

SAN MARCOS COMMUNITY FOUNDATION GRANT FUNDING SUBCOMMITTEE MEETING AGENDA Wednesday, October 13, 2021 – 6:00 PM Online

Pursuant to Governor Newsom's Executive Order N-29-20 dated March 17, 2020, and Executive Order N 33-20 dated March 19, 2020, issued with respect to the COVID-19 pandemic, this San Marcos Community Foundation will be conducted utilizing teleconferencing and electronic means. In the interest of reducing the spread of COVID 19, members of the public may only view the meeting online, and may not be present in the San Marcos Room. Click on the following link for the joining the meeting - <https://global.gotomeeting.com/join/615500373> or call [1 877 309 2073](tel:18773092073) using access code 615-500-373

Public Comment: To submit a public comment at the San Marcos Community Foundation meeting, please email cityclerk@san-marcos.net and write "Public Comment" in the subject line, or identify the number of the Agenda item on which you are commenting. In the body of the email, include the item number and/or title of the item as well as your comments. Email comments on matters not on the agenda must be submitted prior to the time the Board President calls the Oral Communications item. Email comments on any agenda item must be submitted prior to the time the Board President closes public comments on the agenda item. Please be advised that all emailed comments are subject to the same rules as would otherwise apply to speaker comments at any Community Foundation meeting, and that electronic comments on agenda items for this meeting may only be submitted by email. Comments via text message and/or social media (Facebook, Twitter, Instagram, etc.), will not be accepted.

The Board Secretary will read all email comments, provided that the reading will not exceed five (5) minutes, or such other time as the Board may provide, consistent with its ability to set time parameters for public comment at a Board meeting. If persons submitting comments do not want their comment to be read out loud at the meeting (not to exceed five minutes), they should note "Do Not Read Out Loud at Meeting" at the top of the email. All emailed comments received by 4:00 pm will be provided to the Board Members and included as "Supplemental Information" on the City's website prior to the meeting. Those comments received after 4:00 pm and prior to the close of public comment on the applicable agenda item will be added to the record and will be shared with the Board Members at the meeting.

Americans with Disabilities Act: If you need special assistance to participate in this meeting, please contact the Board Secretary at (760) 744-1050, ext. 3100. 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.

The Agenda's are posted on the City website at: 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 after distribution of the agenda packet are available for public inspection at the same time at the Administration department.

CALL TO ORDER

ROLL CALL

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**

OLD BUSINESS

1. GRANT AWARD HISTORY

Recommendation: **NOTE & FILE**

2. RECOMMENDATION WORKSHEET

Recommendation: **NOTE & FILE**

NEW BUSINESS

3. MINI GRANT APPLICATION PROPOSALS – Consider one proposal from non-profit organizations requesting Foundation funds.

- a. **Boys & Girls Club** - \$1,500 request to support the purchase of one new foosball table for the game room. **CONSIDER/APPROVE**
- b. **Friends for Richland** - \$1,500 request to fund live science assemblies provided by Reuben H. Fleet Science Center. **CONSIDER/APPROVE**
- c. **Road Dogs and Rescue** - \$1,500 request to support the purchase of Foster rescue dogs and save them from euthanization. **CONSIDER/APPROVE**

4. REGULAR GRANT APPLICATION PROPOSALS – Consider six proposals from non-profit organizations requesting Foundation funds.

- a. **Casa De Amparo** - \$5,000 request to Provide housing, food, physical and mental health care, educational services and other social support services. **CONSIDER/RECOMMEND**
- b. **Exceptional Opportunities** - \$5,000 request to provide special needs residents with personalized events such as deep sea fishing, Holiday family photographers, and adaptive tricycle rides. **CONSIDER/RECOMMEND**
- c. **SD Food Bank** - \$5,000 request to support the purchase of 38,000 pounds of fresh produce to low income families. **CONSIDER/RECOMMEND**
- d. **The San Marcos Promise** - \$7,500 request to support stipends for student interns participating in our pilot internship program in partnership with the City of San Marcos. **CONSIDER/RECOMMEND**
- e. **San Diego Children's Discovery Museum** - \$5,000 request to Provide virtual education and mobile museum workshops to SMUSD students. **CONSIDER/RECOMMEND**
- f. **True Care** - \$5,000 request to Purchase of blood pressure monitors to loan San Marcos patients. **CONSIDER/RECOMMEND**

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 November 10, 2021 and SMCF Board of Directors is scheduled for Tuesday, November 16, 2021.

MISCELLANEOUS

ADJOURNMENT

AFFIDAVIT OF POSTING

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

I, Phil Scollick, 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 Friday, October 8, 2021 prior to 5:30 pm.



Phil Scollick, Recording Secretary

**SAN MARCOS COMMUNITY FOUNDATION
Grant Award History FY 2020-2021**

Name	Amount	Grant Type	Date	Name of Project	Summary of Project
McAlister NIWARC	\$1,500	Mini	8/18/2020	San Marcos Homeless Relief	Funds will be used to purchase hygiene kits, socks, blankets, and bus passes for the homeless population. Will serve 250-350 residents.
Meals on Wheels*	\$1,500	Mini	8/18/2020	Senior Care in the Home	Funds will be used for food and packing of meals to be delivered to seniors who are homebound. Will serve 155 residents.
Coastal Roots Farm*	\$5,000	Regular	8/18/2020	Organic Food Distribution Program	Funds will be used to maintain their 17.5 acre farm in order to produce food for vulnerable members of the community. Will serve 500 residents.
Community Resource Center (CRC) *	\$7,500	Regular	8/18/2020	Homeless Prevention and Intervention	Funds will be used for homeless prevention and intervention services. Will serve 83 residents.
Mama's Kitchen	\$5,000	Regular	8/18/2020	Home-Delivered Meal Service - San Marcos	Funds will be used to purchase food and meal containers for home delivered meal service.. Will serve 21 residents.
Voices for Children	\$2,500	Regular	8/18/2020	Court Appointed Special Advocate (CASA) Program	Funds will be used to recruit, train, and supervise CASA volunteers as they advocate on behalf of children from San Marcos living in the foster care system. Will serve 41 residents.
Classic 4 Kids	\$1,000	Mini	11/17/2020	Zoom M&G with Musicians	Funds will be used to fund low income/title 1 schools, administrative help to coordinate programs. Will serve 720 residents.
The San Marcos Promise	\$1,500	Mini	11/17/2020	Virtual Platform for students and events	Funds used to help high and middle school students with preparing for college. Will serve 2,000 residents.
Kids College	\$1,000	Regular	11/17/2020	Fortissimo Orchestral Musical Program	Funds will be used to fund instructors for 3-8th grade low income San Marcos students learning string instruments in an after school program. Will serve 300 residents.
The Foundation for Senior Wellbeing	\$1,500	Regular	11/17/2020	Staff Program	Funds will be used to support operating expenses and expanded outreach and community awareness efforts. Will serve 250 residents.
North County LGBTQ Resource Center	\$2,000	Regular	11/17/2020	Support SM Project Youth	Funds will be used for youth project activities that affect SM school district, Palomar College & CSUSM. The activities include mental health services, leadership projects, to fund competency training for educators, 1st responders and youth organizers. Will serve 2,885 residents.
Neighborhood Healthcare	\$1,000	Regular	11/17/2020	Security Communication	Funds will be used for 2-way radios and ear-hooks for more secure and distances communication on site and between sites. Will serve 1,830 residents.
Boys & Girls Club San Marcos	\$1,500	Regular	11/17/2020	Distance Learning Hub (2nd site)	Funds will help open a second site at the Quad for 30-40 children who need academic help and childcare. Will serve 88 residents.
San Diego County Medical Society Foundation dba Champions for Health	\$1,000	Regular	11/17/2020	Project Access San Diego	Funds will help organize volunteer specialty medical providers with low-income patients to provide vital care, grant will be used toward the salaries of those organizing the care. Will serve 21 residents.
Fraternity House	\$2,500	Regular	11/17/2020	Partial Funding for Dignity Project	Funds will pay for activities director to take residents to appointments, shopping, quality of life and life skills development. Certain program costs and vehicle insurance costs. Will serve 15 residents.
Just in Time for Foster Youth	\$1,000	Regular	11/17/2020	College Bound FY 20	Funds will be used to pay for supportive service for former foster youth going to college. Will serve 60 residents.
Jacob & Cushman San Diego Food Bank	\$1,500	Regular	11/17/2020	Fresh Produce for North County Families	Funds will help with the procurement of fresh produce at 13 cents per pound to supplement other sources and meet the increased needs due to COVID-19 through 200 nonprofit partners. Will serve 5,000 residents.
The Elizabeth Hospice	\$500	Regular	11/17/2020	Grief Support Services	Funds will help various grief support group for all ages in San Marcos. Will serve 235 residents.
North County Health Project (now TruCare)	\$2,000	Regular	11/17/2020	New Equipment	Funds will help purchase additional pediatric dental x-ray sensor to allow more patients to be seen quickly. Will serve 1,215 residents.
American Academy of Pediatrics - California Chapter 3 (AAP-CA3)	\$1,500	Mini	2/16/2021	Reach Out and Read San Diego (RORSDD)	Funds will help deliver RORSDD and a book to 300 vulnerable young children, ages two months to five years old at its partner North County Health Services site in San Marcos (NCHS) Will serve 300 residents.
Palomar Family Counseling Service inc.	\$1,260	Mini	2/16/2021	Technology Upgrades (Adobe License)	Funds will help provide safe and secure online processing of submitting information. Will serve 50 residents.
Brother Benno Foundation	\$5,500	Regular	2/16/2021	Brother Benno Appliances	Funds will replace appliances at one of the sober living homes. Will serve 45 residents.

Classics 4 Kids	\$2,500	Regular	2/16/2021	Equal Access to Music Education in San Marcos	Funds will expand the popular musician "Meet & Greet" for Zoom classrooms. Will serve 744 residents.
Urban Corps of San Diego County	\$5,000	Regular	2/16/2021	Urban Corps North County Center Building Sign	Funds will assist with cost of the building sign from an Escondido vendor (Building locates in Escondido near Sprinter Station. Will serve 20 residents.
Canine Companions for Independence	\$1,454	Mini	5/12/2021	Lighting Improvements	Funds will improve lighting in public restroom used by clients, and improve lighting in rooms used by clients during their two weeks of training with their service animals. Will serve 24 residents.
Girl Scouts San Diego	\$1,000	Mini	5/12/2021	Girl Scout San Diego Membership Initiative for San Marcos	Funds will provide uniforms, program materials, and park space for K-5 girls at two low-income San Marcos schools, with leadership provided by trained CSUSM student volunteers. Will serve 50-60 residents.
REINS Therapeutic Horsemanship Program	\$500	Mini	5/12/2021	San Marcos Student Health Development Scholarships	To provide scholarships for children with disabilities in lower-income families seeking therapeutic horsemanship. Will serve 21 residents.
Big Brothers and Big Sisters San Diego County	\$2,000	Regular	5/12/2021	Mentoring Programs for At-Promise Youth in San Marcos	To support long-term mentoring relationships between carefully matched and trained adults, and at-promise young people (7-18 years old). Will serve 25-30 residents.
Feeding San Diego	\$4,000	Regular	5/12/2021	Mobile Pantry in San Marcos	To provide nutritious food to low-income people in San Marcos at community locations twice per month, avg. 27 lbs. each time. 55% of food is fresh produce. San Marcos is the largest of 17 mobile pantry distribution sites, with a 50% increase of need due to Covid-19. The need continues to grow. Will serve 1,230 residents.
Mama's Kitchen	\$1,500	Regular	5/12/2021	Home-Delivered Meal Service - San Marcos	To provide medically-tailored meals to people dealing with significant health issues such as cancer, HIV/AIDS, congestive heart failure, etc. Three meals per day plus snacks are provided, along with nutritional guidance. Will serve 30 residents.
Palomar College Foundation	\$1,500	Regular	5/12/2021	Covid-19 Equity Program for San Marcos Students in Higher Education	Support of low-income students to study remotely due to Covid19. Funds for refurbished laptops @\$100 each, internet connections, and other tech. Will serve 100 residents.
Voices for Children	\$1,500	Regular	5/12/2021	Court Appointed Special Advocates (CASA)	To recruit, train, match, and support volunteers to serve as Court Appointed Special Advocates for foster youth. Currently 23 San Marcos residents are CASAs, supporting children. Will serve 20 residents.
CharityWings	\$1,500	Mini	7/7/2021	ArtForward	To support the ArtForward program whose purpose is to elevate visual artist by commissioning, promoting and selling new works to support related non-profits and fund future local commissions. Will serve 100 residents.
American Academy of Pediatrics - CA3	\$1,500	Mini	8/17/2021	reach out and read san diego (RORSd)	To fund their delivery RORSd program to vulnerable young children, ages two months to five years of age.
Meals On Wheels SD Cty	\$4,000	Regular	8/17/2021	Senior nutrition and safety in San Marcos	To fund the cost of food and packaging 4,444 meals to be delivered to homes of food insecure, at risk seniors in San Marcos.
Outside the Lens	\$3,000	Regular	8/17/2021	Cameras in Communities	Cameras in Communities" program that supports vulnerable youth population with innovative digital media arts programming.
Coastal Roots Farm	\$5,000	Regular	8/17/2021	Work with San Marcos LEAP	To support an environmental education initiative with equitable access to equality, outdoor environmental learning opportunities. Funds will cover costs of supplies, materials, staffing, and maintenance for outdoor learning spaces.
Total Grants Awarded FY 20/21	\$85,214				

Summer Quarter Grant Requests 2021-22

Asset Balance on 6/30/2021: \$1,554,855
 Total Available for Distribution for FY 2021-22: \$62,194 - \$77,743
 Total FY 2021-22 Distributions Year to Date: \$ 15,000
 Total Funds Available for Quarter if Awarding Grants at 4% of Assets: \$ 15,549
 Total Funds Available for Quarter if Awarding Grants at 5% of Assets: \$ 19,436

Nonprofit	Program	# San Marcos Residents Served	Summary	Lead	Request	Recommend	Approved
			Mini-grants				
Boys & Girls Club	Game Room refresh project	1400	Support the purchase of one new foosball table for the game room.		\$1,500		
Friends for Richland	STEAM enrichment programs	750	To fund live science assemblies provided by Reuben H. Fleet Science Center.		\$1,500		
Road Dogs and Rescue	Special Needs	?	Foster rescue dogs and save them from euthanization		\$1,500		
			Regular Grants				
Casa De Amparo	Residential Services	100	Provide housing, food, physical and mental health care, educational services and other social support services.		\$5,000		
Exceptional Opportunities	Empowering Children with Special Needs	25	Provide special needs residents with personalized events such as deep sea fishing, Holiday family photographers, and adaptive tricycle rides.		\$5,000		
SD Food Bank	Emergency Food Relief	5000	To support the purchase of 38,000 pounds of fresh produce to low income families		\$5,000		
The San Marcos Promise	Internship Pilot Program	30	Support stipends for student interns participating in our pilot internship program in partnership with the City of San Marcos. The pilot internship will support 30 high school students in the San Marcos Unified School District (SMUSD) to gain first-hand job experience in various roles at the City's office.		\$7,500		
San Diego Children's Discovery Museum	Virtual Education & Mobile Museum	500	Provide virtual education and mobile museum workshops to SMUSD students		\$5,000		
True Care	Blood Pressure monitors	500	Purchase of blood pressure monitors to loan San Marcos patients		\$5,000		
			Totals		\$37,000	\$0	\$0

SAN MARCOS COMMUNITY FOUNDATION

Grant Cover Page



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

Project Name: Game Room Refresh Project Date Submitted: October 6, 2021	Total # of people served: 1,400 Total # of San Marcos residents served: 1,400	Amount Requested: \$1,500
Non-Profit Organization Name and Address, Website Boys & Girls Club of San Marcos 1 Positive Place, San Marcos, CA 92069 https://www.boysgirlclubsmsm.org/	Contact Person – Name, Title & Phone, email Erin Radclyffe, Development & Grants Coordinator 760-471-2490, erin@boysgirlclubsmsm.org	
Briefly describe your request for funds (to be expanded upon in narrative for regular grant): Boys & Girls Club of San Marcos (BGCSM) respectfully requests a mini grant in the amount of \$1,500 to support the purchase of one new, commercial-grade foosball table for the Game Room at the Jennifer Loscher Branch. The Game Room is the heart of the Boys & Girls Club, a cornerstone space for youth to connect with peers and adult mentors, practice good sportsmanship, and learn more about themselves and their personal interests. Grant funding would allow BGCSM to revitalize its Game Room and further its mission to inspire and enable all young people to realize their full potential as productive, responsible, and caring citizens.		
Briefly describe the significance of your request to the San Marcos community: BGCSM serves a diverse community of youth in the San Marcos area. The Game Room includes games such as traditional pool, foosball, bumper ball, carpet ball, and air hockey. Club members look forward to competing against one another in a test of logic, quick thinking, and strategy. The foosball table at JLB has been well-used by thousands of Club members, resulting in this item becoming worn over time. Through this project, BGCSM can continue offering impactful educational and recreational programs for San Marcos youth as they work to increase their knowledge and skills and become inspiring leaders in their community.		
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: December 2021 – February 2022 Date by which funds will be expended: December 31, 2021 Signature of President or Authorized Officer Name, Title Date <u>10/4/21</u> Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): cityclerk@san-marcos.net

SAN MARCOS COMMUNITY FOUNDATION

Budget Worksheet

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

<u>Tornado 8-Player Foosball Table at \$4,995 each plus shipping</u>	<u>\$5,595</u>
<u>4 Brunswick Allenton Pool Tables at \$2,775 each plus shipping, delivery, and tax</u>	<u>\$12,364.00</u>
<u>4 Championship Invitational Billiard Cloths at \$105 each plus tax</u>	<u>\$468.00</u>
<u>6 Aramith Premium Billiard Ball Sets at \$168 each plus tax</u>	<u>\$1,056.00</u>
<u>12 One-Piece Pool Cues at \$35 each plus tax</u>	<u>\$468.00</u>
<u>2 Imperial Deluxe Wall Cue Racks at \$369.99 each plus shipping and tax</u>	<u>\$798.00</u>
<u>6 Ball Triangle Racks at \$17.99 each plus shipping and tax</u>	<u>\$166.00</u>
<u> </u>	<u>\$</u>
<u> </u>	<u>\$</u>
<u> </u>	<u>\$</u>
<u> </u>	<u>\$</u>
<u> </u>	<u>\$</u>

Total budget for this PROJECT: **\$20,915**

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? No

Please list any other funding sources for this project.

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

\$18,000 Las Patronas (request to purchase pool tables & auxiliary items) ****P**

**Boys & Girls Club of San Marcos
FY2021-22 Organizational Budget Summary**

	Total
Revenue	
Contributions	\$730,000
Grants	\$1,760,846
Fee Based	\$823,150
Special Events	\$415,000
Total Revenue	\$3,728,996
Expenditures	
Personnel Expenses	\$2,360,912
Operating Expenses	\$487,800
Fundraising Expenses	\$102,000
Program Expenses	\$717,719
Total Expenditures	\$3,668,431
Net Income	\$60,565



Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248564843
Apr. 17, 2009 LTR 4168C E0
95-3330218 000000 00 000
00014978
BODC: TE

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

13669

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

Dear Taxpayer:

This is in response to your request of Apr. 08, 2009, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in June 1982, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

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

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

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

Sincerely yours,

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



BOYS & GIRLS CLUB OF SAN MARCOS

Secretary of State Business Search

Please see below a screenshot from the California Secretary of State's website verifying Boys & Girls Club of San Marcos as an organization with "Active" status. The search was conducted on September 2, 2021.

[Skip to Main Content](#) | [Skip to Footer](#)



Dr. Shirley N. Weber

California Secretary of State



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Business Entities (BE)

[Online Services](#)

- [File LLC Statement of Information](#)
- [File Corporation Statement of Information](#)
- [Business Search](#)
- [Publicly Traded Disclosure Search](#)
- [Current Processing Dates](#)
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- [Name Availability](#)
- [Forms, Samples & Fees](#)
- [Statements of Information \(annual/biennial reports\)](#)
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- [Service of Process](#)
- [FAQs](#)
- [Contact Information](#)
- [Resources](#)
 - [Business Resources](#)
 - [Tax Information](#)
 - [Starting A Business Checklist](#)

Business Search - Entity Detail

The California Business Search is updated daily and reflects work processed through Wednesday, September 1, 2021. Please refer to document [Processing Times](#) for the received dates of filings currently being processed. The data provided is not a complete or certified record of an entity. Not all images are available online.

C0882077 **BOYS AND GIRLS CLUB OF SAN MARCOS**

 [Certificate of Status](#)

Registration Date: 01/23/1979
Jurisdiction: CALIFORNIA
Entity Type: DOMESTIC NONPROFIT
Status: ACTIVE
Agent for Service of Process: CATHY LYNN BAUR
1 POSITIVE PLACE
SAN MARCOS CA 92069
Entity Address: 1 POSITIVE PLACE
SAN MARCOS CA 92069
Entity Mailing Address: 1 POSITIVE PLACE
SAN MARCOS CA 92069

A Statement of Information is due EVERY ODD-NUMBERED year beginning five months before and through the end of January.

Document Type	File Date	PDF
SI-COMPLETE	04/08/2021	
SI-COMPLETE	07/15/2020	
REGISTRATION	01/23/1979	Image unavailable. Please request paper copy.

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

- If the status of the corporation is "Surrender," the agent for service of process is automatically revoked. Please refer to California Corporations Code [section 2114](#) for information relating to service upon corporations that have surrendered.
- For information on checking or reserving a name, refer to [Name Availability](#).
- If the image is not available online, for information on ordering a copy refer to [Information Requests](#).



**BOYS & GIRLS CLUB
OF SAN MARCOS**

Board of Directors 2021-2022

Executive Committee

Paul Malone

Chair, Auction Committee
Owner, EvCon Associates

Jason Simmons

Immediate Past Chair, Safety Committee
Chair
Vice President of Operations,
Consultants Collaborative, Inc.

Debbie Thompson

Secretary
Vice President and Relationship Banker,
California Bank & Trust

Gary Levitt

Treasurer
Principal, Sea Breeze Properties

Joe El-Maasri

Executive Committee Member
President, Firestone Builders, Inc.

Spencer Bemus

Member
Vice President of Tree Care,
Bemus Landscape

Warren Gorowitz

Member
Director of Corporate Social
Responsibility, Hunter Industries

Vicki Betz

Member
Sales Representative and Community
Relations, EDCO Waste & Recycling

Michael Harris

Member
Vice President, Business
Development/Retention, Motivational
Systems, Inc.

Chris Cochran

Member
Director of Marketing and Development,
Escondido Chamber of Commerce

John Seymour

Member
Vice President of Acquisitions, National
Community Renaissance

SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page



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

Project Name: STEAM enrichment programs Date Submitted: July 26, 2021	Total # of people served: up to 750 students Total # of San Marcos residents served: up to 750 students	Amount Requested: \$ 1,500.00
Non-Profit Organization Name and Address, Website Friends of Richland (FOR) Club 910 Borden Rd San Marcos, CA 92069 www.richlandforclub.com	Contact Person – Name, Title & Phone, email Kristyn Pittenger FOR Club Treasurer (619) 977-6052 forclubtreasurer@gmail.com	
<u>Briefly</u> describe your request for funds (to be expanded upon in narrative for regular grant): We are requesting funding for live science assemblies provided by the Reuben H. Fleet Science Center. Each assembly (led by a trained educator) features interactive demonstrations and is priced at \$375. We will schedule 1-2 assemblies per grade level this Fall.		
<u>Briefly</u> describe the significance of your request to the San Marcos community: The 2021-22 school year is of unique importance as students return full-time to campus. The transition from last year's hybrid model to an in-person model brings with it an opportunity to emphasize enriching and engaging learning, such as the kind students will receive from high-quality assemblies provided by the Fleet Science Center. With the exposure they will have to evidence-based science standards, the students of Richland Elementary will discover how FUN science can be! Most importantly, they will be well-positioned to take their curiosity back to--and beyond--the classroom.		
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 <i>Kristyn Pittenger</i>, Treasurer Name, Title July 26, 2021 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): cityclerk@san-marcos.net	

	Budget	Total Budget
Cash Balance Forward		\$ 134,281.78
Income		
Fundraisers		
Alumni Golf Tournament (2021-22)	\$ 10,000.00	\$ 10,000.00
APEX Fun Run	50,000.00	50,000.00
Bingo de Mayo	4,000.00	4,000.00
Costume Sale	400.00	400.00
Donations	1,500.00	1,500.00
Donation Income	500.00	
Opt Out Income	1,000.00	
Family Dance	1,500.00	1,500.00
Halloween Carnival	20,000.00	20,000.00
Passive Income Streams		1,810.00
Amazon Smile	610.00	
Box Tops Income	250.00	
Brown Family Chem-Dry	50.00	
Farm Fresh To You Income	200.00	
Green Flash Pest Control	50.00	
Hibernate Sheet Fundraiser Income	500.00	
Ralph's Community Contribution Program	150.00	
Raise Craze	7,500.00	7,500.00
Restaurant Nights	2,000.00	2,000.00
Silver Graphics	1,500.00	1,500.00
Spiritwear	5,000.00	5,000.00
Valentine Grams	500.00	500.00
Wine Wednesdays	500.00	500.00
Yearbook	1,300.00	1,300.00
Total Income		\$ 107,510.00

Expense

Fundraisers		
Alumni Golf Tournament (2021-22)	\$ 2,000.00	\$ 2,000.00
APEX Fun Run	23,000.00	23,000.00
Bingo de Mayo	2,000.00	2,000.00
Family Dance	750.00	750.00
Halloween Carnival	7,000.00	7,000.00
Raise Craze Expense	1,000.00	1,000.00
Silver Graphics	100.00	100.00
Spiritwear	3,000.00	3,000.00
Valentine Grams	150.00	150.00
Yearbook	300.00	300.00
Programs		
5th Grade Promotion/Grad Walk	910.00	910.00
Sailing On Expense	250.00	
Yard Signs	660.00	
After School Programs	10,000.00	10,000.00
Art Program and Supplies (Non STEAM)	500.00	500.00
Art Support (Winter/Spring Play)	7,000.00	7,000.00
Chromebooks	1,500.00	1,500.00
Classroom Reimbursement Program	4,000.00	4,000.00
FOR Club Business/Administration	3,000.00	3,000.00

	<u>Budget</u>	<u>Total Budget</u>
Bank Charges - Retuned Checks	100.00	
Copy Paper	115.00	
Insurance Expense	630.00	
Non-profit Registration Tax	25.00	
Operating Expense	1,635.00	
Tax Preparation	495.00	
Instructional Aide	18,500.00	18,500.00
Instructional Supplies	4,500.00	4,500.00
Library	500.00	500.00
Misc. (Other)	4,600.00	4,600.00
P.E. Supplies	500.00	500.00
Staff Appreciation	2,100.00	2,100.00
STEAM Materials/Programs	7,500.00	7,500.00
Student Recognition	1,000.00	1,000.00
Total Expense		<u>\$ 105,410.00</u>
Total Balance		<u>\$ 136,381.78</u>

Tax Information

23-7074629

IRS Federal EIN

110715

CA Registry of Charitable Trusts Registration Number

Board of Directors

Breena Hope, President

forclubpresident@gmail.com

Hedi Wolpoff, 1st Vice President

forclubvicepresident@gmail.com

Emily Richley, 2nd Vice President

forclubsecondvp@gmail.com

Kristyn Pittenger, Treasurer

forclubtreasurer@gmail.com

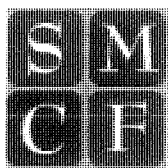
Meghan Lillie, Recording Secretary

forclubsecretary@gmail.com

Allison Bowcock, Corresponding Secretary

friendsofrichland@gmail.com

SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page



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

Project Name: Special needs/senior dog Rescue and Rehabilitation Date Submitted: 8-12-21	Total # of people served: varies Total # of San Marcos residents served: varies	Amount Requested: \$ 1500
Non-Profit Organization Name and Address, Website Road Dogs and Rescue 1812 W Burbank Blvd #7207 Burbank, CA 91506 https://www.roaddogsandrescue.org		Contact Person – Name, Title & Phone, email Holly Gambin Operations Director hgambin@roaddogsandrescue.org (323) 822-1912
<u>Briefly</u> describe your request for funds (to be expanded upon in narrative for regular grant): Road Dogs & Rescue rescues bulldog breeds, with our primary focus being complicated medical dogs, seniors and special needs puppies as they are the most likely to be euthanized. These dogs are often dumped at shelters or abandoned at veterinary clinics, and some regard them as defective and disposable. We see them as differently beautiful and differently-abled and they deserve to live amazing lives!		
<u>Briefly</u> describe the significance of your request to the San Marcos community: Road Dogs rescues and finds both fosters and permanent homes for dogs all over California. Road Dogs has amazing volunteers who drive hours and hours to save animals from devastating situations and potential euthenization.		
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: 8-12-21 Date by which funds will be expended: ASAP Signature of President or Authorized Officer Name/Title Operations Manager 8-12-21 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): cityclerk@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)

One day of medical bills for surrendered special needs and/or senior dogs	\$____\$1500__
_____	\$_____
_____	\$_____
_____	\$_____
_____	\$_____
_____	\$_____
_____	\$_____
_____	\$_____
_____	\$_____
_____	\$_____
_____	\$_____
_____	\$_____
_____	\$_____

Total budget for this PROJECT: \$____\$1500__

Grant Request Amount: \$____\$1500__
(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)_____	**_____
\$_____ (Name of source)_____	**_____
\$_____ (Name of source)_____	**_____

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

San Marcos Community Foundation : Mini Grant Application
Road Dogs & Rescue

Budget for request :

Road Dogs & Rescue spends an average of \$1500 per day on medical bills for their animals. This mini-grant would help cover vital medical bills for surrendered or discarded dogs.

Federal Tax ID : 82-5017063

Annual Operating Budget : 2021 estimated at \$1,000,000

Current Board :

- Chair, Nikki Carvey, white female, Founder of Road Dogs, roaddogsandrescue@gmail.com, 323-509-2453
- Secretary, Paul Haines, white male, Lawyer, phaines@haineslawgroup.com, 310-722-8374
- Treasurer, Patricia Martinez, Hispanic female, Entrepreneur, tricia.n.martinez@gmail.com, 630-853-5863
- Director, Stephanie Essman, white female, Veterinarian, stephanie.essman@gmail.com, 573-864-8636
- Director, Beau Dunn, white female, Artist and philanthropist, beau@beaudunn.com, 310-800-0402



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

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

Project Name: Residential Services Date Submitted: 7/6/2021	Total # of people served: 100 Total # of San Marcos residents served: 100	Amount Requested: \$5,000
Non-Profit Organization Name and Address, Website Casa de Amparo 325 Buena Creek Road, San Marcos, CA 92069 http://www.casadeamparo.org		Contact Person – Name, Title & Phone, email Amy Oden, Director of Program Development 760-566-3558, aoden@casadeamparo.org
<u>Briefly</u> describe your request for funds (to be expanded upon in narrative for regular grant): Casa de Amparo is respectfully requesting funds from the San Marcos Community Foundation for Residential Services, which provides 24-hour trauma informed care for youth in the foster care system who have been removed from their homes due to child abuse or neglect. The program includes specialized services for pregnant and parenting foster youth and their babies. Residential Services provides safe housing, clothing, nutritious food, physical and mental health care, therapeutic activities and services, education assistance and life skills training. The program can accommodate up to 50 youth simultaneously and supports over 100 residents annually. Funds from SMCF would specifically be used to enhance therapeutic activities provided to youth as they recover from the impact of abuse and neglect.		
<u>Briefly</u> describe the significance of your request to the San Marcos community: Residential Services provides the most vulnerable children in the San Marcos community with the opportunity to overcome the traumatic events they have experienced and grow into healthy young adults. All youth in Residential Services are residents of San Marcos and are active members of the community through school and recreation. All of Casa de Amparo's programs, including Residential Services, treat and prevent child abuse and neglect in our community with the goal of creating a community where children are provided the opportunity to thrive.		
Please attach the following items. <u>Both Mini-Grant & Regular:</u> 1. Budget for request (use SMCF Budget Worksheet) 2. Annual Operating budget for the organization or unit 3. Federal & State Tax ID numbers 4. Board of Directors listing with affiliations 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: 9/1/21-12/31/21 Date by which funds will be expended: 12/31/21 Signature of President or Authorized Officer  <u>Tamara Fleck-Myers, LMFT</u> <u>7/6/2021</u> Name, Title Date Executive Director 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



Treating and Preventing Child Abuse and Neglect

Casa de Amparo 2021 Board of Directors Roster

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

Chair of the Board

Richard Berwick (10/13-12/22)
President, Cross Armory

Vice-Chair

Vanessa Negrete (8/18-12/21)
Attorney, Negrete Law Group, P.C.

Immediate Past Chair

Kayleen Huffman (10/13-12/22)
CFO, Bassett Home Furnishings

Treasurer

Debbie Slattery (3/06-12/21)
Branch Manager & Vice President, California Bank & Trust

Secretary

Mary Ann Bosanac (11/13-12/22)
Realtor

Executive Director

Tamara Fleck-Myers, LMFT

Members of the Board

Theresa Akatiff (10/21-12/23)
General Dentist

Mike Barnett (7/20-12/23)
Undersheriff, San Diego County Sheriff's Department

Liese Cornwell (5/17-12/22)
CFO, Bryan C. Doonan MD, Inc.

Marilou Dela Rosa (10/09-12/21)
Owner, Access Care Culture of Caring

Jennifer Dettloff-Carter (04/21-12/24)
Marketer, Uplift Marketing

Jim Grant (8/12-12/21)
President, J.E. Grant General Contractors

Tim Lesmeister (12/15-12/21)
V.P. Marketing, WD-40 Company

Dustin Plantholt (9/19-12/22)
Chief Ambassador, Life's Tough Media

Michael Platis (3/07-12/21)
Senior Project Manager, Cumming Construction Management

Jerry Stein (12/03-12/21)
Member of the Board of Directors, Stein Family Foundation

Sharon Stein (6/93-12/20)
Member of the Board of Directors, Stein Family Foundation

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

325 Buena Creek Road, San Marcos, CA 92069

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

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

**SAN MARCOS COMMUNITY FOUNDATION
Budget Worksheet**

Provide an itemized list of expenses for this project:
Residential Services has an operational budget shortfall of \$353,579.

**Casa de Amparo
Residential Services
FY 2021-22**

Revenues

Contributions	\$ -
Contracts	4,987,536
Miscellaneous Income	-
Total Revenues	<u>4,987,536</u>

Expenditures

Personnel	3,452,788
Employee Benefits	762,172
Professional Services	234,058
Supplies	181,305
Telephone	44,757
Postage & Shipping	2,900
Occupancy	292,134
Printing	180
Transportation	81,504
Training, Meetings, Other	28,566
Advertising & Promotion	6,233
Program Expense	111,262
Equipment Expense	15,800
Total Operational Expenditures	<u>5,213,659</u>

Non-Operational Expenditures	<u>127,456</u>
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Total Expenditures	<u>5,341,115</u>
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Amount Unfunded	<u><u>(353,579)</u></u>
------------------------	-------------------------

Total budget for this PROJECT:	<u>\$5,341,115</u>
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Grant Request Amount:	<u>\$ 5,000</u>
------------------------------	-----------------

(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).

\$5,500-Dalebrook Fund (P)

\$5,000-Fox Foundation (P)

\$5,000-Sundt Foundation (P)

\$25,000-The San Diego Foundation Summer of Learning and Joy (C)

Casa de Amparo FY 20-21
General Operating

(In Whole Numbers)

	FY 20/21 Budget
Revenues	
Contracts	8,453,196
Miscellaneous Income	126,829
Total Revenues	<u>8,580,025</u>
Expenditures	
Personnel	6,279,720
Employee Benefits	1,324,005
Professional Services	197,300
Supplies	276,400
Telephone	59,062
Postage, Printing, and Shipping	20,084
Occupancy	1,248,237
Transportation	158,204
Training, Meetings, Other	68,031
Advertising & Promotion	30,897
Program Expense	390,568
Equipment Expense	94,419
Bank and other Fees	20,600
Casa Fund Raising Expense	110,000
Total Expenditures	<u>10,277,527</u>
Non-Operational Expenditures	<u>519,664</u>
Total Expenditures	<u>10,797,191</u>
Revenue less Expenditures	(2,217,166)
FY 20-21 Contribution Goal	2,234,052
Use of Proceeds	
Operations	2,217,166
Rebuild Cash Reserves	16,886
Total	<u>2,234,052</u>



CINCINNATI OH 45999-0038

In reply refer to: 0248222025
Mar. 18, 2016 LTR 4168C 0
95-3315571 000000 00
Input Op: 0248222025 00024581
BODC: TE

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

025542

Employer ID Number: 95-3315571
Form 990 required: yes

Dear Taxpayer:

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

Our records also indicate 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 a return is required, you must file Form 990, 990-EZ, 990-N, or 990-PF by the 15th day of the fifth month after the end of your annual accounting period. IRC Section 6033(j) provides that, if you don't file a required annual information return or notice for three consecutive years, your exempt status will be automatically revoked on the filing due date of the third required return or notice.

For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).

If you have questions, call 1-877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific Time).

Sincerely yours,

Doris Kenwright, Operation Mgr.
Accounts Management Operations 1

Form **990**
(Rev. January 2020)
Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
▶ Do not enter social security numbers on this form as it may be made public.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047
2019
Open to Public Inspection

A For the **2019** calendar year, or tax year beginning **JUL 1, 2019** and ending **JUN 30, 2020**

B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Final return/terminated ☐ Amended return ☐ Application pending	C Name of organization CASA DE AMPARO Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite 325 BUENA CREEK ROAD City or town, state or province, country, and ZIP or foreign postal code SAN MARCOS, CA 92069 F Name and address of principal officer: TAMARA FLECK-MYERS 325 BUENA CREEK ROAD, SAN MARCOS, CA 92069	D Employer identification number 95-3315571 E Telephone number 760-754-5500 G Gross receipts \$ 10,317,375. H(a) Is this a group return for subordinates? ☐ Yes ☒ No H(b) Are all subordinates included? ☐ Yes ☐ No If "No," attach a list. (see instructions) H(c) Group exemption number ▶
I Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) () ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527 J Website: ▶ WWW.CASADEAMPARO.ORG		
K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶ L Year of formation: 1979 M State of legal domicile: CA		

Part I Summary

1	Briefly describe the organization's mission or most significant activities: TO SUPPORT THOSE AFFECTED BY AND AT RISK OF CHILD ABUSE AND NEGLECT, (CONTINUED ON SCHEDULE O)	
2	Check this box ☐ 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)	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	14
5	Total number of individuals employed in calendar year 2019 (Part V, line 2a)	153
6	Total number of volunteers (estimate if necessary)	100
7a	Total unrelated business revenue from Part VIII, column (C), line 12	0.
7b	Net unrelated business taxable income from Form 990-T, line 39	0.
8	Contributions and grants (Part VIII, line 1h)	1,963,011.
9	Program service revenue (Part VIII, line 2g)	6,185,764.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	33,760.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	409,770.
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	8,592,305.
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.
14	Benefits paid to or for members (Part IX, column (A), line 4)	0.
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	5,655,472.
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0.
b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 579,685.	
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	3,074,633.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	8,730,105.
19	Revenue less expenses. Subtract line 18 from line 12	-137,800.
20	Total assets (Part X, line 16)	20,569,908.
21	Total liabilities (Part X, line 26)	3,755,200.
22	Net assets or fund balances. Subtract line 21 from line 20	16,814,708.

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 TAMARA FLECK-MYERS, EXECUTIVE DIRECTOR Type or print name and title	Date
Paid Preparer Use Only	Print/Type preparer's name AMY A. O'LOUGHLIN Firm's name ▶ CBIZ MHM, LLC Firm's address ▶ 4722 N 24TH ST, STE 300 PHOENIX, AZ 85016	Preparer's signature Date 04/05/21 Check if self-employed ☐ PTIN P00869687 Firm's EIN ▶ 34-1884125 Phone no. 602-264-6835

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

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III ☒**1** Briefly describe the organization's mission:

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

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

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

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

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

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.**4a** (Code:) (Expenses \$ 5,417,882. including grants of \$) (Revenue \$)

RESIDENTIAL SERVICES: IN FISCAL YEAR 2019-2020, CASA DE AMPARO'S RESIDENTIAL SERVICES PROGRAM PROVIDED 12,945 BEDNIGHTS OF 24-HOUR SHORT AND LONG-TERM RESIDENTIAL CARE AND SUPPORTIVE SERVICES FOR 100 CHILDREN, AGES BIRTH TO EIGHTEEN, INCLUDING PREGNANT AND PARENTING TEENS AND THEIR BABIES AND THOSE WITH SPECIAL HEALTHCARE NEEDS, WHO HAD BEEN REMOVED FROM THEIR HOMES DUE TO ABUSE OR NEGLECT. CHILDREN BENEFIT FROM A RESIDENTIAL ENVIRONMENT WHICH FOCUSES ON HEALTHY INTERACTIONS WITH PEERS AND CAREGIVERS. SERVICES INCLUDE NURSING AND HEALTHCARE, CASE MANAGEMENT, INDIVIDUAL AND GROUP COUNSELING, RECREATION, NUTRITION, INDEPENDENT LIVING AND SOCIAL SKILLS TRAINING, EDUCATION EVALUATION AND INDIVIDUALIZED SUPPORT. THE CHILDREN ARE ROUTINELY PROVIDED GROUP, FAMILY AND INDIVIDUAL COUNSELING, CRISIS INTERVENTION,

4b (Code:) (Expenses \$ 1,729,683. including grants of \$) (Revenue \$)

NEW DIRECTIONS TRANSITIONAL HOUSING AND SUPPORT PROGRAM: IN FISCAL YEAR 2019-2020 PROVIDED 27,375 NIGHTS OF HOUSING AND SUPPORTIVE SERVICES INCLUDING JOB READINESS TRAINING AND EMPLOYMENT, CASE MANAGEMENT, HIGHER EDUCATION ACCESS/SUPPORT, FINANCIAL LITERACY & SOCIAL SKILLS EDUCATION, HEALTHY LEISURE AND TRANSPORTATION ASSISTANCE, TO HELP 75 FORMER FOSTER YOUTH, AGES 18 TO 24 AND THEIR CHILDREN. THE GOAL OF THE PROGRAM IS TO HELP CLIENTS MAKE A SUCCESSFUL TRANSITION FROM FOSTER CARE TO INDEPENDENT LIVING. SUPPORTIVE INTERVENTION IS PROVIDED BASED ON INDIVIDUAL NEEDS, TO FOSTER SKILL DEVELOPMENT, SELF-DIRECTION AND PARENTING SKILLS THAT WILL SUSTAIN THEM ONCE THEY ARE ON THEIR OWN. ASSISTANCE THAT WOULD TYPICALLY BE PROVIDED BY PARENTS, SUCH AS VEHICLE REPAIR, DENTAL/HEALTHCARE EMERGENCIES, COLLEGE APPLICATION FEES, ETC.

4c (Code:) (Expenses \$ 956,304. including grants of \$) (Revenue \$)

COUNSELING SERVICES PROGRAM: PROVIDES TRAUMA-INFORMED THERAPY AND CASE MANAGEMENT FOR CHILDREN AND FAMILIES EXPERIENCING OR AT RISK OF CHILD ABUSE. IN FISCAL YEAR 2019-2020 COUNSELING SERVICES PROVIDED SUPPORT TO 81 CHILDREN AND FAMILIES. IN FISCAL YEAR 2019-2020 PROVIDED APPROXIMATELY 3,055 HOURS OF INDIVIDUAL, GROUP, FAMILY AND AGE APPROPRIATE PLAY THERAPY TO CHILDREN. SUPPORT ALSO INCLUDES FACILITATION OF PSYCHIATRIC AND PSYCHOLOGICAL SERVICES. ALL SERVICES ARE TAILORED TO THE INDIVIDUAL STRENGTHS AND NEEDS OF EACH FAMILY SYSTEM (INDIVIDUAL CHILD, INTACT FAMILY, SINGLE, YOUNG ADULT, COUPLE, ETC.). THE GRANT REVENUE RECEIVED FOR THIS PROGRAM (INCLUDED IN CONTRIBUTION REVENUE) WAS \$670,898.

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

(Expenses \$ 457,457. including grants of \$) (Revenue \$)

4e Total program service expenses 8,561,326.Form **990** (2019)

Casa de Amparo
Regular Grant Narrative
Submission for July 2021 Grant Cycle

Overview

Casa de Amparo was established in 1978 and provides supportive services to San Diego County residents who have been affected by child abuse and neglect. Since inception the organization has adhered to its mission: to support those affected by and at risk of child abuse and neglect through a range of programs and services that promote healing, growth and healthy relationships. Casa de Amparo's goals are to break the generational cycle of family violence, prevent behaviors which endanger children and implement trauma-informed programs that further the mission of the organization. Each year Casa de Amparo supports over 1,000 children and their families through the following programs.

- **Residential Services** is a Short-Term Residential Therapeutic Program (STRTP) which provides licensed residential care and intensive case management to female foster youth, ages 12 to 18, who have been removed from their homes due to abuse and neglect. The program provides specialized licensed residential care to pregnant and parenting girls involved in the foster care system, as well as their babies. Casa de Amparo is the only provider of this service in San Diego County.
- **New Directions** transitional housing program helps young adults, ages 18-25, and their families, transition from the foster care system to independence through intensive case management and support services designed to foster self-sufficiency.
- **Family Visitation** provides supervised, neutral visits for parents and children that have been separated and are working toward healthy reunification, if appropriate.
- **Counseling Services** includes assessments, crisis intervention and individual, group and family counseling for all programs listed above.

Grant Request

Casa de Amparo is respectfully requesting \$5,000 from the San Marcos Community Foundation to help provide therapeutic activities to youth in Residential Services. The program annually serves approximately 100 youth. Residential Services began in 1978 and has continuously supported youth in the foster care system requiring therapeutic residential and clinical care, including care for youth who are medically fragile and who are pregnant and/or parenting. Casa de Amparo is the only provider of housing and services for pregnant and/or parenting foster youth in San Diego County. Residential Services ensures that youth have access to an environment where they have the fullest range of healthy childhood experiences to assist them in overcoming the trauma of abuse. Support from the San Marcos Community Foundation will contribute to the individualized therapeutic activities provided to youth affected by child abuse and neglect in Residential Services. Therapeutic activities will promote youth's development of happy and healthy social lives and recovery from the trauma they have endured. Activities will include, but not be limited to, the following provided both on-site and in the local community.

- Drawing, painting, crafts, film
- Cooking
- Music
- Cultural events
- Sports
Swimming
- Hiking and
- Outdoor activities

Casa de Amparo has been operating Residential Services at the Casa Kids Campus in San Marcos since 2012. Our four residential cottages, counseling offices, library, medical services center, outdoor learning areas, arts and recreation rooms, sports court, picnic areas and garden provide youth access to a safe community which

they can call home. Child-friendly interiors, sustainable landscaping and design add to a comforting, efficient environment for children receiving residential care.

Evaluation of Services

Casa de Amparo utilizes Salesforce software to record client and program outcome indicators in a secure, password protected database. This system is customized by our IT Manager to meet the individualized tracking and reporting needs of Residential Services. Data entry is completed by direct care and clinical staff and outcome, participation and demographic reports are reviewed quarterly by the Quality Assurance Team in an effort to ensure best practice delivery of services and to monitor anticipated outcomes. Program evaluation is also completed through client surveys which pose questions about various aspects of the program in an effort to incorporate client feedback in service delivery and program enhancement. Survey results are presented to the Quality Assurance Team.

Casa de Amparo monitors each resident's progress using the California Child and Adolescent Needs and Strengths (CANS) assessment and multi-disciplinary tool. The CANS monitors outcomes of services and measures a child's needs, strengths and development in the following areas: behavioral/emotional, decision making, life functioning, risk behaviors and support system resources. The CANS is completed by children and clinicians within 30 days of entering the program and at routine intervals thereafter. Casa de Amparo anticipates the following outcomes for residents.

- 100% of youth will be enrolled in the appropriate educational setting where their individual needs can be met.
- 100% of youth will have access to physical, mental, dental and optical health care.
- 70% of youth improved in life functioning during their time in the program.
- 67% of youth experienced a decrease in risk behaviors during their time in the program.
- 67% of youth improved in behavioral and emotional needs during their time in the program.

It is because of partnerships with the San Marcos Community Foundation and our local community that Casa de Amparo can continue to help end child abuse and neglect. With support from the Foundation, the future of San Marcos can be one where children are safe, nurtured and provided with the opportunity to thrive. Casa de Amparo is grateful for the Foundation's thoughtful consideration of this request and looks forward to continuing our partnership to directly benefit youth in San Marcos.



FRANCHISE TAX BOARD

SACRAMENTO, CALIFORNIA 95867

Telephone: (800) 852-5711

March 26, 1979

In reply refer to
344: R:bp:g

Casa De Amparo
4070 Mission Road, Suite 220
San Luis Rey, CA 92068

Purpose : Charitable
Form of Organization : Corporation
Accounting Period Ending: December 31
Organization Number : 0881516

On the basis of the information submitted and provided your present operations continue unchanged or conform to those proposed in your application, you are exempt from state franchise or income tax under Section 2370ld, Revenue and Taxation Code. Any change in operation, character or purpose of the organization must be reported immediately to this office so that we may determine the effect on your exempt status. Any change of name or address also must be reported.

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

You are not required to file state franchise or income tax returns unless you have income subject to the unrelated business income tax under Section 2373l of the Code. In this event, you are required to file Form 109 (Exempt Organization Business Income Tax Return) by the 15th day of the 3rd month (2 1/2 months) after the close of your annual accounting period.

If the organization is incorporating, this approval will expire unless incorporation is completed with the Secretary of State within 60 days.

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

This exemption effective as of January 15, 1979.

This letter supersedes our letter dated March 23, 1979, and is issued to show an effective date.

Anderson Scott
Exempt Organization Section

cc: Registrar of Charitable Trusts

Casa de Amparo

Financial Statements and Supplemental Information

As of and for the Year Ended June 30, 2020
(With Comparative Information for June 30, 2019)



Casa de Amparo

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Mayer Hoffman McCann P.C.
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Independent Auditors' Report

To the Audit Committee
Casa de Amparo
San Marcos, California

Report on the Financial Statements

We have audited the accompanying financial statements of Casa de Amparo (the "Organization"), a nonprofit corporation, which comprise the statement of financial position as of June 30, 2020, 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.

Auditors' Responsibility

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

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

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



KRESTON

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Casa de Amparo as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Casa de Amparo's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mayer Hoffman McCann P.C.

San Diego, California
January 8, 2021

Casa de Amparo
Statements of Financial Position

<i>As of June 30,</i>	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,680,797	\$ 3,525,013
Grants receivable	955,301	1,358,121
Pledges receivable, net	255,000	284,050
Prepaid expenses and other current assets	109,260	187,497
Total current assets	<u>6,000,358</u>	<u>5,354,681</u>
 Pledges receivable, net of current portion	257,282	242,718
Land lease	1,019,536	1,072,729
Deposits	28,587	77,896
Funds held by community foundations	569,243	568,023
Property and equipment, net of depreciation	13,076,192	13,253,861
Total noncurrent assets	<u>14,950,840</u>	<u>15,215,227</u>
Total assets	<u>\$ 20,951,198</u>	<u>\$ 20,569,908</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 81,849	\$ 139,097
Accrued compensation and other expenses	733,084	656,319
Loan payable, current portion	114,452	109,258
Deferred revenue	456,028	31,372
Total current liabilities	<u>1,385,413</u>	<u>936,046</u>
 Other liabilities		
Loan payable, net of current portion	<u>2,706,874</u>	<u>2,819,154</u>
Total liabilities	<u>4,092,287</u>	<u>3,755,200</u>
 Net assets		
Without donor restrictions	13,503,044	13,458,841
With donor restrictions	<u>3,355,867</u>	<u>3,355,867</u>
Total net assets	<u>16,858,911</u>	<u>16,814,708</u>
Total liabilities and net assets	<u>\$ 20,951,198</u>	<u>\$ 20,569,908</u>

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

Casa de Amparo
Statement of Activities
Year Ended June 30, 2020
(With Summarized Comparative Information for year ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	2019 Total
REVENUE AND SUPPORT				
Grant revenue	\$ 8,253,704	\$ -	\$ 8,253,704	\$ 6,588,330
Contributions	964,825	316,895	1,281,720	1,121,488
Special events revenue and related contributions	390,152	-	390,152	617,691
In-kind donations	229,425	-	229,425	319,577
Interest and other income	108,079	1,107	109,186	117,802
Net assets released from restrictions	318,002	(318,002)	-	-
Total operating revenue and support	<u>10,264,187</u>	<u>-</u>	<u>10,264,187</u>	<u>8,764,888</u>
EXPENSES				
Program services	8,561,326	-	8,561,326	7,631,363
General and administrative	934,219	-	934,219	637,083
Fundraising	579,684	-	579,684	458,685
Special events	144,755	-	144,755	169,375
Total expenses	<u>10,219,984</u>	<u>-</u>	<u>10,219,984</u>	<u>8,896,506</u>
Change in net assets	44,203	-	44,203	(131,618)
Net assets, beginning of year	<u>13,458,841</u>	<u>3,355,867</u>	<u>16,814,708</u>	<u>16,946,326</u>
Net assets, end of year	<u>\$ 13,503,044</u>	<u>\$ 3,355,867</u>	<u>\$ 16,858,911</u>	<u>\$ 16,814,708</u>

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

Casa de Amparo

Statement of Functional Expenses

Year Ended June 30, 2020

(With Summarized Comparative Information for the year ended June 30, 2019)

	Residential Services (STRIP)	New Directions Transitional Housing	Counseling Services	Family Visitation	Total Program Services	General and Administrative	Fundraising and Special Events	2020 Total	2019 Total
Salaries	\$ 3,266,274	\$ 427,383	\$ 574,967	\$ 226,785	\$ 4,495,409	\$ 416,947	\$ 424,583	\$ 5,336,939	\$ 4,533,118
Benefits	877,379	83,591	123,064	32,972	1,117,006	133,896	69,867	1,320,769	1,122,354
Occupancy	266,457	669,306	55,046	34,320	1,025,129	21,562	7,164	1,053,855	992,884
Depreciation & amortization	266,982	84,394	82,044	35,761	469,181	27,166	11,130	507,477	507,619
Supplies	292,080	115,494	5,383	70,211	483,168	5,964	2,652	491,784	538,082
Program expense	130,228	240,951	2,198	960	374,337	2,207	1,485	378,029	340,699
Professional services	57,828	16,081	62,880	5,768	142,557	115,357	1,426	259,340	183,567
Other expenses	31,218	4,993	714	336	37,261	152,584	35,351	225,196	70,850
Special event expense	-	-	-	-	-	-	144,755	144,755	169,375
Equipment expense	67,031	8,436	14,833	5,328	95,628	27,822	11,011	134,461	51,619
Interest expense	67,003	20,009	20,596	10,724	118,332	6,818	2,794	127,944	132,320
Transportation	49,983	33,937	2,341	28,617	114,878	1,551	3,858	120,287	138,101
Telephone	29,629	21,211	7,297	3,644	61,781	2,547	2,761	67,089	54,627
Training, meetings, other	15,790	3,897	4,941	2,031	26,659	19,798	5,602	52,059	61,291
Total functional expenses	\$ 5,417,882	\$ 1,729,683	\$ 956,304	\$ 457,457	\$ 8,561,326	\$ 934,219	\$ 724,439	\$ 10,219,984	\$ 8,896,506

The accompanying notes to the financial statements are an integral part of these statements

Casa de Amparo

Statements of Cash Flows

Years ended June 30,	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 44,203	\$ (131,618)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	454,284	454,426
Amortization of donated property	53,193	53,193
Change in provision for uncollectable pledges	-	(80,000)
Change in discount of pledges receivable	(436)	(518)
Realized and unrealized investment gains	(1,220)	(19,372)
Gain on sale of fixed assets	(2,719)	-
Changes to operating assets and liabilities:		
Grants receivable	402,820	(792,074)
Pledges receivable	14,922	149,780
Prepaid expenses and other current assets	78,237	(46,408)
Deposits	49,309	(15,594)
Accounts payable	(57,248)	22,372
Accrued compensation and other expenses	76,765	177,849
Deferred revenue	424,656	31,372
Net cash provided by (used in) operating activities	<u>1,536,766</u>	<u>(196,592)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(64,547)	(31,400)
Additions to construction in progress	(248,286)	(425,770)
Proceeds from sale of property and equipment	38,937	-
Net cash flows used in investing activities	<u>(273,896)</u>	<u>(457,170)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on loan payable	(107,086)	(104,224)
Net cash used in financing activities	<u>(107,086)</u>	<u>(104,224)</u>
Change in cash and cash equivalents	1,155,784	(757,986)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,525,013</u>	<u>4,282,999</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,680,797</u>	<u>\$ 3,525,013</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 129,458</u>	<u>\$ 132,320</u>

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

Casa de Amparo

Notes to Financial Statements

Note 1 - Nature of Activities

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

Casa de Amparo is recognized as a major force in the field of child abuse prevention and treatment. Partnering with the greater San Diego community, it assures that children and their families receive unique and innovative services for healing, for stopping child mistreatment of any kind, and for ending generational cycles of abuse. The result is a community where child abuse and neglect are not tolerated, and where child abuse awareness and prevention are priorities.

The Organization offers four integrated child abuse prevention and treatment programs. Residential Services (Short Term Residential Therapeutic Program or STRTP) provides 24-hour care and supportive/therapeutic services for children, from birth to 18, removed from the home due to abuse or neglect, including pregnant and parenting teens and their babies, and youth with special healthcare needs. New Directions provides transitional housing and supportive services to help former foster youth, ages 18 to 25, make a successful transition from foster care to independent living. Counseling Services provides trauma-informed therapy and case management for children and families experiencing, or at-risk of, child abuse or neglect. Family Visitation Services provides supervised visits and promotes healthy family relationships and reunification.

The Organization has two campuses. Our Casa Kids Campus on 11.4 acres owned by the Organization in the Twin Oaks Valley area of San Marcos was opened in April 2012. This campus provides housing for up to 50 children including 12 infants, and has a basketball court, a volleyball court, walking trails, gardens, a library, a learning center, an art/activities room, training rooms and administrative/support offices. The second campus is in Oceanside and is shared by Family Visitation Services and New Directions with buildings owned by the Organization and a long-term land lease agreement with the City of Oceanside.

In 2016, Casa de Amparo responded to the growing need for intensive residential care for pregnant and parenting female foster youth and their babies by expanding its pregnant and parenting program capacity and space and also expanding overall clinical support space on the Casa Kids Campus. The cottage for pregnant and parenting female foster youth and their babies now serves up to 12 moms and 12 babies simultaneously.

In order to comply with the State of California's Continuum of Care Reform (CCR), Casa de Amparo implemented STRTP standards and began the process of Joint Commission accreditation early in fiscal year 2017. Joint Commission accreditation was awarded May 19, 2017. Casa de Amparo received STRTP approval and its licensure from the State of California in January 2019.

In 2018, Casa de Amparo added the Transition Preparation Program (TPP) within its Residential Services program. The TPP serves older teenage foster youth, including youth who are pregnant or parenting. The TPP maintains all aspects of supervision and services provided in Residential Services while preparing teens to live independently by simulating apartment style living.

In 2020, Casa de Amparo continued its campaign to raise funds to expand the Casa Kids Campus in San Marcos to include a Teen Wellness Center (TWC) for Foster Youth. The TWC will be licensed by California Community Care Licensing as a Community Treatment Facility, which is a secure Short-Term Residential Therapeutic Program (STRTP). The Teen Wellness Center will be the first of its kind in San Diego County and only the third in California. The TWC will serve foster youth who are in need of a higher level of emotional, behavioral and mental health care.

Casa de Amparo

Notes to Financial Statements

Note 1 - Nature of Activities (continued)

The TWC will play a vital role in the child abuse treatment and prevention services provided to children affected by complex trauma that would otherwise likely be placed out of state. The Organization plans to break ground on the TWC in March of 2021.

On April 1, 2020, Casa de Amparo modified its Residential Outpatient Children's Mental Health Services contract with the County of San Diego to add a structured Half Day Rehabilitation Program, in addition to Outpatient Services for the children participating in its STRTP program. The modification also increased Casa de Amparo's annual funding under this contract from \$480,000 to \$1.5 million.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation – The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Based on the existence or absence of donor-imposed restrictions, the Organization classifies resources into two categories: without donor restrictions and with donor restrictions.

Without Donor Restrictions – Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the without donor restrictions class of net assets, including expenditures funded by restricted contributions. Expenditures funded by restricted contributions are reported in the without donor restrictions net asset class because the use of restricted contributions is in accordance with donors' stipulations results in the release of such restrictions.

With Donor Restrictions – Net assets with donor restrictions are limited as to use by donor-imposed stipulations that may expire with the passage of time or that may be satisfied by action of the Organization. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

Revenue Recognition – On June 21, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08: *Clarifying the Scope and the Accounting Guidance for Contributions Received*. Casa de Amparo applied the new criteria under ASU 2018-08 to each of its 2020 grant sources and concluded that no changes are required to its current revenue recognition policy.

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

All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Casa de Amparo

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (continued)

The Organization has capitalized the value of the donated land lease as a contribution with donor restrictions. Each year the Organization reclassifies amortization of the land lease from net assets with donor restrictions to net assets without donor restrictions. For the year ended June 30, 2020 and 2019, the ending value of the land lease is \$1,019,536 and \$1,072,729, respectively.

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

Grants Receivable – Grants receivable arise in the normal course of operations. It is the policy of management to review the outstanding grants 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. Management determined that no allowance is necessary at June 30, 2020 and 2019.

Pledges Receivable – Unconditional promises to give cash and other assets are recognized as revenue in the period received. Conditional promises to give are not recognized until donor stipulations are met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give, with payments due to the Organization beyond one year, are recorded as net assets with donor restrictions at the estimated present value of the expected future cash flows, using credit risk adjusted rates applicable to the years in which the promises are expected to be received. Amortization of the discounts is recorded as contribution revenue in the appropriate net asset class.

An allowance for uncollectible pledges receivable is provided based upon management's judgement of such factors as prior collection history and other relevant factors. Management determined that no allowance is necessary at June 30, 2020 and 2019.

Funds held by Community Foundations – The Organization transferred assets to community foundations holding them as endowed component funds for the benefit of the Organization. See Note 6 for additional detail.

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 appropriate fair market value at the date of donation. Expenditures for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of 5 to 45 years.

Buildings	20 – 45 years
Furniture and equipment	5 – 7 years
Vehicles	5 years

Depreciation expense for the year ended June 30, 2020, was \$454,284.

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

Impairment, which is determined based upon the estimated fair value of the asset, is recorded when estimated undiscounted cash flows expected to be generated by the asset is insufficient to recover its net carrying value. As of June 30, 2020, the Organization did not identify any events or circumstances that would require recognition of an impairment loss under this standard.

Donated Stock – In accordance with authoritative guidance, investments in equity securities with readily determinable fair market values and all debt securities are reported at fair value with gains and losses included in the statement of activities. Realized gains and losses on the sale of securities are based upon

Casa de Amparo

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (continued)

the original cost of the security, as determined by the specific identification method. Unrealized gains and losses represent the change in the fair market value of the individual investments for the year or since the acquisition date if acquired during the year and are recorded in the statement of activities as part of current year operations.

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

Contributed Materials and Services – Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to operations as appropriate. Certain contributed items are auctioned at the Organization's special events. Contributed items are included in the statement of activities as in-kind donations and program and special event expenses. The Organization recorded a total of \$229,425 and \$319,577 in program expenses related to in-kind donations for the years ended June 30, 2020 and 2019, respectively. The Organization receives a substantial amount of services donated by volunteers in carrying out the Organization's program services. The services do not meet the criteria as contributions and are, therefore, not recognized in the financial statements.

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

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires the Organization to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Organization believes that the estimates utilized in preparing these financial statements are reasonable; however, actual results could differ from those estimates.

Income Taxes – The Organization is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The FASB issued ASC 740-10, *Accounting for Uncertainties in Income Taxes*, which sets a minimum threshold for financial statement recognition of the benefit of tax position taken or expected to be taken in a tax return. The Organization uses a loss contingencies approach for evaluating uncertain tax positions and continually evaluates changes in tax law and new authoritative rulings. Management believes that the Organization has no uncertain tax positions.

New Accounting Pronouncements – On June 21, 2018, the FASB issued ASU 2018-08: *Clarifying the Scope and the Accounting Guidance for Contributions Received*. This ASU includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. It also provides a framework for determining whether a contribution is conditional or unconditional which will affect the timing of revenue recognition.

The determining factor for whether the Organization will account for a grant as a contribution or an exchange transaction is whether the asset provider is receiving commensurate value in return for those assets. If commensurate value is received, it is accounted for as an exchange transaction and follows revenue recognition or other applicable standards. If commensurate value is not received by the asset provider, it is accounted for as a contribution and follows contribution standards. If some value but not commensurate value is received, then it is accounted for as both an exchange transaction and a contribution.

Once the Organization has reviewed the grant and determined that it is a contribution, the next step is to determine whether the contribution is conditional or unconditional. An unconditional contribution is recognized immediately whereas a conditional contribution cannot be recorded until the conditions have been met.

Casa de Amparo

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (continued)

To be a conditional contribution, the grant must include both of the following:

1. A right of return to the asset provider or a right of release from the obligation to provide funds/assets (meaning that the asset provider has the right to get their funds back or not to release future payments on promises to give if the organization does not meet the conditions)
2. One or more barriers need to be overcome before the organization is entitled to the assets transferred or promised.

Casa de Amparo applied the new criteria under ASU 2018-08 to each of its 2020 grant sources and concluded that no changes are required to its current revenue recognition policy.

Subsequent Events – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at that date, including the estimates inherent in the process of preparing financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after that date and before the financial statements are available to be issued. The Organization has evaluated subsequent events through January 8, 2021 which is the date the financial statements are available for issuance, and concluded that there are no transactions that requires disclosure.

Note 3 - Fair Value Measurements

Due to the short-term nature of cash equivalents, receivables, prepaid expense, accounts payable and deferred income, fair value approximates carrying value. In accordance with ASC 820, *Fair Value Measurements*, fair value is defined as the price that the Organization would receive upon selling an asset or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market of the asset.

ASC 820 also establishes a three-tier hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs and to establish the classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

The standard describes three-tier hierarchy of inputs that may be used to measure fair value as follows.

- **Level 1:** Quoted prices (unadjusted) of identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- **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, and other inputs that are observable or can be corroborated by observable market data.
- **Level 3:** Significant unobservable inputs that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Casa de Amparo

Notes to Financial Statements

Note 3 - Fair Value Measurements (continued)

Assets and liabilities measured at fair value on a recurring basis are summarized as below:

		Fair Value Measurements at June 30, 2020, Using:		
<i>June 30, 2020</i>	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs Level 3
Endowment Investor Pools:				
San Diego Foundation	\$ 265,794	\$ -	\$ 265,794	\$ -
Jewish Community Foundation of San Diego	303,449	-	303,449	-
Fair value, end of year	\$ 569,243	\$ -	\$ 569,243	\$ -

		Fair Value Measurements at June 30, 2019, Using:		
<i>June 30, 2019</i>	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs Level 3
Endowment Investor Pools:				
San Diego Foundation	\$ 263,383	\$ -	\$ 263,383	\$ -
Jewish Community Foundation of San Diego	304,640	-	304,640	-
Fair value, end of year	\$ 568,023	\$ -	\$ 568,023	\$ -

Note 4 - Concentration of Credit Risk

Cash

The Organization maintains cash balances at several financial institutions. Accounts at these institutions are secured by the Federal Deposit Insurance Corporation. At times, the balances may exceed federally insured limits. There have been no losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk with respect to its cash.

Revenue and Receivables

The Organization received approximately 80% and 75% of its revenue from government contracts for the years ended June 30, 2020 and 2019, respectively. For the year ended June 30, 2020, the Organization received \$5 million or 50% of its total revenue from Residential Services (STRTP) and \$1.5 million or 15% of its total revenue from its New Directions transitional housing program. For the year ended June 30, 2019, the Organization received \$4 million or 45% of its total revenue from Residential Services (STRTP) and \$1.5 million or 17% of its total revenue from its New Directions transitional housing program.

Pledges receivable totaled \$520,000 at June 30, 2020 and \$500,000 as of June 30, 2019. Of the total pledges receivable, \$500,000 is from one foundation.

Casa de Amparo

Notes to Financial Statements

Note 5 - Pledges Receivable

Pledges receivable consist of the following at June 30:

	2020	2019
Net pledges receivable	\$ 520,000	\$ 534,050
Less imputed discount	(7,718)	(7,282)
Less allowance for doubtful accounts	-	-
	\$ 512,282	\$ 526,768
Contributions receivable consist of the following:		
Due in less than one year	\$ 255,000	\$ 284,050
Due in one to five years	265,000	250,000
	\$ 520,000	\$ 534,050

The net present value for the pledges due in more than one year is discounted at a rate of 3%.

Note 6 - Funds Held by Community Foundations

Funds held by community foundations consist of endowment funds held by The San Diego Foundation and the Jewish Community Foundation of San Diego (the Foundations) for the benefit of the Organization.

The Organization has granted The San Diego Foundation variance power, which gives their Trustees the power to use the Fund for other purposes in certain circumstances. The Funds are subject to The San Diego Foundation's investment and spending policies.

The San Diego Foundation endowment funds are invested in the following asset classes:

Asset Class	%
Equity	53.2%
Alternative	21.9%
Fixed Income	16.9%
Real Assets	5.8%
Commodities	1.9%
Cash	0.3%

The funds held at the Jewish Community Foundation of San Diego have been designated by the Organization's board of directors to be invested in their pool Organization funds, which have endowment like investment objectives.

The Jewish Community Foundation of San Diego pool agency funds are invested in the following asset classes:

Asset Class	%
Equity	50.8%
Fixed Income	12.0%
Real Assets	6.3%
Multi-Strategy	30.9%

Casa de Amparo

Notes to Financial Statements

Note 6 - Funds Held by Community Foundations (continued)

The Organization reports the fair value of the funds in the statements of financial position. Changes in the value of the funds are reported as gains or losses in the statement of activities.

Note 7 - Property and Equipment

Property and equipment consist of the following at June 30:

	2020	2019
Buildings	\$ 14,523,664	\$ 14,202,958
Furniture and equipment	357,781	323,984
Vehicles	313,978	337,617
	15,195,423	14,864,559
Less: accumulated depreciation	(3,694,332)	(3,262,215)
	11,501,091	11,602,344
Land	916,587	916,587
Construction in Progress	658,514	734,930
	\$ 13,076,192	\$ 13,253,861

Note 8 - Loan Payable

On April 20, 2017, the Organization refinanced its loan agreement with Wells Fargo Bank for the purpose of financing the cost of construction of Casa Kids Campus. Interest is payable monthly at a fixed rate of 4.35% and the loan matures on May 5, 2024. The loan is secured by the Casa Kids Campus.

The Organization is subject to compliance with certain debt covenants under the loan agreement. The Organization received a waiver for covenant non-compliance for the year ended June 30, 2020.

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

<i>Years ending June 30,</i>		
2021	\$	114,452
2022		119,604
2023		125,455
2024		2,461,815
	\$	2,821,326

Note 9 - Contingencies and Commitments

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

Operating Leases – The Organization leases program facilities under non-cancelable operating leases, which expire at various dates through July 2021. Total rent expense was \$514,248 and \$540,409 for the years ended June 30, 2020 and 2019, respectively.

Casa de Amparo

Notes to Financial Statements

Note 9 - Contingencies and Commitments (continued)

Future minimum lease payments under operating leases are \$179,385 for the year ended June 30, 2021.

The Organization leases real property from the City of Oceanside located at Ivey Ranch Park. The Organization constructed a facility on the Ivey Ranch property that is used for its Family Visitation and New Directions programs. The lease commenced in 2007 with a term of 35 years and an option to extend an additional 25 years. Rent is free as long as the facility is used to provide family visitation and counseling services. The unamortized fair value of the free rent is reported as land lease in the statements of financial position. Amortization of the free use of land was \$53,193 for the years ended June 30, 2020 and 2019.

Note 10 - Nature and amount of net assets with donor restrictions

Net assets with donor restrictions were available for the following purposes as of June 30:

	2020	2019
Restricted for specified purpose:		
Land Lease – Ivey Ranch	\$ 1,019,536	\$ 1,072,729
Capital Campaign for Teen Wellness Center and Support Services building	2,208,130	2,156,044
Total restricted for specified purpose	3,227,666	3,228,773
Endowments subject to the Organization's spending policy and appropriation	128,201	127,094
Total net assets with donor restrictions	\$ 3,355,867	\$ 3,355,867

Net assets in the amounts of \$318,002 and \$403,929 were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors for the years ended June 30, 2020 and 2019, respectively.

Note 11 - Retirement Plan

The Organization sponsors a non-contributory 403(b) retirement plan covering all employees who have completed 90 days of eligible service. Contributions to the retirement plan are at the discretion of each employee. There were no contributions by the Organization for the years ended June 30, 2020 and 2019, respectively.

Note 12 - Information Regarding Liquidity and Availability

Grant revenue from the federal, state and local governments represent approximately 80% of the Organization's funding needs. Support without donor restrictions averaged 15%, and the remainder funded by contributions with donor restrictions and interest income.

The Organization's cash flows have seasonal variations due to a concentration of contributions received at calendar and fiscal year-end. To manage liquidity, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization invests cash in excess of its daily requirements in money market accounts and short-term investments. As of June 30, 2020, the Organization had \$987,336 available in its operating reserve accounts. Additionally, the Organization has Board Designated net assets without donor restrictions totaling \$303,448 that, while the Organization does not intend to spend for those purposes other than those identified, the amounts could be made available for current operations, if necessary.

Casa de Amparo

Notes to Financial Statements

Note 12 - Information Regarding Liquidity and Availability (continued)

The following table reflects the Organization's financial assets as of June 30, 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include certain donor-restricted investments as more fully described in note 10.

<i>June 30,</i>	<i>2020</i>
Financial assets at year-end:	
Cash and cash equivalents	\$ 4,680,797
Grants receivable	955,301
Pledges / Other Grants receivable	512,282
Funds held by community foundations	569,243
Total financial assets	6,717,623
Less:	
Amounts not available to be used within one year:	
Restricted by donors with purpose restriction	(2,208,130)
Pledges receivable to be collected in more than one year	(257,282)
Amounts available to management with Board's approval:	
Community foundation Organization fund	(303,448)
Amounts unavailable to management in perpetuity:	
Donor restricted endowment	(128,201)
Board-designated endowment	(137,594)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,682,968

Note 13 - Endowment Funds

Authoritative guidance related to not-for-profit entities provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and requires additional disclosures about an organization's endowment funds. The Organization's endowment funds consist of four individual funds and includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. In accordance with the authoritative guidance, net assets associated with the funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted UPMIFA as the prudent preservation of the fair value of the original gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (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 and (d) the remaining portion of the donor-restricted endowment until those amounts are appropriated for expenditures by the Organization in a manner consistent with the standard of prudence prescribed by the State of California's UPMIFA. As such, much of the net realized and unrealized appreciation in the fair value of the assets of an endowment fund over the historic dollar value of the fund is considered prudent, unless the donor's intention is indicated in the endowment.

Casa de Amparo

Notes to Financial Statements

Note 13 - Endowment Funds (continued)

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, June 30, 2019	\$ 440,929	\$ 127,094	\$ 568,023
Investment return, net	113	1,107	1,220
Endowment assets, June 30, 2020	\$ 441,042	\$ 128,201	\$ 569,243

Changes in endowment net assets for the year ended June 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, June 30, 2018	\$ 294,088	\$ 254,563	\$ 548,651
Investment return, net	15,172	4,200	19,372
Reclassification	131,669	(131,669)	-
Endowment assets, June 30, 2019	\$ 440,929	\$ 127,094	\$ 568,023

Endowment net assets without donor restrictions identified in the tables above represent Board designated net assets.

From time to time, the fair value of assets associated with 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. There were no deficiencies of this nature as of June 30, 2020 and 2019.

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

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

Note 14 – Coronavirus Pandemic and Paycheck Protection Program

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. While the disruption is currently expected to be temporary, there is uncertainty around the duration and extent of the impact on the Organization, its operations and its financial condition. From April 2020 through June 2020, Casa de Amparo incurred \$277,960 in non-recurring expenses related to the COVID-19 pandemic. These expenses include, but are not limited to, the purchase of personal protective equipment (PPE), the implementation of a recurring deep cleaning sanitization protocol and hazard pay for its front-line essential workers.

Casa de Amparo received a Paycheck Protection Program (PPP) loan of \$979,824 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in May 2020. PPP loans are considered conditional contributions, with a right-of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent and utilities) incurred following receipt of the funds. The Organization recognizes the amount received as

Casa de Amparo

Notes to Financial Statements

Note 14 – Coronavirus Pandemic and Paycheck Protection Program (continued)

grant revenue as qualified expenses occur and barriers to entitlement are met. The total amount recognized as of June 30, 2020 was \$543,654. The unrecognized portion of \$436,170 was recorded as deferred revenue as of June 30, 2020.

Application for forgiveness of the PPP loan will be made as soon as possible. However, at the time of issuance of the financial statements, notice of forgiveness had not been received from the lender. All indications are that the loan will be forgiven. However, if a portion of the loan must be repaid, the terms (1% per annum, repayable over a maximum of five years with a six-month deferral period) are such that the Organization has sufficient liquidity to repay the unforgiven portion.

Note 15 - June 30, 2019 Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

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

Project Name: Empowering Children with Special Needs Date Submitted: 7-23-3021	Total # of people served: 350 Total # of San Marcos residents served: 25	Amount Requested: \$ 5,000
Non-Profit Organization Name and Address, Website Exceptional Opportunities 23830 Jonathan Place Murrieta, Ca. 92562		Contact Person – Name, Title & Phone, email Cheryl Stark – President- Founder 619-987-7370 exceptionalopportunities049@gmail.com

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

Exceptional Opportunities was born out of the needs of children with special needs and the onset of the Covid's Social Distancing. Our mission is to enable children, with special needs, to be active family members, successful students and productive members of the community, by providing adapted equipment and assistive technology for the home environment. We also create and put on one of a kind events that cater to children and adults with special needs like "Exceptional Fishing Days", "Exceptional Christmas Picture Days" and "Rifton Rides".

Rifton Rides is a program that provides weekly opportunities for children with special needs to have access to and ride adapted tricycles. They can ride next to their parents, typical friends and/or siblings or their BFF with special needs. We provide the adapted tricycles and helmets if necessary. Children can ride at the local park or even their neighborhood.

Exceptional Families Christmas Picture Day is an event like no other. We provide a private meet and greet with Santa that is captured by our amazing photographers. Photos are emailed to families and they own all pictures free of charge. Children are given goodie bags and families receive a carefully thought out annual gift. Families have come from as far away as 60 miles to take advantage of this one of a kind event. In 2010, we hosted 10 families and this past year we hosted almost 80 families and captured amazing Christmas memories that would not have otherwise been possible.

The Exceptional Fishing Excursion is a day where children and adults with special needs are able to go deep sea fishing on a chartered fishing boat out of San Diego Harbor. All the fishing gear, expert assistance and meals will be provided free of charge. Each child or adult with special needs will be able to bring a chaperone, also free of charge. This is sure be an amazing day on the sea.

As social distancing and online learning has further isolated our children with special needs, it is more critical than ever that they have the means and resources to feel a sense of joy, connection, and participation in their community. Cost should never be a factor in their ability to do so.

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

Exceptional Opportunities opens up “ALL” of our programs, opportunities, informational mobility and technology fairs for all who want and need to attend. We provide financial aide to those parents and caregivers who are unable to afford the equipment and technology that would benefit their child with special needs. We customize programs that meet the needs of children and adults with special needs. It doesn’t matter where you live you are invited to participate and benefit from our programs, events and funding.

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: 11-1-2021

Date by which funds will be expended: 10-1-2021

Signature of President or Authorized Officer

Cheryl Stark - President

Cheryl Stark – President 7-23-2021

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): cityclerk@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)

_____Rifton Tricycle \$2,250.10 x 3 _____	\$6,750.30
_____Adult Tricycle \$450.62 x 2 _____	\$901.24
_____Gas 5.00 x 100 gallons _____	\$500.00
_____Administration Costs _____	\$1,500.00
_____Cell phone handlebar mount x 5 _____	\$348.46
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Total budget for this PROJECT: **\$10,000**

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

Is this a challenge grant? Could it be? Yes

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) _____	** _____

Exceptional Opportunities Inc. Board of Directors

Cheryl Stark – President

Former teacher for children with special needs (24 years)

Patricia Jolliff – Vice President

Former Assistant Principal and teacher for Redlands USD

Rachel Cobian – Secretary

Mother of child with Autism

Briena Jones - Treasurer

Teachers Aide for children with special needs (MVUSD) and mother of son with Down syndrome.



July 24, 2021

Dear San Marcos Community Foundation,

Exceptional Opportunities was born out of the needs of children with special needs and the onset of the Covid's Social Distancing. Our mission is to enable children, with special needs, to be active family members, successful students and productive members of the community, by providing adapted equipment and assistive technology for the home environment. We also create and put on one of a kind events that cater to children and adults with special needs like "Exceptional Fishing Days", "Exceptional Christmas Picture Days" and "Rifton Rides".

Rifton Rides is a program that provides weekly opportunities for children with special needs to have access to and ride adapted tricycles. They can ride next to their parents, typical friends and/or siblings or their BFF with special needs. We provide the adapted tricycles and helmets if necessary. Children can ride at the local park or even their neighborhood.

Exceptional Families Christmas Picture Day is an event like no other. We provide a private meet and greet with Santa that is captured by our amazing photographers. Photos are emailed to families and they own all pictures free of charge. Children are given goodie bags and families receive a carefully thought out annual gift. Families have come from as far away as 60 miles to take advantage of this one of a kind event. In 2010, we hosted 10 families and this past year we hosted almost 80 families and captured amazing Christmas memories that would not have otherwise been possible.



23830 Jonathan Pl
Murrieta, CA



619-987-7370



Exceptionalopportunities049
@gmail.com



The Exceptional Fishing Excursion is a day where children and adults with special needs are able to go deep sea fishing on a chartered fishing boat out of San Diego Harbor. All the fishing gear, expert assistance and meals will be provided free of charge. Each child or adult with special needs will be able to bring a chaperone, also free of charge. This is sure be an amazing day on the sea.

As social distancing and online learning has further isolated our children with special needs, it is more critical than ever that they have the means and resources to feel a sense of joy, connection, and participation in their community. Cost should never be a factor in their ability to do so.

Please join Exceptional Opportunities Inc. in ensuring that children with special needs have the tools they need to thrive!

Many thanks for your time and attention,

Cheryl Stark

Cheryl Stark/Founder

Exceptional Opportunities

Exceptionalopportunities.org

(Tax ID # 85-3047627)



23830 Jonathan Pl
Murrieta, CA



619-987-7370



Exceptionalopportunities049
@gmail.com

**Krupa Law Group
3138 Roosevelt St.
Suite O
Carlsbad, CA 92008
Tel: 760.231.8383
Fax: 760.231.8385**

August 5, 2021

Sent Via Electronic Mail Only
cityclerk@san-marcos.net

San Marcos Community Foundation
1 Civic Center Drive
San Marcos, CA 92069

Re: Exceptional Opportunities, Inc. Grant Request

Dear San Marcos Community Foundation:

I am pleased to write this letter of support for Exceptional Opportunities Inc. I have known Exceptional Opportunities' founder, Mrs. Cheryl Stark, for approximately 20 years. In that time, she has raised tens of thousands of dollars for the Leukemia & Lymphoma Society, Challenged Athletes Foundation and her classroom for children with special needs. She then took all of this experience and started an amazing nonprofit that is raising money to create programs for children and adults with special needs as well as purchase adapted equipment and assistive technology for the special needs children.

Mrs. Stark created Exceptional Opportunities during the pandemic so children with special needs did not have to go without much needed equipment during the pandemic as well as afterschool and weekends. Since its inception, Exceptional Opportunities' mission has now been extended and it is offering programs for both children and adults with special needs such as Exceptional Fishing Days, Exceptional Christmas Picture Days, and Rifton Adaptive Tricycle Rides.

I am proud to support Mrs. Stark and her mission to increase access to adapted equipment, create inclusive opportunities and provide funding for families who are unable to provide these much needed services and equipment for their special needs family members. I have the highest confidence in Mrs. Stark's drive, integrity and passion to help others. By supporting Exceptional Opportunities, San Marcos Community Foundation will not only be assisting Exceptional Opportunities but also send messages of support to special needs children and families who are struggling to survive especially now during these very challenging times.

Sent Via Electronic Mail Only

cityclerk@san-marcos.net

San Marcos Community Foundation

1 Civic Center Drive

San Marcos, CA 92069

Re: Exceptional Opportunities, Inc. Grant Request

August 5, 2021

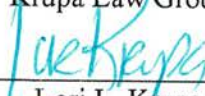
Page 2

Thank you for your time and for allowing me the opportunity to show my support. If you have any questions about Exceptional Opportunities or Mrs. Stark, please feel free to call or email me. My email address is lorikrupa@me.com.

Respectfully,

Krupa Law Group

By: _____


Lori L. Krupa

Form **990**Department of the Treasury
Internal Revenue Service**Return of Organization Exempt From Income Tax**

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

▶ Do not enter social security numbers on this form as it may be made public.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2020**Open to Public Inspection**

A For the 2020 calendar year, or tax year beginning , 2020, and ending , 20	
B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Final return/terminated ☐ Amended return ☐ Application pending	C Name of organization Exceptional Opportunities Inc.
	Doing business as
	Number and street (or P.O. box if mail is not delivered to street address) Room/suite 23830 Jonathan Place
	City or town, state or province, country, and ZIP or foreign postal code Murrieta, Ca. 92562
	D Employer identification number 85-3047627
E Telephone number 619-987-7370	
G Gross receipts \$	
H(a) Is this a group return for subordinates? ☐ Yes ☒ No	
H(b) Are all subordinates included? ☐ Yes ☒ No	
If "No," attach a list. See instructions	
H(c) Group exemption number ▶	
I Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) () ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527	
J Website: ▶ www.exceptionalopportunities.org	
K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶	
L Year of formation: 2020 M State of legal domicile: CA	

Part I Summary	
Activities & Governance	1 Briefly describe the organization's mission or most significant activities: Enable children, with special needs, to be active family members, successful students and productive members of the community adapted equipment and assistive technology for the home environment.
	2 Check this box ☐ 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
	4 Number of independent voting members of the governing body (Part VI, line 1b) 4
	5 Total number of individuals employed in calendar year 2020 (Part V, line 2a) 0
	6 Total number of volunteers (estimate if necessary) 3
	7a Total unrelated business revenue from Part VIII, column (C), line 12 0
7b Net unrelated business taxable income from Form 990-T, Part I, line 11 0	
Revenue	8 Contributions and grants (Part VIII, line 1h) 2,300
	9 Program service revenue (Part VIII, line 2g) 0
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) 0
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 0
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) 2,300
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3) 0
	14 Benefits paid to or for members (Part IX, column (A), line 4) 0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) 0
	16a Professional fundraising fees (Part IX, column (A), line 11e) 0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 2,300
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) 2,300
	18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25) 2,300
19 Revenue less expenses. Subtract line 18 from line 12 0	
Net Assets or Fund Balances	20 Total assets (Part X, line 16) 134.00
	21 Total liabilities (Part X, line 26) 134.00
	22 Net assets or fund balances. Subtract line 21 from line 20 134.00

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 Charles Stark Date 3-10-2021
	Type or print name and title
Paid Preparer Use Only	Print/Type preparer's name Preparer's signature Date Check ☐ if self-employed PTIN
	Firm's name ▶ Firm's EIN ▶
	Firm's address ▶ Phone no. ▶
May the IRS discuss this return with the preparer shown above? See instructions ☐ Yes ☒ No	
For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11282Y Form 990 (2020)	

SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page



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

Project Name: Emergency Food Relief – North County Food Bank Date Submitted: 10/6/2021	Total # of people served: 120,000 Total # of San Marcos residents served: 5,000	Amount Requested: \$5,000
Non-Profit Organization Name and Address, Website Jacobs & Cushman San Diego Food Bank 9850 Distribution Avenue San Diego, CA 92121 www.sandiegofoodbank.org	Contact Person – Name, Title & Phone, email Elisa Villarreal Grants Manager (858) 863-5192 evillarreal@sandiegofoodbank.org	
<u>Briefly</u> describe your request for funds (to be expanded upon in narrative for regular grant): The North County Food Bank is requesting \$5,000 to be used for the purchase of approximately 38,000 pounds of nutritious fresh produce. Once purchased, this produce will be distributed free of charge to low-income families through our monthly Neighborhood Distributions in rural areas, college, and military communities that otherwise lack access to food distributions, and through our 179 North County-based nonprofit partners.		
<u>Briefly</u> describe the significance of your request to the San Marcos community: Hunger is everywhere—down the street, at work, at the senior center, on the playground. Currently, one in three individuals in San Diego County is food insecure—they don't always know where their next meal will come from. Of those experiencing food insecurity, 28% were newly food insecure in 2020, while 72% were already struggling to meet their needs before the COVID-19 pandemic. It's a terrifying way to live, but a reality for many in North County and specifically San Marcos. Providing access to nutritious food during life's critical moments is the hand-up our neighbors need to navigate unforeseen challenges; it fills the gap between what people have and what they need to thrive in this community. As the largest independent hunger-relief organization in San Diego County, the Food Bank continues to face a tremendous challenge during COVID-19 recovery efforts. The pandemic has placed additional strain on low-income individuals who are experiencing harsh economic impacts due to the virus. For these individuals, the Food Bank is the main source of nutritious food during this unprecedented time.		
Please attach the following items. Both Mini-Grant & Regular: - Budget for request (use SMCF Budget Worksheet) - Annual Operating budget for the organization or unit - Federal & State Tax ID numbers - Board of Directors listing with affiliations 5. Regular Grants Only: 1-2 page narrative - First 2 pages of Federal 990	Expected date project will begin/end: 7/1/2021 Date by which funds will be expended: 6/30/2022 Signature of President or Authorized Officer Name, Title 10/6/21 Date Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos	



For the last six years, the North County Food Bank (NCFB) has served as the regional hub and distribution point for food relief for communities in need in North County. When the Jacobs & Cushman San Diego Food Bank (Food Bank) began operating this small facility in 2015, the immense need in the region became immediately clear. With 44 years of experience in food banking the Food Bank was able to enhance the operations of the NCFB. In 2019, the NCFB moved to a larger warehouse facility and has increased its food distribution and the number of families and individuals served significantly: last year more than 5 million meals were distributed throughout North County with more than 120,000 individuals receiving food each month in the region. Through strategic partnerships, effective operations, and a commitment to feeding those in need, the NCFB is working to end hunger in our community.

As the largest independent hunger-relief organization in San Diego County, the Food Bank continues to face a tremendous challenge during COVID-19 recovery efforts. Before COVID-19 we were serving 350,000 individuals monthly, due to the pandemic, this number has spiked to approximately 550,000 per month. We are distributing more food to more people as we serve this growing need that many economic experts predict will persist over the 18-24 months.

Little did we know eighteen months ago that our nation would be faced with an economic crippling caused by a healthcare pandemic. COVID-19 has taken a high toll on our country and more so in our local communities. Unemployment rates remain above pre-pandemic levels. As you know, job loss and underemployment continue to push families into financial crisis. Those struggling to make ends meet continue to need the Food Bank and our network of partner agencies for food assistance. However, with individual government aid during the crisis such as stimulus funds, increased unemployment benefits, and a moratorium on past due rent and mortgage payments, we expect the need to skyrocket as this funding ceases.

As recovery efforts continue, the Food Bank and our agency partners continue to aggressively work to meet staggering needs across the County. The COVID-19 virus has exacerbated and shifted the challenges and risks to a family's immediate health, safety, and financial stability. The Food Bank has been at the forefront of the pandemic by providing food, especially as many individuals in San Diego County have been hit hard economically due to job loss and layoffs. To meet this increased need, last fiscal year we distributed 59.7 million pounds of nutritious food, of which 12.5 million was fresh produce. In North County, we distributed 6.9 million pounds (2.1 million pounds of fresh produce.)

The North County Food Bank is making great strides in addressing food insecurity in the northern communities of San Diego County. The nutritional quality of the food being distributed has improved and the number of pounds distributed has grown tremendously. But there is much more to be done. With grant support, the NCFB can continue to serve 120,000 unique individuals every month through our programs and our 179 Nonprofit Partners located in North County.



1445 Engineer Street, Suite 110
Vista, CA 92081
P 858.527.1419

NorthCountyFoodBank.org

The NCFB will use the requested grant award of \$5,000 in support of our Fresh Produce Initiative (FPI); these funds will purchase at least 38,461 pounds of nutritious, fresh produce from California growers at just \$0.13 per pound. The Food Bank can source produce at this low cost through a subsidized program and our strong collaboration with local growers provides this substantial discount. This produce will then be distributed free of charge to low-income families who are desperate to put healthy food on their tables. Since 2010, we have set a powerful example to food banks across the U.S. through the FPI. Twenty-five percent of the food we distribute annually is made up of fresh fruits and vegetables. This is made possible through purchases and donations from California farmers. By actively and efficiently providing nutritious, fresh produce, we proudly move beyond being just a food bank to being a comprehensive nutrition bank.

As you may know, fresh produce is often too costly for families living on tight budgets – they are forced to subsist on processed foods that are filling and cheap, but that directly contribute to San Diego County’s epidemic of obesity, Type 2 diabetes, and cardiovascular disease. The goal of the FPI is to distribute at least 12.5 million pounds of fresh produce to marginalized families and seniors throughout San Diego County to reduce the negative trends of hunger and nutritional disease and to remove the barriers to fresh, nutritious—but expensive—fruits and vegetables. Through your support of the Fresh Produce Initiative in North County, you can significantly improve the health outcomes of our clients.

With the San Marcos Community Foundation’s partnership, we can continue to grow our impact in San Diego’s North County. For the thousands of people forced to make choices between food and other basic necessities monthly in North County, access to the NCFB can issue relief from the crushing stress of living life on the edge.

While our primary goal is to eliminate hunger, ultimately we want to break the cycle of poverty, and that will not be possible without good nutrition. Young people subsisting solely on processed foods will not excel at school; adults eating nothing but unhealthy foods will not get promotions at work. We understand that hunger is one symptom of poverty. We understand that hunger is one symptom of poverty, through collaboration, innovation, and responsiveness to our community’s needs we hope to interrupt the cycle of poverty and build a brighter future for tomorrow’s leaders.

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)

Fresh Produce Acquisition and Distribution _____	\$ <u>900,000</u> _
Personnel Expenses _____	\$ <u>175,000</u> _
Occupancy Expenses _____	\$ <u>30,000</u> _
Administrative/Transport _____	\$ <u>40,000</u> _
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Total budget for this PROJECT: **\$ 1,145,000 _**

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

Is this a challenge grant? No Could it be?

Please list any other funding sources for this project.

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

\$ <u>75,000</u> _	Price Philanthropies _____	** <u>C</u> _
\$ <u>10,000</u> _	Oceanside Charitable Foundation _____	** <u>C</u> _
\$ _____	(Name of source) _____	** _____
\$ _____	(Name of source) _____	** _____

**Jacobs & Cushman San Diego Food Bank
Proposed Budget FY 2021-2022**

		FY 2021-2022 Budget
Income		
Total Government Contracts	\$	3,765,000
Total Business Enterprise	\$	475,000
Total Private Donations	\$	11,250,000
Total Special Event Fundraising	\$	1,200,000
Total Investments	\$	1,250,000
Total Income	\$	17,940,000
Carry-over from previous fiscal year	\$	1,528,000
Total	\$	19,468,000
Expense		
Total Fundraising Expense	\$	2,437,000
Total Food Acquisition & Distribution	\$	7,174,000
Total Personnel Expenses	\$	6,479,000
Total Occupancy Expenses	\$	1,172,000
Total Administrative	\$	1,706,000
Total Agency Capacity Grants	\$	500,000
Total Expense	\$	19,468,000



Jacobs & Cushman San Diego Food Bank

Federal Tax ID # 20-4374795

State Tax ID # 2801904



CHARITY NAVIGATOR
Four Star Charity
★★★★

1445 Engineer Street, Suite 110
Vista, CA 92081
P 858 527 1457

NorthCountyFoodBank.org



Jacobs & Cushman San Diego Food Bank

Board of Directors

July 01, 2021 - June 30, 2022



Steve Bernstein – Chairman

Executive Vice President

Sheldon Derezin – Treasurer

Vice President, Mergers and Acquisitions (RET)

Waxie Sanitary Supply

Dana Alligood

Market Executive, Global Commercial Bank – Middle Market

Bank of America Merrill Lynch

Bob Bolinger

Partner

CSB Impact Marketing & Media Management

Patrick Day

Vice President/General Manager Jordanos Foodservice

Jordanos Foodservice

Dale Ganzow

President & CEO

San Diego Employers Association

Chris Henn

President of U.S. Operations

Wawanesa Insurance

Drew Martin

Principal

Silicon Beach Advisors

Ray Patel

CEO (RET)

Fisher Scientific Products

Gangaram Singh, Ph.D.

Executive Vice President and Provost

National University

John David Wicker

Director of Intercollegiate Athletics

San Diego State University

Kimberley Layton – Vice Chair

Vice President, External Affairs

Los Angeles Chargers

Clifford “Rip” Rippetoe – Secretary

President & CEO

San Diego Convention Center Corporation

Carlos Cota

IATSE International Trustee, International Representative

International Alliance of Theatrical Stage Employees (IATSE)

Melissa Forrest

President – San Diego/Riverside Region

iHeart Media

Scott Heath

President / General Manager

Fox 5 San Diego

Sandy Kerl

General Manager

San Diego County Water Authority

Dan Moore

Co-Manager, Commercial & Residential Properties

Crown Pacific Group LLC

Rick Williams

Vice President - South

Albertsons Companies, Inc.

Form **990**
(Rev. January 2020)
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

2019

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 for instructions and the latest information.

A For the 2019 calendar year, or tax year beginning JUL 1, 2019 and ending JUN 30, 2020

B Check if applicable:

- ☐ Address change
☐ Name change
☐ Initial return
☐ Final return/terminated
☐ Amended return
☐ Application pending

C Name of organization

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Doing business as

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

9850 DISTRIBUTION AVENUE

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

SAN DIEGO, CA 92121

F Name and address of principal officer: JAMES FLOROS

SAME AS C ABOVE

D Employer identification number

20-4374795

E Telephone number

619-231-1977

G Gross receipts \$ 89,278,182.

H(a) Is this a group return

for subordinates? ☐ Yes ☒ NoH(b) Are all subordinates included? ☐ Yes ☐ No

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

H(c) Group exemption number

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

J Website: WWW.SANDIEGOFOODBANK.ORG

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

L Year of formation: 2005 M State of legal domicile: CA

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: PROVIDE FOOD TO PEOPLE IN NEED, ADVOCATE FOR THE HUNGRY AND EDUCATE THE PUBLIC ABOUT HUNGER ISSUES.
	2	Check this box ☐ 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) 24
	4	Number of independent voting members of the governing body (Part VI, line 1b) 23
	5	Total number of individuals employed in calendar year 2019 (Part V, line 2a) 89
	6	Total number of volunteers (estimate if necessary) 25000
	7a	Total unrelated business revenue from Part VIII, column (C), line 12 0.
7b	Net unrelated business taxable income from Form 990-T, line 39 0.	
Revenue	8	Contributions and grants (Part VIII, line 1h) 51,632,775.
	9	Program service revenue (Part VIII, line 2g) 567,880.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d) 67,072.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 435,834.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) 52,703,561.
	Expenses	13
14		Benefits paid to or for members (Part IX, column (A), line 4) 0.
15		Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 4,175,535.
16a		Professional fundraising fees (Part IX, column (A), line 11e) 0.
b		Total fundraising expenses (Part IX, column (D), line 25) 3,054,935.
17		Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) 45,879,419.
18		Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) 50,054,954.
19		Revenue less expenses. Subtract line 18 from line 12 2,648,607.
Net Assets or Fund Balances	20	Total assets (Part X, line 16) 26,094,824.
	21	Total liabilities (Part X, line 26) 836,096.
	22	Net assets or fund balances. Subtract line 21 from line 20 25,258,728.

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		
	JAMES FLOROS, PRESIDENT/CEO				
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ☐	PTIN
	RICHARD HOTZ		04/09/21		P00452784
Firm's name	CONSIDINE & CONSIDINE		Firm's EIN		95-2694444
	Firm's address		Phone no.		619.231.1977
		SAN DIEGO, CA 92108			

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

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

- 1** Briefly describe the organization's mission:
TO PROVIDE FOOD TO PEOPLE IN NEED, ADVOCATE FOR THE HUNGRY AND EDUCATE THE PUBLIC ABOUT HUNGER RELATED ISSUES.
-
- 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 \$ 43,445,856. including grants of \$ 570,000.) (Revenue \$ 638,819.)
THE SAN DIEGO FOOD BANK PROVIDES FOOD AND NONFOOD ITEMS TO HUNGER RELIEF CHARITIES THROUGHOUT SAN DIEGO COUNTY. MEMBER AGENCY PROGRAM (MAP).
-
- 4b** (Code:) (Expenses \$ 5,199,384. including grants of \$) (Revenue \$)
TO PROVIDE FOOD AND NUTRITION EDUCATION TO ELIGIBLE LOW-INCOME PREGNANT WOMEN, WOMEN 12 MONTHS POSTPARTUM, BREAST-FEEDING MOTHERS, CHILDREN UNDER 6 YEARS OF AGE AND SENIORS OVER THE AGE OF 60. COMMODITY SUPPLEMENTAL FOOD PROGRAM (CSFP).
-
- 4c** (Code:) (Expenses \$ 16,849,041. including grants of \$) (Revenue \$)
THE EMERGENCY FOOD ASSISTANCE PROGRAM (EFAP) IS A FEDERAL PROGRAM THAT PROVIDES MONTHLY EMERGENCY AND SUPPLEMENTAL FOOD PACKAGES TO INDIVIDUALS AND FAMILIES WHO MEET THE INCOME GUIDELINES SET BY THE FEDERAL GOVERNMENT.
-
- 4d** Other program services (Describe on Schedule O.)
 (Expenses \$ 1,099,174. including grants of \$) (Revenue \$)
- 4e** Total program service expenses **66,593,455.**

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK
A NONPROFIT ORGANIZATION
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK
A NONPROFIT ORGANIZATION**

	Pages
I. Index	1
II. Independent auditor's report	2 - 3
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IV. Consolidated statements of activities	5 - 6
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jacobs & Cushman San Diego Food Bank

We have audited the accompanying consolidated financial statements of Jacobs & Cushman San Diego Food Bank, a nonprofit organization, and subsidiary which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

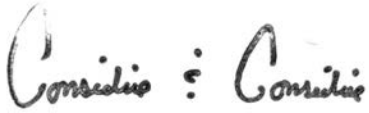
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable 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 Jacobs & Cushman San Diego Food Bank and subsidiary as of June 30, 2020 and 2019, 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.

A handwritten signature in dark ink, appearing to read "Considine & Considine". The script is cursive and somewhat stylized, with a colon separating the two names.

CONSIDINE & CONSIDINE
An Accountancy Corporation

January 12, 2021

JACOBS & CUSHMAN SAN DIEGO FOOD BANK
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

Page 4

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,579,695	\$ 537,868
Certificates of deposit	1,200,000	2,207,242
Investments (note 6)	10,751,185	2,844,801
Accounts receivable (note 3)	2,034,339	664,940
Contributions receivable	171,522	229,034
Inventory (note 4)	4,859,973	5,069,420
Prepaid expenses and other current assets	<u>202,161</u>	<u>124,675</u>
	21,798,875	11,677,980
PROPERTY AND EQUIPMENT (note 5)	15,173,952	14,406,335
NONCURRENT ASSETS		
Certificates of deposit	1,851,013	-
Other assets	<u>49,172</u>	<u>10,509</u>
	1,900,185	10,509
TOTAL ASSETS	<u><u>38,873,012</u></u>	<u><u>26,094,824</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	844,642	303,786
Accrued liabilities (note 8)	681,280	507,499
Customer advances	<u>94,619</u>	<u>24,811</u>
TOTAL LIABILITIES	1,620,541	836,096
NET ASSETS (note 10)		
Without donor restrictions	34,716,770	23,185,706
With donor restrictions	<u>2,535,701</u>	<u>2,073,022</u>
TOTAL NET ASSETS	<u><u>37,252,471</u></u>	<u><u>25,258,728</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 38,873,012</u></u>	<u><u>\$ 26,094,824</u></u>

See accompanying notes

JACOBS & CUSHMAN SAN DIEGO FOOD BANK
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Page 5

	Without donor Restrictions	With donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Support from the public:			
Business enterprise (note 12)	\$ 55,170,448	\$ -	\$ 55,170,448
Private donations	18,200,744	3,043,451	21,244,195
Government contracts	4,757,258	500,149	5,257,407
Inkind contributions	40,000	-	40,000
	<u>78,168,450</u>	<u>3,543,600</u>	<u>81,712,050</u>
Special events (note 13)			
Special events revenue	1,050,154	-	1,050,154
Direct benefits to donors	(190,265)	-	(190,265)
	<u>859,889</u>	<u>-</u>	<u>859,889</u>
NET ASSET RESTRICTION TRANSFERS			
Revenue released from restriction	3,080,921	(3,080,921)	-
TOTAL REVENUE	<u>82,109,260</u>	<u>462,679</u>	<u>82,571,939</u>
EXPENSES			
Program services:			
Government programs	22,245,292	-	22,245,292
Non-Government programs	44,388,163	-	44,388,163
Total program services	<u>66,633,455</u>	<u>-</u>	<u>66,633,455</u>
Supporting services:			
Management and general	830,971	-	830,971
Fundraising	3,437,553	-	3,437,553
Total supporting services	<u>4,268,524</u>	<u>-</u>	<u>4,268,524</u>
	<u>70,901,979</u>	<u>-</u>	<u>70,901,979</u>
OTHER INCOME/(EXPENSE)			
Investment return	294,359	-	294,359
Other income	29,424	-	29,424
	<u>323,783</u>	<u>-</u>	<u>323,783</u>
CHANGE IN NET ASSETS	<u>11,531,064</u>	<u>462,679</u>	<u>11,993,743</u>
NET ASSETS, BEGINNING OF YEAR	<u>23,185,706</u>	<u>2,073,022</u>	<u>25,258,728</u>
NET ASSETS, END OF YEAR	<u><u>\$ 34,716,770</u></u>	<u><u>\$ 2,535,701</u></u>	<u><u>\$ 37,252,471</u></u>

See accompanying notes

JACOBS & CUSHMAN SAN DIEGO FOOD BANK
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Page 6

	Without donor Restrictions	With donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Support from the public:			
Business enterprise (note 12)	41,529,515	\$ -	\$ 41,529,515
Private donations	5,803,742	1,759,087	7,562,829
Government contracts	2,593,934	-	2,593,934
	<u>49,927,191</u>	<u>1,759,087</u>	<u>51,686,278</u>
Special events (note 13)			
Special events revenue	1,474,302	-	1,474,302
Direct benefits to donors	(245,692)	-	(245,692)
	<u>1,228,610</u>	<u>-</u>	<u>1,228,610</u>
NET ASSET RESTRICTION TRANSFERS			
Revenue released from restriction	1,320,558	(1,320,558)	-
TOTAL REVENUE	52,476,359	438,529	52,914,888
EXPENSES			
Program services:			
Government programs	12,451,989	-	12,451,989
Non-Government programs	34,583,881	-	34,583,881
Total program services	<u>47,035,870</u>	<u>-</u>	<u>47,035,870</u>
Supporting services:			
Management and general	725,686	-	725,686
Fundraising	2,577,346	-	2,577,346
Total supporting services	<u>3,303,032</u>	<u>-</u>	<u>3,303,032</u>
	50,338,902	-	50,338,902
OTHER INCOME/(EXPENSE)			
Investment return	143,565	-	143,565
Other income	5,549	-	5,549
	<u>149,114</u>	<u>-</u>	<u>149,114</u>
CHANGE IN NET ASSETS	2,286,571	438,529	2,725,100
NET ASSETS, BEGINNING OF YEAR	20,899,135	1,634,493	22,533,628
NET ASSETS, END OF YEAR	<u>\$ 23,185,706</u>	<u>\$ 2,073,022</u>	<u>\$ 25,258,728</u>

See accompanying notes

JACOBS & CUSHMAN SAN DIEGO FOOD BANK
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

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	Program Services			Supporting Services			
	Government Programs	Non- Government Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Administrative support	\$ -	\$ 681	\$ 681	\$ 3,037	\$ -	\$ 3,037	\$ 3,718
Bank charges	-	4,655	4,655	28,640	178,395	207,035	211,690
Contract services	148,851	100,551	249,402	45,694	276,933	322,627	572,029
Depreciation and amortization	470,853	298,811	769,664	63,839	71,984	135,823	905,487
Direct mail and marketing	-	42,848	42,848	5,667	1,568,337	1,574,004	1,616,852
Dues and subscriptions	1,507	29,037	30,544	21,308	11,359	32,667	63,211
Equipment rental	13,669	37,877	51,546	1,362	56,778	58,140	109,686
Food acquisition and distribution	19,414,946	40,599,927	60,014,873	7,080	5,492	12,572	60,027,445
Grant expense	-	570,000	570,000	-	-	-	570,000
Insurance	15,241	12,033	27,274	19,525	4,629	24,154	51,428
Meeting expenses	2,752	7,357	10,109	20,749	22,756	43,505	53,614
Personnel expenses	1,442,436	1,913,387	3,355,823	538,238	1,127,440	1,665,678	5,021,501
Printing and mailing	35,852	50,177	86,029	7,468	119,749	127,217	213,246
Repairs and maintenance	200,930	138,732	339,662	13,903	20,877	34,780	374,442
Supplies	79,526	326,389	405,915	20,009	122,665	142,674	548,589
Telephone	12,880	17,782	30,662	4,849	1,836	6,685	37,347
Travel	15,762	32,629	48,391	16,537	23,861	40,398	88,789
Warehouse expenses	390,087	205,290	595,377	13,066	14,728	27,794	623,171
	22,245,292	44,388,163	66,633,455	830,971	3,627,819	4,458,790	71,092,245
Less: Direct benefits to donors at special events included in revenue	-	-	-	-	(190,266)	(190,266)	(190,266)
Total expenses included in the expense section of the statement of activities	\$ 22,245,292	\$ 44,388,163	\$ 66,633,455	\$ 830,971	\$ 3,437,553	\$ 4,268,524	\$ 70,901,979

See accompanying notes

JACOBS & CUSHMAN SAN DIEGO FOOD BANK
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

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	Program Services			Supporting Services			
	Government	Non-	Total	Management		Total	
	Programs	Government	Program	and General	Fundraising	Supporting	Total
		Programs	Services			Services	
Administrative support	\$ -	\$ -	\$ -	\$ 3,797	\$ -	\$ 3,797	\$ 3,797
Bank charges	-	2,070	2,070	23,787	59,375	83,162	85,232
Contract services	62,606	49,208	111,814	53,075	360,910	413,985	525,799
Depreciation and amortization	351,098	377,551	728,649	59,982	68,602	128,584	857,233
Direct mail and marketing	-	64,119	64,119	5,646	995,889	1,001,535	1,065,654
Dues and subscriptions	2,712	22,850	25,562	10,347	14,664	25,011	50,573
Equipment rental	4,256	5,850	10,106	3,838	73,160	76,998	87,104
Food acquisition and distribution	10,632,487	31,683,516	42,316,003	3,822	2,841	6,663	42,322,666
Insurance	11,744	15,419	27,163	17,293	2,561	19,854	47,017
Meeting expenses	763	6,276	7,039	11,006	7,965	18,971	26,010
Personnel expenses	1,134,804	1,709,485	2,844,289	459,470	977,684	1,437,154	4,281,443
Printing and mailing	18,004	38,233	56,237	5,789	83,292	89,081	145,318
Repairs and maintenance	74,855	202,481	277,336	13,823	18,445	32,268	309,604
Supplies	43,472	190,641	234,113	19,156	109,743	128,899	363,012
Telephone	11,318	20,125	31,443	1,706	2,087	3,793	35,236
Travel	18,519	33,865	52,384	22,012	26,549	48,561	100,945
Warehouse expenses	85,351	162,192	247,543	11,137	19,271	30,408	277,951
	12,451,989	34,583,881	47,035,870	725,686	2,823,038	3,548,724	50,584,594
Less: Direct benefits to donors at special events included in revenue	-	-	-	-	(245,692)	(245,692)	(245,692)
Total expenses included in the expense section of the statement of activities	<u>\$ 12,451,989</u>	<u>\$ 34,583,881</u>	<u>\$ 47,035,870</u>	<u>\$ 725,686</u>	<u>\$ 2,577,346</u>	<u>\$ 3,303,032</u>	<u>\$ 50,338,902</u>

See accompanying notes

**JACOBS & CUSHMAN SAN DIEGO FOOD BANK
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

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	2020	2019
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 11,993,743	\$ 2,725,100
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	905,487	857,233
Loss on disposal of equipment	-	(2,500)
Net realized and unrealized investment gain	(186,636)	(87,534)
In-kind investment contributions	(280,676)	(165,370)
Change in contributed food inventory	1,744,457	(1,302,997)
Change in operating assets and liabilities:		
Accounts receivable	(1,369,399)	(81,635)
Contributions receivable	57,512	39,926
Inventories	(1,535,010)	(145,968)
Prepaid expenses and other current assets	(116,149)	(3,521)
Accounts payable	540,856	(37,618)
Accrued expenses	173,781	122,114
Customer advances	69,808	(9,737)
NET CASH PROVIDED BY OPERATING ACTIVITIES	11,997,774	1,907,493
CASH FLOWS USED BY INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	(1,673,104)	(196,967)
Cash paid for purchases of investments	(14,701,674)	(5,909,705)
Proceeds on sale of investments	6,418,831	2,634,923
Proceeds on sale of equipment	-	2,500
	(9,955,947)	(3,469,249)
NET INCREASE/(DECREASE) IN CASH	2,041,827	(1,561,756)
CASH, BEGINNING OF YEAR	537,868	2,099,624
CASH, END OF YEAR	\$ 2,579,695	\$ 537,868
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -

See accompanying notes

JACOBS & CUSHMAN SAN DIEGO FOOD BANK
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NOTE 1 THE ORGANIZATION

Jacobs & Cushman San Diego Food Bank (the "Organization"), incorporated under the laws of the State of California, operates as a nonprofit public-benefit organization that provides food assistance and resources to people in need, advocates for the hungry, connects the population it serves to a range of health and human service providers, and educates the public about hunger in San Diego County. The Organization operates as a central repository and distribution point for USDA commodities and donated food. Through its own direct distributions and through a network of over 500 nonprofit hunger-relief organizations, Jacobs & Cushman San Diego Food Bank distributes approximately 43 million pounds of food annually to people in need throughout San Diego County. In November 2011, the Organization transferred the building to The Jacobs & Cushman San Diego Food Bank Building, LLC which is 100% owned by the Jacobs & Cushman San Diego Food Bank.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The accompanying consolidated financial statements are prepared using the accrual method of accounting in conformity with generally accepted accounting principles.

Consolidations – The accompanying consolidated financial statements include the accounts of Jacobs & Cushman San Diego Food Bank and its 100% owned subsidiary, The Jacobs & Cushman San Diego Food Bank Building, LLC. All significant intercompany transactions and accounts have been eliminated.

Estimates – The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates.

Financial statement presentation – The Organization follows the Financial Accounting Standards Board's (FASB) Financial Statements of Not-for-Profit Organizations for presentation of its financial statements which requires that net assets, support, revenue and gains, expenses and losses be classified as without donor restrictions or with donor restriction.

Net assets without restrictions – Net assets without restrictions consist of assets which are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its programs or supporting services.

Net assets with restrictions – Net assets with restrictions are those which are restricted by donors for specific operating purposes and are not currently available for use in the Organization's operations until commitments regarding their use have been fulfilled.

Cash – The Organization considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. The Organization maintains several bank accounts with Wells Fargo, which at times may exceed the federally insured deposit limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant risk on cash.

Contributions receivable – Contributions receivable consist of donor promises to give. It is the Organization's policy to charge off uncollectible contributions receivable when management determines

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the receivable will not be collected. All contributions receivable are short-term and therefore, no present value discounting was recorded. All contributions receivable are considered collectible as of June 30, 2020 and 2019.

Inventory – Inventory consists of food products received through government programs sponsored by the USDA (Emergency Food Assistance Program and Commodity Supplemental Food Program), purchased and donated food products. The Organization records contributed food received from the USDA based on actual food product prices provided by the corresponding USDA program. During the years ended June 30, 2020 and 2019, the USDA Emergency Food Assistance Program food product prices averaged \$0.98 and \$0.83 per pound, respectively, and USDA Commodity Supplemental Food Program food product prices averaged \$0.75 and \$0.69 per pound, respectively. All other contributed food items are valued using an average cost based on the industry standard of \$1.66 per pound for the years ended June 30, 2020 and 2019.

Property and equipment – Property and equipment are carried at cost, or if donated, at fair value. The Organization capitalizes nonroutine improvements over \$5,000. Depreciation is computed using the straight-line method of depreciation over the assets estimated useful lives of five to thirty-nine years. Maintenance and repairs are charged to the expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in income.

Investments – Investments in marketable securities with readily determinable fair values are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Fair value measurement – The Organization follows accounting standards which define fair value, establish a framework for measuring fair value and expand disclosures about fair value measurements for all financial assets and liabilities.

Revenue recognition – Revenue is recognized when earned, which may be when cash is received, unconditional promises made, ownership of other assets transferred, or services rendered. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. Revenues from reimbursable expenses are recognized when all requirements are met and the Organization is entitled to the revenue. Shared maintenance fees represent amounts charged to agencies for food from the marketplace for a nominal per pound fee.

In-kind contributions - In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization benefited from donated facility space which were valued at \$40,000 and \$0 during the years ended June 30, 2020 and 2019. These amounts have been reported as both in-kind contribution revenue and in-kind occupancy expense on the statements of activities. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the

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Organization's programs and fundraising campaigns but which do not meet the criteria for financial statement recognition.

Concentrations – In the current period, a significant amount of food receipts and grants were provided by government contracts. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term.

Functional expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management estimates. Directly identifiable expenses are charged to program and supporting services. General operating costs across nearly all natural categories are allocated among the program and supporting services on a reasonable basis. The Organization allocates expenses using four different formulas based on the type of expense and update this allocation on a quarterly basis based on the pounds of food distributed by category. For the years ended June 30, 2020 and 2019 program expenses were 93.98% and 93.47%, management and general were 1.17% and 1.44%, and fundraising were 4.85% and 5.09%, respectively.

Income taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore no provision has been made for federal income taxes in the accompanying consolidated financial statements.

The Organization follows accounting standards which clarify the accounting for uncertainty in income taxes recognized in the consolidated financial statements and prescribes a recognition threshold and measurement attribute for the consolidated financial statements and recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition and measurement of a tax position taken or expected to be taken in a tax return. As of June 30, 2020 and 2019, the Organization has not accrued interest or penalties related to uncertain tax positions. The Organization files tax returns in the U.S. Federal jurisdiction and the State of California.

Reclassifications - Certain reclassifications have been made to the 2019 financial statements presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Recent accounting pronouncements

Accounting Standards Update No. 2014-09, 2016-08, 2016-10, 2016-12, 2016-20, collectively implemented as Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") Topic 606 ("ASC 606") Revenue from Contracts with Customers, provides guidance for revenue recognition. This ASC's core principle requires an organization to recognize revenue when it transfers promised goods or services to recipients in an amount that reflects consideration to which the organization expects to be entitled in exchange for those goods or services. The standard also clarifies the principal versus agent considerations, providing the evaluation must focus on whether the entity has control of the goods or services before they are transferred to the recipient. The new standard permits the use of either the modified retrospective or full retrospective transition method.

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The Organization has performed a review of the new guidance as compared to its current accounting policies, and evaluated all services rendered to its recipients as well as underlying contracts to determine the impact of this standard to its revenue recognition process. Upon completion of its review of relevant contracts, the Corps has made a determination that there is no material impact to revenue recognition upon adoption of the new standard. Additionally, there have not been significant changes to the Organization's business processes, systems, or internal controls as a result of implementing the standard. The Organization adopted the standard on July 1, 2019, using the modified retrospective transition method.

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU includes clarification regarding the accounting for contracts and agreements as exchange transactions or contributions and provides improved guidance to better distinguish between conditional and unconditional contributions. The Organization adopted ASU 2018-08, under the modified prospective approach to agreements that were either not completed as of July 1, 2019 or entered into after July 1, 2019. The adoption of this ASU did not have a material effect on the financial statements for contributions received. The Organization does not make significant contributions and the impact of ASU 2018-08 related to contributions made is not expected to be material to the financial statements or disclosures.

In February 2016, the FASB issued a new leases standard which sets out principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The new standard will be effective for the Organization beginning on July 1, 2022, with early adoption permitted, though the Organization currently anticipates adopting the new standard on the effective date. The new standard must be adopted using a modified retrospective method, which requires application of the new guidance at the beginning of the earliest comparative period presented and provides for certain practical expedients. The Organization is assessing the effect of the new standard on its financial statements, though it does not anticipate changes to its current revenue recognition practices.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2020	2019
Government contracts receivable	\$ 1,967,538	\$ 617,186
Marketplace food purchases	66,801	47,754
Other receivables	-	-
	<u>\$ 2,034,339</u>	<u>\$ 664,940</u>

Management assesses the collectability of all accounts receivable at the close of each period and records an allowance for doubtful accounts based on specific identification. Management has determined all receivables were collectible at June 30, 2020 and 2019.

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Government contracts receivable relates to reimbursements under government programs that have not been received from the respective government agency. It represents the amount due through the years ended June 30, 2020 and 2019, respectively.

NOTE 4 INVENTORY

Inventory consists of the following:

	2020	2019
Marketplace		
Donated	\$ 1,111,746	\$ 1,835,575
Purchased	1,052,321	284,816
	2,164,067	2,120,391
EFAP government contract	1,986,411	2,413,416
CSFP government contract	709,495	535,613
	<u>\$ 4,859,973</u>	<u>\$ 5,069,420</u>

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	2020	2019
Building improvements	\$ 7,640,403	\$ 7,313,602
Building	5,578,840	5,578,840
Land	4,378,000	4,378,000
Warehouse equipment	1,827,853	1,280,530
Transportation equipment	1,120,854	836,083
Furniture and office equipment	565,978	445,362
Leasehold Improvements	51,558	7,611
	21,163,486	19,840,028
Accumulated depreciation	(6,347,370)	(5,442,095)
	14,816,116	14,397,933
Construction in progress	357,836	8,402
	<u>\$ 15,173,952</u>	<u>\$ 14,406,335</u>

Depreciation expense was \$905,487 and \$857,233 for the years ended June 30, 2020 and 2019, respectively.

Construction in progress at June 30, 2020 related to a repack line machine. The total cost was approximately \$477,000 and was completed in August 2020.

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NOTE 6 INVESTMENTS

The Organization invests funds in a professionally managed portfolio that may include various types of fixed income investments. Some of these investments are exposed to various risks, such as fluctuations in market value, interest rate, or credit risk. Therefore, the Organization's investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Investments recorded at cost included certificates of deposit. Investments carried at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

Cost and fair value of available-for-sale securities are as follows:

	2020	
	Cost	Fair Value
Corporate stocks	\$ 5,620,783	\$ 4,412,782
Mutual funds	4,297,233	4,301,978
Corporate bonds	1,928,321	1,932,570
Foreign bonds	103,645	103,855
	<u>\$ 11,949,982</u>	<u>\$ 10,751,185</u>

	2019	
	Cost	Fair Value
Corporate stocks	\$ 1,304,662	\$ 1,414,683
Mutual funds	1,430,118	1,430,118
	<u>\$ 2,734,780</u>	<u>\$ 2,844,801</u>

Investment income is included in other income on the consolidated statements of activities and consists of the following:

	2020	2019
Interest and dividends	\$ 107,723	\$ 56,031
Realized gains	\$ 94,139	\$ -
Unrealized gains	\$ 92,497	\$ 87,534

NOTE 7 FAIR VALUE MEASUREMENT

The Organization follows the method of fair value to value its financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below.

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Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to level 1 inputs.

Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Financial assets and liabilities carried at fair value at June 30, 2020 are classified below in one of three categories described above. The table below presents the balances of assets measured at fair value on a recurring basis.

	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Corporate stocks	\$ 4,412,782	\$ -	\$ -	\$ 4,412,782
Mutual funds	4,301,978	-	-	4,301,978
Corporate bonds	1,932,570	-	-	1,932,570
Foreign bonds	103,855	-	-	103,855
	<u>\$ 10,751,185</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,751,185</u>

Financial assets and liabilities carried at fair value at June 30, 2019 are classified below in one of three categories described above. The table below presents the balances of assets measured at fair value on a recurring basis.

	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Corporate stocks	\$ 1,414,683	\$ -	\$ -	\$ 1,414,683
Mutual funds	1,430,118	-	-	1,430,118
	<u>\$ 2,844,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,844,801</u>

The tables above exclude investments in certificates of deposits which are accounted for on the cost basis of \$3,051,013 and \$2,207,242 at June 30, 2020 and 2019, respectively, which are not subject to ASC 820.

The investments in corporate stocks and mutual funds are valued at market prices in active markets and are classified as level 1.

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NOTE 8 ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	2020	2019
Accrued payroll	\$ 449,255	\$ 318,380
Accrued vacation	232,025	188,669
Accrued other	-	450
	<u>\$ 681,280</u>	<u>\$ 507,499</u>

NOTE 9 LINE OF CREDIT

The Organization has a \$1,000,000 line of credit with Wells Fargo. The Organization has not drawn upon the line of credit as of June 30, 2020 and 2019. The line has a maturity date of May 15, 2021 and bears interest at the Wells Fargo prime rate plus 0.25% as of June 30, 2020 and 2019 (3.50% at June 30, 2020 and 6.25% at June 30, 2019) with a 4% floor. The line of credit is secured by the Organization's inventory and accounts receivable.

NOTE 10 NET ASSETS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by donors during the years ended June 30 are as follows:

	2020	2019
Capital expenditures	\$ 250,080	\$ -
Purpose restriction accomplished:		
Supervisor grants	674,321	-
Covid - disaster recovery	805,000	-
Backpack	582,473	506,962
Farm to family	212,814	211,457
Gift card grants	190,000	-
Hunger Is	167,501	130,884
FEED	119,997	255,003
Operation gobbler	48,800	28,448
Diaper bank	20,263	4,118
College hunger relief & grab-n-go pantries	9,672	145,331
Disaster relief	-	38,194
Roof	-	161
	<u>2,830,841</u>	<u>1,320,558</u>
	<u>\$ 3,080,921</u>	<u>\$ 1,320,558</u>

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Net assets consist of the following at June 30:

	2020	2019
Without donor restrictions	\$ 34,716,770	\$ 23,185,706
With donor restrictions:		
Backpack program	1,974,472	1,579,762
College hunger relief & grab-n-go pantries	272,407	231,079
Diaper bank	122,052	41,039
Solar	101,145	101,145
NBCUniversal	38,950	-
Supervisor grants	26,675	-
FEED	-	119,997
	<u>2,535,701</u>	<u>2,073,022</u>
Total net assets	<u>\$ 37,252,471</u>	<u>\$ 25,258,728</u>

NOTE 11 LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year-end:		
Cash and cash equivalents	\$ 2,579,695	\$ 537,868
Accounts receivable	2,034,339	664,940
Contributions receivable	171,522	229,034
Certificates of deposit	3,051,013	2,207,242
Investments	10,751,185	2,844,801
	<u>\$ 18,587,754</u>	<u>\$ 6,483,885</u>
Less:		
Donor imposed restrictions making financial assets unavailable for general expenditure	<u>2,535,701</u>	<u>2,073,022</u>
Financial assets available to meet general expenditure within one year	<u>\$ 16,052,053</u>	<u>\$ 4,410,863</u>

The Organization is partially supported by restricted contributions. Due to donor restrictions requiring resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization sets aside cash in excess of daily requirements in its reserve and investment accounts. In the event of an unanticipated liquidity need, the Organization

JACOBS & CUSHMAN SAN DIEGO FOOD BANK
A NONPROFIT ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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also could draw upon its line of credit (see note 9). The Organization also owns the building it operates in San Diego, CA debt free that it could borrow against if necessary.

NOTE 12 BUSINESS ENTERPRISE

Business enterprise revenue consists of the following:

	<u>2020</u>	<u>2019</u>
Non-cash food receipt contributions		
Donated	\$ 35,876,941	\$ 29,122,125
Government - EFAP	14,526,697	8,947,681
Government - CSFP	<u>4,125,407</u>	<u>2,880,259</u>
	54,529,045	40,950,065
Shared maintenance fees	638,819	567,880
Recycling and energy rebate	<u>2,584</u>	<u>11,570</u>
	<u><u>\$ 55,170,448</u></u>	<u><u>\$ 41,529,515</u></u>

NOTE 13 SPECIAL EVENTS

Special event revenues and expenses are directly related to several events including galas, blues festival and golf tournaments and consist of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Revenue		
Sponsorship	\$ 612,056	\$ 696,631
Ticket sales	254,215	229,953
Donations	60,382	316,076
Merchandise and auctions proceeds	67,316	165,874
Food and beverage	<u>56,185</u>	<u>65,768</u>
	1,050,154	1,474,302
Expenses:		
Direct benefits to donors	190,266	245,692
Other expenses	<u>382,617</u>	<u>493,819</u>
	572,883	739,511
Total net income	<u><u>\$ 477,271</u></u>	<u><u>\$ 734,791</u></u>

JACOBS & CUSHMAN SAN DIEGO FOOD BANK
A NONPROFIT ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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Special events expenses are included in the consolidated statements of functional expenses as follows:

	2020	2019
Contract services	\$ 203,786	\$ 327,763
Direct mail and marketing	136,873	157,439
Supplies	90,525	106,039
Equipment rental	55,682	72,318
Other fundraising accounts	47,725	46,857
Printing and mailing	38,292	29,095
	<u>\$ 572,883</u>	<u>\$ 739,511</u>

NOTE 14 RETIREMENT PLAN

The Organization sponsors a 403(b) plan which covers all eligible employees. The Organization makes a matching contribution equal to the lesser of 200% of the employee contribution or 3% of the employee's compensation. The Organization's contribution to the 403(b) for the years ended June 30, 2020 and 2019 was \$142,327 and \$137,466, respectively.

NOTE 15 COMMITMENTS

The Organization leases equipment, trucks and facilities under an operating leases that expire between February 2019 and June 2023. Minimum future payments under non-cancelable operating lease having remaining terms in excess of one year for the years ended June 30 are as follows:

2021	\$ 584,459
2022	432,776
2023	83,633
2024	23,628
2025	23,628
	<u>\$ 1,148,124</u>

Equipment lease expense for the years ended June 30, 2020 and 2019 were approximately \$380,000.

NOTE 16 RELATED PARTY TRANSACTIONS

The President of the Organization is also the Chairman of the Board of California Association of Food Banks ("Association"). The Organization purchases food from the Association for various programs. For the years ended June 30, 2020 and 2019, the Organization paid \$965,893 and \$1,391,414, respectively, to the Association for food purchases. In addition, the Organization paid \$20,037 and \$16,275 in annual membership dues for the years ended June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, the Organization owes the Association \$60,535 and \$45,390, respectively, and is included in accounts payable on the statement of financial position.

JACOBS & CUSHMAN SAN DIEGO FOOD BANK
A NONPROFIT ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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The Association is also the pass-through agency for the SNAP program. For the years ended June 30, 2020 and 2019, the Organization was reimbursed \$50,062 and \$42,773, respectively, through the SNAP program. The Association is also the pass-through agency for the Emergency Food Distribution Box Program. The Organization was reimbursed \$137,024 and \$0 for the years ended June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, the Organization has amounts due from the Association of \$94,535 and \$22,143, respectively, and is included in accounts receivable on the statement of financial position.

The Organization used a company for offsite cold storage that a member of the advisory board has an ownership interest in. For the years ended June 30, 2020 and 2019 Organization was billed \$28,523 and \$0, respectively, for storage space. There was a balance outstanding of \$3,983 and \$0 at June 30, 2020 and 2019, respectively, and is included in accounts payable on the statement of financial position.

NOTE 17 SUBSEQUENT EVENT

Management has evaluated subsequent events through January 12, 2021, the date the financial statements were available to be issued. There were no material subsequent events which affected the amounts or disclosures in the consolidated financial statements, except as noted below.

As a result of the Covid-19 Coronavirus and the resulting stay-at-home orders issued by the State of California, the state in which the Organization operates, the Organization may be experiencing operational effects. The duration of the operational effects may be only temporary. However, the related financial impact and duration cannot be reasonably estimated at this time.

SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page



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

Project Name: Internship Pilot Program Date Submitted: 10/2/2021	Total # of people served: 30 Total # of San Marcos residents served: 30	Amount Requested: \$7,500
Non-Profit Organization Name and Address, Website The San Marcos Promise 255 Pico Ave, Ste 103, San Marcos, CA 92069 https://thesanmarcospromise.org	Contact Person – Name, Title & Phone, email Lisa Stout, Executive Director (760) 290-2373 lisa@thesanmarcospromise.org	
<u>Briefly</u> describe your request for funds (to be expanded upon in narrative for regular grant): We request funds to support stipends for student interns participating in our pilot internship program in partnership with the City of San Marcos. The pilot internship will support 30 high school students in the San Marcos Unified School District (SMUSD) to gain first-hand job experience in various roles at the City's office. Key internship features will include safety measures (since students are minors), defined skill-building opportunities, appropriate student placement, ongoing monitoring, and paid opportunities for students (since many students need to work).		
<u>Briefly</u> describe the significance of your request to the San Marcos community: The goal of the internship pilot program is to develop, test, and refine an internship framework that can be scaled to other companies and organizations in upcoming years. We want San Marcos students to easily connect with real-world work experiences no matter their field of interest. Therefore, we want to expand the program to include San Marcos companies representing diverse sectors and job types. SMUSD student interns will develop career insights, build skills and social capital, learn about educational and training requirements, and receive guidance and support from City staff. For some students, their internship experience may spark new interests, compelling them to reengage in school and learning. Others may discover that a career of interest is not a good fit for them and shift their focus to a more compatible career path. All students will gain insight and knowledge that will help them succeed in whatever field they choose. The foundational skills that the students will gain, and the accompanying boost in self-confidence, are critical for a successful transition to adulthood, college, and the workforce.		
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: 11/1/2021/ Date by which funds will be expended: 3/31/2021 Signature of President or Authorized Officer <u>Lisa Stout, Executive Director</u> Name, Title <u>10/2/2021</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): cityclerk@san-marcos.net	



NARRATIVE PREPARED FOR THE SAN MARCOS COMMUNITY FOUNDATION

Mission and Purpose—Our mission is to build dreams, pathways, and prosperity, guiding and supporting students on their journeys to college and into the workforce so that they ultimately build satisfying careers and purposeful lives. We facilitate programs for K-12th grade students at each educational stage that bridge gaps in the curriculum, integrate technology to meet student preferences, build 21st-century skills, and connect students to careers and skill-building opportunities. Importantly, we collaborate with the local school district to maximize student engagement and local businesses and organizations to quickly fill gaps in services and directly link students to local professionals and career opportunities. As a result, our students are empowered to take concrete steps to prepare for a successful transition to college or a career. By investing early and often in our students and creating new connections with industry, we help build a more educated, skilled, and satisfied local workforce.

Internship Pilot Program—We are creating a scalable internship framework for high school students to try out fields of interest before selecting a potential career path or college major, filling gaps in existing career exploration and readiness pathways. We are currently partnering with the City of San Marcos to pilot the program. The City has already partnered with us on Connect to Careers Events and agreed to host student interns this year. Key internship features will include safety measures (since students are minors), defined skill-building opportunities, appropriate student placement, ongoing monitoring, and paid opportunities (especially for students who need to work). The goal is to create a scalable model that supports students' workforce readiness without an undue burden on partnering companies. Our Programs Coordinator is working closely with the City's point of contact to identify employees to serve as internship mentors that represent a variety of roles at the City's office.

During the pilot, approximately 30 San Marcos Unified School District (SMUSD) high school students will gain first-hand experience as interns in various roles at the City of San Marcos. We are in the process of finalizing the program's structure, including rotation schedule, hour commitment, and the possibility of a culminating project that tackles an issue or need of the City. We would be happy to share this additional information once we finalize our plan later this month. After their internship, students will present what they learned and how their experience impacted their career interests. We want students to think deeply about their experience and apply what they learned about themselves and their careers of interest to their future decisions. All student interns will also benefit from the Future Centers' other activities, which help them graduate career-ready. They will create resumes, engage with professionals, participate in mock interviews, and improve their financial literacy.

Outcomes—Students will develop career insights, build skills and social capital, learn about educational and training requirements, and receive guidance and support from City staff. For some students, their internship experience may spark new interests, compelling them to reengage in school and learning. Others may discover that a career of interest is not a good fit for them and shift their focus to a more compatible career path. All students will gain insight and knowledge that will help them succeed in whatever field they choose. The foundational skills that the students will gain, and the accompanying boost in self-confidence, are critical for a successful transition to adulthood, college, and the workforce.

Need—Every student deserves the chance to chart her path to a rewarding career. Yet, students face unequal access to opportunities, and schools lack the resources to prepare them for a successful transition to college or the workforce. The result is disconnected youth (with rates rising sharply after high school due to challenges finding work or enrolling in and completing college), skilled labor shortages, limited workforce diversity, and a dissatisfied workforce (SD Workforce Partnership).

As a former high school counselor and now Executive Director of the Promise, I see countless students every year with great potential but limited opportunities and supports. I was a first-generation college student from a very low-income, single-parent household whose trajectory was changed due to the support of my school counselor and a few key educators. Here at San Marcos Promise, we want to level the playing field in our district so that all of our

students, despite their circumstances, have access to the resources and supports they need to find meaningful employment and achieve self-sufficient futures.

In 2019, we created Future Centers that empower students to attain meaningful employment and a self-sufficient future. They are high-tech hubs (undergoing renovations) that help students find their path and take concrete steps to prepare for and transition to college and career. They are rooted in local schools, supported by local businesses, designed by local students, and overseen by our impact-driven nonprofit to meet students' workforce development needs. They are staffed by two full-time Education Coordinators and located onsite at SMUSD high schools (and open to all North County San Diego students in the summer) to maximize student reach and engagement. Importantly, they centralize program delivery, leading to more touchpoints per student throughout their educational journey and seamless transitions from one program or opportunity to the next.

Key priorities:

- Help students learn about their strengths and interests and take the next steps to identify compatible careers. We work with SMUSD teachers and students to ensure that all middle school students take the Super Strong Interest Inventory Assessment (and encourage them to repeat it) and understand their results.
- Enable students to explore careers by connecting to local businesses, professionals, and relevant work experiences. We host workshops, career panels, industry-specific events, company tours, job shadows, experienceships, and our annual College Expo and Future Fair with 210 local business partners. We also collaborate with local colleges and universities, trade schools, technical schools, and apprenticeship programs to link students to all types of post-secondary training and career options.
- Fill gaps in life skills, like financial literacy. We run afterschool and summer financial literacy boot camps and workshops, partner with high schools to deliver lessons during students' advisory periods, and provide the NextGen personal finance program.
- Support students to build vital college and career readiness skills. We host afterschool and summer workshops covering college and career readiness, soft skills, financial aid, and other vital topics. We provide the Career Edge software for students to create professional resumes, prepare for interviews, and build job skills, and host in-person mock interviews for seniors.
- Enable students to imagine themselves in college and careers by hosting college tours to local colleges and businesses.



The internship program will fill a critical gap in our youth workforce development programming delivered through our Future Centers. It will give students a chance to gain first-hand work experience in various roles before making college or career decisions, setting them up for a more meaningful career match. According to the National Center for Education Statistics, approximately one-third of all college students changed course during their academic careers. Forbes recently reported that "student loan debt in 2019 is the highest ever with more than 44 million borrowers who collectively owe \$1.5 trillion in student loan debt in the U.S. alone." The prevalence of college students changing their majors contributes to the ever-growing issue of student loan debt. For example, students have to take more classes to complete their new major, which extends their time in college. The more we can help students explore and research their path beyond high school, the better decisions they'll make for their future.

Future Plans—Building from a successful pilot program, we will educate other companies on the importance of providing hands-on career experiences to high school students and create additional internship opportunities with other local partners.

Request—We request \$7,500 to provide 30 San Marcos Unified School District student interns a \$250 stipend.

Thank you for your generous support last year and for considering our request this year!

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 for instructions and the latest information.

2019**Open to Public
Inspection****A** For the 2019 calendar year, or tax year beginning 7/01, 2019, and ending 6/30, 2020**B** Check if applicable:

- ☐ Address change
☐ Name change
☐ Initial return
☐ Final return/terminated
☐ Amended return
☐ Application pending

C
The San Marcos Promise
255 Pico Avenue #103
San Marcos, CA 92069**D** Employer identification number

46-5460510

E Telephone number

760-290-2386

G Gross receipts \$ 702,375.**H(a)** Is this a group return for subordinates? ☐ Yes ☒ No**H(b)** Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list. (see instructions)**I** Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) () (insert no.) ☐ 4947(a)(1) or ☐ 527**J** Website: www.thesanmarcospromise.org**H(c)** Group exemption number ▶**K** Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶**L** Year of formation: 2014**M** State of legal domicile: CA**Part I Summary**

Activities & Governance	1	Briefly describe the organization's mission or most significant activities:	The San Marcos Promise guides and supports students on their journeys to college and into the workforce so that they build satisfying careers and purposeful lives.	
	2	Check this box ☐ 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	11
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	11
	5	Total number of individuals employed in calendar year 2019 (Part V, line 2a)	5	0
	6	Total number of volunteers (estimate if necessary)	6	0
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
7b	Net unrelated business taxable income from Form 990-T, line 39	7b	0.	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	544,693.	627,957.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	224,509.	69,480.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		-330.
	12	Total revenue — add lines 8 through 11 (must equal Part VIII, column (A), line 12)	769,202.	702,375.
	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)		124,220.
Expenses	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)	162,265.	165,326.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)		1,065.
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 1,065.		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	418,958.	458,945.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	581,223.	749,556.
	19	Revenue less expenses. Subtract line 18 from line 12	187,979.	-47,181.
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21	Total liabilities (Part X, line 26)	408,839.	368,412.
	22	Net assets or fund balances. Subtract line 21 from line 20	0.	1,936.
			408,839.	366,476.

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			
	Rick Gittings Type or print name and title	Chairman			
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
	Phillip Howerzyl, CPA, CGMA	Phillip Howerzyl, CPA, CGMA			P01363785
	Firm's name	VanderSpek Howerzyl, CPAs			Firm's EIN ▶ 95-2770263
	Firm's address	350 West Fifth Ave., Suite 300 Escondido, CA 92025			Phone no. (760) 741-2659

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

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III ☐**1** Briefly describe the organization's mission:

The San Marcos Promise guides and supports students on their journeys to college and into the workforce so that they build satisfying careers and purposeful lives.

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 \$ 272,190. including grants of \$ 123,500.) (Revenue \$ 21,988.)
Provide post high school scholars opportunities for community services and give them resources for a better transition into the professional world.

4b (Code:) (Expenses \$ 199,168. including grants of \$ 720.) (Revenue \$ 25,992.)
The LEAP program provides elementary and middle school students courses allowing them to explore their interest and discover new passions.

4c (Code:) (Expenses \$ 32,185. including grants of \$) (Revenue \$ 21,500.)
Provide high school students with educational resources, guidance to prepare and empower to choose a path leading to a practical career that is suited to their passions.

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

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

4e Total program service expenses ▶ 503,543.



2021/2022 Budget

INCOME

Foundation Grants	\$	560,000
In-Kind Donations	\$	161,000
Corporate Donors	\$	70,000
Individual Donors	\$	23,000
Earned Income	\$	78,080
Sponsorships	\$	10,000
Total Income	\$	902,080

EXPENSES

Allocated Expenses

Employee Expense/Payroll Tax	\$	457,000
Professional Fees	\$	97,880
Information, Tech, Web Design	\$	8,600
Total Allocated Expenses	\$	563,480

Program Expenses

Donated Facilities, etc.	\$	161,000
PACE Promise	\$	40,000
Dues and Subscriptions	\$	15,400
Office & Operating Supplies	\$	21,300
Internship/Working Scholarship	\$	8,000
Marketing/Program Support	\$	16,500
Board and Staff Training	\$	1,500
Postage and Delivery	\$	250
Printing and Copying	\$	1,500
Field Trips	\$	3,000
Travel and Meetings	\$	1,000
Tuition Assistance	\$	3,000
Insurance	\$	3,775
Total Program Expenses	\$	276,225

Total Expenses	\$	839,705
Net Income	\$	62,375



Board of Directors
2021-2022

Jim Bettencourt, CHP, Public Information Officer

Paul Borden, Homefed Corp (retired), President/CEO

Fred Freedman, Pima Medical Institute, President/CEO

Kevin Holt, Former Superintendent, San Marcos Unified School District, Honorary

Rebecca Jones, City of San Marcos, Mayor

Scotty Lombardi, Hunter Industries, Senior Manager of Global Talent Management

Justin Matsushita, City of Santee Battalion, Chief

Vanessa Negrete, Negrete Law Group, Principal

Zack Nelson, Nelson Family Orthodontics, DDS

Jenny Orlando, Double Peak School, Secretary

Randy Walton, Walton Law Firm, San Marcos City Council Member



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO Box 1286
Rancho Cordova CA 95741-1286

THE SAN MARCOS PROMISE
ATTN: KATHY GALLAGHER
255 PICO AVE # 103
SAN MARCOS CA 92069-3709

Date: 12.02.2020
Case: 33040754667952513
Case Unit: 33040754667952516
In reply refer to: 760:WRM:F120

Regarding : **Tax-Exempt Status**
Organization's Name : THE SAN MARCOS PROMISE
CCN : 3663584
Purpose : Educational
R&TC Section : 23701d
Form of Organization : Incorporated
Accounting Period Ending : 06/30
Tax-Exempt Status Effective : 04/04/2014

Exempt Determination Letter

We have determined the organization is tax-exempt from California franchise or income tax as stated in the above Revenue and Taxation Code (R&TC) section.

To retain tax-exempt status, the organization must be organized and operating for nonprofit purposes within the provisions of the above R&TC section. An inactive organization is not entitled to tax-exempt status.

We have based our decision on the information submitted and the assumption that the organization's present operations will continue unchanged or conform to those proposed in the organization's application. In order for us to determine any effect on the tax-exempt status, the organization must immediately report to us any change in:

- Operation
- Character
- Purpose
- Name
- Address

Our determination may no longer be applicable, if these changes occur:

- Material facts or circumstances relating to the organization application.
- Relevant statutory, administrative, or judicial case law.
- Federal interpretation of federal law in cases where our decision was based on such interpretation.

It is the organization's 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 R&TC Section 21012(a)(2).

For filing requirements, get Pub. 1068, *Exempt Organizations - Filing Requirements and Filing Fees*. Go to **ftb.ca.gov** and search for **1068**.

All California public benefit corporations must register with the California Attorney General's Office Registry of Charitable Trusts within 30 days of first receiving any assets.

The Attorney General regulates charities and the professional fundraisers who solicit on their behalf. The purpose of this oversight is to protect charitable assets for their intended use and ensure that the charitable donations contributed by Californians are not misapplied and squandered through fraud or other means.

Please refer to **oag.ca.gov/Charities** for further information on registration requirements and contact information. Also see the publication Attorney General's Guide for Charities.

This exemption is for state franchise or income tax purposes only. For information regarding sales tax exemption, contact the California Department of Tax and Fee Administration at 800.400.7115, or go to their website at **cdtfa.ca.gov**.

Exempt Organizations Unit
Telephone: 916.855.4027
Fax: 916.855.5637

The San Marcos Promise
Financial Statements
June 30, 2020

The San Marcos Promise
For the year ended June 30, 2020

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Independent Accountant's Review Report

To the Board of Directors
The San Marcos Promise

We have reviewed the accompanying financial statements of The San Marcos Promise (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management'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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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

VanderSpek Howerzyl, CPAs
VanderSpek Howerzyl, CPAs

May 11, 2021

The San Marcos Promise
Statement of Financial Position
for the year ended June 30, 2020

Assets		
Current assets		
Cash and cash equivalents	\$	327,727
Total current assets		<u>327,727</u>
Other Assets		
Investment		<u>40,685</u>
Total other assets		<u>40,685</u>
Total assets	\$	<u><u>368,412</u></u>
Liabilities and net assets		
Current Liabilities		
Accrued expenses	\$	1,936
Total liabilities		<u>1,936</u>
Net assets		
Net assets without donor restrictions		
General operations		304,476
Board designated endowment		28,948
Net assets with donor restrictions		
Program restricted		21,316
Endowment		<u>11,736</u>
Total net assets		<u>366,476</u>
Total liabilities and net assets	\$	<u><u>368,412</u></u>

See accompanying notes and accountant's report

The San Marcos Promise
Statement of Activities
for the year ended June 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 788,956	\$ 60,250	\$ 849,206
Investment return	-	(330)	(330)
Total revenue and support	<u>788,956</u>	<u>59,920</u>	<u>848,876</u>
 Net assets released from restrictions, satisfaction of program restrictions	 38,699	 (38,699)	 -
Expenses:			
Program services	626,042	-	626,042
General and administrative	<u>270,013</u>	<u>-</u>	<u>270,013</u>
Total expenses	<u>896,055</u>	<u>-</u>	<u>896,055</u>
 Increase (decrease) in net assets	 (68,400)	 21,221	 (47,179)
 Net assets at beginning of year	 <u>401,824</u>	 <u>11,831</u>	 <u>413,655</u>
 Net assets at end of year	 <u><u>\$ 333,424</u></u>	 <u><u>\$ 33,052</u></u>	 <u><u>\$ 366,476</u></u>

See accompanying notes and accountant's report

The San Marcos Promise
Statement of Functional Expenses
for the year ended June 30, 2020

	<u>Programs</u>	<u>General & Admin</u>	<u>Total</u>
Functional expenses:			
Accounting	\$ -	\$ 585	\$ 585
Advertising	16,388	7,326	23,714
Administrative analyst	40,455	61,864	102,319
Administrative support	4,336	-	4,336
Bank Fees	-	30	30
Contractors	192,748	-	192,748
Dues & Subscriptions	-	1,547	1,547
Events	590	-	590
Executive Director	49,207	116,118	165,325
Extended Day Camp	10,680	-	10,680
Insurance	775	2,692	3,467
Internship	10,501	-	10,501
Miscellaneous	-	1,225	1,225
Occupancy	-	24,000	24,000
Printing	448	172	620
Professional Fees	-	1,065	1,065
Resource Development	38	18,461	18,499
Scholarship	124,220	-	124,220
Software	11,860	4,944	16,804
Supplies	41,296	29,243	70,539
Staff PIMA	122,500	-	122,500
Travel	-	741	741
	<u>-</u>	<u>741</u>	<u>741</u>
Total functional expenses	<u>\$ 626,042</u>	<u>\$ 270,013</u>	<u>\$ 896,055</u>

See accompanying notes and accountant's report

The San Marcos Promise
Statement of Cash Flows
for the year ended June 30, 2020

Cash flows from operating activities	
Increase (decrease) in net assets	\$ (47,179)
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Increase (decrease) in operating liabilities:	
Accounts Payable	818
Net cash provided by(used by) operations	<u>(46,361)</u>
Cash flows from investing activities	
Endowment	<u>(4,283)</u>
Net cash provided by(used by) investing activities	<u>(4,283)</u>
Cash flows from financing activities:	
Net cash provided by(used by) financing activities	-
Net increase (decrease) in cash	(50,344)
Cash balance at beginning of year	<u>378,071</u>
Cash balance at end of year	<u><u>\$ 327,727</u></u>

See accompanying notes and accountant's report

The San Marcos Promise
Notes to Financial Statements
for the year ended June 30, 2020

Note 1 – Nature of organization and summary of significant accounting policies

Nature of Activities

The San Marcos Promise guides and supports students on their journeys to college and into the workforce so that they build satisfying careers and purposeful lives.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader

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 has adopted ASU 2016-14 which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restrictions.

Net assets without donor restriction represent expendable funds available for operations that are not otherwise limited by donor restrictions.

Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds or recognize the support.

Income Tax Status

The San Marcos Promise 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. In addition, the organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code. Example of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT).

The San Marcos Promise
Notes to Financial Statements
for the year ended June 30, 2020

Note 1 – Nature of organization and summary of significant accounting policies - (continued)

Revenue and Support

Contributions received are recorded as without donor restriction or with donor restrictions support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without restriction and reported in the statement of activities as net assets released from restrictions.

Non-cash gifts are recorded at their objective fair market value. All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions.

Contributed Services

During the year ended June 30, 2020, the value of contributed services meeting the requirements for recognition in the financial statements was material and has been recorded. Professional services have been contributed and consisted of a value of \$122,500 for the year ended June 30, 2020.

Contributed Office Space

During the year ended June 30, 2020, the value of contributed office space was material and has been recorded. Office Space has been contributed and consisted of a value of \$24,000 for the year ended June 30, 2020.

Functional Allocation of Expenses

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Staffing expenses are allocated based on estimates of time and effort.

Cash and Cash Equivalents

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

The San Marcos Promise
Notes to Financial Statements
for the year ended June 30, 2020

Note 2 – Net Assets

The detail of the Organization’s net asset categories at June 30, 2020 are as follows:

Without donor restrictions	
General operations	\$ 304,476
Board designated endowment	28,948
	<u>333,424</u>
With donor restrictions	
Kaiser grant fund	4,313
Rite Aid grant fund	14,000
Warrior Village project	3,003
Endowment fund	<u>11,736</u>
Restricted fund balance	<u>33,052</u>
Total net assets	<u>\$ 366,476</u>

Note 3 – Concentration of credit risk

The Organization maintains its cash balances at a financial institution where the balances are insured either by the Federal Deposit Insurance Corporation (FDIC) or the American Share Insured. The Organization’s cash balances in excess of \$250,000 is stated below.

Cash on hand	\$ 327,727
FDIC insured	<u>(250,000)</u>
Credit at risk	<u><u>\$ 77,727</u></u>

Note 4 – Endowment Fund

The following disclosures related to Endowment Net Assets are required by SFAS 117-1 of the Financial Accounting Standards Board which governs the reporting requirements for donor-restricted endowment funds.

The Board of Trustees of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, 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 various

The San Marcos Promise
Notes to Financial Statements
for the year ended June 30, 2020

Note 4 – Endowment Fund -(continued)

funds, (2) the purposes of the donor-restricted endowment funds, (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, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. As of June 30, 2020, the fund has not yet reached the amount of \$50,000, therefore there is no annual distribution

Spending Policy. The Organization has a policy of appropriating for distribution each year the income created by the endowment.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Trustees of the Organization has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Changes in endowment net assets as of June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 24,570	\$ 11,831
Investment returns, net	(234)	(95)
Board designation of assets	4,613	-
Endowment net assets, end of year	<u>\$ 28,949</u>	<u>\$ 11,736</u>

At June 30, 2020, funds with the original gift restricted value of \$10,000 and a fair value of \$11,736 were reported in net assets. Board designated funds with a cumulative original value of \$25,381 and a fair value of \$28,949 were also reported in net assets.

The San Marcos Promise
Notes to Financial Statements
for the year ended June 30, 2020

Note 5 – Liquidity and availability of financial assets

The Organization has \$306,411 of financial assets available within one year of the statements of financial position date to meet cash needs for general operating expenditures, consisting of cash only. This amount has been reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes include \$21,316 for the LEAP program, College Expo and Future Fairs, and the Warrior Village project.

Note 6 - Revenue Recognition

The Organization has analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and have concluded that no changes are necessary to conform with the new standard.

Note 7 – Concentration of Risk

In the current year a significant amount of grants was provided by a few major organizations. It is always considered reasonably possible that benefactors, grantors and contributors might be lost in the near term. The Organization's market is concentrated in the southern California geographical area.

Note 8 - Functional expenses

The functional expenses are broken out to provide detail between two categories: programs and general and administrative expenses. Expenses are classified in these categories in accordance with their necessity to run the programs of the Organization. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Compensation is allocated based on time and effort, and Software, Supplies, and Insurance are expenses, which are allocated based on percentage of usage.

Note 9 – Subsequent events

In early March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of pandemic. As a result, contributions and programs revenue have fall due to the effects of the prolonged quarantine. Management is carefully monitoring the situation and evaluating its options during this time. Although budgets may need to be revised, management believes the organization will be able to continue to meet obligations and operate their current programs. No adjustments have been made to these financial statements as a result of this uncertainty.

The San Marcos Promise
Notes to Financial Statements
for the year ended June 30, 2020

Note 9 – Subsequent events –(continued)

In July of 2020 the Organization received a PPP loan which Management applied for and expects to receive full forgiveness for \$61,500 in the fiscal year 2021.

These events have been evaluated through May 11, 2021, which is the date that the financial statements were available to be issued.

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

DEPARTMENT OF THE TREASURY

Date: **AUG 05 2014**

THE SAN MARCOS PROMISE
C/O TONI A RITCHEY
950 BOARDWALK STE 201
SAN MARCOS, CA 92078

Employer Identification Number:
46-5460510
DLN:
17053163317004
Contact Person:
CUSTOMER SERVICE ID# 31954
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
June 30
Public Charity Status:
170(b)(1)(A)(vi)
Form 990 Required:
Yes
Effective Date of Exemption:
April 4, 2014
Contribution Deductibility:
Yes
Addendum Applies:
No

Dear Applicant:

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

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

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

THE SAN MARCOS PROMISE

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

Sincerely,

Tamara Ripporda

Director, Exempt Organizations

SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page



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

Project Name: Virtual Education & Mobile Museum Workshops for Low-Income Schoolchildren in San Marcos Date Submitted: 10/6/21	Total # of people served: 170,000 annually Total # of San Marcos residents served: 500 during the grant	Amount Requested: \$5,000
Non-Profit Organization Name and Address, Website San Diego Children's Discovery Museum 320 N Broadway Escondido, CA 92025 www.sdcdm.org	Contact Person – Name, Title & Phone, email Krishna Kabra Executive Director 484-264-7015 KrishnaK@sdcdm.org	
Briefly describe your request for funds (to be expanded upon in narrative for regular grant): San Diego Children's Discovery Museum (SDCDM) is seeking grant funds to provide virtual education and Mobile Museum workshops to Title-I and low-income schools in San Marcos Unified School District (SMUSD.) The Museum's workshops provide high quality, hands-on educational opportunities, resources, and live instruction to children from low-income schools to supplement diminished resources as a result of the pandemic.		
Briefly describe the significance of your request to the San Marcos community: This program will bring about positive change by supplementing the education of children from low-income schools to improve performance and educational attainment in STEM subjects, discover their own interests in STEM and develop a passion for STEM-learning, and increase their interest and knowledge of STEM careers. During this critical time, our virtual education and Mobile Museum workshops will also assist low-income schools in better engaging students with hands-on educational activities and live instruction to combat learning loss, maintain a sense of normalcy, and mitigate the effects of COVID-19-related trauma with fun activities.		
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: 12/1/21 Date by which funds will be expended: 11/30/22 Signature of President or Authorized Officer  _____ Oct 6, 2021 Name, Title Date Krishna Kabra, Executive Director 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): jcadima@san-marcos.net	

SAN MARCOS COMMUNITY FOUNDATION
Budget Worksheet

Provide an itemized list of expenses for this project:

<u>13 virtual education OR 17 Mobile workshops (do not require postage of</u>	
<u>kits for SMUSD classes at \$300.00 each</u>	<u>\$3,900.00</u>
<u>Postage fee for 13 sets of virtual workshops kits at \$75.00 each</u>	<u>\$975.00</u>
<u> </u>	<u>\$</u>
<u> </u>	<u>\$</u>
<u> </u>	<u>\$</u>
<u> </u>	<u>\$</u>
<u> </u>	<u>\$</u>
<u> </u>	<u>\$</u>
<u> </u>	<u>\$</u>
<u> </u>	<u>\$</u>
<u> </u>	<u>\$</u>

Total budget for this PROJECT: \$4,875.00

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

Is this a challenge grant? No

Could it be?

Due to the unpredictable nature of the current pandemic and the needs of schools' virtual and hybrid models, which has affected funding significantly, we 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.

San Diego Children's Discovery Museum
Funding Request for San Marcos Community Foundation
\$5,000 for Mobile Museum Education Workshops for Low-Income Schools and Children

Organization Overview

The mission of San Diego Children's Discovery Museum (SDCDM) is to spark a love of learning so all children can discover their wildest dreams! Our vision is to be the leaders in inventive, early childhood learning. SDCCDM was founded in 2000 as the only hands-on, educational children's museum in North San Diego County, providing supportive educational experiences in science, arts, and world cultures to children ages 0-10. We have outgrown two facilities and our attendance grew from 15,000 in 2011 at our previous location to 170,000 through all services in 2019.

SDCCDM offers curriculum-aligned programs and exhibits including educational workshops, daily activities, school field trips to the Museum, off-site visits from our Mobile Children's Museum, educational camps, special events, and school enrichment services. We have become a vital resource for schools seeking enrichment and curriculum development services because of our focus on guided play, which better engages children with hands-on learning. Due to the pandemic, SDCCDM was temporarily closed between March 2020 and April 2021. We quickly pivoted to providing free online versions of our programs and educational resources while closed, which were viewed more than 900,000 times across San Diego County and the nation. Additionally, we successfully adapted our on-site school workshops to virtual platforms and distributed more than 3,000 free hands-on activity kits to local libraries.

Program Description

SDCCDM respectfully requests \$5,000 from San Marcos Community Foundation to support our Access for All Scholarship Fund and provide approximately 500 students from low-income schools in San Marcos Unified School District with Mobile Museum workshops to address shortfalls in children's education that have grown during the COVID-19 pandemic. These workshops focus on Science, Technology, Engineering, and Math principals for Kindergarten – Grade 2 and are designed by museum education experts, child development specialists, and education professionals, ensuring a wide range of concepts that align with California Common Core State Content Standards and Next Generation Science Standards.

Your support is crucial to ensure these supplemental educational opportunities remain accessible to children who need them the most. Approximately 34% of students in San Marcos qualify for free or reduced-price meals. These students are at risk of falling behind peers in other areas of San Marcos and San Diego County who have access to more resources, and we are committed to providing them with equitable access to resources and opportunities for education. Grant funds will cover workshop fees for each student, and Mobile Museum transportation as necessary, providing educational workshops that better support students' learning during the pandemic.

Depending on school operations and availability, SDCCDM will provide either virtual workshops or bring our Mobile Museum directly to the school. Virtual workshops include a live video session with Museum Educators introducing the workshop themes, a pre-recorded guided lesson with direct instruction and individual activity kits, and a live follow-up session to close out the class. Workshops last 45 minutes and include the following curricula aligned with State content standards: life science, physical science, earth science, and engineering. Our Mobile Museum is driven directly to the school and offers hands-on workshops that are aligned to California State Standards including Common Core State Standards, Next Generation Science Standards, Visual and Performing Arts Content Standards, and/or Preschool Learning Foundations. Topics include recycled masterpieces, rhythm and music, engineering and robotics, and gardens and culture, and more.

San Diego Children's Discovery Museum
Funding Request for San Marcos Community Foundation
\$5,000 for Mobile Museum Education Workshops for Low-Income Schools and Children

SDCDM has become a leader in non-formal education, and a boon to under-resourced schools in North San Diego County, because of our focus on guided play as a mechanism for learning. Guided play is attributed to successful learning because children are mentally active, engaged, socially interactive, and build meaningful connections to their lives. It maintains active engagement in children because it is fun, flexible, and voluntary. Children are guided by museum educators while playing with our educational exhibits and activities to ensure they are progressing with learning goals. Interactive learning experiences and guided play are crucial and often overlooked elements of children's education. We believe all children should have access to these educational resources, regardless of their schools' or families' abilities to provide them.

Impact and Measurement of Success

During the pandemic, schools have experienced an urgent need for educational support as teachers, children, and families adapt to remote learning. The primary goal of our education workshops is to bridge the gap in access to quality, hands-on educational opportunities and resources between students from low-income schools and their peers during this time. Our objective is to provide supplemental educational opportunities for students to reinforce STEM concepts that they are learning in the classroom, support students who are struggling in STEM, encourage students to discover their own interests in STEM and a passion for STEM-learning, and provide curriculum-aligned educational resources to teachers.

The evaluation of the program will be ongoing, and analysis of evaluations will be conducted quarterly. Museum educators will track the number of children and adults served during each educational workshop and our Education Curriculum Manager will send surveys to participating teachers after every session. 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, the impact of scholarships on the students' learning, and a rating of the overall experience. We also gather qualitative information through testimonials. Based on previous surveys from schools that have participated in our educational workshops, 25% of teachers rated the STEM resources at their school as good or outstanding while 95% rated SDCDM's STEM curriculum and resources as good or outstanding. Approximately 75% of teachers said they would incorporate our curriculum into their lesson plans and 100% said our field trips were a worthwhile experience. The following quote from a teacher whose class recently participated in our virtual workshops further demonstrates their impact:

"Many students do not have exposure to design engineering experiences other than those provided at school. With virtual learning in Oceanside Schools, students would not have had a hands-on design engineering experience without the Discovery Museum's support. Having materials provided for all students gave equal access to ALL. Students living in poverty often do not have access to the cultural experiences more affluent families have the time and money to provide. I have several students in my class who have not been to a museum."

This indicates to us an ongoing need for equitable access to quality virtual learning opportunities for students during the pandemic, particularly those from low-income schools.

Form 990 (Rev. January 2020) Department of the Treasury Internal Revenue Service		Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations) ▶ Do not enter social security numbers on this form as it may be made public. ▶ Go to www.irs.gov/Form990 for instructions and the latest information.		OMB No. 1545-0047 2019 Open to Public Inspection
A For the 2019 calendar year, or tax year beginning JUL 1, 2019 and ending JUN 30, 2020				
B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Final return/terminated ☐ Amended return ☐ Application pending	C Name of organization SAN DIEGO CHILDREN'S DISCOVERY MUSEUM Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite 320 N. BROADWAY City or town, state or province, country, and ZIP or foreign postal code ESCONDIDO, CA 92025		D Employer identification number 33-0912735	
	F Name and address of principal officer: KRISHNA KABRA SAME AS C ABOVE		E Telephone number (760) 233-7755	
	I Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) () (insert no.) ☐ 4947(a)(1) or ☐ 527		G Gross receipts \$ 1,375,611.	
	J Website: WWW.SDCDM.ORG		H(a) Is this a group return for subordinates? ☐ Yes ☒ No H(b) Are all subordinates included? ☐ Yes ☐ No If "No," attach a list. (see instructions) H(c) Group exemption number ▶	
	K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶		L Year of formation: 1999 M State of legal domicile: CA	
Part I Summary				
Activities & Governance	1 Briefly describe the organization's mission or most significant activities: SAN DIEGO CHILDREN'S DISCOVERY MUSEUM'S MISSION IS TO INSPIRE CHILDREN TO LEARN ABOUT OUR WORLD			
	2 Check this box ☐ 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	13	
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	13	
	5 Total number of individuals employed in calendar year 2019 (Part V, line 2a)	5	56	
	6 Total number of volunteers (estimate if necessary)	6	29	
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.	
7b Net unrelated business taxable income from Form 990-T, line 39	7b	0.		
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year	
	9 Program service revenue (Part VIII, line 2g)	880,769.	921,525.	
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	647,282.	403,727.	
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5.	66.	
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	111,789.	21,467.	
		1,639,845.	1,346,785.	
	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.	0.	
Expenses	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)	1,207,515.	979,943.	
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0.	22,500.	
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 259,961.			
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	572,815.	482,075.	
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	1,780,330.	1,484,518.	
	19 Revenue less expenses. Subtract line 18 from line 12	-140,485.	-137,733.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year	
	21 Total liabilities (Part X, line 26)	2,509,152.	2,507,366.	
	22 Net assets or fund balances. Subtract line 21 from line 20	521,586.	657,533.	
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	
	KRISHNA KABRA, EXECUTIVE DIRECTOR Type or print name and title			
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ☐ PTIN P02164134
	TRITIA FOSTER			
Use Only	Firm's name ▶ DAVIS FARR LLP	Firm's EIN ▶ 47-3535842		
	Firm's address ▶ 2301 DUPONT DRIVE, SUITE 200 IRVINE, CA 92612	Phone no. 949-474-2020		
May the IRS discuss this return with the preparer shown above? (see instructions) ☒ Yes ☐ No				
932001 01-20-20 LHA For Paperwork Reduction Act Notice, see the separate instructions. Form 990 (2019)				
SEE SCHEDULE O FOR ORGANIZATION MISSION STATEMENT CONTINUATION				

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

- 1** Briefly describe the organization's mission:
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 the prior Form 990 or 990-EZ? ☒ **X** 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? ☒ **X** 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 \$ **1,142,213.** including grants of \$) (Revenue \$ **418,022.**)
SAN DIEGO CHILDREN'S DISCOVERY MUSEUM PROVIDES SUPPORTIVE EDUCATIONAL AND ENRICHMENT EXPERIENCES IN SCIENCE, ARTS, AND WORLD CULTURES TO CHILDREN THROUGH AGE 10. WE HAVE INDOOR AND OUTDOOR CLASSROOMS, TWO PERFORMANCE STAGES, AN OUTDOOR MAKER/ART STUDIO, AND A VARIETY OF EXHIBITS, GARDENS, AND EDUCATIONAL PROGRAMS. WE OFFER EDUCATIONAL WORKSHOPS AND HANDS-ON EXHIBIT EXPERIENCES TO SCHOOL GROUPS BOTH ONSITE AT THE MUSEUM AND OFFSITE VIA OUR MOBILE CHILDREN'S MUSEUM. OUR WORKSHOPS AND EXHIBITS INCLUDE CUSTOMIZED CURRICULUM FOR CHILDREN IN PRESCHOOL THROUGH GRADE 5 AND ALIGN TO CALIFORNIA COMMON CORE STATE STANDARDS, NEXT-GENERATION SCIENCE STANDARDS, CALIFORNIA VISUAL AND PERFORMING ARTS STANDARDS, AND CALIFORNIA PRESCHOOL LEARNING FOUNDATIONS. WE ALSO OFFER AFTER-SCHOOL (CONTINUED ON SCHEDULE O)
- 4b** (Code:) (Expenses \$ including grants of \$) (Revenue \$)
- 4c** (Code:) (Expenses \$ including grants of \$) (Revenue \$)
- 4d** Other program services (Describe on Schedule O.)
 (Expenses \$ including grants of \$) (Revenue \$)
- 4e** Total program service expenses **1,142,213.**

Form 990 (2019)

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

DEPARTMENT OF THE TREASURY

Date:

FEB 21 2001

THE ESCONDIDO CHILDRENS MUSEUM INC
C/O CARL SKAJA
220 W GRAND AVE
ESCONDIDO, CA 92025

Employer Identification Number:
33-0912735
DLN:
17053311041010
Contact Person:
LYNN A BRINKLEY ID# 31435
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Form 990 Required:
Yes
Addendum Applies:
No

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. In the case of an amendment to your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, you should inform us of all changes in your name or address.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, if you are involved in an excess benefit transaction, that transaction might be subject to the excise taxes of section 4958. Additionally, you are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please contact your key district office.

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

Letter 947 (DO/CG)

THE ESCONDIDO CHILDRENS MUSEUM INC

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.

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 Code sections 2055, 2106, and 2522.

Contribution deductions are allowable to donors only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. See Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, which sets forth guidelines regarding the deductibility, as charitable contributions, of payments made by taxpayers for admission to or other participation in fundraising activities for charity.

In the heading of this letter we have indicated whether you must file Form 990, Return of Organization Exempt From Income Tax. If Yes is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. However, if you receive a Form 990 package in the mail, please file the return even if you do not exceed the gross receipts test. If you are not required to file, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$20 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding \$1,000,000 in any year, the penalty is \$100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. This penalty may also be charged if a return is not complete, so be sure your return is complete before you file it.

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. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents are also required to be provided 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 you may call our toll free number shown above.

THE ESCONDIDO CHILDRENS MUSEUM INC

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

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

Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



Steven T. Miller
Director, Exempt Organizations

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

Consolidated Financial Statements

Year ended June 30, 2020

(With Independent Auditor's Report Thereon)

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY
Consolidated Financial Statements
Year ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of financial position of the San Diego Children's Discovery Museum and Subsidiary as of and for year ended June 30, 2020, and the related consolidated statement of activities, functional expenses and cash flows for the year then ended and related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements are free of 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 auditors' 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 respective financial position of the San Diego Children's Discovery Museum and Subsidiary as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the San Diego Children's Discovery Museum and Subsidiary's 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 13, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Emphasis of Matter

As described further in note 12 to the consolidated financial statements, the San Diego Children's Discovery Museum and Subsidiary's operations have been impacted by the COVID-19 pandemic. Our opinion is not modified with respect to these matters.

DavisFarrLLP

Irvine, California
September 16, 2020

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY**Consolidated Statement of Financial Position****June 30, 2020****(with comparative totals as of June 30, 2019)**

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 259,303	\$ 130,319
Accounts receivable	113	14,079
Grants receivable	5,480	4,800
Pledges receivable, net (note 3)	295,392	375,276
Inventory	8,500	13,332
Prepaid expenses	17,340	15,438
Land, buildings and equipment, net (note 4)	<u>1,921,238</u>	<u>1,955,908</u>
Total assets	<u>\$ 2,507,366</u>	<u>\$ 2,509,152</u>
<u>Liabilities and Net Assets</u>		
Accounts payable	\$ 20,568	\$ 63,537
Accrued vacation payable	29,856	27,204
Accrued expenses - other	38,300	59,982
Deferred revenue	68,413	75,379
Line of credit payable (note 5)	99,373	65,484
Payroll Protection Program (PPP) loan (note 6)	201,023	-
Advances payable - LRDF (note 7)	<u>200,000</u>	<u>230,000</u>
Total liabilities	<u>657,533</u>	<u>521,586</u>
Net assets: (note 9)		
Without donor restrictions	1,398,779	1,575,094
With donor restrictions	<u>451,054</u>	<u>412,472</u>
Total net assets	<u>1,849,833</u>	<u>1,987,566</u>
Total liabilities and net assets	<u>\$ 2,507,366</u>	<u>\$ 2,509,152</u>

See accompanying notes to the consolidated financial statements

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY

Consolidated Statement of Activities

Year ended June 30, 2020

(with comparative totals for the year ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2020	2019
Support and Revenue:				
Earned revenue	\$ 415,988	\$ -	\$ 415,988	\$ 671,237
Grants	271,625	-	271,625	323,775
Gifts-in-kind	228,501	-	228,501	198,638
Contributions	194,719	211,305	406,024	345,620
Memberships	121,524	-	121,524	154,339
Forgiveness of debt	30,000	-	30,000	70,000
Fundraising events	75,425	-	75,425	74,030
Less: Direct costs of fundraising events	(12,974)	-	(12,974)	(27,589)
Net fundraising revenue	<u>62,451</u>	<u>-</u>	<u>62,451</u>	<u>46,441</u>
Sales	30,147	-	30,147	60,784
Less: Cost of good sold	(15,852)	-	(15,852)	(32,351)
Net sales revenue	<u>14,295</u>	<u>-</u>	<u>14,295</u>	<u>28,433</u>
Support provided by expiring restrictions	<u>172,723</u>	<u>(172,723)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>1,511,826</u>	<u>38,582</u>	<u>1,550,408</u>	<u>1,838,483</u>
Expenses:				
Program services	1,345,798	-	1,345,798	1,604,157
Supporting services:				
General and administrative	82,344	-	82,344	103,867
Fundraising	<u>259,999</u>	<u>-</u>	<u>259,999</u>	<u>270,944</u>
Total supporting services expenses	<u>342,343</u>	<u>-</u>	<u>342,343</u>	<u>374,811</u>
Total expenses	<u>1,688,141</u>	<u>-</u>	<u>1,688,141</u>	<u>1,978,968</u>
Change in net assets	(176,315)	38,582	(137,733)	(140,485)
Net assets at beginning of year	<u>1,575,094</u>	<u>412,472</u>	<u>1,987,566</u>	<u>2,128,051</u>
Net assets at end of year	<u>\$ 1,398,779</u>	<u>\$ 451,054</u>	<u>\$ 1,849,833</u>	<u>\$ 1,987,566</u>

See accompanying notes to the consolidated financial statements

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year ended June 30, 2020

(with comparative totals for the year ended June 30, 2019)

	Program	Supporting Services			Totals	
		General and Administrative	Fundraising	Subtotal	2020	2019
Salaries and wages	\$ 638,935	\$ 34,691	\$ 167,898	\$ 202,589	\$ 841,524	\$ 1,038,204
Payroll taxes	57,629	2,947	13,753	16,700	74,329	91,949
Employee benefits	34,054	1,304	12,248	13,552	47,606	55,385
Service fees	20,081	793	2,891	3,684	23,765	34,506
Workers' compensation insurance	12,928	578	2,978	3,556	16,484	21,977
Subtotal	763,627	40,313	199,768	240,081	1,003,708	1,242,021
Advertising and marketing:						
In-Kind	199,623	-	-	-	199,623	139,445
Other	41,694	214	2,497	2,711	44,405	67,801
Bad Debt	6,000			-	6,000	-
Bank and credit card charges	16,365	120	-	120	16,485	23,188
Computer service	16,447	3,698	3,582	7,280	23,727	27,869
Contract services	47,128	5,567	28,396	33,963	81,091	66,792
Depreciation	76,063	1,443	361	1,804	77,867	83,068
Events	-	-	18,231	18,231	18,231	20,963
Exhibits and maintenance	46,129	421	-	421	46,550	61,202
Fundraising	3,962	-	13,012	13,012	16,974	50,714
Interest	-	11,751	-	11,751	11,751	14,795
Insurance	9,048	3,468	2,564	6,032	15,080	11,908
Meetings and meals	1,229	62	1,028	1,090	2,319	3,337
Occupancy	58,399	3,962	289	4,251	62,650	80,892
Office	18,835	6,669	2,546	9,215	28,050	28,253
Outreach and special programs	24,469	-	-	-	24,469	41,895
Staff development	3,450	2,273	-	2,273	5,723	11,830
Transportation	10,434	283	-	283	10,717	21,694
Other	2,896	2,100	699	2,799	5,695	8,890
Total expenses	1,345,798	82,344	272,973	355,317	1,701,115	2,006,557
Less expenses included in revenue section of the statement of activities	-	-	(12,974)	-	(12,974)	(27,589)
Total expenses included in expense section of the statement of activities	<u>\$ 1,345,798</u>	<u>\$ 82,344</u>	<u>\$ 259,999</u>	<u>\$ 355,317</u>	<u>\$ 1,688,141</u>	<u>\$ 1,978,968</u>

See accompanying notes to the consolidated financial statements

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY

Consolidated Statement of Cash Flows

Year ended June 30, 2020

(with comparative totals for the year ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (137,733)	\$ (140,485)
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation	77,867	83,068
Forgiveness of advances payable	(30,000)	(70,000)
(Increase) decrease in accounts receivable	13,966	78,341
(Increase) decrease in unconditional promises to give	79,884	(59,467)
(Increase) decrease in grants receivable	(680)	21,200
(Increase) decrease in inventory	4,832	(1,197)
(Increase) decrease in prepaid expenses	(1,902)	(22)
Increase (decrease) in accounts payable	(42,969)	17,303
Increase (decrease) in deferred revenue	(6,966)	(2,715)
Increase (decrease) in accrued vacation payable	2,652	(764)
Increase (decrease) in accrued expenses - other	<u>(21,682)</u>	<u>7,412</u>
Net cash used by operating activities	<u>(62,731)</u>	<u>(67,326)</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(43,197)</u>	<u>(25,388)</u>
Net cash flows used by investing activities	<u>(43,197)</u>	<u>(25,388)</u>
Cash flows from financing activities:		
Proceeds from PPP loan	201,023	-
Proceeds from line of credit	99,373	65,484
Payments to line of credit	<u>(65,484)</u>	<u>-</u>
Net cash flows provided by financing activities	<u>234,912</u>	<u>65,484</u>
Net increase (decrease) in cash and cash equivalents	128,984	(27,230)
Cash and cash equivalents at beginning of year	<u>130,319</u>	<u>157,549</u>
Cash and cash equivalents at end of year	<u>\$ 259,303</u>	<u>\$ 130,319</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for:		
Interest	<u>\$ 7,816</u>	<u>\$ 4,979</u>

There were no significant noncash investing or financing activities.

See accompanying notes to the consolidated financial statements

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY

Notes to the Consolidated Financial Statements

Year ended June 30, 2020

(1) Nature of Organization

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. As a result of the COVID-19 virus, SDCDM has been closed to the public since March 13, 2020 and has been providing online experiences for its consumers. See note 12 for additional information.

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.

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

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The consolidated financial statements of the Museum have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the consolidated financial statements. On an ongoing basis, the Museum's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Museum's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

(c) 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. The Museum maintains cash balances at two financial institutions. Deposit accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account.

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY

Notes to the Consolidated Financial Statements

Year ended June 30, 2020

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

(d) Accounts Receivable

Accounts receivable are primarily amounts due from local school districts and other entities for Museum related programs. Management believes that all outstanding accounts receivable are collectible.

(e) Pledges Receivable

Pledges receivable are unconditional promises to give that are recognized as contributions when the promise is received. Pledges receivable that are expected to be collected in less than one year are reported at net realizable value. Pledges receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible pledges receivable is determined based on management's evaluation of the collectability of individual promises. Management has determined that no allowance for doubtful accounts is deemed necessary as of June 30, 2020.

(f) Grants Receivable

Grants receivable are primarily unsecured non-interest-bearing amounts due from grantors on cost reimbursement or performance grants. Management believes that all outstanding accounts receivable are collectible in full; therefore, there is no allowance for uncollectible grants receivable recorded.

(g) Fair Value Measurements

Certain assets and liabilities are reported at fair value based on a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Museum's assumptions (unobservable inputs). Determining where an asset or liability falls within that hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy. The hierarchy consists of three broad levels as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY

Notes to the Consolidated Financial Statements

Year ended June 30, 2020

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument, as well as the effects of market, interest and credit risk. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in the Museum's consolidated financial statements.

(h) 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.

(i) Property and Equipment

Property and equipment owned by the Museum are recorded at cost, or in the case of donated items, at estimated fair value at the date of the gift. Maintenance and repairs are expensed when incurred and betterments are capitalized. Property and equipment are depreciated using the straight-line method over their estimated useful lives of five to thirty-nine years. It is the policy of the Museum to capitalize assets with cost of \$1,000 and greater with a useful life of more than one year.

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the consolidated financial statements for the year ended June 30, 2020.

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY

Notes to the Consolidated Financial Statements

Year ended June 30, 2020

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

(j) Net Assets

The consolidated financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Museum, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Museum must continue to use the resources in accordance with the donor's instructions.

The Museum's unspent contributions are included in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

(k) Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the consolidated statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions.

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY

Notes to the Consolidated Financial Statements

Year ended June 30, 2020

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

(l) Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions.

Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

(m) Gifts-in-Kind Contributions

The Museum receives contributions in a form other than cash or investments. Most are advertising, which are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed. If the Museum receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Museum's capitalization policy.

The Museum benefits from advertising services provided by KPBS, a local public television system. Accounting standards allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

Aggregate donated services with an estimated fair value of \$228,501 met those criteria and are included in in-kind contributions in the consolidated statement of activities.

(n) Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants.

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY

Notes to the Consolidated Financial Statements

Year ended June 30, 2020

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

(o) Expense Recognition and Allocation

The cost of providing the Museum's programs and other activities is summarized on a functional basis in the consolidated statement of activities and consolidated statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Occupancy, depreciation, and interest are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.
- Telephone and internet services, insurance, and supplies and miscellaneous expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Museum.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Museum generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

(p) Tax Status

SDCDM 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 State Revenue and Taxation Code, respectively. Holdings is a single-member LLC.

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY

Notes to the Consolidated Financial Statements

Year ended June 30, 2020

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

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 year ended June 30, 2020.

The Museum follows accounting standards generally accepted in the United States of America related to the recognition of 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, 2020 and, therefore, no amounts have been accrued.

Contributions to the Museum are tax deductible to donors under Section 170 of the IRC. The Museum is not classified as a private foundation.

(q) Prior Year Data

Selected information regarding the prior year has been included in the accompanying consolidated financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Museum's prior year consolidated financial statements, from which this selected financial data was derived.

(3) Pledges Receivable

Pledges receivable at June 30, 2020 are expected to be collected as follows:

Less than one year	\$ 86,183
One to five years	193,334
More than five years	<u>70,000</u>
	349,517
Less reduction for present value	<u>(54,125)</u>
Total	<u><u>\$ 295,392</u></u>

Changes in pledges receivable for the year ended June 30, 2020 were as follows:

Pledges receivable at beginning of year	\$ 375,276
Payments received	(96,622)
Change in present value	<u>16,738</u>
Pledges receivable at year end	<u><u>\$ 295,392</u></u>

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY

Notes to the Consolidated Financial Statements

Year ended June 30, 2020

(Continued)

(3) Pledges Receivable (Continued)

No allowance for doubtful accounts was considered necessary at June 30, 2020 because management believes that all amounts are collectible. The present value discount was imputed for long-term pledges at rates at 6% based on the deemed credit worthiness of the donor.

(4) Property and Equipment

Property and equipment at June 30, 2020 are summarized as follows:

Building and Improvements	\$ 1,234,769
Land	749,240
Exhibits	235,194
Furniture and Equipment	141,933
Vehicles	<u>68,162</u>
	2,429,298
Less: Accumulated depreciation	<u>(508,060)</u>
Net property and equipment	<u>\$ 1,921,238</u>

Depreciation expense was \$77,867 for the year ended June 30, 2020.

(5) Line of Credit

The Museum has a \$250,000 unsecured revolving local bank line of credit, with an annual interest rate of prime plus 1.00%, which has an expiration date of November 15, 2022. As of June 30, 2020, the outstanding balance was \$99,373. Interest expense incurred during the year ended June 30, 2020 was \$7,816.

(6) Paycheck Protection Program (PPP) Loan

In April 2020, the Museum received loan proceeds in the amount of \$201,023 from the U.S. Small Business Administration (SBA) pursuant to the Paycheck Protection Program (PPP) and an additional advanced grant of \$10,000. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after up to 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period.

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY

Notes to the Consolidated Financial Statements

Year ended June 30, 2020

(Continued)

(6) Paycheck Protection Program Loan (Continued)

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Museum has used the proceeds for purposes consistent with the PPP. The Museum currently believes that its use of the loan proceeds will meet the conditions for substantial forgiveness of the loan, however, the Museum has not yet applied for forgiveness. The balance of the loan at June 30, 2020 is \$201,023.

(7) Advances Payable – LRDF

The Linden Root Dickinson Foundation (LRDF) provided the Museum non-interest-bearing cash advances totaling \$600,000 in prior years, which were used to fund leasehold improvements and operating expenses. Since the initial Advance Agreement, dated July 19, 2011, LRDF has provided loan forgiveness in the amount of \$400,000, leaving a principal balance due of \$200,000 at June 30, 2020. While, the unsecured advances of \$200,000 are payable on July 19, 2021, LRDF has expressed its willingness to extend the due date as necessary. Contributed interest of \$3,935 for the year ended June 30, 2020 was calculated using the AFR mid-term quarterly rates ranging from 1.01%-2.47%.

(8) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020 are as follows:

Financial assets:

Cash and cash equivalents	\$ 259,303
Accounts receivable, net	113
Grants receivable	5,480
Pledges receivable, net	<u>295,392</u>
Total financial assets	<u>560,288</u>

Less financial assets held to meet donor-imposed restrictions:

Purpose restricted net assets	(155,662)
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Less financial assets not available within one year:

Pledges receivable	<u>(209,209)</u>
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Amount available for general expenditures
within one year

\$ 195,417

As part of the Museum's liquidity management plan the Museum maintains a revolving line of credit of \$250,000 to cover short-term cash needs.

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY

Notes to the Consolidated Financial Statements

Year ended June 30, 2020

(Continued)

(9) Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30, 2020:

Purpose restrictions, available for spending	\$ 155,662
Time restrictions:	
Pledges receivable, which are unavailable for spending until due, some of which are also purpose restricted	<u>295,392</u>
Total net assets with donor restrictions	<u>\$ 451,054</u>

(10) Concentrations of Risk

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, 2020, four entities accounted for approximately 76% of total pledges and grants receivable. For the year ended June 30, 2020, four entities accounted for approximately 73% of total revenue and support.

(11) Decrease in Net Assets

The year ended June 30, 2020 and 2019 reported a decrease in net assets of \$137,733 and \$140,485, respectively. The PPP loan proceeds of \$201,023 received in April 2020 covered qualifying expenses of approximately \$150,000 incurred prior to June 30, 2020. However, the loan proceeds are included as a liability at June 30, 2020. Management believes the criteria required to meet the terms of substantial forgiveness have been met for the fiscal year ending June 30, 2021.

(12) Subsequent Events

Subsequent events have been evaluated by management through September 16, 2020, which is the date the consolidated financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the consolidated financial statements would be required.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which negatively impacted the Museum including the temporary closure of the Museum to the public on March 13, 2020 and related furloughs of certain Museum staff. With evolving State and County requirements as well as vaccine and other medical developments, Management is not presently able to determine the potential outcome or impairment to the Museum as of the date of the issuance of the consolidated financial statements.

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM AND SUBSIDIARY

Notes to the Consolidated Financial Statements

Year ended June 30, 2020

(Continued)

(12) Subsequent Events (Continued)

While management has pivoted to provide online activities for its members and guests and expects to resume onsite operations in due course, the Museum has not included any contingencies in the consolidated financial statements specific to the COVID-19 pandemic.

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM									
Budget									
July 1, 2021 to June 30, 2022									
	FY22 Budget 7/1/21 to 6/30/22		FY19 Actual 7/1/18 to 6/30/19		FY18 Actual 7/1/17 to 6/30/18		FY22 Budget	FY19 Actual	FY18 Actual
INCOME									
Contributed Revenue							% of Income		
Contributions	\$ 573,312		\$ 345,616		\$ 832,894		34.5%	18.5%	36.9%
Grants	536,505	(1)	323,775		340,900		32.3%	17.3%	15.1%
Total Contributed Revenue	1,109,817		669,391		1,173,794		66.8%	35.9%	52.1%
Earned Revenue									
Program Revenue	221,596		647,280		521,876		13.3%	34.7%	23.1%
Memberships	116,356		154,339		163,227		7.0%	8.3%	7.2%
Private Event Rental	6,000		23,867		12,375		0.4%	1.3%	0.5%
Gift Shop - Net	116		28,522		26,805		0.0%	1.5%	1.2%
Total Earned Revenue	344,068		854,008		724,282		20.7%	45.7%	32.1%
Salons/Special Events	100,000		74,947		149,447		6.0%	4.0%	6.6%
Capital Campaign	-		70,000		(5,000)		0.0%	3.7%	-0.2%
In-Kind Contributions	107,596		198,638		211,928		6.5%	10.6%	9.4%
Total Income	1,661,481		1,866,984		2,254,451		100.0%	100.0%	100.0%
EXPENSES									
							% of Expenses		
Personnel	1,045,345		1,242,021		1,232,252		64.3%	61.9%	61.5%
Program	158,777		170,374		180,039		9.8%	8.5%	9.0%
General and Administrative	296,418		303,196		275,941		18.2%	15.1%	13.8%
Marketing and Events	18,446		93,238		103,167		1.1%	4.6%	5.1%
In-Kind Expenses	107,596		198,638		211,928		6.6%	9.9%	10.6%
Total Expenses	1,626,582		2,007,467		2,003,327		100.0%	100.0%	100.0%
INCOME OVER (UNDER) EXPENSES	\$ 34,899	(1)	\$ (140,483)		\$ 251,124				
NET Excluding PPP Loan Forgiveness	\$ (168,030)								
(1) Includes \$202,929 income for PPP Loan forgiveness.									

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San Diego Children's Discovery Museum
Budgeted Profit & Loss
 July 2021 through December 2021

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							FYE 6/30/21	July	August	September	October	November	December	January	February	March	April	May	June	FYE 6/30/22	
						Expense															
						Total 6100 - Payroll	644,857	56,391	60,949	63,333	64,353	71,939	109,420	72,963	72,963	72,963	72,963	72,963	110,956	902,155	
						6200 - Employee Benefits	39,449	4,213	3,000	3,000	3,000	4,000	6,000	4,000	4,000	4,000	4,000	4,000	6,000	49,213	
						6300 - Payroll Service Fees	6,426	249	249	249	249	249	249	249	249	249	249	249	249	2,988	
						6400 - Payroll Taxes	57,690	5,696	5,485	5,700	5,792	6,475	9,848	6,567	6,567	6,567	6,567	6,567	9,986	81,815	
						6500 - Workers Comp Insurance	8,106	650	700	700	700	700	700	700	700	700	700	700	700	8,350	
						6600 - Background Checks	0	329	45	45	45	45	45	45	45	45	45	45	45	824	
						Total 6000 - Personnel Expenses	756,527	67,528	70,428	73,027	74,138	83,407	126,262	84,524	84,524	84,524	84,524	84,524	127,936	1,045,345	
						7000 - Non-Personnel Expenses															
						GENERAL & ADMINISTRATIVE															
						7050 - Computer Technology Services															
						7060 - Information Technology Support	18,831	1,657	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	20,357	
						7070 - Software and Online	2,964	205	205	205	205	205	205	205	205	205	205	205	205	2,460	
						Total 7050 - Computer Technology Services	21,795	1,862	1,905	1,905	1,905	1,905	1,905	1,905	1,905	1,905	1,905	1,905	1,905	22,817	
						7100 - Contract Service Expenses															
						7110 - Accounting	54,492	4,490	4,000	11,000	4,000	11,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	62,490	Monthly + Audit and TRs
						7140 - Consulting Fees	58,940	4,680	7,300	7,300	7,300	7,300	0	0	0	0	0	0	0	33,880	Mightier - Funded in 2021
						Total 7100 - Contract Service Expenses	116,532	9,170	11,300	18,300	11,300	18,300	4,000	4,000	4,000	4,000	4,000	4,000	4,000	96,370	
						7150 - Depreciation	78,055	6,171	6,171	6,171	6,171	6,171	6,171	6,171	6,171	6,171	6,171	6,171	6,171	74,052	
						7200 - Dues and Subscriptions	2,958	1,456	0	100	0	150	0	0	0	0	0	400	0	2,106	
						7250 - Fees															
						7260 - Bank Service Charge	245	33	140	140	140	140	140	140	140	140	140	140	140	1,573	Bank plus Square fee \$106
						7290 - Merchant Service Fees	3,005	735	1,000	1,200	1,400	1,600	1,800	2,000	2,000	2,000	2,000	2,000	2,000	19,735	
						Total 7250 - Fees	3,250	768	1,140	1,340	1,540	1,740	1,940	2,140	2,140	2,140	2,140	2,140	2,140	21,308	
						7300 - Insurance	13,136	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115	1,115	13,380	
						7350 - Interest Expense	5,064	0	0	0	0	0	0	0	0	0	0	0	0	0	
						7400 - Meetings & Meals	440	559	400	400	400	400	400	400	400	400	400	400	400	4,959	
						7450 - Mileage, Fuel, & Local Travel	142	0	250	250	250	250	250	250	250	250	250	250	250	2,750	
						7500 - Office & Business Expenses															
						7510 - Business Storage	1,113	49	49	49	49	49	49	49	49	49	49	49	49	588	
						7530 - License Renewals & Filing Fees	4	0	0	0	0	0	0	0	0	0	0	0	0	0	
						7500 - Office & Business Expenses - Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
						Total 7500 - Office & Business Expenses	1,117	49	49	49	49	49	49	49	49	49	49	49	49	588	
						7550 - Office Supplies	0	0	100	100	100	100	100	100	100	100	100	100	100	1,100	
						7600 - Postage & Shipping	1,006	0	100	100	100	100	100	100	100	100	100	100	100	1,100	
						7650 - Property Taxes	83	0	0	0	85	0	0	0	0	0	0	0	0	85	
						7700 - Staff Development	500	0	450	450	450	450	450	450	450	450	450	450	450	4,950	
						7710 - Staff Morale	0	0	200	200	200	200	200	200	200	200	200	200	200	2,200	
						7750 - Telephone - Internet	21,211	1,876	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	21,676	
						7850 - Utilities	19,174	477	2,000	2,000	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	26,977	
						Total GENERAL & ADMINISTRATIVE	289,677	23,503	26,980	34,280	27,965	35,230	20,980	21,180	21,180	21,180	21,180	21,580	21,180	296,418	

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San Diego Children's Discovery Museum
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							FYE 6/30/21	July	August	September	October	November	December	January	February	March	April	May	June	FYE 6/30/22	
Other Income/Expense																					
Other Income																					
10000 · In-Kind Donation Income																					
10050 · Gifts In Kind - Advertising							10,640	8,490	8,490	8,490	8,490	8,490	8,490	8,490	8,490	8,490	8,490	8,490	8,490	101,880	
10100 · Gifts In Kind - Interest							2,915	348	348	348	348	348	348	348	348	348	348	348	348	4,176	
10150 · Gifts In Kind - Goods							-	-	1,040	-	-	-	-	-	-	-	-	-	-	1,040	
10200 · Gifts In Kind - Services							12,000	500	-	-	-	-	-	-	-	-	-	-	-	500	
10000 · In-Kind Donation Income - Other							-	-	-	-	-	-	-	-	-	-	-	-	-	0	
Total 10000 · In-Kind Donation Income							25,673	9,338	9,878	8,838	8,838	8,838	8,838	8,838	8,838	8,838	8,838	8,838	8,838	107,596	
Other Expense																					
11000 · In-Kind Donation Expenses																					
11050 · In Kind Expense - Advertising							10,640	8,490	8,490	8,490	8,490	8,490	8,490	8,490	8,490	8,490	8,490	8,490	8,490	101,880	
11100 · In Kind Expense - Interest							2,915	348	348	348	348	348	348	348	348	348	348	348	348	4,176	
11150 · In Kind Expense - Goods							-	-	1,040	-	-	-	-	-	-	-	-	-	-	1,040	
11200 · In Kind Expense - Services							12,000	500	-	-	-	-	-	-	-	-	-	-	-	500	
11000 · In-Kind Donation Expenses - Other							-	-	-	-	-	-	-	-	-	-	-	-	-	0	
Total 11000 · In-Kind Donation Expenses							25,673	9,338	9,878	8,838	8,838	8,838	8,838	8,838	8,838	8,838	8,838	8,838	8,838	107,596	
Net Income (Loss)							63,994	24,245	131,766	(8,197)	(29,780)	(58,379)	111,623	113,679	(46,598)	(55,035)	(20,866)	(48,480)	(79,078)	34,899	
Net Income (Loss) excluding PPP Forgiveness								24,245	131,766	(8,197)	(29,780)	(58,379)	(91,306)	113,679	(46,598)	(55,035)	(20,866)	(48,480)	(79,078)	(168,030)	
Total Expense Excluding Depreciation							1,100,479	92,683	106,637	116,536	111,332	127,866	156,471	114,933	114,933	114,933	114,933	115,333	158,345	1,444,934	
Personnel Expense - % of Total Expense																				72.3%	
Personnel Expense - Total \$							756,527	67,528	70,428	73,027	74,138	83,407	126,262	84,524	84,524	84,524	84,524	84,524	127,936	1,045,345	

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM CASH FLOW FORECAST																							
	July 2021 Actual	Aug 2021 Forecast	Sep 2021 Forecast	Oct 2021 Forecast	Nov 2021 Forecast	Dec 2021 Forecast	Jan 2022 Forecast	Feb 2022 Forecast	Mar 2022 Forecast	Apr 2022 Forecast	May 2022 Forecast	Jun 2022 Forecast	FY 2022										
UNRESTRICTED CASH																							
Beginning Balance	\$101,802	\$119,638	\$277,815	\$313,949	\$299,185	\$333,726	\$243,451	\$358,061	\$312,394	\$258,289	\$238,354	\$191,205	\$101,802										
Cash Receipts:																							
Earned Income: Admissions, Memberships, Fee-Based Programs	18,013	26,932	18,944	21,157	23,592	26,270	29,216	32,439	33,502	36,672	37,958	39,372	344,068										
SD County Libraries Mobile Contract	-	-	-	-	-	-	-	-	-	-	-	-	-										
Cash Earned Revenue	18,013	26,932	18,944	21,157	23,592	26,270	29,216	32,439	33,502	36,672	37,958	39,372	344,068										
Grants - Foundations, Corporate, Government		25,000	11,000	40,000	12,500	-	50,000	10,000	-	-	-	10,000	158,500										
Donations - Individual, Foundation, Corporate	10,020	22,500	94,500	6,500	19,500	25,000	35,500	12,000	12,500	43,500	15,000	16,000	312,520										
Donations - LRDF	100,000	-	-	-	-	-	100,000	-	-	-	-	-	200,000										
Donations - Recurring Monthly	417	417	417	417	417	417	417	417	417	417	417	417	5,004										
Donations - Salons	-	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	100,000										
ERTC Refunds	-	-	-	-	70,639	-	-	-	-	-	-	-	70,639										
Shuttered Venue Operators Grant	-	175,076	-	-	-	-	-	-	-	-	-	-	175,076										
Other	-	-	-	-	-	-	-	-	-	-	-	-	-										
Transfer from Restricted Funds	7,670	12,680	15,300	15,300	15,300	15,300	8,000	8,000	8,000	8,000	8,000	8,000	129,550										
Cash Contributed Revenue	118,107	235,673	131,217	72,217	128,356	50,717	203,917	40,417	30,917	61,917	33,417	44,417	1,151,289										
Total Cash Receipts	136,120	262,605	150,161	93,374	151,948	76,987	233,133	72,856	64,419	98,589	71,375	83,789	1,495,357										
Cash Disbursements:																							
Operations - Personnel (includes PR taxes, WC and Benefits)	(95,169)	(70,428)	(73,027)	(74,138)	(83,407)	(126,262)	(84,524)	(84,524)	(84,524)	(84,524)	(84,524)	(127,936)	(1,072,986)										
Operations - Non-personnel (excludes In-kind & Depreciation)	(13,728)	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)	(200,728)										
Operations - Non-personnel credit card expenses	(9,387)	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)	(196,387)										
Other one time expense items - Audit & tax return prep	-	-	(7,000)	-	-	(7,000)	-	-	-	-	-	-	(14,000)										
Total Cash Disbursements	(118,284)	(104,428)	(114,027)	(108,138)	(117,407)	(167,262)	(118,524)	(118,524)	(118,524)	(118,524)	(118,524)	(161,936)	(1,484,101)										
Net Cash Flow Before Line of Credit Transactions	17,836	158,177	36,134	(14,764)	34,541	(90,275)	114,610	(45,667)	(54,104)	(19,935)	(47,149)	(78,147)	11,256										
Other:																							
Line of Credit Draws													-										
Line of Credit Repayments		-	-	-	-	-	-	-	-	-	-	-	-										
Line of Credit Interest		-	-	-	-	-	-	-	-	-	-	-	-										
Ending Balance	\$119,638	\$277,815	\$313,949	\$299,185	\$333,726	\$243,451	\$358,061	\$312,394	\$258,289	\$238,354	\$191,205	\$113,058	\$113,058										
RESTRICTED CASH																							
Beginning Balance	\$110,768	\$103,098	\$90,418	\$75,118	\$59,818	\$84,518	\$69,218	\$61,218	\$53,218	\$45,218	\$37,218	\$29,218	\$110,768										
Contributions	-	-	-	-	40,000	-	-	-	-	-	-	-	40,000										
Transfers to Unrestricted Cash:																							
Various	(84)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(88,084)										
Consulting - Mightier	(4,680)	(4,680)	(7,300)	(7,300)	(7,300)	(7,300)	-	-	-	-	-	-	(38,560)										
Reopening Costs	(2,906)	-	-	-	-	-	-	-	-	-	-	-	(2,906)										
Lobby Remodeling	-	-	-	-	-	-	-	-	-	-	-	-	-										
Total Transfers	(7,670)	(12,680)	(15,300)	(15,300)	(15,300)	(15,300)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(129,550)										
Ending Balance	\$103,098	\$90,418	\$75,118	\$59,818	\$45,518	\$69,218	\$61,218	\$53,218	\$45,218	\$37,218	\$29,218	\$21,218	\$21,218										
TOTAL CASH	\$222,736	\$368,232	\$389,067	\$359,003	\$418,244	\$312,669	\$419,278	\$365,611	\$303,507	\$275,572	\$220,423	\$134,276											
LINE OF CREDIT (\$250,000 Approved October 2019)																							
Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#REF!										
Draws	-	-	-	-	-	-	-	-	-	-	-	-	-										
Repayments	-	-	-	-	-	-	-	-	-	-	-	-	-										
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#REF!										
Remaining Credit Available	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	#REF!										

SAN DIEGO CHILDREN'S DISCOVERY MUSEUM

10/7/2021

FYE 6/30/22 Budget

Personnel Expenses			
	<u>Position</u>	<u>Employee</u>	<u>Hours per PP</u>
<u>ADMINISTRATION</u>			
1	Executive Director	Krishna Kabra	80
2	Office Manager	Aimee Lee	48
<u>OPERATIONS</u>			
3	Museum Experience Executive Manager	Melanie Vartabedian	80
4	Facilities Coordinator - PT	OPEN	50
5	Exhibits Manager - PT	OPEN	30
6	Exhibits Assistant - PT	Seth Shaffer	40
7	Visitor Services Team Lead	Janice Benton	80
8	Visitor Services Associates Wages		32
	Visitor Services Associates - #	Danielle, Mary Cate, Sara	
<u>EDUCATION</u>			
9	Director of Education	Whitney Raser	80
10	Education Manager - Camp and School Programs	Sarah Loftus	80
11	Education Manager - Public Programs	Jacob Keeton	80
12	Education Coordinator - Community Programs	Shiri Puhovitsky	80
13	Education Coordinator - Online Programs - PT	Jayd Blankenship	60
14	Education Coordinator - Onsite Programs - PT	Teal Young	60
15	Education Coordinator - Mobile Museum - PT	Seth Shaffer	80
16	Educator - PT	Erin Warner	60
17	Educator - PT	Sadye Treadway	32
18	Educator - PT	Reyna Enriquez	48
<u>DEVELOPMENT</u>			
18	Director of Philanthropy	Alex Goodman	80
19	Manager of Philanthropy and Community Engagement	Jessica Ludwig	80
<u>MARKETING</u>			
20	Marketing Manager	Kathleen Sandoval	80
21	Marketing Coordinator - PT	Bridget Lee	60
22	Marketing Content Producer	Chris Rosskoft	20
	Full-time Employees = 10		
	Part-time Employees = 12 plus VSAs		

	Jul '18 - Jun 19	Jul '17 - Jun 18
Ordinary Income/Expense		
Income		
4000 · Contributed Support		
4005 · Revenue from Contributions		
4010 · Individual Contributions		
4011 · Stock Donation	-	(87.67)
4015 · Board Contribution	-	5,200.00
4010 · Individual Contributions - Other	64,079.35	122,399.98
Total 4010 · Individual Contributions	64,079.35	127,512.31
4030 · Corporate Contributions	29,775.94	28,593.44
4040 · Foundation Contributions	224,178.20	404,069.00
4050 · Long Term Contributions	29,272.04	272,719.10
Total 4005 · Revenue from Contributions	347,305.53	832,893.85
4200 · Revenue from Grants		
4210 · Corporate Grants	33,000.00	22,500.00
4220 · Foundation Grants	222,375.00	270,900.00
4230 · Government Grants		
4540 · Local Government Grants	68,400.00	47,500.00
Total 4230 · Government Grants	68,400.00	47,500.00
Total 4200 · Revenue from Grants	323,775.00	340,900.00
Total 4000 · Contributed Support	671,080.53	1,173,793.85
5000 · Earned Revenues		
5100 · Program Revenue		
5110 · Admissions	272,329.69	209,995.50
5120 · Birthday Parties	30,779.30	27,435.00
5130 · Discovery Camps	20,023.50	20,534.00
5140 · Group Visits - Onsite		
5142 · Group Play	7,880.00	6,451.00
5145 · Workshops	11,290.50	20,173.00
5140 · Group Visits - Onsite - Other	2,192.00	-
Total 5140 · Group Visits - Onsite	21,362.50	26,624.00
5150 · School Enrichment Income - Offs		
5151 · Afterschool Enrichment Income	125,000.00	114,600.00
5152 · Summer Enrichment Income	55,800.00	62,200.00
Total 5150 · School Enrichment Income - Offs	180,800.00	176,800.00
5160 · Mobile Museum - Offsite		
5161 · Mobile Birthday Parties	260.00	-
5162 · Mobile Exhibits	53,377.00	20,180.00
5163 · Mobile Workshops	33,875.00	14,475.00
5164 · Mobile Musuem Transport Fee	4,125.00	1,050.00
Total 5160 · Mobile Museum - Offsite	91,637.00	35,705.00
5170 · Special Program Events	29,743.25	24,782.00
5100 · Program Revenue - Other	605.00	-
Total 5100 · Program Revenue	647,280.24	521,875.50

5200 · Private Event Rental Income	23,867.25	12,375.00
5300 · Gift Shop & Food Sales		
5325 · Food Sales	15,010.22	13,554.20
5350 · Gift Shop Sales	45,774.11	48,794.43
5375 · Locker Rental	88.00	68.00
Total 5300 · Gift Shop & Food Sales	60,872.33	62,416.63
5310 · Interest Income	4.68	-
5400 · Membership Dues	154,338.56	163,226.50
Total 5000 · Earned Revenues	886,363.06	759,893.63
5500 · Special Event Revenue		
5510 · Auction	10,825.00	13,031.00
5520 · Donations	37,537.48	71,838.21
5530 · Opportunity Drawing Tickets	910.00	523.00
5540 · Sponsors	16,000.00	41,000.00
5550 · Ticket Sales\Registration	9,675.00	23,055.00
Total 5500 · Special Event Revenue	74,947.48	149,447.21
5700 · Capital Campaign Income		
5710 · LRDF	70,000.00	-
5720 · Community Foundations	-	(5,000.00)
Total 5700 · Capital Campaign Income	70,000.00	(5,000.00)
Total Income	1,702,391.07	2,078,134.69
Cost of Goods Sold		
5900 · Cost of Inventory Sold		
5925 · Food Purchases	8,561.93	6,158.03
5950 · Gift Shop Purchases	23,244.78	26,600.96
5975 · Shipping of Inventory	543.50	1,570.81
Total 5900 · Cost of Inventory Sold	32,350.21	34,329.80
Total COGS	32,350.21	34,329.80
Gross Profit	1,670,040.86	2,043,804.89
Expense		
6000 · Personnel Expenses		
6100 · Payroll		
6110 · Development	115,775.69	140,035.76
6120 · Education & Outreach		
6121 · Full Time Educators	198,393.46	70,043.54
6122 · Part Time Educators	141,208.84	55,916.42
6123 · Temporary Employees	9,137.11	9,913.44
6120 · Education & Outreach - Other	-	167,301.88
Total 6120 · Education & Outreach	348,739.41	303,175.28
6130 · Executive Office	115,653.86	127,353.42
6140 · Finance	2,665.39	63,502.24
6150 · Marketing & Events	63,346.23	61,096.02
6160 · Museum Experience		
6161 · Full Time Museum Experience	203,722.23	75,904.82
6162 · Part Time Museum Experience	180,293.46	57,582.49
6163 · Paid Internships	6,089.28	1,764.40

6160 · Museum Experience - Other	-	186,730.14
Total 6160 · Museum Experience	390,104.97	321,981.85
6100 · Payroll - Other	361.53	9,533.00
Total 6100 · Payroll	1,036,647.08	1,026,677.57
6200 · Employee Benefits	55,385.19	50,102.52
6300 · Payroll Service Fees	34,506.05	31,774.32
6400 · Payroll Taxes		
6402 · Payroll Tax - Education	11.83	36.05
6405 · Payroll Tax - Museum Experience	27.87	106.03
6400 · Payroll Taxes - Other	91,908.58	102,025.84
Total 6400 · Payroll Taxes	91,948.28	102,167.92
6500 · Workers Comp Insurance	21,976.68	21,529.36
6000 · Personnel Expenses - Other	1,557.25	-
Total 6000 · Personnel Expenses	1,242,020.53	1,232,251.69
7000 · Non-Personnel Expenses		
GENERAL & ADMINISTRATIVE		
7050 · Computer Technology Services		
7060 · Information Technology Support	23,454.71	28,501.38
7070 · Software and Online	4,383.69	2,893.42
7050 · Computer Technology Services - Other	21.00	-
Total 7050 · Computer Technology Services	27,859.40	31,394.80
7100 · Contract Service Expenses		
7110 · Accounting	66,791.50	22,678.77
7130 · Legal	-	259.98
Total 7100 · Contract Service Expenses	66,791.50	22,938.75
7150 · Depreciation	83,068.67	104,586.07
7200 · Dues and Subscriptions	1,176.22	180.00
7250 · Fees		
7260 · Bank Service Charge	774.59	330.23
7280 · Loss/Gain on Stock Donations	-	62.01
7290 · Merchant Service Fees	21,857.30	18,691.61
7295 · Penalties	555.54	139.17
Total 7250 · Fees	23,187.43	19,223.02
7300 · Insurance	11,908.76	18,404.20
7350 · Interest Expense	5,288.20	3,603.72
7400 · Meetings & Meals	3,336.91	3,909.47
7450 · Mileage, Fuel, & Local Travel	5,302.69	2,811.63
7500 · Office & Business Expenses		
7510 · Business Storage	717.00	512.00
7530 · License Renewals & Filing Fees	2,875.97	2,421.37
7540 · Loss due to Fraud	-	-
7500 · Office & Business Expenses - Other	38.87	-
Total 7500 · Office & Business Expenses	3,631.84	2,933.37
7550 · Office Supplies	501.40	337.18
7600 · Postage & Shipping	1,395.47	1,864.69
7650 · Property Taxes	255.04	(2,738.91)

7700 · Staff Development & Recognition	11,829.94	10,512.80
7750 · Telephone - Internet	22,007.72	25,488.73
7800 · Travel & Conference Expense		
7810 · Conference Expense	2,140.65	576.07
7820 · Travel - All Other	441.40	-
7800 · Travel & Conference Expense - Other	1,285.42	-
Total 7800 · Travel & Conference Expense	3,867.47	576.07
7850 · Utilities	31,636.85	29,915.40
8601 · Business Expenses		
8651 · Taxes-other	150.00	-
Total 8601 · Business Expenses	150.00	-
GENERAL & ADMINISTRATIVE - Other	-	-
Total GENERAL & ADMINISTRATIVE	303,195.51	275,940.99
MARKETING & EVENTS		
8000 · Advertising & Marketing		
8125 · Advertising (all media)	14,422.80	14,954.92
8150 · Networking & Outreach	2,506.27	2,339.00
8175 · Donor Appreciation & Recognition	864.80	842.19
8200 · Email Newsletter	1,995.00	3,161.32
8225 · Graphic Design	11,045.67	12,634.41
8250 · Networking		
8152 · Outreach	300.00	-
8250 · Networking - Other	1,433.00	7,981.67
Total 8250 · Networking	1,733.00	7,981.67
8275 · Photography & Videography	550.00	2,100.00
8300 · Printing & Copying	6,799.62	12,324.16
8325 · Public Relations	11,223.75	11,250.00
8350 · Social Media	2,459.82	844.66
8375 · Special Program Events	2,925.55	1,689.29
8400 · Translation Assistance	204.50	244.00
8425 · Website	7,979.26	4,408.05
8000 · Advertising & Marketing - Other	3.00	-
Total 8000 · Advertising & Marketing	64,713.04	74,773.67
8500 · Special Event Expense		
8550 · Advertising & Printing	311.58	158.41
8600 · Auction	133.49	-
8650 · Entertainment	5,580.00	4,291.93
8750 · Meetings & Miscellaneous	1,476.84	1,080.00
8775 · Photography & Videography	1,500.00	-
8800 · Postage	784.11	428.86
8850 · Printing & Graphic Design	3,324.46	4,147.13
8900 · Supplies	5,957.85	3,827.49
8950 · Venue/Catering	9,316.88	14,459.35
8500 · Special Event Expense - Other	140.08	-
Total 8500 · Special Event Expense	28,525.29	28,393.17
Total MARKETING & EVENTS	93,238.33	103,166.84

PROGRAM

9000 · Facility & Equipment Expenses		
9010 · Equipment Maintenance	1,553.41	1,164.43
9020 · Equipment Purchases	300.19	748.86
9030 · Equipment Rental	10,864.55	12,363.76
9040 · Facility Maintenance & Repair	36,537.94	41,329.29
Total 9000 · Facility & Equipment Expenses	49,256.09	55,606.34
9100 · Program Expenses		
9200 · Museum Experience - Exhibits		
9210 · Exhibit Maintenance	41,893.82	46,793.13
9220 · Operations Supplies	19,307.21	23,034.45
Total 9200 · Museum Experience - Exhibits	61,201.03	69,827.58
9300 · Group Visit Expenses		
9310 · Fieldtrip Supplies	421.14	1,571.00
9320 · Transportation to Museum	16,391.07	17,674.42
9300 · Group Visit Expenses - Other	-	40.04
Total 9300 · Group Visit Expenses	16,812.21	19,285.46
9400 · Museum Program Events		
8736 · Miscellaneous	-	-
9410 · Program Event Supplies	997.94	1,599.32
9420 · Entertainment	8,047.96	8,845.00
9430 · Equipment Rentals	-	49.99
9440 · Food / Catering	587.28	1,204.65
9450 · Workshop Materials	13,842.25	6,299.04
9400 · Museum Program Events - Other	114.75	-
Total 9400 · Museum Program Events	23,590.18	17,998.00
9500 · Birthday Parties		
9510 · Birthday Party Supplies	649.21	1,696.07
9500 · Birthday Parties - Other	-	14.99
Total 9500 · Birthday Parties	649.21	1,711.06
9600 · School Enrichment Program		
9610 · Afterschool Enrichment Expense	4,220.54	1,948.51
9620 · Summer Enrichment Expense	1,507.23	3,375.78
9600 · School Enrichment Program - Other	106.63	-
Total 9600 · School Enrichment Program	5,834.40	5,324.29
9700 · Mobile Museum		
9720 · Mobile Exhibits Supplies	5,071.16	3,385.54
9730 · Mobile Workshop Supplies	2,399.74	81.79
9740 · Mobile Museum - Vehicle Expense	2,239.66	4,315.38
9700 · Mobile Museum - Other	35.73	1,741.25
Total 9700 · Mobile Museum	9,746.29	9,523.96
9800 · Volunteer & Internship Program	410.40	726.69
9850 · Balancing Adjustments	44.88	35.58
9100 · Program Expenses - Other	2,829.80	-
Total 9100 · Program Expenses	121,118.40	124,432.62
Total PROGRAM	170,374.49	180,038.96

7000 · Non-Personnel Expenses - Other	8.62	-
Total 7000 · Non-Personnel Expenses	566,816.95	559,146.79
Total Expense	1,808,837.48	1,791,398.48
Net Ordinary Income	(138,796.62)	252,406.41
Other Income/Expense		
Other Income		
10000 · In-Kind Donation Income		
10050 · Gifts In Kind - Advertising	140,213.65	179,759.96
10100 · Gifts In Kind - Interest	9,507.44	6,687.11
10150 · Gifts In Kind - Goods	2,530.99	5,700.93
10200 · Gifts In Kind - Services	23,104.85	450.00
10250 · Gifts In-Kind - Special Events	20,962.96	19,330.06
10000 · In-Kind Donation Income - Other	2,318.24	-
Total 10000 · In-Kind Donation Income	198,638.13	211,928.06
9997 · Uncollectable Receivable	(1,690.00)	-
Total Other Income	196,948.13	211,928.06
Other Expense		
11000 · In-Kind Donation Expenses		
11050 · In Kind Expense - Advertising	140,213.65	179,759.96
11100 · In Kind Expense - Interest	9,507.44	6,687.11
11150 · In Kind Expense - Goods	2,530.99	5,700.93
11200 · In Kind Expense - Services	23,104.85	450.00
11250 · In Kind Expense - Special Event	20,962.96	19,330.06
11000 · In-Kind Donation Expenses - Other	2,318.24	-
Total 11000 · In-Kind Donation Expenses	198,638.13	211,928.06
9201 · Gain/Loss on Disposal of Assets	-	-
9301 · Inventory Adjustment	-	1,282.00
Total Other Expense	198,638.13	213,210.06
Net Other Income	(1,690.00)	(1,282.00)
Net Income	(140,486.62)	251,124.41

SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page



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

Project Name: Blood Pressure Monitors for Hypertensive Patients in San Marcos Date Submitted: 10/6/2021	Total # of people served: 1,000 Total # of San Marcos residents served: 500	Amount Requested: \$5,000
Non-Profit Organization Name and Address, Website North County Health Project, Inc., d.b.a. TrueCare 150 Valpreda Road San Marcos, CA 92069 www.truecare.org		Contact Person – Name, Title & Phone, email Courtney Farrell, Manager of Grants (760) 736-8723 courtney.farrell@truecare.org
<u>Briefly</u> describe your request for funds (to be expanded upon in narrative for regular grant): TrueCare respectfully requests a \$5,000 grant from the San Marcos Community Foundation to purchase blood pressure monitors and batteries to loan to our patients in San Marcos with uncontrolled hypertension. These monitors will be used to regularly monitor their blood pressure levels at home while mitigating the impact of their chronic condition on their overall health and well-being. For many, this blood pressure monitor loaner program and ongoing regulation of their blood pressure levels with lead to life-saving lifestyle changes.		
<u>Briefly</u> describe the significance of your request to the San Marcos community: The requested blood pressure monitors will allow our most vulnerable patients with hypertension in San Marcos to monitor their blood pressure levels regularly at home. This is critical for our hypertensive patients, since oftentimes an individuals' blood pressure reading at a medical office is not an accurate representation of their blood pressure during their day-to-day activities and/or it may be inflated due to anxiousness. Regular at-home monitoring is especially beneficial in determining accurate levels. Home monitoring programs like this one are more important now than ever before given the COVID-19 public health crisis. TrueCare currently offers our patients virtual visits when appropriate, including phone and video encounters. Our patients' abilities to regularly take their blood pressure levels at home reduces unnecessary patient and staff exposure in our health centers by reducing the number of necessary in-person visits.		
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: 1/1/22 Date by which funds will be expended: 6/1/22 Signature of President or Authorized Officer Name, Title Date Michelle D. Gonzalez, MPA, President & CEO 9-30-2021
		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): cityclerk@san-marcos.net

SAN MARCOS COMMUNITY FOUNDATION
Budget Worksheet

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

<u>156 Wellue Blood Pressure Monitor Upper Arm for Home Use</u>	<u>\$5,010.72</u>
<u>(156 monitors at \$32.12 each including tax)</u>	
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Total budget for this PROJECT: \$ _____

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

Is this a challenge grant? No

Could it be? No

Please list any other funding sources for this project.

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

<u>\$10.72</u>	(Name of source) <u>TrueCare, In-Kind</u>	<u>** (C)</u>
\$ _____	(Name of source) _____	<u>**</u>
\$ _____	(Name of source) _____	<u>**</u>
\$ _____	(Name of source) _____	<u>**</u>

NORTH COUNTY HEALTH PROJECT, INC.
Operational Budget
For the Period ending 12/31/2021

REVENUES, GAINS, AND OTHER SUPPORT

Contracts and grants	\$ 13,665,239
Patient services, net of bad deb	58,743,429
Contracted Pharmacy	4,293,122
Miscellaneous	202,719
Donations	227,147
Interest income	1,300
Gain on Investments	90,000
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>77,222,956</u>

EXPENSES

Personnel	49,093,096
Fringe benefits	11,088,776
Contractual services	
Patient	1,256,496
Non-Patient	5,134,803
Contracted Pharmacy	1,036,632
Accounting services	369,427
Consumable supplies	1,642,438
Contracted pharmacy supplies	1,055,449
Administrative supplies	642,882
Insurance	439,678
Facilities	
Rent	742,365
Mortgage Interest	397,571
Utilities	731,420
Other Facilities Expenses	999,764
Communications	547,212
Travel	367,059
Minor Equipment, maintenance and rentals	743,246
Staff Recruitment & Retention	622,995
Public Communications	332,611
Other Expenses	
Outreach	21,035
Other Operating Expenses	418,361
Depreciation	2,775,715

TOTAL EXPENSES	<u>80,459,031</u>
-----------------------	--------------------------

Decrease in Net Assets from Operations	<u>(3,236,075)</u>
---	---------------------------

Visits	309,542
FTE's	621

OGDEN UT 84201-0038

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

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



002592

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

Dear Taxpayer:

This is in response to your Sep. 06, 2011, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in July, 1973.

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

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

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

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

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

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

Sincerely yours,

A handwritten signature in cursive script that reads "Sharon Davies".

Sharon Davies
Accounts Management I



FRANCHISE TAX BOARD

SACRAMENTO, CALIFORNIA 95867

June 28, 1973

In reply refer to
EO:JCS:ch

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

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

Gentlemen:

Based on the information submitted and provided your present operations continue unchanged or conform to those proposed in your application, you are exempt from State franchise or income tax under Section 23701d, Revenue and Taxation Code. Any change in operation, character or purpose of the organization must be reported immediately to this office so that we may determine the effect on your exempt status. Any change of name or address also must be reported.

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

You are not required to file state franchise or income tax returns unless you have income subject to the unrelated business income tax under Section 23731 of the Code. In this event, you are required to file Form 109 (Exempt Organization Business Income Tax Return) by the 15th day of the 3rd month (2-1/2 months) after the close of your annual accounting period.

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

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

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

James C. Stewart
James C. Stewart
Counsel

☐ cc: Secretary of State (Corp)

Board of Directors List - 2021

The Bylaws as amended (1/19) authorize not less than 9 nor more than 19 seated board members; not fewer than 8 active at any time (not on leave or sabbatical). Board members must: (1) represent user demographics (race, gender, occupation, economic scale); (2) be a community representative (banking, health, teaching, attorney, business, etc. (3) be a farmworker/migrant/seasonal patient or representative; (4) be a member at large (exempt from other requirements). Board members are elected to serve 3-year terms; no term limits.

Slot No.	Director Name	Board Position	Spouse Name	Occupation/Business Affiliation	Residence Address	City/State	Zip	Phones	Email address	1st Start Date	Term/Year	User of Services? Y/N
I USER OF SERVICES												
1	Walt Steffen	Director	Maureen	Retired LCSW, County of SD	833 North Daisy Street	Escondido, CA.	92027	760-743-3715 (Res) 760-807-3997 (Cell)	wcsteffen43@yahoo.com	May-71	2/3	Y
2	Open Slot											
3	Dulce Benetti	Director	Bryan	Student - Cal State San Marcos	2332 Hosp Way, Unit #108	Carlsbad, CA	92008	760-214-4959 (Cell)	benettidulce@gmail.com	Aug-19	1/3	Y
4	Harriet H. Carter	Treasurer		Attorney-at-Law, Self Employed	13190 Calle Caballeros	San Diego, CA	92129	858-603-4631 (cell); 858-216-2162 (Home/Work), 858-216-2164 (Fax)	harriet@harriethcarteresq.com	Aug-13	3/3	Y
5	Andrés Ramos Martin	Director	Michao	Student counselor, Ramona High School	1200 Camino Del Sol,	San Marcos, CA	92069-1856	760-787-4023 (Bus) 760-471-0419 (Res) 619-203-4657 (Cell) 760-787-4060 (B/fax)	andresmartin@gmail.com ; amartin@ramonausd.net	Feb-06	2/3	Y
6	Victor Botello	Secretary	Judy	Retired, NCHS Founder and former Fund Development Director	743 Concerto Gln	Escondido, CA	92025	(Cell) 619-813-3000	ymbotellostr@gmail.com	Mar-16	1/3	Y
7	Craig Jung	Director		Retired Hospital Plan Services Director/Safety Officer	16746 Wikiup Rd	Ramona, CA	92065	760-789-8285 (Res) 619-990-4469 (Cell)	jungtonic@yahoo.com	Oct-14	3/3	Y
8	Adriana Andrés-Paulson	Director	Douglas	Davita Kidney Care 203 East Second Avenue Escondido, CA 92025	227 Eveningside Glen	Escondido, CA	92026	760-743-4401 (Res) 760-877-1663(Cell) 760-743-4401 (Work)	Adriana.andrespaulson@davita.com	Jun-00	2/3	Y
9	Maria Elena Mercado Orozco	Director			1820 Melrose Dr #105	San Marcos, CA	92078	760-736-0180 (Res) ; 760-420-2212 (Cell)	mmercado23@msn.com	Apr-17	1/3	Y
II COMMUNITY REPRESENTATIVES												
10	Russell Riehl	Vice Chair	Sunshine	Director Occupational Health & Safety and Bariatrics Palomar Health, Escondido, CA	2415 Shadyridge Ave.	Escondido, CA	92029	(Cell) 760-815-9631 (Work) 858-613-6284	Russell.Riehl@palomarhealth.org russriehl@outlook.com	Dec-18	3/3	N
11	Open Slot											
12	Carmen Amigon	Chair		President & CEO Resident Impact Solutions Enterprise Inc. (RISE Inc.)	561 Beverly Place	San Marcos, CA	92078	760-717-4493 (Cell)	resimpactsolutions@gmail.com	16-May	1/3	Y
13	Donald Stump	Director	Sarah	Executive Director, No. County Lifeline, 200 Michigan Ave. Vista, CA 92084	950 Balboa Avenue	Coronado, CA	92118	619-426-4527 (Res); 619-743-9397 (cell) 760-842-6250 (Bus)	dstump@nclifeline.org ; stump.donald@sbcglobal.net	Feb-13	3/3	N
14	Karen Pearson	Director	Ray	Director of Investor Relations, San Diego North Economic Development Council 950 Boardwalk Suite 303 San Marcos, CA 92078	6500 Easy St.	Carlsbad, CA	92011	(Cell) 818-416-9033	kpearson52@aol.com	Oct-16	2/3	N
15	Mike (Brian) Michaelson	Director	Marg	Retired, IT Professor	13451 Barbados Way	Del Mar, CA	92014	(Res)858-755-5250; (Cell) 858-232-2277	mmichaelson@san.rr.com	Apr-16	1/3	N
16	Open Slot											
17	Open Slot											
Slots #s: 1-9		Must be user of services/Special Population										
Slots #s: 10-17		Community Representatives										

Updated Term Year: 3/25/20
Updated 3/25/21



San Marcos Community Foundation Project Narrative

Organization Information

Established in 1971, North County Health Project, Inc., d.b.a. TrueCare (formerly known as North County Health Services) is a private, non-profit 501(c)(3) Federally Qualified Health Center (FQHC) that provides comprehensive medical, dental, and behavioral health services to primarily underserved and low-income residents of northern San Diego and southwestern Riverside counties. Over the last 50 years, TrueCare has grown to 11 health centers located in San Marcos, Carlsbad, Encinitas, Oceanside, Ramona, and Perris.

Responding to the healthcare needs of low-income, underserved families continues to drive the mission of TrueCare “to improve the health status of our diverse communities by providing quality healthcare that is comprehensive, affordable, and culturally sensitive.”

TrueCare’s comprehensive services include adult and pediatric primary care, obstetrics, gynecology, perinatology, family planning, cardiology, dental, integrated behavioral health, chiropractic, and a full range of enabling services to help clear the pathway to access. Enabling services include health outreach, health education, free health screenings and programs, transportation to and from appointments, translation services, case management, and assistance in applying for, enrolling in, and utilizing health insurance, MediCal, CalFresh, and WIC benefits.

In 2020, TrueCare served 52,808 medical, 10,796 dental, and 6,539 behavioral health patients through 260,124 total visits. TrueCare patients are predominately low income (96.1% below 200% federal poverty level (FPL) and 65.2% at or below 100% FPL), uninsured (23.1%), and underserved. 32.7% of patients are children (0-17), 60.7% are adults (18-64), and 6.6% are seniors (65+). In 2020, 74.0% of patients were a racial or ethnic minority, 9.3% were migrant and seasonal farm workers, and 5.7% were veterans.

Statement of Need

In 2020, TrueCare San Marcos provided care to 752 adults and many more virtually with hypertension, defined as having a blood pressure reading above 140/90 (pre-hypertension is 120/80 – 140/90 and normal is 120/80 and below). Hypertension is a major health concern as it oftentimes directly correlates with many life-threatening health problems, such as heart disease, chronic kidney disease, lack of adequate blood supply to extremities, vision problems, stroke, heart failure, and heart attacks. In order to prevent hypertension from leading to these and other serious health concerns, ongoing regulation and monitoring is vital in assisting in determining which lifestyle factors should be altered to reduce blood pressure levels. Since oftentimes an individual’s blood pressure reading at a doctor’s office is not an accurate representation of their blood pressure in their day-to-day activities and/or it may be inflated due to anxiousness, at-home monitoring is especially beneficial in determining accurate levels. Furthermore, at-home monitoring can also assist a patient’s pharmacist and/or primary care provider in adjusting their medication levels as needed to get their blood pressure under control. A study recently conducted by Harvard University Medical School found that, on average, it took individuals not monitoring their blood pressure at home six to twelve months longer to reduce their blood pressure than those who were monitoring at home. Unfortunately, many of our low-income patients (96.1% below 200% federal poverty level) cannot afford to purchase an at-home blood pressure monitor to continuously monitor their levels. TrueCare is requesting a \$5,000 San Marcos Community Foundation grant to purchase blood pressure monitors to loan to patients of our TrueCare San Marcos Health Center to monitor their blood pressure levels at home while mitigating the impact



San Marcos Community Foundation Project Narrative

of hypertension on their overall health and well-being. For many, this loaner program and ongoing regulation of blood pressure will lead to life-saving lifestyle changes.

Project Description

TrueCare respectfully requests a \$5,000 grant from the San Marcos Community Foundation to purchase 156 Wellue blood pressure monitors, which include batteries for at-home use. The requested items will allow our most vulnerable patients with hypertension in San Marcos to monitor their blood pressure levels regularly at home. This is critical for our hypertensive patients, since oftentimes an individual's blood pressure reading at a doctor's office is not an accurate representation of their blood pressure in their day-to-day activities and/or it may be inflated due to anxiousness. Regular at-home monitoring is especially beneficial in determining accurate levels.

Home monitoring programs like these are more important now than ever before given the COVID-19 public health crisis. TrueCare currently offers our patients virtual visits when appropriate, including phone and video encounters. Our patients' abilities to regularly take their blood pressure levels at home reduces unnecessary patient and staff exposure in our health centers by reducing their number of necessary in-person visits.

Evaluation

Success for this program will ultimately be defined as the number of hypertensive patients who ultimately have their blood pressure levels under control through at-home monitoring. We will also measure our blood pressure loaner program's progress as the number of individuals who reduce their levels to help manage their chronic conditions. The reach of the project will be measured as the number of individuals who receive a blood pressure loaner through grant funds. Each machine purchased is expected to serve multiple individuals as the machines are returned to TrueCare once the original patient has their levels under control and their chronic condition safely managed. These metrics will be monitored and tracked by our Information Technology (IT), Business Intelligence (BI), and Quality Improvement (QI) departments work together to develop and oversee all data collection, management, analysis, and reporting. More specifically, the IT department ensures the EHR and practice management systems are fully capable and ready to capture the required data, ensuring uniformity across the board. BI and QI work in collaboration to monitor the health metrics of our patients and the quality of care being delivered by our staff. These two teams extract data daily to meet TrueCare's reporting needs. In addition to standard reports, the BI department also has the ability to run customized ad hoc reports as needed to track metrics and to provide any necessary data. This process ensures all measures are continually assessed and any barriers encountered are mitigated.

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2019**Open to Public Inspection**Department of the Treasury
Internal Revenue Service

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

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

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

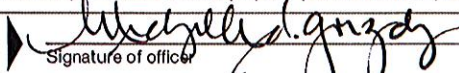
A For the 2019 calendar year, or tax year beginning 01/01 , 2019, and ending 12/31 , 20 19	
B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Final return/terminated ☐ Amended return ☐ Application pending	C Name of organization North County Health Project Inc Doing business as _____ Number and street (or P.O. box if mail is not delivered to street address) Room/suite 150 Valpreda Road City or town, state or province, country, and ZIP or foreign postal code San Marcos, CA, 92069 D Employer identification number 95-2847102 E Telephone number 760-736-6700 G Gross receipts \$ 85,423,501 H(a) Is this a group return for subordinates? ☐ Yes ☒ No H(b) Are all subordinates included? ☐ Yes ☒ No If "No," attach a list. (see instructions) H(c) Group exemption number ▶ _____ F Name and address of principal officer: Kathy Martinez 150 Valpreda Road, San Marcos, CA 92069 I Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) () ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527 J Website: ▶ www.nchs-health.org K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶ _____ L Year of formation: 1973 M State of legal domicile: CA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: North County Health Services' mission is to improve the health status of our diverse communities by providing quality health care that is comprehensive, affordable and culturally sensitive.		
	2 Check this box ☐ 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	16
	5 Total number of individuals employed in calendar year 2019 (Part V, line 2a)	5	933
	6 Total number of volunteers (estimate if necessary)	6	178
	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 39	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	13,356,276	14,190,866
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0	6,690
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,032,961	911,803
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	79,125,813	85,423,501
	Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	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)		57,375,411	58,554,042
16a Professional fundraising fees (Part IX, column (A), line 11e)		60,000	18,734
b Total fundraising expenses (Part IX, column (D), line 25) ▶ 440,006			
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		20,705,715	21,070,047
18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)		78,141,126	79,642,823
19 Revenue less expenses. Subtract line 18 from line 12	984,687	5,780,678	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 26)	79,776,859	80,898,907
	22 Net assets or fund balances. Subtract line 21 from line 20	27,372,792	22,714,162
		52,404,067	58,184,745

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			Date 8.4.2020
	Signature of officer Michelle D Gonzalez, President and CEO		Type or print name and title
Paid Preparer Use Only	Print/Type preparer's name Jeremy Ware	Preparer's signature	Date
	Firm's name ▶ CHW LLP	Firm's EIN ▶ 47-2251777	Check ☐ if self-employed PTIN P00642659
	Firm's address ▶ 7797 N First Street Suite 15, Fresno, CA 93720	Phone no. 559-549-5400	
	May the IRS discuss this return with the preparer shown above? (see instructions) ☒ Yes ☐ No		

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III ☐**1** Briefly describe the organization's mission:

North County Health Services' (NCHS) mission is to improve the health status of our diverse communities by providing quality health care that is comprehensive, affordable and culturally sensitive. During the year, NCHS provided 324,043 visits to 66,325 patients.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No
If "Yes," describe these new services on Schedule O.**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No
If "Yes," describe these changes on Schedule O.**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.**4a** (Code:) (Expenses \$ 65,021,553 including grants of \$ 0) (Revenue \$ 61,191,856)

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

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)**4c** (Code:) (Expenses \$ including grants of \$) (Revenue \$)**4d** Other program services (Describe on Schedule O.)(Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)**4e** Total program service expenses **65,021,553**

Audited Financial Statements

North County Health Project, Inc.
d/b/a TrueCare

For the Years Ended December 31, 2020 and 2019

North County Health Project, Inc.
d/b/a TrueCare
December 31, 2020 and 2019

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Statements of Cash Flows	6
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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of North County Health Project, Inc., d/b/a TrueCare (the "Center"), which comprise the balance sheets as of December 31, 2020 and 2019 and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North County Health Project, Inc., d/b/a TrueCare as of December 31, 2020 and 2019 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2021 on our consideration of the Center'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 Center's internal control over financial reporting and compliance.

CAW. LLP

Fresno, California
August 10, 2021

North County Health Project, Inc.
d/b/a TrueCare
Balance Sheets
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 27,299,567	\$ 19,524,011
Short-term investments	14,798,406	14,378,555
Patient accounts receivable, net	2,368,947	2,947,984
Grant receivable	1,085,583	1,144,568
Estimated third-party payor settlements	3,701,621	4,938,625
Other receivables	55,527	412,885
Inventories	789,121	489,425
Prepaid expenses and other current assets	1,430,496	1,300,995
Total current assets	<u>51,529,268</u>	<u>45,137,048</u>
Assets limited as to use:		
Held by trustee	-	241,635
Deferred compensation	6,173,958	5,101,578
	<u>6,173,958</u>	<u>5,343,213</u>
Property and equipment, at cost:		
Land and land improvements	5,191,633	5,295,598
Buildings and leasehold improvements	39,392,722	39,967,014
Equipment	11,052,513	8,642,058
Construction in progress	308,345	1,337,680
	<u>55,945,213</u>	<u>55,242,350</u>
Less accumulated depreciation	<u>(26,587,915)</u>	<u>(25,100,360)</u>
	29,357,298	30,141,990
Other assets:		
Prepaid expenses and other long-term assets	81,374	76,656
Note receivable	-	200,000
Total assets	<u>\$ 87,141,898</u>	<u>\$ 80,898,907</u>

See Notes to Financial Statements

North County Health Project, Inc.
d/b/a TrueCare
Balance Sheets
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Liabilities		
Current liabilities		
Current maturities of long-term debt	\$ 965,238	\$ 1,045,228
Accounts payable and other accrued expenses	2,424,118	1,945,179
Accrued payroll and related liabilities	6,248,068	5,038,096
Estimated third-party payor settlements	2,926,021	1,472,565
Deferred revenue	16,265	5,250
Total current liabilities	<u>12,579,710</u>	<u>9,506,318</u>
Deferred compensation	6,173,958	5,101,578
Long-term debt		
Principal amount	7,184,988	8,213,097
Unamortized debt issuance costs	<u>(87,540)</u>	<u>(106,831)</u>
Long-term debt, less unamortized debt issuance costs	7,097,448	8,106,266
Total liabilities	25,851,116	22,714,162
Net Assets		
Net assets without donor restrictions	60,862,727	57,856,735
Net assets with donor restrictions	<u>428,055</u>	<u>328,010</u>
Total liabilities and net assets	<u><u>\$ 87,141,898</u></u>	<u><u>\$ 80,898,907</u></u>

See Notes to Financial Statements

North County Health Project, Inc.
d/b/a TrueCare
Statements of Operations
Years Ended December 31, 2020 and 2019

	2020	2019
Change in Net Assets Without Donor Restrictions		
Revenues and other support:		
Patient service revenue, net	\$ 48,847,714	\$ 61,191,856
Capitation revenue	9,528,376	9,122,286
Grant revenue	16,311,063	12,921,203
Contributions	1,884,290	551,324
Other	1,180,080	918,493
Net assets released from restriction	1,065,639	412,650
Total unrestricted revenues, gains and other support	78,817,162	85,117,812
Expenses and losses:		
Salaries and wages	45,986,295	48,431,798
Employee benefits	10,003,502	10,122,245
Purchased services and professional fees	7,169,033	6,978,947
Supplies and other	8,761,808	9,477,989
Rent	732,528	741,236
Insurance	434,358	383,090
Client assistance	67,978	48,550
Depreciation	2,887,917	3,035,916
Interest	377,578	423,052
Total expenses	76,420,997	79,642,823
Excess of revenues over expenses	2,396,165	5,474,989
Gain (loss) on sale of property and equipment	609,827	(2,321)
Increase/decrease in unrestricted net assets	3,005,992	5,472,668
Change in Net Assets With Donor Restrictions:		
Contributions	1,165,684	720,660
Net assets released from donor restriction	(1,065,639)	(412,650)
Change in net assets with donor restrictions	100,045	308,010
Change in net assets	3,106,037	5,780,678
Net Assets:		
Beginning of year	58,184,745	52,404,067
End of year	\$ 61,290,782	\$ 58,184,745

See Notes to Financial Statements

North County Health Project, Inc.
d/b/a TrueCare
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

Cash Flows from Operating Activities	2020	2019
Change in net assets	\$ 3,106,037	\$ 5,780,678
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,887,917	3,035,916
Unrealized (gains) losses	(321,290)	(732,834)
Gain or loss on disposal of property and equipment	(609,827)	2,321
Amortization of refundable loan	(49,900)	(47,472)
Amortization of debt issuance costs	19,291	19,291
Bad debt	200,000	-
Changes in operating assets and liabilities:		
Patient accounts receivable, net	579,037	596,590
Grants receivable	58,985	(379,381)
Estimated third-party payor settlements	2,690,460	(6,100,112)
Prepaid expenses and other assets	(76,557)	640,326
Accounts payable and accrued expenses	478,939	(525,258)
Accrued payroll and related liabilities	1,209,972	70,372
Deferred revenue	11,015	(203,184)
Net cash provided by operating activities	10,184,079	2,157,253
Cash Flows from Investing Activities		
Purchase of investments	(98,561)	(70,969)
Purchase of property and equipment	(1,493,398)	(1,900,970)
Net cash used in investing activities	(1,591,959)	(1,971,939)
Cash Flows from Financing Activities		
Principal payments on long-term debt	(1,058,199)	(1,007,184)
Net cash used in financing activities	(1,058,199)	(1,007,184)
Increase (decrease) in cash and cash equivalents	7,533,921	(821,870)
Cash, Cash Equivalents and Assets Limited as to Use:		
Beginning of year	19,765,646	20,587,516
End of year	\$ 27,299,567	\$ 19,765,646
Supplemental disclosure of cash flow information:		
Interest paid	\$ 377,578	\$ 423,052
In-kind donations	\$ 181,372	\$ 79,841

See Notes to Financial Statements

North County Health Project, Inc.
d/b/a TrueCare
Notes to Financial Statements
December 31, 2020 and 2019

Note 1: Summary of Significant Accounting Policies

Organization and Operations

North County Health Project, Inc., d/b/a TrueCare (the “Center”), is a federally qualified health center that works to further its mission to “improve the health status of our diverse communities by providing quality health care that is comprehensive, affordable and culturally sensitive.” The Center primarily earns revenues by providing medical, dental and mental health services through clinics located in Carlsbad, Encinitas, Oceanside, Ramona, San Marcos, and Perris California.

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

Cash and Cash Equivalents

The Center considers all liquid investments, other than those limited as to use, with original maturities of three months or less to be cash equivalents. At December 31, 2020 and 2019, cash equivalents consisted primarily of checking, savings, and money market accounts. Of the cash balances as of December 31, 2020 and 2019, \$500,000 and \$500,000 respectively was covered by federal depository insurance and \$26,799,567 and \$19,024,011, respectively, was uninsured.

Patient Accounts Receivable

Accounts receivable are recorded at amounts that reflect the consideration to which the Center expects to be entitled in exchange for providing patient care. In evaluating the collectability of patient accounts receivable, the Center regularly analyzes its history and identifies and reviews trends for each of its major payor sources of revenue to estimate appropriate and sufficient implicit and explicit price concessions reflected in patient accounts receivable.

For receivables associated with services provided to patients who have third-party coverage, the Center analyzes contractually due amounts and provides additional implicit and explicit price concessions, if necessary, based upon historical collection history for deductibles and copayments on accounts for which the third-party payer had not yet paid, or for remaining payer balances.

For receivables associated with self-pay patients, which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Center records a significant implicit price concession in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts collected after all reasonable collection efforts have been exhausted is reflected as a reduction in patient accounts receivable.

Inventories

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

North County Health Project, Inc.
d/b/a TrueCare
Notes to Financial Statements
December 31, 2020 and 2019

Note 1: Summary of Significant Accounting Policies (continued)

Assets Limited as to Use

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

Property and Equipment

Land, building and equipment are carried at cost or estimated fair value at date of acquisition. The Center capitalizes all acquisitions greater than \$5,000 and such assets are depreciated on a straight-line basis over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. Certain property and equipment have been purchased with grant funds received from various federal agencies. Such items, or a portion thereof, may be reclaimed by the federal government if not used to further the grant's objectives. Construction-in-progress is recorded at cost and is capitalized upon completion. Construction-in-progress at December 31, 2020 and 2019 consisted primarily of software implementation costs. As of December 31, 2020, the remaining commitments related to ongoing contracts totaled \$282,262. Depreciation is recorded when construction is substantially complete, and the assets are placed in service. Depreciation expense for the year ended December 31, 2020 and 2019 was \$2,887,917 and \$3,035,916, respectively.

Income Taxes

The Center has been recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Revenue and taxation Code by the IRS and Franchise Tax Board, respectively. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Center's returns are subject to examination by federal and state taxing authorities generally for three years after they are filed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, and expenses are classified on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are currently available for use and are not subject to donor-imposed stipulations.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of operations as net assets released from donor restrictions. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as revenue without donor restrictions.

North County Health Project, Inc.
d/b/a TrueCare
Notes to Financial Statements
December 31, 2020 and 2019

Note 1: Summary of Significant Accounting Policies (continued)

Revenue Recognition

Net patient service revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payers (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Center bills the patients and third-party payers several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

The Center provides medical, dental, mental health, health education and enabling services to eligible patients at a discounted rate or for a nominal fee, based on eligibility determined by the patient's household size and income.

The Center has agreements with various plans to provide medical services to subscribing MediCal participants. Under the agreements, the Center received monthly capitation payments based on the number of participants, regardless of the services performed by the Center. Capitation payments are recognized as capitation revenue during the period in which the Center is obligated to provide services to participants. The Center also receives interim payments from the Medi-Cal program. These payments are reconciled on an annual basis to ensure the Center ultimately receives the established Medi-Cal payment rate for all visits under these contracts.

Revenue from government grants and contracts restricted for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions. Capital grants and contributions consist of grants and contributions or resources that are restricted by the grantors or donors for capital asset purposes-to acquire, construct or renovate capital assets associated with the restricted purpose. Capital grants and contributions are recorded as increases to net assets with donor restrictions when cash is received in advance of acquisition of capital assets. In absence of donor stipulations to the contrary, capital grants and contributions are recorded as revenue during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as deferred revenue.

Contributions are recognized as revenue when they are received or unconditionally pledged. Donor stipulations that limit the use of the donation are recognized as contributions with donor restrictions. When the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from donor restrictions. Absent donor-imposed restrictions, the Center records donated services, materials, and facilities as support without donor restrictions. It is the policy of the Center to encourage contributions. Donated services and facilities are valued at prevailing market rates. Certain immaterial services and facilities contributed to the Center have not been valued or recorded.

Donated Supplies

The Center recognizes donated pharmaceuticals and medical supplies at fair value. Donated pharmaceuticals and medical supplies totaling \$181,372 and \$79,841 are recorded as contribution revenue and supplies and other expense for the years ended December 31, 2020 and 2019, respectively.

North County Health Project, Inc.
d/b/a TrueCare
Notes to Financial Statements
December 31, 2020 and 2019

Note 1: Summary of Significant Accounting Policies (continued)

Excess of Revenues Over Expenses

The statements of operations include the excess of revenues over expenses. Changes in net assets without donor restrictions which are excluded from excess of revenues over expenses, consistent with industry practice, include permanent transfers to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions and grants to be used for the purpose of acquiring such assets).

Reclassification

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 financial statement presentation. These reclassifications had no effect on the changes in net assets.

Subsequent Events

The Center has evaluated all events and transactions that have occurred after December 31, 2020 and through August 10, 2021, the date of the financial statements and notes to financial statement were available to be issued.

North County Health Project, Inc.
d/b/a TrueCare
Notes to Financial Statements
December 31, 2020 and 2019

Note 2: Investments

Investments include the following at December 31, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 38,572	\$ 57,736
CD	4,551,034	2,800,480
Corporate bonds, domestic	321,664	-
Mutual funds	1,624,448	1,390,165
US equities	1,251,725	1,028,592
International equities	507,653	476,141
Inflation-protected securities	-	144,151
Commercial paper	5,598,876	7,622,673
Fixed income funds	904,434	858,617
Total	<u>\$ 14,798,406</u>	<u>\$ 14,378,555</u>

Income from investments consists of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Unrealized gains (losses)	\$ 321,290	\$ 732,834
Interest income	994	6,690
Dividends	97,686	69,867
Total	<u>\$ 419,970</u>	<u>\$ 809,391</u>

Note 3: Grant Revenue

The Center is the recipient of Consolidated Health Center (CHC) grants from the U.S. Department of Health and Human Services. The general purpose of the grants is to provide expanded health care service delivery for residents of San Diego and Riverside Counties, California. Terms of the grants generally provide for funding of the Center's operations based on an approved budget. During the years ended December 31, 2020 and 2019, the Center recognized \$12,958,208 and \$9,548,334 in CHC grant revenue, respectively. Grant revenue is recognized as qualifying expenditures are incurred over the grant period. Approximately 79% and 74% of grant revenues are from the CHC grants for the years ended December 31, 2020 and 2019, respectively.

In addition to the CHC grants, the Center receives financial support from other federal, state and private sources. Generally, such support requires compliance with terms and conditions specified in grant agreements or award letters and must be renewed on an annual basis. Cash received in exchange transactions in excess of revenue recognized is recorded as deferred revenue.

North County Health Project, Inc.
d/b/a TrueCare
Notes to Financial Statements
December 31, 2020 and 2019

Note 4: Fair Value of Financial Instruments

FASB ASC 820, *Fair Value Measurements and Disclosures*, requires the fair value of financial assets and liabilities to be determined using a specific fair-value hierarchy. In accordance with ASC 820, the following table presents the Center's fair value hierarchy for its financial assets measured at fair value on a recurring basis at December 31, 2020 and 2019:

	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
December 31, 2020:				
Fixed income funds	\$ 904,434	\$ -	\$ 904,434	\$ -
Mutual funds	1,624,448	-	1,624,448	-
Corporate bonds, domestic	321,664	-	321,664	-
Domestic equities	1,251,725	1,251,725	-	-
International equities	507,653	507,653	-	-
Total	<u>\$ 4,609,924</u>	<u>\$ 1,759,378</u>	<u>\$ 2,850,546</u>	<u>\$ -</u>
December 31, 2019:				
Fixed income funds	\$ 858,617	\$ -	\$ 858,617	\$ -
Mutual funds	1,390,165	-	1,390,165	-
Inflation- protected securities	144,151	-	144,151	-
Domestic equities	1,028,592	1,028,592	-	-
International equities	476,141	476,141	-	-
Total	<u>\$ 3,897,666</u>	<u>\$ 1,504,733</u>	<u>\$ 2,392,933</u>	<u>\$ -</u>

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

Note 5: Patient Service Revenue, Net

Performance obligations are determined based on the nature of the services provided by the Center. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Center believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Center has elected to apply the optional exemption provided in FASB ASC Topic 606-10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

North County Health Project, Inc.
d/b/a TrueCare
Notes to Financial Statements
December 31, 2020 and 2019

Note 5: Net Patient Service Revenue (continued)

The Center determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Center's sliding fee policy, and implicit price concessions provided to uninsured patients. The Center determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Center determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Effective with the adoption of ASU 2014-09 on January 1, 2020, for changes in credit issues not assessed at the date of service, such as a payor files for bankruptcy or a patient defaults on a payment plan, the Center recognizes these write-offs as bad debt expense, which is presented on the accompanying statements of operations and changes in net assets as a component of other expenses.

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

Medicare: Covered services rendered to Medicare program beneficiaries are paid based on a prospective payment system (PPS). Medicare payment under the FQHC PPS are 80% of the lesser of the health center's actual charge or the applicable PPS rate (patient coinsurance will be 20% of the lesser of the health center's actual charge or the applicable PPS rate). Accordingly, to the extent a health center's charge is below the applicable PPS rate, Medicare FQHC reimbursement can be limited.

Medi-Cal: Covered services rendered to Medi-Cal beneficiaries are paid under a Prospective Payment System, using rates established by the Center's "Base Years" - fiscal years ended December 31, 2000 and 1999 cost reports filed under the previous cost-based reimbursement system. These rates are adjusted annually according to changes in the Medicare Economic Index and any approved changes in the Center's scope of service. The Center is required to file a payment reconciliation report with the state. In the opinion of management, any reconciliation settlement of the payment reconciliation will not materially affect the financial statements of the Center.

Other: Payments for services rendered to those payors other than Medicare or Medi-Cal are based on established rates or on agreements with certain commercial insurance companies, health maintenance organizations and preferred provider organizations which provide for various discounts from established rates.

As of December 31, the following table reflects the net patient service revenue including capitation by major payor groups:

	2020	2019
Medicare	\$ 3,046,694	\$ 3,474,151
Medi-Cal	50,477,055	60,971,019
Other third-party payors	2,840,662	3,348,799
Private pay	2,011,679	2,520,173
Net patient service revenue	<u>\$ 58,376,090</u>	<u>\$ 70,314,142</u>

North County Health Project, Inc.
d/b/a TrueCare
Notes to Financial Statements
December 31, 2020 and 2019

Note 5: Net Patient Service Revenue (continued)

Laws and regulations concerning government programs, including Medicare and Medi-Cal, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Center's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Center. In addition, the contracts the Center has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Center's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

The Center has recorded an estimated third-party payor receivable of \$3,701,621 and \$4,938,625 as of December 31, 2020 and 2019, respectively, and estimated third-party payor liabilities of \$2,926,021 and \$1,472,565 as of December 31, 2020 and 2019, respectively. These balances comprise estimated settlements due to PPS Reconciliation Requests as well as Rate Setting Cost Reports and Change in Scope of Service Requests. Management periodically evaluates estimated third-party payor settlements based on the current information available and believes the final settlements will not materially affect the financial statements of the Center.

Note 6: Concentrations of Credit Risk

Financial instruments potentially subjecting the Center to concentrations of credit risk consist primarily of bank deposits in excess of FDIC limits. Management believes, however, that the risk of loss is minimal due to the high financial quality of the banks. The Center grants credit without collateral to its patients, most of who are area residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at December 31, 2020 and 2019, was:

	2020	2019
Medicare	6%	2%
Medi-Cal	74%	72%
Other third-party payers	7%	26%
Private Pay	13%	0%
	<u>100%</u>	<u>100%</u>

North County Health Project, Inc.
d/b/a TrueCare
Notes to Financial Statements
December 31, 2020 and 2019

Note 7: Net Assets with Donor Restrictions

Net assets with donor restrictions were comprised of the following programs at December 31, 2020 and 2019:

	2020	2019
Tides Foundation	\$ -	\$ 28,250
Sierra Foundation	135,888	-
MAT (Access Points)	-	36,622
Direct Relief – Health Network Development	81,492	100,000
Health Net Workforce Program	97,991	100,000
Other	112,684	63,138
	<u>\$ 428,055</u>	<u>\$ 328,010</u>

Under the previous guidance these grants were recorded as deferred revenue. Under ASU No. 2019-08, these grants have been determined to be restricted contributions and have been recorded as net assets with donor restrictions. As net assets with donor restrictions are expended, the net assets released from restrictions are recognized as revenue without donor restrictions. As of December 31, 2020, and 2019, net assets released from donor restrictions consist of the following:

	2020	2019
Tides Foundation	\$ 33,250	\$ 9,576
Blue Shield of California Wellness Program	-	30,000
Kaiser Permanente	-	25,000
Ramona Clinic	-	20,000
MAT (Access Points)	111,622	38,378
Health Net	128,651	36,400
Price Philanthropies Foundation	29,558	50,000
Sierra Foundation	118,779	-
Direct Relief	168,508	-
San Diego Foundation	100,000	-
Other	375,271	203,296
	<u>\$ 1,065,639</u>	<u>\$ 412,650</u>

North County Health Project, Inc.
d/b/a TrueCare
Notes to Financial Statements
December 31, 2020 and 2019

Note 8: Long-Term Debt

	2020	2019
The Center entered into a loan agreement with City National Bank on December 1, 2010 in the amount of \$4,500,000. These funds were used to refinance existing debt in January 2011 and to purchase property that was formerly being leased. This agreement consists of two loans in the amounts of \$3,500,000 and \$1,000,000. Series A loan is in the amount of \$3,500,000 and bears an interest rate of 4.32% with a maturity date of January 1, 2026. The Series B loan in the amount of \$1,000,000 and bears an interest rate of 4.1% with a maturity date of January 1, 2021. Collateral for these loans include real property.	\$ 1,450,306	\$ 1,828,838
The Center entered into a loan agreement with City National Bank on July 1, 2015 in the amount of \$3,000,000 as Series C of the above loan. These funds were used for continued improvements to the Mission Mesa clinic site. The loan bears interest at a fixed rate of 3.94% per annum with a maturity date of June 1, 2024. Collateral for this loan includes real property.	1,214,984	1,524,037
The Center entered into a loan agreement with the City of Carlsbad on February 15, 2012 in the amount of \$1,130,000. These funds were allocated from a Community Block Development Grant (CDBG) as a no interest, deferred, and forgivable loan to be used for the acquisition of property for a health center to serve low income households. The loan has a term of 20 years and is forgivable upon the expiration of the term of the loan if the property has been maintained and operated as a health center consistent with the conditions of the loan.	764,557	814,457
The Center entered into a loan agreement with City National Bank on February 1, 2016 in the amount of \$4,598,702. These funds were used to refinance a maturing New Market Tax Credit loan. The loan bears an interest rate of 3.91% with a maturity date of March 1, 2031. Collateral for this loan includes real property.	3,413,147	3,681,126
The Center entered into a loan agreement with City National Bank on February 1, 2016 in the amount of \$1,761,298. These funds were used to purchase property for the Ramona clinic. The loan bears an interest rate of 3.91% with a maturity date of March 1, 2031. Collateral for this loan includes real property.	1,307,232	1,409,867
Total long term debt	8,150,226	9,258,325
Less: current portion	(965,238)	(1,045,228)
	<u>\$ 7,184,988</u>	<u>\$ 8,213,097</u>

The loan agreements contain various covenants, which among other things require approval for additional indebtedness in connection with the purchase or lease of equipment over \$500,000, require unencumbered and unrestricted liquid assets of not less than \$3,000,000 measured quarterly, and require the Center to maintain certain financial ratios. As of December 31, 2020 the Center was in compliance with the various covenants associated with the above notes.

North County Health Project, Inc.
d/b/a TrueCare
Notes to Financial Statements
December 31, 2020 and 2019

Note 8: Long-Term Debt (Continued)

Interest expense for the years ended December 31, 2020 and 2019 was \$377,578 and \$423,052, respectively. Future principal payments are as follows for the years ended December 31:

Year	Principal
2021	\$ 965,238
2022	1,005,217
2023	1,046,854
2024	936,867
2025	757,919
Thereafter	3,438,131
Total	<u>\$ 8,150,226</u>

Note 9: Line-of-Credit

The Center had a \$2,000,000 line-of-credit which expires October 1, 2021. The line of credit was collateralized by receivables. At December 31, 2020 and 2019, there was no balance outstanding on the line-of-credit.

Note 10: Commitments and Contingencies

Pension Plan

The Center has a 403(b) defined contribution pension plan covering substantially all employees who meet the eligibility requirements. The Center provides a discretionary match of eligible employee contributions to the plan up to 4% of employees' salaries. Pension expense related to the 403(b) defined contribution pension plan was \$1,142,793 and \$1,127,966 for the years ended December 31, 2020 and 2019, respectively.

The Center provides a 457(b) deferred compensation plan for certain providers and executive management as a retention benefit. Under the terms of this plan, the deferred compensation liability and related assets limited as to use are recorded by the Center and are subject to the general creditors of the Center. Expense related to the 457(b) deferred compensation plan was \$629,134 and \$651,796 for the years ended December 31, 2020 and 2019, respectively.

Operating Leases

Non-cancelable operating leases for the Center's facilities expire in various years through 2024. Future minimum lease payments are as follows: \$624,516 in 2021; \$494,995 in 2022, \$434,470 in 2023, \$235,266 in 2024, and \$44,558 in 2025. Rent expense for the years ended December 31, 2020 and 2019 was \$731,484 and \$741,236, respectively.

Contingencies

The Center is the defendant in litigation claiming negligent hiring, supervision, and retention practices among other claims. While the Center believes it has meritorious defenses against the suits, the Center has estimated a potential liability of approximately \$500,000.

North County Health Project, Inc.
d/b/a TrueCare
Notes to Financial Statements
December 31, 2020 and 2019

Note 10: Commitments and Contingencies (Continued)

Malpractice Claims

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

Note 11: Information Regarding Liquidity and Availability of Resources

The Center regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Center has various sources of liquidity at its disposal, including cash and cash equivalents, investments, various receivables, and a line of credit. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Center considers all expenditures related to its ongoing activities of providing healthcare-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The Center strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the Center's financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the balance sheet date.

	2020	2019
Cash and cash equivalents	\$ 27,299,567	\$ 19,524,011
Short-term investments	14,798,406	14,378,555
Patient accounts receivable, net	2,368,947	2,947,984
Grant receivable	1,085,583	1,144,568
Other receivable	55,527	412,885
Total financial assets	45,608,030	38,408,003
Deferred revenue	(16,265)	(5,250)
Restricted by donors	(428,055)	(328,010)
Financial assets available to meet cash needs for general expenditures within one year	\$ 44,163,710	\$ 38,074,743

In addition to financial assets available to meet general expenditures over the next 12 months, the Center operates with a balanced budget and anticipates collecting sufficient patient service revenue to cover general expenditures not covered by grants or donor-restricted resources. The Center also has a line of credit available to meet short-term needs. See note 9 for information about this arrangement.

North County Health Project, Inc.
d/b/a TrueCare
Notes to Financial Statements
December 31, 2020 and 2019

Note 12: Functional Expenses

The Center provides healthcare services to residents within its service area. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. Expenses for the year ended December 31, 2020 include:

	Healthcare services	General and administrative	Fundraising	Total
Salaries and wages	\$ 36,611,215	\$ 9,224,206	\$ 150,874	\$ 45,986,295
Employee benefits	8,316,766	1,657,894	28,842	10,003,502
Purchased services and professional fees	4,309,911	2,848,591	10,531	7,169,033
Supplies and other	7,010,309	1,708,680	42,819	8,761,808
Rent	650,816	81,712	-	732,528
Insurance	280,664	153,694	-	434,358
Client assistance	67,635	343	-	67,978
Depreciation	2,501,159	385,054	1,704	2,887,917
Interest	351,125	26,071	382	377,578
Total	<u>\$ 60,099,600</u>	<u>\$ 16,086,245</u>	<u>\$ 235,152</u>	<u>\$ 76,420,997</u>

Expenses for the year ended December 31, 2019 include:

	Healthcare services	General and administrative	Fundraising	Total
Salaries and wages	\$ 40,183,186	\$ 8,080,539	\$ 168,073	\$ 48,431,798
Employee benefits	8,788,662	1,296,578	37,005	10,122,245
Purchased services and professional fees	4,609,916	2,341,314	27,717	6,978,947
Supplies and other	7,593,969	1,680,129	203,891	9,477,989
Rent	658,561	82,675	-	741,236
Insurance	250,417	132,673	-	383,090
Client assistance	46,417	2,133	-	48,550
Depreciation	2,497,195	535,864	2,857	3,035,916
Interest	393,229	29,360	463	423,052
Total	<u>\$ 65,021,552</u>	<u>\$ 14,181,265</u>	<u>\$ 440,006</u>	<u>\$ 79,642,823</u>

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of North County Health Project, Inc., d/b/a TrueCare (the "Center"), which comprise the balance sheets as of December 31, 2020 and 2019 and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 10, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

CAW. LLP

Fresno, California
August 10, 2021