

## SAN MARCOS COMMUNITY FOUNDATION BOARD MEETING AGENDA

**Tuesday, May 17, 2022 – 6:00 PM**  
**San Marcos Room – 2<sup>nd</sup> Floor**

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

**Americans with Disabilities Act:** If you need special assistance to participate in this meeting, please contact the Board Secretary at (760) 744-1050, ext. 3137. Notification 48 hours in advance will enable the City to make reasonable arrangements to ensure accessibility to this meeting. Assisted listening devices are available for the hearing impaired. Please see the Board Secretary if you wish to use this device.

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

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

**Meeting Schedule:** Regular San Marcos Community Foundation Board meetings are generally held on the third Tuesday in the month of February, May, August and November. The Agenda’s are posted on the City website at: [www.san-marcos.net](http://www.san-marcos.net).

**Agendas:** Agenda packets are available for public inspection 72 hours prior to scheduled meetings at the Administration Department located on the second floor of City Hall, 1 Civic Center Drive, San Marcos, during normal business hours. Any agenda-related writings or documents provided to a majority of the San Marcos Community Foundation after distribution of the agenda packet are available for public inspection at the same time at the Administration Department.

### **CALL TO ORDER**

### **ROLL CALL**

### **CONSENT CALENDAR**

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

*Recommendation:* **WAIVE**

2. **APPROVAL OF MINUTES** - SMCF Board Meeting of November 16, 2021 and SMCF GFC Meetings of April 13, 2022 and May 11, 2022.  
*Recommendation: CONSIDER/APPROVE*

**ORAL COMMUNICATIONS** *The Oral Communication segment of the agenda is for the purpose of allowing the public to address the Community Foundation on any matter NOT listed on the agenda.*

## **NEW BUSINESS**

3. **PRESIDENT'S REPORT**
- a. Welcome New Boardmembers
  - b. SMCF Advisory Board Update
  - c. COVID-19 Nonprofit Community Grant Program Update  
*Recommendation: DISCUSSION AND DIRECTION*
4. **SMCF GRANT FUNDING COMMITTEE RECOMMENDATION**  
Quarterly Funding Recommendation to the SMCF Board for Deliberation.
- a. Grant Funding Update – Fiscal Year 2021/2022
  - b. Winter Funding Recommendation Worksheet
  - c. Resolution No. 2022-25 – Spring Quarter Grants  
*Recommendation: CONSIDER/APPROVE*

## **OLD BUSINESS**

5. **STRATEGIC PLANNING**  
Overview and Update – Boardmembers Carol Gendel and Melissa Chalmers  
*Recommendation: DISCUSSION AND DIRECTION*
6. **PROMOTIONAL AND FUNDRAISING ACTIVITIES/IDEAS**  
Overview and Update  
*Recommendation: DISCUSSION AND DIRECTION*

## **ITEMS FOR THE GOOD OF THE ORDER**

7. **MISCELLANEOUS**
- a. Selection of next quarter's Grant Funding Subcommittee
  - b. In-Person Meetings
8. **ADJOURNMENT**



DISCOVER LIFE'S POSSIBILITIES

SAN MARCOS COMMUNITY FOUNDATION BOARD MEETING AGENDA  
May 17, 2022  
Page 3 of 3

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

## **AFFIDAVIT OF POSTING**

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

I, Phillip 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 Thursday, May 12, 2022 at 5:30 pm.

  
\_\_\_\_\_  
Phillip Scollick, Recording Secretary

## MINUTES

### REGULAR MEETING OF THE SAN MARCOS COMMUNITY FOUNDATION BOARD

**Tuesday, February 15, 2022**

**Virtual Meeting**

**CALL TO ORDER:** Board President Lukoff called the meeting to order at 6:00 p.m.

**ROLL CALL:**

PRESENT: BOARD MEMBERS: AHMED, CHALMERS, CLARK, GENDEL, LUKOFF,  
THOMPSON, WHITMAN  
ABSENT: BOARD MEMBERS: NONE

Members of the Foundation Board attending the meeting via teleconference pursuant to Governor Newson's Executive Order N-25-20.

**ALSO PRESENT:** Board Secretary Phil Scollick.

**CONSENT CALENDAR**

1. **WAIVER OF TEXT** – Waived
2. **APPROVAL OF MINUTES** - SMCF Board Meeting of November 16, 2021 and SMCF GFC Meetings of January 12, 2022 and February 9, 2022

**MOVED BY BOARDMEMBER GENDEL, SECONDED BY BOARDMEMBER CHALMERS TO APPROVE THE MINUTES.**

AYES: BOARD MEMBERS: AHMED, CHALMERS, CLARK, GENDEL, LUKOFF, THOMPSON,  
WHITMAN  
NOES: BOARD MEMBERS: NONE  
ABSENT: BOARD MEMBERS: NONE

**ORAL COMMUNICATIONS** –

There were no public comments.

**NEW BUSINESS**

**3. PRESIDENT'S REPORT**



- a. Welcome New Boardmembers and introductions.
- b. SMCF Advisory Board Update
- c. COVID-19 Nonprofit Community Grant Program update received – Over \$1 million donated.  
List is available to the board.

#### **4. SMCF GRANT FUNDING COMMITTEE RECCOMENDATION**

Quarterly Funding Recommendation to the SMCF Board for Deliberation.

- (a) Grant Funding Update – Fiscal Year 2021/2022
- (b) Winter Funding Recommendation Worksheet
- (c) Resolution No. 2021-24 – Winter Quarter Grants

**MOVED BY BOARDMEMBER GENDEL, SECONDED BY BOARDMEMBER AHMED TO APPROVE RESOLUTION NO. 2021-24.**

AYES:	BOARD MEMBERS: AHMED, CHALMERS, CLARK, GENDEL, LUKOFF, THOMPSON, WHITMAN
NOES:	BOARD MEMBERS: NONE
ABSENT:	BOARD MEMBERS: NONE

#### **OLD BUSINESS**

#### **5. STRATEGIC PLAN**

- a. Updated provided by Boardmembers Gendel and Chalmers
- b. Planned to include Advisory Boardmembers and develop plan to bring forward.

#### **6. PROMOTIONAL AND FUNDRAISING ACTIVITIES/IDEAS**

- Discussed future promotional and fundraising ideas and providing news releases to promote the SMCF granting program and fundraising efforts.

#### **ITEMS FOR THE GOOD OF THE ORDER**

#### **7. MISCELLANEOUS**

Select Boardmembers Lukoff, Clark, and Whitman for next quarter's Grant Funding Subcommittee.

#### **8. ADJOURNMENT**

**BOARDMEMBER GENDEL MOVED TO ADJOURN THE MEETING, SECONDED BY BOARDMEMBER AHMED. MOTION PASSED BY UNANIMOUS VOTE.**

Meeting adjourned at 7:16 p.m.



SMCF Board Meeting Minutes - DRAFT  
Tuesday, February 15, 2022 | Page 3 of 3

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

---

COLLEEN LUKOFF, BOARD PRESIDENT  
SAN MARCOS COMMUNITY FOUNDATION

ATTEST:

---

PHIL SCOLICK, RECORDING SECRETARY  
CITY OF SAN MARCOS



## MINUTES

### SAN MARCOS COMMUNITY FOUNDATION GRANT FUNDING SUBCOMMITTEE SPECIAL MEETING

Wednesday, April 13, 2022

Virtual Meeting

#### **CALL TO ORDER**

Board Vice President Gendel called the meeting to order at 6:01 p.m.

#### **ROLL CALL:**

PRESENT: BOARD MEMBERS: CLARK AND LUKOFF  
ABSENT: BOARD MEMBERS: WHITMAN

**ALSO PRESENT:** City Clerk Scollick.

#### **NEW BUSINESS**

##### **1. MINI GRANT APPLICATION PROPOSAL**

There were no mini grant requests.

##### **2. REGULAR GRANT APPLICATION PROPOSALS**

Board members discussed the following regular grant requests:

- A) Big Brothers Big Sisters of San Diego County - \$5,000 request for support for at least eight San Marcos youth who are struggling with challenging circumstances.
- B) A Step Beyond - \$5,000 request to provide dance training and academic support to 3<sup>rd</sup>- 11<sup>th</sup> grade students.
- C) Feeding San Diego - \$10,000 request to support mobile pantry services to San Marcos residents.
- D) Solutions for Change- \$10,000 request to support workforce training programs for homeless individuals.
- E) Mama's Kitchen - \$5,000 request to provided medically tailored meals to residents in San Marcos.



- F) American Academy of Pediatrics, CA Chapter 3 - \$3,000 request to deliver the Reach Out and Read program to kids ages 6 months to 5 years old.

**THE BOARD REVIEWED THE APPLICATIONS AND DISCUSSED GRANT APPROPRIATIONS.**

3. **REVIEW OF PREVIOUS GRANT DONATIONS** – San Diego Children’s Discovery Museum’s Access for All scholarship program. Permission granted to adjust funded project.

**ORAL COMMUNICATIONS** – No requests to speak.

**ITEMS FOR THE GOOD OF THE ORDER**

**NEXT MEETING DATE** – The next meeting of the SMCF Board of Directors is scheduled for Tuesday, May 11, 2022.

**MISCELLANEOUS** – None noted

**ADJOURNMENT**

**THE BOARD BY CONSENSUS ADJOURNED THE MEETING AT 6:33 PM.**

---

Colleen Lukoff, Board President

ATTEST:

---

Phillip Scollick, Recording Secretary



## MINUTES

### SAN MARCOS COMMUNITY FOUNDATION GRANT FUNDING SUBCOMMITTEE SPECIAL MEETING

Wednesday, May 11, 2022

Virtual Meeting

#### CALL TO ORDER

Board Vice President Gendel called the meeting to order at 6:02 p.m.

#### ROLL CALL:

PRESENT: BOARD MEMBERS: CLARK, LUKOFF, THOMPSON, WHITMAN  
ABSENT: BOARD MEMBERS: NONE

#### NEW BUSINESS

##### 1. MINI GRANT APPLICATION PROPOSAL

There were no mini grant requests.

##### 2. REGULAR GRANT APPLICATION PROPOSALS

Board members discussed the following regular grant requests:

- A) Big Brothers Big Sisters of San Diego County - \$5,000 request for support for at least eight San Marcos youth who are struggling with challenging circumstances.
- B) A Step Beyond - \$5,000 request to provide dance training and academic support to 3<sup>rd</sup>- 11<sup>th</sup> grade students.
- C) Feeding San Diego - \$10,000 request to support mobile pantry services to San Marcos residents.
- D) Solutions for Change- \$10,000 request to support workforce training programs for homeless individuals.
- E) Mama's Kitchen - \$5,000 request to provided medically tailored meals to residents in San Marcos.
- F) American Academy of Pediatrics, CA Chapter 3 - \$3,000 request to deliver the Reach Out and Read program to kids ages 6 months to 5 years old.



**THE BOARD REVIEWED THE APPLICATIONS AND DISCUSSED GRANT APROPRIATIONS AND APPROVED FUNDING RECOMMENDATIONS TO THE BOARD.**

- 3. REVIEW OF PREVIOUS GRANT DONATIONS** – San Diego Children’s Discovery Museum’s Access for All scholarship program. Permission granted to adjust funded project.

**ORAL COMMUNICATIONS** – No requests to speak.

**ITEMS FOR THE GOOD OF THE ORDER**

**NEXT MEETING DATE** – The next meeting of the SMCF Board of Directors is scheduled for Tuesday, May 11, 2022.

**MISCELLANEOUS** – Suzanne will be doing a virtual tour on Monday. Ian will be going with his wife the Dietician to visit Feeding San Diego and their San Marcos distribution, and Mama’s Kitchen and their kitchen some time in the future.

**ADJOURNMENT**

**THE BOARD BY CONSENSUS ADJOURNED THE MEETING AT 6:35 PM.**

---

Colleen Lukoff, Board President

ATTEST:

---

Phillip Scollick, Recording Secretary



4950 Murphy Canyon Road, San Diego, CA 92123  
(858) 279-2740 | [finance@jcfsandiego.org](mailto:finance@jcfsandiego.org) | [www.jcfsandiego.org](http://www.jcfsandiego.org)

DATE: May 5, 2022

DELIVER TO: Phillip Scollick

Email: [PScollick@san-marcos.net](mailto:PScollick@san-marcos.net); [cityclerk@san-marcos.net](mailto:cityclerk@san-marcos.net);  
[accounting@san-marcos.net](mailto:accounting@san-marcos.net);

FROM: JCF Finance Department

# OF PAGES: 3, including cover

SUBJECT: *San Marcos Community Foundation (SANM) and  
S.M. Community Found – Now & Forever (SANMA)*

MESSAGE: Fund Activity Reports for April 2022

If you have any questions, please feel free to contact us at [finance@jcfsandiego.org](mailto:finance@jcfsandiego.org).

San Marcos Community Foundation		Beginning Balance:	1,515,581.15
Apply Date	Descr.	Expense/DR	Income/CR
04/29/2022	Dividends	0.00	4,656.70
04/29/2022	Realized Gain	0.00	3,035.18
04/29/2022	Unrealized Loss	46,194.45	0.00
04/29/2022	Unrealized Loss	36,527.02	0.00
04/29/2022	Custodian Fee	75.78	0.00
04/29/2022	Consultant Fee	63.15	0.00
04/29/2022	Foundation Fee	518.49	0.00
		83,378.89	7,691.88
San Marcos Community Foundation		Ending Balance:	1,439,894.14



S.M. Community Found - Now & Forever		Beginning Balance:	6,367.82
Apply Date	Descr.	Expense/DR	Income/CR
04/29/2022	Dividends	0.00	34.65
04/29/2022	Realized Gain	0.00	0.51
04/29/2022	Unrealized Loss	380.79	0.00
04/29/2022	Custodian Fee	0.32	0.00
04/29/2022	Consultant Fee	0.27	0.00
04/29/2022	Foundation Fee	2.19	0.00
		383.57	35.16
S.M. Community Found - Now & Forever		Ending Balance:	6,019.41

# San Marcos COVID-19 Community Non-Profit Grant Program

Number	Month Issued	Grantee	Residents Served	Award Amount	Grant Program Funds Remaining*
1	September 2021	Boys and Girls Club of San Marcos	800	\$50,000	\$2,482,500
2	September 2021	Coastal Roots Farm	96	\$35,000	\$2,447,500
3	September 2021	Feeding San Diego	574	\$68,000	\$2,379,500
4	September 2021	Hope Through Housing	40	\$20,000	\$2,359,500
5	September 2021	San Diego Oasis	100	\$35,000	\$2,324,500
6	September 2021	The San Marcos Promise	5,360	\$125,000	\$2,199,500
7	September 2021	Twin Oaks High School	1,200	\$16,000	\$2,183,500
8	September 2021	Wounded Warrior Homes	35	\$40,000	\$2,143,500
September 2021 Totals			8,205	\$389,000	
9	October 2021	Arc of San Diego	20	\$65,000	\$2,078,500
10	October 2021	Brother Benno Foundation	69	\$30,000	\$2,048,500
11	October 2021	Foundation for Senior Wellbeing	250	\$10,000	\$2,038,500
12	October 2021	Kid's College	200	\$35,500	\$2,003,000
13	October 2021	Mama's Kitchen	30	\$5,000	\$1,998,000
14	October 2021	Produce Good	1,000	\$18,215	\$1,979,785
15	October 2021	Rock Church of San Marcos	1,075	\$25,000	\$1,954,785
16	October 2021	Women of Promise	120	\$10,000	\$1,944,785
17	October 2021	San Marcos Prevention Coalition	7,000	\$12,000	\$1,932,785
October 2021 Totals			9,764	\$210,715	
18	November 2021	A Step Beyond	35	\$15,000	\$1,917,785
19	November 2021	Adjoin	24	\$25,000	\$1,892,785
20	November 2021	Carrillo Elementary PTO	38	\$5,000	\$1,887,785
21	November 2021	Discovery Elementary PTO	145	\$6,500	\$1,881,285
22	November 2021	Double Peak Music Boosters	56	\$7,500	\$1,873,785
23	November 2021	Foundation For Women Warriors	24	\$15,000	\$1,858,785
24	November 2021	Joli Ann Leichtag PTO	380	\$18,500	\$1,840,285
25	November 2021	Just In Time For Foster Youth	18	\$25,000	\$1,815,285
26	November 2021	La Mirada Academy PTO	907	\$23,650	\$1,791,635
27	November 2021	MAAC Project	420	\$50,000	\$1,741,635
28	November 2021	MANA de North County San Diego	24	\$2,200	\$1,739,435
29	November 2021	Operation Hope - North County	10	\$35,000	\$1,704,435
30	November 2021	Paloma Elementary PTO	191	\$11,150	\$1,693,285
31	November 2021	San Diego Food Bank	160	\$40,000	\$1,653,285
32	November 2021	San Elijo Elementary PTO	50	\$2,500	\$1,650,785
33	November 2021	TrueCare	3,000	\$40,000	\$1,610,785
1st Half November 2021 Totals			5,482	\$322,000.00	

34	November 2021	BIPOC Support Foundation	50	\$10,560	\$1,600,225
35	November 2021	Casa de Amparo	125	\$150,000	\$1,450,225
36	November 2021	Friends of Richland Elementary PTO	188	\$10,093	\$1,440,132
37	November 2021	Girls on the Run	80	\$18,400	\$1,421,732
38	November 2021	La Jolla Playhouse	400	\$10,000	\$1,411,732
39	November 2021	Mission Hills HS Parent Association	1,082	\$17,000	\$1,394,732
40	November 2021	North County Lifeline	250	\$62,500	\$1,332,232
41	November 2021	Palomar Family Counseling Service	52	\$13,424	\$1,318,808
42	November 2021	San Diego Children's Discovery Museum	800	\$10,000	\$1,308,808
43	November 2021	San Marcos High School PTO	2,647	\$12,829	\$1,295,979
44	November 2021	Unitarian Universalist Refugee/Immigrant	216	\$30,000	\$1,278,808
2nd Half November 2021 Totals			10,867	\$344,806	
45	December 2021	Community Resource Center	30	\$50,000	\$1,228,808
46	December 2021	Friends of San Marcos Parks and Recreation	12,000	\$50,000	\$1,178,808
47	December 2021	Interfaith Community Services	120	\$100,000	\$1,078,808
48	December 2021	Knob Hill Elementary PTO	279	\$15,480	\$1,063,328
49	December 2021	La Costa Meadows PTO	15	\$1,400	\$1,061,928
50	December 2021	San Marcos Elementary PTO	679	\$21,800	\$1,040,128
51	December 2021	San Marcos Middle School PTO	523	\$20,277	\$1,019,851
52	December 2021	TERI	350	\$80,000	\$939,851
53	December 2021	Twin Oaks Elementary PTO	293	\$12,000	\$927,851
December 2021 Totals			14,289	\$350,957	
54	January 2022	Alzheimer's San Diego	184	\$10,000	\$917,851
55	January 2022	Burn Institute	1,800	\$9,900	\$907,951
56	January 2022	Charity Wings/Gather	250	\$2,000	\$905,951
57	January 2022	Legal Aid Society of San Diego	35	\$25,000	\$880,951
58	January 2022	Meals on Wheels San Diego County	155	\$42,225	\$838,726
59	January 2022	San Diego Lab Rats	150	\$15,000	\$823,726
60	January 2022	San Marcos Youth Baseball	28	\$6,100	\$817,626
January 2022 Totals			2,602	\$110,225	\$707,401
61	February 2022	Cardinal Alliance Parent Organization	192	\$15,000	\$802,626
62	February 2022	Honorary Deputy Sheriff's Association	50	\$24,063	\$778,563
63	February 2022	Palomar College Foundation	135	\$75,000	\$703,563
64	February 2022	San Elijo Middle School Band Boosters	66	\$6,500	\$697,063
65	February 2022	San Marcos High School Band Boosters	94	\$20,000	\$677,063
66	February 2022	Support the Enlisted Project (STEP)	16	\$10,000	\$667,063
February 2022 Totals			553	\$150,563	
67	March 2022	Kids' Turn San Diego	75	\$7,500	\$659,563
68	March 2022	Empowering Latino Futures	6,000	\$25,000	\$634,563
69	March 2022	Leap To Success	20	\$20,000	\$614,563

March 2022 Totals			\$6,095	\$52,500	
70	April 2022	Boys and Girls Club of San Marcos	300	\$25,000	\$589,563
71	April 2022	Feeding San Diego	510	\$74,000	\$515,563
72	April 2022	Freedom To Thrive	10	\$18,000	\$497,563
73	April 2022	Mira Costa College Foundation	175	\$75,000	\$422,563
74	April 2022	North County LGBTQ Resource Center	60	\$13,910	\$408,653
75	April 2022	North San Diego County Promise	250	\$25,000	\$383,653
76	April 2022	The Kids College	250	\$33,975	\$349,678
77	April 2022	Voices For Children	4	\$10,000	\$339,678
78	April 2022	Words Alive	125	\$30,000	\$309,678
April 2022 Totals			1,684	304,885	
<i>Program Totals Through April 2022</i>			<i>59,541</i>	<i>2,235,651</i>	

\* Initial amount assumes the upfront fee payment and monthly fees for 12 months for program management.

5/2/2022

**SAN MARCOS COMMUNITY FOUNDATION**  
**Grant Award History FY 2021-2022**

Name	Amount	Grant Type	Date	Name of Project	Summary of Project
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.
Boys & Girls Club	\$1,000	Mini	11/17/2021	Game Room refresh project	Support the purchase of one new foosball table for the game room. 1400 residents
Friends of Richland	\$1,500	Mini	11/17/2021	STEAM enrichment programs	To fund live science assemblies provided by Reuben H. Fleet Science Center. 750 residents
Road Dogs and Rescue	\$0	Mini	11/17/2021	Special Needs	Rescue bulldog breeds with special needs, foster them, and save them from euthanization. Varies
Casa De Amparo	\$5,000	Regular	11/17/2021	Residential Services	Provide housing, food, physical and mental health care, educational services and other social support services for foster youth. 100 Residents
Exceptional Opportunities	\$1,250	Regular	11/17/2021	Empowering Children with Special Needs	Provide special needs children with adaptive tricycles. Founded during Covid-19. 25 Residents
San Diego Food Bank	\$2,500	Regular	11/17/2021	Emergency Food Relief - North County Food Bank	To support the purchase of 38,000 pounds of fresh produce at 13 cents per pound to serve low income families. 5000 residents
The San Marcos Promise	\$3,000	Regular	11/17/2021	Internship Pilot Program	Provide \$250 stipends for student interns participating in a pilot internship program with the City of San Marcos. High school students in the San Marcos Unified School District (SMUSD) will gain first-hand job experience in various roles at the City's office. 30 residents
San Diego Children's Discovery Museum	\$2,500	Regular	11/17/2021	Virtual Education & Mobile Museum for low-income school children	Provide virtual education and mobile museum workshops to SMUSD students in Title I and low-income schools. 500 residents
True Care	\$2,500	Regular	11/17/2021	Blood Pressure monitors for Hypertensive Patients in San Marcos	Purchase of blood pressure monitors to loan San Marcos patients with high blood pressure while they are working to stabilize their blood pressure at healthier levels. 500 residents
Pro Kids, First Tee - San Diego	\$ 1,500	Mini	2/15/2022	Offsite golf experiences	request to support offsite golf experiences, community golf clinics and field trips for members
Tech-Angels	\$ 1,500	Mini	2/15/2022	Tech-Angels	Purchase of 20 lightly used iPads to donate to nursing homes in San Marcos
San Marcos Youth Baseball	\$ 2,837	Mini	2/15/2022	SMYB Aztecs to Cooperstown	Support expenses for 11 players to travel to Cooperstown to represent San Marcos
Alzheimer's San Diego	\$ 2,000	Regular	2/15/2022	Phone Support	Phone Support for residents suffering from Alzheimers and Dementia
Classics 4 Kids	\$ 2,500	Regular	2/15/2022	Equal Access to Music Education in San Marcos	Classics 4 Kids (C4K) will provide educational programs and present three live shows of our educational program, STEAM: Pattern Play Trio in one day
The Elizabeth Hospice	\$ 1,500	Regular	2/15/2022	Grief Support Services	Any person grieving the death of someone dear to them can rely on The Elizabeth Hospice for bereavement support regardless of their ability to pay or how or when their loved one died.
Fresh Start Surgical Gifts	\$ 5,000	Regular	2/15/2022	Surgery Weekend Program	Provides surgical services to disadvantage infants, children and teens with physical deformities or other healthcare needs.
Neighborhood Healthcare	\$ 1,500	Regular	2/15/2022	San Marcos Medical Center	Used to purchase waiting room furniture for a new Neighborhood Health Center
Total Grants Awarded FY 20/21	\$52,587				

## Spring 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: \$ 52,587  
 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
			<b>Mini-grants</b>				
			<b>Regular Grants</b>				
Big Brothers Big Sisters of San Diego County	one-to-one mentoring	24-47	Funds received will directly impact at least eight San Marcos youth who are struggling with challenging circumstances and adverse experiences that will likely lead to unfavorable long-term outcomes.	Suzanne	\$5,000	\$ 2,000	
A Step Beyond	Annual Dance Concert	26	ASB is a Creative Youth Development after-school program that provides dance training, academic support, socioemotional resources, and life-planning assistance to 230 3rd-11th graders from the communities of Escondido and San Marcos.	Colleen	\$5,000	\$ 2,500	
Feeding San Diego	Feeding San Diego Mobile Pantry Program	631	Feeding San Diego's Mobile Pantry program delivers food to underserved neighborhoods that have a high incidence of poverty and lack consistent access to full-service grocery stores or other sources of fresh, healthy food.	Ian	\$10,000	\$ 5,000	
Solutions for Change	Solutions Academy	56	Solutions for Change requests funding to support our Workforce Training Program, which provides homeless families with the skills, knowledge, and resources they need to gain and maintain physical, mental, and financial health.	Colleen	\$10,000	\$ 2,500	
Mama's Kitchen	Home Delivered Meal Service	32	Our program provides medically tailored meals to San Marcos residents and their dependent children, who are at risk of malnutrition due to HIV, cancer, type 2 diabetes, congestive heart failure, or chronic kidney disease.	Ian	\$5,000	\$ 5,000	
American Academy of Pediatrics, CA Chapter 3	Reach Out and Read program	2000	Deliver our Reach Out and Read program to young children, age six months to five years old, at our clinic, TrueCare / San Marcos Health Center. Additionally, an application for another clinic in San Marcos was started in December 2021.	Suzanne	\$3,000	\$1,000	
			<b>Totals</b>		<b>\$38,000</b>	<b>\$18,000</b>	<b>\$0</b>

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



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

Project Name: Mentoring Programs for At-Promise Youth in San Marcos  Date Submitted: April 6, 2022	Total # of people served: 700 (goal number of youth for 2022)  Total # of San Marcos residents served: 24-27	Amount Requested: \$5,000
Non-Profit Organization Name and Address, Website Big Brothers Big Sisters of San Diego County 4305 University Avenue, Suite 590 San Diego, CA 92105 <a href="http://www.sdbigs.org">www.sdbigs.org</a>	Contact Person – Name, Title & Phone, email Tina Rose CEO 619-504-1579 tinar@sdbigs.org	
<p><u>Briefly</u> describe your request for funds (to be expanded upon in narrative for regular grant):</p> <p>With 61 years of local program execution and evidence of our professionally supported, one-to-one mentoring model, BBBS San Diego has re-opened enrollment of new youth (after substantial setbacks during the pandemic), and we seek to help vulnerable youth who have the most need and promise of change. Our strengths lie in the ability to intervene before crisis begins and when intervention is likely to succeed. Funds received will directly impact at least eight San Marcos youth who are struggling with challenging circumstances and adverse experiences that will likely lead to unfavorable long-term outcomes. The guidance from and relationship with a volunteer mentor, backed by intensive support from BBBS professional staff, has been proven to alter the trajectory of a child's life, fostering an individual who is empowered, confident, and more capable of reaching their full potential.</p>		
<p><u>Briefly</u> describe the significance of your request to the San Marcos community:</p> <p>Our unique proposition is the intensive, preventative approach we take towards turning the tide for youth are statistically likely to go down the “wrong path” which leads to many key societal problems we see today from homelessness and drug addiction to under/unemployment and incarceration. This is often influenced by a child's social surroundings, as they may be entrenched in a culture where they see older siblings, friends, and even parents/caregivers engage in behaviors and choices that may lead to poor outcomes. The positive influence and one-on-one support from a caring adult involving multiple interactions every month not only has a personal effect on the child, but it often has a substantial impression on the child's parents/caregivers, siblings, friends, and neighborhood. Our team works closely with Bigs, Littles and families to maximize the ripple effect each mentoring relationship has on the life of the child, their friends and family, and their community, ultimately creating new family paradigms and building healthier communities.</p>		
Please attach the following items. <b>Both Mini-Grant &amp; Regular:</b> 1. Budget for request (use SMCF Budget Worksheet) 2. Annual Operating budget for the organization or unit 3. Federal & State Tax ID numbers 4. Board of Directors listing with affiliations <b>5. Regular Grants Only:</b> a. 1-2 page narrative b. First 2 pages of Federal 990 c. Most recent year-end Statement or Audit including any management letters associated with Audit.	Expected date project will begin/end: 01/01/2022  Date by which funds will be expended: 12/31/2022  Signature of President or Authorized Officer  <div style="display: flex; align-items: center;"> <div>CEO, April 6, 2022</div> </div>	
Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): <a href="mailto:cityclerk@san-marcos.net">cityclerk@san-marcos.net</a>		

d. Signature of President or Authorized Officer on Application	
e. Optional: letters of support	





## **Funding Request Narrative to San Marcos Community Foundation | April 2022**

The mission of Big Brothers Big Sisters (BBBS) is to create and support one-to-one mentoring relationships that ignite the power and promise of youth. Our vision is for all youth to achieve their full potential. Since 1961, BBBS San Diego has matched caring adult volunteers (Bigs) with children (Littles), ages 7-18 (transitional support up to age 21), nurturing them through long-term mentoring relationships.

At a national level, BBBS mentoring programs have been researched by a third-party company, with our particular and consistent model of one-to-one mentorship being proven to yield highly successful, long-term benefits. The study observed nearly 1,000 youth from eight diverse BBBS agencies in the country. From an 18-month period, the research showed the following results for youth paired with a BBBS mentor, as compared to youth placed on a waiting list:

- 46% were less likely to begin using illegal drugs
- 27% were less likely to begin using alcohol
- 52% were less likely to skip school
- 37% were less likely to skip a class
- 33% were less likely to hit someone

The study also found that BBBS Matches consistently spent more one-on-one time together than other mentorship programs, and therefore, the Match continued for longer periods of time, forging a stronger relationship between the two individuals that had the power to create a remarkably positive influence for the youth. It was further noted that the actual activities shared between each Big/Little (i.e., eating out, playing sports, hiking, going to the movies, visiting a museum) were shown to have much less significance than the impact of how the time spent together fused a stronger bond to one another. It was the long-term relationship with a caring adult that built trust and self-belief within a youth who had someone to confide in and look up to. In turn, their perspective of life changed: they cared more, they gave more effort in school and within other relationships, they had more hope for their future, and they took pride in who they were and who they could become, thus avoiding unhealthy choices and maintaining the confidence to steer their life in a positive direction.

Locally, BBBS San Diego works with youth and their families who are facing significant challenge and adverse socioeconomic factors such as poverty (75%); BIPOC (Black, Indigenous, People of Color, 77%); single parent homes (typically mother/female relative, 64%); parent incarcerated (11%); and/or parent(s) in the military (19%). While we serve youth and families throughout the entire County, we have increased presence in underserved communities or those with dense populations of demographics that suggest youth have greater barriers to reaching success. These social determinants and exposures to toxic stress are directly related to the likelihood that youth will engage in risky behaviors, skip school, use drugs and/or alcohol, participate in gangs, and/or experience problems with their physical, mental and/or emotional health as adults. This further has drastic implications on a youth's inevitable ability to pursue a fulfilling career, advance economically, build healthy relationships, contribute to their community, and enjoy a better overall quality of life. With our support, a caring mentor builds a long-term relationship with a vulnerable youth, empowering them to take charge of their life and instilling the belief that they can succeed regardless of their circumstances.

With your valued previous support, our impact in the San Marcos community continues. We are actively serving eight Littles in San Marcos, with BBBS San Diego staff providing intensive support to each child and family, as well as training and support to their Bigs – five of whom are also residents of San Marcos. We currently have one San Marcos youth who has been enrolled and interviewed and is “ready to be matched.” Our methodology supports a very thorough matching process, and we seek to pair a volunteer Big who shares similar interests, background, and experiences with each Little, as the cornerstone of our work is the relationship that evolves between these two individuals. Given this, we are proud to share that our current average length of a Match lifetime is 37 months – the highest in our organization's history.



As a result of the pandemic, which included significant program alterations and staff reductions, BBBS San Diego had to make a difficult decision to temporarily pause enrollment of new youth and volunteers. However, with steadfast commitment to our mission and the generosity of our donors, we secured resources to bring back staff pivotal to our recruitment, matching and enrollment process and proudly reopened enrollment for new youth and volunteers in October 2021. Since then, we have executed a strategic plan to reach more youth who a) are facing the greatest challenges and adverse social determinants, and b) who would benefit most from the guidance and support of a caring, trusted mentor.

Our request to the San Marcos Community Foundation is to support our proven Community Mentoring program as we continue to rebuild from the impacts of the pandemic, but in a stronger, more efficient way of delivering our mission. This program requires a multi-functional team to execute all the components necessary for successful program delivery. These include interdependent functions of marketing, inquiry response, youth and volunteer enrollment, Match support, volunteer mentoring, and fundraising. This combination requires the dedicated contribution of each role in our 24-person team and volunteer force of 700+ each year. A steady balance of each aspect is required so that all elements move at a similar pace and the greatest efficiency is met to move the organization forward in our overall work and mission.

With all cumulative aspects of our mentoring model considered, each Match requires approximately \$2,500 in staff time and other related expenses to effectively support the Match each year. A \$5,000 grant from the San Marcos Community Foundation would fund our Community Mentoring program – specifically supporting the work being done within the San Marcos community to comprehensively support our volunteer Bigs, Littles and families.

We believe there is tremendous potential in at-risk youth. Most often, children and teens who struggle the most have the capability to persevere and overcome the most. They have the capacity to change their life with the right guidance and inspiration. The potential outcome of nurturing these youth is so significant and multi-faceted, changing immediate issues we see with at-risk youth (i.e., mental health problems, school dropouts, drug/alcohol use, gang association, risky choices), which in time, creates new paradigms for these youth, their families, and communities. As each child creates a new, healthy self-image, builds confidence to back out of otherwise tempting and poor choices, realizes the opportunities life has for them enough to believe them and then plan for them, this child – and all who surround him – are forever changed. The impact of a long-term mentor-to-child relationship is exponential, and by investing in our community's at-risk youth, we can further momentum towards a direction that will have ripple effects and enhance the lives of thousands.

It would be an honor and privilege to continue our partnership with the San Marcos Community Foundation, as we both focus on improving the lives of individuals within the San Marcos region. The at-risk youth in this community need our attention and support, and with donors like you, we can better meet the growing need in this community. We genuinely appreciate your consideration for funding and can assure your contribution will have a tremendous impact on our life-changing work. Thank you for your consideration and please feel free to reach me via email at [tinar@sdbigs.org](mailto:tinar@sdbigs.org) or my cell at (619) 504-1579 with any questions or ways that I may be of help to you.

With gratitude,

A handwritten signature in black ink that reads "Tina Rose". The signature is fluid and cursive, with the first name "Tina" being more prominent than the last name "Rose".

Tina Rose  
Chief Executive Officer

**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)

*The following outlines our budget for the eight youth being actively served in San Marcos. Our current average length of a Match lifetime is 3 years, 1 month, and we are actively recruiting, enrolling, and matching new youth in 2022-2023.*

Volunteer Enrollment via our Customer Relations Specialist, Recruitment and Outreach Staff, and Enrollment and Matching Staff - \$500/Match	\$4,000
Family Enrollment via our Enrollment and Matching Specialists - \$360/Match	\$2,880
Matching Process via our Enrollment and Match Support Team - \$120/Match	\$960
Match Support Specialist for San Marcos “Littles”, as well as guidance, training, and support for their “Bigs” - \$1,400/Match	\$11,200
Hosted Match Activities for 2 Matches throughout the year - \$120/Match	\$960
<b>Total budget for this PROJECT:</b>	<b>\$20,000</b>

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

Is this a challenge grant? No

Could it be? Yes

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

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

BBBS San Diego’s proven mentoring program will serve approximately 700 at-promise youth throughout San Diego County this year. The entire budget for our Community Mentoring program is \$1,758,663, of which, approximately \$500,000 has recently received year-to-date from individual, foundation, and corporate donors in support of our overall program. These confirmed, conditional, and pending requests are as follows:

\$175,000 May & Stanley Charitable Trust \*\* (C - 2-year pledge)  
\$150,000 Issa Family Foundation \*\* (C - 3-year pledge)  
\$25,000 Qualcomm Foundation \*\* (C)  
\$25,000 Price Philanthropies \*\* (C)  
\$25,000 LPL Financial Foundation \*\* (C)  
\$15,640 San Diego County, Community Enhancement Program (C)  
\$15,000 Bravo Foundation \*\* (C)

\$10,000 David C. Copley Foundation \*\* (C)

\$7,500 The Elwyn Heller Foundation of San Diego \*\* (C)

\$5,000 Ameritino Foundation \*\* (C)

\$3,000 San Diego Community Projects, Programs & Services (CPPS) \*\* (C)

\$500 San Diego County Employees Charitable Organization (CECO) \*\* (C)

\$707,160 CA Board of State and Community Corrections: California Violence Intervention and Prevention Grant Program \*\* (P - submitted 3-year grant; matching funds required; partial program expansion)

\$75,000 Comcast NBCUniversal Foundation \*\* (P – submitted)

\$50,000 The JEM Project \*\* (P – submitted)

\$50,000 S. Mark Taper Foundation \*\* (P – submitted)

\$40,000 The Parker Foundation \*\* (P – submitted)

\$25,000 Bank of America Charitable Foundation \*\* (P – submitted)

\$25,000 State Farm - Neighborhood Assist \*\* (P – submitted)

\$20,000 The Patriots Connection Fund at the Rancho Santa Fe Foundation \*\* (P – submitted)

\$20,000 St. Germaine Children's Charity \*\* (P – submitted)

\$10,000 TEGNA Foundation \*\* (P – submitted)

\$5,000 Union Bank Foundation \*\* (P – submitted)

\$5,000 4S Ranch-Del Sur Community Foundation \*\* (P – submitted)

\$5,000 Brutton Family Foundation \*\* (P – submitted)

\$5,000 The Arthur P Pratt & Jeanette Gladys Pratt Memorial Fund \*\* (P – submitted)

\$5,000 Hunter Industries \*\* (P – submitted)

\$5,000 Insperity \*\* (P – submitted)

\$5,000 The Bolton Foundation \*\* (P – submitted)

\$5,000 Umpqua Bank Charitable Foundation \*\* (P – submitted)

\$2,000 Naval Officers' Spouses' Club \*\* (P – submitted)

\$1,000 Community Service Association (CSA) \*\* (P – submitted)

\$50,000 Walter J. & Betty C. Zable Foundation \*\* (CD on 2022 application)

\$30,000 Sempra Foundation \*\* (CD on 2022 application)

\$25,000 Samuel H. French and Katherine Weaver French Fund \*\* (CD on 2022 application)

\$15,000 Change Happens Foundation \*\* (CD on 2022 application)

\$7,500 Walmart Community Grants \*\* (CD on 2022 application)

\$7,500 Nordson Corporate Foundation \*\* (CD on 2022 application)

\$5,000 Pacific Western Bank \$5,000 \*\* (CD on 2022 application)

\$5,000 Silvergate Bank \*\* (CD on 2022 application)

\$5,000 Gilbert J. Martin Foundation \*\* (CD on 2022 application)

\$4,000 The Samuel I. and John Henry Fox Foundation \*\* (CD on 2022 application)

## Big Brothers Big Sisters of San Diego County 2022 Organizational Budget

<b>Income</b>	
Events	\$1,201,500
Grants/Foundations	\$450,000
Corporate	\$310,800
Board Dues	\$68,000
Government	\$11,500
Individual Giving	\$158,500
Individual Major Gifts	\$226,000
Other/Misc.	\$16,800
<b>TOTAL INCOME</b>	<b>\$2,443,100</b>
<b>Expenses</b>	
Events	\$338,000
Marketing	\$30,000
Conferences	\$1,200
Printing	\$360
Mileage/Parking	\$10,280
Travel Expenses	\$5,450
Meeting Expenses	\$1,210
Bank Fees	\$1,234
Credit Card Fees	\$16,215
BBBS Fees	\$38,872
Dues/Subscriptions	\$27,947
AMS	\$13,676
Workers Comp	\$9,829
Agency Insurance	\$6,208
Postage	\$800
Professional Fees	\$110,900
Rent	\$138,308
Cleaning	\$3,888
Utilities	\$9,713
IT	\$37,308
Office Supplies	\$3,900
XEROX/Copy Lease	\$7,089
Equipment Rental	\$1,255
Payroll	\$1,436,102
Retirement	\$45,696
Medical Benefits (prepay)	\$134,643
Program Expenses	\$13,007
<b>TOTAL EXPENSES</b>	<b>\$2,443,090</b>



Department of the Treasury  
Internal Revenue Service

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

In reply refer to: 4077556534  
June 26, 2008 LTR 4168C 0  
95-2151526 000000 00 000  
00039108  
BODC: TE

BIG BROTHERS BIG SISTERS OF SAN  
DIEGO COUNTY INC  
8515 ARJONS DR STE A  
SAN DIEGO CA 92126-4358730



010094

Employer Identification Number: 95-2151526  
Person to Contact: SHARON LENARD  
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of Mar. 18, 2008, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in June 1961, 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,

Cindy Westcott  
Manager, EO Determinations



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

## Entity Status Letter

Date:

ESL ID:

### Why You Received This Letter

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

Entity ID:

Entity Name:

1. The entity is in good standing with the Franchise Tax Board.
2. The entity is **not** in good standing with the Franchise Tax Board.
3. The entity is currently exempt from tax under Revenue and Taxation Code (R&TC) Section 23701
4. We do not have current information about the entity.
5. The entity was administratively dissolved/cancelled on \_\_\_\_\_ through the Franchise Tax Board Administrative Dissolution process.

### Important Information

- This information does not necessarily reflect the entity's current legal or administrative status with any other agency of the state of California or other governmental agency or body.
- If the entity's powers, rights, and privileges were suspended or forfeited at any time in the past, or if the entity did business in California at a time when it was not qualified or not registered to do business in California, this information does not reflect the status or voidability of contracts made by the entity in California during the period the entity was suspended or forfeited (R&TC Sections 23304.1, 23304.5, 23305a, 23305.1).
- The entity certificate of revivor may have a time limitation or may limit the functions the revived entity can perform, or both (R&TC Section 23305b).

### Connect With Us

Web: **ftb.ca.gov**

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

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





**DANA ALLIGOOD**  
Board Emeritus  
*member since 2017*

Market Executive  
Bank of America

dana.s.alligood@bofa.com  
(619) 515-5630



**DAWN ANDREWS**  
Board Vice Chair  
*member since 2018*

Assistant General Counsel -  
Ethics & Workplace Culture  
San Diego Gas & Electric

dandrews@sempira.com  
(619) 699-5034



**JONATHAN ANDREWS**  
*member since 2009*

Partner  
Atkinson, Andelson, Loya,  
Ruud & Romo

jonathan.andrews@aallrr.com  
(858) 345-5081



**JEFF BARKER**  
*member since 2019*

Chief Financial Officer  
Parachute Home

jeffreybarker17@gmail.com  
(760) 688-9381



**RYAN BATES**  
*member since 2015*

Vice President, Head of Legal -  
US  
SB Energy

ryan@sbenergy.com  
(858) 344-2233



**JAN BOURGEOIS**  
*member since 1985*

Teacher, Banker, Broker (ret.)

janbour1@cox.net



**BILL BRENNAN**  
*member since 2006*

Vice President/Principal  
CMR Risk Insurance Services,  
Inc.

bbrennan@cmrris.com  
(619) 860-1497



**KEVIN CHRISTENSEN**  
*member since 2020*

Founder  
Aligned Financial

kevin.d.christensen@lpl.com  
(858) 357-8010



**ROB CINELLI**  
*member since 2021*

General Manager  
Sycuan Casino Resort

rcinelli@sycuan.com  
(619) 445-6002



**CHRISTINE  
COLLINS**  
*member since 2018*

VP of Human Resources  
Mainstay Medical

ccollins@mainstaymedical.com  
(760) 410-4285



**TIM CRUICKSHANK**  
Board Secretary  
*member since 2015*

Chief Financial Officer  
Impedimed, Inc.

tcruickshank@impedimed.com  
(619) 315-4687



**CHAD ENSZ**  
*member since 2017*

Partner  
Dentons US LLP

chadensz@gmail.com  
(858) 720-6361



**PHILIP HARRISON**  
*member since 2019*

Franchise Owner, Managing  
Director  
Harrison & Associates of  
Ameriprise Financial  
philip.m.harrison@ampf.com  
(858) 345-1870



**NOREEN IPPOLITO**  
*member since 2018*

Senior VP of Sales SD Region  
iHeart Media Market Groups  
noreenippolito@iheartmedia.com  
(858) 231-1619



**SHERI JONES**  
*member since 2017*

sherijones.evering@att.net  
(800) 798-0584 x20111



**JUSTIN KAY**  
*member since 2020*

Partner  
RSM US LLP

justin.kay@rsmus.com  
(619) 516-1121



**ANDREW KIMBALL**  
*member since 2016*

Partner  
Ernst & Young LLP

andrew.kimball@ey.com  
(858) 535-7676



**JAMES LANGLEY**  
*member since 2011*

Partner  
LDG Commercial Real Estate

jlangley@ldgcre.com  
(619) 241-4635



**SHIREEN MATTHEWS**  
*member since 2021*

Partner  
Jones Day

shireenmatthews@jonesday.com  
(858) 314-1184



**PATRICK MENKE**  
*member since 2019*

Senior VP - Human Resources  
Bumble Bee Seafood

pat.menke@bumblebee.com  
(858) 715-4086



**ALBERTO  
MIER Y TERAN**  
*member since 2017*

President & General Manager  
CBS 8 and The CW San Diego

amieryteran@cbs8.com  
(858) 495-9300



**MARISA MILLER**  
*member since 2019*

Partner  
Sheppard Mullin Richter &  
Hampton LLP

mmiller@sheppardmullin.com  
(858) 720-7482



**WILLIAM MORRISSEY**  
*member since 2015*

wpmorrissey@msn.com  
(858) 909-6066



**STEVE PACELLI**  
*member since 2016*

Executive VP of Strategy &  
Corporate Development  
Dexcom

spacelli@dexcom.com  
(858) 200-0255

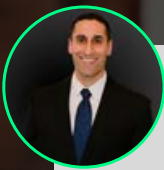




**MATTHEW QUINN**  
**Board Treasurer**  
*member since 2015*

Vice President  
Pathfinder Partners, LLC

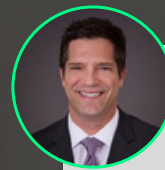
mquinn@pathfinderfunds.com  
(858) 875-4444



**ZEKE RODRIGUEZ**  
*member since 2020*

Senior Counsel, Tech Ops and  
R&D  
Kite Pharma, Inc.

zrodriguez@kitepharma.com  
408-355-4956



**T.D. ROLF**  
*member since 2009*

Principal  
RE:Align Tenant Strategies

tdrolf@realignts.com  
(858) 518-0142



**MONICA SALEM**  
*member since 2014*

Marketing Director  
Frank Motors

msalem@frankmotors.com  
(619) 474-5573



**KELLY SELF**  
*member since 2020*

VP & Senior Counsel  
Energy Capital Partners

kself@ecpartners.com  
858-703-4351



**RYAN WATERMAN**  
**Board Chair**  
*member since 2009*

Shareholder  
Brownstein Hyatt Farber  
Schreck

rwaterman@bhfs.com  
(619) 702-7569



**TERRENCE WEEKES**  
*member since 2021*

Chief Information Security  
Officer/Vice President, IT  
Jack in the Box

terrence.weekes@jackinthebox.com  
619-738-0390



**GLENN WILLIAMS**  
*member since 2019*

Sr. Director  
Qualcomm

glenn.williams06@gmail.com  
(858) 845-3738



**RICH YOUSKO**  
*member since 2005*

Owner  
SJ Creation

rich@sjcreationsinc.com  
(760) 942-2280

Form **990****Return of Organization Exempt From Income Tax**

OMB No. 1545-0047

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

**2020**Department of the Treasury  
Internal Revenue Service

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

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

<b>A</b> For the 2020 calendar year, or tax year beginning and ending																																
<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td colspan="2"><b>C</b> Name of organization <b>BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY INC</b></td> <td rowspan="4"><b>D</b> Employer identification number  <b>95-2151526</b></td> </tr> <tr> <td colspan="2">Doing business as</td> </tr> <tr> <td>Number and street (or P.O. box if mail is not delivered to street address)</td> <td>Room/suite</td> </tr> <tr> <td colspan="2"><b>4305 UNIVERSITY AVE STE 590</b></td> </tr> <tr> <td colspan="2">City or town, state or province, country, and ZIP or foreign postal code <b>SAN DIEGO, CA 92105</b></td> <td><b>E</b> Telephone number <b>(858) 536-4900</b></td> </tr> <tr> <td colspan="2" rowspan="2"><b>F</b> Name and address of principal officer: <b>CHRISTINA ROSE SAME AS C ABOVE</b></td> <td><b>G</b> Gross receipts \$ <b>2,381,846.</b></td> </tr> <tr> <td><b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</td> </tr> <tr> <td colspan="2"></td> <td><b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No</td> </tr> <tr> <td colspan="2"></td> <td>If "No," attach a list. See instructions</td> </tr> <tr> <td colspan="2"><b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c)( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527</td> <td><b>H(c)</b> Group exemption number ▶</td> </tr> <tr> <td colspan="2"><b>J</b> Website: ▶ <b>WWW.SDBGS.ORG</b></td> <td></td> </tr> <tr> <td colspan="2"><b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶</td> <td><b>L</b> Year of formation: <b>1961</b> <b>M</b> State of legal domicile: <b>CA</b></td> </tr> </table>	<b>C</b> Name of organization <b>BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY INC</b>		<b>D</b> Employer identification number  <b>95-2151526</b>	Doing business as		Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	<b>4305 UNIVERSITY AVE STE 590</b>		City or town, state or province, country, and ZIP or foreign postal code <b>SAN DIEGO, CA 92105</b>		<b>E</b> Telephone number <b>(858) 536-4900</b>	<b>F</b> Name and address of principal officer: <b>CHRISTINA ROSE SAME AS C ABOVE</b>		<b>G</b> Gross receipts \$ <b>2,381,846.</b>	<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			<b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No			If "No," attach a list. See instructions	<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c)( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(c)</b> Group exemption number ▶	<b>J</b> Website: ▶ <b>WWW.SDBGS.ORG</b>			<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation: <b>1961</b> <b>M</b> State of legal domicile: <b>CA</b>
<b>C</b> Name of organization <b>BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY INC</b>		<b>D</b> Employer identification number  <b>95-2151526</b>																														
Doing business as																																
Number and street (or P.O. box if mail is not delivered to street address)	Room/suite																															
<b>4305 UNIVERSITY AVE STE 590</b>																																
City or town, state or province, country, and ZIP or foreign postal code <b>SAN DIEGO, CA 92105</b>		<b>E</b> Telephone number <b>(858) 536-4900</b>																														
<b>F</b> Name and address of principal officer: <b>CHRISTINA ROSE SAME AS C ABOVE</b>		<b>G</b> Gross receipts \$ <b>2,381,846.</b>																														
		<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No																														
		<b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No																														
		If "No," attach a list. See instructions																														
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c)( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(c)</b> Group exemption number ▶																														
<b>J</b> Website: ▶ <b>WWW.SDBGS.ORG</b>																																
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation: <b>1961</b> <b>M</b> State of legal domicile: <b>CA</b>																														

<b>Part I Summary</b>			
<b>Activities &amp; Governance</b>	1	Briefly describe the organization's mission or most significant activities: <b>TO IMPROVE THE LIVES OF CHILDREN BY CREATING AND SUPPORTING 1:1 MENTORING RELATIONSHIPS.</b>	
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
	3	Number of voting members of the governing body (Part VI, line 1a)	33
	4	Number of independent voting members of the governing body (Part VI, line 1b)	33
	5	Total number of individuals employed in calendar year 2020 (Part V, line 2a)	38
	6	Total number of volunteers (estimate if necessary)	995
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	0.
	b Net unrelated business taxable income from Form 990-T, Part I, line 11	0.	
<b>Revenue</b>	8	Contributions and grants (Part VIII, line 1h)	1,503,793.
	9	Program service revenue (Part VIII, line 2g)	0.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	781.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,106,842.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,611,416.
	<b>Expenses</b>	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)
14		Benefits paid to or for members (Part IX, column (A), line 4)	0.
15		Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	1,932,809.
16a		Professional fundraising fees (Part IX, column (A), line 11e)	0.
b		Total fundraising expenses (Part IX, column (D), line 25) ▶ <b>331,801.</b>	0.
17		Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	591,209.
<b>Net Assets or Fund Balances</b>	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	2,524,018.
	19	Revenue less expenses. Subtract line 18 from line 12	87,398.
	20	Total assets (Part X, line 16)	652,251.
	21	Total liabilities (Part X, line 26)	193,335.
	22	Net assets or fund balances. Subtract line 21 from line 20	458,916.

<b>Part II Signature Block</b>					
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.					
<b>Sign Here</b>	▶	Signature of officer	Date		
	▶	<b>CHRISTINA ROSE, CEO/PRESIDENT</b>			
		Type or print name and title			
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	<b>RICHARD HOTZ</b>		<b>11/10/21</b>	<input type="checkbox"/>	<b>P00452784</b>
	Firm's name ▶ <b>CONSIDINE &amp; CONSIDINE</b>	Firm's EIN ▶ <b>95-2694444</b>			
	Firm's address ▶ <b>8989 RIO SAN DIEGO DRIVE, SUITE 250 SAN DIEGO, CA 92108</b>		Phone no. <b>619.231.1977</b>		

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



**BIG BROTHERS BIG SISTERS OF SAN DIEGO  
COUNTY INC**

Form 990 (2020)

95-2151526 Page **3**

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	<b>X</b>	
<b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	<b>X</b>	
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		<b>X</b>
<b>4</b> <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		<b>X</b>
<b>5</b> Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		<b>X</b>
<b>6</b> Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		<b>X</b>
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		<b>X</b>
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		<b>X</b>
<b>9</b> Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		<b>X</b>
<b>10</b> Did the organization, directly or through a related organization, hold assets in donor-restricted endowments or in quasi endowments? <i>If "Yes," complete Schedule D, Part V</i>		<b>X</b>
<b>11</b> If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	<b>X</b>	
<b>b</b> Did the organization report an amount for investments - other securities in Part X, line 12, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>	<b>X</b>	
<b>c</b> Did the organization report an amount for investments - program related in Part X, line 13, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		<b>X</b>
<b>d</b> Did the organization report an amount for other assets in Part X, line 15, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>		<b>X</b>
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	<b>X</b>	
<b>f</b> Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	<b>X</b>	
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	<b>X</b>	
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>		<b>X</b>
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		<b>X</b>
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States?		<b>X</b>
<b>b</b> Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		<b>X</b>
<b>15</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		<b>X</b>
<b>16</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		<b>X</b>
<b>17</b> Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		<b>X</b>
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	<b>X</b>	
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		<b>X</b>
<b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		<b>X</b>
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
<b>21</b> Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		<b>X</b>

**BIG BROTHERS BIG SISTERS OF SAN DIEGO  
COUNTY INC**

Form 990 (2020)

95-2151526 Page **4**

**Part IV Checklist of Required Schedules** (continued)

	Yes	No
<b>22</b> Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		<b>X</b>
<b>23</b> Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	<b>X</b>	
<b>24a</b> Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a		<b>X</b>
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
<b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		<b>X</b>
<b>b</b> Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		<b>X</b>
<b>26</b> Did the organization report any amount on Part X, line 5 or 22, for receivables from or payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part II		<b>X</b>
<b>27</b> Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) or family member of any of these persons? If "Yes," complete Schedule L, Part III		<b>X</b>
<b>28</b> Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions, for applicable filing thresholds, conditions, and exceptions):		
<b>a</b> A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? If "Yes," complete Schedule L, Part IV		<b>X</b>
<b>b</b> A family member of any individual described in line 28a? If "Yes," complete Schedule L, Part IV		<b>X</b>
<b>c</b> A 35% controlled entity of one or more individuals and/or organizations described in lines 28a or 28b? If "Yes," complete Schedule L, Part IV		<b>X</b>
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	<b>X</b>	
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		<b>X</b>
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		<b>X</b>
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		<b>X</b>
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		<b>X</b>
<b>34</b> Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1		<b>X</b>
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)?		<b>X</b>
<b>b</b> If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		<b>X</b>
<b>37</b> Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		<b>X</b>
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	<b>X</b>	

**Note:** All Form 990 filers are required to complete Schedule O

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

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

	Yes	No
<b>1a</b> Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
<b>b</b> Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
<b>c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>X</b>	

**BIG BROTHERS BIG SISTERS OF SAN DIEGO  
COUNTY INC**

Form 990 (2020)

95-2151526 Page **5**

**Part V Statements Regarding Other IRS Filings and Tax Compliance** (continued)

		Yes	No
<b>2a</b> Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	<b>2a</b> 38		
<b>b</b> If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	<b>2b</b>	X	
<b>Note:</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
<b>3a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>		X
<b>b</b> If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation on Schedule O	<b>3b</b>		
<b>4a</b> At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	<b>4a</b>		X
<b>b</b> If "Yes," enter the name of the foreign country			
See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).			
<b>5a</b> Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>		X
<b>b</b> Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>		X
<b>c</b> If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>		
<b>6a</b> Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	<b>6a</b>		X
<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>		
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
<b>a</b> Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	<b>7a</b>	X	
<b>b</b> If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7b</b>	X	
<b>c</b> Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7c</b>		X
<b>d</b> If "Yes," indicate the number of Forms 8282 filed during the year	<b>7d</b>		
<b>e</b> Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7e</b>		
<b>f</b> Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7f</b>		
<b>g</b> If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7g</b>		
<b>h</b> If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>7h</b>		
<b>8 Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	<b>8</b>		
<b>9 Sponsoring organizations maintaining donor advised funds.</b>			
<b>a</b> Did the sponsoring organization make any taxable distributions under section 4966?	<b>9a</b>		
<b>b</b> Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	<b>9b</b>		
<b>10 Section 501(c)(7) organizations.</b> Enter:			
<b>a</b> Initiation fees and capital contributions included on Part VIII, line 12	<b>10a</b>		
<b>b</b> Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	<b>10b</b>		
<b>11 Section 501(c)(12) organizations.</b> Enter:			
<b>a</b> Gross income from members or shareholders	<b>11a</b>		
<b>b</b> Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	<b>11b</b>		
<b>12a Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>		
<b>b</b> If "Yes," enter the amount of tax-exempt interest received or accrued during the year	<b>12b</b>		
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>			
<b>a</b> Is the organization licensed to issue qualified health plans in more than one state?	<b>13a</b>		
<b>Note:</b> See the instructions for additional information the organization must report on Schedule O.			
<b>b</b> Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	<b>13b</b>		
<b>c</b> Enter the amount of reserves on hand	<b>13c</b>		
<b>14a</b> Did the organization receive any payments for indoor tanning services during the tax year?	<b>14a</b>		X
<b>b</b> If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation on Schedule O	<b>14b</b>		
<b>15</b> Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year?	<b>15</b>		X
If "Yes," see instructions and file Form 4720, Schedule N.			
<b>16</b> Is the organization an educational institution subject to the section 4968 excise tax on net investment income?	<b>16</b>		X
If "Yes," complete Form 4720, Schedule O.			

Form **990** (2020)



**BIG BROTHERS BIG SISTERS  
OF SAN DIEGO COUNTY, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**

	<b><u>Pages</u></b>
I     Index	1
II    Independent auditor's report	2 - 3
III   Statements of financial position	4
IV    Statements of activities and changes in net assets	5 - 6
V     Statements of functional expenses	7 - 8
VI    Statements of cash flows	9
VII   Notes to the financial statements	10 – 21



## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Big Brothers Big Sisters of San Diego County, Inc.

We have audited the accompanying financial statements of Big Brothers Big Sisters of San Diego County, Inc., a non-profit organization, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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.

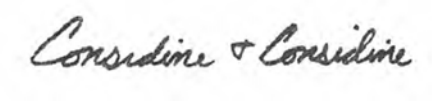
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Earning Your Trust Since 1946

8989 RIO SAN DIEGO DRIVE, SUITE 250 • SAN DIEGO, CA 92108  
TEL 619-231-1977 • FAX 619-231-8244 • [www.cccpa.com](http://www.cccpa.com)

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of San Diego County, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Considine & Considine". The signature is written in dark ink on a light-colored background.

CONSIDINE & CONSIDINE  
An accountancy corporation

September 15, 2021

**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2020 AND 2019**

**Page 4**

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 715,581	\$ 271,015
Pledges receivable (note 3)	227,034	219,887
Prepaid expenses	75,690	49,116
Other current assets	<u>10,255</u>	<u>10,543</u>
	1,028,560	550,561
OTHER ASSETS		
Pledges receivable - long term (note 3)	30,000	-
Property and equipment (note 7)	28,061	27,531
Beneficial interests in foundations (note 4 and 5)	77,401	71,368
Beneficial interest in endowment funds (note 6)	<u>2,801</u>	<u>2,791</u>
	<u>138,263</u>	<u>101,690</u>
TOTAL ASSETS	<u><u>1,166,823</u></u>	<u><u>652,251</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses (note 8)	113,135	139,032
Deferred revenue	25,000	-
Line of credit (note 9)	43,978	54,303
PPP loan (note 10)	<u>305,565</u>	<u>-</u>
TOTAL LIABILITIES	487,678	193,335
NET ASSETS (note 15)		
Without donor restrictions	632,483	181,471
With donor restrictions	<u>46,662</u>	<u>277,445</u>
TOTAL NET ASSETS	<u>679,145</u>	<u>458,916</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,166,823</u></u>	<u><u>\$ 652,251</u></u>

See accompanying notes

**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Page 5

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE:			
Contributions	\$ 1,453,060	\$ 185,816	\$ 1,638,876
Special events, net of direct benefits to donors of \$35,042 (note 13)	623,536	-	623,536
Grants (note 12)	59,500	30,663	90,163
Unrealized gain on beneficial interests in foundations	6,033	-	6,033
Net investment loss	(501)	-	(501)
TOTAL SUPPORT AND REVENUE	2,141,628	216,479	2,358,107
NET ASSETS RELEASED FROM RESTRICTION			
Satisfaction of program restrictions	447,262	(447,262)	-
OPERATING EXPENSES			
Program services	1,561,773	-	1,561,773
Management and general	227,344	-	227,344
Fundraising expenses	348,761	-	348,761
	2,137,878	-	2,137,878
CHANGE IN NET ASSETS	451,012	(230,783)	220,229
NET ASSETS, BEGINNING	181,471	277,445	458,916
NET ASSETS, ENDING	\$ 632,483	\$ 46,662	\$ 679,145

See accompanying notes

**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Page 6

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE:			
Contributions	\$ 825,016	\$ 600,431	\$ 1,425,447
Special events, net of direct benefits to donors of \$231,003 (note 13)	1,127,868	79,404	1,207,272
Grants (note 12)	18,650	5,000	23,650
Unrealized gain on beneficial interests in foundations	6,800	-	6,800
Net investment income	781	-	781
	<hr/>	<hr/>	<hr/>
TOTAL SUPPORT AND REVENUE	1,979,115	684,835	2,663,950
NET ASSETS RELEASED FROM RESTRICTION			
Satisfaction of program restrictions	525,632	(525,632)	-
OPERATING EXPENSES			
Program services	1,758,395	-	1,758,395
Management and general	322,224	-	322,224
Fundraising expenses	489,133	-	489,133
	<hr/>	<hr/>	<hr/>
	2,569,752	-	2,569,752
CHANGE IN NET ASSETS	(65,005)	159,203	94,198
NET ASSETS, BEGINNING	<hr/>	<hr/>	<hr/>
	246,476	118,242	364,718
NET ASSETS, ENDING	<hr/>	<hr/>	<hr/>
	\$ 181,471	\$ 277,445	\$ 458,916

See accompanying notes

**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Page 7**

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
EXPENSES:				
Bad debt expense	\$ 11,500	\$ 3,180	\$ 1,550	\$ 16,230
Bank and credit card fees	2,206	6,659	13,196	22,061
Conferences and meetings	-	1,577	79	1,656
Depreciation and amortization	-	15,107	-	15,107
Dues - National	31,136	2,742	5,287	39,165
Employee benefits	71,078	12,316	23,512	106,906
Equipment rental and maintenance	11,123	979	1,889	13,991
Fundraising costs	-	-	1,125	1,125
Information and technology	23,109	21,354	16,190	60,653
Insurance	19,403	7,557	3,644	30,604
Interest expense	2,671	204	-	2,875
Office expense	5,195	29,458	3,991	38,644
Payroll taxes	74,689	5,383	32,420	112,492
Program expense	22,557	-	-	22,557
Professional services	48,696	14,423	40,651	103,770
Rent	72,370	7,354	12,289	92,013
Salaries	1,157,469	97,344	174,609	1,429,422
Travel	4,307	585	752	5,644
Utilities	4,264	1,122	908	6,294
	<hr/>	<hr/>	<hr/>	<hr/>
Expenses before special events	1,561,773	227,344	332,092	2,121,209
Special events				
Facilities and venue	-	-	24,871	24,871
Food and beverage	-	-	15,441	15,441
Other event costs	-	-	11,399	11,399
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	51,711	51,711
Costs of direct benefits to donors at special events	-	-	(35,042)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	16,669	16,669
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,561,773</u>	<u>\$ 227,344</u>	<u>\$ 348,761</u>	<u>\$ 2,137,878</u>
Percentage of total	74%	11%	15%	100%

See accompanying notes



**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Page 8

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
EXPENSES:				
Advertising and recruiting	\$ 1,798	\$ 153	\$ 331	\$ 2,282
Bad debt expense	-	104,847	-	104,847
Bank and credit card fees	11,227	188	22,547	33,962
Conferences and meetings	811	7,307	694	8,812
Depreciation	-	14,873	-	14,873
Dues - National	24,927	2,220	4,567	31,714
Employee benefits	87,327	12,808	26,543	126,678
Equipment rental and maintenance	-	1,224	-	1,224
Fundraising costs	-	-	435	435
Information and technology	25,406	3,549	4,904	33,859
Insurance	21,385	7,416	4,379	33,180
Interest expense	-	4,461	-	4,461
Office expense	9,977	8,208	3,348	21,533
Payroll taxes	98,276	6,967	23,407	128,650
Program expense	61,723	-	-	61,723
Professional services	10,076	45,220	25,624	80,920
Rent	100,323	9,223	18,465	128,011
Salaries	1,281,429	90,845	305,207	1,677,481
Travel	17,940	915	2,232	21,087
Utilities	5,770	1,800	1,035	8,605
Expenses before special events	1,758,395	322,224	443,718	2,524,337
Special events				
Facilities and venue	-	-	91,415	91,415
Food and beverage	-	-	45,415	45,415
Other event costs	-	-	139,588	139,588
	-	-	276,418	276,418
Costs of direct benefits to donors at special events	-	-	(231,003)	(231,003)
	-	-	45,415	45,415
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,758,395</u>	<u>\$ 322,224</u>	<u>\$ 489,133</u>	<u>\$ 2,569,752</u>
Percentage of total	68%	13%	19%	100%

See accompanying notes

**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019**

Page 9

	<u>2020</u>	<u>2019</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 220,229	\$ 94,198
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and amortization	15,107	14,873
Unrealized gain from beneficial interests in foundations	(6,033)	(6,800)
Loss on write down of pledge receivable	16,230	95,562
Changes in operating assets and liabilities:		
Pledges receivable	(53,377)	(125,726)
Prepaid expenses	(26,574)	(11,941)
Other current assets	288	7,931
Beneficial interest in endowment funds	(10)	(54)
Deferred revenue	25,000	-
Accounts payable and accrued expenses	(25,897)	8,039
	<u>(55,266)</u>	<u>(18,116)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	164,963	76,082
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchase of property and equipment	(15,637)	-
CASH FLOWS PROVIDED/USED BY FINANCING ACTIVITIES		
Net decrease on line of credit	(10,325)	(8,779)
Proceeds on PPP loan	305,565	-
	<u>295,240</u>	<u>(8,779)</u>
NET INCREASE IN CASH	444,566	67,303
CASH, BEGINNING OF YEAR	<u>271,015</u>	<u>203,712</u>
CASH, END OF YEAR	<u><u>\$ 715,581</u></u>	<u><u>\$ 271,015</u></u>
Supplemental disclosures:		
Interest paid	\$ 2,875	\$ 4,461
Taxes paid	\$ -	\$ -

See accompanying notes

**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Page 10**

**NOTE 1 THE ORGANIZATION**

Big Brothers Big Sisters of San Diego County, Inc. (the Organization) is a non-profit organization dedicated to helping children by creating and supporting one-to-one mentoring relationships with proven results. Funds for the Organization's operations are raised primarily through contributions from private donors, sponsors and special events.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting – The accompanying financial statements are prepared using the accrual method of accounting in conformity with generally accepted accounting principles in the United States of America (GAAP).

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

Basis of presentation – Under accounting standards on Financial Statements of non-profit Organizations, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions - Consists 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 without donor restrictions also include amounts designated for certain purposes by the Board of Directors.

Net assets with donor restrictions – Net assets with donor restrictions consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds. At December 31, 2020 and 2019, the Organization had net assets with donor restrictions of \$46,662 and \$277,445, respectively.

Cash and cash equivalents – The Organization considers all highly liquid investments available with a maturity date of three months or less to be cash equivalents. The Organization restricts investments of cash to financial institutions of high credit standing. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization has not experienced any loss in such accounts. As of December 31, 2020 and 2019, the uninsured balance is \$388,708 and \$0, respectively. The Organization believes it is not exposed to any significant credit risks on its cash balances.

Pledges receivable - The pledges receivable consist of donor promises to give and reimbursement grants. It is the Organization's policy to charge off uncollectible pledges receivable when management determines the pledge will not be collected. As of December 31, 2020 and 2019, management considers all pledges collectible.

**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Page 11**

A discount on pledges receivable expected to be received over several years are computed using risk free interest rates applicable to the years in which the pledges are received. Amortization of the discount is included in donations revenue on the statements of activities and changes in net assets.

Property and equipment – Property and equipment are carried at cost when purchased or, if contributed, at the estimated fair market value at the date of donation. Donated property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is computed using the straight-line method of depreciation over the assets' estimated useful lives of three to fifteen 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.

Beneficial interests in foundations – Beneficial interests in foundations are valued at their fair values on the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Fair value measurements – The Organization follows accounting standards consistent with the Financial Accounting Standards Board (FASB) codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities.

Compensated absences – Employees of the Organization are entitled to paid time off depending on their length of service and other factors. Accrued compensated absences were \$68,987 and \$63,461, as of December 31, 2020 and 2019, respectively.

Deferred Revenue - Revenues received in advance of a special event are deferred. The revenues are recognized when the event occurs.

Revenue recognition – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met.

**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Page 12**

Donor-imposed restrictions – All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received designated for future periods or restricted by the donor for specific purpose are reported as with donor restrictions, increasing that net asset class. 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. If a restriction is fulfilled in the same fiscal period in which the contribution is received, the support is reported as with donor restrictions and a release from restriction. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets with donor restrictions until the restriction is fulfilled.

Donated goods and services – The Organization has received substantial donations of goods, entertainment, food, beverage, and professional services. The Organization records donated goods with a fair value of \$2,000 or more as contributions. In addition, the Organization recognizes the value of donated services by recording the donations at fair value. All donated services recognized create a non-financial asset or required specialized skills that would have been purchased if not donated. As of December 31, 2020 and 2019, the value of donated goods and services are \$128,605 and \$18,078, respectively.

Dues to Big Brothers Big Sisters of America – Dues are payable to the Organization's National Affiliate (National). The calculation is based on a variable percentage of the prior year's adjusted expenditures.

Functional allocation of expenses - The Organization allocates its expenses on a functional basis among its program and support services. Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising costs – The Organization expenses advertising costs when incurred.

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 financial statements.

The Organization follows accounting standards which clarify the accounting for uncertainty in income taxes recognized in the financial statements and prescribes a recognition threshold and measurement attribute for the financial statement 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 to be taken in a tax return. As of December 31, 2020 and 2019, the Organization has not accrued interest or penalties related to uncertain tax positions. The Organization files tax returns with the Internal Revenue Service and the California Franchise Tax Board.

**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

Page 13

**Recent Accounting Pronouncements**

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 January 1, 2020 or entered into after January 1, 2020. The adoption of this ASU did not have a material effect on the financial statements for contributions received.

In February 2016, FASB issued ASU 2016-02 *Leases* (Topic 842). In July 2018, FASB issued two updates to ASU 2016-02, ASU 2018-10, Codification Improvements to Topic 842 *Leases*, and ASU 2018-11, *Leases* (Topic 812): Targeted Improvements. The new standard is effective for fiscal years beginning after December 15, 2021. ASU 2016-02 requires recognition of operating leases with lease terms of more than twelve months on the balance sheet as both assets and liabilities for the obligations created by the leases. Topic 842 also requires disclosures that provide qualitative and quantitative information for the lease assets and liabilities recorded in the financial statements. The Organization is still assessing the impact this standard will have on its financial statements.

**NOTE 3     PLEDGES RECEIVABLE**

Pledges receivable consist of the following at December 31:

	2020	2019
Gross pledges receivable	\$ 257,034	\$ 219,887
Less: unamortized discount	-	-
Less: reserve for uncollected	-	-
Pledges receivable, net	<u>\$ 257,034</u>	<u>\$ 219,887</u>
Amounts due:		
Within one year	\$ 227,034	\$ 219,887
Within two years	10,000	-
Within three years	10,000	-
Within four years	10,000	-
Within five years	-	-
Thereafter	-	-
Pledges receivable, net	<u>\$ 257,034</u>	<u>\$ 219,887</u>

**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Page 14**

On an ongoing basis the Organization evaluates pledges based on facts and circumstances surrounding the gift and communication with its donors. During 2019, the Organization reviewed a pledge dated November 2015 for a gift of \$150,000 and has determined that the remainder of the pledge will not be collected. The present value of the pledge as of December 31, 2019 of \$95,562 has been written off and included in bad debt expense. During 2020, management has determined certain pledges to be uncollectible. Bad debt expense for the years ended December 31, 2020 and 2019 was \$16,230 and \$104,847, respectively.

An allowance for uncollectible pledges receivable has not been set up because the Organization's management considers all remaining pledge receivables to be collectible.

**NOTE 4      BENEFICIAL INTERESTS IN FOUNDATIONS**

In 2008, the Organization invested \$25,000 in an endowment fund with the Jewish Community Foundation of San Diego. The investment will be held in perpetuity with the Jewish Community Foundation of San Diego and all distributions from the investment may be used at the discretion of the Organization.

In 2008, the Organization invested \$25,000 in an endowment fund with the Rancho Santa Fe Foundation. The investment will be held in perpetuity with the Rancho Santa Fe Foundation and all distributions from the investment may be used at the discretion of the Organization.

**NOTE 5      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:

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.

Financial assets carried at fair value at December 31, 2020 and 2019 are classified in the following schedules in one of three categories described above.

**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

Page 15

The table below presents the balances of assets measured at fair value as of December 31, 2020 on a recurring basis:

Assets	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in Jewish Community Foundation of San Diego endowment fund	\$ -	\$ -	\$ 25,452	\$ 25,452
Beneficial interest in Rancho Santa Fe endowment fund	-	-	51,949	51,949
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,401</u>	<u>\$ 77,401</u>

The table below presents the balances of assets measured at fair value as of December 31, 2019 on a recurring basis:

Assets	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in Jewish Community Foundation of San Diego endowment fund	\$ -	\$ -	\$ 25,416	\$ 25,416
Beneficial interest in Rancho Santa Fe endowment fund	-	-	45,952	45,952
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,368</u>	<u>\$ 71,368</u>

The investments in the Jewish Community Foundation of San Diego endowment fund and the Rancho Santa Fe endowment fund are measured using values provided by these foundations. The values are based on the fair market value of the underlying cash, securities and other investments. Although the Organization classifies its investments in each foundation as Level 3, the investments held in each foundation are comprised of Level 1, 2 and 3 investments as reported by each foundation.

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2020:

Balance at December 31, 2019	\$ 71,368
Change in value	6,033
Distribution	-
Balance at December 31, 2020	<u>\$ 77,401</u>



**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

Page 16

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2019:

Balance at December 31, 2018	\$ 64,568
Change in value	6,800
Distribution	-
Balance at December 31, 2019	<u>\$ 71,368</u>

**NOTE 6 BENEFICIAL INTEREST IN ENDOWMENT**

The San Diego Community Foundation (SDCF) maintains two endowment funds for the benefit of the Organization. Under the terms of the agreement, distributions of principal and interest from the fund are at the discretion of SDCF and administrative fees are charged annually in an amount which is the greater of \$100 per fund or 0.5% - 2% of the fair value of the respective fund as of June 30<sup>th</sup> each year.

When the endowment funds were established, the Organization granted variance power to SDCF and gives SDCF the right to distribute the investment income to another non-profit organization of its choice if the Organization ceases to exist or if the governing board of SDCF votes that support of the Organization (a) is no longer necessary or (b) is inconsistent with the needs of the San Diego community.

At December 31, 2020 and 2019, the distributable balance in SDCF totaled \$2,801 and \$2,791, respectively, which is reported in the statement of financial position as beneficial interest in endowment funds.

**NOTE 7 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31:

	2020	2019
Office equipment	\$ 83,036	\$ 67,431
Furniture and fixtures	39,306	39,306
	<u>122,342</u>	<u>106,737</u>
Accumulated depreciation	(94,281)	(79,206)
	<u>\$ 28,061</u>	<u>\$ 27,531</u>

Depreciation expense was \$15,107 and \$14,873 for the years ended December 31, 2020 and 2019, respectively.

**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

Page 17

**NOTE 8     ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consist of the following at December 31:

	2020	2019
Accrued vacation	\$ 68,987	\$ 63,461
Accrued payroll expenses	29,472	35,450
Other accrued expenses	14,676	40,121
	<u>\$ 113,135</u>	<u>\$ 139,032</u>

**NOTE 9     LINE OF CREDIT**

The Organization has a line of credit of \$100,000 with Wells Fargo Bank that is collateralized by substantially all of the assets of the Organization. The interest rate is variable and at December 31, 2020 and 2019, was 5.25% and 6.75% respectively. At December 31, 2020 and 2019, the Organization had a balance of \$43,978 and \$54,303, respectively. The line of credit remains active as long as the account is in good-standing.

Interest expense related to the line is \$2,875 and \$4,461 for the years ended December 31, 2020 and 2019, respectively.

**NOTE 10    PPP LOAN**

On April 27, 2020, the Organization entered into note payable agreement with Self-Help Federal Credit Union Bank for \$305,565, pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The note matures two years from the disbursement date and bears interest at a rate of 1.000% per annum, with the first six months of interest deferred. Principal and interest are payable monthly commencing six months after the disbursement date and may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. The note is subject to forgiveness to the extent proceeds are used for payroll costs, including payments required to continue group health care benefits, and certain rent, utility, and mortgage interest expenses (qualifying expenses), pursuant to the terms and limitations of the PPP. On April, 27, 2021, the Organization received an approval letter from the Small Business Administration, stated that their PPP loan had been fully forgiven.

**NOTE 11    RETIREMENT PLAN**

The Organization maintains a 403(b) plan, which provides employees an opportunity to defer a portion of their compensation through salary reduction. There is no matching provision on the part of the Organization. Plan costs consists of nominal administrative fees.

**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

Page 18

**NOTE 12 GRANTS**

The Organization receives grants for financial assistance from various government agencies and foundations. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the Organization. In the opinion of the Organization's management, no material reimbursement of funds will be required as a result of expenditures allowed.

**NOTE 13 SPECIAL EVENTS**

Special events revenues and expenses are directly related to fundraising and consist of the following:

	<u>2020</u>	<u>2019</u>
Revenue:		
Gourmet Dinner	\$ 334,384	\$ 861,476
Golf Marathon	193,544	223,199
Golf Jet Away	47,500	162,558
Poker Tournament	59,714	37,161
General Fundraising	15,454	-
Young Professionals Committee	6,432	27,111
Ayana Gala	-	3,012
Phil's BBQ	-	113,341
September Sizzle	-	10,417
	<u>657,028</u>	<u>1,438,275</u>
Expenses:		
Facilities and venue	15,441	45,415
Food and beverages	11,399	139,588
Other event costs	24,871	91,415
	<u>51,711</u>	<u>276,418</u>
	<u>\$ 605,317</u>	<u>\$ 1,161,857</u>

In 2020, the Golf Jetaway special event was cancelled due to stay-at-home orders. Revenues received for the event was recorded as deferred revenue for the following year or as general contributions.

**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

Page 19

**NOTE 14 COMMITMENTS**

The Organization leases office space under a five year operating lease agreement that expires in December 2024. The Organization also leases office equipment under various lease agreements expiring by 2026. Minimum future payments under non-cancelable operating leases having remaining terms in excess of one year for the years ended December 31 are as follows:

2021	\$	141,985
2022		144,454
2023		148,052
2024		152,310
2025		6,117
Thereafter		2,549
	\$	<u>595,467</u>

Office space lease expense for the years ended December 31, 2020 and 2019 was \$91,031 and \$114,282, respectively. Office equipment lease expense for the years ended December 31, 2020 and 2019 was \$14,973 and \$14,952, respectively.

**NOTE 15 NET ASSETS**

Net assets consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Without donor restrictions:		
Undesignated and unrestricted	\$ 632,483	\$ 181,471
With donor restrictions:		
Subject to expenditure for specific purpose:		
Bigs with Badges	27,282	62,373
Juvenile Justice and Delinquency Program	16,748	11
Big Futures	2,472	17,578
Ayana	160	1,038
Operation Bigs	-	196,445
	<u>46,662</u>	<u>277,445</u>
	<u>\$ 679,145</u>	<u>\$ 458,916</u>

**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

Page 20

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or events specified by donors during fiscal years ended December 31 are as follows:

	2020	2019
Purpose restrictions accomplished:		
Operation Bigs	\$ 256,056	\$ 210,654
Beyond School Walls	76,205	157,525
Bigs with Badges	60,091	77,672
Big Futures	40,106	34,922
Juvenile Justice and Delinquency Program	13,926	28,846
Ayana	878	11,013
Healthy Futures	-	5,000
	<u>\$ 447,262</u>	<u>\$ 525,632</u>

**NOTE 16 LIQUIDITY AND AVAILABILITY**

The Organization is substantially supported by contributions with donor restrictions. Contributions and expenses are monitored on a monthly basis by the Organization's management and a committee of the Board of Directors. The level of assets are monitored on an annual basis. The Organization's goal is to be able to function within the boundaries of the income received throughout the year.

The Organization currently has a line of credit established with a national bank. The line of credit ensures short-term financial ability of the Organization to pay general expenditures.

As part of the Organization's liquidity management, it has structured its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization manages its liquidity following three guiding principles: operating within a prudent range of financial stewardship and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient funds to provide reasonable assurance that long-term obligations will be discharged.

**BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Page 21**

The following reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	<u>2020</u>	<u>2019</u>
Financial assets, at year-end:		
Cash	\$ 715,581	\$ 271,015
Pledges receivable	<u>257,034</u>	<u>219,887</u>
Total financial assets	972,615	490,902
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:		
Restricted for specific programs	(46,662)	(277,445)
Restricted by time	<u>(30,000)</u>	<u>-</u>
Total amounts not available to be used within one year	(76,662)	(277,445)
Financial assets available to meet general expenditures within one year	<u><u>\$ 895,953</u></u>	<u><u>\$ 213,457</u></u>

**NOTE 17   LEGAL CONTINGENCIES**

The Organization is subject to various legal proceedings and claims incurred by non-profit organizations during the normal course of business, the outcomes of which are subject to significant uncertainty. Disclosure of contingency is required if there is a reasonable possibility that a loss has been incurred. The Organization evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. The Organization anticipates that these matters will not have a material adverse effect on the Organizations financial position or statement of activities at December 31, 2020 and 2019.

**NOTE 18   SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 15, 2021, the date which the financial statements were available to be issued. There were no other material subsequent events which affected the amounts or disclosures in the consolidated financial statements, except as noted below.

As a result of the spread 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 is experiencing reduced revenues. The duration of the reduction in revenues may be only temporary. However, the related financial impact and duration cannot be reasonably estimated at this time.

In April 20, 2021, the organization received loan proceeds in the amount of \$368,698 under the Paycheck Protection Program ("PPP"). While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, it cannot assure the Organization will not take actions that could cause it to be ineligible for forgiveness of the loan, in whole or in part.

**Big Brothers Big Sisters of San Diego County**  
**Statement of Financial Position**  
As of December 31, 2021

	<u>Total</u>
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
1000 Cash	1,936,241.56
1010 Investments	156,843.45
1030 Bond Investment	0.00
Total Bank Accounts	<b>\$ 2,093,085.01</b>
Accounts Receivable	
1200 Receivables	262,988.00
1201 Long Term Receivable	-263,706.62
1203 Receivable Discount	0.00
Total Accounts Receivable	<b>-\$ 718.62</b>
Other Current Assets	
1499 Undeposited Funds	-71,900.00
Employee Advances	587.29
Prepaid Expenses	97,434.16
Prepaid Insurance	7,640.04
Repayment	0.00
Security Deposits	8,668.00
Uncategorized Asset	40.75
Total Other Current Assets	<b>\$ 42,470.24</b>
Total Current Assets	<b>\$ 2,134,836.63</b>
Fixed Assets	
1500 Depreciable Assets	21,158.44
1600 Accumulated Depreciation	0.00
1800 Leasehold Rights	0.00
Total Fixed Assets	<b>\$ 21,158.44</b>
Other Assets	
1061B Distributable Endow (1027)	0.05
1062B Distributable Endowment (9205)	0.02
1801 Leasehold Rights-non-current	0.00
1803 LAA Conf	0.00
1850 Furs	0.00
1910 Endowments	0.00
1920 Beneficial Interest in Endowmen	2,801.00
Suspense	0.00
Total Other Assets	<b>\$ 2,801.07</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,158,796.14</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	

<b>Accounts Payable</b>		
2000 Accounts Payable		0.00
<b>Total Accounts Payable</b>	<b>\$</b>	<b>0.00</b>
<b>Credit Cards</b>		
2010 Wells Fargo Credit Card - 4623		0.00
2011 Dell Business Direct		0.00
2015 Wells Fargo Credit Card - 0141		0.00
<b>Total Credit Cards</b>	<b>\$</b>	<b>0.00</b>
<b>Other Current Liabilities</b>		
2100 Payroll Liabilities		21,909.83
2200 Accrued Expenses		93,822.46
2300 Line of Credit-Wells Fargo		4.39
2400 The Stone Ripple Project		109.46
Deferred Revenue		25,000.00
Direct Deposit Payable		0.00
PPP Loan		368,698.00
<b>Total Other Current Liabilities</b>	<b>\$</b>	<b>509,544.14</b>
<b>Total Current Liabilities</b>	<b>\$</b>	<b>509,544.14</b>
<b>Total Liabilities</b>	<b>\$</b>	<b>509,544.14</b>
<b>Equity</b>		
1110 Retained Earnings		261,337.57
3000 Equity		168,345.79
3000x Opening Bal Equity		0.00
Net Revenue		1,220,482.31
<b>Total Equity</b>	<b>\$</b>	<b>1,650,165.67</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$</b>	<b>2,159,709.81</b>

Wednesday, Feb 02, 2022 08:33:54 AM GMT-8 - Cash Basis



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



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

Project Name: Supporting ARISE!, A Step Beyond's Annual Concert  Date Submitted:	Total # of people served: ~1,000  Total # of San Marcos residents served: 26 students + roughly 100 family members	Amount Requested: \$5,000
Non-Profit Organization Name and Address, Website  A Step Beyond 340 N. Escondido Blvd. Escondido, CA 92025 <a href="http://www.a-step-beyond.org">www.a-step-beyond.org</a>	Contact Person – Name, Title & Phone, email  James Wright Chief Executive Officer 760-670-3250; <a href="mailto:jwright@a-step-beyond.org">jwright@a-step-beyond.org</a>	
<p><u>Briefly</u> describe your request for funds (to be expanded upon in narrative for regular grant):</p> <p>A Step Beyond (ASB) is requesting the support of the San Marcos Community Foundation to fund our program's annual dance concert, ARISE! ASB is a Creative Youth Development after-school program that provides dance training, academic support, socioemotional resources, and life-planning assistance to 230 3<sup>rd</sup>-11<sup>th</sup> graders from the communities of Escondido and San Marcos. ASB provides all of these services for its participants between 3<sup>rd</sup> and 12<sup>th</sup> grade with no cost to participants' families. Requested funds will support this concert, which allows ASB, its participants, families, staff, volunteers, and donors to share the amazing talent of these young people with the ASB community and the greater North Inland San Diego community.</p>		
<p><u>Briefly</u> describe the significance of your request to the San Marcos community:</p> <p>When ASB was founded in 2013 and initiated services in 2014, the organization did so with a specific dedication to recruiting from Title I public elementary schools in Escondido and San Marcos. Today, ASB recruits its participants from 11 such schools. All of ASB's participants' families have incomes that place them at or below the federal poverty level. Those children recruited from San Marcos will receive the support and resources to position them to enter college or an equivalent training program, break the cycle of poverty, and establish stable and productive lives. ASB's annual concert allows us to share this process with the San Marcos community.</p>		
Please attach the following items. <b>Both Mini-Grant &amp; Regular:</b> <ol style="list-style-type: none"> <li>1. Budget for request (use SMCF Budget Worksheet)</li> <li>2. Annual Operating budget for the organization or unit</li> <li>3. Federal &amp; State Tax ID numbers</li> <li>4. Board of Directors listing with affiliations</li> </ol> <b>5. Regular Grants Only:</b> <ol style="list-style-type: none"> <li>a. 1-2 page narrative</li> <li>b. First 2 pages of Federal 990</li> <li>c. Most recent year-end Statement or Audit including any management letters associated with Audit.</li> <li>d. Signature of President or Authorized Officer on Application</li> <li>e. Optional: letters of support</li> </ol>		Expected date project will begin/end:  Date by which funds will be expended:  Signature of President or Authorized Officer  <div style="text-align: center;"> <div style="display: flex; justify-content: space-between; width: 100%;"> <span>James Wright, CEO</span> <span>4/1/22 Date</span> </div> </div>
		Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): <a href="mailto:cityclerk@san-marcos.net">cityclerk@san-marcos.net</a>

## **A Step Beyond -- Narrative**

**Introduction** -- A Step Beyond (ASB) was born from a desire to provide youth living in poverty in Escondido and San Marcos with access to quality after-school programming that would support them in their learning goals, provide a sense of belonging and community, and help them realize their dreams while preparing them for college and career. To do this, ASB's founders chose dance as the foundation of their model based on its documented success in other programs, while adding academic support, parent engagement, mental health, and life-planning elements. ASB received its nonprofit certification in November 2013 and welcomed its first cohort of 3rd and 4th graders in fall 2014. ASB will reach full capacity in fall 2022, at which time it will be serving approximately 300 participants in grades 3-12.

We describe our mission as that of providing underserved youth with opportunities that expand their expectations and ambitions through dance education, academic support, and family services.

**ASB: Basic Program Description** -- ASB's key elements are:

**(1) Dance Education and Performance** – All participants attend dance classes from 2-4 times weekly, perform, and learn choreography;

**(2) Academic Support & College and Career Readiness** – All participants engage in mandatory tutoring, have access to a summer academic program, a MakerSpace, and the resources of ASB's College and Career Readiness Program and its World of Work curriculum;

**(3) Mentoring and Enrichment Programs** –Participants receive daily mentoring from staff, faculty, and volunteers and engage regularly in support groups;

**(4) Family Services and Parental Involvement** –ASB offers individual and group counseling, crisis intervention (such as food and rental assistance), and some case management services. ASB engages parents through parenting and nutrition workshops and a Parent Council.

**ASB's ARISE! Annual Concert** – Generally, ASB sponsors two major performances each year. During the holidays, ASB participants stage *El Alebrije*, their own version of the Nutcracker which incorporates elements of Mexican culture and folklore. Then, toward the end of the school year, ASB stages its largest production, the ARISE! Annual Concert, which provides the program an opportunity to showcase the talents of many of its participants on the stage.

Every ASB participant engages in dance training, and most engage in performance as well. Generally, younger participants take dance lessons twice a week, and this increases with age, so that as high school students there are some participants who are dancing 4-5 times a week. Participants receive dance training from professional dancers, including ASB's Artistic Director, Jenn Oliver, and a number of other permanent staff artists and guest artists who work with the participants both through dance instruction, and in developing participants' choreography skills.

The Annual Concert provides an opportunity for the program to illustrate the various developmental stages that these young dancers navigate. Where a group of 2<sup>nd</sup> and 3<sup>rd</sup>-year participants might engage in a dance in the Concert that illustrates all that they have learned with regard to simple movement and coordination and rhythm, a group of 6<sup>th</sup> and 7<sup>th</sup>-year participants may present a dance that they themselves have choreographed with a sophisticated theme and complex movement. Many of those who attend these concerts do so each year, and in that manner are able literally to follow the growth and development of individual ASB participants, as they move through the arc from early childhood to the middle of adolescence. While our participants enjoy the ongoing routine of dance classes, performance opportunities such as the ARISE! concert are motivational to them, allowing them to share their skills and love of dance with an audience. The experience of performing in front of a live audience in a professionally produced production empowers participants in ways that training alone cannot.

The Annual Concert also is a means to follow the growth and development of ASB's program as a whole, as the oldest participants in ASB become young men and women and express their unique personalities and interests through their dance, and through their interaction with the audience during public speaking opportunities onstage. The audience always hears from a number of program participants, and without fail these young people are articulate in expressing what the program means to them, the joy they derive from the creative activity and friendships and challenges that ASB facilitates, and their own dreams for their futures.

The Annual Concert is held at the California Center for the Arts, Escondido, where ASB itself is located. The Concert generally begins with a reception that provides an opportunity for ASB's leadership to share information about the program and its status, and to develop relationships with new potential supporters and deepen relationships with existing supporters. The reception is followed by the Concert, which as noted above, generally features a variety of ASB participants performing a number of pieces, often choreographed either by guest choreographers or by ASB participants, and showcasing the tremendous range of participants' talents, and the breadth of dance styles that participants are taught.

A second Annual Concert generally is held on the following night to ensure that all family members and general members of the community who wish to view the performance have that opportunity.

We are certain that in the years to come hundreds of high-need, high-promise children from San Marcos will continue to join ASB, will remain in the program for nine to ten years, and will then embark on a fruitful course of higher education, develop a career, and become good neighbors, colleagues, and leaders.

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

Provide an itemized list of expenses for this project:

<u>Production/Stage Theater Rental Fees at California Center for the Arts</u>	\$ <u>1,500</u>
<u>Lighting and Sound</u>	\$ <u>3,500</u>
<u>Scenic Design, Misc. Supplies</u>	\$ <u>1,600</u>
<u>Musicians</u>	\$ <u>1,500</u>
<u>Photography and A/V</u>	\$ <u>1,500</u>
<u>Printing and Copying</u>	\$ <u>2,000</u>
<u>Guest Choreographers</u>	\$ <u>4,500</u>
<u>Supplies</u>	\$ <u>1,000</u>
<u>Costumes</u>	\$ <u>5,000</u>
<u>Cast Party/T-Shirts</u>	\$ <u>1,400</u>
<u>Opening Night donor reception</u>	\$ <u>5,000</u>

**Total budget for this PROJECT:** **\$ 28,500**

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

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

Is this a challenge grant? No

Could it be? No

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

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

\$ <u>10,000</u>	(Name of source) <u>The Lawrence Welk Family Foundation</u>	<b>**Committed</b>
\$ <u>500</u>	(Name of source) <u>Mary Peterson</u>	<b>**Committed</b>
\$ <u>5,000</u>	(Name of source) <u>The Serenity Grace Foundation</u>	<b>**Pending</b>
\$ <u>3,000</u>	(Name of source) <u>The California Arts Council</u>	<b>**Conditional</b>

**A Step Beyond – Budget, Fiscal Year 2022 (10/1/21 – 9/30/22)**

**Income**

Individual contributions	\$979,150
Foundation grants	\$328,320
Corporate grants	\$166,660
Miscellaneous income	\$1,083
Event income	\$1,000

**TOTAL: \$1,476,213**

**Expenses**

Personnel	\$901,324
Contractual	\$150,942
Dance, programmatic costs	\$74,234
Academic programmatic costs	\$22,721
Family services costs	\$12,531
Operating expenses	\$283,409
Capital expenses/tenant improvements	\$31,052

**TOTAL: \$1,476,213**

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

DEPARTMENT OF THE TREASURY

Date: NOV 24 2013

A STEP BEYOND  
C/O FRANK POSTER  
5650 E CAMINO REAL STE 130  
CARLSBAD, CA 92008

Employer Identification Number:  
46-2857532  
DLN:  
17053225428013  
Contact Person:  
SHEILA M ROBINSON ID# 31220  
Contact Telephone Number:  
(877) 829-5500  
Accounting Period Ending:  
December 31  
Public Charity Status:  
170(b)(1)(A)(vi)  
Form 990 Required:  
Yes  
Effective Date of Exemption:  
April 15, 2013  
Contribution Deductibility:  
Yes  
Addendum Applies:  
No

Dear Applicant:

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

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

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

Sincerely,



Director, Exempt Organizations

Enclosure: Publication 4221-PC

Letter 947 (DO/CG)



State of California

**Franchise Tax Board**

PO Box 1286

Rancho Cordova CA 95741-1286

A STEP BEYOND  
ATTN: FRANK FOSTER  
5650 EL CAMINO REAL STE 130  
CARLSBAD CA 92008

Date: 11.12.13  
Case: 26600525002205833  
Case Unit: 26600525002205836  
In reply refer to: 760:TLS:F120

Regarding	: Tax-Exempt Status
Organization's Name	: A Step Beyond
CCN	: 3560361
Purpose	: Charitable/Educational
R&TC §	: 23701d
Form of Organization	: Incorporated
Accounting Period Ending	: 12/31
Tax-Exempt Status Effective	: 04/15/2013

### 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 affect 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 §21012(a)(2).

For filing requirements, get Pub. 1068, *Exempt Organizations - Filing Requirements and Filing Fees*. Go to [ftb.ca.gov](http://ftb.ca.gov) and search for 1068.

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

Theresa L. Schock  
Telephone: 916.845.4171  
Fax: 916.843.0932



## **A Step Beyond – 2021-22 Board Members**

Brian Bedford: Associate Dean, Strategic Initiatives, California State University, Sacramento

Claudia Briseno: Instructional Aide Assistant, Escondido Union School District and parent liaison.

Jay Culbertson: Executive Vice President of the Build Group of Southland Industries, a nationwide mechanical engineering and contracting firm. He has served on the boards of several small business not-for-profit corporations.

Leslie Culbertson: the Vice President of Finance for Intel Corporation. Ms. Culbertson is Corporate Vice President and Director of Finance for Intel Corporation. She is responsible for a major portion of the worldwide finance organization's operations, including corporate finance, policy, and accounting, operational finance, tax, trade, and financial controls.

Jonathan Fikse, ASB Treasurer: Jonathan is Director of Finance, Packaging Southwest Division, Liberty Diversified International. He has held numerous finance and operating roles in the packaging industry. Jonathan has a BA from Hope College, a Masters of Business Administration from the University of Michigan, and is a Certified Public Accountant.

Frank Foster: Retired as CEO for Fieldstone Homes and is the former CEO/Executive Director of A Step Beyond. Frank has served on numerous nonprofit boards for the past 30 years, all working with at risk youth.

Janet Foster: A Step Beyond Secretary: Retired teacher in the Irvine Unified School District. Janet has been very involved with parents and at-risk children since 1972.

Steve Gosselin, A Step Beyond Vice Chair: Mr. Gosselin retired as Vice President for Caterpillar Inc. after 36 years of service. As a result of his work with numerous non-profits in both San Diego and Central Illinois, he was awarded an Honorary Doctorate of Public Service.

Candise Holmlund: Candise is a Partner and Certified Financial Planner with Weatherly Asset Management. Candise is active in community, civic, and charitable organizations such as the Children's Hospital Auxiliary, the RSF Foundation Women's Fund, and The Rady Children's Hospital Foundation Estates and Trusts Council.

Jacqueline Loaiza: Jacqueline Loaiza is a Senior Corporate Counsel at Solar Turbines Incorporated/Caterpillar Inc. Jacqueline has a B.A. in Political Science from Penn State, a J.D from University of Pittsburgh Law School; and a master's in International Business Law from the University of San Diego School of Law. Jackie has previous board experience with Neighborhood House Association and Urban Corps of San Diego, and has done volunteer work for Father Joe's.

Kimberly Mayes-Bedford: Vice President, Human Resources-Design Engineering Group, Intel

Vishal Mehta: Principal, Deloitte Consulting LLP. Vish joined Deloitte's consulting practice in 1997 and has focused on serving global retail and consumer products companies scale operational capabilities and modernize technology platforms to support the growth targets and deliver shareholder value. He is passionate about providing holistic learning opportunities to children and has established an institute in India focused on Children's physical mental, intellectual, social and ethical growth.

Jennifer Oliver: A Step Beyond's Artistic Director, Ms. Oliver is a professional dancer and choreographer, a master teaching artist, and an expressive arts therapist. She also serves on the National Arts Education Council for Americans for the Arts.

Bonnie Platt, Bonnie has served on the board of several nonprofit such as Horizon Christian Fellowship, Santa Fe Christian School, and the National Charity League among others. She has her BA in economics from Stanford University and her MBA in finance from UCLA.

Dan Platt, A Step Beyond Board Chair: Retired as EVP for Pacific Western Bank. Dan currently serves on the Boards of Pacific Western Bancorp and the Rancho Santa Fe Charitable Foundation.

Anna Punzalan: Personal Assistant and Parent Liaison

Martha Rodriguez: ASB's parent representative, Martha is the mother of two ASB students. She has her own business, serves on the ASB Parent Committee, and appeared in ASB's inaugural production of The Nutcracker in 2018.

Jeff Segall: Chief Strategy Officer and "Collaboratist" with ByDesign Public Relations and Marketing. He also serves as a consultant for California State University San Marcos' Extended Learning department and for Pacific Ridge School in Carlsbad and is a member of the Carlsbad Planning Commission.

Emerita Silva: Parent Liaison. Emerita Silva was born in the city of Tepic, state of Nayarit, in Mexico. She currently resides in San Marcos California and has since 1999. She is the mother of two young girls ages thirteen and twenty-eight. In her spare time Emerita likes to walk in the parks, listen to music, read, and dance.

Dave Smith: Dave Smith is currently an Attorney/Consultant in San Diego, where his practice consists of advising, counseling and consulting for firms on issues relating to the electric and gas utility industry. Dave was general counsel for San Diego Gas & Electric (SDG&E) for 12 years and for Southern California Gas Company for 8 years and has worked at the Sempra Energy family of companies for 31 years. He retired in 2014 as Senior Vice President and General Counsel of SDG&E.

Janean Stripe: A Certified Financial Planner and Regional Vice President of Lucia Capital Group. Ms. Stripe serves on the Boards of several non-profit organizations including The Country Friends, The Barnabas Group, Outside the Bowl, and Kingdom Advisors of San Diego County.

Jose Villarreal, Jose is the current Vice President, Academic, Innovation, and Personnel at Epiphany Prep Charter School in Escondido. He has held multiple positions as principal and vice principal in San Diego including Vista Magnet Middle School, and Rancho Buena Vista High School and has taught at California State University San Marcos. He holds an Ed.D. in Educational Leadership from CSUSM/UCSD.

Vicki Zeiger: Retired as Vice President, Human Resources, for Semptra Energy Utilities and is current Board Chair of The Old Globe theatre. Vicki is a National Board member of the Classic Car Club of America and a volunteer for Meals on Wheels.

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](http://www.irs.gov/Form990) for instructions and the latest information.**

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

<b>B</b> Check if applicable:  <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization <div style="border: 1px solid black; padding: 2px;">A Step Beyond</div> Doing business as <div style="border: 1px solid black; padding: 2px;">Number and street (or P.O. box if mail is not delivered to street address) Room/suite</div> <div style="border: 1px solid black; padding: 2px;">340 N Escondido Blvd.</div> <div style="border: 1px solid black; padding: 2px;">City or town, state or province, country, and ZIP or foreign postal code</div> <div style="border: 1px solid black; padding: 2px;">Escondido, CA 92025</div> <b>F</b> Name and address of principal officer: James Wright same as C above	<b>D</b> Employer identification number <div style="border: 1px solid black; padding: 2px;">46-2857532</div> <b>E</b> Telephone number <div style="border: 1px solid black; padding: 2px;">858-722-2067</div> <b>G</b> Gross receipts \$ <div style="border: 1px solid black; padding: 2px;">1,105,577.</div> <b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) <b>H(c)</b> Group exemption number ▶
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c)( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
<b>J</b> Website: ▶ A-Step-Beyond.org		
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		
<b>L</b> Year of formation: 2013 <b>M</b> State of legal domicile: CA		

### Part I Summary

<b>Activities &amp; Governance</b>	1	Briefly describe the organization's mission or most significant activities: To assist low income youth break from poverty using programs proven to prepare them for college.			
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.			
	3	Number of voting members of the governing body (Part VI, line 1a)	3	20	
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	18	
	5	Total number of individuals employed in calendar year 2019 (Part V, line 2a)	5	25	
	6	Total number of volunteers (estimate if necessary)	6	170	
	<b>Revenue</b>	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.	
8		Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year	
9		Program service revenue (Part VIII, line 2g)	1,006,093.	1,103,323.	
10		Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0.	698.	
11		Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0.	0.	
12		Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	5,730.	1,556.	
13		Grants and similar amounts paid (Part IX, column (A), lines 1-3)	1,011,823.	1,105,577.	
<b>Expenses</b>		14	Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
		15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0.	0.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	475,012.	626,271.	
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 140,827.	0.	0.	
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	319,436.	365,894.	
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	794,448.	992,165.	
	19	Revenue less expenses. Subtract line 18 from line 12	217,375.	113,412.	
<b>Net Assets or Fund Balances</b>	20	Total assets (Part X, line 16)	Beginning of Current Year	End of Year	
	21	Total liabilities (Part X, line 26)	1,826,234.	1,936,161.	
	22	Net assets or fund balances. Subtract line 21 from line 20	17,706.	14,221.	
			1,808,528.	1,921,940.	

### Part II Signature Block

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

<b>Sign Here</b>	▶ Signature of officer	Date			
	▶ James Wright, CEO/Executive Director Type or print name and title				
<b>Paid Preparer Use Only</b>	Print/Type preparer's name Ashley Peabody	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN P01385870
	Firm's name ▶ Capin Crouse LLP	Firm's EIN ▶ 36-3990892			
	Firm's address ▶ 3050 Saturn Street, Suite 104 Brea, CA 92821	Phone no. (714) 577-0988			

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

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

To empower low income youth from diverse backgrounds to strengthen self-esteem, self-discipline, and a sense of accomplishment through dance, academic, and family services.

**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 \$ 308,241. including grants of \$ ) (Revenue \$ 698. )

Dance training is at the core of the program. Research has shown that learning dance imparts an array of life skills: self-awareness, concentration, discipline, respect, goal setting with accountability, and creative problem solving, to name a few. A Step Beyond (ASB), in its 7th year, has a total of 209 students in grades 3-10, and will take an additional 45 students each year until it serves grades 3-12 with approximately 325 students. Dance training is conducted by highly skilled professional on staff dance instructors.

Each year students perform in a concert attended by parents and supporters. They also perform in numerous other venues.

**4b** (Code: ) (Expenses \$ 228,388. including grants of \$ ) (Revenue \$ )

Academic programs include tutoring for every student, enrichment exercises, an intensive summer reading/math program, and a robust college and career readiness program. Students have access to a library, computer laboratory, MakerSpace, and a daily "homework cafe." Students receive work-based learning experiences in STEAM industries through the college and career readiness program, and education regarding the preparation of applications and entry into higher education and/or other career pathways.

**4c** (Code: ) (Expenses \$ 180,347. including grants of \$ ) (Revenue \$ )

Family Service programs treat children in crisis, assist families in crisis, conduct group therapy for students, and provide parent training. Participants receive daily mentoring from staff and volunteers, and engage regularly in counseling groups that promote essential skills to meet social and emotional needs. Families also receive crisis intervention support as needed.

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

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

**4e** Total program service expenses **716,976.**



## A STEP BEYOND

Financial Statements  
With Independent Accountants'  
Review Report

September 30, 2021 and 2020

# A STEP BEYOND

## Table of Contents

	<u>Page</u>
Independent Accountants' Review Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6

## **INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

Board of Directors  
A Step Beyond  
Escondido, CA

We have reviewed the accompanying financial statements of A Step Beyond (a nonprofit organization), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 entity 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.

### ***Accountants' Responsibility***

Our responsibility is to conduct the review engagements 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.

### ***Accountants' Conclusion***

Based on our reviews, we are 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.

*Capin Crouse LLP*

San Diego, California  
February 11, 2022



## A STEP BEYOND

### Statements of Financial Position

	September 30,	
	2021	2020
ASSETS:		
Cash and cash equivalents	\$ 1,014,127	\$ 977,759
Contributions receivable	62,500	50,913
Prepaid expenses and other assets	7,339	4,683
Property and equipment—net	873,105	902,806
Total Assets	<u>\$ 1,957,071</u>	<u>\$ 1,936,161</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	<u>\$ 31,486</u>	<u>\$ 14,221</u>
Net assets:		
Without donor restrictions	1,829,139	1,840,282
With donor restrictions	96,446	81,658
Total Net Assets	<u>1,925,585</u>	<u>1,921,940</u>
Total Liabilities and Net Assets	<u>\$ 1,957,071</u>	<u>\$ 1,936,161</u>

See accompanying notes and independent accountants' review report

# A STEP BEYOND

## Statements of Activities

	Year Ended September 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contribution and grant income	\$ 875,355	\$ 276,358	\$ 1,151,713	\$ 886,170	\$ 217,153	\$ 1,103,323
Special event revenue	163,000	-	163,000	-	-	-
Other revenue	-	-	-	2,254	-	2,254
Total Support and Revenue	<u>1,038,355</u>	<u>276,358</u>	<u>1,314,713</u>	<u>888,424</u>	<u>217,153</u>	<u>1,105,577</u>
NET ASSETS RELEASED:						
Purpose and time restrictions	<u>261,570</u>	<u>(261,570)</u>	<u>-</u>	<u>143,525</u>	<u>(143,525)</u>	<u>-</u>
EXPENSES:						
Program activities:						
Academics	287,816	-	287,816	228,388	-	228,388
Dance	364,638	-	364,638	308,241	-	308,241
Family services	259,960	-	259,960	180,347	-	180,347
Supporting activities:						
General and administrative	148,874	-	148,874	134,362	-	134,362
Fundraising	229,530	-	229,530	140,827	-	140,827
Costs of direct benefits to donors	20,250	-	20,250	-	-	-
Total Expenses	<u>1,311,068</u>	<u>-</u>	<u>1,311,068</u>	<u>992,165</u>	<u>-</u>	<u>992,165</u>
Change in Net Assets	(11,143)	14,788	3,645	39,784	73,628	113,412
Net Assets, Beginning of Year	<u>1,840,282</u>	<u>81,658</u>	<u>1,921,940</u>	<u>1,800,498</u>	<u>8,030</u>	<u>1,808,528</u>
Net Assets, End of Year	<u>\$ 1,829,139</u>	<u>\$ 96,446</u>	<u>\$ 1,925,585</u>	<u>\$ 1,840,282</u>	<u>\$ 81,658</u>	<u>\$ 1,921,940</u>

See accompanying notes and independent accountants' review report

# A STEP BEYOND

## Statements of Functional Expenses

Year Ended September 30, 2021

	Program Activities			Supporting Activities			Total
	Academics	Dance	Family Services	General and Administrative	Fundraising	Cost of Direct Benefits to Donors	
Salaries and benefits	\$ 168,751	\$ 228,075	\$ 182,589	\$ 69,648	\$ 147,004	\$ -	\$ 796,067
Professional fees and services	72,578	52,821	3,900	31,418	74,407	20,250	255,374
Office and occupancy	21,766	46,858	13,044	11,792	3,970	-	97,430
Materials and supplies	8,029	16,667	2,786	20,838	1,388	-	49,708
Emergency family aid	-	-	48,198	-	-	-	48,198
Depreciation	12,141	11,875	7,604	14,092	1,485	-	47,197
Travel and other expenses	4,551	8,342	1,839	1,086	1,276	-	17,094
	<u>\$ 287,816</u>	<u>\$ 364,638</u>	<u>\$ 259,960</u>	<u>\$ 148,874</u>	<u>\$ 229,530</u>	<u>\$ 20,250</u>	<u>\$ 1,311,068</u>

Year Ended September 30, 2020

	Program Activities			Supporting Activities			Total
	Academics	Dance	Family Services	General and Administrative	Fundraising	Cost of Direct Benefits to Donors	
Salaries and benefits	\$ 124,197	\$ 196,947	\$ 149,919	\$ 51,118	\$ 109,116	\$ -	\$ 631,297
Professional fees and services	74,487	42,741	5,362	41,053	26,113	-	189,756
Office and occupancy	13,751	30,985	6,407	17,822	2,052	-	71,017
Materials and supplies	3,044	12,616	2,131	8,699	1,824	-	28,314
Emergency family aid	-	-	-	-	-	-	-
Depreciation	11,412	11,145	6,875	13,363	1,485	-	44,280
Travel and other expenses	1,497	13,807	9,653	2,307	237	-	27,501
	<u>\$ 228,388</u>	<u>\$ 308,241</u>	<u>\$ 180,347</u>	<u>\$ 134,362</u>	<u>\$ 140,827</u>	<u>\$ -</u>	<u>\$ 992,165</u>

See accompanying notes and independent accountants' review report

# A STEP BEYOND

## Statements of Cash Flows

	Year Ended September 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 3,645	\$ 113,412
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	47,197	44,280
Forgiveness of Paycheck Protection Program note payable	(118,700)	-
Change in operating assets and liabilities:		
Contributions receivable	(11,587)	(42,883)
Prepaid expenses and other assets	(2,656)	(93)
Accounts payable	17,265	(3,485)
Net Cash Provided (Used) by Operating Activities	<u>(64,836)</u>	<u>111,231</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	<u>(17,496)</u>	<u>(7,105)</u>
Net Cash Used by Investing Activities	<u>(17,496)</u>	<u>(7,105)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Paycheck Protection Program note payable	<u>118,700</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>118,700</u>	<u>-</u>
Change in Cash and Cash Equivalents	36,368	104,126
Cash and Cash Equivalents, Beginning of Year	<u>977,759</u>	<u>873,633</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,014,127</u>	<u>\$ 977,759</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Non-cash financing transaction to recognize forgiveness of Paycheck Protection Program note payable	<u>\$ 118,700</u>	<u>\$ -</u>

See accompanying notes and independent accountants' review report

# **A STEP BEYOND**

## **Notes to Financial Statements**

September 30, 2021 and 2020

### **1. NATURE OF ORGANIZATION:**

A Step Beyond (ASB) is a creative youth development after-school program in North San Diego County serving children and youth whose families are all living below the federal poverty level and in an area of gangs and related violence in the community. Once a child auditions for ASB and is selected, that 3rd or 4th grader and their family make a commitment to remain in the program for 9 to 10 years, until high school graduation.

ASB takes a unique, holistic approach to youth development with a three pronged program including 1) dance in order to mitigate social inclusion and discourage other affiliations such as gangs, encourage self-esteem, and reduce health risk factors such as obesity and lack of exercise, 2) academic support programs to enable students to achieve academically, increase their odds of high school graduation and, ideally, college acceptance, and 3) family service programs embracing both participants and their families to provide skills, resources, and education on parenting, mental and health issues, housing, language, counseling, as well as relationship management. ASB's program is based on that of The Wooden Floor in Santa Ana, California. This model has proven effective as 100% of youth involved in The Wooden Floor graduate high school and enroll in higher education. ASB expects the same from its participants.

ASB changes the lives of participants, and by extension, their families and their communities by breaking the cycle of illiteracy, gangs, poverty, and violence while providing a vision and a hope of a future they could not have imagined or otherwise achieved.

ASB is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law. However, ASB is subject to federal income tax on any unrelated business taxable income. In addition, ASB is not classified as a private foundation within the meaning of Section 509(a) of the IRC. The main source of support and revenue is contributions from donors.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

ASB maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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 and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates that were assumed in preparing the financial statements. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

# A STEP BEYOND

## Notes to Financial Statements

September 30, 2021 and 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts on hand and amounts held on deposit in checking accounts with banks. These accounts may, at times, exceed federally insured limits or be held on deposit with a financial institution that is not federally insured. As of September 30, 2021 and 2020, ASB's cash balances exceeded federally insured limits by approximately \$778,000 and \$728,000, respectively. ASB has not experienced any losses in such accounts and does not believe these funds to be at substantial risk of loss due to the lack of insurance coverage.

#### CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of pledged commitments from donors via letters of commitment received by ASB prior to September 30, 2021 and 2020. Management evaluated the collectability of the receivable and determined no allowance was needed because all pledges are considered fully collectible. Donors have committed to fulfill \$52,500 of their pledged commitments during the year ending September 30, 2022, and the remaining balance of \$10,000 during the year ending September 30, 2023.

#### PROPERTY AND EQUIPMENT–NET

Property and equipment–net is stated at cost, or if donated, at the fair market value on the date of the gift. ASB capitalizes all fixed assets greater than \$5,000, with a useful life exceeding one year. Depreciation is computed on the straight-line basis over estimated useful lives ranging from five to thirty-nine years.

#### NET ASSETS

The financial statements report amounts separately by class of net assets as follows:

*Net assets without donor restrictions* are those resources currently available for use in the ministries of ASB and those resources currently invested in property and equipment–net.

*Net assets with donor restrictions* are those contributed with donor stipulations for specific operating purposes or programs or those with inherent time restrictions.

#### SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. 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. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, 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. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

# A STEP BEYOND

## Notes to Financial Statements

September 30, 2021 and 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT AND REVENUE, continued

During the year ended September 30, 2021, ASB received a Paycheck Protection Program loan of \$118,700. This loan is eligible for forgiveness based on ASB incurring various qualifying expenses such as normal payroll and facilities costs. As of September 30, 2021, ASB incurred qualifying expenditures greater than the loan amount. Because ASB has overcome the required barriers related to these funds, the funds received from the Paycheck Protection Program have been recorded as contributions revenue with donor restrictions on the statements of activities for the year ended September 30, 2021. Additionally, ASB received notification of forgiveness from the Small Business Administration during the year ended September 30, 2021.

Special event revenue consists of payments for ASB's annual fundraising event and is recognized as income when the event occurs. Other revenue is recognized when earned.

Expenses are recognized when incurred in accordance with the accrual basis of accounting.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing program services and supporting activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. These expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries and benefits, office and occupancy expenses, and other expenses. Salaries and benefits are allocated based on estimates of time and effort expended by employees. Office and occupancy expense allocations are based on usage of square footage. All other expenses are allocated based on the underlying purpose of the expense.

### 3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects ASB's financial assets reduced by amounts not available for general expenditure because of restrictions within one year of the statements of financial position date:

	September 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 1,014,127	\$ 977,759
Contributions receivable	62,500	50,913
	<u>1,076,627</u>	<u>1,028,672</u>
Less funds unavailable for general expenditure within one year:		
Board-designated for operating reserve	(700,000)	-
Contributions receivable to be collected in more than one year	<u>(10,000)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 366,627</u>	<u>\$ 1,028,672</u>

# A STEP BEYOND

## Notes to Financial Statements

September 30, 2021 and 2020

3. LIQUIDITY AND AVAILABILITY OF RESOURCES, continued:

ASB has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flow closely through regular board reporting and detailed financial analysis.

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consists of:

	September 30,	
	2021	2020
Building and improvements	\$ 889,579	\$ 889,579
Furniture and equipment	54,613	54,613
Software	58,667	41,171
	<u>1,002,859</u>	<u>985,363</u>
Less accumulated depreciation	<u>(129,754)</u>	<u>(82,557)</u>
	<u>\$ 873,105</u>	<u>\$ 902,806</u>

5. NET ASSETS:

Net assets consist of:

	September 30,	
	2021	2020
Net assets without donor restrictions:		
Undesignated	\$ 1,129,139	\$ 1,840,282
Board-designated for operating reserve	700,000	-
	<u>1,829,139</u>	<u>1,840,282</u>
Net assets with donor restrictions:		
Contributions receivable	62,500	50,913
Emergency family aid	18,358	-
COVID-19 safety	10,000	-
Academic tech supplies	5,588	5,588
Website redesign	-	25,000
Dance program	-	157
	<u>96,446</u>	<u>81,658</u>
Total net assets	<u>\$ 1,925,585</u>	<u>\$ 1,921,940</u>



# A STEP BEYOND

## Notes to Financial Statements

September 30, 2021 and 2020

6. RELATED PARTY TRANSACTIONS:

During the years ended September 30, 2021 and 2020, ASB received approximately \$416,000 and \$426,000, respectively, in contributions from ASB board members and affiliates, including \$12,500 and \$28,000 in pledges receivable.

7. ADVERTISING EXPENSES:

Advertising and marketing expenses for ASB consisted of brochures and other visual marketing costs. Total advertising expenses for the years ended September 30, 2021 and 2020 were approximately \$11,000 and \$1,000, respectively.

8. DONOR CONCENTRATION:

ASB's five largest donors provided approximately 30% and 40% of ASB's total revenue for the years ended September 30, 2021 and 2020, respectively.

9. RETIREMENT PLAN:

ASB employees who are twenty-one years of age or older and who have worked at ASB for at least 90 days are eligible to participate in ASB's 401(k) plan (the Plan), which was started during the year ended September 30, 2021. Participants may contribute to the Plan within established limits. ASB matches 100% of the participants' contributions up to three percent of compensation and matches 50% of the participants' contributions which are over three percent but not over five percent. ASB contributed approximately \$25,000 and \$6,000, to the Plan during the years ended September 30, 2021 and 2020, respectively.

10. COMMITMENTS:

ASB has non-cancellable operating leases for use of property and equipment with expiration dates through October 2047. Lease expense for the years ended September 30, 2021 and 2020 was approximately \$63,000 and \$44,000, respectively. Required future minimum payments are:

<u>Year Ended September 30,</u>	
2022	\$ 72,649
2023	73,274
2024	72,005
2025	52,620
2026	4,435
Thereafter	<u>93,142</u>
	<u>\$ 368,125</u>

# **A STEP BEYOND**

## **Notes to Financial Statements**

September 30, 2021 and 2020

11. RISKS AND UNCERTAINTIES:

In March of 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of ASB for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 11, 2022, which is the date the financial statements were available to be issued.



## San Marcos Community Foundation

### Proposal Attachments

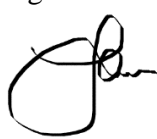
- A. Grant Cover Sheet
- B. Narrative
- C. San Marcos Mobile Pantry Budget
- D. Feeding San Diego Organizational Budget
- E. IRS 501(c)(3) letter & FTB 23701(d) letter
- F. Feeding San Diego Board of Directors List
- G. FY20 990 Pages 1-2
- H. FY20 Audited Financial Report (FY21 available in April/May)

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



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

Project Name: Feeding San Diego Mobile Pantry – San Marcos Date Submitted: 3/31/2022	Total # of people served: 8,610 Total # of San Marcos residents served: 631	Amount Requested: \$10,000
Non-Profit Organization Name and Address, Website <b>Feeding San Diego</b> 9477 Waples Street, Suite 100 San Diego, CA 92121 www.feedingsandiego.org	Contact Person – Name, Title & Phone, email Karen Cerveney, Grants Coordinator (858) 283-8970 kcerveney@feedingsandiego.org	
<p><u>Briefly</u> describe your request for funds (to be expanded upon in narrative for regular grant):</p> <p>With deep appreciation for the San Marcos Community Foundation’s past support of the Feeding San Diego Mobile Pantry program, we respectfully request a \$10,000 regular grant to help continue this service in the San Marcos area. Serving predominantly rural areas in the North and East Counties of San Diego, Feeding San Diego’s Mobile Pantry program delivers food to underserved neighborhoods that have a high incidence of poverty and lack consistent access to full-service grocery stores or other sources of fresh, healthy food. The Mobile Pantries meet residents where they live by directly distributing food at twice-monthly events in their communities. The Mobile Pantries are also a critical food resource for those impacted by disasters, such as the current COVID-19 pandemic, which has created a significant increase in need for food assistance.</p>		
<p><u>Briefly</u> describe the significance of your request to the San Marcos community:</p> <p>The San Marcos Mobile Pantry site is among the largest of our Feeding San Diego’s 18 Mobile Pantry sites. Feeding San Diego provides up to 220 unduplicated local households with 34 pounds of food per twice-monthly distribution, for a projected total of approximately 180,000 pounds (150,000 meals) to be distributed in San Marcos in FY22.</p> <p>A partnership with North County Health Services/TrueCare San Marcos for access to space and volunteers allows Feeding San Diego to supply the San Marcos area with year-round food assistance in a consistent, familiar and trusted location in the community. The San Marcos Mobile Pantry serves a wide variety of individuals who are experiencing hunger, including seniors; families with children; those homebound or isolated by illness, age, lack of mobility or language barriers; and migrant farmworkers and their families. The San Marcos Community Foundation’s continued support of Feeding San Diego’s San Marcos Mobile Pantry will help provide these vulnerable individuals with the healthy food they need to thrive.</p>		
Please attach the following items. <b>Both Mini-Grant &amp; Regular:</b> <ol style="list-style-type: none"> <li>1. Budget for request (use SMCF Budget Worksheet)</li> <li>2. Annual Operating budget for the organization or unit</li> <li>3. Federal &amp; State Tax ID numbers</li> <li>4. Board of Directors listing with affiliations</li> <li><b>5. Regular Grants Only:</b> <ol style="list-style-type: none"> <li>a. 1-2 page narrative</li> <li>b. First 2 pages of Federal 990</li> <li>c. Most recent year-end Statement or Audit including any management letters associated with Audit.</li> </ol> </li> </ol>	Expected date project will begin/end: Ongoing – 12-month period after funds have been provided Date by which funds will be expended: Six-month period after funds have been provided	

<p>d. Signature of President or Authorized Officer on Application</p> <p>e. Optional: letters of support</p>	<p>Signature of President or Authorized Officer</p>  <p><u>Ali Colbran, Director of Development</u> <u>3/31/2022</u></p> <p>Name, Title Date</p>
	<p>Submit Via Mail, In Person or Via Email to:</p> <p>San Marcos Community Foundation</p> <p>c/o City of San Marcos</p> <p>1 Civic Center Drive</p> <p>San Marcos, CA 92069</p> <p>Email (PDF Format): <a href="mailto:cityclerk@san-marcos.net">cityclerk@san-marcos.net</a></p>

## **ABOUT FEEDING SAN DIEGO**

Feeding San Diego's mission is to connect every person facing hunger with nutritious meals by maximizing food rescue. Our vision is a hunger-free and healthy San Diego, and during our 15 years of operation we have made incredible progress toward this goal. Last year, Feeding San Diego provided more than 40 million meals to people facing hunger in San Diego and Imperial counties through a decentralized food rescue model and our distribution network, including nearly 300 local charities, schools, faith communities, health centers, and food pantries located all across the county. Feeding San Diego serves children, families, seniors, military families, veterans, college students, people facing homelessness, and underserved and disadvantaged populations throughout San Diego County — from Oceanside to San Ysidro, and from the coast to the desert.

Feeding San Diego creates a comprehensive approach to hunger-relief and nutrition through our Feeding Kids, Feeding Families, Feeding Seniors, Feeding Heroes and Feeding Excellence initiatives. Individual programs within these initiatives, such as Mobile Pantry and School Pantry, support the immediate and long-term needs of the community.

Feeding San Diego's unique, resourceful model of operation focuses on preventing high-quality food that already exists from going to waste, and instead, connecting it to people in need. By preventing useable food from being thrown away, our programs reduce the environmental impact of expanding landfills and decomposing organic waste. Last year, our food rescue model accounted for more than 70 percent of the food distributed by Feeding San Diego, diverting more than 27 million pounds of nutritious food from going to landfills.

In addition to our food-service programs, Feeding San Diego acts as an advocate at the local and state level to protect government hunger-relief services like CalFresh (nationally known as SNAP) and provides clients with assistance in accessing public benefits. Feeding San Diego believes providing service with a sense of dignity is the foundation for helping clients access the resources they need. We are an independent 501(c)(3) non-profit corporation, affiliated with Feeding America, the largest domestic hunger-relief organization in the United States.

## **ABOUT MOBILE PANTRY**

Established in 2010, Feeding San Diego's Mobile Pantry program is a unique traveling pantry, and the only one of its kind in the county. This program provides a crucial lifeline to those living in predominantly rural areas in northern and eastern San Diego County. By meeting residents at consistent, familiar locations in the communities where they live and removing barriers to access — such as paperwork, income requirements, and transportation — Feeding San Diego's Mobile Pantry reaches people facing hunger that other programs and agencies cannot.

Feeding San Diego currently hosts 18 Mobile Pantry sites that offer distributions twice-monthly. The communities served by these distributions include a high number of low-income families and seniors on fixed incomes who live in "food deserts," where access to groceries and fresh produce is inadequate and transportation options are limited. In addition, the COVID-19 crisis has worsened an already serious problem by increasing food insecurity for communities lacking access to affordable groceries. With food costs soaring, our clients need to spend a larger percentage of their limited income on food, and the widespread grocery inventory shortages have hit the already underserved rural areas of the county particularly hard. To meet the increased need, Feeding San Diego has increased food provided through the Mobile Pantry program by approximately 20 percent program during the ongoing pandemic.

Feeding San Diego is also committed to serving as a community resource during natural disasters like wildfires and public safety power shutoffs. The Mobile Pantry program's established network of distribution sites and relationships within these communities make our response in times of disaster robust, quick, and efficient, and provide a trusted source of support for thousands of San Diegans during these events.

***In FY22, the Mobile Pantry program is projected to provide nearly 2.4 million pounds of nutritious food (2 million meals) to 3,000 unduplicated households through the Mobile Pantry program countywide.***

## **THE SAN MARCOS MOBILE PANTRY**

Even before the COVID-19 pandemic, San Marcos residents experiencing hunger were affected by a variety of circumstances including language barriers, migrant working conditions, unstable housing, or age-based health and mobility issues. Now, with ongoing economic disruptions, more local residents are facing food insecurity than ever.

***To help meet this need for food assistance, the San Marcos Mobile Pantry will provide approximately 180,000 pounds (150,000 meals) directly to the area's residents in FY22 through twice-monthly distributions in a consistent and convenient location.*** Families receive at least 34 pounds of healthy food per household at each Mobile Pantry distribution, with approximately 45-50 percent of the food provided by the program being fresh produce. Feeding San Diego prioritizes health and nutrition for those we serve since many low-income households frequently resort to inexpensive, processed foods to stretch their limited budgets for groceries. Fresh produce is often considered non-essential, which perpetuates a variety of nutrition related illnesses, including type 2 diabetes, obesity, and heart disease.

The San Marcos Mobile Pantry is hosted at our partner site, North County Health Services/TrueCare San Marcos, a centrally located and trusted community resource. Feeding San Diego transports food to this site, where trained coordinators and volunteers set up, stock the distributions, and market the events in the community. Our partner sites adhere to strict safe food handling rules and ensure consistent, equitable, and dignified distributions. Mobile Pantries also have a housebound-client policy where individuals who cannot travel to the sites can have food picked up on their behalf by friends and neighbors and brought to them.

### **LONG-TERM IMPACT**

Feeding San Diego believes our goal is not just to provide enough food for our community to survive, but to ensure people in need receive nutritious items that support their overall health and well-being. Feeding San Diego is focused on achieving the following objectives through the Mobile Pantry program:

- Improve food security for served households
- Increase consumption of vegetables, fruit and whole grains
- Decrease the consumption of junk food and fast food
- Reduce the risk of chronic illnesses, such as type-2 diabetes or hypertension, due to increased consumption of healthier foods
- Increase access to nutritious meals and economic impact via increased CalFresh enrollment

The Mobile Pantry program has resulted in positive healthy behavior outcomes, with 93 percent of families receiving food reporting that they eat more fruits and vegetables, 69 percent eat less unhealthy food (fast food, junk food, etc.), and 93 percent of families prepare more meals at home. 91 percent of food recipients at our Mobile Pantry program sites reported their overall experience as good or excellent.

### **COMMUNITY IMPACT**

Feeding San Diego is aware that the pandemic made existing socio-economic problems worse for many of the communities that we serve, exposing inequities in healthcare, public health lapses, gaping holes in safety net programs – and devastating levels of hunger. Even before COVID-19, hundreds of thousands of children, families, seniors, college students, veterans and other San Diegans were food insecure. Now, three years into a crisis that has caused rising food costs, job losses, disruptions to the food supply and economic instability, we are seeing a persistent, significant increase in need. And that need is even higher among those who identify as Black, Latino and Native American – populations that have been disproportionately affected by the pandemic.

Feeding San Diego helps improve the quality of life for community members by striving to alleviate hunger in underserved areas of San Diego County. We appreciate the San Marcos Community Foundation's commitment to improving the lives of individuals in our community and are grateful for your past generous support of our hunger-relief services in San Marcos. A \$10,000 grant from the San Marcos Community Foundation would help Feeding San Diego's San Marcos Mobile Pantry to continue to provide the community with the much-needed resources to fight hunger. As an ongoing program, grant funds will be expended within six months of the award date.

Now more than ever, Feeding San Diego is committed to providing the children, families, veterans, military and seniors in San Marcos and throughout San Diego County with the nutritious food they need for good health.

# **FEEDING SAN DIEGO**

## **San Marcos Mobile Pantry FY22 Budget**

Compensation and Benefits	20,172
Food Purchases	110,205
Administration	1,390
Facilities and Maintenance	8,120
Transportation and Equipment	2,191
Programs	212
Miscellaneous	1,231
<b>Total Expenses</b>	<b>143,521</b>



**FEEDING SAN DIEGO**  
**OPERATING & CAPITAL BUDGET**  
**Fiscal Year 2022**

	FY 2022 Budget
<b>Revenue</b>	
<b>Donations</b>	
Individuals	9,600,000
Foundations	1,800,000
Corporations	3,435,000
Organizations	435,000
Local Government	4,000,004
<b>Total Donations</b>	19,270,004
<b>Government</b>	1,968,097
<b>Other Income</b>	184,360
<b>Total Revenue</b>	21,422,461
<b>EXPENSES</b>	
Payroll Expenses	6,355,813
Food Purchases	15,194,035
Administration	519,224
Occupancy	1,030,663
Operations and Warehouse	519,555
Programs	2,869,689
Fundraising Expenses	492,532
Marketing & Communications	896,003
Miscellaneous	787,795
<b>TOTAL EXPENSES</b>	28,665,309
<b>NON-OPERATING EXPENSES</b>	
Capital Expenses	703,332
<b>TOTAL NON-OPERATING EXPENSES</b>	703,332
<b>EXCESS OF REVENUE OVER EXPENSES</b>	(7,946,180)

**BUDGET NOTES**

Revenue and expenses exclude in-kind food donations.

FY22 capital budget includes \$703K for distribution and warehouse equipment.

FSD is projected to have \$14M in cash surplus at the close of FY21 to support FY22 expenses related to increasing overall food distribution.



Department of the Treasury  
Internal Revenue Service

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

In reply refer to: 4077967774  
June 18, 2019 LTR 4168C 0  
26-0457477 000000 00

00034362  
BODC: TE

FEEDING SAN DIEGO  
% DENISE GURULE  
9455 WAPLES STREET  
SAN DIEGO CA 92121-3924

Employer ID number: 26-0457477  
Form 990 required: Yes

Dear Taxpayer:

We're responding to your request dated Mar. 22, 2019, about your tax-exempt status.

We issued you a determination letter in August 2007, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(3).

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

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

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

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

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

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

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

052532

4077967774

June 18, 2019 LTR 4168C 0

26-0457477 000000 00

00034363

FEEDING SAN DIEGO  
% DENISE GURULE  
9455 WAPLES STREET  
SAN DIEGO CA 92121-3924

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

Thank you for your cooperation.

Sincerely yours,

*Stephen A. Martin*

Stephen A. Martin  
Director, EO Rulings & Agreements



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

## Entity Status Letter

Date: 6/26/2018

ESL ID: 4190753525

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

Entity ID: 2999082

Entity Name: FEEDING SAN DIEGO

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

The above information does not necessarily reflect:

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

## Internet and Telephone Assistance

Website: **ftb.ca.gov**

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

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

## Feeding San Diego FY22 Board & Committee Matrix

### Board of Directors

NAME	TITLE	AFFILIATION
Gwendolyn Sontheim	Board Chair	Philanthropist & Director Aqualia International Foundation LTD
Eugene Chen	Secretary	Venture Capitalist, Executive & Entrepreneur Camino Innovation Holdings, LLC SPIWay, LLC Medenovo LLC CWC Healthtech Advisors
Sam Binkley	Director	President & Founder Healthy On You
Jon Buneta	Director	Senior Director of Food & Beverage Target Corporation
Juan Gil-Ramirez	Director	Investor and Entrepreneur Board Member Mexico City Food Bank
Bill Keitel	Director	Qualcomm Inc Former Executive Vice President and Chief Financial Officer
Mark Loretta	Director	Major League Baseball Veteran
Steve Netzley	Director	Global CEO Edge Performance Network CEO Havas Edge
Shari Sapp	Director	Community Volunteer and Philanthropist
Jodi Ungrodt	Director	Partner Ernst & Young LLP

**Return of Organization Exempt From Income Tax**  
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

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

OMB No. 1545-0047

**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**  
 FEEDING SAN DIEGO  
 9477 WAPLES STREET #100  
 SAN DIEGO, CA 92121

**D** Employer identification number

26-0457477

**E** Telephone number

(858) 452-3663

**G** Gross receipts \$ 67,589,546.

**F** Name and address of principal officer: DANIEL SHEA  
 SAME AS C ABOVE

**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.FEEDINGSANDIEGO.ORG**H(c)** Group exemption number ▶**K** Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶**L** Year of formation: 2007 **M** State of legal domicile: CA**Part I Summary**

<b>Activities &amp; Governance</b>	1 Briefly describe the organization's mission or most significant activities: <u>SEE SCHEDULE O</u>			
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.			
	3	Number of voting members of the governing body (Part VI, line 1a).....		
	4	Number of independent voting members of the governing body (Part VI, line 1b).....		
	5	Total number of individuals employed in calendar year 2019 (Part V, line 2a).....		
	6	Total number of volunteers (estimate if necessary).....		
	7a	Total unrelated business revenue from Part VIII, column (C), line 12.....		
7b	Net unrelated business taxable income from Form 990-T, line 39.....			
<b>Revenue</b>	8	Contributions and grants (Part VIII, line 1h).....	Prior Year 50,789,545.	Current Year 67,460,345.
	9	Program service revenue (Part VIII, line 2g).....	160,252.	122,937.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d).....	2,818.	2,454.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e).....	52,886.	-82,658.
	12	Total revenue — add lines 8 through 11 (must equal Part VIII, column (A), line 12).....	51,005,501.	67,503,078.
	<b>Expenses</b>	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3).....	322,709.
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).....	3,314,025.	3,817,828.
16a		Professional fundraising fees (Part IX, column (A), line 11e).....	262,045.	306,848.
b		Total fundraising expenses (Part IX, column (D), line 25) ▶ 2,350,214.		
17		Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e).....	46,461,695.	53,981,049.
18		Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25).....	50,360,474.	58,551,120.
<b>Net Assets or Fund Balances</b>	19	Revenue less expenses. Subtract line 18 from line 12.....	645,027.	8,951,958.
	20	Total assets (Part X, line 16).....	Beginning of Current Year 7,244,802.	End of Year 15,606,371.
	21	Total liabilities (Part X, line 26).....	3,595,262.	3,004,873.
	22	Net assets or fund balances. Subtract line 21 from line 20.....	3,649,540.	12,601,498.

**Part II Signature Block**

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

<b>Sign Here</b>	Signature of officer		Date		
	DANIEL SHEA		CEO		
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	CANDACE M RAFFA, CPA				P00534157
	Firm's name	Firm's EIN			
	CLIFTONLARSONALLEN LLP	41-0746749			
	Firm's address	Phone no.			
	2875 MICHELLE STE 300	(714) 978-1300			
	IRVINE, CA 92606				

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

TEEA0101L 01/21/20

Form 990 (2019)

**Part III Statement of Program Service Accomplishments**Check if Schedule O contains a response or note to any line in this Part III ☒ **X****1** Briefly describe the organization's mission:CONNECT EVERY PERSON FACING HUNGER WITH NUTRITIOUS MEALS BY MAXIMIZING FOOD RESCUE.**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 \$ 54,871,229. including grants of \$ 445,395.) (Revenue \$ 122,937.)SEE 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 ▶ 54,871,229.

**FEEDING SAN DIEGO**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**  
**WITH INDEPENDENT AUDITORS' REPORT**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

[CLAconnect.com](http://CLAconnect.com)



**FEEDING SAN DIEGO  
TABLE OF CONTENTS  
JUNE 30, 2020**

	<u>Page</u>
<b>Independent Auditors' Report.....</b>	<b>1</b>
<b>Financial Statements:</b>	
Statement of Financial Position .....	3
Statement of Activities and Changes in Net Assets .....	4
Statement of Cash Flows .....	5
Statement of Functional Expenses .....	6
Notes to Financial Statements.....	7



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Feeding San Diego  
San Diego, California

We have audited the accompanying financial statements of Feeding San Diego (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Board of Directors  
Feeding San Diego

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 Feeding San Diego 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Irvine, California  
August 23, 2021

**FEEDING SAN DIEGO**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 8,623,597
Accounts receivable, net	1,652,581
Pledges receivable	306,023
Inventory	2,061,686
Prepaid expenses and other current assets	151,606
Total Current Assets	<u>12,795,493</u>

Property and Equipment, at Net Book Value	1,734,393
---	-----------

Other Assets - Deposits	<u>85,166</u>
-------------------------	---------------

Total Assets	<u><u>\$ 14,615,052</u></u>
--------------	-----------------------------

**LIABILITIES AND NET ASSETS**

Current Liabilities:

Accounts payable	\$ 1,232,624
Accrued expenses	345,679
Paycheck Protection Program note payable	648,500
Total Current Liabilities	<u>2,226,803</u>

Long-Term Liability - Deferred Rent	<u>20,070</u>
-------------------------------------	---------------

Total Liabilities	2,246,873
-------------------	-----------

Net Assets:

Without donor restrictions	12,262,268
With donor restrictions	105,911
Total Net Assets	<u>12,368,179</u>

Total Liabilities and Net Assets	<u><u>\$ 14,615,052</u></u>
----------------------------------	-----------------------------

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

**FEEDING SAN DIEGO**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Community Support:			
Rescued and donated food	\$ 46,635,000	\$ -	\$ 46,635,000
Grants and awards	8,863,677	-	8,863,677
Federal awards	1,210,464	-	1,210,464
Contributions	10,510,501	-	10,510,501
Total Community Support	67,219,642	-	67,219,642
Shared Maintenance Fees	130,216	-	130,216
Other Income	6,264	-	6,264
Net Assets Released from Restrictions	734,800	(734,800)	-
Total Support and Revenue	68,090,922	(734,800)	67,356,122
Expenses:			
Program:			
Program expenses	54,871,229	-	54,871,229
Total Program	54,871,229	-	54,871,229
Support:			
General and administrative	1,329,572	-	1,329,572
Development	2,436,682	-	2,436,682
Total Support	3,766,254	-	3,766,254
Total Expenses	58,637,483	-	58,637,483
Change in Net Assets	9,453,439	(734,800)	8,718,639
Total Net Assets, Beginning of Year	2,808,829	840,711	3,649,540
Total Net Assets, End of Year	<u>\$ 12,262,268</u>	<u>\$ 105,911</u>	<u>\$ 12,368,179</u>

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

**FEEDING SAN DIEGO**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2020**

Cash Flows from Operating Activities:

Change in Net Assets	\$ 8,718,639
Noncash Items Included in Change in Net Assets:	
Depreciation	259,596
Loss on disposal of property and equipment	15,488
Inventory - rescued and donated food	(68,869)
Changes in:	
Accounts receivable	(1,507,062)
Pledges receivable	3,246,026
Inventory	(1,188,484)
Prepaid expenses and other current assets	42,787
Deposits	(24,496)
Deferred revenue	(3,000,000)
Accounts payable	993,519
Accrued expenses	51,972
Deferred rent	(42,380)
Net Cash Provided by Operating Activities	<u>7,496,736</u>

Cash Flows from Investing Activities:

Proceeds from the sale of property and equipment	3,500
Purchase of property and equipment	<u>(1,453,379)</u>
Net Cash Used by Investing Activities	<u>(1,449,879)</u>

Cash Flows from Financing Activities:

Proceeds on Paycheck Protection Program note payable	<u>648,500</u>
Net Cash Provided by Financing Activities	<u>648,500</u>

Net Increase in Cash	6,695,357
Cash, Beginning of Year	<u>1,928,240</u>
Cash, End of Year	<u><u>\$ 8,623,597</u></u>

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

**FEEDING SAN DIEGO**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	Program Expenses	General and Administrative	Development	Total Expenses
Reccued and donated food	\$ 46,612,649	\$ -	\$ -	\$ 46,612,649
Salaries	1,877,824	520,987	986,864	3,385,675
Food procurement	3,714,628	-	-	3,714,628
Rent and common area maintenance charges	580,016	21,997	10,723	612,736
Programs - grants and support	463,096	-	-	463,096
Transportation and freight	472,866	-	-	472,866
Employee benefits	257,751	63,632	110,770	432,153
Equipment	101,774	836	531	103,141
Public relations and marketing	-	-	785,970	785,970
Miscellaneous expenses	52,351	35,739	4,064	92,154
Fundraising expenses	-	-	309,448	309,448
Depreciation	-	259,596	-	259,596
Utilities	218,969	18,595	4,048	241,612
Outside services	113,524	158,908	59,241	331,673
Dues and subscriptions	23,243	41,608	4,644	69,495
Postage and printing	4,418	2,282	31,735	38,435
Vehicle expenses	102,234	-	-	102,234
Repairs and maintenance	50,452	-	-	50,452
Travel	23,389	10,291	7,153	40,833
Special events	-	-	86,468	86,468
Insurance	56,538	1,264	621	58,423
Supplies	96,823	3,359	444	100,626
Computer expenses	38,538	2,624	32,027	73,189
Bank fees and service charges	894	142,608	-	143,502
Employee events	-	4,147	-	4,147
Professional services	-	37,436	-	37,436
Training and education	9,252	1,955	1,931	13,138
Bad debt expenses	-	1,708	-	1,708
<b>Total Functional Expenses</b>	<b>\$ 54,871,229</b>	<b>\$ 1,329,572</b>	<b>\$ 2,436,682</b>	<b>\$ 58,637,483</b>
	94.44%	2.27%	4.16%	100.00%

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

**FEEDING SAN DIEGO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

**Nature of Operations**

Established in 2007, Feeding San Diego (Feeding San Diego or the Organization) is a nonprofit organization funded by philanthropic and community support and dedicated to connecting every person facing hunger with nutritious meals by maximizing food rescue. Operating as an independent nonprofit, Feeding San Diego is a member of Feeding America, the largest domestic hunger-relief organization in the United States.

**Program Services**

Feeding San Diego serves people facing hunger through multiple programs, each focusing on a distinct population, to support an overarching vision of a hunger-free and healthy San Diego.

**Feeding Families Initiative:** Feeding San Diego provides healthy meals to families across the county through direct-to-client distributions and partner agencies who operate their own soup kitchens, food pantries, and hunger-relief programs.

**Feeding Kids Initiative:** Feeding San Diego serves children, youth, and their families facing hunger through a variety of distributions at their schools, afterschool activities, and summer programs.

**Feeding Heroes Initiative:** Feeding San Diego provides nutritious food to active-duty military and veteran households facing hunger through community partner distributions and direct-to-client programs.

**Feeding Seniors Initiative:** Feeding San Diego serves seniors through distributions at direct service sites, senior-housing complexes, partner agencies, and a meal-delivery partnership with Meals on Wheels.

In addition to direct service and community partnerships, Feeding San Diego operates a variety of outreach programs to help vulnerable people facing hunger to access food assistance and public benefits.

**Basis of Accounting and Presentation**

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). References to the ASC hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board (FASB) as the source of authoritative U.S. GAAP.

Accordingly, the accounts of the Organization are reported in the following net asset categories:

*Net Assets without Donor Restrictions* - Net assets of the Organization that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).



**FEEDING SAN DIEGO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting and Presentation (continued)**

*Net Assets with Donor Restrictions* - Net assets of the Organization that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

**Use of Estimates**

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, cash includes petty cash funds, bank checking accounts used for operating purposes, and investments with maturities of three months or less from the original purchase dates.

**Accounts Receivable**

Accounts receivable represent amounts due from affiliated agencies and are stated at the amount that the Organization expects to collect for partner agency income and federally funded programs administered by states. Provision for losses on receivables is made when considered necessary to maintain an adequate allowance to cover bad debts. Receivables are charged against the allowance when the Organization determines that payments will not be received. Any subsequent receipts are credited to the allowance. There was no allowance for doubtful accounts at June 30, 2020. Bad debt expense for the year ended June 30, 2020, amounted to \$1,708.

**Pledges Receivable**

Pledges are unconditional promises to give toward the Organization's programs and are recorded as revenue when the pledge is received. At June 30, 2020, the Organization has pledges receivable of \$306,023 and are considered to be fully collectible. Accordingly, there were no allowances for doubtful pledges.

**Inventory**

Inventory consists of rescued and donated, nongovernment food and grocery items, purchased food, and emergency food boxes stored in the event of a disaster. Rescued and donated food for the year ended June 30, 2020, is valued at \$1.74 per pound, based on an annual cost study conducted for Feeding America's national office. Purchased food is valued at its historical cost.

**FEEDING SAN DIEGO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Property and Equipment**

Property and equipment are recorded at cost or estimated fair value if the items are donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from three to six years for vehicles, office furniture, and equipment, and the lesser of the lease term or the estimated useful life for cold storage and leasehold improvements. Equipment purchases over \$1,000 are capitalized. Depreciation is recorded as a decrease in net assets without donor restrictions, and the expense is charged to the activity benefiting from the use of the facilities or equipment. Depreciation expense for the year ended June 30, 2020, amounted to \$259,596.

**Long-Lived Assets and Asset Impairment**

The Organization accounts for impairment and disposition of long-lived assets in accordance with FASB ASC 360-10, *Property, Plant, and Equipment*. FASB ASC 360-10 requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amounts. At June 30, 2020, no impairment losses have been recorded.

**Accrued Paid Time Off**

Accrued paid time off represents time earned but not taken as of June 30. The maximum paid time off that can be accrued and carried over to the next year is 160 hours. The accrued paid time off balance as of June 30, 2020, is \$156,455 and has been included in accrued expenses in the accompanying statement of financial position.

**Deferred Rent**

Rent expense is recognized in compliance with FASB ASC 840-10, *Accounting for Leases*, whereby the expense is accrued ratably over the life of the subject lease with the intent to even out the effect of rent holidays and scheduled rent increases. At June 30, 2020, the Organization's total deferred rent liabilities are \$20,070 and included within deferred rent in the accompanying statement of financial position.

**Revenue Recognition**

Amounts received from grants and contracts are not reported as revenue until the resources are expended for the purpose specified or until a stipulated time restriction ends.

In accordance with FASB ASC 958-605, *Revenue Recognition*, contributions received are recorded as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor restrictions. Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no conditional promises to give at June 30, 2020.

**FEEDING SAN DIEGO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition (continued)**

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other support that is restricted by the donor 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 donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

In-Kind Contributions - As stated above, rescued and donated food for the year ended June 30, 2020, is valued at \$1.74 per pound, based on an annual cost study conducted for Feeding America's national office. Donated equipment and other goods are recorded at their estimated fair market value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time services are rendered. The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations. While these contributed services are not reflected in the financial statements, the estimated value of these services is disclosed in Note 8.

Shared Maintenance Fees - The Organization receives fees from participating agencies to assist in the costs of distributing food. These fees are based on predetermined rates from \$-0- to \$0.19 per pound or an average of \$0.014 per pound. Total shared maintenance fees for the year ended June 30, 2020, were \$130,216.

**Functional Allocation of Expenses**

The costs of providing the programs and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. Certain categories of expenses that are attributable to more than one function of the Organization require allocation on a reasonable basis that is consistently applied. Expenses are allocated in the following ways. Labor expenses are allocated on a pro rata share of work done whether it is for programs, general and administrative, or development departments.

Costs related to the collection of rescued or donated food through the distribution center are allocated by poundage under programs. Occupancy expenses are allocated on a pro rata share of square footage of the building depending on each functional area.

**Fundraising Costs**

For the year ended June 30, 2020, the Organization conducted fundraising activities that included appeals for contributions and incurred costs of \$395,916. For the year ended June 30, 2020, these activities included costs from direct mail campaigns totaling \$309,448 and special event costs totaling \$86,468.

**FEEDING SAN DIEGO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Public Relations and Marketing Costs**

Public relations and marketing costs are charged to operations when incurred. Public relations and marketing costs charged to operations for the year ended June 30, 2020, totaled \$785,970.

**Special Events**

To increase the financial viability and impact of the Organization now and in the future, a private donor underwrote the majority of the costs of hosting a large-scale fundraising gala during the year ended June 30, 2020. A large expense such as this would not have been possible without the generosity of this donor, thereby enabling the Organization to increase awareness of hunger relief in new philanthropic communities through the education of 300 guests.

**Income Taxes**

The Organization is recognized as tax exempt under Section 501(c)(3) of the Internal Revenue Code and the corresponding state code and is classified as an organization other than a private foundation. Accordingly, there is no provision for income taxes in the accompanying financial statements.

The Organization recognizes the tax benefit associated with tax taken for tax return purposes when it is more likely than not that the position will be sustained. The Organization does not believe that there are any material uncertain tax positions, and accordingly, it has not recognized any liability for unrecognized tax benefits or any related interest or penalties.

**Recent Accounting Pronouncement – Adopted**

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities - Revenue Recognition (Topic 958-605)*. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. This update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958 or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2019, and early adoption is permitted. The Organization has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ended June 30, 2020. There was not a material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

**FEEDING SAN DIEGO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**New Accounting Pronouncement – Net Yet Adopted**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The ASU amends a number of aspects of lease accounting, including requiring lessees to recognize on their balance sheet a right-of-use asset and a lease liability for all operating leases with a term of more than 12 months. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of asset not to recognize the right-of-use asset and lease liability. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021; however, early adoption is permitted. The Organization anticipates recognizing a right-of-use asset and a lease liability on the statements of financial position for the discounted value of future lease payments from the adoption of ASU 2016-02. The Organization is currently evaluating the full impact of the provisions of ASU 2016-02 on the presentation of its financial statements.

**Note 2: Liquidity**

The Organization's financial assets available for general expenditure (that is, without donor or other restrictions limiting their use), within one year of the statement of financial position date, are as follows as of June 30, 2020:

Cash	\$ 8,623,597
Less: Organization reserve	<u>(1,923,410)</u>
Cash available to meet general expenditures	6,700,187
Accounts receivable	1,652,581
Pledges receivable	<u>306,023</u>
Total Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 8,658,791</u>

Cash as stated above has been reduced by \$1,923,410 from amounts reported in the accompany statement of net position at June 30, 2020, based on the Organization's reserve policy that states a reserve must be maintained equal to the target minimum Operating Reserve Fund, which is three months of average operating costs, as estimated by management.

**Note 3: Inventory**

Inventory consists of the following at June 30, 2020:

Rescued and donated food	\$ 701,058
Purchased commodities	1,287,200
Donated produce inventory	<u>73,428</u>
Total Inventory	<u>\$ 2,061,686</u>

**FEEDING SAN DIEGO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 4: Donations**

The Organization receives or rescues substantial donations of food (which includes personal hygiene items and other staples), equipment, and volunteer services. Contributions of food and equipment are recorded at their estimated fair values in the period received. Food distribution activity during the year ended June 30, 2020, was as follows (in pounds) (unaudited):

	<u>Contributed (lbs.)</u>	<u>Purchased (lbs.)</u>	<u>Total (lbs.)</u>
Food Held for Distribution,			
Beginning of Year	435,566	150,899	586,465
Food received	29,475,295	3,420,749	32,896,044
Food distributed and unusable product	<u>(28,702,531)</u>	<u>(2,210,102)</u>	<u>(30,912,633)</u>
Food Held for Distribution,			
End of Year	<u>1,208,330</u>	<u>1,361,546</u>	<u>2,569,876</u>

**Note 5: Property and Equipment**

At June 30, 2020, property and equipment consist of the following:

Machinery, equipment, and vehicles	\$ 1,478,426
Cold storage and leasehold improvements	1,096,469
Furniture and fixtures	138,306
Computer equipment	<u>298,118</u>
Total Property and Equipment, at Cost	3,011,320
Less: Accumulated depreciation	<u>(1,276,927)</u>
Property and Equipment, at Net Book Value	<u>\$ 1,734,393</u>

**Note 6: Employee Benefit Plan**

The Organization has a qualified defined benefit contributory 401(k) plan, whereby eligible employees may contribute a percentage of compensation and the Organization contributes a discretionary match. For the year ended June 30, 2020, employer contributions were \$79,255. 401(k) Plan administrative expenses for the year ended June 30, 2020, were approximately \$5,700.

**Note 7: Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of future expenditures for various programs, initiatives, and asset purchases. Net assets with donor restrictions as of June 30, 2020, consist of the following:

California Department of Social Services - equipment	\$ 101,490
Feeding America - campaign	<u>4,421</u>
Total Net Assets with Donor Restrictions	<u>\$ 105,911</u>

**FEEDING SAN DIEGO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 8: Contributed Services**

Substantial volunteer time does not meet the criteria for FASB ASC 958-605 and accordingly has not been reflected in the accompanying financial statements. However, the tasks performed by these volunteers are central to the Organization's operations. They mainly include the inspection, handling, and assembly of food donations across all of the Organization's feeding initiatives. The unaudited estimated value of such volunteer time for the year ended June 30, 2020, was calculated using the California minimum wage, which amounted to approximately \$547,000.

**Note 9: Conflict of Interest**

Included among the Organization's Board of Directors are volunteers from the community who provide valuable assistance to the Organization in the development of policies and programs and in the evaluation of business transactions. The Organization has adopted a conflict of interest policy whereby board members are disqualified from participation in a final decision regarding any action that might affect their related company or organization.

**Note 10: Risks and Uncertainties**

The Organization received 26% of its monetary support via one contributor for the year ended June 30, 2020.

The Organization maintains cash balances at one financial institution. At June 30, 2020, accounts at this institution are insured by the Federal Deposit Insurance Corporation for up to \$250,000. The Organization's cash balances at this institution in excess of federally insured limits at June 30, 2020, totaled approximately \$9,390,000.

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of an outbreak of a new strain of coronavirus (COVID-19). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase of the virus and its global exposure. In addition, several U.S. states, including California where the Organization is headquartered, have declared a state of emergency.

The Organization is substantially supported by contributions, grants, and government contracts. At this time, the Organization cannot anticipate all the ways in which a health pandemic such as COVID-19 can adversely impact it. Although management is continuing to monitor and assess the effects of the COVID-19 pandemic on the Organization, the ultimate impact of the COVID 19 outbreak or a similar health epidemic is highly uncertain and subject to change.

**FEEDING SAN DIEGO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 11: Line of Credit**

The Organization has available a revolving line of credit for up to \$500,000. There were no balances outstanding at June 30, 2020. The interest rate is 1.0% above the prime rate. The line of credit is secured by substantially all the Organization's assets. The line of credit expired July 2020.

**Note 12: Related Party Transactions**

During the year ended June 30, 2020, the Organization received approximately \$166,000 in giving from a member of the board of directors. Also, a member of the board of directors is also a member of the board of directors of a certain donor. This donor provided approximately \$5,007,000 of contributions during the year ended June 30, 2020.

**Note 13: Paycheck Protection Program (PPP) Loan**

On April 16, 2020, the Organization received a loan from a bank in the amount of \$648,500 to fund payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

Subsequent to year-end, the Organization has received notification from the SBA on February 1, 2021, that the Organization has been granted forgiveness of the full amount of the loan and all corresponding interest totaling \$653,297. The SBA has the right to and may review/audit funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any subsequent review/audit will not have a material adverse impact on the Organization's financial position.



**FEEDING SAN DIEGO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 14: Commitments and Contingencies**

**Operating Leases**

The Organization leases warehouse and office space and office equipment expiring through April 2027. Total rent expense, including common area maintenance charges, related to such operating leases for the year ended June 30, 2020, amounted to \$612,736. Future aggregate minimum annual rental payments under these noncancelable leases as of June 30 are as follows:

2021	\$662,086
2022	677,316
2023	686,474
2024	706,639
2025	727,838
Thereafter	<u>1,261,888</u>
Total Future Minimum Lease Payments	<u>\$4,722,241</u>

**Note 15: Subsequent Events**

Events occurring after June 30, 2020, have been evaluated for possible adjustment to the financial statements or disclosure as of August 23, 2021, which is the date the financial statements were available to be issued.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](http://nexia.com/member-firm-disclaimer) for details. CliftonLarsonAllen LLP



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



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

Project Name:    Solutions Academy /Workforce Training  Date Submitted: 04/01/2022	Total # of people served: 200  Total # of San Marcos residents served:    56	Amount Requested: \$10,000
Non-Profit Organization Name and Address, Website Solutions for Change, Inc. 722 W. California Avenue Vista, CA 92083 Solutionsforchange.org	Contact Person – Name, Title & Phone, email Christine Amely Grant Coordinator 760-941-6545 x329 camely@solutionsforchange.org	
<p><u>Briefly</u> describe your request for funds (to be expanded upon in narrative for regular grant):</p> <p>Solutions Academy is a 700-day personal development academy that reimagines futures for homeless families through structured classes, counseling, and workforce training. Solutions for Change requests funding to support our Workforce Training Program, which provides homeless families with the skills, knowledge, and resources they need to gain and maintain physical, mental, and financial health. A major factor in our residents' success lies in their ability to find and keep a stable job, and to increase their income to "market wage". For this reason, Workforce Development is an essential piece of the Solutions Academy program.</p>		
<p><u>Briefly</u> describe the significance of your request to the San Marcos community:</p> <p>Family homelessness is a too-often-forgotten aspect of the larger homeless problem that confronts virtually every community. Nationally, regionally, and locally the plight of homeless children and their parents is almost invisible, despite the fact that staggeringly large numbers of people—and futures—are at risk.</p> <p>Solutions for Change works to end the "churn" – the endless cycle of poverty and homelessness. Approximately 28% of the families/people we serve come from San Marcos. Further, nearly all of our graduates continue to live and work in North County, specifically the 78 corridor. The additional impact of solving family homelessness is a reduction in the cost of government support services, local economic growth as families become employed and contribute to local economies, and a reduction in crime by and against homeless individuals.</p>		
Please attach the following items. <b>Both Mini-Grant &amp; Regular:</b> 1. Budget for request (use SMCF Budget Worksheet) 2. Annual Operating budget for the organization or unit 3. Federal & State Tax ID numbers 4. Board of Directors listing with affiliations <b>5. Regular Grants Only:</b> a. 1-2 page narrative b. First 2 pages of Federal 990 c. Most recent year-end Statement or Audit including any management letters associated with Audit. d. Signature of President or Authorized Officer on Application e. Optional: letters of support	Expected date project will begin/end: 12/31/2022  Date by which funds will be expended: 12/31/2022  <hr/> Signature of President or Authorized Officer <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: right;"> <u>04/01/2022</u>              Date           </div> </div> <hr/> Name, Title Chris Megison, President/CEO	
Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): <a href="mailto:cityclerk@san-marcos.net">cityclerk@san-marcos.net</a>		

## SAN MARCOS COMMUNITY FOUNDATION

### SOLUTIONS FOR CHANGE – SOLUTIONS ACADEMY 2022 PROJECT BUDGET

Provide an itemized list of expenses for this project:

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

<u>Dues, Memberships &amp; Subscriptions</u>	\$ <u>12,500</u>
<u>Computer Hard/Software &amp; Repair</u>	\$ <u>6,000</u>
<u>Advertising &amp; Marketing</u>	\$ <u>5,000</u>
<u>Furniture/Equipment</u>	\$ <u>3,000</u>
<u>Insurance</u>	\$ <u>9,000</u>
<u>Meetings/Training/Travel</u>	\$ <u>22,000</u>
<u>Office Expense</u>	\$ <u>6,000</u>
<u>Program Supplies</u>	\$ <u>73,000</u>
<u>Personnel</u>	\$ <u>875,000</u>
<u>Utilities</u>	\$ <u>25,000</u>
<u>Professional Fees</u>	\$ <u>35,000</u>
<u>Repairs &amp; Maintenance</u>	\$ <u>12,000</u>

**Total budget for this PROJECT:** \$ 1,084,000

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

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


Is this a challenge grant? No

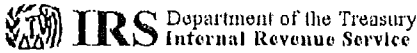
Could it be?

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

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

\$ <u>100,000</u>	<u>Hay Foundation</u>	<u>C</u>
\$ <u>15,000</u>	<u>Pacific Western Bank</u>	<u>C</u>
\$ <u>25,000</u>	<u>Bank of America Foundation</u>	<u>P</u>
\$ <u>15,000</u>	<u>Hunter Industries</u>	<u>P</u>

2022 Budget	
Income Line Items	Projected 2022
Gov Assistance (COVID only)	\$675,000
Donations	\$2,000,000
Foundation (Grants)	\$775,000
Public Funds	\$610,000
Developer Fees	\$145,000
Event Fundraising	\$760,000
Rental Income	\$850,000
Other Tenant Charges	\$4,500
Laundry/Vending	\$11,000
Farm Sales	\$50,000
Property Management	\$250,000
<b>Total Income</b>	<b>\$6,130,500</b>
Cost of Goods Sold	\$10,800
<b>Total Net Income</b>	<b>\$6,119,700</b>
Expense Line Items	Projected 2022
Personnel	\$2,560,000
Dues, Memberships & Subs	\$65,000
Computer Hard/Software & Repair	\$45,000
Furniture and Equipment	\$5,000
Event Fundraising Expense	\$260,000
Advertising and Marketing	\$300,000
Meetings/Training/ Travel	\$70,000
Office Expense	\$120,000
Program Expense	\$30,000
Professional Fees	\$350,000
Facilities	\$425,000
Rent Expense (New 2022 expense-MCE)	\$300,000
Loan Interest	\$175,000
Bank & Finance Charge	\$20,000
Farm Supplies	\$18,000
Repairs & Maintenance	\$375,000
Taxes/Licenses/Permits	\$60,000
Insurance	\$220,000
Depreciation	\$575,000
<b>Total Estimated Expense</b>	<b>\$5,973,000</b>
Subtract Noncash Depreciation	\$575,000
<b>Total Adjusted Cash Expense</b>	<b>\$5,398,000</b>
<b>Income Left After Cash Expense</b>	<b>\$721,700</b>
Setaside for SFC New Reserves (CC)	\$200,000
Setaside for Capital Campaign (CC)	\$521,700
<b>Total Cash Setaside</b>	<b>\$721,700</b>
<b>Balance</b>	<b>\$0</b>



OGDEN UT 84201-0029

In reply refer to: 4077550286  
July 22, 2014 LTR 4168C 0  
33-0902617 000000 00  
00029243  
BODC: TE

SOLUTIONS FOR CHANGE INC  
% MICHAEL C MEGISON  
722 W CALIFORNIA AVE  
VISTA CA 92083-3565



003156

Employer Identification Number: 33-0902617  
Person to Contact: MS SINGLETON  
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your June 05, 2014, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in JUNE 2000.

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

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

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



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

## Entity Status Letter

Date: 1/26/2022

ESL ID: 5222975211

### Why You Received This Letter

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

Entity ID: 2048058

Entity Name: SOLUTIONS FOR CHANGE, INC.

- ☒ 1. The entity is in good standing with the Franchise Tax Board.
- ☐ 2. The entity is **not** in good standing with the Franchise Tax Board.
- ☒ 3. The entity is currently exempt from tax under Revenue and Taxation Code (R&TC) Section 23701 d.
- ☐ 4. We do not have current information about the entity.
- ☐ 5. The entity was administratively dissolved/cancelled on \_\_\_\_\_ through the Franchise Tax Board Administrative Dissolution process.

### Important Information

- This information does not necessarily reflect the entity's current legal or administrative status with any other agency of the state of California or other governmental agency or body.
- If the entity's powers, rights, and privileges were suspended or forfeited at any time in the past, or if the entity did business in California at a time when it was not qualified or not registered to do business in California, this information does not reflect the status or voidability of contracts made by the entity in California during the period the entity was suspended or forfeited (R&TC Sections 23304.1, 23304.5, 23305a, 23305.1).
- The entity certificate of revivor may have a time limitation or may limit the functions the revived entity can perform, or both (R&TC Section 23305b).

### Connect With Us

Web: **ftb.ca.gov**  
Phone: 800.852.5711 from 7 a.m. to 5 p.m. weekdays, except state holidays  
916.845.6500 from outside the United States  
TTY/TDD: 800.822.6268 for persons with hearing or speech impairments



## **Solutions for Change**

### **2022 Board of Directors Roster**

Leanne Abraham – Board Chair  
President at Premierhire Executive Search  
leanne@premierhire.com

Jack Landers – Treasurer  
Teague Insurance Agency  
jlanders@teagueins.com

Bret Schanzenbach- Secretary  
CEO Carlsbad Chamber of Commerce  
bret@carlsbad.org

Dawn Hall Cuneen  
Cuneen Booth LLP  
dhc@cuneenbooth.com

Mark T. Ealy CFP, CPA  
Wealth Management Group  
mark@wmgrp.com

Steven Ogus  
Senior Vice President at Bridge Bank  
stevenogus@yahoo.com

Toby Wiik  
President/CEO-Standard Filter Corporation  
toby@standardfilter.com

Gloria Foote  
Financial Focus LLC  
Gloria.foote@financialfocusllc.com

Mike Kennedy  
Consultant  
Mike.kennedy127@gmail.com

John Conrad  
Senior Accountant, Alvarado Hospital  
Jpconrad69@att.net

Chris Chen  
County of San Diego  
Independent Redistricting Commissioner  
Christop chen@att.net



## **Project Description**

Solutions for Change is requesting funding from the San Marcos Community Foundation to help support the Workforce Development portion of Solutions Academy.

Solutions Academy is both a program and a place. The core facility is a 32,000 square foot complex on two acres in Vista, where we have 33 apartments, a healing and retreat center that can accommodate 10 families, classrooms, a counseling center, and our administrative facilities.

Our families didn't become homeless overnight. Instead, many times it was a result of years of addiction, trauma, mental illness, or generational disadvantage. To truly get these families back on their feet requires a similarly long-term solution - one that provides stable, enduring support. Our 700-day approach provides training that drives success in every facet of our families' lives - from employment to mental health to early childhood development.

We have witnessed just how essential job readiness training is in our 22 years of experience with this population. Homeless parents often face multiple barriers to economic self-sufficiency: a criminal record, previous drug or substance abuse, low educational attainment, limited access to childcare and transportation, and a lack of job skills.

The Workforce Development portion of the program includes basic job skills, teamwork, communication, and work ethics. In addition, the curriculum covers professional etiquette, public speaking, time management and organization, and workforce mobility/advancement. Under-employment, defined as working in low-paying or low-skilled jobs, is one of the causal factors for most homeless families. Structured classes are designed to connect residents with relevant, transferable job skills and better opportunities for long-term employment and financial stability.

A major factor in our residents' success lies in their ability to find and keep a stable job, and to increase their income to "market wage". For this reason, Workforce Development is an essential piece of the Solutions Academy program. The program helps orient and train parents in the soft skills vital for success in any job. We do this in a re-learning environment in which they must suit up, show up, and follow directions on the job. Every Monday through Friday, participants spend seven hours performing various functions ranging from front desk reception to property maintenance for a total of 380 hours. This training is so pivotal as many of our families have been out of the workforce for several years (if they entered at all) and desperately require this space to receive training so that they can find and hold a job outside of the program.

Upon completion of the training, staff work with residents to compile and perfect their resumes, then conduct mock interviews to prepare them for landing the perfect job. They also go through rigorous financial literacy coursework making sure their hard-earned dollars are used most effectively for themselves and their families.

### **Collaboration and Outreach**

Solutions for Change has a strong presence in San Marcos, and we are fortunate to work with nonprofits, faith-based, civic, health, and law enforcement organizations in San Marcos. These groups, including the Homeless Outreach Team, San Marcos School District, San Marcos Library, San Marcos Mental Health Systems, Awaken Church, The Rock Church, and the San Marcos Sheriff's Department collaborate with Solutions to refer families to our program. In addition, our program staff regularly performs outreach at community events and is available for presentations upon request.

### **Target Group**

The majority of the people we serve come from significantly low-income backgrounds -- below 30% of area median income and most at the very bottom of that spectrum, with almost no money or other assets. On average, 85% of the families in our care are led by single moms, with an average of two children per family. The primary causes of homelessness for the families being referred to our program are: substance abuse (70+%), domestic violence, mental illness, housing instability, poor credit, generational poverty, under-education, under-employment, low self-esteem, abuse, codependency, and a history of criminal activity.

### **Service Units/2022 Projected:**

- 80 families are served annually (8-10 families entering the program every 30-60 days), representing 200 individuals.
- 100% of the students served are low income
- 77% of students (61 adults) will acquire and retain adequate, full-time employment
- 76% of students (60 adults) will achieve their savings goal
- 93% of families (74 families) will move into permanent, off-campus housing upon completion of the program
- Approximately 28% of the students/families served will be from San Marcos

# Return of Organization Exempt From Income Tax

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

**2020**Department of the Treasury  
Internal Revenue Service

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

**Open to Public Inspection**

<b>A</b> For the 2020 calendar year, or tax year beginning , 2020, and ending , 20															
<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:70%; vertical-align: top;"> <b>C</b> SOLUTIONS FOR CHANGE, INC.            722 W CALIFORNIA AVENUE            VISTA, CA 92083         </td> <td style="width:30%; vertical-align: top;"> <b>D</b> Employer identification number            33-0902617  <b>E</b> Telephone number            (760) 941-6545  <b>G</b> Gross receipts \$ 3,638,996.         </td> </tr> <tr> <td colspan="2"> <b>F</b> Name and address of principal officer: CHRIS MEGISON            SAME AS C ABOVE         </td> </tr> <tr> <td colspan="2"> <b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No            If "No," attach a list. See instructions         </td> </tr> <tr> <td colspan="2"> <b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527         </td> </tr> <tr> <td colspan="2"> <b>J</b> Website: ▶ WWW.SOLUTIONSFORCHANGE.ORG         </td> </tr> <tr> <td colspan="2"> <b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶         </td> </tr> <tr> <td colspan="2"> <b>L</b> Year of formation: 1999 <b>M</b> State of legal domicile: CA         </td> </tr> </table>	<b>C</b> SOLUTIONS FOR CHANGE, INC. 722 W CALIFORNIA AVENUE VISTA, CA 92083	<b>D</b> Employer identification number 33-0902617 <b>E</b> Telephone number (760) 941-6545 <b>G</b> Gross receipts \$ 3,638,996.	<b>F</b> Name and address of principal officer: CHRIS MEGISON SAME AS C ABOVE		<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. See instructions		<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>J</b> Website: ▶ WWW.SOLUTIONSFORCHANGE.ORG		<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation: 1999 <b>M</b> State of legal domicile: CA	
<b>C</b> SOLUTIONS FOR CHANGE, INC. 722 W CALIFORNIA AVENUE VISTA, CA 92083	<b>D</b> Employer identification number 33-0902617 <b>E</b> Telephone number (760) 941-6545 <b>G</b> Gross receipts \$ 3,638,996.														
<b>F</b> Name and address of principal officer: CHRIS MEGISON SAME AS C ABOVE															
<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. See instructions															
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527															
<b>J</b> Website: ▶ WWW.SOLUTIONSFORCHANGE.ORG															
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶															
<b>L</b> Year of formation: 1999 <b>M</b> State of legal domicile: CA															

<b>Part I Summary</b>				
<b>Activities &amp; Governance</b>	1	Briefly describe the organization's mission or most significant activities: TO SOLVE FAMILY HOMELESSNESS, ONE FAMILY, ONE COMMUNITY AT A TIME.		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	10
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	10
	5	Total number of individuals employed in calendar year 2020 (Part V, line 2a)	5	73
	6	Total number of volunteers (estimate if necessary)	6	550
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
	b Net unrelated business taxable income from Form 990-T, Part I, line 11	7b	0.	
<b>Revenue</b>	8	Contributions and grants (Part VIII, line 1h)	1,744,686.	2,842,553.
	9	Program service revenue (Part VIII, line 2g)	860,145.	653,492.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	63,082.	81,922.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	59,109.	-6,570.
	12	Total revenue — add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,727,022.	3,571,397.
	<b>Expenses</b>	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	
14		Benefits paid to or for members (Part IX, column (A), line 4)		
15		Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	2,161,904.	2,322,040.
16a		Professional fundraising fees (Part IX, column (A), line 11e)		
b		Total fundraising expenses (Part IX, column (D), line 25) ▶ 134,634.		
17		Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	1,702,245.	2,037,387.
18		Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	3,864,149.	4,359,427.
	19	Revenue less expenses. Subtract line 18 from line 12	-1,137,127.	-788,030.
<b>Net Assets or Fund Balances</b>	20	Total assets (Part X, line 16)	14,038,029.	13,355,941.
	21	Total liabilities (Part X, line 26)	12,599,103.	12,976,764.
	22	Net assets or fund balances. Subtract line 21 from line 20	1,438,926.	379,177.

<b>Part II Signature Block</b>					
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.					
<b>Sign Here</b>		Signature of officer	Date		
		CHRIS MEGISON	PRESIDENT & CEO		
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input checked="" type="checkbox"/> if self-employed	PTIN
	JILL BRANCH	JILL BRANCH	11/12/21		P00727664
	Firm's name ▶ LEAF & COLE, LLP				Firm's EIN ▶ 95-2076568
	Firm's address ▶ 2810 CAMINO DEL RIO SOUTH, SUITE 200 SAN DIEGO, CA 92108				Phone no. 619.294.7200

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

**BAA For Paperwork Reduction Act Notice, see the separate instructions.** TEEA0101L 01/19/21 Form 990 (2020)

**Part III Statement of Program Service Accomplishments**Check if Schedule O contains a response or note to any line in this Part III ☒ **X****1** Briefly describe the organization's mission:TO SOLVE FAMILY HOMELESSNESS, ONE FAMILY, ONE COMMUNITY AT A TIME.**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ 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 \$ 3,814,808. including grants of \$ ) (Revenue \$ 653,492.)SEE 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 **▶** 3,814,808.



# **SOLUTIONS FOR CHANGE**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**



**Leaf & Cole, LLP**  
*Certified Public Accountants*

**SOLUTIONS FOR CHANGE, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report	1 - 2
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5 - 6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 29
Supplementary Information:	
Supplementary Consolidating Schedule of Financial Position - 2020	30 - 31
Supplementary Consolidating Schedule of Financial Position - 2019	32 - 33
Supplementary Consolidating Schedule of Activities - 2020	34
Supplementary Consolidating Schedule of Activities - 2019	35
Schedule of Expenditures of Federal Awards	36 - 37
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>	38 - 39
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	40 - 41
Schedule of Findings and Questioned Costs	42



Leaf & Cole, LLP  
Certified Public Accountants  
A Partnership of Professional Corporations

## **Independent Auditor's Report**

To the Board of Directors  
Solutions for Change, Inc.

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Solutions for Change, Inc., which comprise the consolidated statements of financial position as of December 31, 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 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 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 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 consolidated financial position of Solutions for Change, Inc. as of December 31, 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.

***Other Matters***

***Other Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 30 to 35 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021, on our consideration of Solutions for Change, Inc.'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 the effectiveness of Solution for Change, Inc.'s 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 Solutions for Change, Inc.'s internal control over financial reporting and compliance.

Leaf & Cole LLP

San Diego, California  
October 15, 2021



**SOLUTIONS FOR CHANGE, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b><u>Current Assets:</u></b> (Notes 2, 4 and 5)		
Cash and cash equivalents	\$ 163,641	\$ 291,504
Grants and other receivables, net	356,399	202,606
Pledges receivable	-	15,840
Prepaid expenses and other assets	31,079	37,176
Tenant trust funds	4,222	82,942
Tenant security deposits	52,276	54,260
Deposits	8,261	7,094
Total Current Assets	<u>615,878</u>	<u>691,422</u>
<b><u>Noncurrent Assets:</u></b> (Notes 2, 5, 6, 7, 8 and 9)		
Related party receivables	1,859,918	1,996,563
Restricted reserves	417,799	402,777
Investment in partnerships	68	74
Property and equipment, net	<u>21,296,809</u>	<u>21,227,960</u>
Total Noncurrent Assets	<u>23,574,594</u>	<u>23,627,374</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 24,190,472</u></u>	<u><u>\$ 24,318,796</u></u>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities:</u></b> (Notes 2 and 9)		
Accounts payable	\$ 292,762	\$ 155,174
Accrued expenses	180,651	155,085
Deferred revenue	63,600	13,722
Interest payable	38,518	27,854
Related party payables	2,344	131,798
Tenant trust funds	47,586	82,942
Tenant security deposits	47,503	51,564
Current portion of notes payable	<u>4,784,950</u>	<u>342,976</u>
Total Current Liabilities	<u>5,457,914</u>	<u>961,115</u>
<b><u>Noncurrent Liabilities:</u></b> (Notes 2, 7 and 9)		
Share of deficiency in partnerships	1,959	1,828
Notes payable, net	15,548,375	19,487,325
Interest payable	<u>2,734,387</u>	<u>2,432,973</u>
Total Noncurrent Liabilities	<u>18,284,721</u>	<u>21,922,126</u>
Total Liabilities	<u>23,742,635</u>	<u>22,883,241</u>
<b><u>Commitments and Contingencies</u></b> (Notes 11 and 12)		
<b><u>Minority Interest in Subsidiary</u></b>	<u>(13,206)</u>	<u>(10,463)</u>
<b><u>Net Assets:</u></b> (Notes 2 and 10)		
Without donor restrictions	406,765	1,313,815
With donor restrictions	<u>54,278</u>	<u>132,203</u>
Total Net Assets	<u>461,043</u>	<u>1,446,018</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 24,190,472</u></u>	<u><u>\$ 24,318,796</u></u>

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

**SOLUTIONS FOR CHANGE, INC.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>Support and Revenue:</u></b>						
Contributions	\$ 2,778,175	\$ 54,278	\$ 2,832,453	\$ 1,389,548	\$ 124,363	\$ 1,513,911
Grants	-	-	-	75,000	-	75,000
Interest and miscellaneous	106,166	-	106,166	63,590	-	63,590
Rental income	743,039	-	743,039	755,772	-	755,772
Social enterprise	36,950	-	36,950	20,159	-	20,159
Special event revenue (net of direct donor benefit costs of \$-0- and \$48,070 in 2020 and 2019, respectively)	10,100	-	10,100	325,218	-	325,218
Supporting services	117,780	-	117,780	130,514	-	130,514
Net assets released from restriction	132,203	(132,203)	-	156,156	(156,156)	-
Total Support and Revenue	<u>3,924,413</u>	<u>(77,925)</u>	<u>3,846,488</u>	<u>2,915,957</u>	<u>(31,793)</u>	<u>2,884,164</u>
<b><u>Operating Expenses:</u></b>						
Program services	3,448,822	-	3,448,822	3,040,726	-	3,040,726
Management and general	431,080	-	431,080	396,511	-	396,511
Fundraising	134,634	-	134,634	185,478	-	185,478
Total Operating Expenses	<u>4,014,536</u>	<u>-</u>	<u>4,014,536</u>	<u>3,622,715</u>	<u>-</u>	<u>3,622,715</u>
Change in Net Assets Before Nonoperating Revenue and (Expenses)	(90,123)	(77,925)	(168,048)	(706,758)	(31,793)	(738,551)
<b><u>Nonoperating Revenue and (Expenses):</u></b>						
Depreciation	(531,354)	-	(531,354)	(547,191)	-	(547,191)
Interest - residual receipts debt	(288,179)	-	(288,179)	(209,588)	-	(209,588)
Minority interest excess of expenses over revenue and support of subsidiary	2,743	-	2,743	2,661	-	2,661
Partnership loss	(137)	-	(137)	(136)	-	(136)
Total Nonoperating Revenue and (Expenses)	<u>(816,927)</u>	<u>-</u>	<u>(816,927)</u>	<u>(754,254)</u>	<u>-</u>	<u>(754,254)</u>
Change in Net Assets	(907,050)	(77,925)	(984,975)	(1,461,012)	(31,793)	(1,492,805)
Net Assets at Beginning of Year	1,313,815	132,203	1,446,018	660,246	163,996	824,242
Property Transfer (Note 2)	-	-	-	2,114,581	-	2,114,581
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 406,765</u>	<u>\$ 54,278</u>	<u>\$ 461,043</u>	<u>\$ 1,313,815</u>	<u>\$ 132,203</u>	<u>\$ 1,446,018</u>

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

**SOLUTIONS FOR CHANGE, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services						Supporting Services		
	Solutions For Change, Inc. Programs	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions East Vista Way, LP	Solutions Chestnut, LLC	Total Program Services	Management and General	Fundraising	Total
<b><u>Salaries and Related Expenses:</u></b>									
Salaries and wages	\$ 1,622,592	\$ 43,851	\$ 75,616	\$ -	\$ 10,215	\$ 1,752,274	\$ 180,020	\$ 111,746	\$ 2,044,040
Payroll taxes	138,304	5,120	8,841	-	773	153,038	27,972	10,237	191,247
Employee benefits	101,366	13,091	4,688	-	3,099	122,244	19,307	7,502	149,053
Total Salaries and Related Expenses	<u>1,862,262</u>	<u>62,062</u>	<u>89,145</u>	<u>-</u>	<u>14,087</u>	<u>2,027,556</u>	<u>227,299</u>	<u>129,485</u>	<u>2,384,340</u>
<b><u>Nonsalary Related Expenses:</u></b>									
Advertising	145,354	-	9,952	-	-	155,306	189	-	155,495
Automobile and truck	22,126	616	-	-	256	22,998	-	-	22,998
Bad debt expense	19,988	6,315	2,280	-	-	28,583	-	-	28,583
Cost of goods sold	-	-	67,599	-	-	67,599	-	-	67,599
Dues and subscriptions	44,281	-	2,848	-	-	47,129	-	-	47,129
Insurance	36,604	15,484	11,978	12,865	6,214	83,145	7,518	4,519	95,182
Interest	137,915	611	14,704	563	592	154,385	-	-	154,385
Meetings and seminars	16,206	193	204	-	-	16,603	24,614	-	41,217
Miscellaneous	78	-	-	264	109	451	-	-	451
Office expense	82,083	-	81	-	357	82,521	9,169	-	91,690
Payroll processing	2,940	-	1,264	-	-	4,204	853	630	5,687
Postage and printing	5,764	-	-	258	79	6,101	-	-	6,101
Professional fees	110,653	-	12,516	2,287	6,395	131,851	52,465	-	184,316
Property fees	-	22,658	-	-	-	22,658	21,634	-	44,292
Rent	56,581	-	-	-	-	56,581	-	-	56,581
Repairs and maintenance	146,090	25,282	16,035	23,005	24,058	234,470	23,243	-	257,713
Supplies	29,975	2,498	6,509	1,827	-	40,809	-	-	40,809
Taxes, licenses and fees	-	-	-	-	-	-	43,087	-	43,087
Telephone	30,601	3,689	1,324	4,838	-	40,452	4,085	-	44,537
Utilities and refuse removal	63,624	73,275	26,831	21,789	39,901	225,420	16,905	-	242,325
Total Nonsalary Related Expenses	<u>950,863</u>	<u>150,621</u>	<u>174,125</u>	<u>67,696</u>	<u>77,961</u>	<u>1,421,266</u>	<u>203,762</u>	<u>5,149</u>	<u>1,630,177</u>
<b>Total Operating Expenses</b>	<u>2,813,125</u>	<u>212,683</u>	<u>263,270</u>	<u>67,696</u>	<u>92,048</u>	<u>3,448,822</u>	<u>431,061</u>	<u>134,634</u>	<u>4,014,517</u>
<b><u>Nonoperating Expenses:</u></b>									
Depreciation	224,322	157,867	84,852	21,286	43,027	531,354	-	-	531,354
Interest - residual receipts debt	102,253	106,546	-	-	79,380	288,179	-	-	288,179
Total Nonoperating Expenses	<u>326,575</u>	<u>264,413</u>	<u>84,852</u>	<u>21,286</u>	<u>122,407</u>	<u>819,533</u>	<u>-</u>	<u>-</u>	<u>819,533</u>
<b>TOTAL EXPENSES</b>	<u>\$ 3,139,700</u>	<u>\$ 477,096</u>	<u>\$ 348,122</u>	<u>\$ 88,982</u>	<u>\$ 214,455</u>	<u>\$ 4,268,355</u>	<u>\$ 431,061</u>	<u>\$ 134,634</u>	<u>\$ 4,834,050</u>

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

**SOLUTIONS FOR CHANGE, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services						Supporting Services		
	Solutions For Change, Inc. Programs	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions East Vista Way, LP	Solutions Chestnut, LLC	Total Program Services	Management and General	Fundraising	Total
<b>Salaries and Related Expenses:</b>									
Salaries and wages	\$ 1,520,844	\$ 41,941	\$ 79,994	\$ -	\$ 577	\$ 1,643,356	\$ 163,869	\$ 89,272	\$ 1,896,497
Payroll taxes	115,313	2,977	7,349	-	2	125,641	26,254	10,303	162,198
Employee benefits	107,142	6,318	7,317	-	1	120,778	24,720	9,573	155,071
Total Salaries and Related Expenses	1,743,299	51,236	94,660	-	580	1,889,775	214,843	109,148	2,213,766
<b>Nonsalary Related Expenses:</b>									
Advertising	12,653	-	133	-	-	12,786	137	-	12,923
Automobile and truck	20,041	308	-	-	84	20,433	-	-	20,433
Bad debt expense	-	-	1,479	-	-	1,479	-	-	1,479
Cost of goods sold	-	-	58,879	-	-	58,879	-	-	58,879
Dues and subscriptions	22,477	-	21	-	-	22,498	-	-	22,498
Insurance	33,156	15,539	10,051	10,041	5,872	74,659	6,570	4,093	85,322
Interest	118,844	613	156	263	483	120,359	-	-	120,359
Meetings and seminars	15,540	105	68	-	-	15,713	23,413	-	39,126
Miscellaneous	-	-	-	418	42	460	-	-	460
Office expense	61,479	-	-	-	574	62,053	6,895	-	68,948
Other expense	-	-	1,532	-	-	1,532	7	-	1,539
Payroll processing	2,907	-	1,223	-	-	4,130	839	623	5,592
Postage and printing	4,502	-	-	422	41	4,965	-	-	4,965
Professional fees	110,218	-	8,392	2,081	2,081	122,772	49,720	-	172,492
Property fees	-	20,014	-	-	-	20,014	21,301	-	41,315
Rent	87,101	-	-	-	-	87,101	-	-	87,101
Repairs and maintenance	135,477	40,004	16,639	20,803	13,664	226,587	20,731	-	247,318
Special event expenses	-	-	-	-	-	-	-	71,614	71,614
Supplies	36,803	4,208	4,035	5,572	-	50,618	-	-	50,618
Taxes, licenses and fees	-	-	-	-	-	-	34,291	-	34,291
Telephone	22,549	5,375	1,207	2,114	-	31,245	2,875	-	34,120
Utilities and refuse removal	58,214	78,687	23,899	16,630	35,238	212,668	14,889	-	227,557
Total Nonsalary Related Expenses	741,961	164,853	127,714	58,344	58,079	1,150,951	181,668	76,330	1,408,949
<b>Total Operating Expenses</b>	<b>2,485,260</b>	<b>216,089</b>	<b>222,374</b>	<b>58,344</b>	<b>58,659</b>	<b>3,040,726</b>	<b>396,511</b>	<b>185,478</b>	<b>3,622,715</b>
<b>Nonoperating Expenses:</b>									
Depreciation	232,201	157,951	98,047	15,965	43,027	547,191	-	-	547,191
Interest - residual receipts debt	102,253	106,545	-	-	790	209,588	-	-	209,588
Total Nonoperating Expenses	334,454	264,496	98,047	15,965	43,817	756,779	-	-	756,779
<b>TOTAL EXPENSES</b>	<b>\$ 2,819,714</b>	<b>\$ 480,585</b>	<b>\$ 320,421</b>	<b>\$ 74,309</b>	<b>\$ 102,476</b>	<b>\$ 3,797,505</b>	<b>\$ 396,511</b>	<b>\$ 185,478</b>	<b>\$ 4,379,494</b>

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

**SOLUTIONS FOR CHANGE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b><u>Cash Flows From Operating Activities:</u></b>		
Change in net assets	\$ (984,975)	\$ (1,492,805)
<b>Adjustments to reconcile change in net assets to net cash used in operating activities:</b>		
Depreciation	531,354	547,191
Amortization of debt issuance costs	-	1,284
Interest - residual receipts debt	288,179	209,588
Minority interest (excess) deficit of support and revenue over expenses of subsidiary	(2,743)	(2,661)
Partnership loss (income)	137	136
<b>(Increase) Decrease in:</b>		
Grants and other receivables, net	(153,793)	(107,478)
Pledges receivable	15,840	8,000
Prepaid expenses and other assets	6,097	(25,123)
<b>Increase (Decrease) in:</b>		
Accounts payable	142,536	50,858
Accrued expenses	25,566	25,388
Deferred revenue	49,878	(110,386)
Interest payable	23,899	25,403
Tenant trust funds	(35,356)	13,408
Tenant security deposits	(4,061)	1,789
Net Cash Used in Operating Activities	<u>(97,442)</u>	<u>(855,408)</u>
<b><u>Cash Flows From Investing Activities:</u></b>		
Purchase of property and equipment	(605,151)	(3,616,402)
Related party receivables repayment	136,645	589,165
Related party payables advances	(129,454)	131,798
Payment for deposits	(1,167)	(7,094)
Net Cash Used in Investing Activities	<u>(599,127)</u>	<u>(2,902,533)</u>
<b><u>Cash Flows From Financing Activities:</u></b>		
Proceeds from notes payable	591,658	4,870,919
Payments on notes payable	(88,634)	(1,213,922)
Net Cash Provided by Financing Activities	<u>503,024</u>	<u>3,656,997</u>
Net Decrease in Cash and Cash Equivalents	(193,545)	(100,944)
Cash and Cash Equivalents and Restricted Cash at Beginning of Year	<u>831,483</u>	<u>932,427</u>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR</b>	<u>\$ 637,938</u>	<u>\$ 831,483</u>
<b><u>Supplemental Disclosure of Cash Flow Information:</u></b>		
Cash paid for interest, net of capitalized interest (Note 2)	<u>\$ 130,486</u>	<u>\$ 93,672</u>
<b><u>Supplemental Disclosure of Noncash Investing and Financing Activities:</u></b>		
Property and equipment transferred to related entity (Note 2)	<u>\$ -</u>	<u>\$ 2,114,581</u>

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

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 1 - Organization:**

The consolidated financial statements include the accounts of the following entities, which are collectively referred to as the “Organization.”

**Solutions for Change, Inc.**

Solutions for Change, Inc. (“Solutions for Change”) was incorporated in the State of California on November 15, 1999. The mission of Solutions for Change is to solve family homelessness one family, one community at a time. Solutions for Change is supported primarily through donor contributions and grants.

**Solutions Family Center, L.P.**

Solutions Family Center, L.P. (the “Partnership”) was formed as a limited partnership under the laws of the State of California on December 18, 2000. The Partnership was established for the purpose and intent of constructing and operating a rental housing project. The rental housing project was placed into service in November 2004, and is located in Vista, California. The project consists of 33 units. Solutions for Change is the General Partner and owns 99% of the Partnership.

**Solutions Farms, LLC**

Solutions Farms, LLC (“Solutions Farms”) is an integral part of Solutions for Change. It functions as a laboratory for teaching important work values and preparing people for re-entry into the workforce. This is the social enterprise function: accomplishing a worthwhile social purpose, while also being a functioning business. Solutions Farms raises hope, as well as produce. Solutions Farms is unique in many ways. It is an aquaponic farm where nutrient-rich water from fish culture is used to nourish produce, which in turn purifies the water so it can be returned to the fish. Everything is done within the controlled environment of a greenhouse. It is currently one of the largest aquaponic facilities in the West. Its sole member is Solutions for Change.

**Solutions Escondido Boulevard, LLC**

Solutions Escondido Boulevard, LLC (“Escondido”) was formed to serve as the managing general partner of one or more limited partnerships that own, operate, and manage various multifamily affordable housing projects located in California. Its sole member is Solutions for Change.

Escondido has a .0095% interest in Solutions Escondido Boulevard 33, L.P. (“EB33”), which has been recorded on the equity method. In addition, Escondido acquired land and incurred predevelopment costs that were acquired by EB33 in March 2017.

**SFC Weitzel, LLC**

SFC Weitzel, LLC (“Weitzel”) had a 99% interest in SFC Weitzel, L.P. Weitzel was formed to serve as the managing general partner of one or more limited partnerships that own, operate, and manage various multifamily affordable housing projects located in California. Its sole member is Solutions for Change. Effective April 28, 2017, SFC Weitzel, L.P. admitted a new unrelated partner, and Weitzel now has a 0.01% interest in SFC Weitzel, L.P. SFC Weitzel, L.P. completed construction of a 32-unit apartment complex in Oceanside, CA in 2018.

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 1 - Organization: (Continued)**

**Solutions Chestnut, LLC**

Solutions Chestnut, LLC (“Chestnut”) was formed to serve as the managing general partner of one or more limited partnerships that own, operate, and manage various multifamily affordable housing projects located in California. On December 26, 2014, Chestnut acquired a 16-unit apartment complex in the City of Carlsbad. Its sole member is Solutions for Change.

**Solutions Vista Terrace, LLC**

Solutions Vista Terrace, LLC (“Vista Terrace”) has a 0.005% interest in SFC Vista Terrace, L.P., which has been recorded on the equity method. Its sole member is Solutions for Change.

**Solutions Parkview, LLC**

Solutions Parkview, LLC (“Parkview”) has a .001% interest in Parkview San Marcos II, L.P., which has been recorded on the equity method. Its sole member is Solutions for Change.

**Solutions EV, LLC**

Solutions EV, LLC (“EV”) has a 0.005% interest in EVW. EV was formed to serve as the managing general partner of one or more limited partnerships that own, operate, and manage various multifamily affordable housing projects located in California. Its sole member is Solutions for Change.

**Solutions East Vista Way, L.P.**

Solutions East Vista Way, L.P. (“EVW”) was formed as a limited partnership under the laws of the State of California on September 21, 2017. The Partnership was established for the purpose and intent of constructing and operating a rental housing project. EVW has a managing general partner: EV, which has a .005% interest; an administration general partner: Kingdom EV, LLC, which has a .005% interest; and a limited partner: Solutions for Change, which has a 99.99% interest.

**Solutions for Change - Our Mission and Our Model**

The mission of Solutions for Change is to solve family homelessness – one family, one community at a time. With this goal, Solutions has pioneered an innovative and sustainable solution for homeless families in our community – an effort that has led more than 900 families and 2,400 children out of homelessness since 1999. The Solutions model is built on three pillars—Solutions University, Solutions Farms, and Solutions in the Community. Solutions University evaluates each family’s needs, then addresses them through an individualized and holistic personal development engagement intended to permanently end dependency and improve well-being. Solutions Farms is a social enterprise that combines employment training for Solutions University residents while growing certified organic produce using cutting-edge aquaponics technology. The produce is supplied to local school districts, where tens of thousands of school children consume the food. Meanwhile, Solutions in the Community is an intentional means to re-connect resident families to their communities of origin. Through opportunities of service and engagement, families develop healthy connections and relationships that provide a sense of belonging. Solutions in the Community is also a partnership to improve distressed areas through the development of affordable rental housing, community revitalization and renewal.

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 2 - Significant Accounting Policies:**

**Consolidated Financial Statements**

The consolidated financial statements include the accounts of Solutions for Change, Inc.; Solutions Family Center, L.P.; Solutions Farms, LLC; Solutions Escondido Boulevard, LLC; SFC Weitzel, LLC; Solutions Chestnut, LLC; Solutions Vista Terrace, LLC; Solutions Parkview, LLC; Solutions EV, LLC, and Solutions East Vista Way, L.P., which are collectively referred to as the “Organization.” All material intercompany transactions have been eliminated in consolidation.

**Accounting Method**

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

**Financial Statement Presentation**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations, and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Estimates**

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

**Fair Value Measurements**

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy), and the reporting entity’s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The Organization had no financial instruments at December 31, 2020 and 2019.



**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 2 - Significant Accounting Policies: (Continued)**

**Allowance for Doubtful Accounts**

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. The allowance for doubtful grants and other receivables totaled \$19,988 and \$1,464 for the years ended December 31, 2020 and 2019, respectively. Management believes that all pledges receivable were fully collectible; therefore, no allowance for doubtful pledges receivable was recorded at December 31, 2020 and 2019.

**Inventory**

Inventory consists of operating supplies related to the operations of Solutions Farms. Inventory is valued at the lower cost (first-in, first-out) or net realizable value. Inventory totaling \$4,000 and \$7,500 is included in prepaid expenses and other assets at December 31, 2020 and 2019, respectively.

**Capitalization and Depreciation**

The Organization capitalizes all expenditures in excess of \$2,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment is depreciated using the straight-line method over the estimated useful asset lives, as follows:

Land improvements	20 years
Buildings and improvements	5 - 40 years
Machinery and equipment	5 - 7 years
Furniture and fixtures	7 - 10 years
Vehicles	5 years

Depreciation totaled \$531,354 and \$547,191 for the years ended December 31, 2020 and 2019, respectively.

Interest totaling \$396,211 and \$271,398 has been capitalized, and is included in construction-in-progress for the years ended December 31, 2020 and 2019, respectively.

Maintenance and repairs are charged to operations as incurred. Major renewals or improvements are capitalized.

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 2 - Significant Accounting Policies: (Continued)**

**Impairment of Real Estate**

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flows expected to be generated by the rental property, including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2020 and 2019.

**Investments in Limited Partnerships**

Solutions for Change is the sole member of limited liability companies that own a general partner interest in limited partnerships. These ownership interests range from .005% to .01%, and are accounted for on the equity method.

**Compensated Absences**

Accumulated unpaid vacation totaling \$85,633 and \$69,549 at December 31, 2020 and 2019, respectively, is accrued as earned and included in accrued expenses.

**Tenant Trust Funds**

Tenant trust funds represent amounts held on behalf of tenants in savings accounts for program participants. Tenant trust funds totaled \$4,222 and \$82,942 at December 31, 2020 and 2019, respectively.

**Tenant Security Deposits**

Tenant security deposits are restricted to the extent of the tenant security deposit liability totaling \$47,586 and \$51,564 at December 31, 2020 and 2019, respectively.

**Debt Issuance Costs**

Debt issuance costs are incurred in order to obtain permanent financing. Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized deferred financing costs are presented as a direct reduction from the carrying value of the related obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense, and totaled \$-0- and \$1,284 for the years ended December 31, 2020 and 2019, respectively.

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 2 - Significant Accounting Policies: (Continued)**

**Net Assets Without Donor Restriction**

The Organization's net assets without donor restriction include depreciation on property and equipment, amortization of capitalized costs, and accrued interest on loans for which the interest may only be paid from residual receipts. The amounts included in the net assets without donor restrictions are as follows at December 31:

	<u>2020</u>	<u>2019</u>
Accumulated depreciation	\$ 5,393,482	\$ 4,862,128
Interest payable – residual receipts	2,635,419	2,347,240
Accumulated amortization of debt issuance costs	7,608	7,608
	<u>\$ 8,036,509</u>	<u>\$ 7,216,966</u>

**Revenue Recognition**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Solutions for Change provides development services in connection with agreements for the development and construction of affordable low-income housing projects. Solutions for Change earns fees based on the fixed-fee agreements and recognizes revenue upon completion of each performance milestone defined in the agreement, for example: closing of construction financing, initial ground-breaking, percentage of completion of construction or rehabilitation and certificate of occupancy.

Grant revenue is recognized in the period in which the related work is performed, in accordance with the terms of the grant. Grants receivable are recorded when revenue earned under a grant exceeds the cash received.

Rental income is recognized for apartment rents as it accrues. Advance receipts of rental income are deferred or classified as liabilities until earned. Deferred rental income totaled \$4,880 and \$933 at December 31, 2020 and 2019, respectively.

Revenues from the sale of products sold through the social enterprise are recognized at the point of sale.

Supporting services are provided in accordance with agreements with affordable low-income housing projects. Solutions for Change recognizes revenue as the services are performed in accordance with the agreements. Deferred supporting services fees totaled \$9,594 and \$12,789 at December 31, 2020 and 2019, respectively.

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 2 - Significant Accounting Policies: (Continued)**

**Revenue Recognition (Continued)**

Sales of property and equipment are recognized on the date the sale occurs. Upon the sale or disposition of property or equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense, unless the sale is the result of a related party transaction. In 2019, Solutions for Change sold property and equipment to EVW at a gain totaling \$2,114,581, which has been accounted for as a transfer of property between the two entities, and is included in the change in net assets without donor restrictions in the consolidated statement of activities for the year ended December 31, 2019.

During the year ended December 31, 2020, the Organization received funds totaling \$443,754 from the U.S. Small Business Administration under the CARES Act Paycheck Protection Program ("PPP"). \$394,625 of these funds are recognized as revenue and are included in contributions at December 31, 2020. \$49,126 is included in deferred revenue at December 31, 2020.

**Donated Services and Materials**

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the consolidated financial statements, unless the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The donated services for the years ended December 31, 2020 and 2019 did not meet the requirements above; therefore, no amounts were recognized in the consolidated financial statements.

The Organization received in-kind contributions of auction items for its special event, totaling \$-0- and \$35,595 for the years ended December 31, 2020 and 2019, respectively, which have been recorded as special event revenue and special event expenses in the consolidated statements of activities.

**Functional Allocation of Expenses**

The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. A portion of expenses that benefit multiple functional areas have been allocated between programs and supporting services, based on a cost allocation plan that allocates costs based on the proportion of full-time employee equivalents, space utilization, and estimates made by the Organization's management.

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 2 - Significant Accounting Policies: (Continued)**

**Income Taxes**

Solutions for Change is a public charity, and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Solutions for Change believes that it has appropriate support for any tax positions taken, and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements. Solutions for Change is not a private foundation.

No provision or benefit for income taxes for the Limited Liability Companies and Limited Partnerships have been included in these consolidated financial statements since taxable income (loss) passes through to, and is reportable by, the Member/Partners individually.

Solutions for Change's Return of Organization Exempt from Income Tax, Partnership and LLC tax returns for the years ended December 31, 2020, 2019, 2018, and 2017 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

**Concentration of Credit Risk**

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Cash and Cash Equivalents and Restricted Cash**

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Certificates of deposits that may be redeemed without a significant penalty are considered cash and cash equivalents regardless of the maturity. The following is a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total in the statements of cash flows at December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 163,641	\$ 291,504
Tenant trust funds	4,222	82,942
Tenant security deposits	52,276	54,260
Restricted reserves	417,799	402,777
Total Cash and Cash Equivalents and Restricted Cash	<u>\$ 637,938</u>	<u>\$ 831,483</u>

**Subsequent Events**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 15, 2021, the date the consolidated financial statements were available to be issued, and concluded that there were no events or transactions that needed to be disclosed except as disclosed in Note 13.

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 2 - Significant Accounting Policies: (Continued)**

**Reclassification**

The Organization has reclassified certain prior-year information to conform with the current-year presentation.

**Note 3 - Liquidity and Availability:**

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. The Organization considers contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those activities to be general expenditures.

The table below presents financial assets available for general expenditure within one year at December 31:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 163,641	\$ 291,504
Grant and other receivables, net	356,399	202,606
Pledges receivable	-	15,840
Financial assets available for general expenditures within one year	<u>\$ 520,040</u>	<u>\$ 509,950</u>

In addition, the Organization operates with a balanced budget, and anticipates collecting sufficient revenue to cover general expenditures.

**Note 4 - Pledges Receivable:**

Pledges receivable totaling \$-0- and \$15,840 at December 31, 2020 and 2019, respectively are due within one year.

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 5 - Related Party Receivables:**

Related party receivables consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
The note receivable, which originated on July 1, 2012 and was amended effective April 11, 2013, from SFC Vista Terrace, L.P., in the original amount of \$400,000 bears interest at 3% per annum. Principal and interest are payable from residual receipts, as defined in the agreement, calculated annually. Principal and accrued interest are due July 1, 2067. Secured by a deed of trust. Accrued interest totaled \$89,490 and \$77,490 at December 31, 2020 and 2019, respectively, and is included in the receivable. In addition, \$73,081 was advanced which is noninterest-bearing, payable from residual receipts.	\$ 532,250	\$ 520,250
The note receivable, which originated on October 12, 2017, from Solutions Escondido Boulevard 33. L.P., in the original amount of \$80,000. The note is noninterest-bearing. Principal and interest are payable from residual receipts, as defined in the agreement, calculated annually. Principal is due October 11, 2072. Secured by a deed of trust.	88,000	88,000
Developer fee receivable from Solutions Escondido Boulevard 33, L.P. in the original amount of \$1,289,802. The developer fee will be paid from limited partner capital installments, with any unpaid amounts payable from available cash flow.	1,196,802	1,196,802
Developer fee receivable from SFC Weitzel, L.P. in the original amount of \$755,000 (net of amount due to consultant of \$755,000). The developer fee is paid from Limited Partner capital installments, with any unpaid amounts payable from available cash flow.	<div style="text-align: right;">42,866</div> <div style="text-align: right;">\$ <u>1,859,918</u></div>	<div style="text-align: right;">191,511</div> <div style="text-align: right;">\$ <u>1,996,563</u></div>

In addition, current related party receivables totaling \$312,160 and \$138,498 at December 31, 2020 and 2019, respectively, are included in grants and other receivables.

**Note 6 - Restricted Reserves:**

According to the partnership, loan and other regulatory agreements, the Partnership and Organization are required to maintain the following reserves:

**Operating Reserve**

The Partnership is required to fund an operating reserve up to the amount of \$89,200. There is no annual funding requirement for this reserve. The operating reserve balance totaled \$89,200 at each of the years ended December 31, 2020 and 2019.

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 6 - Restricted Reserves: (Continued)**

**Replacement Reserves**

The Partnership is required to fund a replacement reserve in the initial amount of \$20,000 in accordance with the regulatory agreement with the City of Vista. In accordance with the operating budget approved by the Department of Housing and Community Development, the Partnership was required to fund a replacement reserve of \$16,386 annually from March 24, 2005, through April 8, 2014. Beginning April 8, 2014, the Partnership is required to fund a replacement reserve of \$19,800 annually. The replacement reserve balance totaled \$158,550 and \$138,750 at December 31, 2020 and 2019, respectively.

The Organization is required to maintain replacement reserve accounts for each property obtained through Neighborhood Stabilization Program and HOME Investment Partnership Program funding. These amounts vary by property and must be funded annually beginning two months subsequent to the completion of rehabilitation. The replacement reserve balance totaled \$170,049 and \$174,827 at December 31, 2020 and 2019, respectively.

**Note 7 - Investment in Partnerships:**

Solutions for Change is the sole member of three limited liability companies. The limited liability companies own general partner interests in partnerships that they account for on the equity method, which are their entire assets and liabilities. The following are the balances in the limited liability companies' partnership capital accounts of the partnerships at December 31:

	<u>2020</u>	<u>2019</u>
<b><u>Investment in Partnerships</u></b>		
Parkview San Marcos II, L.P. (.001%)	\$ 68	\$ 74
Total Investment in Partnerships	<u>\$ 68</u>	<u>\$ 74</u>
 <b><u>Share of Deficiency in Partnerships</u></b>		
Solutions Escondido Boulevard 33, L.P. (.0095%)	\$ (69)	\$ (25)
SFC Vista Terrace, L.P. (.005%)	(147)	(124)
SFC Weitzel, L.P. (.01%)	<u>(1,743)</u>	<u>(1,679)</u>
Total Share of Deficiency in Partnerships	<u>\$ (1,959)</u>	<u>\$ (1,828)</u>



**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 7 - Investment in Partnerships: (Continued)**

Solutions for Change provided development and management/admin fees and other services (included in rental income) to the partnerships for which it earned the following amounts for the years ended December 31:

	2020		
	Management/ Admin Fees	Other Services	Developer Fees
Parkview San Marcos II, L.P.	\$ 4,000	\$ -	\$ -
Solutions Escondido Boulevard 33, L.P.	15,606	-	-
SFC Weitzel, L.P.	26,523	-	-
	<u>\$ 46,129</u>	<u>\$ -</u>	<u>\$ -</u>
	2019		
	Management/ Admin Fees	Other Services	Developer Fees
SFC Vista Terrace, L.P.	\$ 2,640	\$ -	\$ -
Parkview San Marcos II, L.P.	4,437	4,599	-
Solutions Escondido Boulevard 33, L.P.	15,300	-	-
SFC Weitzel, L.P.	25,750	-	-
	<u>\$ 48,127</u>	<u>\$ 4,599</u>	<u>\$ -</u>

**Note 8 - Property and Equipment:**

Property and equipment consist of the following at December 31:

	2020	2019
Land	\$ 10,208,194	\$ 10,208,194
Land improvements	356,395	356,395
Buildings and improvements	13,957,648	13,957,648
Construction-in-progress	1,603,375	1,034,674
Machinery and equipment	262,870	259,868
Furniture and fixtures	144,615	144,615
Vehicles	157,194	128,694
Subtotal	<u>26,690,291</u>	<u>26,090,088</u>
Less: Accumulated depreciation	<u>(5,393,482)</u>	<u>(4,862,128)</u>
Property and Equipment, Net	<u>\$ 21,296,809</u>	<u>\$ 21,227,960</u>

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 9 - Notes Payable:**

Notes payable consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
<b><u>Solutions for Change, Inc.</u></b>		
The loan payable, which originated September 24, 2009, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$357,762. The loan is non-interest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of September 24, 2024. Secured by a deed of trust.	\$ 349,954	\$ 349,954
The loan payable, which originated November 16, 2009, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$79,156. The loan is non-interest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of November 16, 2024. Secured by a deed of trust.	78,914	78,914
The loan payable, which originated September 3, 2009, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$301,084. The loan is non-interest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of September 3, 2024. Secured by a deed of trust.	290,825	290,825
The loan payable, which originated February 3, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$461,369. The loan is non-interest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of February 3, 2025. Secured by a deed of trust.	456,518	456,518
The loan payable, which originated February 26, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$132,704. The loan is non-interest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of February 26, 2025. Secured by a deed of trust.	128,643	128,643
The loan payable, which originated January 7, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$286,010. The loan is non-interest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of January 7, 2025. Secured by a deed of trust.	277,018	277,018

(Continued)

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 9 - Notes Payable: (Continued)**

**Solutions for Change, Inc. (Continued)**

The loan payable, which originated August 4, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$332,847. The loan is non-interest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of August 4, 2025. Secured by a deed of trust.

	<u>2020</u>	<u>2019</u>
	\$ 323,095	\$ 323,095

The loan payable, which originated July 22, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$392,272. The loan is non-interest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of July 22, 2025. Secured by a deed of trust.

373,712	373,712
---------	---------

The loan payable, which originated April 13, 2011, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$3,421,452. The loan bears interest at 3% per annum. Principal and accrued interest are payable from residual receipts (50%) from the Primrose property, with the remaining residual receipts (50%) to be held in a segregated operating reserve account. Principal and accrued interest are due April 1, 2066. Secured by a deed of trust. Accrued interest totaled \$944,842 and \$842,589 at December 31, 2020 and 2019, respectively.

3,408,032	3,408,032
-----------	-----------

The loan payable, which originated April 1, 2011, is held by the Clearinghouse Community Development Financial Institution in the original amount of \$1,100,000. Principal and accrued interest are payable in monthly installments of \$6,419 including interest at 5.75% beginning March 1, 2012. Principal and accrued interest are due May 1, 2023. Secured by a deed of trust. Accrued interest totaled \$1,489 and \$3,066 at December 31, 2020 and 2019, respectively.

859,477	884,682
---------	---------

The loan payable, which was assumed January 30, 2017, originated March 23, 2010, is held by the City of Oceanside in the original amount of \$154,000. Interest is accrued at 3.0% per annum, payments deferred for 15 years and then amortized over 35 years. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven at January 30, 2032. Secured by a deed of trust. Accrued interest totaled \$17,758 and \$13,189 at December 31, 2020 and 2019, respectively.

152,324	152,324
---------	---------

(Continued)

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 9 - Notes Payable: (Continued)**

**Solutions for Change, Inc. (Continued)**

The loan payable, which was assumed January 30, 2017, originated May 11, 2010, is held by the City of Oceanside in the original amount of \$70,708. Interest is accrued at 3.0% per annum, payments deferred for 15 years. Thereafter, payment of principal and interest is due and payable in full on June 1, 2050. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven. Secured by a deed of trust. Accrued interest totaled \$8,028 and \$5,962 at December 31, 2020 and 2019, respectively.

	<u>2020</u>	<u>2019</u>
	\$ 68,855	\$ 68,855

The loan payable, which was assumed January 30, 2017, originated March 23, 2010, is held by the City of Oceanside in the original amount of \$309,000. Interest is accrued at 3.0% per annum, payments deferred for 15 years and then amortized over 35 years. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven at January 30, 2032. Secured by a deed of trust. Accrued interest totaled \$35,632 and \$26,463 at December 31, 2020 and 2019, respectively.

305,637	305,637
---------	---------

The loan payable, which was assumed January 30, 2017, originated May 11, 2010, is held by the City of Oceanside in the original amount of \$50,684. Interest is accrued at 3.0% per annum, payments deferred for 15 years. Thereafter, payment of principal and interest is due and payable in full on June 1, 2050. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven. Secured by a deed of trust. Accrued interest totaled \$5,754 and \$4,273 at December 31, 2020 and 2019, respectively.

49,356	49,356
--------	--------

The loan payable, which was assumed January 30, 2017, originated October 21, 2009, is held by the City of Oceanside in the original amount of \$203,571. Interest is accrued at 3.0% per annum, payments deferred for 15 years and then amortized over 35 years. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven at January 30, 2032. Secured by a deed of trust. Accrued interest totaled \$22,787 and \$16,924 at December 31, 2020 and 2019, respectively.

195,459	195,459
---------	---------

(Continued)

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 9 - Notes Payable: (Continued)**

**Solutions for Change, Inc. (Continued)**

The loan payable, which was assumed January 30, 2017, originated January 14, 2010, is held by the City of Oceanside in the original amount of \$58,650. Interest is accrued at 3.0% per annum, payments deferred for 15 years. Thereafter, payment of principal and interest is due and payable in full on February 1, 2050. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven. Secured by a deed of trust. Accrued interest totaled \$6,539 and \$4,931 at December 31, 2020 and 2019, respectively.

	<u>2020</u>	<u>2019</u>
	\$ 56,947	\$ 56,947

The note payable which originated April 26, 2018 is held by Solutions Escondido Boulevard 33, L.P. in the original amount of \$91,783. Interest is accrued at 1%, compounded annually. Secured by a deed of trust. Accrued interest totaled \$2,469 and \$1,536 at December 31, 2020 and 2019, respectively.

91,783	91,783
--------	--------

The loan payable, which originated April 18, 2019, is held by Pacific Coast Realty in the original amount of \$120,000. The loan bears interest at 7% per annum. Principal and accrued interest are payable in monthly installments of \$1,393 beginning June 1, 2019. The loan and accrued interest are due upon May 1, 2022. Secured by a deed of trust. Accrued interest totaled \$619 and \$670 at December 31, 2020 and 2019, respectively.

106,113	115,062
---------	---------

The loan payable, which originated December 31, 2019, is held by DSD Capital, LLC in the original amount of \$250,000. The loan bears interest at 5.5% per annum. Interest payments of \$4,168 are payable monthly beginning January 30, 2020, for 12 months. Effective January 1, 2021, monthly interest payments are \$3,438. Principal due September 10, 2024. Accrued interest totaled \$4,167 and \$-0- at December 31, 2020 and 2019, respectively. Unsecured.

	<u>250,000</u>	<u>250,000</u>
	\$ 7,822,662	\$ 7,856,816

Total Solutions for Change, Inc.

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 9 - Notes Payable: (Continued)**

**Solutions Family Center, L.P.**

The mortgage note, which was originated on March 8, 2005, is held by the California Department of Housing and Community Development in the original amount of \$2,044,512. The note bears interest at 3% per annum. Payments in the amount of forty-two hundredths of one percent (.42%) per annum on the unpaid principal balance of the loan are payable beginning December 31, 2005, and continuing annually thereafter up to the twenty-ninth anniversary of the interest payment date. Commencing on the thirtieth (30th) anniversary of the interest payment date and continuing annually thereafter, payments shall equal the lesser of (1) the full amount of interest accruing on the unpaid principal balance during the year, or (2) the amount determined by the lender as to be necessary to cover the costs of continued monitoring of the compliance requirements under the loan. In addition, the note may require additional payments from net cash flow under the terms of the regulatory agreement. The note is due March 2060. Secured by a deed of trust. Accrued interest totaled \$840,989 and \$779,654 at December 31, 2020 and 2019, respectively, and the required interest payments totaled \$8,587 for each of the years ended December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
	\$ 2,044,512	\$ 2,044,512

The mortgage note, which was originated on July 30, 2003, is held by the San Diego County Department of Housing and Community Development in the original amount of \$957,000. The note bears interest at 3% per annum. Principal and accrued interest are payable from residual receipts, as defined in the agreement, calculated annually. Principal and accrued interest are due July 2058. Secured by a deed of trust. Accrued interest totaled \$489,681 and \$460,921 at December 31, 2020 and 2019, respectively.

957,000	957,000
---------	---------

The mortgage note, which was originated on July 28, 2003, is held by the City of Vista in the original amount of \$550,000. The note bears interest at 3% per annum. Principal and accrued interest are payable from residual receipts, as defined in the agreement, calculated annually. Principal and accrued interest are due July 2058. Secured by a deed of trust. Accrued interest totaled \$280,577 and \$264,077 at December 31, 2020 and 2019, respectively.

550,000	550,000
---------	---------

(Continued)

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 9 - Notes Payable: (Continued)**

**Solutions Family Center, L.P. (Continued)**

The mortgage note, which was originated on July 31, 2003, is held by the City of Escondido in the original amount of \$375,100. The note is non-interest-bearing. Principal is due July 2058. Secured by a deed of trust.

	<u>2020</u>	<u>2019</u>
\$	375,100	\$ 375,100

The mortgage note, which was originated on July 24, 2003, is held by the Bank of America for the Affordable Housing Program (AHP) in the original amount of \$176,700. The note is non-interest-bearing, provided that all compliance requirements of the loan are met. Principal is due July 2021. Secured by a deed of trust.

176,700	176,700
<u>4,103,312</u>	<u>4,103,312</u>

Total Solutions Family Center, L.P.

**Solutions Farms, LLC**

The loan payable, which was originated on August 1, 2018, is held by Alliance Healthcare Foundation in the original amount of \$755,572. The loan is noninterest-bearing until April 1, 2020 after which interest accrues at 4.0% per annum and is payable monthly. Monthly principal payments of \$3,668 are due beginning September 1, 2020. The loan is due August 1, 2050. Secured by a deed of trust. Accrued interest totaled \$2,546 and \$12,455 at December 31, 2020 and 2019, respectively.

763,798	755,572
---------	---------

The loan payable, which was originated on May 25, 2020, is held by the U.S. Small Business Administration in the original amount of \$82,800. Interest is accrued at 2.75% per annum. Monthly principal and interest payments of \$404 are due beginning May 21, 2021. The loan is due May 21, 2050. Secured by property and equipment. Accrued interest totaled \$1,391 and \$-0- at December 31, 2020 and 2019, respectively.

82,800	-
<u>846,598</u>	<u>755,572</u>

Total Solutions Farms, LLC

**Solutions Chestnut, LLC**

The loan payable, which originated December 24, 2014, is held by the City of Carlsbad in the original amount of \$2,646,000. The loan is noninterest-bearing for the first five years, after which interest will accrue at 3.0% per annum. Beginning on January 1, 2020 and annually thereafter, payments equal to 70% of residual receipts. Principal and accrued interest are due on December 24, 2074. Secured by a deed of trust. Accrued interest totaled \$79,380 and \$-0- at December 31, 2020 and 2019, respectively.

2,646,000	2,646,000
<u>\$ 2,646,000</u>	<u>\$ 2,646,000</u>

Total Solutions Chestnut, LLC

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 9 - Notes Payable: (Continued)**

**Solutions East Vista Way, L.P.**

The acquisition/bridge loan payable, which originated April 12, 2019, is held by the Century Housing Corporation in the original amount of \$4,700,000 (\$4,497,100 advanced as of December 31, 2020). The loan bears interest at a variable interest rate equal to one month London Interbank Offered Rate plus 4.5%, with a floor of 7%, adjusted monthly. Beginning May 1, 2019, monthly interest payments are due paid from interest reserve. Principal and interest are due October 12, 2021. Secured by a deed of trust. Accrued interest totaled \$27,107 and \$24,117 at December 31, 2020 and 2019, respectively.

	<u>2020</u>	<u>2019</u>
	\$ 4,497,100	\$ 4,000,919

The loan payable, which originated April 12, 2019, is held by Katherine R. Muderrig in the original amount of \$500,000. The loan bears interest at 5.5% per annum. Principal and accrued interest are payable in monthly installments of \$6,450 beginning June 1, 2019. The loan is due May 1, 2027. Secured by a deed of trust. Accrued interest totaled \$1,199 and \$-0- at December 31, 2020 and 2019.

Total Solutions East Vista Way, L.P.

417,653	467,682
<u>4,914,753</u>	<u>\$ 4,468,401</u>

Total Notes Payable, Net

20,333,325

Less: Current Portion

(4,784,950)

Notes Payable, Long-Term, Net

\$ 15,548,375      \$ 19,487,325

Debt issuance costs total \$7,608, less accumulated amortization of \$7,608 at each of the years ended December 31, 2020 and 2019.

The future principal payments on the notes payable are as follows:

Years Ended December 31	Solutions for Change, Inc.	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions Chestnut, LLC	Solutions East Vista Way, L.P.	Total
2021	\$ 41,622	\$ 176,700	\$ 13,710	\$ -	\$ 4,552,918	\$ 4,784,950
2022	126,759	-	16,438	-	58,966	202,163
2023	797,209	-	17,514	-	62,293	877,016
2024	959,693	-	18,194	-	65,806	1,053,693
2025	1,558,987	-	18,900	-	69,519	1,647,406
Thereafter	4,328,392	3,926,612	761,842	2,646,000	105,251	11,768,097
Total	<u>\$ 7,822,662</u>	<u>\$ 4,103,312</u>	<u>\$ 846,598</u>	<u>\$ 2,646,000</u>	<u>\$ 4,914,753</u>	<u>\$ 20,333,325</u>



**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 10 - Net Assets With Donor Restrictions:**

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2020</u>	<u>2019</u>
<b>Subject to Expenditure for Specified Purpose:</b>		
Solutions for Change - Program services	\$ 54,278	\$ 116,363
<b>Subject to the Passage of Time:</b>		
Pledges receivable - Operations	-	15,840
Total Net Assets with Donor Restrictions	<u>\$ 54,278</u>	<u>\$ 132,203</u>

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 the donors are as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
<b>Purpose Restrictions Accomplished:</b>		
Program services	\$ <u>132,203</u>	\$ <u>156,156</u>
Total Net Assets Released From Restrictions	<u>\$ 132,203</u>	<u>\$ 156,156</u>

**Note 11 - Contingencies:**

**Loan Agreements**

The Partnership entered into loan agreements with several agencies for the purpose of building and maintaining the tenant housing facilities. These agreements specify requirements for the building maintenance. The loans will be forgiven at the end of the loan term if all requirements have been met. In the event that the Partnership does not comply with the agreement, sells the property, or desists using the facility for its original intended purposes, these notes may be called.

**Grant Agreement**

Chestnut received a grant totaling \$454,000 from the City of Carlsbad on December 24, 2014. Funds were used for the acquisition the property located at 945 Chestnut Avenue. The grant requires that seven (7) low-income restricted units for affordable housing purposes for homeless families be maintained for no less than fifty-five (55) years from the date of acquisition. The grant funds shall be reimbursed to the City of Carlsbad in full upon (1) the date the property is first sold or transferred without prior written approval of the City Council, or (2) upon failure of Chestnut to operate affordable housing for low-income households on the property as stated above.

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 11 - Contingencies: (Continued)**

**Coronavirus Pandemic Contingency**

As a result of the COVID-19 outbreak throughout the world, economic uncertainties have arisen that could negatively impact revenues and income. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's donors, employees and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

**Note 12 - Commitments:**

**403(b) Pension Plan**

The Organization sponsors a 403(b) pension plan covering, substantially, all of its employees. Each employee's total contribution may not exceed the maximum allowable under current regulations. The Organization matches the first 2% of eligible compensation contributed by the employee. The Organization also pays all administrative costs of this plan. All beneficiaries of the 403(b) plan are responsible for their own plan investment decisions. Matching contributions under this plan totaled \$6,127 and \$4,602 for the years ended December 31, 2020 and 2019, respectively.

**Leases**

**Office Space**

In 2004, the Organization began occupying approximately 7,200 square feet of donated office space at the Center's facility located at 702 West California Avenue, Vista, California. Estimated fair market value of the donated facilities in 2020 and 2019 was \$129,600. Due to the elimination of intercompany transactions during the consolidation process, the rent accrual and expense are not reflected in the consolidated financial statements.

**Vehicles**

The Organization leases a vehicle under a three-year lease agreement beginning April 2016, with a monthly payment of \$331. Rent expense totaled \$-0- and \$993 for the years ended December 31, 2020 and 2019, respectively. The Organization entered into a lease for a vehicle under a three-year lease agreement beginning December 31, 2017, with a monthly payment of \$468. Rent expense totaled \$5,574 and \$5,616 for the years ended December 31, 2020 and 2019, respectively. The Organization entered into a lease for a vehicle under a forty-two-month lease agreement beginning December 5, 2020, with a monthly payment of \$693. Rent expense totaled \$6,500 and \$-0- for the years ended December 31, 2020 and 2019, respectively.

**SOLUTIONS FOR CHANGE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 12 - Commitments: (Continued)**

**Leases (Continued)**

The following is a schedule of future minimum payments related to the leases:

<u>Years Ended</u> <u>December 31</u>	
2021	\$ 8,315
2022	8,315
2023	8,315
2024	<u>3,465</u>
Total	<u>\$ 28,410</u>

**Contracts**

The Organization has an employment contract with the President, which provides a base salary, plus an annual bonus based on performance and not to exceed 20% of the current salary. The contract is renewable annually.

**Note 13 - Subsequent Events:**

**Consolidated Appropriations Act Paycheck Protection Program Loan**

In February 2021, the Organization obtained a loan totaling \$427,118 from the U.S. Small Business Administration, under the Consolidated Appropriations Act Payroll Protection Program (PPP). The loan is forgivable to the extent that the Organization meets the terms and conditions of the PPP. Any portion of the loan that is not forgiven bears interest at 1.00% and is due in February 2026.

**Campus Expansion**

In February 2021, Solutions for Change, Inc. purchased additional property in Vista for \$600,000 and acquired additional funding of \$600,000 for campus expansion of Solutions for Change, Inc.

**SOLUTIONS FOR CHANGE, INC.**  
**SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**

**ASSETS**

	Solutions For Change, Inc.	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions East Vista Way, LP	Solutions Chestnut, LLC	Eliminations	Consolidated
<b><u>Current Assets:</u></b>							
Cash and cash equivalents	\$ 2,599	\$ 41	\$ (511)	\$ 156,010	\$ 5,502	\$ -	\$ 163,641
Grants and other receivables, net	344,145	3,322	930	-	8,002	-	356,399
Intercompany receivables	3,994,707	1,000	9,000	-	560,488	(4,565,195)	-
Pledges receivable	-	-	-	-	-	-	-
Prepaid expenses and other assets	21,590	-	9,241	-	248	-	31,079
Tenant trust funds	4,222	-	-	-	-	-	4,222
Tenant security deposits	24,508	2,398	-	7,050	18,320	-	52,276
Deposits	500	3,161	4,100	-	500	-	8,261
Total Current Assets	<u>4,392,271</u>	<u>9,922</u>	<u>22,760</u>	<u>163,060</u>	<u>593,060</u>	<u>(4,565,195)</u>	<u>615,878</u>
<b><u>Noncurrent Assets:</u></b>							
Investment in subsidiary	(1,708,886)	-	-	-	-	1,708,886	-
Related party receivables	1,859,918	-	-	-	-	-	1,859,918
Restricted reserves	170,049	247,750	-	-	-	-	417,799
Investment in partnerships	68	-	-	-	-	-	68
Property and equipment, net	<u>6,036,542</u>	<u>3,805,723</u>	<u>926,363</u>	<u>7,637,451</u>	<u>2,890,730</u>	<u>-</u>	<u>21,296,809</u>
Total Noncurrent Assets	<u>6,357,691</u>	<u>4,053,473</u>	<u>926,363</u>	<u>7,637,451</u>	<u>2,890,730</u>	<u>1,708,886</u>	<u>23,574,594</u>
<b>TOTAL ASSETS</b>	<u>\$ 10,749,962</u>	<u>\$ 4,063,395</u>	<u>\$ 949,123</u>	<u>\$ 7,800,511</u>	<u>\$ 3,483,790</u>	<u>\$ (2,856,309)</u>	<u>\$ 24,190,472</u>

**SOLUTIONS FOR CHANGE, INC.**  
**SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)**  
**DECEMBER 31, 2020**

**LIABILITIES AND NET ASSETS**

	Solutions For Change, Inc.	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions East Vista Way, LP	Solutions Chestnut, LLC	Eliminations	Consolidated
<b><u>Current Liabilities:</u></b>							
Accounts payable	\$ 169,941	\$ 70,272	\$ 17,360	\$ 27,277	\$ 7,912	\$ -	\$ 292,762
Accrued expenses	177,753	-	2,898	-	-	-	180,651
Deferred revenue	62,197	474	-	-	929	-	63,600
Interest payable	6,275	-	3,937	28,306	-	-	38,518
Intercompany payables	629,288	-	1,198,646	2,737,261	-	(4,565,195)	-
Related party payables	-	-	-	2,344	-	-	2,344
Tenant trust funds	47,586	-	-	-	-	-	47,586
Tenant security deposits	20,247	1,886	-	7,050	18,320	-	47,503
Current portion of notes payable	41,622	176,700	13,710	4,552,918	-	-	4,784,950
Total Current Liabilities	<u>1,154,909</u>	<u>249,332</u>	<u>1,236,551</u>	<u>7,355,156</u>	<u>27,161</u>	<u>(4,565,195)</u>	<u>5,457,914</u>
<b><u>Noncurrent Liabilities:</u></b>							
Share of deficiency in partnerships	1,959	-	-	-	-	-	1,959
Notes payable, net	7,781,040	3,926,612	832,888	361,835	2,646,000	-	15,548,375
Interest payable	1,043,810	1,611,197	-	-	79,380	-	2,734,387
Total Noncurrent Liabilities	<u>8,826,809</u>	<u>5,537,809</u>	<u>832,888</u>	<u>361,835</u>	<u>2,725,380</u>	<u>-</u>	<u>18,284,721</u>
Total Liabilities	<u>9,981,718</u>	<u>5,787,141</u>	<u>2,069,439</u>	<u>7,716,991</u>	<u>2,752,541</u>	<u>(4,565,195)</u>	<u>23,742,635</u>
<b><u>Minority Interest in Subsidiary</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,206)</u>	<u>(13,206)</u>
<b><u>Net Assets (Deficit):</u></b>							
Without donor restrictions	713,966	(1,723,746)	(1,120,316)	83,520	731,249	1,722,092	406,765
With donor restrictions	54,278	-	-	-	-	-	54,278
Total Net Assets (Deficit)	<u>768,244</u>	<u>(1,723,746)</u>	<u>(1,120,316)</u>	<u>83,520</u>	<u>731,249</u>	<u>1,722,092</u>	<u>461,043</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 10,749,962</u>	<u>\$ 4,063,395</u>	<u>\$ 949,123</u>	<u>\$ 7,800,511</u>	<u>\$ 3,483,790</u>	<u>\$ (2,856,309)</u>	<u>\$ 24,190,472</u>

**SOLUTIONS FOR CHANGE, INC.**  
**SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

**ASSETS**

	Solutions For Change, Inc.	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions East Vista Way, LP	Solutions Chestnut, LLC	Eliminations	Consolidated
<b>Current Assets:</b>							
Cash and cash equivalents	\$ 91,363	\$ 95	\$ 1,477	\$ 151,928	\$ 46,641	\$ -	\$ 291,504
Grants and other receivables, net	192,372	4,482	2,983	1,769	1,000	-	202,606
Intercompany receivables	3,668,316	3,500	-	-	432,488	(4,104,304)	-
Pledges receivable	15,840	-	-	-	-	-	15,840
Prepaid expenses and other assets	25,325	-	11,851	-	-	-	37,176
Tenant trust funds	82,942	-	-	-	-	-	82,942
Tenant security deposits	27,189	1,701	-	7,050	18,320	-	54,260
Deposits	500	3,161	2,933	-	500	-	7,094
Total Current Assets	<u>4,103,847</u>	<u>12,939</u>	<u>19,244</u>	<u>160,747</u>	<u>498,949</u>	<u>(4,104,304)</u>	<u>691,422</u>
<b>Noncurrent Assets:</b>							
Investment in subsidiary	(1,437,304)	-	-	-	-	1,437,304	-
Related party receivables	1,996,563	-	-	-	-	-	1,996,563
Restricted reserves	174,827	227,950	-	-	-	-	402,777
Investment in partnerships	74	-	-	-	-	-	74
Property and equipment, net	<u>6,232,364</u>	<u>3,963,590</u>	<u>1,008,213</u>	<u>7,090,036</u>	<u>2,933,757</u>	<u>-</u>	<u>21,227,960</u>
Total Noncurrent Assets	<u>6,966,524</u>	<u>4,191,540</u>	<u>1,008,213</u>	<u>7,090,036</u>	<u>2,933,757</u>	<u>1,437,304</u>	<u>23,627,374</u>
<b>TOTAL ASSETS</b>	<u>\$ 11,070,371</u>	<u>\$ 4,204,479</u>	<u>\$ 1,027,457</u>	<u>\$ 7,250,783</u>	<u>\$ 3,432,706</u>	<u>\$ (2,667,000)</u>	<u>\$ 24,318,796</u>

**SOLUTIONS FOR CHANGE, INC.**  
**SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)**  
**DECEMBER 31, 2019**

**LIABILITIES AND NET ASSETS**

	Solutions For Change, Inc.	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions East Vista Way, LP	Solutions Chestnut, LLC	Eliminations	Consolidated
<b><u>Current Liabilities:</u></b>							
Accounts payable	\$ 82,103	\$ 43,952	\$ 17,228	\$ 2,172	\$ 9,719	\$ -	\$ 155,174
Accrued expenses	149,308	-	5,777	-	-	-	155,085
Deferred revenue	12,789	273	-	-	660	-	13,722
Interest payable	3,737	-	-	24,117	-	-	27,854
Intercompany payables	493,988	-	1,001,945	2,608,299	72	(4,104,304)	-
Related party payables	-	-	-	131,798	-	-	131,798
Tenant trust funds	82,942	-	-	-	-	-	82,942
Tenant security deposits	24,482	1,712	-	7,050	18,320	-	51,564
Current portion of notes payable	287,048	-	7,460	48,468	-	-	342,976
Total Current Liabilities	<u>1,136,397</u>	<u>45,937</u>	<u>1,032,410</u>	<u>2,821,904</u>	<u>28,771</u>	<u>(4,104,304)</u>	<u>961,115</u>
<b><u>Noncurrent Liabilities:</u></b>							
Share of deficiency in partnerships	1,828	-	-	-	-	-	1,828
Notes payable, net	7,569,768	4,103,312	748,112	4,420,133	2,646,000	-	19,487,325
Interest payable	915,866	1,504,651	12,456	-	-	-	2,432,973
Total Noncurrent Liabilities	<u>8,487,462</u>	<u>5,607,963</u>	<u>760,568</u>	<u>4,420,133</u>	<u>2,646,000</u>	<u>-</u>	<u>21,922,126</u>
Total Liabilities	<u>9,623,859</u>	<u>5,653,900</u>	<u>1,792,978</u>	<u>7,242,037</u>	<u>2,674,771</u>	<u>(4,104,304)</u>	<u>22,883,241</u>
<b><u>Minority Interest in Subsidiary</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,463)</u>	<u>(10,463)</u>
<b><u>Net Assets (Deficit):</u></b>							
Without donor restrictions	1,314,309	(1,449,421)	(765,521)	8,746	757,935	1,447,767	1,313,815
With donor restrictions	132,203	-	-	-	-	-	132,203
Total Net Assets (Deficit)	<u>1,446,512</u>	<u>(1,449,421)</u>	<u>(765,521)</u>	<u>8,746</u>	<u>757,935</u>	<u>1,447,767</u>	<u>1,446,018</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 11,070,371</u>	<u>\$ 4,204,479</u>	<u>\$ 1,027,457</u>	<u>\$ 7,250,783</u>	<u>\$ 3,432,706</u>	<u>\$ (2,667,000)</u>	<u>\$ 24,318,796</u>

**SOLUTIONS FOR CHANGE, INC.**  
**SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Solutions For Change, Inc.	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions East Vista Way, LP	Solutions Chestnut, LLC	Eliminations	Consolidated
<b>Net Assets Without Donor Restrictions</b>							
<b><u>Support and Revenue:</u></b>							
Contributions	\$ 2,729,297	\$ -	\$ 48,878	\$ -	\$ -	\$ -	\$ 2,778,175
Grants	-	19,800	-	-	-	(19,800)	-
Interest and miscellaneous	106,001	165	-	-	-	-	106,166
Rental income	472,456	323,881	-	216,444	210,856	(480,598)	743,039
Social enterprise	-	-	36,950	-	-	-	36,950
Special event revenue	10,100	-	-	-	-	-	10,100
Supporting services	117,780	-	-	-	-	-	117,780
Net assets released from restriction	132,203	-	-	-	-	-	132,203
Total Support and Revenue	<u>3,567,837</u>	<u>343,846</u>	<u>85,828</u>	<u>216,444</u>	<u>210,856</u>	<u>(500,398)</u>	<u>3,924,413</u>
<b><u>Operating Expenses:</u></b>							
Program services	3,122,855	342,283	281,270	110,764	92,048	(500,398)	3,448,822
Management and general	312,397	11,475	74,501	9,620	23,087	-	431,080
Fundraising	134,634	-	-	-	-	-	134,634
Total Operating Expenses	<u>3,569,886</u>	<u>353,758</u>	<u>355,771</u>	<u>120,384</u>	<u>115,135</u>	<u>(500,398)</u>	<u>4,014,536</u>
Change in Net Assets Without Donor Restrictions Before Nonoperating Revenue and (Expenses)	<u>(2,049)</u>	<u>(9,912)</u>	<u>(269,943)</u>	<u>96,060</u>	<u>95,721</u>	<u>-</u>	<u>(90,123)</u>
<b><u>Nonoperating Revenue and (Expenses):</u></b>							
Depreciation	(224,322)	(157,867)	(84,852)	(21,286)	(43,027)	-	(531,354)
Excess (deficit) of support and revenue over expenses of subsidiary	(271,582)	-	-	-	-	274,325	2,743
Interest - residual receipts debt	(102,253)	(106,546)	-	-	(79,380)	-	(288,179)
Partnership loss	(137)	-	-	-	-	-	(137)
Total Nonoperating Revenue and (Expenses)	<u>(598,294)</u>	<u>(264,413)</u>	<u>(84,852)</u>	<u>(21,286)</u>	<u>(122,407)</u>	<u>274,325</u>	<u>(816,927)</u>
Change in Net Assets Without Donor Restrictions	<u>(600,343)</u>	<u>(274,325)</u>	<u>(354,795)</u>	<u>74,774</u>	<u>(26,686)</u>	<u>274,325</u>	<u>(907,050)</u>
<b><u>Net Assets With Donor Restrictions</u></b>							
Contributions	54,278	-	-	-	-	-	54,278
Net assets released from restrictions	(132,203)	-	-	-	-	-	(132,203)
Change in Net Assets With Donor Restrictions	<u>(77,925)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(77,925)</u>
Total Change in Net Assets	(678,268)	(274,325)	(354,795)	74,774	(26,686)	274,325	(984,975)
Net Assets (Deficit) at Beginning of Year	1,446,512	(1,449,421)	(765,521)	8,746	757,935	1,447,767	1,446,018
Property Transfer	-	-	-	-	-	-	-
<b>NET ASSETS (DEFICIT) AT END OF YEAR</b>	<u>\$ 768,244</u>	<u>\$ (1,723,746)</u>	<u>\$ (1,120,316)</u>	<u>\$ 83,520</u>	<u>\$ 731,249</u>	<u>\$ 1,722,092</u>	<u>\$ 461,043</u>



**SOLUTIONS FOR CHANGE, INC.**  
**SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Solutions For Change, Inc.	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions East Vista Way, LP	Solutions Chestnut, LLC	Eliminations	Consolidated
<b>Net Assets Without Donor Restrictions</b>							
<b><u>Support and Revenue:</u></b>							
Contributions	\$ 1,384,438	\$ -	\$ 5,110	\$ -	\$ -	\$ -	\$ 1,389,548
Grants	75,000	19,800	-	-	-	(19,800)	75,000
Interest and miscellaneous	63,082	508	-	-	-	-	63,590
Rental income	535,644	336,096	-	148,377	213,987	(478,332)	755,772
Social enterprise	-	-	20,159	-	-	-	20,159
Special event revenue (net of direct donor benefit costs of \$48,070)	325,218	-	-	-	-	-	325,218
Supporting services	130,514	-	-	-	-	-	130,514
Net assets released from restriction	156,156	-	-	-	-	-	156,156
Total Support and Revenue	<u>2,670,052</u>	<u>356,404</u>	<u>25,269</u>	<u>148,377</u>	<u>213,987</u>	<u>(498,132)</u>	<u>2,915,957</u>
<b><u>Operating Expenses:</u></b>							
Program services	2,805,080	345,689	240,374	87,056	58,659	(496,132)	3,040,726
Management and general	281,811	12,354	75,831	7,824	20,691	(2,000)	396,511
Fundraising	185,252	-	226	-	-	-	185,478
Total Operating Expenses	<u>3,272,143</u>	<u>358,043</u>	<u>316,431</u>	<u>94,880</u>	<u>79,350</u>	<u>(498,132)</u>	<u>3,622,715</u>
Change in Net Assets Without Donor Restrictions Before Nonoperating Revenue and (Expenses)	<u>(602,091)</u>	<u>(1,639)</u>	<u>(291,162)</u>	<u>53,497</u>	<u>134,637</u>	<u>-</u>	<u>(706,758)</u>
<b><u>Nonoperating Revenue and (Expenses):</u></b>							
Depreciation	(232,201)	(157,951)	(98,047)	(15,965)	(43,027)	-	(547,191)
Excess (deficit) of support and revenue over expenses of subsidiary	(263,474)	-	-	-	-	266,135	2,661
Interest - residual receipts debt	(102,253)	(106,545)	-	-	(790)	-	(209,588)
Partnership loss	(136)	-	-	-	-	-	(136)
Total Nonoperating Revenue and (Expenses)	<u>(598,064)</u>	<u>(264,496)</u>	<u>(98,047)</u>	<u>(15,965)</u>	<u>(43,817)</u>	<u>266,135</u>	<u>(754,254)</u>
Change in Net Assets Without Donor Restrictions	<u>(1,200,155)</u>	<u>(266,135)</u>	<u>(389,209)</u>	<u>37,532</u>	<u>90,820</u>	<u>266,135</u>	<u>(1,461,012)</u>
<b><u>Net Assets With Donor Restrictions</u></b>							
Contributions	124,363	-	-	-	-	-	124,363
Net assets released from restrictions	(156,156)	-	-	-	-	-	(156,156)
Change in Net Assets With Donor Restrictions	<u>(31,793)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,793)</u>
Total Change in Net Assets	<u>(1,231,948)</u>	<u>(266,135)</u>	<u>(389,209)</u>	<u>37,532</u>	<u>90,820</u>	<u>266,135</u>	<u>(1,492,805)</u>
Net Assets (Deficit) at Beginning of Year	563,879	(1,183,286)	(376,312)	(28,786)	667,115	1,181,632	824,242
Property Transfer	<u>2,114,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,114,581</u>
<b>NET ASSETS (DEFICIT) AT END OF YEAR</b>	<u>\$ 1,446,512</u>	<u>\$ (1,449,421)</u>	<u>\$ (765,521)</u>	<u>\$ 8,746</u>	<u>\$ 757,935</u>	<u>\$ 1,447,767</u>	<u>\$ 1,446,018</u>

**SOLUTIONS FOR CHANGE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or Pass-Through Number</u>	<u>Passed Through to Subrecipient</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Housing and Urban Development:</b>				
<b>Pass-Through Programs:</b>				
Community Development Block Grants/Entitlement Grants:	14.218			
County of San Diego Department of Housing and Community Development (Loan)		N/A	\$ -	\$ 472,556
Total Community Development Block Grants/Entitlement Grants			-	472,556
HOME Investment Partnerships Program:	14.239			
County of San Diego Department of Housing and Community Development (Loan)		N/A	-	2,935,477
City of Oceanside (Loan)		N/A	-	195,459
Total HOME Investment Partnerships Program			-	3,130,936
Neighborhood Stabilization Program:	14.256			
County of San Diego Department of Housing and Community Development (Loan)		N/A	-	2,278,679
City of Oceanside (Loan)		N/A	-	633,119
Total Neighborhood Stabilization Program			-	2,911,798
Total Pass-Through Programs			-	6,515,290
Total U.S. Department of Housing and Urban Development			-	6,515,290
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 6,515,290

**SOLUTIONS FOR CHANGE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Solutions for Change, Inc. under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Solutions for Change, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Solutions for Change, Inc.

**Note 2 - Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* or the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Solutions for Change, Inc. has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

**Note 3 - Loan Programs:**

Assistance Listing Number	Program Name	Loans Outstanding at December 31, 2019	Loans Awarded for the Year Ended December 31, 2020	Loan Principal Repaid for the Year Ended December 31, 2020	Loans Outstanding at December 31, 2020
14.218	<b>Community Development Block Grants/Entitlement Grants:</b>				
	County of San Diego Department of Housing and Community Development	\$ 472,556	\$ -	\$ -	\$ 472,556
	Total Community Development Block Grants/Entitlement Grants	<u>472,556</u>	<u>-</u>	<u>-</u>	<u>472,556</u>
14.239	<b>HOME Investment Partnerships Program:</b>				
	County of San Diego Department of Housing and Community Development	2,935,477	-	-	2,935,477
	City of Oceanside	195,459	-	-	195,459
	Total HOME Investment Partnerships Program	<u>3,130,936</u>	<u>-</u>	<u>-</u>	<u>3,130,936</u>
14.256	<b>Neighborhood Stabilization Program:</b>				
	County of San Diego Department of Housing and Community Development	2,278,679	-	-	2,278,679
	City of Oceanside	633,119	-	-	633,119
	Total Neighborhood Stabilization Program	<u>2,911,798</u>	<u>-</u>	<u>-</u>	<u>2,911,798</u>
	<b>Total Loans</b>	<u>\$ 6,515,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,515,290</u>



Leaf & Cole, LLP  
Certified Public Accountants  
A Partnership of Professional Corporations

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

To the Board of Directors  
Solutions for Change, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Solutions for Change, Inc., which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated October 15, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Solutions for Change, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Solutions for Change, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Solutions for Change, Inc.'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 entity's consolidated 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 Solutions for Change, Inc.'s consolidated 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 Solutions for Change, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Solutions for Change, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leaf & Cole LLP

San Diego, California  
October 15, 2021



Leaf & Cole, LLP  
Certified Public Accountants  
A Partnership of Professional Corporations

**Independent Auditor's Report on Compliance  
for Each Major Program and on Internal Control Over  
Compliance Required by the Uniform Guidance**

To the Board of Directors  
Solutions for Change, Inc.

**Report on Compliance for the Major Federal Program**

We have audited Solutions for Change, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Solutions for Change, Inc.'s major federal programs for the year ended December 31, 2020. Solutions for Change, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Solutions for Change, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Solutions for Change, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, Solutions for Change, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

**Report on Internal Control over Compliance**

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

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

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

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

Leaf & Cole LLP

San Diego, California  
October 15, 2021

**SOLUTIONS FOR CHANGE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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

**Financial Statements**

Type of auditor's report issued on whether the consolidated financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified?            Yes       X       No

Significant deficiencies identified?            Yes       X       No

Noncompliance material to consolidated financial statements noted?            Yes       X       No

**Federal Awards**

Type of auditor's report issued on compliance for the major program Unmodified

Internal control over major program:

Material weaknesses identified?            Yes       X       No

Significant deficiencies identified?            Yes       X       No

Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a)?            Yes       X       No

Identification of the major program:

Assistance Listing Number

14.239

Name of Federal Program or Cluster

HOME Investment Partnership Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?       X       Yes            No

**Section II - Financial Statement Findings:**

None

**Section III – Federal Award Findings and Questioned Costs:**

None



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



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

Project Name: Home-Delivered Meal Service – San Marcos  Date Submitted: 3/28/2022	Total # of people served: 1,880  Total # of San Marcos residents served: 32	Amount Requested: \$5,000
Non-Profit Organization Name and Address, Website Mama's Kitchen 3960 Home Ave. San Diego, CA 92105 <a href="http://www.mamaskitchen.org">www.mamaskitchen.org</a>	Contact Person – Name, Title & Phone, email Jenna Novotny Director of Development (619) 233- 6262 <a href="mailto:jenna@mamaskitchen.org">jenna@mamaskitchen.org</a>	
<p><b><u>Briefly describe your request for funds (to be expanded upon in narrative for regular grant):</u></b></p> <p>Mama's Kitchen believes that everyone is entitled to the basic necessity of life – nutritious food. Our services improve the health and well-being of individuals and families vulnerable to malnutrition due to critical illness. Today, we are requesting that the San Marcos Community Foundation renew its generous support of our Home-Delivered Meal Service – San Marcos. Our program provides medically tailored meals to San Marcos residents and their dependent children, who are at risk of malnutrition due to HIV, cancer, type 2 diabetes, congestive heart failure, or chronic kidney disease. In addition to three daily meals, plus healthy snacks, clients receive one to three nutrition counseling sessions with our registered dietitians.</p> <p>A generous \$5,000 grant from the San Marcos Community Foundation will support purchasing food and containers for the medically tailored meals delivered to critically ill San Marcos residents. With an average food and container cost of \$2.62 per meal, your grant would provide approximately 1908 meals.</p>		
<p><b><u>Briefly describe the significance of your request to the San Marcos community:</u></b></p> <p>In FY 2021, Mama's Kitchen provided 6,055 meals to 31 San Marcos residents facing critical illness. In the first eight months of FY 2022, we have provided 9,399 meals to 42 San Marcos residents. In FY 2023, we anticipate providing 7,405 meals to 33 clients in San Marcos. Although we have no income restrictions for our program, 45% of San Marcos clients are considered extremely low or very low income. Proper nutrition is a powerful tool in increasing medication adherence, lowering health care costs, and improving the quality of life for critically ill individuals. By home-delivering complete daily nutrition at no cost, we break down our clients' barriers in accessing the nutrition they need for their best possible health outcomes.</p>		
Please attach the following items. <b><u>Both Mini-Grant &amp; Regular:</u></b> 1. Budget for request (use SMCF Budget Worksheet) 2. Annual Operating budget for the organization or unit 3. Federal & State Tax ID numbers 4. Board of Directors listing with affiliations <b><u>5. Regular Grants Only:</u></b> a. 1-2 page narrative b. First 2 pages of Federal 990 c. Most recent year-end Statement or Audit including any management letters associated with Audit. d. Signature of President or Authorized Officer on Application e. Optional: letters of support		Expected date project will begin/end: 7/1/2022  Date by which funds will be expended: 6/30/2023  Signature of President or Authorized Officer <div style="text-align: center;"> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <span>Alberto Cortés, CEO</span> <span>3/28/2022 Date</span> </div> </div>
		Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): <a href="mailto:cityclerk@san-marcos.net">cityclerk@san-marcos.net</a>



Mama's Kitchen  
Home-Delivered Meal Service- San Marcos

**Mission:**

Mama's Kitchen believes that everyone is entitled to the basic necessity of life – nutritious food. Our services improve the health and well-being of individuals and families vulnerable to malnutrition due to critical illness.

**Program Description:**

Our Home-Delivered Meal Service – San Marcos (HDMS) provides three daily meals, plus healthy snacks, to San Marcos residents battling illnesses such as cancer, HIV, type 2 diabetes, heart failure, and kidney disease. Our dietitians design each meal to improve health outcomes, increase immune response and support medication adherence. Although we have no age or income requirements, 58% of San Marcos clients are 60+, and 45% of HDMS clients are low-income. Our meals allow our clients to receive the nutrition they need, regardless of access to transportation.

The Home Delivered Meal Service – San Marcos, supported by more than 500 volunteers and 300 referral partners, is implemented through the following activities:

1. More than 300 referral partners connect us with San Diegans battling HIV, cancer, heart failure, diabetes or kidney disease. Within 48-72 hours, new clients receive their first meal delivery.
2. Our registered dietitians assess the client's nutritional status and treatment plan. Together, they determine nutritional goals, dietary modifications and create a personalized plan for nutrition education.
3. With the support of our executive chef, volunteers prepare meals. Our six-week menu cycle includes several diet variations to meet the medical needs of all clients. Currently, we use a no-contact delivery process.
4. On Tuesdays and Fridays, volunteers deliver meals to client homes. Each delivery contains three meals per day, plus healthy snacks, until the next delivery.
5. Registered dietitians call clients to provide ongoing nutrition education.
6. Healthcare providers recertify client eligibility every six months.

As highlighted in the Community Health Needs Assessment (CHNA), food insecurity and critical illness are intertwined in a vicious cycle that heightens the severity of health conditions. As an individual's health deteriorates, they face more barriers in accessing healthy nutrition (pain, lack of energy, treatment side effects, financial hardship from healthcare costs, and lost wages). The CHNA brings to light how lack of access prevents residents from receiving the care they need for better health. Mama's Kitchen breaks down these barriers in a variety of ways. Our home-delivered service allows clients to receive the nutrition they need, regardless of access to transportation. Our no-cost program allows clients to use their extremely limited financial resources on other necessities such as housing and medication. Our bilingual team provides culturally competent service to our diverse clients in their preferred language.

Meet "Donna," a Mama's Kitchen client battling cancer.

*I could not afford food or even to keep the heat on with just my social security income. Now I have delicious food to eat. I have gained back some weight that I'd lost. I am very thankful for you all, especially the chef!!*



### Who We Serve:

Mama's Kitchen collaborates with a network of more than 300 healthcare professionals and case managers who serve as our referral partners. Our partners are often the first point of contact for our target population and are best suited to assess those vulnerable to malnutrition due to critical illness. Healthcare providers verify the client's physiological and/or psychological inability to prepare meals and help supply financial and diagnosis documentation for newly referred clients. Current San Marcos referral partners include CCare, Hospice of the North Coast, Landmark Health, LightBridge Palliative, Scripps Health Plan Services, Scripps Outpatient Palliative Care, Sharp Rees-Stealy Medical Centers, UCSD Moores Cancer Center, and VA Medical Center

In order to qualify for our program, an individual must:

1. Be a resident of San Marcos and,
2. Be physiologically and/or psychologically unable to prepare meals for themselves due to HIV, cancer, type 2 diabetes, congestive heart failure or chronic kidney disease, or
3. Be a dependent child of a qualifying client.

Our Home-Delivered Meal Service – San Marcos clients can be described by the following information:

Gender		Race/Ethnicity		Age	
Male	30%	American Indian/Native Alaskan	0%	0 thru 5	0%
Female	70%	Asian	0%	6 thru 17	13%
Trans		Black/African American	8%	18 thru 35	3%
Chose not to answer		Hispanic/Latino	8%	36 thru 59	25%
		OPAC/Native Hawaiian	0%	60+	58%
		White	74%		
		Unreported	10%		

As mentioned above, 45% of San Marcos clients are considered extremely low or very low income by Housing and Urban Development standards. Currently, the average income of our Home-Delivered Meal Service clients in San Marcos is just \$1,486 per month. By providing clients with breakfast, lunch, dinner and healthy snacks, our program allows them to use their limited resources to pay for other necessities such as housing and healthcare.

### Measuring Impact:

In FY 2023, Mama's Kitchen will evaluate the success of our Home-Delivered Meal Service – San Marcos using the following objectives:

1. An estimated 7,405 meals will be delivered to approximately 33 San Marcos residents.
2. A minimum of 80% of survey-responding clients report receiving food that meets their nutritional needs.
3. A minimum of 80% of survey-responding clients report receiving food appropriate for their medication and treatment plans.
4. A minimum of 80% of survey-responding clients report that their general health has stabilized or improved since receiving meals in our program.

### Summary:

Mama's Kitchen is immensely appreciative of the continued support we have received from the San Marcos Community Foundation. Since 1990, Mama's Kitchen has provided healing nutrition to critically ill San Diego County residents. Mama's Kitchen is proud to say that in our 31-years of service we have never turned away nor, denied our services to an eligible client. Thank you for considering renewing your support to Mama's Kitchen as we continue to serve San Marcos residents facing the dual crisis of critical illness and malnutrition.



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)

Food_____	\$14,407.75
Meal Containers_____	\$1,545.69
Client/Volunteer Expenses_____	\$362.87
Payroll Expenses & Benefits_____	\$21,339.03
Data & Consulting Costs_____	\$621.75
Facilities and Supplies_____	\$1,414.57
Insurance_____	\$470.28
Misc._____	\$80.12

**Total budget for this PROJECT: \$40,242.07**

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?      No

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

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

\$45,000 \_\_\_ Broadway Cares\*\* \_\_C\_\_

\$10,000 \_\_\_ Hellman Foundation \*\* \_\_C\_\_

\$10,000 \_\_\_ Farrell Foundation \*\* \_\_C\_\_

\$10,000 \_\_\_ Guenther \*\* \_\_C\_\_



These funds and others are committed and pledged to our Home-Delivered Meal Service (FY 2023), which includes the Home-Delivered Meal Service – San Marcos.



## **Mama's Kitchen Fiscal Year 2021- 022 Operating Budget**

### **Expense**

<b>Advocacy</b>	8,500.00
<b>Bank/Credit Card fees</b>	25,000.00
<b>Client Expense</b>	8,386.00
<b>Consulting &amp; Professional Fees</b>	29,700.00
<b>Consumables</b>	5,500.00
<b>Containers/Bags</b>	120,000.00
<b>Data Costs</b>	41,000.00
<b>Direct Mail</b>	25,000.00
<b>Donor Cultivation/Recognition</b>	10,500.00
<b>Employee Expenses</b>	2,289,293.51
<b>Event Expense</b>	96,700.00
<b>Facilities</b>	135,213.00
<b>Food Costs</b>	1,247,268.10
<b>Insurance</b>	55,000.00
<b>Interest Exp - Mortgage &amp; LMA</b>	-
<b>Investment Admin Fees</b>	28,000.00
<b>Kitchen Equip</b>	3,000.00
<b>Marketing &amp; Public Relations</b>	46,500.00
<b>Memberships/Subscriptions</b>	
<b>Miscellaneous</b>	9,250.00
<b>Office Supplies &amp; Equip Lease</b>	15,000.00
<b>Off-site Pantry</b>	46,997.00
<b>Postage</b>	5,000.00
<b>Staff Development</b>	18,000.00
<b>Strategic Planning</b>	3,500.00
<b>Van Expenses</b>	3,280.00
<b>Volunteer Expenses</b>	23,650.00
<b>Total Expense</b>	4,299,237.61



**IRS** Department of the Treasury  
Internal Revenue Service

CINCINNATI OH 45999-0038

In reply refer to: 0248267585  
Sep. 07, 2017 LTR 4168C 0  
33-0434246 000000 00  
00013756  
BODC: TE

MAMAS KITCHEN  
3960 HOME AVE  
SAN DIEGO CA 92105



028609

Employer ID Number: 33-0434246  
Form 990 required: Yes

Dear Taxpayer:

This is in response to your request dated Aug. 28, 2017, regarding your tax-exempt status.

We issued you a determination letter in May 1995, 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](http://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).

0248267585  
Sep. 07, 2017 LTR 4168C 0  
33-0434246 000000 00  
00013757

MAMAS KITCHEN  
3960 HOME AVE  
SAN DIEGO CA 92105

Sincerely yours,

A handwritten signature in black ink, appearing to read "K. A. Billups". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Kim A. Billups, Operations Manager  
Accounts Management Operations 1





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

In reply refer to  
755:G :JAM

August 15, 2007

MAMA'S KITCHEN  
1875 2ND AVE  
SAN DIEGO CA 92101-2617

Purpose : CHARITABLE  
Code Section : 2370ld  
Form of Organization : Corporation  
Accounting Period Ending: December 31  
Organization Number : 1572056

This letter confirms your previous exemption from state franchise and income tax under Section 2370ld, Revenue and Taxation Code. In confirming your exempt status, we have made no examination of your current activities. If the organization has changed its operation, character, or purpose since exemption was originally granted, that change must be reported immediately to this office.

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

You are not required to file state franchise or income tax returns unless you have income subject to the unrelated business income tax under Section 23731 of the Code. In this event, you are required to file Form 109 (Exempt Organization Business Income Tax Return) by the 15th day of the 5th month (4 1/2 months) after the close of your annual accounting period.

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

J MONTAGNE  
EXEMPT ORGANIZATIONS  
BUSINESS ENTITIES SECTION  
TELEPHONE (916) 845-5726  
FAX NUMBER (916) 845-9486

RTF:

## Mama's Kitchen Board of Directors

### Officers

#### **President**

Scott Walls,

Retired, Community Volunteer

#### **Vice-President**

Jennifer Tuteur, MD,

Deputy Chief Medical Officer, SD County Health & Human Svcs

#### **President-Elect**

Thomas Kwan,

Senior/Principal Scientist, Astute Medical, Inc.

#### **Treasurer**

Jeff Robers,

Regional VP of Sales, Joint Venture Pay/Pay It Forward Processing

#### **Secretary**

Susan Vintilla-Friedman

Senior Director, Regulatory and Medical Writing, Arrowhead Pharmaceuticals

#### **Member at Large**

Vic Salazar,

President and CEO, Vic Salazar Communications

#### **Immediate Past President**

Michelle Jahn,

Senior Advisor, MedImpact NCA (MINCA Inc.)

### Directors

Michael Baehr,

Instructor, Marketing & Public Relations, UCSD Extension

Jim Blevins,

Retired, Community Volunteer

Michelle Burkart,

President, TH!NKresolution

Caron Calabrese,

Attorney and CEO, Woodward Law

Amialya ("Mia") Durairaj, MSc

Strategic Insights Manager, Dexcom

Dora Guillen,

Director of Sales and Marketing, Wyndham Garden Hotel

Mike Horn,

General Manager, IHF Export Corporation

Jason Leon-Baptista,

Co-Founder & Managing Partner of The Dobbins Group

Chiara Leroy,

Community Health Promotion Specialist, county of San Diego

Christy Milner,

Sr. Director of Quality Assurance, Poseida Therapeutics

Richard Moore,

Retired, Community Volunteer

John Pelkey,

Sr. Director, Talent Development, National University

Jeannie Posner, CPA, Esq.,

Chief Operating & Financial Officer, San Diego Opera

Dave Ricks,

Fundraising Professional and Community Volunteer

Gary Weitzman, DVM,

President and CEO, San Diego Humane Society

Adam Zweig, MD,

Western Regional Medical Director, AIDS Healthcare Foundation

Extended to May 17, 2021  
**Return of Organization Exempt From Income Tax**  
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)  
▶ Do not enter social security numbers on this form as it may be made public.  
▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

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>B</b> Check if applicable:  <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization <b>MAMA'S KITCHEN</b> Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite <b>3960 HOME AVENUE</b> City or town, state or province, country, and ZIP or foreign postal code <b>SAN DIEGO, CA 92105</b> <b>F</b> Name and address of principal officer: <b>ALBERTO CORTES</b> <b>same as C above</b>	<b>D</b> Employer identification number <b>33-0434246</b> <b>E</b> Telephone number <b>619-233-6262</b> <b>G</b> Gross receipts \$ <b>5,581,968.</b> <b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) <b>H(c)</b> Group exemption number ▶
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c)( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>J</b> Website: ▶ <b>WWW.MAMASKITCHEN.ORG</b>
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation: <b>1990</b> <b>M</b> State of legal domicile: <b>CA</b>

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities: <b>WE PROVIDE NUTRITION SUPPORT TO THOSE AFFECTED BY CRITICAL ILLNESSES WHO ARE VULNERABLE TO HUNGER.</b> <b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets. <b>3</b> Number of voting members of the governing body (Part VI, line 1a) <b>3</b> <b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) <b>4</b> <b>5</b> Total number of individuals employed in calendar year 2019 (Part V, line 2a) <b>26</b> <b>6</b> Total number of volunteers (estimate if necessary) <b>1431</b> <b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 <b>0.</b> <b>7b</b> Net unrelated business taxable income from Form 990-T, line 39 <b>0.</b>	
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h) <b>3,279,722.</b> <b>9</b> Program service revenue (Part VIII, line 2g) <b>0.</b> <b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d) <b>105,844.</b> <b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) <b>-27,255.</b> <b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) <b>3,358,311.</b>	<b>Prior Year</b> <b>3,279,722.</b> <b>0.</b> <b>105,844.</b> <b>-27,255.</b> <b>3,358,311.</b>
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3) <b>0.</b> <b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) <b>0.</b> <b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) <b>916,557.</b> <b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) <b>0.</b> <b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ <b>418,977.</b> <b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) <b>1,673,086.</b> <b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) <b>2,589,643.</b> <b>19</b> Revenue less expenses. Subtract line 18 from line 12 <b>768,668.</b>	<b>Current Year</b> <b>5,002,657.</b> <b>0.</b> <b>136,938.</b> <b>-20,970.</b> <b>5,118,625.</b> <b>0.</b> <b>0.</b> <b>1,207,516.</b> <b>0.</b> <b>2,064,376.</b> <b>3,271,892.</b> <b>1,846,733.</b>
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16) <b>4,268,261.</b> <b>21</b> Total liabilities (Part X, line 26) <b>381,130.</b> <b>22</b> Net assets or fund balances. Subtract line 21 from line 20 <b>3,887,131.</b>	<b>Beginning of Current Year</b> <b>4,268,261.</b> <b>381,130.</b> <b>3,887,131.</b> <b>End of Year</b> <b>6,083,197.</b> <b>414,033.</b> <b>5,669,164.</b>

**Part II Signature Block**

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

<b>Sign Here</b>	<b>Signature of officer</b> <b>ALBERTO CORTES, CHIEF EXECUTIVE OFFICER</b> Type or print name and title	<b>Date</b> <b>3/22/21</b>
<b>Paid Preparer Use Only</b>	<b>Print/Type preparer's name</b> <b>JASON C. GUTZMER</b> <b>Firm's name</b> ▶ <b>LING &amp; BOUMAN CPA'S, LLP</b> <b>Firm's address</b> ▶ <b>4669 MURPHY CANYON ROAD, STE 130</b> <b>SAN DIEGO, CA 92123-1833</b>	<b>Preparer's signature</b> <b>JASON C. GUTZMER</b> <b>Date</b> <b>03/19/21</b> <b>Firm's EIN</b> ▶ <b>81-4590836</b> <b>Phone no.</b> (858) 467-4770

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:

**MAMA'S KITCHEN, A COMMUNITY-DRIVEN ORGANIZATION, BELIEVES THAT EVERYONE IS ENTITLED TO THE BASIC NECESSITY OF LIFE - NUTRITIOUS FOOD. OUR NUTRITION SERVICES IMPROVE THE LIVES OF WOMEN, MEN AND CHILDREN VULNERABLE TO HUNGER DUE TO HIV, CANCER, OR OTHER CRITICAL ILLNESSES.**

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

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

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

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

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

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

4a (Code: ) (Expenses \$ **2,687,676.** including grants of \$ ) (Revenue \$ **5,118,625.**)  
**DELIVERY OF FREE MEALS TO HOME-BOUND PEOPLE WITH CRITICAL ILLNESSES. THE ORGANIZATION DELIVERED 528,034 MEALS, HAD 3,338 VISITS TO MAMA'S PANTRY, DELIVERED 340 EMERGENCY FOOD ASSISTANCE BAGS, AND PROVIDED MEDICAL NUTRITION THERAPY TO 1561 CLIENTS.**

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 **2,687,676.**

**MAMA'S KITCHEN**

a Non-Profit Organization,

Financial Statements, Independent Auditor's Report  
and Uniform Guidance Reports

For the Years Ended June 30, 2020 and 2019

4669 Murphy Canyon Road  
Suite 130  
San Diego, CA 92123

---

858.467.4770  
Fax 858.467.4779

**MAMA’S KITCHEN**  
**TABLE OF CONTENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	<b><u>Page</u></b>
Independent Auditor’s Report on Financial Statements	1 - 2
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 28
Schedules of Expenditures of Federal Awards	29 – 32
Independent Auditor’s Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	33 – 34
Independent Auditor’s Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	35 – 36
Schedule of Findings and Questioned Costs	37 – 40

**LING & BOUMAN, LLP**  
Certified Public Accountants  
4669 Murphy Canyon Road, Suite 130  
San Diego, California 92123  
Tel. (858) 467-4770 Fax (858) 467-4779

**INDEPENDENT AUDITOR'S REPORT**

To the Mama's Kitchen Board of Directors:

**Report on the Financial Statements**

We have audited the accompanying financial statements of Mama's Kitchen (a nonprofit organization) ("Mama's"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

**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 from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mama's as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report for the year ended June 30, 2020 dated November 17, 2020, on our consideration of Mama'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 Mama's internal control over financial reporting and compliance.

*Ling & Bouman, LLP*

November 17, 2020  
San Diego, California



**MAMA'S KITCHEN**  
**A Not-for-Profit Organization**  
**Statements of Financial Position**  
**As of June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b><u>Assets</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 2,069,024	\$ 173,816
Investments in marketable securities available for sale	1,766,413	1,846,993
Accounts receivable - net	271,160	198,368
Inventory	39,260	34,054
Prepaid expenses and other	47,034	57,167
Pledges receivable - current portion	4,241	4,241
Total current assets	<u>4,197,132</u>	<u>2,314,639</u>
Property and equipment - net	1,732,132	1,793,725
Other assets - net	<u>153,933</u>	<u>159,897</u>
Total Assets	<u><u>\$ 6,083,197</u></u>	<u><u>\$ 4,268,261</u></u>
<b><u>Liabilities and Net Assets:</u></b>		
Current Liabilities:		
Line of Credit	\$ -	\$ 74,260
Accounts payable and accrued expenses	222,533	156,267
Current portion of long-term debt	-	94,193
Total current liabilities	<u>222,533</u>	<u>324,720</u>
Long-term debt - net	<u>191,500</u>	<u>56,410</u>
Total liabilities	<u>414,033</u>	<u>381,130</u>
Net assets:		
Without donor restrictions	5,485,919	3,625,395
With donor restrictions	183,245	261,736
Total net assets	<u>5,669,164</u>	<u>3,887,131</u>
Total Liabilities and Net Assets	<u><u>\$ 6,083,197</u></u>	<u><u>\$ 4,268,261</u></u>

See accompanying notes to financial statements.

**MAMA'S KITCHEN**  
**A Not-for-Profit Organization**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE, GAINS AND OTHER SUPPORT:</b>			
<b>Contract Revenues:</b>			
<b>Government Revenues:</b>			
County of San Diego - Ryan White	\$ 557,222	\$ -	\$ 557,222
County of San Diego - HOPWA	178,642	-	178,642
City of San Diego - CDBG	125,000	-	125,000
City of Vista - CDBG	15,750	-	15,750
Non-Government	<u>323,007</u>	<u>-</u>	<u>323,007</u>
Total contract revenues	1,199,621	-	1,199,621
Contributions	3,660,341	86,400	3,746,741
Capital projects	-	1,150	1,150
Donation in-kind	55,145	-	55,145
Donated services	374,857	-	374,857
Special events, net of direct expenses	(20,970)	-	(20,970)
Investment income	47,236	-	47,236
Net realized and unrealized gain on investments	25,175	(173)	25,002
Released from restriction by payment	<u>165,868</u>	<u>(165,868)</u>	<u>-</u>
Total Revenue, Gains, and Other Support	<u>5,507,273</u>	<u>(78,491)</u>	<u>5,428,782</u>
<b>EXPENSES:</b>			
Program services	3,062,769	-	3,062,769
Management and general	165,433	-	165,433
Fundraising	<u>418,547</u>	<u>-</u>	<u>418,547</u>
Total Expenses	<u>3,646,749</u>	<u>-</u>	<u>3,646,749</u>
Change in Net Assets	1,860,524	(78,491)	1,782,033
Net Assets, Beginning of Year	<u>3,625,395</u>	<u>261,736</u>	<u>3,887,131</u>
			-
Net Assets, End of Year	<u>\$ 5,485,919</u>	<u>\$ 183,245</u>	<u>\$ 5,669,164</u>

See accompanying notes to financial statements.

**MAMA'S KITCHEN**  
**A Not-for-Profit Organization**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE, GAINS AND OTHER SUPPORT:</b>			
Contract Revenues:			
Government Revenues:			
County of San Diego - Ryan White	\$ 486,590	\$ -	\$ 486,590
County of San Diego - HOPWA	163,958	-	163,958
City of San Diego - CDBG	100,000	-	100,000
City of Vista - CDBG	15,000	-	15,000
Non-Government	207,596	-	207,596
Total contract revenues	<u>973,144</u>	<u>-</u>	<u>973,144</u>
Contributions	1,935,422	252,749	2,188,171
Capital projects	-	5,158	5,158
Donation in-kind	113,249	-	113,249
Donated services	379,114	-	379,114
Special events, net of direct expenses	(27,255)	-	(27,255)
Gain on sale of assets	35	-	35
Investment income	45,899	-	45,899
Net realized and unrealized gain on investments	134,945	1,058	136,003
Released from restriction by payment	<u>81,433</u>	<u>(81,433)</u>	<u>-</u>
Total Revenue, Gains, and Other Support	<u>3,635,986</u>	<u>177,532</u>	<u>3,813,518</u>
<b>EXPENSES:</b>			
Program services	2,356,933	-	2,356,933
Management and general	148,319	-	148,319
Fundraising	<u>463,505</u>	<u>-</u>	<u>463,505</u>
Total Expenses	<u>2,968,757</u>	<u>-</u>	<u>2,968,757</u>
Change in Net Assets	667,229	177,532	844,761
Net Assets, Beginning of Year	<u>2,958,166</u>	<u>84,204</u>	<u>3,042,370</u>
Net Assets, End of Year	<u><u>\$ 3,625,395</u></u>	<u><u>\$ 261,736</u></u>	<u><u>\$ 3,887,131</u></u>

See accompanying notes to financial statements.

**MAMA'S KITCHEN**  
**a Not-for-Profit Organization**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2020**

	Program Services	SUPPORTING SERVICES		Total
		Management & General	Fundraising	
Salaries and wages	\$ 770,545	\$ 80,380	\$ 211,754	\$ 1,062,679
Payroll taxes	64,424	5,635	18,897	88,956
Employee benefits	32,088	13,047	10,746	55,881
Total Salary and Related Expense	867,057	99,062	241,397	1,207,516
Food and packaging costs (net)	1,371,980	-	-	1,371,980
Food costs - in-kind	47,483	-	-	47,483
Advertising, printing & publications	-	-	44,552	44,552
Bank/Credit card fees	-	-	21,973	21,973
Client expense	23,568	-	-	23,568
Depreciation and amortization	110,379	9,211	14,744	134,334
Direct mail	-	-	18,215	18,215
Donor cultivation	-	-	1,700	1,700
Donated services, facilities and in-kind	374,932	-	7,587	382,519
Information technology	16,316	4,568	13,706	34,590
Insurance	31,467	6,447	8,019	45,933
Interest expense	6,157	2,893	1,150	10,200
Investment advisory fees	10,931	1,518	2,365	14,814
Legal and professional	40,650	2,877	13,089	56,616
Memberships, subscriptions, professional development	3,453	12,935	4,251	20,639
Occupancy	119,470	12,005	16,885	148,360
Office expense	12,418	3,708	5,570	21,696
Vehicle expense	3,845	-	-	3,845
Volunteer expense	17,762	1,898	151	19,811
Miscellaneous	4,901	8,311	3,193	16,405
Total Expenses	<u>\$ 3,062,769</u>	<u>\$ 165,433</u>	<u>\$ 418,547</u>	<u>\$ 3,646,749</u>

See accompanying notes to financial statements.

**MAMA'S KITCHEN**  
**a Not-for-Profit Organization**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2019**

	Program Services	SUPPORTING SERVICES		Total
		Management & General	Fundraising	
Salaries and wages	\$ 533,485	\$ 50,482	\$ 208,350	\$ 792,317
Payroll taxes	45,000	4,849	18,051	67,900
Employee benefits	28,209	11,106	17,025	56,340
Total Salary and Related Expense	606,694	66,437	243,426	916,557
Food and packaging costs (net)	955,690	-	-	955,690
Food costs - in-kind	50,409	-	-	50,409
Advertising, printing & publications	-	-	38,910	38,910
Bank/Credit card fees	-	-	19,680	19,680
Client expense	17,706	-	-	17,706
Depreciation and amortization	107,335	9,554	14,432	131,321
Direct mail	-	-	24,035	24,035
Donor cultivation	-	-	2,534	2,534
Donated services, facilities and in-kind	379,114	6,068	56,773	441,955
Information technology	9,999	7,027	13,433	30,459
Insurance	31,227	7,788	7,044	46,059
Interest expense	19,021	3,759	4,091	26,871
Investment advisory fees	10,970	1,469	2,346	14,785
Legal and professional	36,042	3,562	3,114	42,718
Memberships, subscriptions, professional development	1,012	21,143	5,231	27,386
Occupancy	102,045	11,615	18,996	132,656
Office expense	11,422	3,547	4,603	19,572
Vehicle expense	3,518	-	-	3,518
Volunteer expense	13,427	2,041	1,037	16,505
Miscellaneous	1,302	4,309	3,820	9,431
Total Expenses	\$ 2,356,933	\$ 148,319	\$ 463,505	\$ 2,968,757

See accompanying notes to financial statements.

**MAMA'S KITCHEN**  
**A Not-for-Profit Organization**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in Net Assets	\$ 1,782,033	\$ 844,761
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	134,334	131,321
Amortization of debt issuance cost	2,255	1,353
Gain on sale of assets	-	(35)
Investments in marketable securities available for sale	(25,002)	(136,003)
(Increase) Decrease in:		
Accounts receivable - net	(72,792)	(58,165)
Prepaid expenses and other	10,134	(12,492)
Pledges receivable - net	-	10,069
Inventory	(5,206)	(2,925)
Other assets - net	-	(141,992)
Increase in:		
Accounts payable and accrued expenses	66,265	48,078
Net cash provided by operating activities	<u>1,892,021</u>	<u>683,970</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments in marketable securities available for sale	(398,493)	(352,038)
Proceeds from sale of investments in marketable securities available for sale	504,075	321,766
Proceeds from sale of assets	-	925
Purchase of other assets	-	(18,216)
Purchase of property and equipment	(66,777)	(108,055)
Net cash provided by (used in) investing activities	<u>38,805</u>	<u>(155,618)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net payments on long-term borrowings	(152,858)	(118,258)
Net advances on Paycheck Protection Loan	191,500	-
Line of credit - net	(74,260)	(380,000)
Net cash used in financing activities	<u>(35,618)</u>	<u>(498,258)</u>
Net Increase in Cash and Cash Equivalents	1,895,208	30,094
Cash and cash equivalents, beginning of the year	<u>173,816</u>	<u>143,722</u>
Cash and cash equivalents, end of the year	<u>\$ 2,069,024</u>	<u>\$ 173,816</u>
<b>Supplemental Disclosure of cash flow information:</b>		
Cash payments for interest	<u>\$ 7,945</u>	<u>\$ 25,626</u>

See accompanying notes to financial statements.

**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

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

Nature of Activities

Mama's Kitchen (the "Organization") is a nonprofit organization incorporated on September 28, 1990 in California. The Organization is governed by a non-compensated board of directors and provides services across San Diego County.

The mission statement: Mama's Kitchen, a community-driven organization, believes that everyone is entitled to the basic necessity of life, nutritious food. Our nutrition services improve the lives of women, men, and children vulnerable to hunger due to AIDS, cancer, or other critical illnesses.

Consistent with the mission, the following services are provided:

1. Home delivered meals that are medically tailored to address the health challenges of people living with HIV, cancer, heart disease, and Type II diabetes. This service is funded by a combination of government grants, private and corporate foundations, individual contributions, and other smaller revenue sources. Medically tailored meals are meals approved by a Registered Dietician Nutritionist ("RDN") and reflect an appropriate diet based on diagnosis, symptoms, allergies, medication management, and side effects to ensure the best possible health outcomes.
2. Pantry services, provided at Mama's Pantry, are available to people with HIV living on a low income. This service provides the opportunity to shop once a month for staples that include dairy products, protein sources (chicken, beef, eggs, legumes, cheese, etc.), breakfast cereals, rice, fresh and canned vegetables, and other food products. Mama's Pantry also offers emergency food assistance for clients who are in financial crisis and referred to the Organization.
3. Medical Nutrition Therapy ("MNT") is provided by our RDN's. This one-on-one intervention between the RDN and the client takes place in a clinical setting and is intended to provide the client nutrition information to improve their health outcomes.

During the 12 months ended June 30, 2020 the Organization delivered 528,034 meals, had 3,338 visits to Mama's Pantry, provided 340 emergency food assistance bags, and provided MNT to 1,561 clients.

During the 12 months ended June 30, 2019 the Organization delivered 368,498 meals, had 4,547 visits to Mama's Pantry, provided 347 emergency food assistance bags, and provided MNT to 935 clients.

**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

The Organization is currently part of a California state-wide pilot project funded by the state of California. This pilot project is providing a medically tailored meal intervention to San Diegans with congestive heart failure. Additionally, in 2019, the Organization began a pilot project to provide medically tailored meals to San Diegans with Type II Diabetes.

The Organization has been part of the emergency response effort since the start (March, 2020) of the COVID-19 pandemic. Additionally, operational procedures were modified by implementing public health safety precautions (masking, social distancing, cleaning of surfaces, temperature taking, sign-in/sign-out logs, limiting number of people in the building during hours of operation). The Organization experienced an increase in the number of people served by almost two-thirds. Additionally, the Organization, temporarily discontinued its pantry services.

Financial Statement Presentation and Basis of Accounting

The financial statements are prepared in accordance with the American Institute of Certified Public Accountants Audit and Accounting Guide for Not for Profit Organizations. Financial statement preparation follows the recommendations of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958 *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The accompanying financial statements have been prepared on the accrual basis in conformity with generally accepted accounting principles. Accordingly, the financial statements reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents and Concentration of Credit Risk

For purposes of the Statements of Cash Flows, Mama's Kitchen considers all highly liquid investments with an initial maturity date of three months or less to be cash equivalents. Amounts in the bank accounts which exceed the United States Federal Deposit Insurance Corporation insured limit of \$250,000 total approximately \$1,800,000 at June 30, 2020.

Investments in Marketable Securities Available for Sale and Concentration of Credit Risk and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such



**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

changes could materially affect balances and the amounts reported in the statement of financial position.

The Organization also invests in the securities of foreign companies or companies with significant operations in foreign countries, which involve additional special risks and considerations not typically associated with investing in U.S. companies. These risks include but are not limited to devaluation of currencies, less reliable information about issuers, different securities transaction regulations, clearance and settlement practices, and possibly adverse political and economic developments. Moreover, the securities of many foreign companies may be less liquid and their prices more volatile than those securities of comparable U.S. companies.

Inventory

The inventory consists of meal containers, dry and frozen foods, and other food products. Inventory is valued using the First-In First-Out (FIFO) method. As of June 30, 2020 and 2019, inventory was valued at \$39,260 and \$34,054, respectively.

Property and Equipment - net

Property and equipment acquisitions in excess of \$1,000 per the Organization's capitalization policy are capitalized and recorded at cost when purchased. The fair market value of donated fixed assets is similarly capitalized. Depreciation is provided over the estimated useful life of each class of assets (3 to 30 years) and is computed using the straight-line method. The Organization's expenditures for ordinary repairs and maintenance and planned major maintenance are charged to operations as incurred. Depreciation expense for the year ended June 30, 2020 and 2019 was \$128,370 and \$126,515, respectively.

Impairment of Long-lived Assets

The Organization accounts for impairment of long-lived assets in accordance with FASB ASC No. 360, "Property, Plant, and Equipment." ASC No. 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the book value of the asset may not be recoverable. The Organization evaluates at each balance sheet date whether events and circumstances have occurred that indicate possible operational impairment. In accordance with ASC No. 360, the Organization uses an estimate of the future undiscounted net cash flows of the related asset or asset grouping over the remaining life in measuring whether its operating assets are recoverable. An impairment is recognized when future undiscounted cash flows of assets are estimated to be insufficient to recover their related carrying value. The Organization considers continued operating losses, or significant and long-term changes in business conditions, to

**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

be its primary indicators of potential impairment. In measuring impairment, the Organization looks to quoted market prices, if available, or the best information available in the circumstances. At June 30, 2020 and 2019, the Organization has determined that there is no impairment of assets.

Intangible Assets – net

Intangible assets cost of \$50,392 are included in Other assets – net and are amortized over the estimated useful life of 5 years. Accumulated amortization totaled \$38,451 and \$32,487 as of June 30, 2020 and 2019. Amortization expense for year ended June 30, 2020 and 2019 totaled \$5,964 and \$4,806, respectively.

Debt Issuance Costs

Debt issuance costs are amortized over the life of the loan and are presented net of amortization as a direct reduction of the associated note payable for 2019 in accordance with ASU 2015-03. The net loan origination fees included as a reduction to notes payable was \$2,255 for the year ended June 30, 2019. This loan was paid off in 2020.

Amortization of debt issuance costs totaling \$2,255 and \$1,353 are included in interest expense for the years ended June 30, 2020 and 2019, respectively.

Compensated Absences

Employees of Mama's Kitchen are entitled to compensated absences depending on the length of service and other factors. Such absences consist of accrued vacation and sick time; the unused accrued vacation is payable upon termination or retirement. As of June 30, 2020 and 2019, accrued vacation payable was \$71,411 and \$46,698, respectively and are included in Accounts payable and accrued expenses on the Statement of Financial Position.

Contributions, Promises to Give and Capital Projects

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give, in substance and unconditionally. It is the Organization's policy to treat donor-restricted contributions whose restrictions are met in the same reporting period as net assets without donor restrictions. Donations that are not expended in the current year are classified as net assets with donor restrictions.

Capital project contributions include amounts contributed to meet the debt service on the

**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

Organization's headquarters as well as specific equipment purchases.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Concentration of Revenue

In 2020 and 2019, Mama's Kitchen received approximately 16% and 20% of its total revenue from local government agencies for the Home Delivered Meal Program. While there is no imminent plan on the part of the government to discontinue these funds, the contracts are renewed on an annual basis depending on availability of funds.

In 2020 and 2019, Mama's Kitchen also received approximately 84% and 80% of its total revenue from fund-raising activities, investment income, contributions from private foundations, local community support and other contract revenues.

Donated Services

The criteria for recognizing donated services in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, are if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Fiscal year ended June 30, 2020:

The Organization received approximately 30,740 donated hours and 131,769 miles driven from 1,431 volunteers for various services including food preparation, packaging and staging prepared meals, home delivery and pantry services to more than 1,545 women, men, and children at high risk of hunger and malnutrition. The value of donated hours is \$968,617(1) and the value of donated miles is \$76,426(2).

Fiscal year ended June 30, 2019:

The Organization received approximately 31,152 donated hours and 150,072 miles driven from 1,198 volunteers for various services including food preparation, packaging and staging prepared meals, home delivery and pantry services to more than 1,904 women, men, and children at high risk of hunger and malnutrition. The value of donated hours is \$933,002(1) and the value of donated miles is \$87,042(2).

**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

However, not all of these services met the criteria established by FASB ASC 958 and therefore are not recorded in the financial statements. The donated services that can be recorded in the financial statements, specifically for meal delivery, are discussed in Note 13.

- (1) Calculated using the 2019 and 2018 Volunteer Hour Value for California as published by The Independent Sector
- (2) Calculated using the IRS Standard Mileage Rate of \$0.575 for fiscal 2020 and \$0.58 for fiscal 2019

Functional Allocation of Expenses

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

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Recent Accounting Pronouncements

The FASB codifies the various sources of GAAP into the ASC. Any updates to the ASC are communicated through Accounting Standards Updates ("ASU"). In 2018, 2019 and 2020 up to the date of the independent auditors' report, the FASB has issued various ASUs for which the majority are not pertinent to the operations of the Organization. Those ASUs that are pertinent have been adopted (see Accounting Pronouncements Adopted) or will be adopted in future years in accordance with the update provisions and are not expected to have any impact on the financial condition, results of operations or cash flows of the Organization.

Accounting Pronouncements Adopted

In 2019, the Organization adopted ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958). The ASU amended the current reporting model for nonprofit organizations and enhanced their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net

**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

Reclassifications

Certain reclassifications have been made to the fiscal year ended June 30, 2019 financial statements to conform to the fiscal year ended June 30, 2020 presentation.

Date of Managements Review

Subsequent events were evaluated through November 17, 2020, which is the financial statement issuance date.

**Note 2 – Statement of Financial Position Details at June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Property and Equipment – at Cost:		
Land	\$ 176,700	\$ 176,700
Building and improvements	2,239,625	2,231,042
Furniture and fixtures	564,060	505,866
Vehicles	<u>39,735</u>	<u>39,735</u>
	3,020,120	2,953,343
Accumulated Depreciation	<u>(1,287,988)</u>	<u>(1,159,618)</u>
Net Property and Equipment	<u>\$1,732,132</u>	<u>\$1,793,725</u>
Prepaid expenses and other:		
Prepaid insurance	\$ 14,115	\$ 15,051
Prepaid program evaluation	11,803	15,267
Software maintenance	8,688	7,008

**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

Cleaning & other services	4,892	12,305
Vendor security deposit	6,000	6,000
Workers compensation deposit	<u>1,536</u>	<u>1,536</u>
Total prepaid expenses and other	<u>\$ 47,034</u>	<u>\$ 57,167</u>
Other assets – net		
Donated artwork held for sale	\$ 141,992	\$ 141,992
Intangible assets - net	<u>11,941</u>	<u>17,905</u>
Total other assets – net	<u>\$ 153,933</u>	<u>\$ 159,897</u>
Accounts payable and accrued expenses		
Accounts payable	\$ 38,552	\$ 49,970
Accrued payroll	80,079	37,774
Accrued vacation	71,411	46,698
Accrued other	<u>32,491</u>	<u>21,825</u>
Total accounts payable and accrued expenses	<u>\$ 222,533</u>	<u>\$ 156,267</u>

**Note 3 – Contracts Awarded and Contingency**

During fiscal 2020 and 2019, Mama's Kitchen was under contract with the San Diego County Department of Mental Health and Human Services ("County of San Diego"), the City of San Diego Economic Development Department ("City of San Diego") and the City of Vista Housing Division ("City of Vista"), all of which are referred to as the Agencies (the "Agencies"), to provide home delivered meals and other nutrition services. Under the Agencies contracts, services provided are limited to the County of San Diego.

The Agencies contracts for the year ending June 30, 2020 are subject to the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance").

The Agencies contracts are subject to periodic review by the Agencies to substantiate that invoices submitted are properly supported. These reviews will periodically result in minor discrepancies for which Mama's Kitchen will have to repay the Agencies should any discrepancies exist. During the fiscal year ended June 30, 2020 and 2019, no findings by the Agencies were considered to be material adjustments.

**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

The Agencies contract awards are subject to renewal annually, and there can be no assurance that similar contracts, if any, will be awarded in the future.

Mama's Kitchen has been awarded similar Agency contracts totaling approximately \$942,00 for the fiscal year ended June 30, 2021.

**Note 4 - Income Taxes**

**Income Taxes Status**

Mama's Kitchen is a private not-for-profit corporation organized under the laws of the State of California. As a Section 501(c)(3) organization, it is exempt from income taxes on the basis that it qualifies for exemption under Section 501(a) of the Internal Revenue Code, and Section 23701(d) of the State Revenue and Taxation Code on revenues, gains and other support used for charitable purposes.

**Uncertain Tax Positions**

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, Mama's Kitchen may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various position related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended June 30, 2020 and 2019.

Management has considered its tax position and believes that all of the positions taken in its exempt organization tax returns will be sustained upon examination.

Mama's Kitchen files its Form 990 in the U.S. federal jurisdiction and a copy of it with the Office of the State's Attorney General for the State of California. Mama's Kitchen is no longer subject to examination by the Internal Revenue Service and the State of California for years before 2015 and 2014, respectively.

**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

**Note 5 – Investments in Marketable Securities Available for Sale**

Investments in marketable debt and equity securities available-for-sale are being reported at fair value based upon quoted market prices on national stock exchanges. Unrealized net holding (losses) gains totaled \$(64,489) and \$75,034 for the years ended June 30, 2020 and 2019, respectively. Investments in marketable securities available for sale are held for investment gains and for future needs of the Organization. (See Note 11 for unrealized net holding gains on permanently restricted endowment funds.)

Gross realized gains on available-for-sale securities included in revenue totaled \$89,702 and \$59,911 for the years ended June 30, 2020 and 2019, respectively. Gains or (losses) are recognized via the specific identification method.

At June 30, 2020, the cost basis and estimated fair values of investments in equity securities are set forth in the following table. The cost basis approximates the amortized costs for securities purchased at a price equal to the stated face amount, plus a premium or less a discount.

	<u>Cost Basis</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized (Losses)</u>	<u>Estimated Fair Value</u>
Cash and cash equivalents	\$ 58,828	\$ -	\$ -	\$ 58,828
Domestic common stocks	805,589	290,025	(55,826)	1,039,788
Managed equity mutual funds	278,288	10,168	(3,628)	284,828
Preferred stocks	121,132	2,211	(2,659)	120,684
Asset backed securities	19,189	1,334	-	20,523
Managed equity bond funds				
US Government backed	96,135	13,802	(95)	109,842
Corporate	110,788	5,862	(206)	116,444
San Diego Foundation Balanced Pool	<u>15,476</u>	<u>-</u>	<u>-</u>	<u>15,476</u>
Total	<u>\$1,505,425</u>	<u>\$323,402</u>	<u>\$ (62,414)</u>	<u>\$1,766,413</u>



**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

At June 30, 2019, the cost basis and estimated fair values of investments in equity securities are set forth in the following table. The cost basis approximate the amortized costs for securities purchased at a price equal to the stated face amount, plus a premium or less a discount.

	<u>Cost Basis</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized (Losses)</u>	<u>Estimated Fair Value</u>
Cash and cash equivalents	\$ 58,466	\$ -	\$ -	\$ 58,466
Domestic common stocks	840,044	339,761	(28,995)	1,150,810
Managed equity mutual funds	271,326	8,299	(2,567)	277,058
Preferred stocks	114,256	3,334	(1,002)	116,588
Asset backed securities	23,148	589	(15)	23,722
Managed equity bond funds				
US Government backed	112,537	4,570	-	117,107
Corporate	86,090	1,503	-	87,593
San Diego Foundation Balanced Pool	<u>15,649</u>	<u>-</u>	<u>-</u>	<u>15,649</u>
Total	<u>\$1,521,516</u>	<u>\$358,056</u>	<u>\$ (32,579)</u>	<u>\$1,846,993</u>

**Note 6 – Fair Value of Investments**

The FASB issued ASC No. 820 (ASC 820), Fair Value Measurements that establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

**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.

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

Fair Value Measurement at June 30, 2020, Using

	<u>Total</u>	<u>Quoted Price in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
UBS Financial Services, Inc. ("UBS") Investments				
Cash Portfolio	\$ 58,828	\$ 58,828	\$ -	\$ -
UBS Investment Accounts				
Equities	1,039,788	1,039,788	-	-
Mutual Funds	284,828	284,828	-	-
Fixed Income Investments	367,493	367,493	-	-
San Diego Foundation				
Endowment, Balanced Pool	15,476	-	15,476	-
Total Investments	1,707,585	1,692,109	15,476	-
Total Cash and Investments	\$1,766,413	\$1,750,937	\$ 15,476	\$ -

**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

Fair Value Measurement at June 30, 2019, Using

	<u>Total</u>	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
UBS Financial Services, Inc. ("UBS") Investments				
Cash Portfolio	\$ 58,466	\$ 58,466	\$ -	\$ -
UBS Investment Accounts				
Equities	1,150,810	1,150,810	-	-
Mutual Funds	277,058	277,058	-	-
Fixed Income Investments	345,010	345,010	-	-
San Diego Foundation				
Endowment, Balanced Pool	15,649	-	15,649	-
Total Investments	1,788,527	1,772,878	15,649	-
Total Cash and Investments	\$1,846,993	\$1,831,344	\$ 15,649	\$ -

The fair value of a financial instrument is 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. Fair value is best determined based upon quoted market prices.

**Note 7 – Accounts Receivable - net**

Accounts receivable - net as of June 30, 2020 and 2019 were \$271,160 and \$198,368, of which \$143,716 and \$106,658 were due from the County of San Diego – Health & Human Services Agency and \$127,444 and \$91,710 from various other entities. Management determined that no allowance for doubtful accounts was necessary.

**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

**Note 8 – Pledges Receivable - net**

Mama's Kitchen conducted a capital campaign for the purchase of a building. The remaining pledges receivable as of June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Pledges receivable – net (the allowance for doubtful pledges totaled \$890 in 2020 and 2019, respectively)	\$ 4,241	\$ 4,241
Less current portion	<u>4,241</u>	<u>4,241</u>
	<u>\$ -</u>	<u>\$ -</u>

**Note 9 – Revolving Line of Credit**

The Organization has a \$1,000,000 revolving Line of Credit with UBS, of which \$74,260 was outstanding at June 30, 2019. The balance shown on the Statement of Financial Position of \$74,260 includes accrued interest of \$257 as of June 30, 2019. Bank advances on the credit line are payable on demand and carry a 30-day London Inter-Bank Rate + 1.75% interest rate (3.580% APR at June 30, 2020). There were no amounts outstanding on the Line of Credit at June 30, 2020.

**Note 10 – Long Term Debt**

Long term debt at June 30, 2020 and 2019, was comprised of:

	<u>2020</u>	<u>2019</u>
Mortgage note payable to Torrey Pines Bank, interest rate of 5.5%, monthly payments of \$8,363 through January 2021, collateralized by real property. (Paid off in 2020.)	\$ -	\$ 152,858
Paycheck Protection Program (“PPP”) loan due to a Financial institution. The loan is backed by the SBA. Loan may be forgiven if the Organization meets the Requirements for forgiveness. Should a portion of the loan not be forgiven, the unforgiven portion bears interest at 1.0% and is payable December 31, 2021.	191,500	-

**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

Less current portion	_____ -	_____ 94,193
	191,500	58,665
Reduction of long term debt for unamortized Debt issuance costs	_____ -	_____ (2,255)
Total Long term debt - net	<u>\$ 191,500</u>	<u>\$ 56,410</u>

The Organization expects to meet all of the requirements for debt forgiveness on the PPP loan and believes it will not have to repay this loan. If that forgiveness occurs in the future, the PPP loan will become income to the Organization. The Organization has not recognized any current portion or provided a debt amortization schedule on this loan due to the expected forgiveness.

**Note 11 – Net Assets With Donor Restrictions**

The Organization received contributions with donor restrictions totaling \$87,550 and \$257,907 in 2020 and 2019, respectively. Per donor imposed restrictions, the funds usage is restricted to a specific purpose and/or program. The Organization utilized \$165,868 and \$81,433 of funds with donor restrictions as of June 30, 2020 and 2019, respectively.

Net assets with donor restrictions are composed of the following:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose	\$ 142,769	\$ 221,087
Mama's Kitchen Endowment	25,000	25,000
The San Diego Foundation Endowment	<u>15,476</u>	<u>15,649</u>
Total Net Assets with Donor Restrictions	<u>\$ 183,245</u>	<u>\$ 261,736</u>

**Endowment Funds**

Mama's Kitchen has two separate endowment funds; one is maintained by The San Diego Foundation and the other is pooled with other investments. Both endowments were created to support the Organization's operations as a whole and not for any specific purpose. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

The Board of Directors of Mama's Kitchen has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization would consider the funds to be underwater if the fair value of the funds are less than the sum of (1) the original value of initial and subsequent gifts donated to the funds and (2) any accumulations to the funds that are required to be maintained in perpetuity in accordance with applicable donor gift instructions. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The funds are not currently underwater.

In accordance with UPMIFA, Mama's Kitchen considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the investment policies of the Organization.

Mama's Kitchen has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for operations supported by its endowments while seeking to maintain the principal of the endowment assets. Within prudent investment principles, in selecting FDIC insured institutions for cash, CDs, and similar liquid investments, the Board may take into consideration factors other than the rate of return. Such factors may include, but are not limited to, the institution's community involvement, support of Mama's Kitchen, and similar factors the Board deems prudent under the circumstances, so long as the general rate of return received is similar to that of other institutions.

At such time as investments are made in the US equities market, and consistent with prudent investment standards and safety, Mama's Kitchen shall seek to achieve above the market average rate of return as defined by the S&P 500 index while assuming a moderate level of investment risk. Actual returns in any given year may vary due to economic and other market conditions.

The composition of endowment net assets and the changes in endowment net assets as of June 30, 2020 and 2019 are as follows:

**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

	<u>Net Assets with Donor Restrictions</u>
Endowment net assets, July 1, 2018	\$ 39,591
Investment return (net)	<u>1,058</u>
Endowment net assets, June 30, 2019	40,649
Investment return (net)	<u>(173)</u>
Endowment net assets, June 30, 2020	<u>\$ 40,476</u>

**Note 12 – Fund-raising and Special Events, Net**

Special events consist of various fund-raising events for the year ended June 30, 2020 and 2019, respectively, as follows:

**Fiscal year ended June 30, 2020:**

	<u>Mama's Day</u>	<u>Mama's Pies</u>	<u>Other Events</u>	<u>Total</u>
Special events revenue	\$ -	\$ 28,000	\$ -	\$ 28,000
Less: Direct expenses	<u>(5,629)</u>	<u>(31,696)</u>	<u>(11,645)</u>	<u>(48,970)</u>
Special events, net of direct expenses	<u>(5,629)</u>	<u>(3,696)</u>	<u>(11,645)</u>	<u>(20,970)</u>
Special events contributions	-	89,636	53,859	143,495
In-kind donations	100	561	308	969
Less: Indirect expenses	<u>(9,250)</u>	<u>(11,725)</u>	<u>(10,477)</u>	<u>(31,452)</u>
Net	<u>(9,150)</u>	<u>78,472</u>	<u>43,690</u>	<u>113,012</u>
Total Fund-raising and Special events	<u>\$ (14,779)</u>	<u>\$ 74,776</u>	<u>\$ 32,045</u>	<u>\$ 92,042</u>

**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

**Fiscal year ended June 30, 2019:**

	<u>Mama's Day</u>	<u>Mama's Pies</u>	<u>Other Events</u>	<u>Total</u>
Special events revenue	\$ 16,547	\$ 28,960	\$ -	\$ 45,507
Less: Direct expenses	<u>(41,825)</u>	<u>(19,464)</u>	<u>(11,473)</u>	<u>(72,762)</u>
Special events, net of direct expenses	<u>(25,278)</u>	<u>9,496</u>	<u>(11,473)</u>	<u>(27,255)</u>
Special events contributions	186,369	111,010	76,089	373,468
In-kind donations	43,936	803	-	44,739
Less: Indirect expenses	<u>(21,207)</u>	<u>(22,202)</u>	<u>(18,434)</u>	<u>(61,843)</u>
Net	<u>209,098</u>	<u>89,611</u>	<u>57,655</u>	<u>356,364</u>
Total Fund-raising and Special events	<u>\$ 183,820</u>	<u>\$ 99,107</u>	<u>\$ 46,182</u>	<u>\$ 329,109</u>

**Note 13 – Donations In-Kind & Donated Services**

Mama's Kitchen received in-kind donations valued at \$55,145 and \$113,249 (excluding in-kind and donated services to special events net of expenses) for the fiscal years ended June 30, 2020 and 2019, respectively. In-kind donations of goods and services consisted of the following:

	<u>2020</u>	<u>2019</u>
Mama's Day	\$ 100	\$ 56,264
Mama's Pies	561	803
Other Special Events	6,618	-
Mama's Pantry/Food Drives	47,483	50,409
Other programs and office supplies	<u>383</u>	<u>5,773</u>
Total Donations In-kind	<u>\$ 55,145</u>	<u>\$ 113,249</u>

Mama's Kitchen also received donated delivery services for the years ended June 30, 2020 and 2019 valued at \$374,857 and \$379,114 that met the criteria under FASB ASC 958 as described in Note 1. Donated services consist of the following:



**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

Volunteer Hours – Delivery Services	\$ 298,431	\$ 292,072
Mileage Driven	<u>76,426</u>	<u>87,042</u>
Total Donated Services	<u>\$ 374,857</u>	<u>\$ 379,114</u>

**Note 14 – Employee Benefit Plan**

Mama's Kitchen sponsors a 401(K) profit sharing plan (a defined contribution plan) (the "Plan"). All employees are eligible to participate in the Plan on the first of the month commensurate with or next following their date of hire. Employer contributions to the Plan are based on a match of each participant's salary deferrals. Participants are 100% vested in the employer contributions after completing five years of employment in which they have performed at least 1,000 hours of service. Mama's Kitchen's contribution to the Plan was \$14,364 and \$13,303 for the fiscal years ended June 30, 2020 and 2019, respectively.

**Note 15 – Liquidity and Availability of Financial Assets**

The following reflects Mama's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or board designated endowment for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

Financial assets, at year-end	\$ 4,110,838
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor imposed restrictions:	
Restricted by donor with time or purpose restrictions	<u>(55,476)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,055,362</u>

As part of Mama'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, Mama's invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, Mama's has a committed line of credit in the amount of \$1 million, which it could draw upon.

**MAMA'S KITCHEN**  
A Not-For-Profit Organization  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

---

**Note 16 – Risks and Uncertainties**

In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could continue to be impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the ongoing pandemic. Management is carefully monitoring the situation and evaluating its options during this time. Currently, the Organization has seen an increase in funding from local government sources to provide additional services to vulnerable and affected individuals due to the pandemic. No guarantees can be given that this type of funding will continue and that the pandemic will not have a negative impact on the Organization. No adjustments have been made to these financial statements as a result of this uncertainty.

## **Supplemental Information**

**MAMA'S KITCHEN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

<i>Federal Grantor/ Pass-Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Federal Expenditures</i>
<i>U.S. Department of Health and Human Services (DHHS)</i>			
Pass-Through County of San Diego Health and Human Services Agency HIV Emergency Relief Project Grant	93.914	H89HA00001	\$ 477,887
<i>Department of Housing and Urban Development (HUD)</i>			
Pass-Through County of San Diego Health and Human Services Agency Housing Opportunities for Persons With AIDS	14.241	CAH19F008	178,642
Pass-Through City of San Diego Economic Development Department Community Dependent Block Grant	14.218	B19MC060542	125,000
Pass-Through City of Vista Housing Division Community Dependent Block Grant	14.218	B19MC060575	<u>15,750</u>
Total HUD			<u>319,392</u>
Total expenditures of federal awards			<u>\$ 797,279</u>

See independent auditor's report and note to schedules of expenditures of federal awards.

# MAMA'S KITCHEN

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2019

<i>Federal Grantor/ Pass-Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Federal Expenditures</i>
<i>U.S. Department of Health and Human Services (DHHS)</i>			
Pass-Through County of San Diego Health and Human Services Agency HIV Emergency Relief Project Grant	93.914	H89HA00001	\$ 486,590
<i>Department of Housing and Urban Development (HUD)</i>			
Pass-Through County of San Diego Health and Human Services Agency Housing Opportunities for Persons With AIDS	14.241	CAH18F008	170,092
Pass-Through City of San Diego Economic Development Department Community Dependent Block Grant	14.218	B18MC060542	100,000
Pass-Through City of Vista Housing Division Community Dependent Block Grant	14.218	B18MC060575	<u>15,000</u>
Total HUD			<u>285,092</u>
Total expenditures of federal awards			<u>\$ 771,682</u>

See independent auditor's report and note to schedules of expenditures of federal awards.

## MAMA'S KITCHEN

### NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2020

---

#### **Note 1 – Basis of Presentation**

The accompanying Schedules of Expenditures of Federal Awards (the "Schedules") include the federal grant activity of Mama's Kitchen ("Mama's") under the programs of the federal government for the years ended June 30, 2020 and 2019. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedules present only a selected portion of the operations of Mama's, they are not intended to and do not present the financial position, changes in net assets, or cash flows of Mama's.

#### **Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursements. Mama's has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**LING & BOUMAN, LLP**  
Certified Public Accountants  
4669 Murphy Canyon Road, Suite 130  
San Diego, California 92123  
Tel. (858) 467-4770 Fax (858) 467-4779

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

Board of Directors  
Mama's Kitchen

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mama's Kitchen (a nonprofit organization) ("Mama's"), 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, and have issued our report thereon dated November 17, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Mama'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 Mama's internal control. Accordingly, we do not express an opinion on the effectiveness of Mama'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Mama'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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ling & Bourman, LLP*

November 17, 2020  
San Diego, California



**LING & BOUMAN, LLP**  
Certified Public Accountants  
4669 Murphy Canyon Road, Suite 130  
San Diego, California 92123  
Tel. (858) 467-4770 Fax (858) 467-4779

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

Board of Directors  
Mama's Kitchen

**Report on Compliance for Each Major Federal Program**

We have audited Mama's Kitchen (a nonprofit organization) ("Mama's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mama's major federal programs for the year ended June 30, 2020. Mama's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Mama's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mama's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, Mama's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

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

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

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

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



November 17, 2020  
San Diego, California

**MAMA'S KITCHEN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	_____	yes	<u>  X  </u>	none reported
Significant deficiencies identified?	_____	yes	<u>  X  </u>	none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   none reported

Federal Awards

Internal control over major programs:

Material weaknesses identified?	_____	yes	<u>  X  </u>	none reported
Significant deficiencies identified?	_____	yes	<u>  X  </u>	none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes   X   none reported

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.914	U.S. Department of Health and Human Services – Pass-Through County of San Diego Health and Human Services Agency

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes   X   no

## **MAMA'S KITCHEN**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2020**

#### **Section II – Financial Statement Findings**

No reportable conditions, material weaknesses, and instances of noncompliance were identified that related to the financial statements and that were required to be reported.

#### **Section III – Federal Award Findings and Questioned Costs**

No reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs were identified that related to the Federal Awards and that were required to be reported by 2 CFR 200.516(a).

**MAMA'S KITCHEN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

**Prior Audit Findings**

None

**MAMA'S KITCHEN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

**Corrective Action Plan**

There was no corrective action plan that was required to be reported.

# UC San Diego Health

Sara Bell  
United Healthcare  
9700 Health Care Lane, MN017-W500  
Minnetonka, MN 55343  
Re: Letter of Support

Dear Ms. Bell,

I am writing this letter of recommendation for Mama's Kitchen on behalf of the UCSD Health- Transitional Telephonic Nursing Department. Our innovative model of community health provides high quality healthcare to all the residents of San Diego.

As you know, Mama's Kitchen staff and volunteers prepare and deliver medically tailored meals to San Diegans affected by HIV, Cancer, Congestive Heart Failure, Chronic Kidney Disease and Type 2 Diabetes on a countywide basis, free of charge. The UCSD Transitional Telephonic Nursing Department is a Mama's Kitchen referral partner. We refer clients who are physically and or psychologically unable to prepare meals for themselves due to critical illness. After we refer our patients to Mama's Kitchen, we know that our patients receive vital nutrition services to supplement their ongoing treatment.

Through Mama's Kitchen, many of our clients have improved their health outcomes with proper nutrition support. Mama's Kitchen has empowered our patients to confidently manage their own care by providing them with the education and nutrition services needed to make life long dietary changes.

Thanks to our ongoing partnership with Mama's Kitchen, our experience satisfaction and health outcomes have improved for our most vulnerable and underfunded patients. Our patients and their families voice their appreciation for the Mama's Kitchen services and their staff of knowledgeable Registered Dietitians.

Therefore, this partnership streamlines the continuum of care for the most vulnerable San Diego residents.

Please not hesitate to contact me if you have any further questions.

Sincerely,




Gina Midlam MSW, MPA, LCSW, CCM, ACM  
Social Work Supervisor II  
UC San Diego Health  
355 Dickinson Street, #8969  
San Diego, CA, 92103  
O: 619-543-1613  
E: e0cha@health.ucsd.edu

**SAN MARCOS COMMUNITY FOUNDATION**  
**Grant Cover Page 2022**



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

Project Name: Reach Out and Read San Diego (RORSRD) Date Submitted: March 17, 2022	Total # of people served: 114,000 Total # of San Marcos residents served: Over 2,000	Amount Requested: \$3,000
Non-Profit Organization Name and Address, Website: American Academy of Pediatrics, CA Chapter 3 (AAP-CA3) P.O. Box 22212 San Diego, CA 92192-2212 <a href="http://www.aapca3.org/">http://www.aapca3.org/</a> , <a href="http://www.rorsd.org">www.rorsd.org</a> .		Contact Person – Name, Title & Phone, email: Tara Milbrand, Associate Director, AAP-CA3, Project Director, Reach Out and Read San Diego 858-361-4644, <a href="mailto:tmilbrand@aapca3.org">tmilbrand@aapca3.org</a>
<p><b><u>Briefly describe your request for funds (to be expanded upon in narrative for regular grant):</u></b> AAP-CA3 is requesting funds to deliver our Reach Out and Read program to young children, age six months to five years old, at our clinic, TrueCare / San Marcos Health Center. Additionally, an application for another clinic in San Marcos was started in December 2021. Our overall goal is to provide the opportunity for all children, focusing on kids in underserved communities, to be confident and prepared for kindergarten and not be behind before they even start. Our vehicle is the child's pediatrician and the well child visit where the child receives a new book and the parent receives the Reach Out and Read message on how to use reading together, <u>every day</u>, to support healthy development, family bonding and early literacy. Reach Out and Read San Diego (RORSRD) provides read aloud advice and a new book at every well child check for children 6 months through 5 years old. A grant of \$3,000 will provide about 70% of the books needed for one year for TrueCare's RORSRD program. That is 1,200 books given to over 600 children and RORSRD messaging to their parents. Each child getting 2 books per year.</p>		
<p><b><u>Briefly describe the significance of your request to the San Marcos community:</u></b> RORSRD's integration into well-child visits at the TrueCare clinic ensures that San Marcos families facing financial hardship and inequitable access to health and educational resources continue to receive ongoing support from a trusted source. By partnering with doctors to prescribe books and encourage families to read together <u>every day</u>, the 1600+ children that come to the TrueCare clinic will have a greater opportunity to be exposed to early literacy and books before they even start kindergarten. Reaching these children early encourages them to be comfortable and familiar with books, words, colors and shapes and confidently ready for kindergarten – the first step in successful education. At this time, annually, almost 2,000 books are distributed to children at this clinic alone-that's over 1000 families impacted by RORSRD!</p>		
Please attach the following items. <b><u>Both Mini-Grant &amp; Regular:</u></b> 1. Budget for request (use SMCF Budget Worksheet) 2. Annual Operating budget for the organization or unit 3. Federal & State Tax ID numbers 4. Board of Directors listing with affiliations <b><u>5. Regular Grants Only:</u></b> a. 1-2 page narrative b. First 2 pages of Federal 990		Expected date project will begin/end: Date by which funds will be expended: 12/31/22  Signature of President or Authorized Officer <div style="text-align: center;">   <hr style="width: 100%;"/> </div>



<ul style="list-style-type: none"> <li>c. Most recent year-end Statement or Audit including any management letters associated with Audit.</li> <li>d. Signature of President or Authorized Officer on Application</li> <li>e. Optional: letters of support</li> </ul>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; text-align: left;">Name, Title</td><td style="width: 40%; text-align: right;">Date</td></tr> <tr> <td colspan="2">Executive Director, AAP-CA3, 3/20/22</td></tr> <tr> <td colspan="2" style="padding-top: 10px;">           Submit Via Mail, In Person or Via Email to:            San Marcos Community Foundation            c/o City of San Marcos            1 Civic Center Drive            San Marcos, CA 92069            Email (PDF Format): <a href="mailto:cityclerk@san-marcos.net">cityclerk@san-marcos.net</a> </td></tr> </table>	Name, Title	Date	Executive Director, AAP-CA3, 3/20/22		Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): <a href="mailto:cityclerk@san-marcos.net">cityclerk@san-marcos.net</a>	
Name, Title	Date						
Executive Director, AAP-CA3, 3/20/22							
Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): <a href="mailto:cityclerk@san-marcos.net">cityclerk@san-marcos.net</a>							

### California Chapter 3

#### Mailing Address

PO Box 22212  
San Diego, CA 92192-2212  
Voicemail: 619. 281.AAP3 (2273)  
Fax: 858.453.1311  
E-mail: [aapca3@aapca3.org](mailto:aapca3@aapca3.org)

#### Physical Address

4747 Viewridge Avenue, Ste 109  
San Diego, CA 92123

#### Chapter President

Nathan McFarland, MD, FAAP  
Neighborhood Healthcare  
10039 Vine Street  
San Diego, CA 92040  
[NathanM@nhcare.org](mailto:NathanM@nhcare.org)  
619.390.9975  
Fax: 619.390.8721

#### Chapter Vice President

Liza Suh, MD, FAAP  
Kaiser Permanente  
1302 Rocky Point Dr  
Oceanside CA 92056  
[Liza.m1.suh@kp.org](mailto:Liza.m1.suh@kp.org)

#### Chapter Secretary

Christine L. Johnson, MD, FAAP  
CAPT (ret) MC USN  
Naval Medical Center San Diego  
Pediatrics  
34520 Bob Wilson Drive  
San Diego, CA 92134  
[Christine.L.johnson2.civ@mail.mil](mailto:Christine.L.johnson2.civ@mail.mil)  
858.336.5231  
Fax: 619.532.7721

#### Chapter Treasurer

Sabrina Perrino, MD, FAAP  
Kaiser Permanente  
3955 Bonita Rd.  
Building E, 1<sup>st</sup> floor  
Department of Pediatrics  
Bonita, CA 91902  
[sabrina.k.perrino@kp.org](mailto:sabrina.k.perrino@kp.org)  
858.342.6039  
Fax: 619.409.6018

#### Immediate Past President

Michelle Dern, MD, FAAP  
Scripps Coastal Pediatrics  
477 North El Camino Real,  
Suite B 105  
Encinitas, CA 92024  
[michelledern@san.rr.com](mailto:michelledern@san.rr.com)  
760.753.7143  
Fax: 760.753.2155

#### Chapter Executive Director

Meredith Kennedy, MPH  
AAP California Chapter 3

#### Mailing Address

PO Box 22212  
San Diego, CA 92192-2212  
619.281.AAP3 (2273) Voicemail  
Fax: 858.453.1311  
E-mail: [mken尼迪@aapca3.org](mailto:mken尼迪@aapca3.org)

#### Chapter Website

[www.aapca3.org](http://www.aapca3.org)

#### AAP Headquarters

345 Park Boulevard  
Itasca, IL 60143  
Phone: 800.433.9016  
Fax: 847.434.8000  
E-mail: [kidsdocs@aap.org](mailto:kidsdocs@aap.org)  
[www.aap.org](http://www.aap.org)



March 20, 2022

Attention: San Marcos Community Foundation, Grant Funding Committee

We thank you for the opportunity to apply for a \$3,000 regular grant from the San Marcos Community Foundation for our Reach Out and Read San Diego program. We would also like to offer you a short virtual tour of one of our RORSN clinics with the host being one of our pediatricians who actually implements the program.

The American Academy of Pediatrics CA Chapter 3 (AAP-CA3) was established in September 1961 and incorporated in January 1996 as a 501(c)3 to support its members in addressing emerging healthcare issues in children. AAP-CA3 began as an organization to support the practice of pediatrics and advocate for policies and practices that best support the health and well-being of children and families. One of AAP-CA3's greatest growing accomplishments is Reach Out and Read San Diego (RORSN). RORSN is an ongoing program and was created in 2006 to improve the opportunity for underserved communities and children to be exposed to early literacy and books at a very early age when research shows that positive intervention has the most impact. We train physicians to deliver and reinforce early literacy and healthy development messages to families during well-child care clinic visits and provide age appropriate books for them to read at home.

**The specific need fulfilled by this request in the San Marcos Community:** Reach Out and Read serves the need to prepare children, especially those with limited resources, for kindergarten, setting them up for school success. The first five years of a child's life are the most critical window of rapid brain development and the best opportunity to influence a child's future. Yet, many vulnerable children are not being regularly read to- the most basic and effective method to build early learning skills, prepare kids for kindergarten, and strengthen family bonds. At the TrueCare clinic, 90% of the families have Medicaid. In San Diego County, approximately 20% of children live in poverty and nearly 40% face economic hardship (Center on Policy Initiatives, 2015). These children often hear 30 million fewer words by age three than their more affluent peers and have weaker math skills; many do not have healthy parent-child interactions. As a result, they start school developmentally and academically behind their peers and the majority do not catch up. These children are at risk of low educational attainment like dropping out of high school, adverse health outcomes, and economic insecurity, resulting in a lack of job opportunities as adults. As mentioned on our cover page, we are happy to share that in December 2021, the Scripps Coastal Medical Center/San Marcos has started the process to implement the RORSN program in their clinic.

We help families become aware of why it is so important to read with their young child every day and how to help their child by sharing stories, even if the child is too young to understand the words or if the interaction is not in English. In our RORSRD clinics, physicians encourage and teach families how to read aloud and engage with their infants, toddlers, and preschoolers every day. The parent-child book interaction promotes early literacy, bonding and responsive parenting, helping to curb problem behaviors. When children get to kindergarten they have better language, cognitive and social emotional skills, making them better prepared to learn and succeed in school.

**The impact on the population served:** When children ages 6 months to 5 years come in for their well-child checkup at the San Marcos TrueCare clinic, they are given a book from their pediatrician. The pediatrician models for the parent how to use that book as a teaching tool. Reach out and Read is different from other book giveaway programs – we not only provide the tool (the book), but also the message: how to use the tool in the early learning process. The parent learns how to use the book, as well as WHY it is important to read to their child every day. Learning to recognize words and pictures is important for brain development and, reading is a family bonding activity and relieves stress. The outcome is a child who is comfortable and familiar with books, words, colors and shapes and is confidently ready for kindergarten – the first step in successful education. Our program is especially effective in underserved communities where resources are limited and a child's pediatrician may be the best trusted source of information.

**Why is our program, RORSRD, important to our communities?** Reading, Language and Brain Development: Children's language evolves primarily through parent-child interactions. By two years of age, a child's language correlates with later cognitive performance and most importantly, the architecture of the brain is shaped by early experiences.

Early emerging literacy is so important. Children who start kindergarten with lower verbal skills, less phonological awareness, less letter knowledge and less familiarity with the processes of reading are at risk for future difficulties in school.

Reading aloud to children fosters language development, promotes reading skills, motivates children to love books, reduces stress and instills a bond and connection with the child and parent.

In the exam room the pediatrician gives the child a developmentally appropriate book at each well-child visit. The book is accompanied by reading guidance for the parent, and by modeling reading behavior. The pediatrician also uses the book to assess the child's development—motor, cognitive, social language.

We appreciate this opportunity to continue to work with SMCF and we thank you for your past support. Please feel free to contact me by email at [mkennedy@aapca3.org](mailto:mkennedy@aapca3.org) or by phone at (619) 917-8749 with any questions.

Sincerely,

A handwritten signature in black ink that reads "Meredith Kennedy". The script is cursive and fluid, with the first name and last name clearly legible.

Meredith Kennedy, MPH  
Executive Director, American Academy of Pediatrics, CA Chapter 3

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

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

<u>1200 new, children's books @ \$2.50 each</u>	<u>\$ 3,000</u>
---	-----------------

**Total budget for this PROJECT:** **\$192,891**

**Grant Request Amount:** **\$3,000**  
(Mini-grants not to exceed \$1,500, Regular grants not to exceed \$10,000.)

Is this a challenge grant? NO

Could it be? YES

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

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

**2021/22 Committed, unconditional funds from 7/1/2021:**

07/12/2021	\$26,000	Grant	Rhynard Family Foundation
11/01/2021	\$13,000	Grant	San Diego Board of Supervisors
11/03/2021	\$13,000	Grant	San Diego City Council
09/16/2021	\$10,000	Grant	Dr. Seuss Foundation
07/08/2021	\$5,000	Grant	First 5 San Diego
09/07/2021	\$5,000	Grant	Weaver French Fund
10/19/2021	\$5,000	Grant	Cushman Foundation
10/21/2021	\$5,000	Grant	Nordson Corporation Foundation
03/02/2022	\$5,000	Grant	San Diego Lions Welfare Foundation

We have more lesser grants totaling an additional \$27,000 in committed funding from 7/1/2021  
AND individual donations totaling over \$14,000.

**PENDING - We have over \$90,000 pending/open grant applications including these and multiple smaller requests:**

Hunter Industries \$5,000  
Tegna \$2,000  
Pratt Memorial \$2,000  
James Hughes Foundation \$2,000  
S. Mark Taper \$5,000

**AAP-CA3 Organizational Budget FY 21/22****Jul 2021 - Jun 2022****Ordinary Income/Expense****Income**

500 · Dues	\$31,200.00
501 · Unrestricted Grants-Misc Income	\$1,920.00
502 · Interest Income	\$7,200.00
503 · Conference Income	\$3,720.00
504 · Contracts and Grants	\$2,180,125.96
505 · Administrative Overhead Fee (% from fiscal agent funds)	\$247,792.96
507 · Donations- Contributions Inc.	\$117,500.00
<b>Total Income</b>	<b>\$2,589,458.92</b>

**Expense**

600 · Accounting & Auditing Fees	\$26,992.00
601 · Admin- Contract Support	\$227,590.11
602 · Dues & Subscriptions	\$0.00
603 · Meetings -Members	\$15,166.72
604 · Conference Expenses	\$16,300.16
605 · Insurance	\$37,000.04
606 · Office Expenses	\$61,999.75
607 · Payroll- Salary and Wages	\$1,354,206.29
608 · Telephone	\$30,033.36
609 · Resident Expenses	\$1,200.00
610 · Tax and License	\$399.96
611 · Website Expenses	\$22,206.00
612 · Fringe Benefit Expenses	\$410,970.82
613 · Payroll Tax Expenses	\$0.00
614 · Rent & Utilities	\$59,406.96
615 · Mileage	\$4,953.04
616 · Bank Charges	\$849.96
617 · Honoraria	\$500.04
618 · ROR Books (Books for Reach Out and Read)	\$60,000.00
620 · Depreciation (Decrease in fixed assets)	\$0.00
621 · Comm.Outreach/Incentives/Tuition (Promotion of project to parents and physicians. Alliant University tuition pay	\$54,736.00
622 · Continuing Education	\$0.00
623 · Donations-Charity Contributions	\$0.00
624 · Contract, Grants& Program Exp	\$15,000.00
629 · Development Expenses	\$0.00
<b>Total Expense</b>	<b>\$2,399,511.21</b>
<b>Net Ordinary Income</b>	<b>\$189,947.71</b>
<b>Net Income</b>	<b>\$189,947.71</b>

**RORSO PROJECT BUDGET FY 21/22**Organization: American Academy of Pediatrics, CA 3

<b>Project Revenues</b>	<b>FY 21/22</b>
Grants	115,000
Donations & Contributions	12,891
Events	55,000
<b>Total Project Revenues</b>	<b>182,891</b>
In-kind support - book donations	10,000
<b>Total Project Revenues including in-kind</b>	<b>192,891</b>
<b>Project Expenses</b>	
<b>Personnel Expenses</b>	<b>Total</b>
Project Director 25% FTE	22,510
Project Specialist 25% FTE	14,068
Fringe	10,973
<b>Total Personnel Expenses</b>	<b>47,551</b>
<b>Non Personnel Expenses</b>	
Audit/Accounting	1,800
Contract Support/Legal	23,040
Meeting Inc	500
Staff Development	300
Insurance	400
Office Supplies	300
Office Equipment	500
Photocopy/Printing	1,000
Telephone & Internet	0
Website Services	1,700
Rent	600
Mileage	200
Book Budget	115,000
<b>Total Non-Personnel Expenses</b>	<b>145,340</b>
<b>TOTAL</b>	<b>192,891</b>

### California Chapter 3

#### Mailing Address

PO Box 22212  
San Diego, CA 92192-2212  
Voicemail: 619.281.AAP3 (2273)  
Fax: 858.453.1311  
E-mail: [aapca3@aapca3.org](mailto:aapca3@aapca3.org)

#### Physical Address

3160 Camino Del Rio South, Ste. 101  
San Diego, CA 92108

#### Chapter President

Nathan McFarland, MD, FAAP  
Neighborhood Healthcare  
10039 Vine Street  
San Diego, CA 92040  
[NathanM@nhcare.org](mailto:NathanM@nhcare.org)  
619.390.9975  
Fax: 619.390.8721

#### Chapter Vice President

Liza Suh, MD, FAAP  
Kaiser Permanente  
1302 Rocky Point Dr  
Oceanside CA 92056  
[liza\\_suh@yahoo.com](mailto:liza_suh@yahoo.com)  
760.510.4439  
Fax: 760.510.5334

#### Chapter Secretary

Christine L. Johnson, MD, FAAP  
CAPT (ret) MC USN  
Naval Medical Center San Diego  
Pediatrics  
34520 Bob Wilson Drive  
San Diego, CA 92134  
[Christine.L.johnson2.civ@mail.mil](mailto:Christine.L.johnson2.civ@mail.mil)  
619.532.9868  
Fax: 619.532.7721

#### Chapter Treasurer

Sabrina Perrino, MD, FAAP  
Kaiser Permanente  
3955 Bonita Rd.  
Building E, 1<sup>st</sup> floor  
Department of Pediatrics  
Bonita, CA 91902  
[sabrina.k.perrino@kp.org](mailto:sabrina.k.perrino@kp.org)  
858.342.6039  
Fax: 619.409.6018

#### Immediate Past President

Michelle Dern, MD, FAAP  
El Camino Pediatrics  
477 North El Camino Real,  
Suite B 105  
Encinitas, CA 92024  
[michelledern@san.rr.com](mailto:michelledern@san.rr.com)  
760.753.7143  
Fax: 760.753.2155

#### Chapter Executive Director

Meredith Kennedy, MPH  
California Chapter 3

#### Mailing Address

PO Box 22212  
San Diego, CA 92192-2212

#### Physical Address

3160 Camino Del Rio South, Ste. 101  
San Diego, CA 92108  
619.281.AAP3 (2273) Voicemail  
Fax: 858.453.1311  
E-mail: [mken尼迪@aapca3.org](mailto:mken尼迪@aapca3.org)

#### Chapter Website

[www.aapca3.org](http://www.aapca3.org)

#### AAP Headquarters

141 Northwest Point Blvd  
Elk Grove Village, IL 60007-1098  
Phone: 847.434.4000  
Fax: 847.434.8000  
E-mail: [kidsdocs@aap.org](mailto:kidsdocs@aap.org)  
[www.aap.org](http://www.aap.org)



San Diego & Imperial Counties  
INCORPORATED IN CALIFORNIA

American Academy of Pediatrics

DEDICATED TO THE HEALTH OF ALL CHILDREN®



## American Academy of Pediatrics, CA Chapter 3 (AAP-CA3) San Diego and Imperial Counties Chapter Executive Board September 2019 -August 2021

President – Nathan McFarland, MD

Neighborhood Healthcare

Dr. McFarland is a practicing med-peds physician at  
Neighborhood Healthcare.

Vice President – Liza Suh, MD

Kaiser Permanente, San Diego

Dr. Suh is a practicing pediatrician at Kaiser Permanente.

Secretary- Christine L. Johnson, MD

Naval Medical Center San Diego Pediatrics

Dr. Johnson has been a practicing pediatrician for over 20 years. After 22  
years in the US Air Force and US Navy, she retired from Active Duty in 2015.

Dr. Johnson continues to practice at the Naval Medical Center San Diego.

Treasurer – Sabrina Perrino, MD

Kaiser Permanente, San Diego

Dr. Perrino is a practicing pediatrician at Kaiser Permanente.

Past President – Michelle Dern, MD

Scripps Coastal

Dr. Dern is a practicing pediatrician and is affiliated with Scripps Coastal  
Medical Center. She has been in practice for more than 20 years.

**Tenure/Term:** Officers begin their position on the board as Treasurer. Each position  
term is for 2 years with an optional 3<sup>rd</sup> year. Officers continue in each position from  
Treasurer to Past President for a total of 10-14 years.

**AMERICAN ACADEMY OF PEDIATRICS,  
CALIFORNIA CHAPTER 3**

**FINANCIAL STATEMENTS**

Year Ended June 30, 2019



**AMERICAN ACADEMY OF PEDIATRICS, CALIFORNIA CHAPTER 3**  
**FINANCIAL STATEMENTS**  
Year Ended June 30, 2019

---

**TABLE OF CONTENTS**

	<u>Page No.</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 11

# BONK & CUSHMAN

CERTIFIED PUBLIC ACCOUNTANTS

JAMES C. BONK, III C.P.A., C.F.E., C.F.F.  
AN ACCOUNTANCY CORPORATION

STEVEN A. CUSHMAN, C.P.A.  
AN ACCOUNTANCY CORPORATION

RYAN R. EAGLE, E.A.

MISSION VALLEY CORPORATE CENTER  
591 CAMINO DE LA REINA, SUITE 1216  
SAN DIEGO, CALIFORNIA 92108

(619) 297-8080 FAX (619) 297-8087

## INDEPENDENT AUDITORS' REPORT

March 3, 2020

To the Board of Directors  
American Academy of Pediatrics, California Chapter 3  
San Diego, California

We have audited the accompanying financial statements of American Academy of Pediatrics, California Chapter 3 (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Academy of Pediatrics, California Chapter 3 as of June 30, 2019, 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.

*Bonk & Cushman*

**AMERICAN ACADEMY OF PEDIATRICS, CALIFORNIA CHAPTER 3**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2019

---

**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$	943,474
Investments		260,355
Grant and contracts receivable		305,672
Prepaid expenses		12,820
Deposits and others		<u>3,558</u>
Total Current Assets		1,525,879

**Noncurrent Assets:**

Furniture and equipment		141,745
Accumulated Depreciation		<u>(111,399)</u>
Net Furniture and equipment		<u>30,346</u>

**TOTAL ASSETS**      **\$**      1,556,225

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts payable	\$	42,847
Accrued payroll and benefits		88,465
Agency funds		31,564
Deferred membership dues		<u>9,900</u>
Total Current Liabilities		172,776

**Commitments**

-

**Net Assets Without Restrictions**      1,383,449

**TOTAL LIABILITIES AND NET ASSETS**      **\$**      1,556,225

---

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

**AMERICAN ACADEMY OF PEDIATRICS, CALIFORNIA CHAPTER 3**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

---

Operating Support and Revenues:	
Grant and contract revenue	\$ 1,779,676
Membership dues	29,195
Contributions	98,822
Conference income	6,190
Interest income	4,217
TOTAL OPERATING SUPPORT AND REVENUES	<u>1,918,100</u>
Operating Expenses:	
Program services	1,519,047
Management and general	337,518
TOTAL OPERATING EXPENSES	<u>1,856,565</u>
Change in Net Assets	61,535
Net Assets Without Restrictions at Beginning of Period	<u>1,321,914</u>
Net Assets Without Restrictions at End of Period	<u>\$ 1,383,449</u>

---

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

**AMERICAN ACADEMY OF PEDIATRICS, CALIFORNIA CHAPTER 3**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

---

FUNCTIONAL EXPENSES	Program Services	Management & General	Total
Payroll & Related			
Salaries & Wages	\$ 922,156	\$ 122,588	\$ 1,044,744
Employee Benefits	192,587	11,812	204,399
Payroll Taxes	77,225	1,412	78,637
Workers Compensation Insurance	8,028	606	8,634
Total Payroll & Related	1,199,996	136,418	1,336,414
Other Expenses			
Accounting	-	20,616	20,616
Conferences	104,100	17,270	121,370
Contract Support	42,298	25,277	67,575
Depreciation	-	6,088	6,088
Donations	-	1,386	1,386
Insurance	-	22,076	22,076
Member Meetings	19,124	29,674	48,798
Miscellaneous	-	233	233
Occupancy	86,485	-	86,485
Office Expenses	6,537	41,213	47,750
Program Related	788	-	788
Resident Expenses	5,305	-	5,305
ROR Books	54,414	-	54,414
Taxes & Licenses	-	1,585	1,585
Telephone	-	14,442	14,442
Travel	-	7,575	7,575
Website	-	13,665	13,665
Total Other Expenses	319,051	201,100	520,151
TOTAL FUNCTIONAL EXPENSES	\$ 1,519,047	\$ 337,518	\$ 1,856,565

---

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

**AMERICAN ACADEMY OF PEDIATRICS, CALIFORNIA CHAPTER 3**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

---

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in unrestricted net assets	\$ 61,535
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:	
Depreciation	6,089
(Increase) decrease in operating assets:	
Grant and contract receivable	1,650
Prepaid expenses	(6,558)
Increase (decrease) in operating liabilities:	
Accounts payable	19,712
Deferred revenue	(2,238)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>80,190</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(128,842)
Purchase of property and equipment	(3,554)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(132,396)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(52,206)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>995,680</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 943,474</b>

---

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

**AMERICAN ACADEMY OF PEDIATRICS, CALIFORNIA CHAPTER 3**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

---

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

The American Academy of Pediatrics, California Chapter 3 (AAP-CA3) is the San Diego and Imperial Counties Chapter of the American Academy of Pediatrics (AAP), a national organization of 60,000 pediatricians who dedicate their efforts and resources to the health, safety, and well-being of infants, children, adolescents and young adults. The AAP is an organization that was founded in response to the need for an independent pediatric forum to address children's needs and works with all organizations, individuals and entities committed to children. Unique to professional medical organizations, the AAP's prime focus is children's issues, not just those of members and positioned as a neutral organization amongst all parties interested in what is best for kids. The local Chapter, AAP-CA3, was established in September 1961 and incorporated in January 1996 as a 501(c) (3) not-for-profit, tax exempt, public benefit California Corporation organized for scientific and educational purposes. AAP-CA3's Mission is "AAP CA3 is dedicated to achieving physical, mental health and social well-being for all infants, children and adolescents in San Diego and Imperial Counties and supports our members in this endeavor." The AAP-CA3 advocates for children and families at the local, state and national levels and collaborates with many organizations to have significant impact on the lives of children.

AAP-CA3 has over 450 active members. AAP-CA3 is governed by an Executive Board consisting of elected Chapter Officers and is managed by an Executive Director. The Executive Board is supported by the Chapter Advisory Committee, which is comprised of 20 clinicians from many diverse and varied backgrounds. The members of this committee provide care to children and their families throughout San Diego County, work to ensure public health, and are actively involved in their communities. AAP-CA3's leadership and membership includes pediatricians in all practice and public health settings including community clinics, private practices, managed care settings, schools, academia and County service providers.

AAP-CA3 has the ability to create and promote innovative local solutions to concerns affecting children and their families, while drawing on local expertise and experience as well as the extensive resources and tools of the National AAP. The San Diego Chapter has been involved in a wide variety of children's issues such as asthma, care of children with chronic conditions, immunizations, early childhood development, literacy, obesity, mental health issues, and school health.

AAP-CA3 works towards engaging its pediatrician members in important community events and child advocacy. The programs also compliment efforts to support the practice of pediatrics. AAP-CA3's programs and projects are enhanced through a focus on quality and an ability to evaluate the success of the work and to respond to feedback, changing social and medical trends, and its member's needs.

Method of Accounting

The financial statements of AAP-CA3 have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

New Accounting Pronouncement

On August 18, 2016 FASB issued ASU2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. AAP-CA3 has adjusted the presentation of these statements accordingly.

**AMERICAN ACADEMY OF PEDIATRICS, CALIFORNIA CHAPTER 3**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

---

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 certain of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during a reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property and equipment and investments. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

Fair Value Measurement

AAP-CA3 utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. AAP-CA3 determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date.
- Level 2 Inputs: Prices for a similar asset, other than quoted prices include in Level 1 inputs that are observable for the asset, either directly or indirectly. If the asset has a specific term, a Level 2 input must be observable for substantially the full term of the asset.
- Level 3 Inputs: Unobservable inputs for the asset used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at measurement date.

See Note 6 to the Financial Statements.

AAP-CA3 has adopted provisions of Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurement of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 defines fair value as 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. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosure about fair value measurements.

In September 2009, AAP-CA3 adopted the provisions of ASC Topic 820 for fair value measurements of nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis.

Cash and Cash Equivalents

For purposes of the statement of cash flows, AAP-CA3 considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.



**AMERICAN ACADEMY OF PEDIATRICS, CALIFORNIA CHAPTER 3**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

---

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments**

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in unrestricted net assets unless their use is limited by donor-imposed restrictions or law.

**Furniture and Equipment**

Property and equipment having a useful life of more than one year are stated at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally five to seven years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Long-lived assets, such as property, plant, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, AAP-CA3 first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary. Depreciation for the year ended June 30, 2019 was \$6,088.

**Agency Funds**

Reach Out and Read (ROR) is a literacy program run by AAP-CA3 which provides new books to children during their annual well visits. Pediatrician offices participating in this project are expected to raise a portion of their book budget. Some offices are not 501(c) (3) organizations. When those offices raise funds for their site, AAP-CA3 holds these funds as agency funds. The total amount of agency funds held by AAP-CA3 as of June 30, 2019 of \$31,564 is included in Agency Funds on the Statement of Financial Position.

**Deferred Membership Dues**

Revenue from membership dues is recognized on a pro-rata basis over the period the membership dues are earned.

**Net Asset Classification**

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Without Donor Restrictions:* Net assets available for use in general operations and not subject to donor or grantor restrictions.

*With Donor Restrictions:* Net assets subject to donor- or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**AMERICAN ACADEMY OF PEDIATRICS, CALIFORNIA CHAPTER 3**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

---

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition**

Unconditional promises to give are recorded as contributions revenue when the promise is received. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

When restrictions are met in the same period as the contribution is received, AAP-CA3 records the contribution and the expense as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**Functional Expenses**

Expenses by function have been allocated among program and supporting services classifications on the basis of internal records and estimates made by AAP-CA3's management.

**Concentration of Credit Risk**

Financial instruments that potentially subject AAP-CA3 to concentration of credit risk consist principally of cash, cash equivalents, and investments. AAP-CA3 places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the FDIC insurance coverage limit of \$250,000. From time to time, throughout the year, AAP-CA3's cash balances may exceed the amount of the FDIC insurance coverage.

Approximately 79% of AAP-CA3's total operating support and revenues were earned through two contracts with the First Five Commission of San Diego for the year ended June 30, 2019. These contracts also represent 95% of grant and contracts receivable at June 30, 2019.

**Income Tax Status**

AAP-CA3 is a not-for-profit organization exempt from federal income and California taxes under the provisions of Internal Revenue Code Section 501(c) (3) and Section 23701d of the California Revenue and Taxation Code. However, AAP-CA3 remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Generally Accepted Accounting Principles prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. AAP-CA3's management asserts that no such uncertain tax position exists for AAP-CA3 at June 30, 2019.

AAP-CA3's federal and state tax returns for 2017, 2018, and 2019 are subject to examination by the Internal Revenue Service and the State of California, generally for three years after they are filed for federal, and four years for state.

**AMERICAN ACADEMY OF PEDIATRICS, CALIFORNIA CHAPTER 3**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

---

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent Events**

In preparing these financial statements, AAP-CA3 has evaluated events and transactions for potential recognition or disclosure through March 3, 2020, the date the financial statements were available for issuance.

**NOTE 2. INVESTMENTS**

Investments are stated at fair value. AAP-CA3's investments are held by a bank in certificates of deposit with terms ranging from 12 to 71 months and maturing through May 2025. Investment return consists entirely of interest income.

**NOTE 3. GRANT AND CONTRACTS RECEIVABLE**

Management believes all grant and contracts receivable are fully collectible. Therefore, no allowance for doubtful accounts has been established at June 30, 2019.

**NOTE 4. RETIREMENT PLAN**

AAP-CA3 has a 401(k) Retirement Plan for qualifying employees working a minimum of 20 hours a week. The plan provides for employer contributions of 3% to 5% of the employee's annual compensation on an annual basis, subject to approval of AAP-CA3's Board. Total contribution for the year ended June 30, 2019 was approximately \$47,058.

**NOTE 5. LEASE COMMITMENT**

In March 2018, AAP-CA3 renewed operating leases for two office suites through September 2020. The lease agreements required a security deposit and cumulative monthly payments at the base rent of \$6,294 in effect plus AAP-CA3's share of operating expenses.

The future minimum obligations under these leases at June 30, 2019 are as follows:

Year ending June 30, 2020	\$ 87,607
Year ending June 30, 2021	<u>22,107</u>
	<u>\$ 109,714</u>

**NOTE 6. FAIR VALUE MEASUREMENT**

**Fair Value of Financial Instruments**

Fair value is defined as the amount 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.

The fair values of the financial instruments shown in the following table as of June 30, 2019 represents the amounts that would be received to sell those assets or that would be paid to transfer those liability in an orderly transaction between market participants at that date.

**AMERICAN ACADEMY OF PEDIATRICS, CALIFORNIA CHAPTER 3**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

---

**NOTE 6. FAIR VALUE MEASUREMENT (Continued)**

Those fair value measurements maximize the use of observable inputs. However, in situations where there are little, if any, market activities for the asset or liability at the measurement date, the fair value measurement reflects AAP-CA3's management's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Management based on the best information available in the circumstances, included expected cash flows and appropriately risk-adjusted discount rates, available observable and unobservable inputs.

AAP-CA3 adopted ASC Topic 820 for fair value measurement of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a reoccurring basis. See Note 1 to the Financial Statements.

The following table represents the placement of fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at June 30, 2019:

	Fair Value Measurements As at June 30, 2019 Using:			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments	\$260,355	\$ -	\$260,355	\$ -

For the valuation of the certificates of deposits at June 30, 2019, AAP-CA3 used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

Total investment income for the year ended June 30, 2019 consists of interest income of \$3,992.

**NOTE 7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects AAP-CA3's financial assets as of the balance sheet 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	<u>12/31/2019</u> \$1,509,501
------------------------------	----------------------------------

Less those unavailable for general expenditures within one year due to: none

Financial assets available to meet cash needs for general expenditures Within one year	<u>\$1,509,501</u>
---	--------------------

**NOTE 8. CONTINGENCIES**

AAP-CA3 may be involved with various claims or legal actions arising in the ordinary course of business. In the opinion of management, there are no matters which will have a material adverse effect on AAP-CA3's financial position, change in equity or liquidity.

**Return of Organization Exempt From Income Tax**  
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

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

OMB No. 1545-0047

**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**  
AMERICAN ACADEMY OF PEDIATRICS  
CALIFORNIA CHAPTER 3  
PO BOX 22212  
SAN DIEGO, CA 92192-2212**D** Employer identification number

33-0782521

**E** Telephone number

619-281-2273

**G** Gross receipts \$ 1,788,116.**F** Name and address of principal officer:

SAME AS C ABOVE

**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.AAPCA3.ORG**H(c)** Group exemption number ▶**K** Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶**L** Year of formation: 1996 **M** State of legal domicile: CA**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b>	Briefly describe the organization's mission or most significant activities: AAP CA, CHAPTER THREE IS DEDICATED TO ACHIEVING PHYSICAL, MENTAL HEALTH AND SOCIAL WELL-BEING FOR ALL INFANTS, CHILDREN AND ADOLESCENTS IN SAN DIEGO AND IMPERIAL COUNTIES AND SUPPORTS OUR MEMBERS IN THIS ENDEAVOR.		
	<b>2</b>	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	<b>3</b>	Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	5
	<b>4</b>	Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	5
	<b>5</b>	Total number of individuals employed in calendar year 2019 (Part V, line 2a)	<b>5</b>	17
	<b>6</b>	Total number of volunteers (estimate if necessary)	<b>6</b>	0
	<b>7a</b>	Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	0.
<b>7b</b>	Net unrelated business taxable income from Form 990-T, line 39	<b>7b</b>	0.	
<b>Revenue</b>	<b>8</b>	Contributions and grants (Part VIII, line 1h)	<b>Prior Year</b>	<b>Current Year</b>
	<b>9</b>	Program service revenue (Part VIII, line 2g)	128,017.	144,925.
	<b>10</b>	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,785,866.	1,630,259.
	<b>11</b>	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,217.	7,035.
	<b>12</b>	Total revenue — add lines 8 through 11 (must equal Part VIII, column (A), line 12)	5,897.	1,918,100.
	<b>12</b>			1,788,116.
<b>Expenses</b>	<b>13</b>	Grants and similar amounts paid (Part IX, column (A), lines 1-3)		
	<b>14</b>	Benefits paid to or for members (Part IX, column (A), line 4)		
	<b>15</b>	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	1,327,780.	1,476,152.
	<b>16a</b>	Professional fundraising fees (Part IX, column (A), line 11e)		
	<b>b</b>	Total fundraising expenses (Part IX, column (D), line 25) ▶		
	<b>17</b>	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	528,785.	444,908.
	<b>18</b>	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	1,856,565.	1,921,060.
<b>19</b>	Revenue less expenses. Subtract line 18 from line 12	61,535.	-132,944.	
<b>Net Assets or Fund Balances</b>	<b>20</b>	Total assets (Part X, line 16)	<b>Beginning of Current Year</b>	<b>End of Year</b>
	<b>21</b>	Total liabilities (Part X, line 26)	1,556,225.	1,612,513.
	<b>22</b>	Net assets or fund balances. Subtract line 21 from line 20	172,776.	362,008.
<b>22</b>		1,383,449.	1,250,505.	

**Part II Signature Block**

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

<b>Sign Here</b>	Signature of officer	Date			
	MEREDITH KENNEDY	DIRECTOR			
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	STEVEN A. CUSHMAN, CPA	STEVEN A. CUSHMAN, CPA			P00302192
	Firm's name	BONK, CUSHMAN, EAGLE & GARCIA			Firm's EIN ▶ 86-1468133
	Firm's address	591 CAMINO DE LA REINA, STE 1216 SAN DIEGO, CA 92108			Phone no. (619) 297-8080

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

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

AAP CA, CHAPTER THREE IS DEDICATED TO ACHIEVING PHYSICAL, MENTAL HEALTH AND SOCIAL  
WELL-BEING FOR ALL INFANTS, CHILDREN AND ADOLESCENTS IN SAN DIEGO AND IMPERIAL  
COUNTIES AND SUPPORTS OUR MEMBERS IN THIS ENDEAVOR.

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

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

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

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

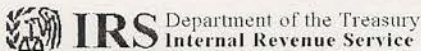
**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.**4a** (Code: ) (Expenses \$ 1,401,172. including grants of \$ ) (Revenue \$ 1,788,116.)

AMERICAN ACADEMY OF PEDIATRICS - CALIFORNIA CHAPTER 3 (AAP-CA3) IS DEDICATED TO  
ACHIEVING PHYSICAL, MENTAL HEALTH AND SOCIAL WELL-BEING FOR ALL INFANTS, CHILDREN AND  
ADOLESCENTS IN SAN DIEGO AND IMPERIAL COUNTIES AND SUPPORTS OUR MEMBERS IN THIS  
ENDEAVOR.

**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 ▶ 1,401,172.



Department of the Treasury  
Internal Revenue Service

P.O. Box 2508  
Cincinnati OH 45201

In reply refer to: 0248667561  
Nov. 27, 2009 LTR 4168C E0  
33-0782521 000000 00

00014188  
BODC: TE

AMERICAN ACADEMY OF PEDIATRICS  
CALIFORNIA CHAPTER 3  
AMERICAN ACADEMY OF PEDIATRICS CH 3  
PO BOX 22212  
SAN DIEGO CA 92192

Employer Identification Number: 33-0782521  
Person to Contact: Ms. Schadler  
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Nov. 17, 2009, request for information regarding your tax-exempt status.

Our records indicate that your organization was recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in July 1998.

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.

Beginning with the organization's sixth taxable year and all succeeding years, it must meet one of the public support tests under section 170(b)(1)(A)(vi) or section 509(a)(2) as reported on Schedule A of the Form 990. If your organization does not meet the public support test for two consecutive years, it is required to file Form 990-PF, Return of Private Foundation, for the second tax year that the organization failed to meet the support test and will be reclassified as a private foundation.

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



0248667561  
Nov. 27, 2009 LTR 4168C E0  
33-0782521 000000 00  
00014189

AMERICAN ACADEMY OF PEDIATRICS  
CALIFORNIA CHAPTER 3  
AMERICAN ACADEMY OF PEDIATRICS CH 3  
PO BOX 22212  
SAN DIEGO CA 92192

Sincerely yours,

*Michele M. Sullivan*

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





## BOARD OF DIRECTORS

**Kim Dunham Bergsma, M.S.**  
*Board Chair*

Marketing & Organization  
Development Professional

**Jessica Winchenbach**  
*Vice Chair*

Senior Director of Service Platform  
Engineering & Operations,  
PlayStation

**Steve Hermes**  
*Board Treasurer*

Retired CPA

**Valerie Attisha**  
*Board Secretary*

VP of Client & Community  
Relations, PNC

**Amanda Flisher**

Certified Leadership Coach

**Stefan Jensen**

Partner & CEO, Motionstrand

**Robin Keith**

CEO, EcoLeaders

**Alessandra Lezama**

CEO, TOOTRIS

**Stan Rodriguez**

Professor, Kumeyaay Community  
College

**Debra Roy**

Senior Engineering Architect,  
General Atomics

**Hem Suri**

Founder & Managing Partner,  
Spark Growth Ventures

**Tashonda Taylor**

Vice President of Customer  
Operations, SDG&E

**Chad Vargo**

Principal, Culture Insurance  
Services, LLC

## OUR MISSION:

Inspiring children to learn about  
our world through exploration,  
imagination, and experimentation.

March 31, 2022

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

Dear Foundation Board,

Thank you for your generous and meaningful donation to San Diego Children's Discovery Museum's Access for All scholarships program. As the school year is nearly finished, and our school partners have come to us with updated needs, we respectfully request the below amendment to our award:

**Grant timeline:** September 2022 – June 2023

**Audience(s) served:** San Marcos pre-kindergarten through 3<sup>rd</sup> grade classes OR afterschool enrichment programs (such as YMCAs or Boys & Girls Clubs) in San Marcos

**Program:** Mobile Children's Museum workshops OR exhibits

In the past two years of the pandemic, we have learned that to serve our community well, we need to remain flexible and nimble to their changing circumstances. As such, we would like to be able to offer our educational programs to San Marcos students in the above grade levels and community centers, depending on the need at the time. Our impact to families in San Marcos will remain as powerful, even more so now that we can go to the places where they need the most support.

We truly appreciate your understanding and continued support.

Sincerely,

A handwritten signature in black ink, appearing to read "Krishna", written over a light blue horizontal line.

Krishna Kabra  
Chief Executive Officer

**SMCF Resolution No 2022-25**

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

**-- SPRING QUARTER 2022--**

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

**WHEREAS**, a total of six (6) proposals were received by the Foundation prior to the grant submittal deadline established for the 2022 Spring Quarter; and

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

**REQUESTING ORGANIZATION**

**GRANT AWARD**

Big Brothers Big Sisters of San Diego County  
A Step Beyond  
Feeding San Diego  
Solutions for Change  
Mama's Kitchen  
American Academy of Pediatrics, CA Chapter 3

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

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

**PASSED, APPROVED AND ADOPTED** by the San Marcos Community Foundation Board of Directors, at a regular meeting thereof, this 17th day of May 2022, by the following roll call vote:

AYES: BOARD MEMBERS:  
NOES: BOARD MEMBERS:  
ABSENT: BOARD MEMBERS:

\_\_\_\_\_  
Colleen Lukoff, Board President

**ATTEST:**

\_\_\_\_\_  
Phillip Scollick, Secretary