce Street	14.267	CA0710L9D011609		47,101	
Continuum of Care Program - Rental Assistance Program	14.267	CA1253L9D011603		216,420	
Continuum of Care Program - Home Now	14.267	CA1601L9D011600		440,746	
Pass-through from Community Housing Works:					
Continuum of Care Program - CHW	14.267	CA0703L9D011609		98,377	
<u>Pass-through from County of San Diego:</u>					
Continuum of Care Program - Shelter Plus Care	14.267	CA0693L9D011609		187,588	
Emergency Solutions Grant Program	14.231	556440		459,652	
Passed through to Catholic Charities	14.231	556440		208,543	
Hotel/Motel Voucher Services	14.218	557288		854,085	
Pass-through from City of Escondido:					
Emergency Solutions Grant Program	14.231	E-16-MC-06-0552		11,061	
Emergency Solutions Grant Program	14.231			66,293	
Pass-through from City of Carlsbad:					
CDBG - Coastal Services	14.218	N/A		7,923	
Pass-through from City of Vista:					
CDBG - Senior Services	14.218	N/A		10,000	
Pass-through from City of Escondido via Alliance for					
Regional Solutions:					
CDBG - Winter Shelter - Haven House	14.218	N/A		<u>43,000</u>	
				<u>2,792,722</u>	
<u>U.S. Department Of Labor</u>					
Direct program:					
HVRP-Homeless Female Veterans - Veterans with Families	17.805	HV-30921-17-60-5-6		119,432	
Pass-through from San Diego Workforce Partnership:					
WIOA Youth Activities - TYA WIOA	17.259	193-29		279,482	
Passed through to Mira Costa	17.259	193-29		51,275	
Pass-through from California Employment Develop. Dept. :					
WIA Adult Program - VEAP	17.258	K7106365		<u>327,734</u>	
				<u>777,923</u>	
					<u>51,275</u>

See Independent Auditor's Report and Notes to Schedule of Federal Awards

INTERFAITH COMMUNITY SERVICES, INC.  
 Schedule of Expenditures of Federal Awards - (Continued)  
 Year Ended June 30, 2018

**Federal/Pass-Through Grantor/Program/Cluster Title  
 (Continued)**  
**U.S. Department of Health and Human Services**

**Pass-through from County of San Diego:**

CSBG - Family Self-Sufficiency - Coastal	93.569	544433	189,379
Passed through to Catholic Charities	93.569	544433	596
CSBG - Family Self-Sufficiency - Inland	93.569	544433	218,142
CSBG - Communities in Action - Inland	93.569	557909	20,429
Passed through to Escondido Education COMPACT	93.569	557909	5,158
National Family Caregiver Support - Minor Home Repair	93.052	553161	56,330
			<u>490,034</u>
			<u>5,754</u>

**Department of Homeland Security:**

Pass-through from Catholic Charities:  
 Emergency Food and Shelter National Board Program

U.S. Department of Treasury	97.024	N/A	<u>33,471</u>
Volunteer Income Tax Assistance	21.009	17VITA0116	<u>33,471</u>
			<u>54,500</u>
			<u>54,500</u>

**U.S. Department of Veteran Affairs**

**Direct Programs:**  
 VA Homeless Providers Grant & Per Diem Program-Oceanside  
 VA Homeless Providers Grant & Per Diem Program-Aster  
 VA Homeless Providers Grant & Per Diem Program-Merle's Place  
 VA Homeless Providers Grant & Per Diem Program-Recuperative Beds  
 VA Homeless Providers Grant & Per Diem Program-Bridge Housing  
 VA Supportive Services for Veteran Families Program  
 Passed through to People Assisting the Homeless

64.024	07-716-CA	461,792
64.024	98-027-CA	1,282
64.024	05-016-CA	43,546
64.024	VA262-12-D-0144	585,957
64.024	ICS1714-0325-664-BH-18-0	115,574
64.033	C15-CA-601B	221,148
64.033	C15-CA-601B	162,281
		<u>1,591,580</u>
		<u>162,281</u>

Total Expenditures of Federal Awards

\$ 5,740,230	<u>\$ 427,853</u>
--------------	-------------------

See Independent Auditor's Report and Notes to Schedule of Federal Awards

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2018

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through Organization identifying numbers are presented where available.

3. Indirect Cost Rate

The Organization is using agreed upon indirect cost rates stipulated in it's contracts and has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Interfaith Community Services, Inc, (the "Organization"), which comprise the statement of financial position as of June 30, 2018, and 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 26, 2018.

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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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. 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 grants 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 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.

*Drum : Act*  
Gurrera & Associates

San Diego, California  
November 26, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Interfaith Community Services, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Interfaith Community Services, Inc.'s major federal programs for the year ended June 30, 2018. Interfaith Community Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Interfaith Community Services, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 Interfaith Community Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion of Each Major Federal Program

In our opinion, Interfaith Community Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of Interfaith Community Services, 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 Interfaith Community Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Interfaith Community Services, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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.

Report on Internal Control over Compliance - (Continued)

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.

Report on schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Interfaith Community Services, Inc., as of and for the year ended June 30, 2018, and have issued our report thereon dated November 26, 2018, 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 the Uniform Guidance 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Drum : Act*  
Gurrera & Associates

San Diego, California  
November 26, 2018

INTERFAITH COMMUNITY SERVICES, INC.  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

**Section I - Summary of Auditor's Results**

**Financial Statements**

Types of auditor's report issued on whether financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

Any noncompliance material to the financial statements noted

No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

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 200.516(a) No

**Identification of major programs:**

CFDA Number(s)	Name of Federal Program or Cluster	Expenditures
64.024	VA Homeless Providers Grant & Per Diem Program	\$ 1,208,151
93.569	CSBG - Family Self-Sufficiency	433,704
	Total Expenditures of All Major Federal Programs	\$ 1,641,855
	Total Expenditures of Federal Awards	\$ 5,740,230
	Percentage of Total Expenditures of Federal Awards	29%

Dollar threshold used to distinguish between type A and type B program \$750,000

Auditee qualified as low-risk auditee under section 200.520? Yes

INTERFAITH COMMUNITY SERVICES, INC.  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018 - (Continued)

**Section II - Current Year Findings**

**A. Current Year Findings - Financial Statement Audit**

No financial statement findings in the current year

**B. Current Year Findings - Major Federal Award Program Audits**

No Current Year Findings or Questioned Costs

**Section III - Prior Year Findings**

**A. Prior Year Findings - Financial Statement Audit**

No financial statement findings in the prior year.

**B. Prior Year Findings and Questioned Costs - Major Federal Award Program Audit**

No prior year findings or questioned costs.

INTERFAITH COMMUNITY SERVICES, INC.  
Supplementary Information  
For the Year Ended June 30, 2018

**CASAWorks Apartments  
99-FMTW-010  
Statement of Operations  
For the Year Ended June 30, 2018**

Acct No.		FY2018
	<u>Rent Revenue:</u>	
5100T	Total Rent Revenue	\$ 13,998
5152N	Net Rental Revenues (Rent Revenue Less Vacancies)	\$ 13,998
	<u>Other Revenue:</u>	
5910	Laundry and Vending Revenue	\$ 1,874
5990	Misc. Revenue-HUD Continuum of Care Grant Reim.	50,830
5900T	Total Other Revenue	\$ 52,704
5000T	Total Revenue	\$ 66,702
	<u>Administrative Expenses:</u>	
6204	Management Consultants	\$ 1,501
6210	Advertising and Marketing	-0-
6250	Other Renting Expenses	-0-
6310	Office Salaries	3,016
6311	Office Expenses	3,007
6330	Manager of Superintendent Salaries	12,141
6340	Legal Expense - Project	2,229
6350	Audit Expense	-0-
6390	Misc. Administrative Expenses	486
6263T	Total Administrative Expenses	\$ 22,380
	<u>Utilities Expenses:</u>	
6450	Electricity	\$ 3,772
6451	Water	6,586
6400T	Total Utilities Expenses	\$ 10,358
	<u>Operating and Maintenance Expenses:</u>	
6510	Payroll	\$ 8,843
6515	Supplies	2,817
6520	Contracts	9,509
6525	Garbage and Trash Removal	3,725
6546	Heating/Cooling Repairs and Maintenance	-0-
6570	Vehicle & Maintenance Equipment Operations/Repairs	1,784
6580	Lease Expense	-0-
6590	Misc. Operating and Maintenance Expenses	-0-
6500T	Total Operating and Maintenance Expenses	\$ 26,678
	<u>Taxes and Insurance:</u>	
6710	Real Estate Taxes	\$ 78
6711	Payroll Taxes (Projects' Share)	3,408
6720	Property & Liability Insurance (Hazard)	1,997
6721	Fidelity Bond Insurance	-0-
6722	Worker's Compensation	4,122
6723	Health Insurance & Other Employee Benefits	7,852
6790	Misc. Taxes, Licenses, Permits and Insurance	97
6700T	Total Taxes and Insurance	\$ 17,554

INTERFAITH COMMUNITY SERVICES, INC.  
 Supplementary Information  
 For the Year Ended June 30, 2018

CASAWorks Apartments  
 99-FMTW-010  
 Statements of Operations - (Continued)  
 For the Year Ended June 30, 2018

Acct No.		<u>FY2018</u>
	<u>Supportive Services Expenses:</u>	
6990	Salaries - Client Case Management-HUD-Continuum of Care Grant	\$ 17,470
6990	Client Supportive Services Other - Daycare, Employment, Life Skills, etc.	<u>2,200</u>
6990T	Total Supportive Services Expenses	<u>\$ 19,670</u>
6000	Total Cost of Operations before Depreciation	<u>\$ 96,640</u>
5060	Profit (Loss) before Depreciation	<u>\$ (29,938)</u>
6600	Depreciation	<u>\$ 13,966</u>
5060N	Operating Profit (Loss)	<u>\$ (43,904)</u>
7100T	Net Entity Expenses	<u>\$ -0-</u>
3250	Change in Total Net Assets from Operations	<u>\$ (43,904)</u>
Acct No.		<u>FY2018</u>
S1000-10	Total principal payments during audit period.	-0-
S1000-20	Total of all monthly reserve for replacement deposits.	-0-
S1000-30	Replacement Reserves, or Residual Receipts and Releases which are included in expense items.	-0-
S1000-40	Project improvement Reserves which are included as expense items.	-0-

INTERFAITH COMMUNITY SERVICES, INC.  
 Supplementary Information  
 For the Year Ended June 30, 2018

CASAWorks Apartments  
 99-FMTW-010  
 Statement of Cash Flows  
 For the Year Ended June 30, 2018

Acct No.		<u>FY2018</u>
	<u>Cash Flow from Operating Activities:</u>	
S1200-010	Rental Receipts	\$ 13,998
S1200-030	Other Operating Receipts	52,704
S1200-050	Administrative	(7,224)
S1200-090	Utilities	(10,358)
S1200-100	Salaries and Wages	(41,470)
S1200-110	Operating and Maintenance	(17,834)
S1200-120	Real Estate Taxes	(78)
S1200-140	Property Insurance	(1,997)
S1200-150	Miscellaneous Taxes and Insurance	(15,479)
S1200-170	Other Operating Expenses	<u>(2,200)</u>
		<u>\$</u>
S1200-240	Net Cash Provided (used) by Operating Activities	<u>(29,938)</u>
	<u>Cash Flow from Investing Activities:</u>	
S1200-250	Net Deposits to the Reserve for Replacement acct.	\$ -0-
S1200-255	Net Deposits to Other Reserves	-0-
S1200-260	Net Deposits to Residual Receipts account	-0-
S1200-330	Net Purchases of Fixed Assets	<u>-0-</u>
		<u>\$</u>
S1200-350	Net Cash (used) by Investing Activities	<u>-0-</u>
	<u>Cash Flow from Financing Activities:</u>	
S1200-360	Principal Payments - Mortgage	-0-
S1200-420	Distributions	-0-
S1200-430	Contributions	-0-
S1200-450	Other Financing Activities	<u>-0-</u>
		<u>\$</u>
S1200-460	Net Cash Provided (used) by Financing Activities	<u>-0-</u>
	<u>Net Increase (Decrease) in Cash &amp; Cash Equivalents:</u>	<u>\$ (29,938)</u>



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

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

Project Name: Grief Support Services Date Submitted: June 27, 2019	Total # of people served: 8,071 FY17-18 Total # of San Marcos residents served: 251	Amount Requested: \$ 10,000
Non-Profit Organization Name and Address, Website The Elizabeth Hospice 500 La Terraza Blvd., Ste. 130 Escondido, CA 92025		Contact Person – Name, Title & Phone, email Vatei Campbell, Grants Officer 760.796.3723 Vatei.Campbell@ehospice.org
<p><b>Briefly describe your request for funds (to be expanded upon in narrative for regular grant):</b></p> <p>A grant from the San Marcos Community Foundation will fund grief support services provided to the community by The Elizabeth Hospice. Anyone in the community grieving the death of someone dear can access our services regardless of ability to pay or how their loved one died. <u>A patient affiliation is not required</u>. These services are offered at little or no charge to ensure access to the elderly and underserved.</p> <p>Services include individual and group counseling, educational workshops, outreach programs, community events, and specialized programs for children and families. Our bereavement staff and trained volunteers serve as a community resource for support to address issues related to grief, loss and living with a serious life-threatening illness. We also offer comfort and support to the community after a crisis or tragedy.</p> <p><b>Briefly describe the significance of your request to the San Marcos community:</b></p> <p>Our programs are available year-round and have the ability to create a healthier community by providing meaningful bereavement and grief support that helps minimize the negative social and physical consequences that are often associated with the loss of a loved one.</p> <p>The Elizabeth Hospice grief services team actively serves K-12 students and school personnel during the academic year on school campuses within the San Marcos Unified School District. Our bereavement staff regularly serve as guest lecturers at California State University, San Marcos. They also serve as advisors to PhD students facilitating campus-based student grief support groups. Children and adults access general and specialized grief support groups and seek individual counseling at our regional office in Escondido.</p> <p>Please attach the following items.</p> <p><b>Both Mini-Grant &amp; Regular:</b></p> <ol style="list-style-type: none"><li>1. Budget for request (use SMCF Budget Worksheet)</li><li>2. Annual Operating budget for the organization or unit</li><li>3. Federal &amp; State Tax ID numbers</li><li>4. Board of Directors listing with affiliations</li><li>5. <b>Regular Grants Only:</b><ol style="list-style-type: none"><li>a. 1-2 page narrative</li><li>b. First 2 pages of Federal 990</li><li>c. Most recent year-end Statement or Audit including any management letters associated with Audit.</li><li>d. Signature of President or Authorized Officer on Application</li><li>e. Optional: letters of support</li></ol></li></ol>		



# The Elizabeth Hospice

## GRIEF SUPPORT SERVICES

### San Marcos Community Foundation Regular Grant Proposal

## MISSION AND HISTORY

The mission of The Elizabeth Hospice is to enhance the quality of life for those nearing the end of life's journey and for those who grieve. As a local independent non-profit, The Elizabeth Hospice focuses on helping those in the community who are facing the challenges brought on by advanced illness. We have regional offices in Escondido, Carlsbad, Mission Valley and Temecula. Since 1978, more than 100,000 people in San Diego County and Southwest Riverside County have been touched by our hospice care, palliative care and comprehensive grief support.

The Elizabeth Hospice welcomes everyone who needs our services in the community regardless of gender, age, ethnicity, religion, disease or their financial situation. Our grief support services are available to children and adults, their loved ones, as well as members of the community-at-large. A hospice patient affiliation is not required.

## PROGRAM

Grief can have a profound impact on a person's life. It may cause them to feel detached from their surroundings and the people in their lives. Grief is normal and is experienced after the death of a loved one. Strong emotions include depression, anxiety, difficulty concentrating or completing tasks, and lack of desire to socialize or go to work or school are common short-term effects of grief. Prolonged feelings of grief can be more serious in nature with long-term crippling effects.

The counselors and trained volunteers at The Elizabeth Hospice serve as a vital community resource for grief counseling, emotional support and bereavement education. They help children and adults understand the grieving process and teach them healthy coping skills so that they can live their lives normally and find joy again. Services include individual counseling, grief support groups, educational workshops, community events, resource materials and specialized programs for children.

The Elizabeth Hospice Children's Bereavement Program offers the most comprehensive services by a hospice provider in San Diego County. The program consists of two children's centers, located in Escondido and Mission Valley, where families can seek individual counseling and age-appropriate peer support groups for children and adults. We have formal contracts with 17 San Diego County (K-12) public school districts, including San Marcos Unified, to provide eight-week long, on-campus grief support groups to their students. Professional school personnel from these districts can attend half-day bereavement training workshops, offered twice a year to help them support their grieving students. Two three-day/two-night grief camps are available in the summer for children ages 7-17.

There is no cost to participate in any of our children's programs or grief support groups. Families of our hospice patients may receive individual counseling at no cost. Members from the community pay a nominal sliding fee scale for one-on-one counseling. As a community-based organization, services are available regardless of ability to pay or how their loved one died.

## POPULATION SERVED

Last fiscal year ending June 30, 2018, The Elizabeth Hospice cared for 3,071 patients with five percent of patients from San Marcos. Over 5,000 individuals received grief support and resource materials, including 150 children and adults from San Marcos.

## SAN MARCOS COMMUNITY HIGHLIGHTS (July 1, 2018 – May 31, 2019):

- 120 hospice patients from San Marcos.
- 37 volunteers provided 175 hours of support through bereavement calls/counseling sessions, patient visits, alternative therapies and care for their pets on 215 occasions to 44 San Marcos patients.
- 29 adults and 22 children received counseling, participated in support groups or attended our children's grief camp.
- 123 individuals received calls and/or resource materials following the loss of their loved one.
- 6 San Marcos Unified School District staff attended our November bereavement workshop.
- Students and staff at Mission Hills High School, Woodland Park Middle School and Knob Hill Elementary School received crisis and follow-up support after the unrelated sudden deaths of a coach, student and staff member.
- 15 students participated in two eight-week long grief support groups offered on campus at Woodland Park Middle School and Mission Hills Middle School.
- A staff bereavement counselor served as a guest lecturer for *Grief and Loss for the Working Professional* at California State University, San Marcos (CSUSM) for 80 third-year nursing students.
- A staff bereavement counselor served as an advisor to CSUSM PhD students facilitating a monthly campus-based support group for students.

## PROGRAM GOAL

Our grief support services focus on reducing negative consequences associated with the loss of a loved one. The goal is to empower people with the ability to manage their grief and loss successfully and lead a healthy life.

## EXPECTED RESULTS

To create a healthier community by providing meaningful and accessible bereavement support.

**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)

Salaries and Benefits	\$ 385,006
Facilities (Escondido, Carlsbad, Mission Valley & Temecula Offices)	\$ 44,142
Continuing Education & Training	\$ 1,402
Functions & Events	\$ 9,085
Materials & Supplies	\$ 8,138
Outreach & Recruitment	\$ 1,251
Postage	\$ 2,333
Telecommunications	\$ 2,871
Travel & Mileage	\$ 15,000
Camp Spero Children's Grief Camps	\$ 105,000
	\$ _____
	\$ _____
<b>Total budget for this PROJECT:</b>	<b>\$ 574,228</b>

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

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

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

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

\$ _____	(Name of source)	See Separate Attachment	** _____
\$ _____	(Name of source)	_____	** _____
\$ _____	(Name of source)	_____	** _____
\$ _____	(Name of source)	_____	** _____



**FY2018-19 OPERATIONAL BUDGET (July 1, 2018 - June 30, 2019)**

Net Revenue	\$	36,839,476
Direct Labor Expense	\$	17,843,521
Patient Care Expense	\$	3,726,354
<b>Total</b>	<b>\$</b>	<b>21,569,875</b>
Contibution Margin	\$	15,269,601
Indirect Expense	\$	15,163,373
Net Operational Income	\$	106,228
Fundraising Revenue	\$	3,500,000
Fundraising Expenses	\$	(280,857)
<b>Net</b>	<b>\$</b>	<b>3,325,371</b>
Other Program Expenses	\$	(1,916,382)
Investment and Interest	\$	29,183
<b>Net Operations</b>	<b>\$</b>	<b>1,438,172</b>



STATE OF CALIFORNIA

## FRANCHISE TAX BOARD

9750 BUSINESS PARK DRIVE, SUITE 214  
ACRAMENTO, CALIFORNIA 95827-1702

April 25, 1988

RECEIVED APR 28 1988

In reply refer to  
347:RTF:EO:MS:dhRose Lochmann  
1855 Valley Parkway, 107  
Escondido, CA 92027

Purpose : Charitable  
Form of Organization : Corporation  
Accounting Period Ending: June 30  
Organization Number : 0893584

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

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

You are not required to file state franchise or income tax returns unless you have income subject to the unrelated business income tax under Section 23731 of the Code. In this event, you are required to file Form 109 (Exempt Organization Business Income Tax Return) by the 15th day of the 5th month (4 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.

Special Audit Section  
Telephone (800) 852-5711

cc: The Elizabeth Hospice, Inc.

FTB 4204-ATS (REV. 8-87)

82101



**Department of the Treasury  
Internal Revenue Service  
Tax Exempt and Government Entities**

THE ELIZABETH HOSPICE INC  
% ELIZ  
500 LA TERRAZA BLVD STE 130  
ESCONDIDO, CA 92025

Date: March 21, 2018  
Person to contact:  
Name: Ms. Benjamin  
ID number: 0196814  
Employer ID number:  
95-3275679  
Form 990 required:  
Yes

Dear Sir or Madam:

We're responding to your request dated February 7, 2018 about your tax-exempt status.

We issued you a determination letter in January 1979, recognizing you as tax-exempt under Internal (IRC) Section 501(c)(3).

We also show you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi)

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax-deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading, we indicated whether you must file an annual information return. If you're required to file a return, you must file one of the following by the 15th day of the 5thmonth after the end of your annual accounting period.

- Form 990, Return of Organization Exempt From Income Tax
- Form 990-EZ, Short Form Return of Organization Exempt From Income Tax
- Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990EZ
- Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation

According to IRC Section 6033(j), if you don't file a required annual information return or notice for 3 consecutive years, we'll revoke your tax-exempt status on the due date of the 3rd required return or notice.

You can get IRS forms or publications you need from our website at [www.irs.gov/forms-pubs](http://www.irs.gov/forms-pubs) or by calling 800-TAX-FORM (800-829-3676).

If you have questions, call 877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific time).

Thank you for your cooperation.

Sincerely,



Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements

The Elizabeth Hospice, Inc. - Board of Directors

**FY 2019 Term Year July 1, 2018 to June 30, 2019**

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

Minimum 5 – Maximum 20 Board Members

Corporate, Board of Directors			Occupation	Term/year
1. Guy	Anastasia		Disabled American Veterans (DAV) Dept. of California, Sr. Vice Commander	Term 2/3
2. Edward	Croft		Assistant Veterans Service Center Manager Department of Veterans Affairs	Term 2/1
3. Theodore	Davis	Audit Committee Chair	Retired, Sr. VP Legal Division Union Bank of California	Term 1/3
4. Doug	Dawson	Philanthropy Committee Chair	Executive Director Ellen Browning Scripps Foundation	Term 1/3
5. Michelle	Hays	<b>Chair of the Board</b>	Chief Financial Officer	Term 2/2
6. Robert (Bob)	Hemker	Immediate Past Board Chair	Retired Chief Executive Officer, Palomar Health	Term 2/3
7. Dan	Laframboise	Treasurer / Finance Committee Chair	President, DL Wealth Management Group	Term 1/3
8. Debra (Debi)	Lange	Board Secretary	Consultant - Human Resources	Term 2/2
9. Fred	Nasseri		Owner Unicorn Jewelry	Term 1/1
10. Mark	Neu	Chair-elect and Governance Committee Chair	MHA CHC CCEP Compliance Officer	Term 2/2
11. Lori	Rappaport, PhD		Licensed Clinical Psychologist	Term 2/1
12. Cynthia	Robertson	Quality and Compliance Committee Chair	Retired Physician	Filling McGuire term 2/3
13. Brian	Walsh		Vice President, Principal Business Relationship Manager Wells Fargo Business Banking	Filling Weissmann term 2/3
Chief Officers – Executive Team staff attendees				
Janet (Jan) Jones, RN, BSN President and Chief Executive Officer ( <i>voting member</i> )		Sarah McSpadden, RN, MHA, CHC Chief Operating Officer		
Kiprian Skavinski, MBA Chief Financial Officer		Jean Loo-Russo Chief Philanthropy Officer		
Holly Swiger, PhD, MPH, PHN, RN, CHC Chief Compliance Officer		George Delgado, M.D., F.A.A.F.P Chief Medical Officer		
Cheryl Farst Manager, Executive Office				

## PUBLIC DISCLOSURE COPY

Form **990**

OMB No. 1545-0047

## Return of Organization Exempt From Income Tax

2017

Department of the Treasury  
Internal Revenue Service

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

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

► Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.Open to Public  
Inspection

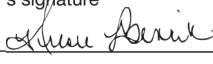
<b>A For the 2017 calendar year, or tax year beginning</b>		07/01	, 2017, and ending	06/30	, 2018
<b>B Check if applicable:</b>		<b>C Name of organization</b> THE ELIZABETH HOSPICE, INC.		<b>D Employer identification number</b> 95-3275679	
<input type="checkbox"/> Address change		Doing business as			
<input type="checkbox"/> Name change		Number and street (or P.O. box if mail is not delivered to street address)		Room/suite	
<input type="checkbox"/> Initial return		500 LA TERRAZA BLVD		130	
<input type="checkbox"/> Final return/terminated		City or town, state or province, country, and ZIP or foreign postal code			
<input type="checkbox"/> Amended return		ESCONDIDO, CA 92025-3876			
<input type="checkbox"/> Application pending		<b>F Name and address of principal officer:</b> JANET JONES SAME AS C ABOVE		<b>G Gross receipts \$</b> 56,940,841	
<b>I Tax-exempt status:</b> <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) <input type="checkbox"/> (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527				<b>H(a) Is this a group return for subordinates?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>J Website:</b> ► <a href="http://WWW.ELIZABETHHOSPICE.ORG">WWW.ELIZABETHHOSPICE.ORG</a>				<b>H(b) Are all subordinates included?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)	
<b>K Form of organization:</b> <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►				<b>L Year of formation:</b> 1985	<b>M State of legal domicile:</b> CA

<b>Part I Summary</b>			
<b>Activities &amp; Governance</b>	1 Briefly describe the organization's mission or most significant activities: TO ENHANCE THE QUALITY OF LIFE FOR THOSE NEARING THE END OF LIFE'S JOURNEY AND FOR THOSE WHO GRIEVE THROUGH RESPONSIVE MEDICAL, EMOTIONAL, AND SPIRITUAL SUPPORT.		
	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	16
	4 Number of independent voting members of the governing body (Part VI, line 1b) . . . . .	4	15
	5 Total number of individuals employed in calendar year 2017 (Part V, line 2a) . . . . .	5	423
	6 Total number of volunteers (estimate if necessary) . . . . .	6	476
	7a Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .	7a	0
b Net unrelated business taxable income from Form 990-T, line 34 . . . . .	7b	0	
<b>Revenue</b>	8 Contributions and grants (Part VIII, line 1h) . . . . .	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g) . . . . .	2,112,809	6,868,930
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .	31,239,812	37,157,470
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) . . . . .	283,474	656,339
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	282,545	435,054
	33,918,640	45,117,793	
<b>Expenses</b>	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) . . . . .	23,527,413	29,497,438
	16a Professional fundraising fees (Part IX, column (A), line 11e) . . . . .	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ► 903,004		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) . . . . .	8,998,987	10,873,253
	18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25) . . . . .	32,526,400	40,370,691
19 Revenue less expenses. Subtract line 18 from line 12 . . . . .	1,392,240	4,747,102	
<b>Net Assets or Fund Balances</b>	20 Total assets (Part X, line 16) . . . . .	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 26) . . . . .	21,568,989	27,614,759
	22 Net assets or fund balances. Subtract line 21 from line 20 . . . . .	3,428,397	4,317,710
		18,140,592	23,297,049

**Part II Signature Block**

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

<b>Sign Here</b>	Signature of officer	Date
	Type or print name and title KIPRIAN SKAVINSKI, CFO	

<b>Paid Preparer Use Only</b>	Print/Type preparer's name NICOLE BENCIK	Preparer's signature 	Date 11/7/2018	Check <input type="checkbox"/> if self-employed	PTIN P00756195
	Firm's name ► CROWE LLP	Firm's EIN ► 35-0921680			
	Firm's address ► 575 MARKET STREET, SUITE 3300, SAN FRANCISCO, CA 94105-5829	Phone no. (415) 576-1100			

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

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11282Y

Form **990** (2017)

**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:

TO ENHANCE THE QUALITY OF LIFE FOR THOSE NEARING THE END OF LIFE'S JOURNEY AND FOR THOSE WHO GRIEVE  
THROUGH RESPONSIVE MEDICAL, EMOTIONAL, AND SPIRITUAL SUPPORT.

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 \$ 30,519,090 including grants of \$ \_\_\_\_\_) (Revenue \$ 37,459,339 )

THE ELIZABETH HOSPICE IS A PIONEER IN THE HOSPICE MOVEMENT AND A TRUSTED HEALTHCARE RESOURCE  
PROVIDING CARE AND SUPPORT FOR THOSE FACING THE CHALLENGES BROUGHT ON BY ADVANCED SERIOUS ILLNESS.  
SINCE 1978, OUR SERVICES WHICH INCLUDE HOSPICE, PALLIATIVE CARE AND COMPREHENSIVE GRIEF SUPPORT,  
HAVE TOUCHED THE LIVES OF MORE THAN 100,000 PEOPLE IN SAN DIEGO COUNTY AND SOUTH RIVERSIDE  
COUNTY. THE ELIZABETH HOSPICE IS AN INDEPENDENT, NONPROFIT ORGANIZATION THAT RELIES ON CHARITABLE  
CONTRIBUTIONS TO ENSURE THAT OUR SERVICES ARE AVAILABLE TO ALL WHO NEED THEM, REGARDLESS OF  
INSURANCE COVERAGE OR THEIR ABILITY TO PAY. ALL DONATIONS SUPPORT OUR LOCAL PROGRAMS AND SERVICES  
THAT ARE OPEN TO THE ENTIRE COMMUNITY.

4b (Code: \_\_\_\_\_) (Expenses \$ 889,645 including grants of \$ \_\_\_\_\_) (Revenue \$ 136,107 )

PALLIATIVE CARE FOCUSES ON IMPROVING THE QUALITY OF LIFE FOR PEOPLE WHO ARE LIVING WITH A CHRONIC  
SERIOUS ILLNESS AND WHO ARE NOT HOSPICE ELIGIBLE. OUR PALLIATIVE CARE PROFESSIONALS WORK AS A TEAM  
WITH THE REFERRING PHYSICIAN TO CREATE A PLAN OF CARE THAT ADDRESSES THE PATIENT'S HEALTHCARE GOALS  
BY PROVIDES GUIDANCE THROUGH ILLNESS CARE CHOICES, PAIN MANAGEMENT AND RELIEVING SYMPTOMS.

4c (Code: \_\_\_\_\_) (Expenses \$ 303,575 including grants of \$ \_\_\_\_\_) (Revenue \$ 19,870 )

THE ELIZABETH HOSPICE OFFERS COMPREHENSIVE GRIEF COUNSELING SUPPORT FOR ALL AGES. THESE SERVICES ARE  
OPEN TO ALL IN THE COMMUNITY AND DO NOT REQUIRE A PATIENT AFFILIATION. ALL ARE WELCOME REGARDLESS OF  
TYPE OF LOSS EXPERIENCED. INDIVIDUAL COUNSELING AND GROUP SUPPORT ARE AVAILABLE AT OUR FACILITIES  
IN TEMECULA, MISSION VALLEY, CARLSBAD AND ESCONDIDO. SUPPORT GROUPS INCLUDE GENERAL GRIEF SUPPORT,  
SPOUSAL LOSS, CHILD LOSS, INFANT LOSS AND PARENT LOSS AS WELL AS A COMPREHENSIVE PROGRAM TO ADDRESS  
CHILDREN'S GRIEF.

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

(Expenses \$ 231,029 including grants of \$ 0 ) (Revenue \$ 0 )

4e Total program service expenses ► 31,943,339

**THE ELIZABETH HOSPICE, INC.**  
Escondido, California

**FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

THE ELIZABETH HOSPICE, INC.  
Escondido, California

FINANCIAL STATEMENTS  
June 30, 2018 and 2017

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS	
BALANCE SHEETS.....	3
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS.....	4
STATEMENTS OF CASH FLOWS.....	5
NOTES TO FINANCIAL STATEMENTS.....	6

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Elizabeth Hospice, Inc.  
Escondido, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Elizabeth Hospice, Inc., which comprise the balance sheets as of June 30, 2018 and 2017, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

---

(Continued)

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Elizabeth Hospice, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Crowe LLP*

Crowe LLP

South Bend, Indiana  
October 2, 2018

**THE ELIZABETH HOSPICE, INC.**  
**BALANCE SHEETS**  
June 30, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,643,420	\$ 3,447,790
Patient accounts receivable, net	4,446,909	3,522,167
Prepaid expenses and other	<u>503,538</u>	<u>418,246</u>
Total current assets	<u>6,593,867</u>	<u>7,388,203</u>
Property and equipment, net	3,422,569	3,318,171
Investments	<u>17,598,323</u>	<u>10,862,615</u>
	<u><u>\$ 27,614,759</u></u>	<u><u>\$ 21,568,989</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 598,070	\$ 947,788
Accrued expenses	<u>3,719,640</u>	<u>2,480,609</u>
Total current liabilities	<u>4,317,710</u>	<u>3,428,397</u>
Net assets		
Unrestricted		
Undesignated	9,013,652	10,418,664
Board designated	<u>6,436,350</u>	<u>4,663,087</u>
Total unrestricted net assets	<u>15,450,002</u>	<u>15,081,751</u>
Temporarily restricted	818,722	478,514
Permanently restricted	<u>7,028,325</u>	<u>2,580,327</u>
Total net assets	<u>23,297,049</u>	<u>18,140,592</u>
	<u><u>\$ 27,614,759</u></u>	<u><u>\$ 21,568,989</u></u>

---

See accompanying notes to financial statements.

**THE ELIZABETH HOSPICE, INC.**  
**STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS**  
Years ended June 30, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>Unrestricted net assets</b>		
Operating revenue		
Net patient service revenue	\$ 37,157,470	\$ 31,203,982
Contributions and fundraising	2,156,333	2,005,592
Special events	86,917	134,376
Interest and dividends, net of fees	145,342	89,658
Realized gains on investments	295,539	70,981
Other revenue	348,137	124,372
Net assets released from restriction	<u>189,678</u>	<u>98,612</u>
Total operating revenue	40,379,416	33,727,573
Operating expenses		
Direct patient care	21,419,311	17,993,535
Indirect patient care	9,375,790	7,385,723
Community outreach	1,749,803	1,166,024
Management and general	7,047,077	5,358,556
Fundraising	<u>716,214</u>	<u>517,780</u>
Total operating expenses	<u>40,308,195</u>	<u>32,421,618</u>
Change in unrestricted net assets from operations	71,221	1,305,955
Nonoperating revenues		
Unrealized gains on investments	<u>297,030</u>	<u>486,384</u>
Change in unrestricted net assets	368,251	1,792,339
<b>Temporarily restricted net assets</b>		
Contributions	264,599	107,217
Interest and dividends, net of fees	77,198	35,272
Net realized and unrealized gains on investments	188,089	212,451
Net assets released from restriction	<u>(189,678)</u>	<u>(98,612)</u>
Change in temporarily restricted net assets	340,208	256,328
<b>Permanently restricted net assets</b>		
Contributions	<u>4,447,998</u>	-
<b>Change in net assets</b>		
Net assets at beginning of year	<u>5,156,457</u>	2,048,667
<b>Net assets at end of year</b>	<u>\$ 23,297,049</u>	<u>\$ 18,140,592</u>

---

See accompanying notes to financial statements.

**THE ELIZABETH HOSPICE, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years ended June 30, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 5,156,457	\$ 2,048,667
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	376,396	334,712
Loss on disposal of property and equipment	10,933	-
Provision for uncollectible accounts	71,663	51,601
Net realized and unrealized gains on investments	(780,658)	(769,816)
Restricted contributions	(4,447,998)	-
Changes in assets and liabilities		
Patient accounts receivable	(996,405)	44,732
Pledges receivable	-	560,000
Prepaid expenses and other	(85,292)	(192,312)
Accounts payable	(349,718)	82,655
Accrued expenses	<u>1,239,031</u>	<u>267,131</u>
Net cash from operating activities	<u>194,409</u>	<u>2,427,370</u>
<b>Cash flows from investing activities</b>		
Advances made to Elizabeth Supportive Medical Services	(80,000)	-
Repayments on advances to Elizabeth Supportive Medical Services	80,000	-
Purchase of property and equipment	(491,727)	(197,910)
Proceeds from sales of investments	12,135,512	5,502,143
Purchases of investments	<u>(18,090,562)</u>	<u>(7,410,652)</u>
Net cash from investing activities	<u>(6,446,777)</u>	<u>(2,106,419)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings on line of credit	6,200,000	-
Principal payments on line of credit	(6,200,000)	-
Proceeds from restricted contributions	<u>4,447,998</u>	<u>-</u>
Net cash from financing activities	<u>4,447,998</u>	<u>-</u>
Net change in cash and cash equivalents	(1,804,370)	320,951
Cash and cash equivalents at beginning of year	<u>3,447,790</u>	<u>3,126,839</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,643,420</u>	<u>\$ 3,447,790</u>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for interest during the year	\$ 4,586	\$ -

---

See accompanying notes to financial statements.

THE ELIZABETH HOSPICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

---

**NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

Organization: The Elizabeth Hospice, Inc. (the "Organization") is organized under the charitable public benefit nonprofit corporate laws of the state of California. The Organization's primary purposes are to provide end-of-life care services to terminally ill patients, contribute to the sense of well-being of terminally ill patients and their families, and to train professionals and volunteers in the hospice concept.

Since August 2017, through a management service agreement (MSA), the Organization partners with Elizabeth Supportive Medical Services ("ESMS"), an aligned physician medical group, that allows for expansion of reimbursable services provided by the Organization. Revenue from this agreement for the year ended June 30, 2018 was \$256,028 and is included in other revenue in the statements of operations and changes in net assets. As part of the agreement, the Organization provides a line of credit to ESMS with an available principal amount of up to \$750,000, with interest at the current prime rate and secured by the assets of ESMS. The line of credit expires in July 2027. ESMS had no borrowings outstanding on the line of credit at June 30, 2018.

In the hospice and palliative care landscape, Scripps Health announced the closing of its hospice program during the year ended June 30, 2018 and sought the expertise of the Organization to support the transition of patients and hospice staff. The Organization has played an integral role in meeting the needs of the communities impacted by Scripps Hospice closing.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation: The financial statements report the changes in and totals of each net asset class based on the existence of donor restrictions, as applicable. Net assets are classified as unrestricted, temporarily restricted, or permanently restricted and are detailed as follows:

Unrestricted net assets represent the part of the net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The unrestricted net assets are comprised of Board designated and unrestricted amounts. As of June 30, 2018 and 2017, board designated net assets consist of \$6,436,350 and \$4,663,087, respectively, designated for an endowment created during the year ended June 30, 2017.

Temporarily restricted net assets represent the part of the net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by the passage of time or by actions of the Organization. As of June 30, 2018 and 2017, temporarily restricted net assets consisted of donor restricted funds designated for various programs and unspent endowment earnings.

Permanently restricted net assets represent the part of the net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

---

(Continued)

THE ELIZABETH HOSPICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

---

**NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents:** Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to \$250,000. Additionally, for purposes of the statements of cash flows, the Organization considers all highly liquid investments of operating cash purchased with an original maturity of three months or less to be cash equivalents.

**Patient Accounts Receivable:** The patient accounts receivable balance represents the unpaid amounts billed to patients and third-party payors. Contractual adjustments, discounts, and an allowance for uncollectible accounts are recorded to report receivables for patient care services at their net realizable value. Past due receivables are determined based on contractual terms. The Organization does not accrue interest on any of its accounts receivables.

**Allowance for Uncollectible Accounts:** The allowance for uncollectible accounts is determined by management based upon the Organization's historical losses, specific patient circumstances, and general economic conditions. Periodically, management reviews patient accounts receivable and records an allowance based on current circumstances, and charges off the receivable against the allowance when all attempts to collect the receivable are deemed to have failed in accordance with the internal collection policy. Management believes the allowances of approximately \$270,678 and \$229,231 as of June 30, 2018 and 2017, respectively, are adequate to cover potential losses from uncollectible accounts.

**Investments:** All investments are valued at their fair values in the balance sheets. Unrealized gains and losses are included in the change in net assets. See Note 3 for additional information on the nature of the Organization's investments.

**Property and Equipment:** Property and equipment are stated at cost or, if donated to the Organization, at their fair value on the date of the gift. Additions and improvements over \$2,000 are capitalized; expenditures for routine maintenance are charged to operations. Depreciation is computed over the estimated useful lives of the various classes of assets using the straight-line method.

Gifts of long-lived assets such as land, buildings, and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

**Impairment of Long-Lived Assets:** On an ongoing basis, the Organization reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts may be overstated. The Organization recognizes impairment losses if the undiscounted cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss adjusts the assets to fair value. As of June 30, 2018 and 2017, management believes that no assets were impaired.

**Net Patient Service Revenue:** Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. For the years ended June 30, 2018 and 2017, approximately 97% of the Organization's net patient service revenue was derived from the Medicare and Medicaid programs.

Provisions for estimated third-party payor settlements have been made in the financial statements for estimated contractual adjustments, representing the difference between the standard charges for services and estimated total payments to be received from third-party payors. These estimates are adjusted in future periods as final settlements are determined.

---

(Continued)

THE ELIZABETH HOSPICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

---

**NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Organization, like other health care providers, may be subject to investigations, regulatory action, lawsuits, and claims arising out of the conduct of its business, including the interpretation of laws and regulations governing the Medicare and Medicaid programs and other third-party payor agreements. Management intends to fully cooperate with any governmental agencies in requests for information. Noncompliance with laws and regulations can make the Organization subject to regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Hospice organizations are subject to two specific payment limit caps under the Medicare program. One limit relates to inpatient care days that exceed 20% of the total days of hospice care provided for the year. The second limit relates to an aggregate Medicare reimbursement cap amount. The Organization did not exceed either of the Medicare cap limitations for the years ended June 30, 2018 and 2017.

Charity Care: The Organization determines each patient's ability to pay during the admission process. When a patient meets certain criteria, part or all of the patient's charges are deemed charity care and are not billed for collection. Because the Organization does not pursue collection of amounts determined to qualify as charity care, those amounts are excluded from net patient service revenue. The cost of charity care provided was approximately \$375,000 and \$225,000 for the years ended June 30, 2018 and 2017, respectively. This cost estimate was based on the Organization-wide cost to charge ratio.

Contributions: Contributions received and unconditional promises to give are recorded as unrestricted, temporarily restricted, or permanently restricted revenue depending on the existence of donor restrictions and the nature of such restrictions, if they exist.

When a donor 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 operations and changes in net assets as net assets released from restriction.

If a restriction is fulfilled in the same accounting period in which the contribution is received, the contribution is reported as unrestricted.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of operations and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Change in Unrestricted Net Assets from Operations: The statements of operations and changes in net assets include changes in unrestricted net assets from operations. Changes in unrestricted net assets which are excluded from changes in unrestricted net assets from operations, consistent with industry practice, include unrealized gains on investments.

Income Taxes: The Organization is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes.

U.S. GAAP requires that a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

---

(Continued)

THE ELIZABETH HOSPICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

---

**NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Organization's Form 990 has not been subject to examination by the Internal Revenue Service or the state of California for the last three years. The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Organization recognizes interest and/or penalties related to income tax matters in income tax expense. The Organization did not have any amounts accrued for interest and penalties at June 30, 2018 and 2017.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2018 to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended June 30, 2018. Management performed their analysis through October 2, 2018, which is the date the financial statements were issued.

**NOTE 2 - PATIENT ACCOUNTS RECEIVABLE**

Receivables from patients and third-party payors for the years ended June 30 are as follows:

	<u>2018</u>	<u>2017</u>
Medicare	\$ 3,264,317	\$ 2,746,800
Medicaid	1,115,118	739,162
Commercial and other	<u>338,152</u>	<u>265,436</u>
	<u>4,717,587</u>	<u>3,751,398</u>
Allowance for uncollectible accounts	<u>(270,678)</u>	<u>(229,231)</u>
	<u><u>\$ 4,446,909</u></u>	<u><u>\$ 3,522,167</u></u>

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

U.S. GAAP defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in an Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

A fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Organization has the ability to access as of the measurement date. The fair values of money market funds, common stocks, exchange traded funds, mutual funds, hedge funds, and hard assets that are readily marketable are determined by obtaining quoted prices from nationally recognized securities exchanges.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. The Organization had no investments measured using Level 2 inputs at June 30, 2018 and 2017.

---

(Continued)

**THE ELIZABETH HOSPICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

---

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**  
(Continued)

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability. The Organization had no investments measured using Level 3 inputs at June 30, 2018 and 2017.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Assets measured at fair value on a recurring basis are summarized below:

	<u>Fair Value Measurements at June 30, 2018</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments:</b>				
Money market funds	\$ 1,039,683	\$ -	\$ -	\$ 1,039,683
Common stocks	2,775,834	-	-	2,775,834
Exchange traded funds	6,696,120	-	-	6,696,120
Equity mutual funds	1,759,351	-	-	1,759,351
Fixed income mutual funds	4,446,152	-	-	4,446,152
Hedge funds	<u>881,183</u>	<u>-</u>	<u>-</u>	<u>881,183</u>
<b>Total investments</b>	<b><u>\$ 17,598,323</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 17,598,323</u></b>
 <b>Fair Value Measurements at June 30, 2017</b>				
<b>Investments:</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$ 404,710	\$ -	\$ -	\$ 404,710
Money market funds	965,328	-	-	965,328
Common stocks	5,708,993	-	-	5,708,993
Exchange traded funds	1,831,680	-	-	1,831,680
Equity mutual funds	1,480,776	-	-	1,480,776
Fixed income mutual funds	243,349	-	-	243,349
Hedge funds	<u>227,779</u>	<u>-</u>	<u>-</u>	<u>227,779</u>
<b>Total investments</b>	<b><u>\$ 10,862,615</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 10,862,615</u></b>

The following schedule summarizes return on investments for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Interest and dividends, net of fees	\$ 222,540	\$ 124,930
Realized gains on investments	<u>371,303</u>	<u>113,389</u>
Unrealized gains on investments	<u>593,843</u>	<u>238,319</u>
	<u>409,355</u>	<u>656,427</u>
	<b><u>\$ 1,003,198</u></b>	<b><u>\$ 894,746</u></b>

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of investments and net assets of the Organization.

---

(Continued)

**THE ELIZABETH HOSPICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

---

**NOTE 4 - PROPERTY AND EQUIPMENT**

The Organization's property and equipment and the related accumulated depreciation at June 30 are as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 879,235	\$ 879,235
Buildings	2,861,960	2,989,829
Office equipment	1,754,686	1,371,486
Furniture and fixtures	<u>555,477</u>	<u>538,971</u>
	6,051,358	5,779,521
Less accumulated depreciation	<u>(2,628,789)</u>	<u>(2,461,350)</u>
	<u>\$ 3,422,569</u>	<u>\$ 3,318,171</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$376,396 and \$334,712, respectively.

**NOTE 5 - LINES OF CREDIT**

The Organization maintains a \$1,500,000 line of credit with a financial institution bearing interest at the prime rate plus 1% (5% as of June 30, 2018). The line of credit is secured by cash, investments, and other assets of the Organization and expires in December 2018. The Organization had no borrowings outstanding on the line of credit at June 30, 2018 or 2017.

In March 2017, the Organization obtained a \$1,000,000 line of credit with a financial institution bearing interest at LIBOR plus 1.75% (3.84% as of June 30, 2018). The line of credit is secured by cash, investments, and other assets of the Organization and expires in May 2021. The Organization had no borrowings outstanding on the line of credit at June 30, 2018 or 2017.

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2018</u>	<u>2017</u>
Building fund - Canterbury	\$ -	\$ 30,109
Unappropriated endowment earnings	512,893	339,817
Staff education	120,000	-
Other	<u>185,829</u>	<u>108,588</u>
	<u>\$ 818,722</u>	<u>\$ 478,514</u>

Temporarily restricted net assets were released from restriction for the years ended June 30 for the following purposes:

	<u>2018</u>	<u>2017</u>
Building fund - Canterbury	\$ 30,109	\$ -
Unappropriated endowment earnings	92,211	-
Other	<u>67,358</u>	<u>98,612</u>
	<u>\$ 189,678</u>	<u>\$ 98,612</u>

(Continued)

THE ELIZABETH HOSPICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

---

**NOTE 7 - ENDOWMENT ASSETS**

Overview: The Organization's endowments consist of various investment securities, most of which are traded on public markets. The endowments are made up of board designated, temporarily restricted, and permanently restricted assets. As required by U.S. GAAP, net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: The Organization's Board of Directors has determined the requirements of California's version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") to center around the preservation of the fair value of the original investment as of the date of the asset transfer. The investments resulting from donations directing that they be invested in perpetuity are classified as permanently restricted. The earnings generated by these investments are classified as temporarily restricted. The temporarily restricted earnings are reclassified as unrestricted upon their appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by California's version of UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate its endowment funds:

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

Return Objectives and Risk Parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to provide funding for operating expenses of programs supported by its endowments, while maintaining the original corpus of the endowments. In order to meet this objective, the endowment asset portfolio is structured to achieve a compound annual return, net of investment management expenses, of 4% to 6% for the Intermediate Fund portfolio and 6% to 8% for the Long-Term, Endowment, and Board Directed funds. Risk parameters are set so that reasonable volatility, including larger potential fluctuations of principal, will be tolerated over the investment horizon, in as much as it is consistent with the volatility of a comparable market index. Endowment assets include assets of donor-restricted funds that the Organization must hold in perpetuity and assets of the Organization that the Board of Directors has designated for endowment purposes.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a broadly diversified portfolio to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Organization disburses funds as needed within the guidelines of the endowments. Over the long-term, the Organization expects the current spending policy to allow its endowment to grow at the average annual rate of inflation over ten years. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Fund with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. Cumulative deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. There were no such deficiencies as of June 30, 2018 and 2017.

---

(Continued)

**THE ELIZABETH HOSPICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

---

**NOTE 7 - ENDOWMENT ASSETS** (Continued)

Endowment Net Asset Composition by Type of Fund: The Organization's composition of endowment assets as of and for the years ended June 30 is as follows:

2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board designated Donor-restricted	\$ 6,436,350	\$ -	\$ 7,028,325	\$ 6,436,350
	<u>—</u>	<u>512,893</u>	<u>7,028,325</u>	<u>7,541,218</u>
Total endowment	<u>\$ 6,436,350</u>	<u>\$ 512,893</u>	<u>\$ 7,028,325</u>	<u>\$ 13,977,568</u>

2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board designated Donor-restricted	\$ 4,663,087	\$ -	\$ 2,580,327	\$ 4,663,087
	<u>—</u>	<u>339,817</u>	<u>2,580,327</u>	<u>2,920,144</u>
Total endowment	<u>\$ 4,663,087</u>	<u>\$ 339,817</u>	<u>\$ 2,580,327</u>	<u>\$ 7,583,231</u>

Change in Endowment Net Assets: The Organization's change in endowment assets, by net asset composition, for the years ended June 30 is as follows:

2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning balance	\$ 4,663,087	\$ 339,817	\$ 2,580,327	\$ 7,583,231
Interest and dividends, net of fees	85,269	77,198	-	162,467
Net realized and unrealized gains	390,617	188,089	-	578,706
Additions	1,297,377	-	4,447,998	5,745,375
Appropriations for expenditure	<u>—</u>	<u>(92,211)</u>	<u>—</u>	<u>(92,211)</u>
Total endowment	<u>\$ 6,436,350</u>	<u>\$ 512,893</u>	<u>\$ 7,028,325</u>	<u>\$ 13,977,568</u>

2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning balance	\$ -	\$ 92,094	\$ 2,580,327	\$ 2,672,421
Interest and dividends, net of fees	35,180	35,272	-	70,452
Net realized and unrealized gains	322,893	212,451	-	535,344
Additions	4,305,014	-	-	4,305,014
Total endowment	<u>\$ 4,663,087</u>	<u>\$ 339,817</u>	<u>\$ 2,580,327</u>	<u>\$ 7,583,231</u>

---

(Continued)

THE ELIZABETH HOSPICE, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

---

**NOTE 8 - OPERATING LEASE COMMITMENTS**

The Organization has various operating leases for office spaces and vehicles that expire on various dates through October 2023. Total rent expense amounted to \$1,227,389 and \$1,581,981 for the years ended June 30, 2018 and 2017, respectively. Future minimum lease commitments are as follows:

2019	\$ 1,066,048
2020	1,034,698
2021	1,066,354
2022	1,099,852
2023	771,368
Thereafter	<hr/> 59,487
	<hr/> <u>\$ 5,097,807</u>

**NOTE 9 - RETIREMENT PLAN**

The Organization maintains a qualified deferred compensation 401(k) plan for full time employees over age 21 that have completed one month of service. Under the plan, employees may elect to defer up to a percentage of pretax annual compensation, subject to the Internal Revenue Service limits. The Organization matches 50% of the participant's contribution to the Plan, not to exceed six percent of the participant's gross compensation. The Organization contributed \$502,372 and \$348,373 for the years ended June 30, 2018 and 2017, respectively.

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



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

Project Name: Solutions for Change  Date Submitted: 6/28/2019	Total # of people served: 700  Total # of San Marcos residents served: 20	Amount Requested: \$10,000
Non-Profit Organization Name and Address, Website  Solutions for Change 722 W. California Avenue Vista, CA 92083		Contact Person – Name, Title & Phone, email  Veronica Baker, Grant Writer (760) 941-6545 vbaker@solutionsforchange.org

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

Solutions for Change is dedicated to solving family homelessness permanently – one family, one community at a time -- by helping disadvantaged, underserved families break the cycle of poverty.

Over the past 19 years, Solutions for Change has transformed the lives of more than 950 families and 2,400 children throughout North County. Our 1,000-day Solutions University personal development academy helps homeless families rewrite their futures through structured classes, counseling, case management and workforce training, giving them the tools needed to secure livable wage jobs and maintain self-sufficiency. Our unique model blends affordable housing, educational opportunities, employment training, accountability, and health-related solutions to help families gain permanent independence.

We are requesting a grant of \$10,000, which will help us better meet the needs of homeless families applying to our program from the City of San Marcos, and get them back on their feet through our University program. Solutions for Change offers these parents and children a safe, stable, sober living environment, and provides the extensive support services needed for them to make a successful transition from homelessness to self-sufficiency, eliminating their reliance on government subsidies.

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

According to the 2018 Point-in-Time Count (We All Count) report by the San Diego Regional Task Force on the Homeless, the City of San Marcos has seen a 19% increase in unsheltered homeless individuals. For many, life is often a series of daunting challenges, particularly for those who have children. In the absence of a viable support structure, homelessness becomes a generational issue, affecting the entire family as well as their community.

Solutions for Change has had a long-time partnership with the City of San Marcos, helping provide homeless residents with the foundational support needed to attain self-sufficiency. Mayor Rebecca Jones is a long-time supporter and advocate of our program. In 2013, Solutions for Change received a critical showing of support through the historic signing of a first-ever 5-Mayor Proclamation from the cities of Carlsbad, Oceanside, Escondido, Vista and San Marcos. The Proclamation recognizes the imperative to solve family homelessness and outlines the cities' desire to scale the Solutions for Change model within their own communities.

It is our goal to work closely with the City of San Marcos, the San Marcos Chamber of Commerce, and health and human service organizations who are assisting the homeless residents in San Marcos to ensure that Solutions for Change is a service provider of choice when referrals are made.

Please attach the following items.

**Both Mini-Grant & Regular:**

1. Budget for request (use SMCF Budget Worksheet)
2. Annual Operating budget for the organization or unit
3. Federal & State Tax ID numbers
4. Board of Directors listing with affiliations

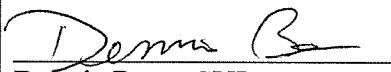
**5. Regular Grants Only:**

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

Expected date project will begin/end:

Date by which funds will be expended:

Signature of President or Authorized Officer

  
Dennis Bone, SVP

7-2-19  
7/2/19

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): [imagee@san-marcos.net](mailto:imagee@san-marcos.net)

**SAN MARCOS COMMUNITY FOUNDATION**  
**Budget Worksheet**  
**Solutions University**

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

<u>Program Salaries</u>	\$ 724,661
<u>Payroll taxes &amp; benefits</u>	\$ 217,398
<u>Computer software/hardware &amp; repair</u>	\$3,500
<u>Training</u>	\$650
<u>Copier Lease</u>	\$2,000
<u>Office supplies</u>	\$9,650
<u>Program supplies</u>	\$39,000
<u>Utilities</u>	\$27,500
<u>Repairs &amp; maintenance</u>	\$2,000
<u>Property insurance</u>	\$2,500

**Total budget for this PROJECT:** \$1,028,859

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

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

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

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

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

<u>\$50,000</u>	(Name of source) <u>Zable Foundation</u>	** <u>C</u>
<u>\$ 35,000</u>	(Name of source) <u>Capital One</u>	** <u>C</u>
<u>\$ 34,000</u>	(Name of source) <u>WD-40</u>	** <u>C</u>
<u>\$ 10,000</u>	Name of source) <u>Pacific Premier Bank</u>	** <u>C</u>
<u>\$ 50,000</u>	(Name of source) <u>Wells Fargo</u>	** <u>P</u>
<u>\$10,000</u>	(Name of source) <u>United Methodist Church</u>	** <u>P</u>
<u>\$10,000</u>	(Name of source) <u>Samuel Katherine French Fund</u>	** <u>C</u>

***Solutions for Change***  
**2019 Organizational Budget Summary**

<b>INCOME</b>	
Donations	\$1,159,269
Foundation Income	\$750,000
Public Funds - Grants/Subsidies	\$300,000
Developer Fees	\$50,000
Fundraising	\$700,000
Rental Income	\$743,947
Property Mgmt Income	\$129,684
Farm Product	\$159,600
Misc Income	
<b>Total Revenue</b>	<b>\$3,992,500</b>
Farm COGS	\$102,800
<b>Total Net Income</b>	<b>\$3,889,700</b>
<b>OPERATING EXPENSES</b>	
Personnel	\$2,100,000
Furniture & Equipment	\$5,000
Dues, Memberships & Subscription	\$22,250
Computer Hard/Software & Repair	\$30,572
Fundraising Expense	\$310,000
Advertising & Marketing	\$40,952
Meetings/Training/Travel	\$37,334
Office Expense	\$34,201
Program Expense	\$23,000
Professional Fees	\$113,751
Facilities	\$337,773
Bank & Finance Charges	\$30,920
Repairs/Maintenance	\$88,033
Taxes/Licenses/Permits	\$12,911
Insurance	\$140,658
Depreciation Expense	\$562,345
<b>Total Operating Expenses</b>	<b>\$3,889,700</b>
<b>Net Income</b>	<b>\$0</b>

OGDEN UT 84201-0029

In reply refer to: 4077550286  
July 22, 2014 LTR 4168C 0  
33-0902617 000000 00  
00029243  
BODC: TE

SOLUTIONS FOR CHANGE INC  
% MICHAEL C MEGISON  
722 W CALIFORNIA AVE  
VISTA CA 92083-3565



003156

Employer Identification Number: 33-0902617  
Person to Contact: MS SINGLETON  
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your June 05, 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 JUNE 2000.

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

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

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



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

In reply refer to  
755:G :JCA

July 18, 2000

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

Purpose : CHARITABLE  
Code Section : 23701d  
Form of Organization : Corporation  
Accounting Period Ending: December 31  
Organization Number : 2048058

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

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

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

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

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

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

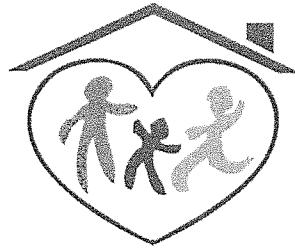
under Section 23731 of the Code. In this event, you are required to file Form 109 (Exempt Organization Business Income Tax Return) by the 15th day of the 5th month (4 1/2 months) after the close of your annual accounting period.

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

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

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

EO :  
CC :LAWRENCE J KAPLAN



*Solutions for Change*

## 2019 Board of Directors

**Leanne Abraham**, Chairman  
President  
Premierehire Executive Search & Staffing

**David H. Crean, Ph.D.**, Secretary  
Managing Director, Investment Banking  
Objective Capital Partners

**Jack Landers**, Treasurer  
Commercial Insurance/Risk Management  
Teague Insurance Agency

**John Conrad**  
Senior Accountant  
Alvarado Hospital

**Dawn Hall Cuneen**  
Managing Partner  
Cunneen Booth LLP

**Mark T. Ealy CFP, CPA**  
Wealth Management Group

**Gloria Foote, CFP**  
Managing Partner  
Financial Focus LLC

**Steve McNulty**  
Board Chair  
Vistage

**Steven Ogus**  
Director of Business Development  
San Diego Commercial Banking  
Union Bank

**Bret Schanzenbach**  
CEO  
Vista Chamber of Commerce

**Toby Wiik**  
President/CEO  
Standard Filter Corporation

## Narrative

The requested grant funds will be earmarked for Solutions University, our 1,000-day personal development academy, where formerly homeless families rewrite their futures through structured classes, counseling, case management and workforce training.

Solutions University drives success in every facet of our families' lives – workforce development, early childhood development, financial management, personal development and affordable housing. This program helps participants attain self-sufficiency by equipping them with the skills, knowledge and resources to completely transform their lives. The impact is significant: upon program completion, all participants have found livable wage jobs, and eliminated their dependence on government subsidies, which enables them to provide for their families and become active, contributing members of their communities.

Program deliverables include over 30,000 hours of educational, economic, health and housing recovery programming, including:

- Supportive Housing (198 units and counting)
- Case Management (Initial Assessment and Development of Individualized Tenant Case Plan; Ongoing Counseling; Family Case Management)
- Classes (Financial Management & Budgeting; Effective Parenting; Life Skills; Leadership Development)
- Workforce Development (Employment Development and Preparation; Job Search Skill Building; Resume Assistance; Dress for Success)
- Physical Health (annual checkups, screenings, etc.)
- Childcare & Youth Programs

Without a support structure, parents who find themselves homeless struggle to survive and provide for their families. By equipping them with the knowledge and tools to change their lives, we are creating a more promising future for them and their children. The support we request will help us engage homeless families from San Marcos in this life-transforming program, helping them create a brand new future and ending the generational cycle of poverty.

With a time-tested model, Solutions for Change has seen unprecedented results. In 2018, we served a total of 209 families, which includes 506 children and 226 adults. The most significant measure of success is the number of participants who are no longer homeless as a result of their participation in our program. Over the past 19 years, our success rate indicates that 79% of participants complete the first 500 days of the program, and 93% of those residents complete the full 1,000-day program -- attesting to the program's lasting impact on changing their lives.

Solutions for Change sees individuals and families experiencing homelessness as assets and seeks to grow, invest, and empower them. We know, when delivering interventions from an asset-based perspective, incomes grow, families are reunified, sobriety increases, crime decreases, and the reliance on public assistance declines. By fostering personal growth and economic well-being, Solutions for Change breaks the repetitive cycle of poverty and creates a profound and life-changing ripple effect on generations to come.

2017

Open to Public  
InspectionDepartment of the Treasury  
Internal Revenue Service

## Return of Organization Exempt From Income Tax

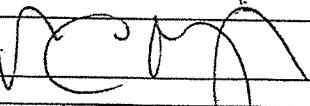
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)  
 ▶ Do not enter social security numbers on this form as it may be made public.  
 ▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

<b>A</b> For the 2017 calendar year, or tax year beginning		, 2017, and ending	
<b>B</b> Check if applicable:		<b>C</b>	
<input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending		<b>SOLUTIONS FOR CHANGE, INC.</b> 722 W CALIFORNIA AVENUE VISTA, CA 92083	
		<b>D</b> Employer identification number 33-0902617	
		<b>E</b> Telephone number (760) 941-6545	
		<b>F</b> Name and address of principal officer: <b>CHRIS MEGISON</b> SAME AS C ABOVE	
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>J</b> Website: ▶ <a href="http://WWW.SOLUTIONSFORCHANGE.ORG">WWW.SOLUTIONSFORCHANGE.ORG</a>		<b>H(b)</b> Are all subordinates included? If 'No,' attach a list. (see instructions) <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>H(c)</b> Group exemption number ▶	
<b>Part I</b> <b>Summary</b>		<b>L</b> Year of formation: 1999 <b>M</b> State of legal domicile: CA	

<b>Activities &amp; Governance</b>	1 Briefly describe the organization's mission or most significant activities: TO SOLVE FAMILY HOMELESSNESS, ONE FAMILY, ONE COMMUNITY AT A TIME.																										
	-----																										
<b>Revenue</b>	2 Check this box ▶ <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.																										
	3 Number of voting members of the governing body (Part VI, line 1a).....																										
	4 Number of independent voting members of the governing body (Part VI, line 1b).....																										
	5 Total number of individuals employed in calendar year 2017 (Part V, line 2a).....																										
	6 Total number of volunteers (estimate if necessary).....																										
	7a Total unrelated business revenue from Part VIII, column (C), line 12.....																										
	b Net unrelated business taxable income from Form 990-T, line 34.....																										
	8 Contributions and grants (Part VIII, line 1h).....																										
	9 Program service revenue (Part VIII, line 2g).....																										
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d).....																										
<b>Expenses</b>	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e).....		12 Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12).....		13 Grants and similar amounts paid (Part IX, column (A), lines 1-3).....		14 Benefits paid to or for members (Part IX, column (A), line 4).....		15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10).....		16a Professional fundraising fees (Part IX, column (A), line 11e).....		b Total fundraising expenses (Part IX, column (D), line 25) ▶ 129,688		17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e).....		18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25).....		<b>Net Assets or Fund Balances</b>	19 Revenue less expenses. Subtract line 18 from line 12.....		20 Total assets (Part X, line 16).....		21 Total liabilities (Part X, line 26).....		22 Net assets or fund balances. Subtract line 21 from line 20.....	
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e).....																										
	12 Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12).....																										
	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3).....																										
	14 Benefits paid to or for members (Part IX, column (A), line 4).....																										
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10).....																										
	16a Professional fundraising fees (Part IX, column (A), line 11e).....																										
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 129,688																										
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e).....																										
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25).....																										
<b>Net Assets or Fund Balances</b>	19 Revenue less expenses. Subtract line 18 from line 12.....																										
	20 Total assets (Part X, line 16).....																										
	21 Total liabilities (Part X, line 26).....																										
	22 Net assets or fund balances. Subtract line 21 from line 20.....																										

**Part II** **Signature Block**

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

<b>Sign Here</b>	► Signature of officer		Date		
			PRESIDENT & CEO		
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input checked="" type="checkbox"/> if self-employed	PTIN
	JULIE A. FIRL	JULIE A. FIRL	10/25/18		P00085551
	Firm's name ▶ LEAF & COLE, LLP			Firm's EIN ▶ 95-2076568	
Firm's address ▶ 2810 CAMINO DEL RIO SOUTH, SUITE 200 SAN DIEGO, CA 92108-3820			Phone no.	619.294.7200	

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

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

TEEA0113L 08/08/17

Form 990 (2017)

**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:TO SOLVE FAMILY HOMELESSNESS, ONE FAMILY, ONE COMMUNITY AT A TIME.2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? .....If 'Yes,' describe these new services on Schedule O.  Yes  No3 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.4 a (Code: \_\_\_\_\_) (Expenses \$ 2,824,468. including grants of \$ \_\_\_\_\_) (Revenue \$ 2,358,202.)  
SEE SCHEDULE O

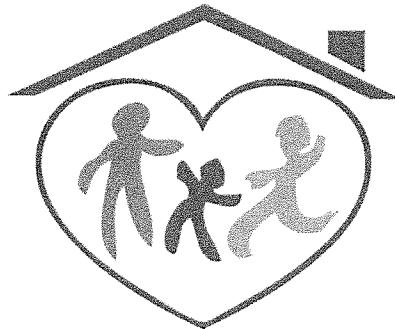
4 b (Code: \_\_\_\_\_) (Expenses \$ \_\_\_\_\_ including grants of \$ \_\_\_\_\_) (Revenue \$ \_\_\_\_\_)

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

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

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

4 e Total program service expenses ► 2,824,468.



*Solutions for Change*

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2017 AND 2016**

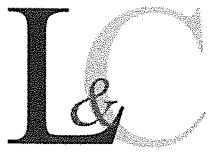


**Leaf & Cole, LLP**  
*Certified Public Accountants*

**SOLUTIONS FOR CHANGE, INC.  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report	1 - 2
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statement of Functional Expenses - 2017	5
Consolidated Statement of Functional Expenses - 2016	6
Consolidated Statements of Cash Flows	7 - 8
Notes to Consolidated Financial Statements	9 - 28



**Leaf & Cole, LLP**  
*Certified Public Accountants*  
*A Partnership of Professional Corporations*

### **Independent Auditor's Report**

To the Board of Directors  
Solutions for Change, Inc.

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Solutions for Change, Inc., which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Solutions for Change, Inc. as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Leaf+Cole LLP*

San Diego, California  
May 9, 2018

**SOLUTIONS FOR CHANGE, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2017 AND 2016**

ASSETS	<u>2017</u>	<u>2016</u>
<b><u>Current Assets:</u></b> (Notes 2 and 3)		
Cash and cash equivalents	\$ 361,468	\$ 378,328
Grants and other receivables	216,809	420,928
Pledges receivable	8,000	25,000
Prepaid expenses and other assets	11,697	24,775
Tenant trust funds	46,728	49,060
Tenant security deposits	41,460	48,968
Total Current Assets	<u>686,162</u>	<u>947,059</u>
<b><u>Noncurrent Assets:</u></b> (Notes 2, 3, 4, 5, 6, 7 and 8)		
Related party receivables	1,944,392	630,084
Pledges receivable	8,000	-
Restricted reserves	322,111	279,144
Investment in partnerships	144	87
Property and equipment, net	16,335,332	16,716,993
Total Noncurrent Assets	<u>18,609,979</u>	<u>17,626,308</u>
<b>TOTAL ASSETS</b>	<u>\$ 19,296,141</u>	<u>\$ 18,573,367</u>
LIABILITIES AND NET ASSETS		
<b><u>Current Liabilities:</u></b> (Notes 2 and 8)		
Accounts payable	\$ 214,833	\$ 235,703
Accrued expenses	95,781	102,443
Interest payable	48,284	11,631
Tenant trust funds	47,335	50,277
Tenant security deposits	41,460	48,968
Current portion of notes payable	916,868	810,770
Total Current Liabilities	<u>1,364,561</u>	<u>1,259,792</u>
<b><u>Noncurrent Liabilities:</u></b> (Notes 6 and 8)		
Share of deficiency in partnerships	1,653	84
Notes payable, net	15,356,470	16,234,350
Interest payable	1,972,169	2,062,573
Total Noncurrent Liabilities	<u>17,330,292</u>	<u>18,297,007</u>
Total Liabilities	<u>18,694,853</u>	<u>19,556,799</u>
<b><u>Commitments and Contingencies:</u></b> (Notes 10 and 11)		
<b><u>Minority Interest in Subsidiary</u></b>	<u>(5,455)</u>	<u>(3,212)</u>
<b><u>Net Assets (Deficit):</u></b> (Notes 2 and 9)		
Unrestricted	503,446	(1,191,143)
Temporarily restricted	103,297	210,923
Total Net Assets (Deficit)	<u>606,743</u>	<u>(980,220)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 19,296,141</u>	<u>\$ 18,573,367</u>

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

**SOLUTIONS FOR CHANGE, INC.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017			2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>Support and Revenue:</u></b>						
Contributions	\$ 1,453,879	\$ 91,880	\$ 1,545,759	\$ 1,362,505	\$ 147,240	\$ 1,509,745
Developer fees	1,289,802	-	1,289,802	53,681	-	53,681
Grants	612,993	-	612,993	763,708	40,508	804,216
In-kind contributions	-	-	-	14,192	-	14,192
Interest and miscellaneous	38,111	-	38,111	21,847	-	21,847
Rental income	683,047	-	683,047	712,431	-	712,431
Social enterprise	59,093	-	59,093	16,092	-	16,092
Net assets released from restriction	<u>199,506</u>	<u>(199,506)</u>	<u>-</u>	<u>450,324</u>	<u>(450,324)</u>	<u>-</u>
Total Support and Revenue	<u>4,336,431</u>	<u>(107,626)</u>	<u>4,228,805</u>	<u>3,394,780</u>	<u>(262,576)</u>	<u>3,132,204</u>
<b><u>Operating Expenses:</u></b>						
Program services	2,560,246	-	2,560,246	2,605,909	-	2,605,909
Fundraising	129,688	-	129,688	163,547	-	163,547
Management and general	391,528	-	391,528	352,521	-	352,521
Total Operating Expenses	<u>3,081,462</u>	<u>-</u>	<u>3,081,462</u>	<u>3,121,977</u>	<u>-</u>	<u>3,121,977</u>
Change in Net Assets Before Nonoperating Revenue and (Expenses)	1,254,969	(107,626)	1,147,343	272,803	(262,576)	10,227
<b><u>Nonoperating Revenue and (Expenses):</u></b>						
Depreciation	(563,512)	-	(563,512)	(492,288)	-	(492,288)
Gain on sale of property and equipment	2,555	-	2,555	161,639	-	161,639
Interest - residual receipts debt	(213,184)	-	(213,184)	(237,070)	-	(237,070)
Loan forgiveness income	1,211,473	-	1,211,473	-	-	-
Minority interest excess of expenses over revenue and support of subsidiary	2,243	-	2,243	2,125	-	2,125
Partnership income	45	-	45	69	-	69
Total Nonoperating Revenue and (Expenses)	<u>439,620</u>	<u>-</u>	<u>439,620</u>	<u>(565,525)</u>	<u>-</u>	<u>(565,525)</u>
Change in Net Assets	1,694,589	(107,626)	1,586,963	(292,722)	(262,576)	(555,298)
Net Assets (Deficit) at Beginning of Year	<u>(1,191,143)</u>	<u>210,923</u>	<u>(980,220)</u>	<u>(898,421)</u>	<u>473,499</u>	<u>(424,922)</u>
<b>NET ASSETS (DEFICIT) AT END OF YEAR</b>	<b>\$ 503,446</b>	<b>\$ 103,297</b>	<b>\$ 606,743</b>	<b>\$ (1,191,143)</b>	<b>\$ 210,923</b>	<b>\$ (980,220)</b>

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

**SOLUTIONS FOR CHANGE, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services						Supporting Services		
	Solutions For Change, Inc. Programs	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions East Vista Way, LP	Solutions Chestnut, LLC	Total Program Services	Management and General	Fundraising	Total
<b>Salaries and Related Expenses:</b>									
Salaries and wages	\$ 1,144,315	\$ 23,000	\$ 105,665	\$ -	\$ -	\$ 1,272,980	\$ 173,377	\$ 82,509	\$ 1,528,866
Payroll taxes	89,610	4,000	8,907	-	-	102,517	21,268	6,960	130,745
Employee benefits	115,718	5,431	14,516	-	-	135,665	29,511	8,988	174,164
<b>Total Salaries and Related Expenses</b>	<b>1,349,643</b>	<b>32,431</b>	<b>129,088</b>	<b>-</b>	<b>-</b>	<b>1,511,162</b>	<b>224,156</b>	<b>98,457</b>	<b>1,833,775</b>
<b>Nonsalary Related Expenses:</b>									
Advertising	24,135	-	1,565	-	-	25,700	182	-	25,882
Automobile and truck	21,705	-	1,091	-	-	22,796	-	-	22,796
Cost of goods sold	-	-	81,077	-	-	81,077	-	-	81,077
Dues and subscriptions	20,122	-	84	-	-	20,206	-	-	20,206
Fundraising expenses	-	-	-	-	-	-	-	25,845	25,845
Insurance	39,901	14,207	6,672	-	5,921	66,701	5,832	4,926	77,459
Interest	181,050	390	247	-	148	181,835	-	-	181,835
Meetings and seminars	11,391	-	9	-	-	11,400	17,100	-	28,500
Miscellaneous	4,920	-	-	-	16	4,936	871	-	5,807
Office expense	42,823	-	-	-	-	42,823	4,778	-	47,601
Other expense	11,735	-	-	-	-	11,735	-	-	11,735
Payroll processing	2,148	-	1,350	-	-	3,498	698	460	4,656
Postage and printing	1,872	-	-	-	23	1,895	-	-	1,895
Professional fees	113,155	-	2,831	-	2,132	118,118	51,119	-	169,237
Property fees	-	-	-	-	-	-	11,251	-	11,251
Rent	46,105	-	-	-	-	46,105	-	-	46,105
Repairs and maintenance	84,064	30,410	5,056	-	22,749	142,279	12,431	-	154,710
Supplies	20,603	1,293	2,897	-	-	24,793	-	-	24,793
Taxes, licenses and fees	-	-	-	-	-	-	45,886	-	45,886
Telephone	50,206	15,409	1,296	-	-	66,911	5,723	-	72,634
Utilities and refuse removal	59,421	72,761	16,528	-	27,566	176,276	11,501	-	187,777
<b>Total Nonsalary Related Expenses</b>	<b>735,356</b>	<b>134,470</b>	<b>120,703</b>	<b>-</b>	<b>58,555</b>	<b>1,049,084</b>	<b>167,372</b>	<b>31,231</b>	<b>1,247,687</b>
<b>Total Operating Expenses</b>	<b>2,084,999</b>	<b>166,901</b>	<b>249,791</b>	<b>-</b>	<b>58,555</b>	<b>2,560,246</b>	<b>391,528</b>	<b>129,688</b>	<b>3,081,462</b>
<b>Nonoperating Expenses:</b>									
Depreciation	295,291	157,951	68,452	-	41,818	563,512	-	-	563,512
Interest - residual receipts debt	105,777	106,545	-	-	862	213,184	-	-	213,184
<b>Total Nonoperating Expenses</b>	<b>401,068</b>	<b>264,496</b>	<b>68,452</b>	<b>-</b>	<b>42,680</b>	<b>776,696</b>	<b>-</b>	<b>-</b>	<b>776,696</b>
<b>TOTAL EXPENSES</b>	<b>\$ 2,486,067</b>	<b>\$ 431,397</b>	<b>\$ 318,243</b>	<b>\$ -</b>	<b>\$ 101,235</b>	<b>\$ 3,336,942</b>	<b>\$ 391,528</b>	<b>\$ 129,688</b>	<b>\$ 3,858,158</b>

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

**SOLUTIONS FOR CHANGE, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program Services						Supporting Services			Total
	Solutions For Change, Inc. Programs	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions Escondido Boulevard, LLC	Solutions Chestnut, LLC	Total Program Services	Management and General	Fundraising		
<b>Salaries and Related Expenses:</b>										
Salaries and wages	\$ 1,016,258	\$ 23,000	\$ 81,252	\$ -	\$ -	\$ 1,120,510	\$ 155,831	\$ 80,976	\$ 1,357,317	
Payroll taxes	76,798	3,996	7,160	-	-	87,954	19,378	6,616	113,948	
Employee benefits	93,838	6,607	11,140	-	-	111,585	25,205	7,702	144,492	
Total Salaries and Related Expenses	<u>1,186,894</u>	<u>33,603</u>	<u>99,552</u>	<u>-</u>	<u>-</u>	<u>1,320,049</u>	<u>200,414</u>	<u>95,294</u>	<u>1,615,757</u>	
<b>Nonsalary Related Expenses:</b>										
Advertising	72,655	-	446	-	-	73,101	159	-	73,260	
Automobile and truck	22,061	-	1,296	-	-	23,357	-	-	23,357	
Cost of goods sold	-	-	22,494	-	-	22,494	-	-	22,494	
Dues and subscriptions	21,284	-	350	-	-	21,634	-	-	21,634	
Fundraising expenses	-	-	-	-	-	-	-	61,134	61,134	
In-kind expense	14,192	-	-	-	-	14,192	-	-	14,192	
Insurance	52,571	13,529	5,065	298	5,958	77,421	7,066	6,490	90,977	
Interest	163,848	3,481	1,986	2,577	2,811	174,703	-	-	174,703	
Meetings and seminars	8,089	-	335	-	-	8,424	12,635	-	21,059	
Miscellaneous	1,815	-	-	-	191	2,006	354	-	2,360	
Office expense	39,676	-	-	-	-	39,676	4,448	-	44,124	
Other expense	188,111	-	-	-	-	188,111	-	-	188,111	
Payroll processing	2,291	-	1,513	-	-	3,804	782	629	5,215	
Postage and printing	4,780	-	-	-	58	4,838	-	-	4,838	
Professional fees	97,188	-	11,590	1,328	2,081	112,187	44,656	-	156,843	
Property fees	-	-	-	-	-	-	10,616	-	10,616	
Rent	97,312	-	-	-	-	97,312	-	-	97,312	
Repairs and maintenance	85,025	22,686	5,181	361	19,173	132,426	12,193	-	144,619	
Supplies	23,790	1,196	677	-	197	25,860	-	-	25,860	
Taxes, licenses and fees	-	-	-	-	-	-	39,912	-	39,912	
Telephone	56,409	12,049	1,104	-	-	69,562	6,391	-	75,953	
Utilities and refuse removal	70,363	78,699	16,567	1,102	28,021	194,752	12,895	-	207,647	
Total Nonsalary Related Expenses	<u>1,021,460</u>	<u>131,640</u>	<u>68,604</u>	<u>5,666</u>	<u>58,490</u>	<u>1,285,860</u>	<u>152,107</u>	<u>68,253</u>	<u>1,506,220</u>	
<b>Total Operating Expenses</b>	<b>2,208,354</b>	<b>165,243</b>	<b>168,156</b>	<b>5,666</b>	<b>58,490</b>	<b>2,605,909</b>	<b>352,521</b>	<b>163,547</b>	<b>3,121,977</b>	
<b>Nonoperating Expenses:</b>										
Depreciation	284,572	157,881	8,017	-	41,818	492,288	-	-	492,288	
Interest - residual receipts debt	129,617	106,591	-	-	862	237,070	-	-	237,070	
Total Nonoperating Expenses	<u>414,189</u>	<u>264,472</u>	<u>8,017</u>	<u>-</u>	<u>42,680</u>	<u>729,358</u>	<u>-</u>	<u>-</u>	<u>729,358</u>	
<b>TOTAL EXPENSES</b>	<b>\$ 2,622,543</b>	<b>\$ 429,715</b>	<b>\$ 176,173</b>	<b>\$ 5,666</b>	<b>\$ 101,170</b>	<b>\$ 3,335,267</b>	<b>\$ 352,521</b>	<b>\$ 163,547</b>	<b>\$ 3,851,335</b>	

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

**SOLUTIONS FOR CHANGE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b><u>Cash Flows From Operating Activities:</u></b>		
Change in net assets	\$ 1,586,963	\$ (555,298)
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Depreciation	563,512	492,288
Amortization of debt issuance costs	1,521	1,522
Gain on sale of property and equipment	(2,555)	(161,639)
Interest - residual receipts debt	213,184	237,070
Loan forgiveness	(1,211,473)	-
Minority interest (excess) deficit of support and revenue over expenses of subsidiary	(2,243)	(2,125)
Partnership income	(45)	(69)
<b>(Increase) Decrease in:</b>		
Grants and other receivables	204,119	(312,883)
Pledges receivable	9,000	500,934
Prepaid expenses and other assets	13,078	2,754
Tenant trust funds	2,332	19,612
Tenant security deposits	7,508	(4,610)
<b>Increase (Decrease) in:</b>		
Accounts payable	106,369	71,410
Accrued expenses	(6,662)	(1,132)
Interest payable	51,922	(6,523)
Tenant trust funds	(2,942)	(20,901)
Tenant security deposits	(7,508)	4,610
Net Cash Provided by Operating Activities	<u>1,526,080</u>	<u>265,020</u>
<b><u>Cash Flows From Investing Activities:</u></b>		
Proceeds from sale of property and equipment	12,885	3,189,727
Purchase of property and equipment	(1,166,711)	(1,062,369)
Related party receivables repayment	(1,314,308)	(12,032)
Deposits to restricted reserves, net	(42,967)	(40,333)
Partnership contributions and dispositions, net	(48,031)	-
Net Cash (Used in) Provided by Investing Activities	<u>(2,559,132)</u>	<u>2,074,993</u>

(Continued)

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

**SOLUTIONS FOR CHANGE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b><u>Cash Flows From Financing Activities:</u></b>		
Proceeds from notes payable	1,203,363	980,864
Payments on notes payable	(187,171)	(3,092,312)
Net Cash Provided by (Used in) Financing Activities	<u>1,016,192</u>	<u>(2,111,448)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(16,860)	228,565
Cash and Cash Equivalents at Beginning of Year	378,328	149,763
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 361,468</b>	<b>\$ 378,328</b>
<b><u>Supplemental Disclosure of Cash Flow Information:</u></b>		
Cash paid for interest, net of capitalized interest (Note 2)	<u>\$ 124,425</u>	<u>\$ 181,226</u>
<b><u>Supplemental Disclosure of Noncash Investing Activities:</u></b>		
Disposition of Solutions Escondido Boulevard 33, LP	<u>\$ (48,031)</u>	<u>\$ -</u>

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

**SOLUTIONS FOR CHANGE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**Note 1 - Organization:**

The consolidated financial statements include the accounts of the following entities which are collectively referred to as the “Organization”.

**Solutions for Change, Inc.**

Solutions for Change, Inc. (“Solutions for Change”), was incorporated in the State of California on November 15, 1999. The mission of Solutions for Change is to solve family homelessness one family, one community at a time. Solutions for Change is supported primarily through donor contributions and grants.

**Solutions Family Center, L.P.**

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

**Solutions Farms, LLC**

Solutions Farms, LLC (“Solutions Farms”) is an integral part of Solutions for Change. It functions as a laboratory for teaching important work values and preparing people for re-entry into the workforce. This is the social enterprise function; accomplishing a worthwhile social purpose while also being a functioning business. Solutions Farms raises hope, as well as produce. Solutions Farms is unique in many ways. It is an aquaponic farm where nutrient-rich water from fish culture is used to nourish produce, which in turn purifies the water so it can be returned to the fish. Everything is done within the controlled environment of a greenhouse. It is currently one of the largest aquaponic facilities in the West. Its sole member is Solutions for Change.

**Solutions Escondido Boulevard, LLC**

Solutions Escondido Boulevard, LLC (“Escondido”) was formed to serve as the managing general partner of one or more limited partnerships that own, operate and manage various multifamily affordable housing projects located in California. Its sole member is Solutions for Change.

Escondido has a .0095% interest in Solutions Escondido Boulevard 33 LP (“EB33”) which has been recorded on the equity method. In addition, Escondido acquired land and incurred predevelopment costs that were acquired by EB33 in March 2017.

**SFC Weitzel, LLC**

SFC Weitzel, LLC (“Weitzel”) had a 99% interest in SFC Weitzel, LP. Weitzel was formed to serve as the managing general partner of one or more limited partnerships that own, operate and manage various multifamily affordable housing projects located in California. Its sole member is Solutions for Change. Effective April 28, 2017, SFC Weitzel, L.P. admitted a new unrelated partner and Weitzel now has a 0.01% interest in SFC Weitzel, L.P. SFC Weitzel, L.P. is in the development phase of construction of a 32-unit apartment complex in Oceanside, CA.

**SOLUTIONS FOR CHANGE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**Note 1 - Organization: (Continued)**

**Solutions Chestnut, LLC**

Solutions Chestnut, LLC (“Chestnut”) was formed to serve as the managing general partner of one or more limited partnerships that own, operate and manage various multifamily affordable housing projects located in California. On December 26, 2014, Chestnut acquired a 16 unit apartment complex in the City of Carlsbad. Its sole member is Solutions for Change.

**Solutions Vista Terrace, LLC**

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

**Solutions Parkview, LLC**

Solutions Parkview, LLC (“Parkview”) has a .001% interest in Parkview San Marcos II, L.P., which has been recorded on the equity method. Its sole member is Solutions for Change.

**Solutions EV, LLC**

Solutions EV, LLC (“EV”) has a 0.005% interest in EVW. EV was formed to serve as the managing general partner of one or more limited partnerships that own, operate and manage various multifamily affordable housing projects located in California. Its sole member is Solutions for Change.

**Solutions East Vista Way, LP**

Solutions East Vista Way, LP (“EVW”) was formed as a limited partnership under the laws of the State of California on September 21, 2017. The Partnership was established for the purpose and intent of constructing and operating a rental housing project. EVW has a managing general partner, EV which has a .005% interest, a administration general partner, Kingdom EV, LLC which has a .005% interest and a limited partner, Solutions for Change which has a 99.99% interest.

**Solutions for Change - Our Mission and our Model**

The mission of Solutions for Change is to solve family homelessness – one family, one community at a time. With this goal, Solutions has pioneered an innovative and sustainable solution for homeless families in our community – an effort that has led more than 900 families and 2,400 children out of homelessness since 1999. The Solutions model is built on three pillars—Solutions University, Solutions Farms, and Solutions in the Community. Solutions University evaluates each family’s needs, then addresses them through an individualized and holistic personal development engagement intended to permanently end dependency and improve well-being. Solutions Farms is a social enterprise that combines employment training for Solutions University residents while growing certified organic produce using cutting-edge aquaponics technology. The produce is supplied to local school districts where tens of thousands of school children consume the food. Meanwhile, Solutions in the Community is an intentional means to re-connect resident families to their communities of origin. Through opportunities of service and engagement, families develop healthy connections and relationships that provide a sense of belonging. Solutions in the Community is also a partnership to improve distressed areas through the development of affordable rental housing, community revitalization and renewal.

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 2 - Significant Accounting Policies:**

**Consolidated Financial Statements**

The consolidated financial statements include the accounts of Solutions for Change, Inc., Solutions Family Center, L.P., Solutions Farms, LLC, Solutions Escondido Boulevard, LLC, SFC Weitzel, LLC, Solutions Chestnut, LLC, Solutions Vista Terrace, LLC, Solutions Parkview, LLC and Solutions East Vista Way, LP which are collectively referred to as the “Organization”. All material intercompany transactions have been eliminated in consolidation.

**Accounting Method**

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

**Financial Statement Presentation**

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

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

**Estimates**

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

**Fair Value Measurements**

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity’s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The Organization had no financial instruments at December 31, 2017 and 2016.

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 2 - Significant Accounting Policies: (Continued)**

**Allowance for Doubtful Accounts**

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all grants and other receivables and pledges receivable were fully collectible; therefore, no allowance for doubtful grants and other receivables and pledges receivable was recorded at December 31, 2017 and 2016.

**Inventory**

Inventory consists of operating supplies related to the operations of Solutions Farms. Inventory is valued at the lower cost (first-in, first-out) or market. Inventory totaling \$3,525 and \$11,270 is included in the prepaid expenses and other assets at December 31, 2017 and 2016, respectively.

**Capitalization and Depreciation**

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

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

Depreciation totaled \$563,512 and \$492,288 for the years ended December 31, 2017 and 2016, respectively.

Interest totaling \$7,011 and \$12,499 has been capitalized and is included in construction-in-progress for the years ended December 31, 2017 and 2016, respectively.

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

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 2 - Significant Accounting Policies: (Continued)**

**Impairment of Real Estate**

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flows expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2017 and 2016.

**Investments in Limited Partnerships**

Solutions for Change is the sole member of limited liability companies that own a general partner interest in limited partnerships. These ownership interests range from .005% to .01%. and are accounted for on the equity method.

**Compensated Absences**

Accumulated unpaid vacation totaling \$36,063 and \$41,789 at December 31, 2017 and 2016, respectively, is accrued as earned and included in accrued expenses.

**Tenant Trust Funds**

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

	<u>2017</u>	<u>2016</u>
Client savings funds	\$ 46,728	\$ 49,060
Set aside funds	607	1,217
	<hr/> <u>\$ 47,335</u>	<hr/> <u>\$ 50,277</u>

**Tenant Security Deposits**

Tenant security deposits are restricted to the extent of the tenant security deposit liability totaling \$41,460 and \$48,968 at December 31, 2017 and 2016, respectively.

**Debt Issuance Costs**

Debt issuance costs are incurred in order to obtain permanent financing. Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized deferred financing costs are presented as a direct reduction from the carrying value of the related obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and totaled \$1,521 and \$1,522 for the years ended December 31, 2017 and 2016, respectively.

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 2 - Significant Accounting Policies: (Continued)**

**Revenue Recognition**

Contributions are recognized when the donor makes a promise to give in writing to the Organization that is in substance, unconditional. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily restricted net assets. When the stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

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

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

**Unrestricted Net Assets**

The Organization's unrestricted net assets include depreciation on property and equipment, amortization of capitalized costs and accrued interest on loans for which the interest may only be paid from residual receipts. The amounts included in the unrestricted net assets are as follows at December 31:

	<u>2017</u>	<u>2016</u>
Accumulated depreciation	\$ 4,240,336	\$ 3,692,316
Interest payable – residual receipts (net of capitalized portion)	1,946,817	2,051,015
Accumulated amortization of debt issuance costs	4,801	3,280
	<u>\$ 6,191,954</u>	<u>\$ 5,746,611</u>

**Donated Services and Materials**

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the consolidated financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended December 31, 2017 and 2016, did not meet the requirements above, therefore no amounts were recognized in the consolidated financial statements.

The Organization received in-kind contributions totaling \$-0- and \$14,192 for the years ended December 31, 2017 and 2016, respectively, which have been recorded as in-kind contributions revenue and operating expenses in the consolidated statements of activities.

**SOLUTIONS FOR CHANGE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**Note 2 - Significant Accounting Policies: (Continued)**

**Allocated 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 services 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.

**Income Taxes**

Solutions for Change is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Solutions for Change believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. Solutions for Change is not a private foundation.

No provision or benefit for income taxes for the Limited Liability Companies and Limited Partnerships have been included in these consolidated financial statements since taxable income (loss) passes through to, and is reportable by, the Member/Partners individually.

Solutions for Change's Return of Organization Exempt from Income Tax, Partnership and LLC tax returns for the years ended December 31, 2017, 2016, 2015, and 2014 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

**Concentration of Credit Risk**

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

**Cash and Cash Equivalents**

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

**Subsequent Events**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 9, 2018, the date the consolidated financial statements were available to be issued, and concluded that there were no events or transactions that needed to be disclosed.

**Reclassification**

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

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 3 - Pledges Receivable:**

Pledges receivable consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Pledges due in less than one year	\$ 8,000	\$ 25,000
Pledges due in one to five years	8,000	-
Total Pledges Receivable	<u>\$ 16,000</u>	<u>\$ 25,000</u>

**Note 4 - Related Party Receivables:**

Related party receivables consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
The note receivable, which originated on July 1, 2012 and was amended effective April 11, 2013, from SFC Vista Terrace, L.P., in the original amount of \$400,000 bears interest at 3% per annum. Principal and interest are payable from residual receipts, as defined in the agreement, calculated annually. Principal and accrued interest are due July 1, 2067. Secured by a deed of trust. Accrued interest totaled \$53,490 and \$41,490 at December 31, 2017 and 2016, respectively, and is included in the receivable. In addition, \$73,081 was advanced which is noninterest bearing, payable from residual receipts.	\$ 526,571	\$ 514,571
The note receivable, which originated on October 12, 2017, from Solutions Escondido Boulevard 33. L.P., in the original amount of \$80,000. The note is noninterest bearing. Principal and interest are payable from residual receipts, as defined in the agreement, calculated annually. Principal is due October 11, 2072. Secured by a deed of trust.	88,000	-
Developer fee receivable from SFC Vista Terrace, L.P. in the original amount of \$612,000. The developer fee is paid from Limited Partner capital installments with any unpaid amounts payable from available cash flow. Interest is accrued at 4% compounded annually. Accrued interest totaled \$12,506 and \$-0- at December 31, 2017 and 2016, respectively, and is included in the receivable.	128,019	115,513
Developer fee receivable from Solutions Escondido Boulevard 33, L.P. in the original amount of \$1,289,802. The developer fee will be paid from limited partner capital installments with any unpaid amounts payable from available cash flow.	1,201,802	-
Total Related Party Receivables	<u>\$ 1,944,392</u>	<u>\$ 630,084</u>

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 5 - Restricted Reserves:**

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

**Operating Reserve**

The Partnership is required to fund an operating reserve up to the amount of \$89,200. There is no annual funding requirement for this reserve. The operating reserve balance totaled \$89,200 and \$89,200 at December 31, 2017 and 2016, respectively.

**Replacement Reserves**

The Partnership is required to fund a replacement reserve in the initial amount of \$20,000 in accordance with the regulatory agreement with the City of Vista. In accordance with the operating budget approved by the Department of Housing and Community Development, the Partnership was required to fund a replacement reserve of \$16,386 annually from March 24, 2005, through April 8, 2014. Beginning April 8, 2014, the Partnership is required to fund a replacement reserve of \$19,800 annually. The replacement reserve balance totaled \$99,150 and \$79,350 at December 31, 2017 and 2016, respectively.

The Organization is required to maintain replacement reserve accounts for each property obtained through Neighborhood Stabilization Program and HOME Investment Partnership Program funding. These amounts vary by property and must be funded annually beginning two months subsequent to the completion of rehabilitation. The replacement reserve balance totaled \$133,761 and \$110,594 at December 31, 2017 and 2016, respectively.

**Note 6 - Investment in Partnerships:**

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

	<u>2017</u>	<u>2016</u>
<b><u>Investment in Partnerships</u></b>		
Parkview San Marcos II, L.P. (.001%)	\$ 82	\$ 87
Solutions Escondido Boulevard 33, L.P. (.0095%)	62	-
Total Investment in Partnerships	<u>144</u>	<u>87</u>
<b><u>Share of Deficiency in Partnerships</u></b>		
SFC Vista Terrace, L.P. (.005%)	\$ (96)	\$ (84)
SFC Weitzel, L.P. (.01%)	(1,557)	-
Total Share of Deficiency in Partnerships	<u>(1,653)</u>	<u>(84)</u>

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 6 - Investment in Partnerships: (Continued)**

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

	2017		
	Management Fees	Other Services	Developer Fees
SFC Vista Terrace, L.P.	\$ 23,040	\$ 71,964	\$ -
Parkview San Marcos II, L.P.	4,235	3,827	-
Solutions Escondido Boulevard 33, L.P.	-	-	1,289,802
	<u>\$ 27,275</u>	<u>\$ 75,791</u>	<u>\$ 1,289,802</u>

	2016		
	Management Fees	Other Services	Developer Fees
SFC Vista Terrace, L.P.	\$ 23,040	\$ 90,912	\$ -
Parkview San Marcos II, L.P.	12,296	-	53,681
	<u>\$ 35,336</u>	<u>\$ 90,912</u>	<u>\$ 53,681</u>

**Note 7 - Property and Equipment:**

Property and equipment consist of the following at December 31:

	2017	2016
Land	\$ 5,040,017	\$ 4,633,853
Land improvements	356,395	356,395
Buildings and improvements	14,619,371	14,109,644
Construction-in-progress	57,207	838,712
Machinery and equipment	122,742	87,782
Furniture and fixtures	264,722	264,722
Vehicles	115,214	118,201
Subtotal	20,575,668	20,409,309
Less: Accumulated depreciation	(4,240,336)	(3,692,316)
Property and Equipment, Net	<u>\$ 16,335,332</u>	<u>\$ 16,716,993</u>

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 8 - Notes Payable:**

Notes payable consist of the following at December 31:

<u>Solutions for Change, Inc.</u>	<u>2017</u>	<u>2016</u>
The promissory note, which was originated on March 29, 2006, held by the California Department of Housing and Community Development in the original amount of \$924,850. Of this amount, \$864,542 and \$47,584 were provided for the purchase of the East Vista Way property. The note bears interest at 3% per annum. Repayment of principal and accrued interest are deferred as long as the Organization operates the facility as an emergency shelter or transition housing in compliance the terms of the agreement. In the event that the compliance standards are met, the loan and accrued interest will be forgiven at the maturity date of March 29, 2016 for the first draw and August 25, 2016 for the second draw. Secured by a deed of trust. Accrued interest totaled \$-0- and \$295,823 at December 31, 2017 and 2016, respectively. The note and accrued interest were forgiven on February 12, 2017.	\$ -	\$ 912,126
The loan payable, which originated September 24, 2009, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$357,762. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of September 24, 2024. Secured by a deed of trust.	350,795	351,356
The loan payable, which originated November 16, 2009, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$79,156. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of November 16, 2024. Secured by a deed of trust.	78,914	78,914
The loan payable, which originated September 3, 2009, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$301,084. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of September 3, 2024. Secured by a deed of trust.	292,961	299,712

(Continued)

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 8 - Notes Payable: (Continued)**

<u>Solutions for Change, Inc.</u>	<u>2017</u>	<u>2016</u>
The loan payable, which originated February 3, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$461,369. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of February 3, 2025. Secured by a deed of trust.	\$ 456,518	\$ 456,518
The loan payable, which originated February 26, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$132,704. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of February 26, 2025. Secured by a deed of trust.	129,342	129,342
The loan payable, which originated January 7, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$286,010. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of January 7, 2025. Secured by a deed of trust.	277,736	278,724
The loan payable, which originated August 4, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$332,847. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of August 4, 2025. Secured by a deed of trust.	323,095	323,095
The loan payable, which originated July 22, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$392,272. The loan is noninterest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of July 22, 2025. Secured by a deed of trust.	374,031	375,310

(Continued)

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 8 - Notes Payable: (Continued)**

<u>Solutions for Change, Inc. (Continued)</u>	<u>2017</u>	<u>2016</u>
The loan payable, which originated April 13, 2011, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$3,421,452. The loan bears interest at 3% per annum. Principal and accrued interest are payable from residual receipts (50%) from the Primrose property with the remaining residual receipts (50%) to be held in a segregated operating reserve account. Principal and accrued interest are due April 1, 2066. Secured by a deed of trust. Accrued interest totaled \$638,082 and \$535,829 at December 31, 2017 and 2016, respectively.	\$ 3,408,032	\$ 3,408,032
The loan payable, which originated April 1, 2011, is held by the Clearinghouse Community Development Financial Institution in the original amount of \$1,100,000. Principal and accrued interest are payable in monthly installments of \$6,419 including interest at 5.75% beginning March 1, 2012. Principal and accrued interest are due May 1, 2021. Secured by a deed of trust. Accrued interest totaled \$3,090 and \$1,824 at December 31, 2017 and 2016, respectively.	934,142	964,678
The loan payable, which originated on October 23, 2012, is held by Veritas Services LLC in the original amount of \$120,000. Payable in monthly interest only payments at 8.5%. Principal and accrued interest were due November 1, 2014, but payment has not been required. Secured by a deed of trust. Accrued interest totaled \$-0- and \$850 at December 31, 2017 and 2016, respectively.	120,000	120,000
The loan payable, which originated November 1, 2014, is held by Veritas Service in the original amount of \$185,000. Interest is accrued at 10.5% per annum, and payable in monthly installments of \$1,619. Principal and accrued interest are due October 1, 2019. Secured by a deed of trust. Accrued interest totaled \$-0- and \$1,619 at December 31, 2017 and 2016, respectively.	185,000	185,000
The loan payable, which originated September 10, 2014, is held by Silvergate Bank in the original amount of \$185,000. Principal and accrued interest are payable in monthly installments of \$966 including interest at 4.69%. Principal and accrued interest are due October 5, 2019. Secured by a deed of trust. Accrued interest totaled \$569 and \$372 at December 31, 2017 and 2016, respectively.	174,659	178,266

(Continued)

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 8 - Notes Payable: (Continued)**

<u>Solutions for Change, Inc. (Continued)</u>	<u>2017</u>	<u>2016</u>
The loan payable, which originated October 23, 2015, is held by Local Initiatives Support Corporation in the original amount of \$600,000. Interest is accrued at 6.0% per annum, and payable in monthly installments of \$3,000. Principal of \$150,000 is due December 1, 2016 and 2017, with the balance of the principal and accrued interest due November 1, 2018. Secured by a deed of trust. Accrued interest totaled \$42,000 and \$6,000 at December 31, 2017 and 2016, respectively.	\$ 600,000	\$ 600,000
The note payable, which originated January 29, 2015, is held by North County Ford in the original amount of \$25,822. Principal and accrued interest are payable in monthly installments of \$551 including interest at 9.99%. Secured by a vehicle. Accrued interest totaled \$-0- and \$25 at December 31, 2017 and 2016, respectively.	- 18,449	
The loan payable, which was assumed January 30, 2017, originated March 23, 2010, is held by the City of Oceanside in the original amount of \$154,000. Interest is accrued at 3.0% per annum, payments deferred for 15 years and then amortized over 35 years. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven at January 30, 2032. Secured by a deed of trust. Accrued interest totaled \$4,620 and \$-0- at December 31, 2017 and 2016, respectively.	154,000	-
The loan payable, which was assumed January 30, 2017, originated May 11, 2010, is held by the City of Oceanside in the original amount of \$70,708. Interest is accrued at 3.0% per annum, payments deferred for 15 years. Thereafter, payment of principal and interest is due and payable in full on June 1, 2050. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven. Secured by a deed of trust. Accrued interest totaled \$1,944 and \$-0- at December 31, 2017 and 2016, respectively.	70,708	-
The loan payable, which was assumed January 30, 2017, originated March 23, 2010, is held by the City of Oceanside in the original amount of \$309,000. Interest is accrued at 3.0% per annum, payments deferred for 15 years and then amortized over 35 years. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven at January 30, 2032. Secured by a deed of trust. Accrued interest totaled \$8,498 and \$-0- at December 31, 2017 and 2016, respectively.	309,000	-

(Continued)

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 8 - Notes Payable: (Continued)**

<b><u>Solutions for Change, Inc. (Continued)</u></b>	<u>2017</u>	<u>2016</u>
The loan payable, which was assumed January 30, 2017, originated May 11, 2010, is held by the City of Oceanside in the original amount of \$50,684. Interest is accrued at 3.0% per annum, payments deferred for 15 years. Thereafter, payment of principal and interest is due and payable in full on June 1, 2050. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven. Secured by a deed of trust. Accrued interest totaled \$1,394 and \$-0- at December 31, 2017 and 2016, respectively.	\$ 50,684	\$ -
The loan payable, which was assumed January 30, 2017, originated October 21, 2009, is held by the City of Oceanside in the original amount of \$203,571. Interest is accrued at 3.0% per annum, payments deferred for 15 years and then amortized over 35 years. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven at January 30, 2032. Secured by a deed of trust. Accrued interest totaled \$5,598 and \$-0- at December 31, 2017 and 2016, respectively.	203,571	-
The loan payable, which was assumed January 30, 2017, originated January 14, 2010, is held by the City of Oceanside in the original amount of \$58,650. Interest is accrued at 3.0% per annum, payments deferred for 15 years. Thereafter, payment of principal and interest is due and payable in full on February 1, 2050. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven. Secured by a deed of trust. Accrued interest totaled \$1,613 and \$-0- at December 31, 2017 and 2016, respectively.	58,650	-
The note payable, which originated on May 15, 2017, is held by Kingdom Development, Inc. in the original amount of \$75,000. Interest is accrued at 7.0% per annum. Principal and interest are due January 15, 2019. Unsecured. Accrued interest totaled \$1,685 and \$-0- at December 31, 2017 and 2016, respectively.	75,000	-
The note payable, which originated on October 31, 2017, is held by Kingdom Development, Inc. in the original amount of \$144,423. Interest is accrued at 7.0% per annum. Principal and interest are due March 1, 2018. Secured by a deed of trust. Accrued interest totaled \$2,625 and \$-0- at December 31, 2017 and 2016, respectively.	144,423	-
Total Solutions for Change, Inc.	8,771,261	8,679,522
Less: Unamortized debt issuance costs	(1,154)	(1,813)
<b>Total Solutions for Change, Net</b>	<b>8,770,107</b>	<b>8,677,709</b>

(Continued)

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 8 - Notes Payable: (Continued)**

	<u>2017</u>	<u>2016</u>
<b><u>Solutions Family Center, L.P.</u></b>		
The mortgage note, which was originated on March 8, 2005, is held by the California Department of Housing and Community Development in the original amount of \$2,044,512. The note bears interest at 3% per annum. Payments in the amount of forty-two hundredths of one percent (.42%) per annum on the unpaid principal balance of the loan are payable beginning December 31, 2005 and continuing annually thereafter up to the twenty-ninth anniversary of the interest payment date. Commencing on the thirtieth (30th) anniversary of the interest payment date and continuing annually thereafter, payments shall equal the lesser of (1) the full amount of interest accruing on the unpaid principal balance during the year, or (2) the amount determined by the lender as to be necessary to cover the costs of continued monitoring of the compliance requirements under the loan. In addition, the note may require additional payments from net cash flow under the terms of the regulatory agreement. The note is due March 2060. Secured by a deed of trust. Accrued interest totaled \$674,157 and \$629,996 at December 31, 2017 and 2016, respectively, and the required interest payments totaled \$8,587 for each of the years ended December 31, 2017 and 2016, respectively.	\$ 2,044,512	\$ 2,044,512
The mortgage note, which was originated on July 30, 2003, is held by the San Diego County Department of Housing and Community Development in the original amount of \$957,000. The note bears interest at 3% per annum. Principal and accrued interest are payable from residual receipts, as defined in the agreement, calculated annually. Principal and accrued interest are due July 2058. Secured by a deed of trust. Accrued interest totaled \$403,501 and \$374,791 at December 31, 2017 and 2016, respectively.	957,000	957,000
The mortgage note, which was originated on July 28, 2003, is held by the City of Vista in the original amount of \$550,000. The note bears interest at 3% per annum. Principal and accrued interest are payable from residual receipts, as defined in the agreement, calculated annually. Principal and accrued interest are due July 2058. Secured by a deed of trust. Accrued interest totaled \$231,077 and \$214,576 at December 31, 2017 and 2016, respectively.	550,000	550,000
The mortgage note, which was originated on July 31, 2003, is held by the City of Escondido in the original amount of \$375,100. The note is non-interest bearing. Principal is due July 2058. Secured by a deed of trust.	375,100	375,100

(Continued)

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 8 - Notes Payable: (Continued)**

	<u>2017</u>	<u>2016</u>
<b><u>Solutions Family Center, L.P. (Continued)</u></b>		

The mortgage note, which was originated on July 24, 2003, is held by the Bank of America for the Affordable Housing Program (AHP) in the original amount of \$176,700. The note is non-interest bearing provided that all compliance requirements of the loan are met. Principal is due July 2021. Secured by a deed of trust.

Total Solutions Family Center, L.P.	<u>\$ 176,700</u>	<u>\$ 176,700</u>
	<u>4,103,312</u>	<u>4,103,312</u>

**Solutions Farms, LLC**

The loan payable, which was originated on June 30, 2015, is held by Alliance Healthcare Foundation in the original amount of \$500,000. The loan is noninterest bearing until July 1, 2018 after which interest will accrue at 4.0% per annum. Payments of monthly principal and interest of \$4,378 are due beginning August 1, 2018. Principal and accrued interest are due August 1, 2030. Secured by a deed of trust.

500,000                    500,000

The loan payable, which was originated on December 2, 2016, is held by Alliance Healthcare Foundation in the original amount of \$255,572. The loan is noninterest bearing until July 1, 2018 after which interest accrues at 4.0% per annum. Payments of monthly principal and interest of \$2,238 are due beginning August 1, 2018. Principal and accrued interest are due August 1, 2030. Secured by the assets of Solutions Farms.

Total Solutions Farms, LLC

<u>255,572</u>	<u>255,572</u>
<u>755,572</u>	<u>755,572</u>

**SFC Weitzel, LLC**

The predevelopment loan payable, which originated June 27, 2012, is held the City of Oceanside in the original amount of \$326,000 (\$318,315 advanced as of December 31, 2016). The loan is noninterest bearing until June 3, 2015, after which interest will accrue at 3.0% per annum. The loan and accrued interest are due upon the earlier of the development closing in December 31, 2018. The loan is unsecured. Accrued interest totaled \$-0- and \$8,960 at December 31, 2017 and 2016, respectively. This loan was assumed by SFC Weitzel, L.P. in April 2017.

-                            318,315

(Continued)

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 8 - Notes Payable: (Continued)**

	<u>2017</u>	<u>2016</u>
<b><u>SFC Weitzel, LLC (Continued)</u></b>		
The loan payable, which originated September 20, 2016, is held the City of Oceanside in the original amount of \$900,000 (\$486,727 advanced as of December 31, 2016). The loan bears interest at 3.0% per annum. Principal and accrued interest are due in 55 years. Secured by a deed of trust. Accrued interest totaled \$-0- and \$2,598 at December 31, 2017 and 2016, respectively. this loan was assumed by SFC Weitzel, L.P. in April 2017.	\$ -	\$ 486,727
The loan payable, which originated October 16, 2016, is held by Kingdom Development, Inc. in the original amount of \$60,000. The loan bears interest at 7.0% per annum. Principal and accrued interest are due on the earlier of (a) May 1, 2017 and (b) construction loan closing. The loan is unsecured. Accrued interest totaled \$-0- and \$941 at December 31, 2017 and 2016, respectively. this loan was paid off in April 2017.	- <hr style="width: 100px; margin-left: 0; border: 0; border-top: 1px solid black;"/>	60,000 <hr style="width: 100px; margin-left: 0; border: 0; border-top: 1px solid black;"/>
Total SFC Weitzel, LLC	- <hr style="width: 100px; margin-left: 0; border: 0; border-top: 1px solid black;"/>	865,042 <hr style="width: 100px; margin-left: 0; border: 0; border-top: 1px solid black;"/>
<b><u>Solutions Chestnut, LLC</u></b>		
The loan payable, which originated December 24, 2014, is held by the City of Carlsbad in the original amount of \$2,646,000. The loan is noninterest bearing for the first five years, after which interest will accrue at 3.0% per annum. Beginning on January 1, 2020 and annually thereafter, payments equal to 70% of residual receipts. Principal and accrued interest are due on December 24, 2074. Secured by a deed of trust.		
Total Solutions Chestnut, LLC	2,646,000	2,646,000
Less: Unamortized debt issuance costs	2,646,000	2,646,000
Total Solutions Chestnut, LLC, Net	(1,653) <hr style="width: 100px; margin-left: 0; border: 0; border-top: 1px solid black;"/>	(2,515) <hr style="width: 100px; margin-left: 0; border: 0; border-top: 1px solid black;"/>
Total Notes Payable, Net	2,644,347	2,643,485
Less: Current Portion	16,273,338	17,045,120
Notes Payable, Long-Term, Net	(916,868) <hr style="width: 100px; margin-left: 0; border: 0; border-top: 1px solid black;"/>	(810,770) <hr style="width: 100px; margin-left: 0; border: 0; border-top: 1px solid black;"/>
	\$ 15,356,470	\$ 16,234,350 <hr style="width: 100px; margin-left: 0; border: 0; border-top: 1px solid black;"/>

Debt issuance costs total \$7,608, less accumulated amortization of \$4,801 and \$3,280 at December 31, 2017 and 2016, respectively.

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 8 - Notes Payable: (Continued)**

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

Years Ended December 31	Solutions for Change, Inc.	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions Chestnut, LLC	Total
2018	\$ 896,248	\$ -	\$ 20,620	\$ -	\$ 916,868
2019	456,801	-	50,912	-	507,713
2020	27,129	-	52,986	-	80,115
2021	853,044	176,700	55,144	-	1,084,888
2022	-	-	57,391	-	57,391
Thereafter	6,538,039	3,926,612	518,519	2,646,000	13,629,170
Total	<u>\$ 8,771,261</u>	<u>\$ 4,103,312</u>	<u>\$ 755,572</u>	<u>\$ 2,646,000</u>	<u>\$ 16,276,145</u>

**Note 9 - Temporarily Restricted Net Assets:**

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

	<u>2017</u>	<u>2016</u>
Solutions for Change - Program services	\$ 87,297	\$ 147,240
Solutions Farms - Operations	-	40,508
Building improvements for Vista Terrace	-	23,175
Pledges receivable - Operations	16,000	-
	<u>\$ 103,297</u>	<u>\$ 210,923</u>

Net assets in the amount of \$199,506 and \$450,324 were released from donor restrictions by incurring expenses and events satisfying the purpose or time restrictions specified by donors for the years ended December 31, 2017 and 2016, respectively.

**Note 10 - Contingencies:**

**Loan Agreements**

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

**Grant Agreement**

Chestnut received a grant totaling \$454,000 from the City of Carlsbad on December 24, 2014. Funds were used for the acquisition the property located at 945 Chestnut Avenue. The grant requires that seven (7) low income restricted units for affordable housing purposes for homeless families be maintained for no less than fifty-five (55) years from the date of acquisition. The grant funds shall be reimbursed to the City of Carlsbad in full upon (1) the date the property is first sold or transferred without prior written approval of the City Council, or, (2) upon failure of Chestnut to operate affordable housing for low income households on the property as stated above.

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**Note 11 - Commitments:**

**403(b) Pension Plan**

The Organization sponsors a 403(b) pension plan covering substantially all of its employees. Each employee's total contribution may not exceed the maximum allowable under current regulations. The Organization matches the first 2% of eligible compensation contributed by the employee. The Organization also pays all administrative costs of this plan. All beneficiaries of the 403(b) plan are responsible for their own plan investment decisions. Matching contributions under this plan totaled \$4,348 and \$5,262 for the years ended December 31, 2017 and 2016, respectively.

**Leases**

**Office Space**

In 2004, the Organization began occupying approximately 7,200 square feet of donated office space at the Center's facility located at 702 West California Avenue, Vista, California. Estimated fair market value of the donated facilities in 2017 and 2016 was \$129,600. Due to the elimination of intercompany transactions during the consolidation process, the rent accrual and expense are not reflected in the consolidated financial statements.

**Vehicle**

The Organization leases a vehicle under a three year lease agreement beginning April 2016, with a monthly payment of \$331. Rent expense totaled \$3,962 and \$2,979 for the years ended December 31, 2017 and 2016, respectively.

The Organization entered into a lease for a vehicle under a three year lease agreement beginning December 31, 2017, with a monthly payment of \$468. Rent expense totaled \$-0- for the years ended December 31, 2017 and 2016, respectively.

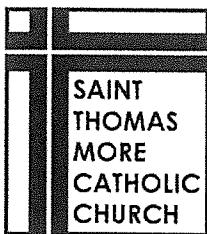
The following is a schedule of future minimum payments related to the leases:

<u>Years Ended</u> <u>December 31</u>	
2018	\$ 9,577
2019	6,606
2020	5,580
<b>Total</b>	<b><u>\$ 21,763</u></b>

**Contracts**

The Organization has an employment contract with the President, which provides a base salary plus an annual bonus based on performance and not to exceed 20% of the current salary. The contract is renewable annually.

The Organization has an employment contract with the Vice President, which provides a base salary plus an annual bonus based on performance and not to exceed 15% of the current salary through August 2018.



July 3, 2019

RE: Solutions for Change History of Success

To Whom It May Concern,

For the last twenty years Solutions for Change has been a part of my life in a variety of ways. The bank where I worked was just down the street from the first building ever completed for housing homeless children and their parents. Our bank donated books for the children as they started their journey out of homelessness.

After that, a thrift store in a shopping center was opened to obtain necessary items for these families in transition. This was also helpful monetarily as donated items that didn't match the needs of the families could be sold, and the money could be used to finance essential items.

St. Thomas More Catholic Church provided sack lunches for the residents in transition, as well as clothing and personal hygiene items. Christmas gifts were tailored to the various ages and needs of the children and adults. Backpacks with school supplies were donated annually.

As time went on, Solutions for Change grew and faced new challenges with housing facilities and an ever growing number of families who wanted to enter the SFC program. Waiting lists got longer and longer. Public support was slowly increasing, but just not fast enough to meet the immediate needs necessary to accommodate new residents.

Then the California Avenue facility and apartments were finally completed! The 1,000 Day program out of homelessness to self-sustaining citizens was made possible for families who had waited so long to start the program!

Chris and Tammy Megison gave a tremendous amount of energy and effort to the growth of SFC! A dedicated staff, Board of Directors and volunteers dedicated themselves to end family homelessness in North County! Word was out on the success of the residents going through the program and public support increased.

In 2010 I became a member of the Board of Directors. In this position I was able to help facilitate efforts to "grow" SFC, raise sufficient funds to expand, and help the never ending waiting list of families who desperately wanted to enter the program.

We've had annual fundraisers, "An Evening to Remember," which highlighted the steps in the 1000-day program from homelessness to working citizens, parents of children who now had a home with a good address to use when enrolling in school. By now, there were plenty of graduates of SFC who could tell their story of homelessness and poverty to self sustaining citizens and parents, who now wanted to give back to society! There have been a number of celebrities giving support to SFC to bring in financial support. But the real celebrities are the graduates and residents who continue to shine by their example.

Solutions Farms in Vista, a social enterprise Aquaponics Farm, has proved to be a bonus to SFC as the residents can get their work experience while helping to keep the farm in business. Local schools use our lettuce for students, which is an amazing way to highlight this project and Solutions for Change dedication to fighting homelessness.

As families graduate from the 1,000-day program, we have been able to acquire housing for many in the Vista area. However, there are more and more who need housing at the end of their 1,000 days. One only has to witness the joy and comradery of the parents and children at each Graduation Ceremony to want to help more parents and children experience the same.

The mayors of five cities in North County signed a declaration supporting Solutions for Change. Vista, Oceanside, Carlsbad, San Marcos and Escondido mayors recognize what an amazing program this is and support it 100%. Escondido and Oceanside have now opened SFC facilities in their cities! Good news is finally out there for all to witness and follow by example.

Solutions for Change now has the attention of Housing Departments in Washington D.C. There is a lot of discussion and work happening behind the scenes to grow this program.

Next month I am retiring as Director of Stewardship and Development at St. Thomas More Catholic Church, after 17 years in this capacity. This is due to family needs, and a 91 year old father who depends entirely on my sister in Scottsdale since my mom died 8 ½ years ago. Our Pastor is on the Leadership Team at SFC and our parish will continue with several Ministries we have helping SFC. I will always be a part of these efforts!

I've also had to resign from three different boards, and hand the baton over to new board members. Solutions for Change is an amazing organization which only gets better with time, and will always have my support as it continues to help more parents and children out of the "churn" as Chris Megison aptly calls it.

There are too many details to list in one letter. I could write a book about this organization and the good it has accomplished over these 20 years. Maybe someday I will!

Respectfully,

*Chris Smith*

Chris Smith  
Director of Stewardship & Development  
St. Thomas More Catholic Church  
760-758-4100 x120  
[chris@stmoside.org](mailto:chris@stmoside.org)



## MINUTES

### SAN MARCOS COMMUNITY FOUNDATION GRANT FUNDING SUBCOMMITTEE SPECIAL MEETING

**Wednesday, April 10, 2019**

**San Marcos Conference Room, 1 Civic Center Drive**

---

#### **CALL TO ORDER**

Board member Wilson called the meeting to order at 6:07 p.m.

#### **ROLL CALL:**

PRESENT:      BOARD MEMBERS: VANMIDDLESWORTH, WILSON  
ABSENT:      BOARD MEMBERS: BLANKENSHIP-WILLIAMS,

**ALSO PRESENT:** Program Manager Julie Magee and Office Specialist II Joseline Cadima.

#### **OLD BUSINESS**

**1. GRANT AWARD HISTORY** – Noted and filed.

#### **NEW BUSINESS**

**2. MINI GRANT APPLICATION PROPOSAL**

**Board members** discussed two mini grant requests:

- A). Classics 4 Kids, requested \$1,300.00 to support in-school music education workshops.
- B). Special Olympics San Diego, requested \$1,000.00 to support athletes in competing in 11 Olympic-type sports.

**BOARD MEMBER WILSON MOVED TO AWARD \$1,300.00 TO CLASSIC 4 KIDS, \$1,000.00 TO SPECIAL OLYMPICS SAN DIEGO, SECONDED BY BOARD MEMBER VANMIDDLESWORTH. MOTION PASSED BY UNANIMOUS VOICE VOTE.**

AYES: BOARD MEMBERS: VANMIDDLESWORTH, WILSON  
NOES: BOARD MEMBERS: NONE  
ABSENT: BOARD MEMBERS: BLANKENSHIP-WILLIAMS  
ABSTAIN: BOARD MEMBERS: NONE

**3. REGULAR GRANT APPLICATION PROPOSALS**

**Board members** discussed six regular grant requests:

- A). Community Resource Center, requested \$7,500.00 to support their homeless prevention services by focusing on self-sufficiency tools.
- B). Zoological Society of San Diego, requested \$10,000.00 to fund their program of teaching Science, Technology, Engineering and Math (STEM) and how that can be applied to real-world conservation issues around the globe.
- C). Operation Hope, requested \$5,000.00, to provide shelter and case management for families with children and single women.
- D). Gary and Mary West Dental Center North County, requested \$6,897.00 to purchase Apple IPADS to view graphical explanations of the dental work being performed on at-risk seniors.
- E). Feeding San Diego, requested \$10,000.00 to support a mobile food pantry.
- F). Fraternity House, requested \$10,000.00 to repair windows of their property and ensure they meet current State and Federal standards.

**BOARD MEMBER WILSON MOVED TO RECOMMEND THE FOLLOWING GRANT AMOUNTS TO THE FULL FOUNDATION BOARD FOR CONSIDERATION AT ITS NEXT MEETING: \$1,000.00 TO COMMUNITY RESOURCE CENTER, \$1,000.00 ZOOLOGICAL SOCIETY OF SAN DIEGO, \$1,000.00 TO OPERATION HOPE, \$1,000.00 TO GARY AND MARY WEST DENTAL CENTER NORTH COUNTY, \$5,000.00 TO FEEDING SAN DIEGO, \$1,500.00 TO FRATERNITY HOUSE. SECONDED BY BOARD MEMBER VANMIDDLESWORTH. MOTION PASSED BY UNANIMOUS VOICE VOTE.**

AYES: BOARD MEMBERS: VANMIDDLESWORTH, WILSON  
NOES: BOARD MEMBERS: NONE  
ABSENT: BOARD MEMBERS: BLANKENSHIP-WILLIAMS  
ABSTAIN: BOARD MEMBERS: NONE

#### **4. ARTS AND CULTURAL GRANT APPLICATION PROPOSAL**

**Board members** discussed one arts and cultural grant request:

- A). Art Imitates Life/North County Player, requested \$2,500.00 to support their productions, both theatrical and public service announcements.

**BOARD MEMBER WILSON MOVED TO RECOMMEND THE FOLLOWING GRANT AMOUNT TO THE FULL FOUNDATION BOARD FOR CONSIDERATION AT ITS NEXT MEETING: \$2,500.00 TO ART IMITATES LIFE/NORTH COUNTY PLAYER. SECONDED BY BOARD MEMBER VANMIDDLESWORTH. MOTION PASSED BY UNANIMOUS VOICE VOTE.**

AYES: BOARD MEMBERS: VANMIDDLESWORTH, WILSON  
NOES: BOARD MEMBERS: NONE  
ABSENT: BOARD MEMBERS: BLANKENSHIP-WILLIAMS  
ABSTAIN: BOARD MEMBERS: NONE

### **CONSENT CALENDAR**

**MOVED BY BOARD MEMBER WILSON, SECONDED BY BOARD MEMBER VANMIDDLESWORTH, TO APPROVE THE CONSENT CALENDAR.**

AYES: BOARD MEMBERS: VANMIDDLESWORTH, WILSON  
NOES: BOARD MEMBERS: NONE  
ABSENT: BOARD MEMBERS: BLANKENSHIP-WILLIAMS  
ABSTAIN: BOARD MEMBERS: NONE

### **WAIVER OF TEXT – Waived**

**APPROVAL OF MINUTES** – Approved - SMCF Grant Funding Subcommittee Meeting minutes of February 13, 2019.

**ORAL COMMUNICATIONS** – Dimitris Magemeneas, Mega Game Plex, hosted an information booth at the San Marcos Spring Street Fair, held a funding event at Old Spaghetti Factory and noted that MGP could possibly apply for a grant next quarter.

### **ITEMS FOR THE GOOD OF THE ORDER**

**NEXT MEETING DATE** – The next meeting of the SMCF Board of Directors is scheduled for Tuesday, May 21, 2019 at 6:00 pm. The next meeting of the Grant Funding Subcommittee is scheduled for Wednesday, May 8, 2019 at 6:00 pm.

**MISCELLANEOUS** – Program Manager Magee noted that she will be attaching funding reports to previous grantees,

### **ADJOURNMENT**

**MOVED BY BOARD MEMBER WILSON, SECONDED BY BOARD MEMBER VANMIDDLESWORTH TO ADJOURN THE MEETING AT 7:10 PM. MOTION PASSED BY UNANIMOUS VOICE VOTE.**

---

Robert Wilson, Board Member

ATTEST:

---

Julie Magee, Recording Secretary