

Agenda

MEETING OF THE SAN MARCOS COMMUNITY FOUNDATION

TUESDAY, AUGUST 19, 2014 – 6:00 P.M.

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

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

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

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

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

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

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

NEW BUSINESS

1. PRESIDENT'S REPORT

Recommendation: NOTE & FILE

2. INVESTMENT OF SAN MARCOS COMMUNITY FOUNDATION FUNDS

- (a) Discuss subcommittee recommendation
- (b) Presentation by the Jewish Community Foundation

Recommendation: CONSIDER/APPROVE

3. SMCF GRANT FUNDING COMMITTEE RECOMMENDATION

Summer Quarter Funding Recommendation to the SMCF Board for Deliberation.

- (a) Regular/Mini Grant Funding History FY2013-2014 and FY 2014-2015
- (b) Funding Recommendation Worksheet

(c) SMCF Resolution No. 2014-126 – Regular Grants

Recommendation: CONSIDER/APPROVE

CONSENT CALENDAR

4. **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

5. **APPROVAL OF MINUTES** SMCF Board Meeting May 28, 2014

Recommendation: CONSIDER/APPROVE

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

Recommendation: NOTE & FILE

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

ITEMS FOR THE GOOD OF THE ORDER

8. **MISCELLANEOUS**

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

9. **ADJOURNMENT**

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

AFFIDAVIT OF POSTING

I, Wendy Kaserman, hereby certify that I caused the posting of this Agenda on the bulletin board located at the north entrance to City Hall on Thursday, August 14 2014 at 4:30 pm.

DATE: Thursday, August 14, 2014

SAN MARCOS COMMUNITY FOUNDATION
Grants Awarded FY13-14 (As of 6/30/2014)

Organization	Request	Type	Award	Mtg. Date	Rptg. Date	Report Received	Project Summary
Mission Hills High School	\$4,000-\$6,000	R	\$3,555.00	8/20/2013	2/20/2014	Reporting documentation received 2/20/2014	To help purchase the equipment needed to complete the curriculum for a full year jewelry and metals course. Serves approximately 200 Mission Hills High School students.
North County Health Services	\$7,579.14	R	\$3,780.00	8/20/2013	2/20/2014	Reporting documentation received 2/5/2014	To purchase 2 portable vital signs machines to be used in the San Marcos Health Center's 24 exam rooms. The organization has served just over 18,000 San Marcos residents since 2011.
Casa de Amparo	\$5,000.00	R	\$2,000.00	8/20/2013	2/20/2014		To assist with the organization's Residential Services Program (RSP), specifically costs associated with transporting residents (ages 6-21) to recreational, cultural events, medical and dental appointments, as well as admission costs for recreational and cultural events. Serves 75 San Marcos residents.
Boys and Girls Club of San Marcos	\$10,000.00	R	\$4,339.00	8/20/2013	2/20/2014	Reporting documentation received 2/20/2014	To expand the after school Academic Success program at San Marcos Elementary School and Alvin Dunn Elementary School. Will serve 100 San Marcos residents.
Meals-on-Wheels Greater San Diego, Inc	\$1,500.00	M	\$1,500.00	7/10/2013	1/10/2014	received 1/9/2014	homebound San Marcos seniors. Serves 106 San Marcos
TERI, Inc	\$1,500.00	M	\$1,500.00	7/10/2013	1/10/2014	GFC voted to extend use of funds through 3/2015	To support application to an Institutional Research Board for research to identify the correlation between brain patterns and severity of autism. Will serve 72 San Marcos residents.
Total Grants Awarded Summer Quarter							
*Excludes Grants Awarded in Summer Quarter 2013 that fell in Previous Fiscal Year							
\$16,674.00							
Fall Quarter							
Alvin Dunn Elementary School	\$1,469.46	M	\$1,469.46	10/9/2013	4/9/2014	Reporting documentation received 4/9/2014	To purchase accessories for the technology classroom at Alvin Dunn Elementary School. Accessories will be used to help students with State standardized testing which is transitioning to an online format. The accessories will also be used to improve sound quality for lessons on tablets, as well as improving the instructor's ability to communicate information to students. Serves approximately 735 San Marcos residents (students)
Meals-on-Wheels Greater San Diego, Inc	\$8,000.00	R	\$7,000.00	11/19/2013	11/19/2014		To assist with the costs of rent for one year (\$10,200) at the organization's North County Service Center in San Marcos. Receiving assistance with rent will allow the organization to spend more funds on meals for homebound seniors in San Marcos. Serves 124 San Marcos residents.

Just in Time for Foster Youth	\$5,000.00	R	\$5,000.00	11/19/2013	5/19/2014	Reporting documentation received 6/13/2014	To purchase laptop computers for ten college bound former foster youth enrolled at California State University San Marcos. Request will assist with the organization's goal to help the students beat national averages and graduate college. Serves 10 San Marcos residents
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Total Grants Awarded Fall Quarter

\$13,469.46

Winter Quarter

Fan of the Feather	\$1,500.00	M	\$1,500.00	2/18/2014	8/18/2014	Reporting documentation received 7/7/2014	Request for funding in the amount of \$1,500 for the Stabilization Program for Homeless Veterans to purchase three computers for the facility's internet café and the staff office. Computers will be available for client use as well as use by the organization's program manager. Benefits 20 San Marcos residents.
San Marcos Unified School District	\$5,000.00	R	\$5,000.00	2/18/2014	8/18/2014		To assist with the costs of developing, implementing and conducting an orchestral music program in the San Marcos Unified School District Title 1 Elementary Schools. Serves 60 San Marcos residents.
Solutions for Change	\$10,000.00	R	\$7,000.00	2/18/2014	8/18/2014		To assist with the costs of the Employment Related Training Program which is the first of a four phase workforce development component in the Solutions University Curriculum. Serves 17 San Marcos residents.
Tender Loving Canines Assistance Dogs, Inc.	\$5,930.00	R	\$2,000.00	2/18/2014	8/18/2014		To assist with the costs to acquire, care for, and train dogs that will assist children on the autism spectrum, as well as veterans with Post Traumatic Stress Disorder and Traumatic Stress Disorder and traumatic brain injuries and/or other disabilities. Application does not specific how many residents would be served.

Total Grants Awarded Winter Quarter

\$15,500.00

Spring Quarter

Palomar Health Foundation	\$1,500.00	M	\$1,500.00	3/12/2014	9/12/2014		To assist with the costs of treating and collecting forensic evidence for victims of sexual assault and child abuse. Serves approximately 50 San Marcos residents per year.
San Marcos Unified School District	\$1,500.00	M	\$1,500.00	3/12/2014	9/12/2014		To assist with the travel costs of participating in a Model United Nations Conference in New York City. The application states over 120 residents are served through this program.
Interfaith Community Services	\$1,500.00	M	\$1,500.00	5/22/2014	11/22/2014		To assist with the Senior Services Program that supports low income seniors in North County to live independently and remain in their homes as they age. The program served 56 San Marcos residents last year.
Meals-on-Wheels Greater San Diego, Inc	\$1,500.00	M	\$500.00	5/22/2014	11/22/2014		To help purchase, prepare, and deliver healthy meals to homebound San Marcos seniors. Serves 106 San Marcos residents.

San Marcos Historical Society	\$1,500.00	M	\$1,000.00	5/22/2014	11/22/2014		To help purchase computer and software equipment for staff and a projector for presentations to the public.
The Elizabeth Hospice Foundation	\$3,000.00	R	\$3,000.00	5/28/2014	11/28/2014		To help fund Hospice Care & Grief Counseling Services for people of all ages regardless of insurance status or ability to pay. In FY'13 program served 390 San Marcos residents. Does not specify how many San Marcos residents this grant would serve.
Palomar College Foundation	\$3,000.00	R	\$3,000.00	5/28/2014	11/28/2014		To help fund the Textbook Assistance Program, which enables all students to have access to the books they need by subsidizing access to books through direct rental by students or through purchase and placement in the library of special reserve copies. Serves 300 San Marcos residents.

Total Grants Awarded Spring Quarter **\$12,000.00**

Total Grants Awarded FY2013-2014 **\$57,643.46**

New Fiscal Year Began 7/1/2014

Summer Quarter 2014

Alzheimer's Association of SD/Imperial	\$1,500.00	M	\$1,500.00	8/13/2014	2/13/2014		To provide informational packets about Alzheimer's and resources available to families in need. Funding would provide packets to approximately 300 San Marcos families.
Foundation for Senior Well Being	\$1,500.00	M	\$1,200.00	8/13/2014	2/13/2014		To assist with the organization's efforts to compile information about organizations provide service to seniors in North County and become the clearing house directing seniors to resources available. Will serve the senior population of San Marcos, estimated to be approximately 8,527 San Marcos residents.

Total Grants Awarded Summer Quarter to Date **\$2,700.00**

Funds Available for Distribution Fiscal Year 2014-2015

Assets available on 6/30/2014 of \$1,300,541.17 **\$1,300,541**

San Marcos Now and Forever Campaign for Current Grantmaking for FY2014-2015 **\$1,645**

Maximum Grant Making at 4% of Assets Available Combined with Now and Forever Funds **\$53,667**

Maximum Grant Making at 5% of Assets Available Combined with Now and Forever Funds **\$66,672**

Funds Available Per Quarter for Fiscal Year 2014-2015 **4%** **\$13,417**

5% **\$16,668**

Funds Remaining for Summer Quarter Based on Mini Grants Awarded

4% **\$10,716.66**

5% **\$13,968.01**

SAN MARCOS COMMUNITY FOUNDATION

Summary of Regular & Mini Grant Requests- August 2014

Asset Balance on 6/30/2014: \$1,300,541.17

San Marcos- Now and Forever Funds for Current Grantmaking FY 2014-2015: \$1,645

Available for Distribution for FY14-15: \$53,667 - \$66,672

Awarding Grants at 4% of Assets Available=\$53,667

Awarding Grants at 5% of Assets Available=\$66,672

Total FY14-15 Distributions Year to Date= \$2,700

Target distribution for each quarter to evenly distribute funds across all quarters:

Awarding Grants at 4% of Assets Available=\$13,417

Awarding Grants at 5% of Assets Available=\$16,668

Applicant	Grant Type	Summary of Request	Requested	GFC Recommended Funding
The Boys & Girls Club of San Marcos	Regular	To help expand The Victory Project (formerly the Academic Success Program), an after-school program that provides extra/remedial support for youth in grades 2 nd – 5 th who have scored below basic or far below basic in math and reading on standardized testing. Serves 120 San Marcos residents.	\$10,000	\$4,153
North County Health Services	Regular	To purchase a new auditory screening unit for the organization's Project All Ready (PAR) program. Through this program the organization provides free	\$4,315	\$4,315

		hearing and vision screenings to children 18 months old to 5 years old at preschools, day cares, and Head Starts. Estimated to serve 400 San Marcos residents.		
Partnerships with Industry	Regular	To provide vocation training, assessment, placement and ongoing support to adults living with disabilities in San Marcos to help them thrive in the work environment. Serves 10 San Marcos residents	\$10,000	\$2,000
The Angel's Depot	Regular	To help support the Senior Emergency Meal Box Program which provides a specifically formulated, nutritious nonperishable box meal to age and income qualified seniors. Funding will provide 60 boxed meals every month to seniors living in poverty in San Marcos.	\$5,000	\$500
Casa De Amparo	Regular	To assist with the Residential Services Program, specifically costs associated with medical assessments and coordination, transportation	\$5,000	\$3,000

		<p>to medical appointments, education and tutoring, job readiness, nutrition education and recreational and therapeutic activities. Program will serve 60 San Marcos residents, age prenatal to 21 years old.</p>		
			<p>Total Grants Requested: \$34,315</p>	<p>Total Regular Grant Funding Recommended: \$13,968</p>



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

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

Project Name: The Victory Project Date Submitted: 5/29/14	Total # of people served: 120 Total # of San Marcos residents served: 120	Amount Requested: \$10,000
Non-Profit Organization Name and Address, Website Boys & Girls Club of San Marcos 1 Positive Place San Marcos, CA 92069		Contact Person – Name, Title & Phone, email Kim Webb, Director of Development & Marketing 760-471-240 ext. 306 kim@boysgirlsclubsm.org

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

The Boys & Girls Club of San Marcos is requesting funds to expand the after-school program, The Victory Project, previously known as the Academic Success program. Thanks to the very generous support of the San Marcos Community Foundation, the Club was able to expand the current program to serve 78 youth members. During the 2014-2015 school year, the goal for the Victory Project program will be to expand to serve 140 youth members in grades 2nd -5th.

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

The Victory Project addresses the need to provide extra/remedial support for youth who have scored below basic or far below basic in math and reading on standardized testing. The program has shown proven results for improvement for both math and reading for youth members who are falling behind in school.

Please attach the following items. Both Mini-Grant & Regular: 1. Budget for request (use SMCF Budget Worksheet) 2. Annual Operating budget for the organization or unit 3. Federal & State Tax ID numbers 4. Board of Directors listing with affiliations 5. Regular Grants Only: a. 1-2 page narrative b. First 2 pages of Federal 990 c. Most recent year-end Statement or Audit including any management letters associated with Audit. d. Signature of President or Authorized Officer on Application e. Optional: letters of support	Expected date project will begin/end: 8/1/2014 Date by which funds will be expended: 6/30/2015 Signature of President or Authorized Officer Name, Title _____ Date _____ Shelly Anguiano Figueroa, Chief Executive Officer Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): wkaserman@san-marcos.net
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BOYS & GIRLS CLUB OF SAN MARCOS

San Marcos Community Foundation
c/o City of San Marcos
1 Civic Center Drive
San Marcos, CA 92069

Dear Board of Directors:

The Boys & Girls Club of San Marcos is requesting consideration for a \$10,000 grant to expand The Victory Project. The Victory Project is aligned with the Club's mission to inspire and enable all young people to realize their full potential as responsible, caring citizens.

Since 1979 the Boys & Girls Club of San Marcos has been at the forefront of youth development, working with youth ages 6-18 who need the Club most. The Club has actively sought to enrich the lives of girls and boys whom other agencies fail to reach. The Club is affordable to all with an annual membership fee of \$40. No child is ever turned away due to their financial circumstance. Boys and girls participate in after-school programs, summer camps and specialty teen programs at seven locations throughout the community.

Today, staff members at the Boys & Girls Club of San Marcos are making an impact on the lives of over 800 young people each day and over 2,800 annually. Of the nearly 2,800 Club members, 63% are from economically disadvantaged families, 26% are from single parent households and 58% are Hispanic.

According to the Annie E. Casey Foundation 1 in 6 children who are not reading proficiently in 3rd grade do not graduate from high school on time. The U.S. Department of Education has stated that, among 34 countries surveyed the United States ranked 14th in reading literacy and 25th in math literacy. It was reported in the San Diego County Report Card on Children & Families that in 2011 only 51% of 3rd graders scored proficient or advanced on the English Language Arts annual California Standardized Test. Locally, on the California Standardized Test:

San Marcos Elementary School

- 60% of 3rd grade students scored basic or below basic in English Language Arts
- 49% of 3rd grade students scored basic or below basic in Math

Alvin Dunn Elementary School

- 72% of 3rd grade students scored basic or below basic in English Language Arts
- 62% of 3rd grade students scored basic or below basic in Math

Performance on the English-Language Arts test is widely accepted as the best predictor of school achievement overall, in part because mastery of language arts is a critical foundation to understanding information in other subjects. In the primary grades, children are learning to read; but from that point on, they must read to learn. A child who does not master basic reading skills does not have the foundation for future success.

With these alarming statistics in mind, the Boys & Girls Club of San Marcos created The Victory Project (TVP) formally named the Academic Success Program. TVP program provides math and reading remediation to youth members, whose standardized test scores are below or far below basic as identified by the school site administration.

Jennifer Loscher Building and Administrative Offices

1 Positive Place
San Marcos, CA 92069
Tel. 760.471.2490 Fax 760.471.0673
www.boysgirlsclubsbm.org

The Club Teen Center

1 Positive Place
San Marcos, CA 92069
Tel 760.290.3527

Extension Sites

San Marcos Middle School
650 W. Mission Road

Woodland Park Middle School
1270 Rock Springs Road

Alvin Dunn Elementary School
3697 La Mirada Drive

San Marcos Elementary School
300 W. San Marcos Blvd.

Copper Creek In San Elijo Hills
1730 Elfin Forest Road

San Elijo Middle School
1600 Schoolhouse Way

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Art Harris+
Chuck Lehrer+
Stanley Mahr+
Dr. Jim Sands+

Shelly Anguiano Figueroa
Chief Executive Officer

+ deceased

Youth members participate in math and reading instruction for 2 hours a day, twice a week. A trained professional staff member provides guided instruction via a specialized curriculum that allows each youth member to follow a lesson in their personal workbook. The curriculum, Targeted Math and Reading Intervention, is research-based, approved by administrators of the San Marcos Unified School District and is correlated to the Common Core Standards.

For added value at least once a week, youth members have the unique opportunity to play games on an iPad or tablet that corresponds directly to the curriculum. This allows youth members, who may not otherwise have the opportunity, the chance to access technology.

During the 2012-2013 school years, the pilot program served 30, 3rd and 4th grade youth members at San Marcos Elementary School. Results from the program's diagnostic tests were based on the 30 most commonly missed questions on the California Standards Test. The results were amazing.

- 86% of youth participants improved their diagnostic test scores in reading
- 39% of youth participants improved their diagnostic test scores in math
- 25% of youth participants were reclassified as no longer English Language Learners per San Marcos Unified School District

After a successful first year, the Club was determined to expand the program and reach more youth in need. With the support of the San Marcos Community Foundation, the Club was able to expand the 2013-2014 programs to serve 78 3rd and 4th grade youth members at San Marcos Elementary School, Alvin Dunn Elementary school and the Jennifer Loscher Branch. The second year of the program is also showing outstanding results:

READING

Baseline Test (9/19/2013)	1st Diagnostic (11/5/13)	2nd Diagnostic (3/14/14)	3 rd Diagnostic (5/19/14)
11% of the participants correctly answered 20-30 of the 30 questions	34% of participants correctly answered 20-30 of the 30 questions	39% of participants correctly answered 20-30 of the 30 questions	87% of participants correctly answered 20-30 of the 30 questions

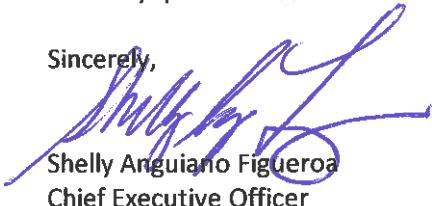
MATH

Baseline Test (9/19/2013)	1st Diagnostic (11/5/13)	2nd Diagnostic (3/14/14)	3 rd Diagnostic (5/19/14)
3% of the participants correctly answered 20-30 of the 30 questions	14% of participants correctly answered 20-30 of the 30 questions	20% of participants correctly answered 20-30 of the 30 questions	79% of participants correctly answered 20-30 of the 30 questions

Given the results and the impact of the first two years of the program, the Boys & Girls Club of San Marcos is eager to continue to expand The Victory Project for the 2014-2015 school year. This \$10,000 grant would allow the Club to expand both the number of youth served as well as the grades that will be served. The program will increase the number of youth served to 140 in grades 2nd -5th at Alvin Dunn Elementary, San Marcos Elementary School and the Jennifer Loscher Branch.

We are excited about the opportunity to continue to work with the San Marcos Community Foundation to provide The Victory Project to youth in our community who need extra/remedial support in school. Please feel free to contact me if you have any questions. I look forward to hearing from you.

Sincerely,



Shelly Anguiano Figueiroa
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)

<u>2 Targeted Reading Intervention Curriculums for 2nd grade including tax</u>	\$ <u>799.98</u>
<u>2 Targeted Reading Intervention Curriculums for 3rd grade including tax</u>	\$ <u>799.98</u>
<u>2 Targeted Reading Intervention Curriculums for 4th grade including tax</u>	\$ <u>799.98</u>
<u>1 Targeted Reading Intervention Curriculum for 5th grade including tax</u>	\$ <u>399.99</u>
<u>2 Targeted Math Intervention Curriculums for 2nd grade including tax</u>	\$ <u>699.98</u>
<u>1 Targeted Math Intervention Curriculum for 4th grade including tax</u>	\$ <u>349.99</u>
<u>1 Targeted Math Intervention Curriculum for 5th grade including tax</u>	\$ <u>349.99</u>
<u>140 Math Workbooks at \$9.99 each including tax</u>	\$ <u>1,538.46</u>
<u>140 Reading Workbooks at \$9.99 each including tax</u>	\$ <u>1,538.46</u>
<u>3 Youth Development Professionals at \$20 /hr x 13 hrs/wk x 36 weeks</u>	\$ <u>28,080.00</u>
<u>1 Youth Development Professionals at \$20/hr x 6.5 hrs/wk x 36 weeks</u>	\$ <u>4,680.00</u>
<u>Administrative Overhead</u>	\$ <u>2,001.84</u>
Total budget for this PROJECT:	\$ 42,038.65

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? Yes

Please list any other funding sources for this project.

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

\$ 3,500 (Name of source) EDCO Waste & Recycling ** C
\$ 5,000 (Name of source) Hunter Industries ** C
\$ 1,000 (Name of source) Shelly & Jose Figueroa ** C
\$ 750 (Name of source) Gary Levitt ** C
\$ 10,000 (Name of source) Opus Bank Foundation ** P
\$ 5,000 (Name of source) Wells Fargo Bank Foundation ** P

Boys Girls Club of San Marcos
2014-2015 OPERATING BUDGET

	Board Approved Budget 2013-2014	Projected Actualization For Year-End (2013-2014) as of	Proposed Budget 2014-2015	Proposed Budget 2014-2015 w/ASES Grants	Combined Operating Budget 2014-2015 w/out ASES	Variance of 2013-2014 Actualization to 2014-2015	COMMENTS
INCOME							
Local	\$ 80,200.00	\$ 94,000.00	-	\$ 100,500.00	\$ 100,500.00	\$ 6,500.00	CAVA rental (\$10,000); Non-event related (\$10,000); Stone Anniversary (\$15,000); Includes Victory Project Revenue (\$40,000); Capital Funds (\$25,000)
United Way	\$ 12,000.00	\$ 13,000.00	-	\$ 14,000.00	\$ 14,000.00	\$ 1,000.00	Individual designations through United Way
Annual Sponsors	\$ 85,858.00	\$ 85,000.00	-	\$ 88,858.00	\$ 88,858.00	\$ 3,858.00	(1) Diamond; (2) Platinum; (3) Gold; (1) Silver; (3) Bronze; Premier increased from Silver to Gold
Total Contributions	\$ 178,058.00	\$ 192,000.00	-	\$ 203,358.00	\$ 203,358.00	\$ 11,358.00	
JLB-General Club							
Day Camp	\$ 84,960.00	\$ 77,000.00	-	\$ 84,960.00	\$ 84,960.00	\$ 7,960.00	7 weeks Spring Camps
Youth Membership	\$ 32,000.00	\$ 29,283.00	-	\$ 32,000.00	\$ 32,000.00	\$ 2,717.00	\$40/youth (800) paying members; Includes San Elijo Middle School
Total JLB-General Club	\$ 116,960.00	\$ 106,283.00	\$ -	\$ 116,960.00	\$ 116,960.00	\$ 10,677.00	
Fee Based Clubs							
Program Fees	\$ 80,000.00	\$ 80,000.00		\$ 80,000.00	\$ 80,000.00	\$ -	San Elijo Middle School; Only fee based site
Transportation	\$ 82,232.00	\$ 69,000.00	-	\$ 63,746.00	\$ 63,746.00	\$ (5,254.00)	Four school sites
Fee Based Clubs	\$ 162,232.00	\$ 149,000.00	\$ -	\$ 143,746.00	\$ 143,746.00	\$ (5,254.00)	
Grants/Foundations							
ASES - Alvin Dunn	\$ 140,032.00	\$ 140,032.00	-	\$ 140,032.00	\$ 140,032.00	\$ -	Per contract w/SMUSD
ASES - SM Elem.	\$ 87,756.00	\$ 87,756.00		\$ 87,756.00	\$ 87,756.00	\$ -	Per contract w/SMUSD
ASES - SMMS	\$ 199,202.00	\$ 199,202.00		\$ 199,202.00	\$ 199,202.00	\$ -	Per contract w/SMUSD
ASES - WPMS	\$ 131,574.00	\$ 131,574.00		\$ 131,574.00	\$ 131,574.00	\$ -	Per contract w/SMUSD
Copper Creek/Bridge Housing	\$ 15,000.00	\$ 16,000.00	-	\$ 16,000.00	\$ 16,000.00	\$ -	Bridge Housing funded
Other Grants	\$ 110,000.00	\$ 40,000.00	-	\$ 90,000.00	\$ 90,000.00	\$ 50,000.00	Includes gift from Forte For Children/DEI
OJP Grant Funds	\$ 26,500.00	\$ 40,000.00		\$ 33,000.00	\$ 33,000.00	\$ (7,000.00)	
Total Grants	\$ 710,064.00	\$ 654,564.00	\$ 558,564.00	\$ 139,000.00	\$ 697,564.00	\$ 43,000.00	
Special Events/Campaigns							
Annual Auction	\$ 147,000.00	\$ 194,000.00	-	\$ 172,000.00	\$ 172,000.00	\$ (22,000.00)	Gross
Annual Awards Luncheon	\$ 1,750.00	\$ 1,750.00	-	\$ 1,750.00	\$ 1,750.00	\$ -	
Golf Classic	\$ 140,000.00	\$ 157,565.00	-	\$ 147,000.00	\$ 147,000.00	\$ (10,565.00)	Gross amount; Per Golf Committee leadership
KIDS Fundraisers	\$ 15,500.00	\$ 15,500.00	-	\$ 15,500.00	\$ 15,500.00	\$ -	
GTGF Campaign/On-line G	\$ 37,500.00	\$ 39,000.00	-	\$ 52,000.00	\$ 52,000.00	\$ 13,000.00	Annual Giving Campaign; Major gifts
Holiday Hotcakes Events	\$ 5,000.00	\$ 6,415.00	-	\$ 7,000.00	\$ 7,000.00	\$ 585.00	
Rotary Golf	\$ 5,000.00	\$ 5,000.00	-	\$ 5,000.00	\$ 5,000.00	\$ -	
Total Special Events/Campaigns	\$ 351,750.00	\$ 419,230.00	-	\$ 400,250.00	\$ 400,250.00	\$ (18,980.00)	
Reimbursed Expenses	\$ 7,000.00	\$ 2,000.00	-	\$ 2,000.00	\$ 2,000.00	\$ -	
TOTAL INCOME	\$ 1,526,064.00	\$ 1,523,077.00	\$ 558,564.00	\$ 1,005,314.00	\$ 1,563,878.00	\$ 40,801.00	

Boys Girls Club of San Marcos

2014-2015 OPERATING BUDGET

	Board Approved Budget	Actualization For Year-End 2013-2014	Projected Budget 2014-2015 (2013-2014) as of w/ASES Grants	Proposed Budget 2014-2015	Proposed Budget 2014-2015 w/out ASES	Combined Operating Budget 2014-2015	Variance of 2013-2014 Actualization to 2014-2015	COMMENTS
EXPENSES								
Automobile Expense	8,000.00	8,000.00	-	8,000.00	8,000.00	8,000.00	-	3 vehicles; mileage reimbursement and maintenance
Bank/Merchant Service Charges	9,600.00	8,000.00	-	8,000.00	8,000.00	8,000.00	-	Increased on-line payments
Dues & Subscriptions	11,000.00	11,000.00	-	15,780.00	15,780.00	4,780.00		
Employee Expenses								
Life/Dent/ltd	2,276.94	2,623.00	360.36	1,866.96	2,227.32	(395.68)		
Medical	18,170.16	18,682.00	4,326.06	12,634.80	16,960.86	(1,721.14)		
Pension	32,068.00	26,500.00	-	30,000.00	30,000.00	3,500.00	Per pension plan change	
Pension reversal		(26,500.00)						
Employer PR Taxes	72,873.09	72,142.00	28,511.89	44,380.30	72,892.19	750.19		
Payroll Service Fees	7,000.00	9,000.00	5,730.00	3,820.00	9,656.00	550.00		
Recruiting	5,730.00	10,000.00	6,000.00	4,000.00	10,000.00	-	Background checks; Drug & TB testing	
Unemployment Insurance	20,000.00	20,000.00	-	20,000.00	20,000.00	-		
Wages	1,025,319.38	1,020,032.00	456,549.91	578,529.19	1,035,079.10	15,047.10		
Workman's Compensation	30,000.00	43,000.00	28,380.00	14,620.00	43,000.00	-	Increase in rates	
Total Employee Expenses	1,213,437.56	1,195,479.00	529,858.22	709,851.25	\$ 1,239,706.47	44,230.47		
Equipment Rentals	5,254.00	5,500.00	2,579.00	2,675.00	5,254.00	(246.00)	Copy Machine lease	
Insurance	16,000.00	16,000.00	8,668.00	7,302.00	16,000.00	-	General lab, auto, accident, D&O, umbrella	
Marketing & Stewardship								
Meetings	11,000.00	11,000.00	-	7,000.00	7,000.00	(4,000.00)		
Postage and Delivery	3,000.00	3,000.00	-	3,000.00	3,000.00	-		
Professional Fees (Audit)	1,100.00	1,100.00	-	1,100.00	1,100.00	-	Non-event related (Accounts Payable, Admin)	
Program Fieldtrips	10,725.00	13,000.00	7,260.00	3,740.00	11,000.00	(2,000.00)	Independent Auditor	
Facility Repairs & Maintenance	8,100.00	8,100.00	-	5,000.00	5,000.00	(3,100.00)	Day Camp Fieldtrips	
Special Events	38,000.00	38,000.00	-	38,000.00	38,000.00	-	JLB site/Teen Center only; janitorial, computer repairs; landscaping, etc.	
Annual Awards Luncheon	1,750.00	1,750.00	-	1,500.00	1,500.00	(250.00)		
Annual Auction	45,000.00	39,000.00	-	39,000.00	39,000.00	-		
Golf Classic	17,500.00	18,854.00	-	18,854.00	18,854.00	-		
Kids Fundraisers/Keystone	10,000.00	7,000.00	-	7,500.00	7,500.00	500.00		
Other	9,500.00	8,000.00	-	14,800.00	14,800.00	6,800.00	DEI table & golf, Holiday parties, GTG/ Campaign	
Total Special Events	\$ 83,750.00	\$ 74,604.00	-	\$ 81,654.00	\$ 81,654.00	7,050.00		
Total Supplies	24,500.00	31,500.00	-	36,290.00	36,290.00	4,790.00	Program supplies and office supplies	
Telephone	11,000.00	11,000.00	4,400.00	6,600.00	11,000.00	-	Land lines, cell phones & internet,	
Temporary Labor/Consultants	5,000.00	3,700.00	-	5,000.00	5,000.00	1,300.00	Jr. Deputy Program	
Transportation	32,580.00	38,000.00	-	32,600.00	32,600.00	(5,400.00)	No Paloma	
Training & Conferences	10,000.00	9,000.00	-	15,000.00	15,000.00	6,000.00	JLB/Teen Center Facility	
Utilities	24,000.00	24,000.00	-	24,000.00	24,000.00	-		
TOTAL EXPENSE (WITHOUT D)	\$ 1,526,046.56	\$ 1,509,983.00	\$ 552,795.22	\$ 1,010,592.25	1,563,387.47			
NET INCOME	\$ 17,44	\$ 13,094.00	\$ 5,768.78	\$ (5,278.25)	490.53	(12,603.47)		
Depreciation Expense	59,325.03	59,325.03	-	59,325.03	59,325.03	-	Per Auditors Depreciation Schedule	
NET INCOME	\$ (59,325.03)	\$ (46,231.03)		\$ (64,603.28)	\$ (58,834.59)			

OGDEN UT 84201-0938

In reply refer to: 0461746480
Apr. 07, 2011 LTR 41680 0
95-3330218 000000 00
00031837
SODC: JE

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



000185

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

Dear Taxpayer:

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

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

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

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

Please refer to our website www.irs.gov/ea 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.

Boys Girls Club of San Marcos
Board of Directors
Public Roster
2013-2014

Board Member	Title	Company	Mailing Address	Phone	Email
JABARA Russ	Associate Vice President	Colliers International	5901 Priestly Dr., Ste. 100 Carlsbad, CA 92008	760.438.8950	ruiss.jabara@colliers.com
LEVITT Gary	Owner	Sea Breeze Properties	3525 Del Mar Heights Rd., Ste. 246 San Diego, CA 92130	858.361.8555	gary@seabreezeproperties.com
MASSA Gary	Realtor	Pacific Sotheby's International Realty	3702 Via de la Valle, Suite 2C Del Mar, CA 92014	760.889.7701	Gary.Massa@SothebysRealty.com
RITCHIE Jeff	PAST- CHAIRMAN Vice President	EDCO Waste & Recycling	224 Las Posas Rd. San Marcos, CA 92079	760.744.5615 x119	jritchie@edcodisposal.com
RIVERA Noemí	VICE-CHAIR Executive Assistant	Hunter Industries	1940 Diamond Street San Marcos, CA 92078	760.591.7125	noemri.rivera@hunterindustries.com
SIMMONS Jason	TREASURER Vice President of Operations	Consultants Collaborative, Inc.	160 Industrial St., Ste. 200 San Marcos, CA 92078	760.471.2365 x107	jason@ccicconnect.com
THOMPSON Debbie	CHAIRWOMAN VP/ Relationship Banker	California Bank & Trust	140 Civic Center Drive Vista, CA 92084	760. 945.2524	Deborah.Thompson@calbt.com
WAGNER Steve	Co-Founder/President	Stone Brewing Co.	1999 Citracado Pkwy Escondido, CA 92029	760.471.4999 x1103	steve.wagner@stonebrew.com
WILLIAMS Tim	SECRETARY Operations Manager	Markstein Beverage Co.	505 S. Pacific St. San Marcos, CA 92079	760.744.9100 x109	timw@marksteinbeer.com

Form **990**Department of the Treasury
Internal Revenue Service**Return of Organization Exempt From Income Tax**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

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

OMB No. 1545-0047

2012Open to Public
Inspection**A For the 2012 calendar year, or tax year beginning 07/01/12, and ending 06/30/13**

B Check if applicable:		C Name of organization BOYS & GIRLS CLUB OF SAN MARCOS		D Employer identification number 95-3330218	
<input type="checkbox"/> Address change		Doing Business As 1 POSITIVE PLACE		E Telephone number 760-471-2490	
<input type="checkbox"/> Name change		Number and street (or P.O. box if mail is not delivered to street; address) 1 POSITIVE PLACE		F Gross receipts \$ 1,677,385	
<input type="checkbox"/> Initial return		City, town or post office, state, and ZIP code SAN MARCOS CA 92069		G Gross receipts \$ 1,677,385	
<input type="checkbox"/> Terminated		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
<input type="checkbox"/> Amended return		H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No			
<input type="checkbox"/> Application pending		If "No," attach a list. (see instructions)			
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		J Website: ► WWW.BOYSGIRLSCLUBSM.ORG		H(c) Group exemption number ►	
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►		L Year of formation: 1979		M State of legal domicile:	

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: TO INSPIRE AND ENABLE ALL YOUNG PEOPLE TO REALIZE THEIR FULL POTENTIAL AS RESPONSIBLE AND CARING CITIZENS.	
	2 Check this box ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets	
Revenue	3 Number of voting members of the governing body (Part VI, line 1a)	3 12
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4 12
Expenses	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5 80
	6 Total number of volunteers (estimate if necessary)	6 0
Net Assets or Fund Balances	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a 0
	b Net unrelated business taxable income from Form 990-T, line 34	7b 0
8 Contributions and grants (Part VIII, line 1h) 833,949 Current Year 824,521		
9 Program service revenue (Part VIII, line 2g) 234,342 Current Year 265,721		
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) 32,299 Current Year 40,188		
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 332,145 Current Year 362,208		
12 Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12) 1,432,735 Current Year 1,492,638		
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) 0		
14 Benefits paid to or for members (Part IX, column (A), line 4) 0		
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 1,062,474 Current Year 1,222,599		
16a Professional fundraising fees (Part IX, column (A), line 11e) b Total fundraising expenses (Part IX, column (D), line 25) ► 111,499 0		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) 351,985 Current Year 307,551		
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) 1,414,459 Current Year 1,530,150		
19 Revenue less expenses. Subtract line 18 from line 12 18,276 Current Year -37,512		
Beginning of Current Year 1,813,017 End of Year 1,744,090		
20 Total assets (Part X, line 16) 182,713 Current Year 172,920		
21 Total liabilities (Part X, line 26) 1,630,304 Current Year 1,571,170		

Part II Signature Block

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

Sign Here	Signature of officer MECHELLE ANGUIANO-FIGUEROA		Date
	Type or print name and title		
Paid Preparer Use Only	Print/Type preparer's name SHANNON B. ROOT, CPA	Preparer's signature SHANNON B. ROOT, CPA	Date 02/03/14 Check <input type="checkbox"/> if self-employed PTIN P00021306
	Firm's name ► COVELL HOGAN & ROBIN LLP	Firm's EIN ► 38-3730777	
	345 W 9TH AVE STE 100 ESCONDIDO, CA 92025-5055		Phone no. 760-737-0700

May the IRS discuss this return with the preparer shown above? (see instructions) Yes NoFor Paperwork Reduction Act Notice, see the separate instructions.
DAAForm **990** (2012)

Form 990 (2012) BOYS & GIRLS CLUB OF SAN MARCOS 95-3330218

Page 2

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:

TO INSPIRE AND ENABLE ALL YOUNG PEOPLE TO REALIZE THEIR FULL POTENTIAL AS RESPONSIBLE AND CARING CITIZENS.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

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

 Yes No

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?

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

 Yes No

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 \$ 1,193,901 including grants of\$) (Revenue \$)

TO ENHANCE THE QUALITY OF LIFE WITH SPECIAL CONCERN FOR THE DISADVANTAGED. TO HELP YOUNG PEOPLE HELP THEMSELVES. TO PROVIDE SERVICES THAT ACHIEVE PERSONAL AND PROFESSIONAL GROWTH IN CHILDREN. PROVIDE PROGRAMS AND ACTIVITIES FOR CHILDREN BEFORE AND AFTER SCHOOL, AND ON ALL NON-SCHOOL DAYS AND HOLIDAYS.

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

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

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

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

4e Total program service expenses ► 1,193,901

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
OF
BOYS & GIRLS CLUB OF SAN MARCOS
JUNE 30, 2013 AND 2012**

**BOYS & GIRLS CLUB OF SAN MARCOS
TABLE OF CONTENTS
JUNE 30, 2013 AND 2012**

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Statements of Functional Expenses	4
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7

Covell Hogan & Robin LLP
C E R T I F I E D P U B L I C A C C O U N T A N T S

Independent Auditors' Report

To the Board of Directors of
Boys & Girls Club of San Marcos
San Marcos, California

We have audited the accompanying financial statements of Boys & Girls Club of San Marcos (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Club of San Marcos as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Covell, Hogan & Robin LLP
Escondido, California
January 22, 2014

**BOYS & GIRLS CLUB OF SAN MARCOS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012**

ASSETS	2013	2012
Current Assets		
Cash and cash equivalents	\$ 221,384	\$ 316,801
Investments	666,820	624,526
Accounts receivable	14,020	25,650
Grants receivable	84,621	129,366
Prepaid expenses	13,907	7,652
Other current assets	299	292
TOTAL CURRENT ASSETS	1,001,051	1,104,287
Property and equipment, net	678,038	643,730
Other assets		
Investments, restricted	65,001	65,001
TOTAL ASSETS	<u>\$ 1,744,090</u>	<u>\$ 1,813,018</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 25,346	\$ 27,494
Accrued expenses	7,708	9,567
Accrued payroll expenses	79,166	60,344
Deferred revenue and deposits	60,700	85,308
TOTAL CURRENT LIABILITIES	<u>172,920</u>	<u>182,713</u>
Net Assets		
Unrestricted	1,496,169	1,555,304
Temporarily restricted	10,000	10,000
Permanently restricted	65,001	65,001
TOTAL NET ASSETS	<u>1,571,170</u>	<u>1,630,305</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,744,090</u>	<u>\$ 1,813,018</u>

See independent auditors' report and notes to financial statements

BOYS & GIRLS CLUB OF SAN MARCOS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

UNRESTRICTED NET ASSETS	2013	2012
Support and Revenue		
General club revenue	\$ 265,721	\$ 234,342
Grants	718,752	707,205
Public support	92,127	101,828
United Way	12,742	18,018
Special events (net of direct expenses \$98,783)	362,208	332,143
Net assets released from restrictions	6,900	9,000
Interest and dividends	37,428	34,438
Realized gain(loss) on investments	(29,199)	(27,360)
Unrealized gain(loss) on investments	10,336	795
TOTAL UNRESTRICTED REVENUE AND SUPPORT	1,477,015	1,410,409
Expenses		
Program services		
Jennifer Loscher branch	335,252	315,552
San Marcos Unified School District	757,936	692,569
Other programs	100,711	92,317
Total program services	1,193,899	1,100,438
Supporting services		
Management and general expenses	224,750	204,275
Fund raising costs	111,501	109,746
Total supporting services	336,251	314,021
TOTAL EXPENSES	1,530,150	1,414,459
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(53,135)	(4,050)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	900	6,900
Net assets released from restrictions, satisfaction of program restrictions	(6,900)	(9,000)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(6,000)	(2,100)
PERMANENTLY RESTRICTED NET ASSETS		
Change in permanently restricted net assets:	-	-
Receipt of funds	-	-
INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS	-	-
INCREASE (DECREASE) IN NET ASSETS	(59,135)	(6,150)
NET ASSETS AT BEGINNING OF YEAR	1,630,305	1,636,455
NET ASSETS AT END OF YEAR	\$ 1,571,170	\$ 1,630,305

See independent auditors' report and notes to financial statements

BOYS & GIRLS CLUB OF SAN MARCOS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

Expenses	Program Services				Support Services			Total Expenses 2013
	Jennifer Loscher		San Marcos Unified	Other Programs	Total Program Services	Management and General	Fund Raising Costs	
	Branch	School District						
Advertising, promotions, and awards	\$ 2,730	\$ 5,505	\$ 779	\$ 9,014	\$ 2,667	\$ 893	\$ 3,560	\$ 12,575
Bank and merchant fees	3,359	6,781	959	11,098	3,281	1,100	4,381	15,479
Depreciation	13,542	27,334	3,869	44,745	13,230	4,431	17,661	62,406
Dues and licenses	2,157	4,354	617	7,127	2,108	706	2,813	9,941
Employee wages and salaries	223,233	540,102	69,884	833,218	128,566	66,937	195,504	1,028,722
Employee benefits	10,870	21,940	3,105	35,915	10,619	3,557	14,176	50,091
Employer payroll taxes, WC insurance and fees	31,202	62,978	8,915	103,995	30,483	10,209	40,693	143,788
Insurance	3,412	6,887	974	11,274	3,332	1,116	4,448	15,722
Outside Services	0							
Postage	260	525	74	858	254	85	339	1,198
Professional fees	2,322	4,686	664	7,672	2,268	760	3,028	10,700
Program fieldtrips	1,377	2,791	390	4,557	1,333	451	1,804	6,361
Repairs and maintenance	8,983	18,132	2,566	29,681	8,776	2,939	11,715	41,396
Scholarships	4,100							
Supplies and equipment	10,522	21,238	3,007	34,767	1,029	12,694	13,723	4,100
Telephone and utilities	7,644	15,431	2,184	25,259	7,468	2,501	9,969	48,490
Training and conference	3,250	6,560	928	10,738	3,175	1,064	4,239	35,228
Travel	6,289	12,692	1,797	20,778	6,141	2,059	8,200	14,977
Vending								28,978
Total Expenses	\$ 335,252	\$ 757,936	\$ 100,711	\$ 1,193,899	\$ 224,750	\$ 111,501	\$ 336,251	\$ 1,530,150

See independent auditors' report and notes to financial statements

BOYS & GIRLS CLUB OF SAN MARCOS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

Expenses	Program Services				Support Services			Total Expenses	
	Jennifer Branch	San Marcos Unified School District	Other Programs	Total Program Services	Management and General	Fund Raising Costs	Total Support Services	2012	
Advertising, promotions, and awards	\$ 2,380	\$ 4,798	\$ 679	\$ 7,857	\$ 2,325	\$ 779	\$ 3,103	\$ 10,960	
Bank and merchant fees	2,686	5,423	767	8,876	2,624	880	3,504	12,379	
Depreciation	16,622	33,549	4,749	54,920	16,239	5,438	21,677	76,597	
Dues and licenses	2,249	4,539	643	7,430	2,197	736	2,933	10,363	
Employee wages and salaries	194,134	469,699	60,774	724,567	111,808	58,212	170,020	894,627	
Employee benefits	7,362	14,859	2,103	24,323	7,192	2,409	9,601	33,924	
Employer payroll taxes, WC insurance and fees	29,061	58,657	8,303	96,022	28,392	9,509	37,901	133,923	
Insurance	2,874	5,802	821	9,497	2,807	940	3,447	13,244	
Outside services	980	1,979	280	3,239	958	321	1,279	4,518	
Postage	209	422	59	690	204	69	273	963	
Professional fees	2,850	5,753	815	9,418	2,784	933	3,717	13,135	
Program fieldtrips	767	1,553	217	2,537	753	251	1,004	3,541	
Repairs and maintenance	10,746	21,689	3,069	35,504	10,497	3,515	14,012	49,516	
Scholarships	11,000		11,000					11,000	
Supplies and equipment	17,522	35,367	5,006	57,895	1,714	21,137	22,851	80,746	
Telephone and utilities	6,212	12,540	1,775	20,527	6,069	2,033	8,101	28,628	
Training and conference	3,232	6,524	923	10,679	3,158	1,058	4,216	14,895	
Travel	4,611	9,306	1,318	15,235	4,503	1,509	6,012	21,247	
Vending	55	111	16	181	54	18	72	253	
Total Expenses	\$ 315,552	\$ 692,569	\$ 92,317	\$ 1,100,438	\$ 204,275	\$ 109,746	\$ 314,021	\$ 1,414,459	

BOYS & GIRLS CLUB OF SAN MARCOS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (59,135)	\$ (6,150)
Adjustments to reconcile change in net assets provided by operating activities:		
Realized gain/loss on investments	29,199	27,360
Unrealized gain/loss on investments	(10,336)	(795)
Depreciation	62,407	76,597
(Increase) decrease in operating assets:		
Accounts receivable	56,375	(88,135)
Prepaid expenses	(6,255)	(1)
Other current assets	(8)	(88)
Increase (decrease) in operating liabilities:		
Accounts payable	(2,148)	(18,599)
Accrued expenses	(1,859)	7,352
Accrued payroll expenses	18,822	23,865
Deferred revenue and deposits	<u>(24,608)</u>	<u>24,913</u>
Net cash provided by operating activities	<u>62,454</u>	<u>46,319</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(96,714)	(16,199)
Cash proceeds received from investments	193,524	261,190
Cash paid for investments	<u>(254,681)</u>	<u>(268,310)</u>
Net cash used in investing activities	<u>(157,871)</u>	<u>(23,319)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Collections of contributions for long term purposes		
Endowment fund	-	-
Net cash provided by financing activities		
NET INCREASE (DECREASE) IN CASH	<u>(95,417)</u>	<u>23,000</u>
CASH, BEGINNING OF YEAR	<u>316,801</u>	<u>293,801</u>
CASH, END OF YEAR	<u>\$ 221,384</u>	<u>\$ 316,801</u>

See independent auditors' report and notes to financial statements

BOYS AND GIRLS CLUB OF SAN MARCOS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

A. ORGANIZATION

The Boys & Girls Club of San Marcos (the “Club”) was incorporated January 23, 1979 pursuant to the general nonprofit corporation law of the State of California. The specific purpose of the Club is to promote the social, educational, health, leadership, and character development of boys and girls during critical periods of their growth. The Club maintains one primary facility and various sub-sites in the San Marcos area.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Club’s accounting records and the accompanying financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles (GAAP) whereby all revenue is recognized when earned rather than received and expenses are recognized when incurred rather than when paid.

Income Taxes

The Club 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 under the U.S. Internal Revenue Code and Section 23701(d) of the California State Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Contributions

Generally accepted accounting principles require that the Club reports information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted contributions are recognized as an increase in unrestricted net assets when received. Donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the donor-imposed restriction. When restrictions are satisfied, either by the passage of time or by accomplishing the purpose, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. When restrictions are satisfied in the same accounting period that the contribution is received, both the revenue and the related expense are reported in the unrestricted net asset class.

Donated Services

Donated services from volunteers have not been reflected in the financial statements because the criteria for recognition under generally accepted accounting principles has not been satisfied. Nevertheless, a substantial number of volunteers donated many hours of their time to the Club.

**BOYS AND GIRLS CLUB OF SAN MARCOS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Expense Allocations

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 on an estimated basis between programs, management and general supporting services, and fund raising.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents consist primarily of certificate of deposit accounts and other securities with original maturities of three months or less.

Accounts Receivable

The Club believes that accounts receivable are fully collectible and that no allowance for uncollectible accounts is needed.

Advertising

The Club expenses advertising costs as they are incurred. The total advertising expense for the years ended June 30, 2013 and 2012 are \$12,575 and \$10,960, respectively.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which range from ten to thirty years for buildings and improvements and three to seven years for furnishings, equipment, software, and vehicles. Expenditures for maintenance, repairs, and improvements which do not materially extend the useful lives of the assets are charged to operations in the periods incurred.

**BOYS AND GIRLS CLUB OF SAN MARCOS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

C. CASH AND CASH EQUIVALENTS

Cash consisted of the following at June 30:

	<u>2013</u>	<u>2012</u>
California Bank & Trust	\$ 165,268	\$ -
California Bank & Trust – CD	11,518	11,477
Petty Cash	408	114
SagePoint Financial, Inc.	40,842	63,134
Union Bank of California	<u>3,348</u>	<u>242,076</u>
	<u><u>\$ 221,384</u></u>	<u><u>\$ 316,801</u></u>

D. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Club to concentrations of credit risk consist principally of cash deposits and investment securities in bank and financial institutions. The Club maintains cash and cash equivalents and short and long term investments with major banks and financial institutions. Accounts at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. The Club had a balance in excess of the FDIC coverage of \$0 and \$66,801 for the years ended June 30, 2013 and 2012, respectively.

The Club also maintains accounts with a brokerage company. These accounts contain cash and securities and balances are insured up to \$500,000 (with a limit of \$250,000 for cash) by the Securities Investor Protection Company (SiPC). For the years ended June 30, 2013 and 2012, the Club had a balance in excess of coverage for the year of \$231,821 and 189,527.

E. MAJOR GRANT CONTRACTS

After School Education and Safety (ASES) Program: There are contract agreements between San Marcos Unified School District and the Club (contractor) to operate an ASES program to improve academic achievement and provide safe and healthy recreation and prevention activities for students at qualified school sites. Initial grant contract terms covered a three year period with extensions. Although this period has expired, the contract terms are eligible for renewal on an annual basis, and were renewed for the years ended June 30, 2013 and 2012. Award amounts totaled \$567,000 and \$558,564 for the years ended June 30, 2013 and 2012. Total payments received for the years ended June 30, 2013 and 2012 were \$558,564 and \$558,449, respectively.

Boys & Girls Club National Youth Mentoring Program (OJP): There are contract agreements between Boys & Girls Clubs of America and the Club (contractor) to create and/or preserve full-time equivalent paid staff positions and to implement or expand an evidence-based mentoring program. Grant contract terms cover a one year period. Any remaining amounts may carry forward to the next fiscal year. Award amounts totaled \$19,500 and \$45,000 for the years ended June 30, 2013 and 2012. Total payments received for the years ended June 30, 2013 and 2012 were \$33,720 and \$33,267, respectively.

BOYS AND GIRLS CLUB OF SAN MARCOS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

F. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at June 30:

	<u>2013</u>	<u>2012</u>
Building	\$ 1,318,013	\$ 1,318,013
Furniture and fixtures	87,356	87,356
Computers and peripherals	68,282	56,810
Leasehold improvements	126,410	49,559
Office equipment	10,516	2,125
Software	4,927	4,927
Vehicles	<u>39,972</u>	<u>39,972</u>
	1,655,476	1,558,762
Less accumulated depreciation	<u>(977,438)</u>	<u>(915,032)</u>
	<u><u>\$ 678,038</u></u>	<u><u>\$ 643,730</u></u>

Depreciation expense for the years ended June 30, 2013 and 2012 was \$62,406 and \$76,597, respectively.

G. LEASE OBLIGATION

The Club leases land for \$1 per year from the City of San Marcos under an agreement expiring in September 2043. No amounts have been reflected in the financial statements for donated rent or a promise to give because there is no clear measureable and objective basis for determining its value.

H. INVESTMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provide the framework for measuring the fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets
 - quoted prices for identical or similar assets or liabilities in inactive markets
 - inputs other than quoted prices that are observable for the asset or liability
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means
 - If the asset or liability has specified (contractual) terms, the level 2 input must be observable for substantially the full term of the assets or liability

BOYS AND GIRLS CLUB OF SAN MARCOS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

H. INVESTMENTS (CONTINUED)

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The following table sets forth by level, within the fair value hierarchy, the Club's investments, other than money market funds included in cash at fair value as of June 30, 2013.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 531,712	\$ -	\$ -	\$ 531,712
Fixed income	40,891	-	-	40,891
Exchange-traded	9,065	-	-	9,065
Equities	<u>150,153</u>	<u>-</u>	<u>-</u>	<u>150,153</u>
 Total asset fair value	<u><u>\$ 731,821</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 731,821</u></u>

The amortized cost of securities and their approximate fair values at June 30, 2013 are as follows:

Gross amortized cost	\$ 741,572
Unrealized loss on investments	<u>(9,751)</u>
Fair market value	<u><u>\$ 731,821</u></u>

The following table sets forth by level, within the fair value hierarchy, the Club's investments, other than money market funds included in cash at fair value as of June 30, 2012.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 500,432	\$ -	\$ -	\$ 500,432
Fixed income	51,825	-	-	51,825
Exchange-traded	-	-	-	-
Equities	<u>137,270</u>	<u>-</u>	<u>-</u>	<u>137,270</u>
 Total asset fair value	<u><u>\$ 689,527</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 689,527</u></u>

The amortized cost of securities and their approximate fair values at June 30, 2012 are as follows:

Gross amortized cost	\$ 662,945
Unrealized gain on investments	<u>26,582</u>
Fair market value	<u><u>\$ 689,527</u></u>

Endowment Funds: The Club's endowment consists of approximately 10 individual funds established for a variety of purposes. Its endowment includes only donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**BOYS AND GIRLS CLUB OF SAN MARCOS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

H. INVESTMENTS (CONTINUED)

The Board of Directors of the Club 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 Club classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Club in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Club considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Club and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Club, and (7) the Club investment policies.

Investment Return Objectives, Risk Parameters and Strategies: The investment goal is to achieve a total return that provides incremental value when benchmarked or compared to the relevant indexes. The Endowment Committee adheres to a total return policy in measuring investment performance. Total return is the sum of interest, dividends, and realized and unrealized gains and losses. The objective is for the portfolio to yield a total return (after fees and before distributions to current operations) of 3% over inflation, over a market cycle of usually 3-5 years, as measured by the Consumer Price Index (all urban CPI) annually. The Endowment Committee has the responsibility of determining the asset allocation guidelines that are the highest probability of achieving superior investment performance. The Committee believes that the ultimate achievement of its investment mission statement is impacted most by the asset allocation decision. It is also the primary determinant of volatility of returns. The endowment asset allocation guidelines are designed to portray the investment structure of the fund over a long time horizon. The advisors shall recommend an appropriate asset allocation mix for the portfolio within the following guidelines:

1. The equity portion of the portfolio will be managed within a range of 40% to 70%;
2. The fixed income portion will be managed within a range of 30% to 60%

If the manager deems it necessary to vary from these ranges, such variance shall be discussed with the Club's Endowment Committee and approved by the Board of Directors if a change is to be made.

**BOYS AND GIRLS CLUB OF SAN MARCOS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

H. INVESTMENTS (CONTINUED)

The following categories of securities transactions are not permissible within the Club's portfolio:

1. Short sales.
2. Put and call options (except that calls may be written against securities owned).
3. Margin purchases or lending or borrowing money, except for publicly traded corporate debt.
4. Letter stock, private placement, or direct placements.
5. Equity securities of any company which has a record of less than three years continuous operation, including the operation of any predecessor.
6. Purchase for purposes of exercising control of management.
7. Derivatives of any other type.
8. Stock loans.
9. Commodities.
10. Oil or gas real property, without prior consultation with the Endowment Committee.

The Endowment Committee is responsible for monitoring the investment management of the Endowment Funds' assets. The Committee will hold formal meetings with the investment advisors periodically, at least semiannually. These meetings will include:

- A summary of investment performance for the period measured against established performance benchmarks.
- A report of the portfolio's holdings showing individual security positions, at cost and market value.
- A review of all transactions, including a report of all capital gains and losses.
- Discussion on portfolio structure in the light of current and anticipated market conditions and investment objectives of the Funds.

The investment advisors will furnish the Endowment Committee a quarterly report on a timely basis which summarizes investment performance and shows individual security positions at cost and market. The report should also include a review of all transactions, including all capital gains and losses.

The investment advisors are expected to notify the Endowment Committee whenever significant developments occur that may affect the portfolio. These developments include, but are not limited to, major changes in investment outlook, investment strategy, or any other matters affecting investing policy.

The portfolio's custodian will issue a monthly report of the portfolio's holdings showing individual security positions, at cost and market value, on a timely basis. Such report will also show all transactions, including a report of all capital gains and losses.

From time to time, the fair value of assets associated with individual or donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Club to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, a deficiency of this nature is reported as unrestricted net assets. There was no such deficiency as of June 30, 2013 and 2012.

BOYS AND GIRLS CLUB OF SAN MARCOS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

H. INVESTMENTS (CONTINUED)

Spending Policy: This concept calls for a specific dollar amount, based on a percentage of endowed assets to be used for the annual operating budget of the Club regardless of interim market fluctuations, income and dividend levels or capital gains/losses. The Board will designate which funds will be considered endowed for purposes of this policy. Any funds not a part of the Club's endowment may be subject to other donor or Board spending restrictions.

The percentage of total endowed fund assets used annually by the Club is the spending policy. The Board of Directors will set this percentage. The spending policy percentage will be multiplied by the "adjusted asset base" to determine the dollar value available for Club operations. The "adjusted asset base" figure will be a moving aggregate of the previous 12-quarter end market values of eligible assets.

For the purposes of this policy, the Club will use 5% of the eligible assets on an annual basis to support Club operations. This spending policy will go into effect once the Fund's total "eligible asset base" reaches \$5 million, however, this may be reviewed and/or changed by the Board of Directors.

Endowment net asset composition by type of fund as of June 30, 2013 is as follows:

Fund Type	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Donor Restricted	\$ -	\$ -	\$ 65,001	\$ 65,001
Board Designated	-	-	-	-
Total Funds	\$ -	\$ -	\$ 65,001	\$ 65,001

Endowment net asset composition by type of fund as of June 30, 2012 is as follows:

Fund Type	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Donor Restricted	\$ -	\$ -	\$ 65,001	\$ 65,001
Board Designated	-	-	-	-
Total Funds	\$ -	\$ -	\$ 65,001	\$ 65,001

Changes in endowment net assets as of June 30, 2013 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 65,001	\$ 65,001
Contributions	-	-	-	-
Investment income	-	-	-	-
Net appreciation (depreciation)	-	-	-	65,001
Endowment net assets, end of year	\$ -	\$ -	\$ 65,001	\$ 65,001

BOYS AND GIRLS CLUB OF SAN MARCOS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

H. INVESTMENTS (CONTINUED)

Changes in endowment net assets as of June 30, 2012 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ -	\$ 65,001	\$ 65,001
Contributions	- -	- -	- -	- -
Investment income	- -	- -	- -	- -
Net appreciation (depreciation)	- -	- -	- -	- -
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,001</u>	<u>\$ 65,001</u>

I. GRANTS RECEIVABLE

Grants receivable are deemed to be fully collectable by management and are composed of the following amounts due at June 30:

	<u>2013</u>	<u>2012</u>
Boys & Girls Clubs of America	\$ 2,075	\$ 22,544
San Marcos Unified School District – SMMS	34,226	41,996
San Marcos Unified School District – ADE	21,010	25,836
San Marcos Unified School District – SME	2,014	12,247
San Marcos Unified School District – WPMS	<u>25,296</u>	<u>26,743</u>
	<u>\$ 84,621</u>	<u>\$ 129,366</u>

J. NET ASSETS

Net assets are as follows:	<u>2013</u>	<u>2012</u>
Unrestricted net assets		
Undesignated	<u>\$ 1,448,239</u>	<u>\$ 1,555,304</u>
Total unrestricted net assets	<u>1,448,239</u>	<u>1,555,304</u>
Temporarily restricted net assets		
Restricted for:		
Scholarship fund	<u>10,000</u>	<u>10,000</u>
Total temporarily restricted net assets	<u>10,000</u>	<u>10,000</u>
Permanently restricted net assets		
Restricted for:		
Permanent endowment	<u>65,001</u>	<u>65,001</u>
Total permanently restricted net assets	<u>65,001</u>	<u>65,001</u>
Total Net Assets	<u>\$ 1,523,240</u>	<u>\$ 1,630,305</u>

**BOYS AND GIRLS CLUB OF SAN MARCOS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

K. PENSION PLAN

On July 1, 2003, the Club executed an agreement to join the Boys & Girls Clubs of America Pension Trust. The plan is a defined contribution pension plan. Employees are not permitted to contribute to this plan. The Club makes a contribution of five percent (5%) of each participant's compensation. Employees become vested in the plan based on a two-to-six year graded vesting scale.

The total pension expense for the years ended June 30, 2013 and 2012 was \$26,971 and \$24,646, respectively.

L. RELATED PARTIES

One board member is the owner of a printing company that the Club uses for general and special event printing. For the years ended June 30, 2013 and 2012 total printing expense paid to the board member's company was \$2,496 and \$787, respectively.

M. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 22, 2014, the date the financial statements were available to be issued.



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

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

SAN MARCOS COMMUNITY FOUNDATION
Budget Worksheet for North County Health Services

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

Total budget for this PROJECT: \$ 4,315

Grant Request Amount: \$ 4,315
(Mini-grants not to exceed \$1,500, Regular grants not to exceed \$10,000.)

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

Please list any other funding sources for this project.

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

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

NORTH COUNTY HEALTH PROJECT, INC.
Operating Budget
For Fiscal Year ending December 31, 2014

REVENUES, GAINS, AND OTHER SUPPORT	
Contracts and grants	14,715,398
Patient services	37,078,164
Contributions	223,554
Miscellaneous	78,076
Meaningful Use	550,000
Interest income	11,025
Contracted Pharmacy Income	821,718
TOTAL REVENUES, GAIN, AND OTHER SUPPORT	<u>53,477,935</u>
EXPENSES	
Personnel	30,243,524
Fringe benefits	6,495,532
Contractual services	
Patient	871,842
Non-Patient	1,307,778
Accounting services	127,183
Consumable supplies	2,352,200
Administrative supplies	581,337
Insurance	246,271
Facilities	
Rent	451,066
Mortgage Interest	685,497
Utilities	440,575
Other Facilities Expense	678,595
Communications	376,093
Travel	301,807
Minor Equipment, maintenance and rental	824,533
Recruitment & Retention	507,521
Public Communications	219,368
Other Expenses	
Outreach	58,770
Client Assistance Expenses	43,643
Other Operating Expenses	258,582
Depreciation	
Building & Building Improvements	1,265,245
Leasehold Improvements	115,680
Equipment	233,521
Computer Equipment	448,157
Amortization of Loan Expenses	<u>45,312</u>
TOTAL EXPENSES	<u>49,179,612</u>
Projected Increase in Net Assets	<u>4,298,323</u>
Less Capital Grant Revenue	(4,511,463)
PROJECTED DECREASE IN NET ASSETS FROM OPERATIONS	<u>(213,140)</u>

OGDEN UT 84201-0038

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

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



002592

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

Dear Taxpayer:

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

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

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

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

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

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

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

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

Sincerely yours,



Sharon Davies
Accounts Management I

FRANCHISE TAX BOARD
SACRAMENTO, CALIFORNIA 95867

June 28, 1973

In reply refer to
EO:JCS:chNorth County Health Project Incorporated
170 West Mission
San Marcos, CA 92069

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

Gentlemen:

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

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

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

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

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

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

James C. Stewart
James C. Stewart
Counsel

cc: Secretary of State (Corp)

North County Health Project, Inc.

2014 Board of Directors

	Director Name	Board Position	Business Affiliation	Residence Address	City/State	Zip	Phone	E-mail Address
1	Clyde H. "Bud" Beck, Jr. MD	Chair	Self-Employed, Community Health Consultant	6412 Cardeno Drive	La Jolla, CA	92037	858-459-0410 (Res) 858-231-1124 (Cell)	lethbeck@bcbatobal.net
2	Sheila Brown	Vice-Chair	Palomar Health Downtown Campus, 555 E. Valley Parkway, Escondido, CA 92025, Chief Administrative Officer	5123 Wisteria Drive	Oceanside, CA	92056	760-739-3110 (Bus) 760-631-2398 (Res) 760-500-0232 (Cell)	sheila.brown@2ph.org
3	Andrew S. Rinde	Secretary	Retired, Sr. Health Consultant	3556 Seahorn Circle	San Diego, CA	92130	858-720-0207 (Res) 858-353-0418 (Cell)	andyrinde@aol.com
4	Carl Pinkard	Treasurer	AK1 Wealth Advisors, LP, 5545 Priestly Dr., Ste 200, Carlsbad, CA 92008, Certified Financial Advisor	26209 Emily Place	Murrieta, CA	92563	760-431-8440 (Bus) 760-639-0210 (Res) 760-585-8251 (Cell)	cpinkard@wealthadvisors.com
5	Lauren Abrams	Director	Self-Employed, Executive Leadership Consultant	7919 Corte Cardo	Carlsbad, CA	92009	760-533-4273 (Cell)	redabrams23@gmail.com
6	Adriana Andrés-Paulson	Director	SD County Off. Of Education Migrant Education-Region XI, 135 Vallecitos de Oro, Suite A, San Marcos, CA 92069, Migrant Education	3055 Anaheim Terrace	Escondido, CA	92025	760-510-0259 (Bus) 760-743-3434 (Res) 760-644-1239 (Cell) 760-752-1599 (Fax)	adriana.paulson@sdcoe.net
7	Harriet H. Carter	Director	Self-Employed, Attorney-at-Law,	13190 Calle Caballeros	San Diego, CA	92129	858-484-2482 (Bus) 858-484-2482 (Res) 858-603-4631 (Cell)	harriet@harriethcarteresq.com
8	Steve Kildoo	Director	San Marcos Chamber of Commerce 904 W San Marcos Blvd, San Marcos, CA 92078, CEO	789 N. Aida	San Marcos	92069	760-744-1270 (Bus) 760-390-5812 (Cell)	skildoo@gmail.com
9	Andrés Ramos Martín	Director	Ramona High School, 1401 Hanson Ln, Ramona, CA 92065, Student Counselor	644 Cedar Street	San Marcos, CA	92069	760-787-4023 (Bus) 760-471-0419 (Res) 619-203-4657 (Cell) 760-787-4060 (Fax)	andresrmartin@gmail.com; amartin@ramonausd.net
10	Christine Marsicano	Director	Self-Employed, Massage Therapist	6439 Olea Lane, #208	Carlsbad, CA	92011	760-809-9050 (Cell)	silversunrise@yahoo.com
11	Roberto Ramirez	Director	Mountain Meadow Mushroom Farms, Inc 26848 North Broadway Escondido, CA 92026, Owner	1202 Shay Place	Escondido CA	92026	760-746-3755 (Cell)	Roberto.Ramirez@cox.net
12	Diane M. Seaberg	Director	Self-Employed, Attorney/Consultant	8181 Torrell Way	San Diego, CA	92126	858-271-7792 (Res) 858-610-6794 (Cell)	deaberg1@hotmail.com
13	Walt Steffen	Director	Retired, LCSW, County of San Diego	833 North Daisy	Escondido, CA	92027	760-743-3715 (Res) 760-307-3997 (Cell)	wcsteffen43@yahoo.com
14	Linda Strand	Director	Independent Energy Solutions, Inc., 1690 Joshua Way, Vista, CA 92081, President	1522 W. Borden Road	San Marcos	92069	760-752-9706 (Bus) 760-505-9436 (Cell)	lstrand@indenergysolutions.com
15	Donald Stump	Director	North County Lifeline, 200 Michigan Ave., Vista, CA 92084, Executive Director	424 Palm Ave.	Coronado, CA	92118	760-842-6250 (Bus) 619-426-4527 (Res) 619-743-9397 (Cell)	dstump@nclifeline.org
16	Francisco Valle	Director	Tri City Medical Center, 2095 Vista Way, Suite 214, Vista, CA 920283, Marketing & Affairs Director	15270 Falcon Crest Court	San Diego, CA	92127	858-312-1884 (Res) 949-500-8832 (Cell)	franciscovalle@cox.net

North County Health Project, Inc. Proposal

to San Marcos Community Foundation

ORGANIZATION INFORMATION:

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

Based in San Marcos, NCHS has served San Marcos residents since 1976. NCHS' two San Marcos locations served 27,928 patients (100,021 visits) in 2013. Ninety-seven percent (97%) of patients had incomes below 200% of the federal poverty level (76% were below 100% FPL). Patients identified themselves as 72% Hispanic, 24% White, 2.5% Asian, 1.5% African American, and 1% other or mixed race; 45% of patients were aged 19 and under. Patients are not turned away due to their level of ability to pay for services.

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

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

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

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

PROJECT: Auditory Screening Unit for NCHS' Project All Ready

North County Health Services respectfully requests a \$4,315 grant from the San Marcos Community Foundation to purchase a new auditory screening unit for Project All Ready (PAR) to replace a 14-year-old unit that is in danger of being beyond repair.

NCHS is committed to providing physical and dental health needs to children before they enter kindergarten to reduce disparity in healthcare, and to assure children's maximum learning potential. In the first few years of life, a child's social, emotional, and cognitive development are

North County Health Project, Inc. Proposal

to San Marcos Community Foundation

greatly impacted by hearing, vision and dental problems. Through Project All Ready (PAR), NCHS provides free hearing and vision screenings to children 18 months to 5 years old at preschools, day care centers and Head Starts. The program goal is to identify conditions early and link children to medical treatment to optimize their readiness to learn.

Although vision/hearing screenings are mandated in public schools, they are not required for children under the age of 5. Children who have their vision or hearing problems detected early are very likely to have an issue that can be corrected with prompt medical attention. However, delaying detection until kindergarten or later may result in the child having a permanent condition that will require a lifetime of ongoing correctional efforts.

For many years, NCHS' PAR staff has conducted outreach to daycare settings and preschools in San Marcos to conduct free vision and hearing screenings. PAR also provides the opportunity for parents of children, not enrolled in a childcare center, to sign their children up for a free screening at a local community site, such as the San Marcos Branch Library. If a problem is identified, an NCHS case manager is assigned to ensure that proper follow-up treatment will be administered. PAR staff visits more than 25 locations in San Marcos, providing more than 400 children with free vision and hearing screenings every year.

As part of its 3-Year Strategic Plan, the NCHS Board has identified, "be the healthcare home for patients of all ages through demonstration of enhanced quality and delivery of services" and "implement innovative technology solutions" as two of the objectives. In keeping with these objectives, **North County Health Services is requesting a \$4,315 grant from the San Marcos Community Foundation to purchase a new auditory screening unit for Project All Ready (PAR).** It will replace a 14-year old auditory screening machine that has become very unreliable due to requiring frequent and expensive repairs. It is also much less accurate than newer models.

A new Grason-Stradler Corti DPOAE Screening Unit is portable (smaller and lighter than the current unit) and measures Otoacoustic Emissions (OAE) in infants, children and adults. It is accurate, even in noisy environments and takes seconds, instead of minutes to operate, which increases the number of children that can be screened per day, and is easier to use for children under 3 years old. Instead of an overall "pass" or "fail" reading, the new unit will report levels of 12 different frequencies, which are much more helpful when referring a child to a specialist. The unit has a rechargeable, 15-hour battery life and can store up to 250 tests at a time.

PROJECT BENEFITS: PAR staff is told time and again about the dramatic, positive outcomes these screenings are making in children's lives. Through follow-up calls and visits, parents gratefully relate stories of how this program's early detection identified unknown hearing problems with their children, or confirmed their suspicions early enough to allow for correction.

By providing a new auditory screening unit, for PAR will continue and increase free hearing screenings for San Marcos children before they enter kindergarten. Hearing problems that could impede learning will be detected earlier, and severity will be dramatically reduced. Through NCHS' case management, parents will be guided through getting affordable or free treatment. San Marcos Community Foundation's grant will have great impact for many years to come, helping children begin their schooling with a tool, crucial to their development—their hearing.

Return of Organization Exempt From Income Tax

2012

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

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

A For the 2012 calendar year, or tax year beginning		01/01	, 2012, and ending	12/31	, 2012
B Check if applicable:		C Name of organization		D Employer identification number	
<input type="checkbox"/> Address change		North County Health Project Inc		95-2847102	
<input type="checkbox"/> Name change		Doing Business As		E Telephone number	
<input type="checkbox"/> Initial return		Number and street (or P.O. box if mail is not delivered to street address)		760-736-6700	
<input type="checkbox"/> Terminated		Room/suite			
<input type="checkbox"/> Amended return		City, town or post office, state, and ZIP code			
<input type="checkbox"/> Application pending		San Marcos, CA 92069		G Gross receipts \$ 47,996,080	
		F Name and address of principal officer: Phil Lenowsky 150 Valpreda Road, San Marcos, CA 92069		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
				H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)	
I Tax-exempt status:		<input checked="" type="checkbox"/> 501(c)(3)	<input type="checkbox"/> 501(c) ()	H(c) Group exemption number ►	
J Website:		► www.nchs-health.org			
K Form of organization:		<input checked="" type="checkbox"/> Corporation	<input type="checkbox"/> Trust	<input type="checkbox"/> Association	<input type="checkbox"/> Other ►
				L Year of formation:	1973
				M State of legal domicile:	CA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: NCHS' mission is to improve the health status of our diverse communities by providing quality health care that is comprehensive, affordable and culturally sensitive.		

Revenue	2 Check this box ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	14
Expenses	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	14
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	636
Net Assets or Fund Balances	6 Total number of volunteers (estimate if necessary)	6	
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
	b Net unrelated business taxable income from Form 990-T, line 34	7b	
		Prior Year	Current Year
	8 Contributions and grants (Part VIII, line 1h)	12,239,176	11,547,728
9 Program service revenue (Part VIII, line 2g)	30,374,204	35,446,117	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	13,721	11,899	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,361,857	990,336	
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	43,988,958	47,996,080	
	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	29,198,339	29,935,819
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ► 217,312		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	14,526,756	14,524,177
	18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	43,725,095	44,459,996
	19 Revenue less expenses. Subtract line 18 from line 12	263,863	3,536,084
		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	38,178,406	42,772,422
21 Total liabilities (Part X, line 26)	16,579,486	17,637,418	
22 Net assets or fund balances. Subtract line 21 from line 20	21,598,920	25,135,004	

Part II Signature Block

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

Sign Here	► Signature of officer	Date
	► Phil Lenowsky, CFO-CIO	
	Type or print name and title	

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

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

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11282Y

Form 990 (2012)

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

1 Briefly describe the organization's mission:
NCHS' mission is to improve the health status of our diverse communities by providing quality health care that is comprehensive, affordable and culturally sensitive. During the year, NCHS provided 246,513 visits to 55,076 patients.

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

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

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

4a (Code: _____) (Expenses \$ 36,871,841 including grants of \$ 0) (Revenue \$ 47,996,080)
NCHS's mission is to improve the health status of our diverse communities by providing the quality health care that is comprehensive, affordable and culturally sensitive.

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

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

4d Other program services (Describe in Schedule O.)
 (Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)

4e Total program service expenses ► 36,871,841

Consolidated Financial Statements

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

December 31, 2013 and 2012
(With Independent Auditors' Report Thereon)

**North County Health Project, Inc.
d/b/a North County Health Services
December 31, 2013 and 2012**

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TCA Partners, LLP

A Certified Public Accountancy Limited Liability Partnership

1111 East Herndon, Suite 211, Fresno, California 93720
Voice: (559) 431-7708 Fax: (559) 431-7685

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of North County Health Project, Inc., d/b/a North County Health Services (the "Center"), which comprise the balance sheets as of December 31, 2013 and 2012 and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North County Health Project, Inc., d/b/a North County Health Services as of December 31, 2013 and 2012 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated April 22, 2014, on our consideration of the entity's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

7CA Partners, LLP

Fresno, California
April 22, 2014

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Balance Sheets
December 31, 2013 and 2012**

	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 14,663,390	\$ 10,714,947
Patient accounts receivable, net of allowance;	1,549,478	2,492,425
Grant receivable	1,144,351	897,512
Contributions receivable	-	20,967
Estimated amounts due from third-party payers	2,890,307	5,394,116
Other receivables	430,955	638,859
Inventories	281,223	269,867
Prepaid expenses and other current assets	620,457	321,835
Total current assets	<u>21,580,161</u>	<u>20,750,528</u>
Assets limited as to use:		
Held by trustee	416,780	416,780
Deferred compensation	<u>1,512,779</u>	<u>1,026,112</u>
	<u>1,929,559</u>	<u>1,442,892</u>
Property and equipment, at cost:		
Land and land improvements	5,036,550	5,036,550
Buildings and leasehold improvements	20,356,965	19,327,163
Equipment	5,784,114	6,283,629
Construction in progress	<u>1,049,952</u>	<u>963,927</u>
	<u>32,227,581</u>	<u>31,611,269</u>
Less accumulated depreciation	<u>(12,816,914)</u>	<u>(11,987,031)</u>
	<u>19,410,667</u>	<u>19,624,238</u>
Other assets:		
Prepaid expenses and other long-term assets	934,960	954,764
Long-term investments	<u>1,805,749</u>	<u>-</u>
Total assets	<u><u>\$ 45,661,096</u></u>	<u><u>\$ 42,772,422</u></u>

See Notes to Financial Statements

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Balance Sheets
December 31, 2013 and 2012**

	2013	2012
Liabilities		
Current liabilities		
Current maturities of long-term liabilities	\$ 284,787	\$ 272,802
Accounts payable	990,631	1,341,995
Accrued expenses	3,058,412	2,885,763
Deferred grant revenue	241,516	147,593
Total current liabilities	<u>4,575,346</u>	<u>4,648,153</u>
Deferred compensation	1,512,779	1,026,112
Long-term liabilities	<u>11,643,176</u>	<u>11,963,153</u>
Total liabilities	<u>17,731,301</u>	<u>17,637,418</u>
Net Assets		
Unrestricted	<u>27,929,795</u>	<u>25,135,004</u>
Total net assets	<u>27,929,795</u>	<u>25,135,004</u>
Total liabilities and net assets	<u>\$ 45,661,096</u>	<u>\$ 42,772,422</u>

See Notes to Financial Statements

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Statements of Operations
Years Ended December 31, 2013 and 2012**

	2013	2012
Change in Unrestricted Net Assets:		
Unrestricted revenues, gains and other support:		
Net patient service revenue	\$ 35,322,993	\$ 35,446,117
Grant revenue	10,771,366	10,527,291
Contributions	461,957	652,243
Other	426,907	1,077,452
Total unrestricted revenues, gains and other support	46,983,223	47,703,103
Expenses and losses:		
Salaries and wages	26,285,281	24,918,220
Employee benefits	5,182,749	5,017,600
Purchased services and professional fees	2,802,504	2,683,566
Supplies and other	6,169,676	6,181,057
Contractual services	1,636,115	2,383,601
Rent	396,665	369,815
Insurance	237,579	179,746
Client assistance	98,630	157,549
Depreciation	1,896,503	1,900,324
Interest	623,320	628,644
Total expenses	45,329,022	44,420,122
Excess revenues over expenses	1,654,201	3,282,981
Grants for acquisition of property and equipment	1,160,006	292,977
Loss of disposal of property and equipment	(19,416)	(39,874)
Change in unrestricted net assets	2,794,791	3,536,084
Net Assets:		
Beginning of year	25,135,004	21,598,920
End of year	\$ 27,929,795	\$ 25,135,004

See Notes to Financial Statements

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Statements of Cash Flows
Years Ended December 31, 2013 and 2012**

Cash Flows from Operating Activities	2013	2012
Change in net assets	\$ 2,794,791	\$ 3,536,084
Adjustments to reconcile operating income in net assets to net cash provided by operating activities:		
Loss on disposal of property and equipment	19,416	39,874
Depreciation and amortization	1,896,503	1,900,324
Grants for the acquisition of property and equipment	(1,160,006)	(292,977)
Amortization of refundable loan	(35,190)	(28,012)
Changes in operating assets and liabilities:		
Patient accounts receivable, net	942,947	(667,854)
Grants receivable	(246,839)	24,224
Contributions receivable	20,967	84,910
Estimated amounts due from and to third-party payers	2,503,809	(2,205,513)
Prepaid and other	(82,270)	502,502
Accounts payable and accrued expenses	(178,715)	20,033
Deferred revenue	93,923	(51,912)
Net cash provided by operating activities	<u>6,569,336</u>	<u>2,861,683</u>
Cash Flows from Investing Activities		
Purchase of long-term investments	(1,805,749)	-
Purchase of property and equipment	(1,702,348)	(2,146,119)
Net cash used in investing activities	<u>(3,508,097)</u>	<u>(2,146,119)</u>
Cash Flows from Financing Activities		
Proceeds from grants for acquisition of property and equipment	1,160,006	292,977
Proceeds from issuance of long-term debt	-	1,130,000
Principal payments on long-term debt	(272,802)	(260,827)
Net cash provided by financing activities	<u>887,204</u>	<u>1,162,150</u>
Increase in cash and cash equivalents	<u>3,948,443</u>	<u>1,877,714</u>
Cash and Cash Equivalents:		
Beginning of year	<u>10,714,947</u>	<u>8,837,233</u>
End of year	<u>\$ 14,663,390</u>	<u>\$ 10,714,947</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 569,020</u>	<u>\$ 628,644</u>

See Notes to Financial Statements

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2013 and 2012**

Note 1: Summary of Significant Accounting Policies

Organization and Operations

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

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

Cash and Cash Equivalents

The Center considers all liquid investments, other than those limited as to use, with original maturities of three months or less to be cash equivalents. At December 31, 2013 and 2012, cash equivalents consisted primarily of money market accounts. Of the cash balances as of December 31, 2013 and 2012, \$1,152,242 and \$7,037,833 respectively was covered by federal depository insurance and \$13,511,148 and \$3,677,114, respectively, was uninsured.

Investment Return

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

Patient Accounts Receivable

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

Third-Party Contractual Agreements

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

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2013 and 2012**

Note 1: Summary of Significant Accounting Policies (Continued)

Inventories

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

Assets Limited As to Use

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

Property and Equipment

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

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

Use of Estimates

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

Temporarily and Permanently Restricted Net Assets

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

Donated Supplies

The Center recognizes donated pharmaceuticals at fair value. Donated pharmaceuticals totaling \$350,974 and \$420,783 are recorded as contribution revenue and supplies and other expense for the years ended December 31, 2013 and 2012, respectively.

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2013 and 2012**

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Center has been recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Revenue and taxation Code by the IRS and Franchise Tax Board, respectively. Accordingly, no provision for income taxes is included in the accompanying financial statements. The tax years of 2007 through 2012 remain open and subject to examination by the appropriate agencies in the United States and California.

Net Patient Service Revenue

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

Contributions

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

Excess of Revenues Over Expenses

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

Reclassification

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation. These reclassifications had no effect on the changes in net assets.

Subsequent Events

The Center has evaluated all events and transactions that have occurred after December 31, 2013 and through April 22, 2014, the date of the financial statements and notes to financial statement were available to be issued. During this period no events or transactions occurred that would require adjustments of the financial statements or disclosure in the accompanying notes.

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2013 and 2012**

Note 2: Fair Value of Financial Instruments

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

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

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

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

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2013:

	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
December 31, 2013:				
Money market funds	\$ 2,968,313	\$ 2,968,313	\$ -	\$ -
Stocks	33,540	33,540	-	-
Life insurance contracts	1,805,749	1,805,749	-	-
Total	\$ 4,807,602	\$ 4,807,602	\$ -	\$ -
December 31, 2012:				
Money market funds	\$ 1,874,201	\$ 1,874,201	\$ -	\$ -
Stocks	25,799	25,799	-	-
Total	\$ 1,900,000	\$ 1,900,000	\$ -	\$ -

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

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2013 and 2012**

Note 3: Grant Revenue

The Center is the recipient of a couple of Consolidated Health Center (CHC) grants from the U.S. Department of Health and Human Services. The general purpose of the grants is to provide expanded health care service delivery for residents of northern San Diego County, California. Terms of the grants generally provide for funding of the Center's operations based on an approved budget. During the years ended December 31, 2013 and 2012, the Center recognized \$5,659,005 and \$5,262,098 in CHC grant revenue, respectively. Grant revenue is recognized as qualifying expenditures are incurred over the grant period.

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

Note 4: Net Patient Service Revenue

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

Medicare

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

Medi-Cal

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

Approximately 81% and 77% of net patient service revenues are from participation in the Medicare and state-sponsored Medi-Cal programs for the years ended December 31, 2013 and 2012, respectively. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2013 and 2012**

Note 5: Concentrations of Credit Risk

The Center grants credit without collateral to its patients, most of who are area residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at December 31, 2013 and 2012, was:

	2013	2012
Medicare	7%	2%
Medi-Cal	47%	76%
Other third-party payers	31%	17%
Private Pay	15%	5%
	<u>100%</u>	<u>100%</u>

Note 6: Deferred Grant Revenue

Deferred grant revenue consist of the following at December 31, 2013 and 2012:

	2013	2012
Tides Foundation	\$ 6,057	\$ 19,135
Blue Shield of California Foundation	13,704	10,518
McChesney Foundation	178	25,504
Leichtag Foundation	5,673	50,000
California Community Foundation	42,641	-
CHF ER Program	35,000	-
Kaiser Permanente Provision PT	25,000	-
Other	<u>113,263</u>	<u>42,436</u>
	<u><u>\$ 241,516</u></u>	<u><u>\$ 147,593</u></u>

Note 7: Line-of-Credit

The Center has a \$2,000,000 line-of-credit; expiring January 1, 2016. The line of credit is collateralized by receivables. At December 31, 2013 and 2012, there was no balance outstanding on the line-of-credit.

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2013 and 2012**

Note 8: Long-Term Debt

	<u>2013</u>	<u>2012</u>
On February 5, 2010 NCHS-Loma Alta entered into a New Market Tax Credit loan agreement through Impact V CDE3 LLC/NCB-Capital Impact. The agreement consists of three loans in the amounts of \$4,483,500, \$1,891,500 and \$750,000 for a total of \$7,125,000. All three promissory notes bear an annual interest rate of 5.546% and mature on February 4, 2016 at which time the principal balance of \$7,125,000 is due in full. The three notes are secured by the Oceanside real property.	7,125,000	7,125,000
The Center entered into a loan agreement with City National Bank on December 1, 2012 in the amount of \$4,500,000. These funds were used to refinance existing debt in January 2011 and to purchase property that was formerly being leased. This agreement consists of two loans in the amounts of \$3,500,000 and \$1,000,000. Series A loan is in the amount of \$3,500,000 and bears an interest rate of 4.32% with a maturity date of January 1, 2026. The Series B loan in the amount of \$1,000,000 and bears an interest rate of 4.1% with a maturity date of January 1, 2021. Collateral for these loans include real property.	3,736,165	4,008,968
The Center entered into a loan agreement with the City of Carlsbad on February 15, 2012 in the amount of \$1,130,000. These funds were allocated from a Community Block Development Grant (CDBG) as a no interest, deferred, and forgivable loan to be used for the acquisition of property for a health center to serve low income households. The loan has a term of 20 years and is forgivable upon the expiration of the term of the loan if the property has been maintained and operated as a health center consistent with the conditions of the loan.	1,066,798	1,101,987
Total long term debt	11,927,963	12,235,955
Less: current portion	(284,787)	(272,802)
	<u>\$11,643,176</u>	<u>\$11,963,153</u>

The Center entered into a 10 year \$3,000,000 loan with City National Bank to partially finance the development of a new site as of December 19, 2013. The Center did not draw any of these funds during the year ended December 31, 2013.

The interest expense in 2013 was \$569,020 and the aggregate annual maturities of long-term debt at December 31, 2013, are:

2014	284,787
2015	297,300
2016	7,434,980
2017	323,981
2018	338,215
Thereafter	3,248,700
	<u>\$ 11,927,963</u>

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2013 and 2012**

Note 9: Commitments and Contingencies

Operating Leases

Non-cancelable operating leases for the Center's facilities expire in various years through 2021. Future minimum lease payments are as follows: \$423,066 in 2014; \$223,157 in 2015; \$113,475 in 2016; \$99,625 in 2017; \$102,613 in 2018 and \$229,633 thereafter.

Self-Insurance

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

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

Malpractice Claims

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

Pension Plan

The Center has a 403(b) defined contribution pension plan covering substantially all employees who meet the eligibility requirements. The Center provides a discretionary match of eligible employee contributions to the plan up to 4% of employees' salaries. Pension expense related to the 403(b) defined contribution pension plan was \$552,394 and \$550,434 for the years ended December 31, 2013 and 2012, respectively.

The Center provides a 457(b) deferred compensation plan for certain providers and executive management as a retention benefit. Under the terms of this plan, the deferred compensation liability and related assets limited as to use are recorded by the Center and are subject to the general creditors of the Center. Expense related to the 457(b) deferred compensation plan was \$329,963 and \$288,052 for the years ended December 31, 2013 and 2012, respectively.

Forgivable Loan

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

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidated Notes to Financial Statements
December 31, 2013 and 2012**

Note 10: Functional Expenses

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

	2013	2012
Healthcare program services	\$37,097,655	\$36,852,710
General and administrative	7,916,432	7,350,100
Fundraising	314,935	217,312
	<hr/> <u>\$45,329,022</u>	<hr/> <u>\$44,420,122</u>

TCA Partners, LLP

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Independent Accountants' Report on Consolidating Schedules

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

We have audited and reported separately herein on the consolidated financial statements of North County Project, Inc., d/b/a North County Health Services (the "Center") as of and for the year ended December 31, 2013.

Our audit was conducted for the purpose of forming an opinion on the financial statements of North County Project, Inc., d/b/a North County Health Services taken as a whole. The consolidating information include in page 17 through 19 is presented for purposes of additional analysis and is not a required part of the financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

TCA Partners, LLP

Fresno, California

April 22, 2014

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidating Schedule - Balance Sheets Information
December 31, 2013**

	NCHS	Loma Alta	Eliminations	Consolidated
Assets				
Current assets				
Cash and cash equivalents	\$ 14,468,426	\$ 194,964	\$ -	\$ 14,663,390
Patient accounts receivable, net of allowance	1,549,478	-	-	1,549,478
Grant receivable	1,144,351	-	-	1,144,351
Contributions receivable	-	-	-	-
Estimated amounts due from third-party payers	2,890,307	-	-	2,890,307
Other receivables	430,955	554,238	(554,238)	430,955
Inventories	281,223	-	-	281,223
Prepaid expenses and other current assets	564,452	56,005	-	620,457
Total current assets	21,329,192	805,207	(554,238)	21,580,161
Assets limited as to use				
Held by trustee	416,780	-	-	416,780
Deferred compensation	1,512,779	-	-	1,512,779
	1,929,559	-	-	1,929,559
Property and equipment, at cost				
Land and land improvements	5,036,550	-	-	5,036,550
Buildings and leasehold improvements	13,478,578	6,878,387	-	20,356,965
Equipment	5,784,114	-	-	5,784,114
Construction in progress	1,049,952	-	-	1,049,952
	25,349,194	6,878,387	-	32,227,581
Less accumulated depreciation	(10,931,119)	(1,885,795)	-	(12,816,914)
	14,418,075	4,992,592	-	19,410,667
Other assets				
Prepaid and other long-term assets	934,960	-	-	934,960
Long term investments	1,805,749	-	-	1,805,749
Total assets	\$ 40,417,535	\$ 5,797,799	\$ (554,238)	\$ 45,661,096

**North County Health Project, Inc.
d/b/a North County Health Services
Consolidating Schedule - Balance Sheets Information
December 31, 2013**

	NCHS	Loma Alta	Eliminations	Consolidated
Liabilities and Net Assets				
Current Liabilities				
Current maturities of long-term liabilities	\$ 284,787	\$ -	\$ -	\$ 284,787
Accounts payable	990,631	- -	- -	990,631
Accrued expenses	3,058,412	- -	- -	3,058,412
Other Payables	554,238	- -	(554,238)	- -
Deferred grant revenue	241,516	- -	- -	241,516
Total current liabilities	<u>5,129,584</u>	<u>- -</u>	<u>(554,238)</u>	<u>4,575,346</u>
Deferred Compensation	1,512,779	- -	- -	1,512,779
Long-Term Liabilities	4,518,176	7,125,000	- -	11,643,176
Total liabilities	<u>11,160,539</u>	<u>7,125,000</u>	<u>(554,238)</u>	<u>17,731,301</u>
Net Assets				
Unrestricted	29,256,996	(1,327,201)	- -	27,929,795
Total net assets	<u>29,256,996</u>	<u>(1,327,201)</u>	<u>- -</u>	<u>27,929,795</u>
Total liabilities and net assets	<u><u>\$40,417,535</u></u>	<u><u>\$5,797,799</u></u>	<u><u>\$ (554,238)</u></u>	<u><u>\$ 45,661,096</u></u>

**North County Health Project, Inc.
d/b/a North County Health Services**
Consolidating Schedule – Statement of Operations and Changes in Net Assets Information
December 31, 2013

	NCHS	Loma Alta	Eliminations	Consolidated
Change in Unrestricted Net Assets				
Unrestricted revenues, gains and other support:				
Net patient service revenue	\$ 35,322,993	\$ -	\$ -	\$ 35,322,993
Grant revenue	10,771,366	- -	- -	10,771,366
Contributions	461,957	- -	- -	461,957
Other	426,907	405,600	(405,600)	426,907
Total unrestricted revenues, and other support	46,983,223	405,600	(405,600)	46,983,223
Expenses and Losses:				
Salaries and wages	26,285,281	- -	- -	26,285,281
Employee benefits	5,182,749	- -	- -	5,182,749
Purchased services and professional fees	2,802,504	- -	- -	2,802,504
Supplies and other	6,169,651	25	- -	6,169,676
Contractual services	1,636,115	- -	- -	1,636,115
Rent	802,265	- -	(405,600)	396,665
Insurance	237,579	- -	- -	237,579
Client assistance	98,630	- -	- -	98,630
Depreciation	1,469,838	426,665	- -	1,896,503
Interest	222,679	400,641	- -	623,320
Total expenses	44,907,291	827,331	(405,600)	45,329,022
Excess revenues over expenses	2,075,932	(421,731)	- -	1,654,201
Grants for acquisition of property and equipment	1,160,006	- -	- -	1,160,006
Loss on sale of property and equipment	(19,416)	- -	- -	(19,416)
Increase (decrease) in unrestricted net assets	3,216,522	(421,731)	- -	2,794,791
Change in net assets	3,216,522	(421,731)	- -	2,794,791
Net assets:				
Beginning of year	26,040,474	(905,470)	- -	25,135,004
End of year	\$ 29,256,996	\$ (1,327,201)	\$ - -	\$ 27,929,795

Supplementary Information

North County Health Project, Inc.
d/b/a North County Health Services
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013

Grantor	Federal CFDA Number	Expenditures
<u>U.S. Department of Health and Human Services:</u>		
Direct:		
Consolidated Health Centers -330 grant, CPSE, ESSP	*93.224	\$ 5,659,005
ACA Capital Development Grant (CDG)	*93.526	747,119
Ryan White Part C Outpatient EIS Program	*93.918	341,728
		<hr/> 6,747,852
Pass through:		
<u>Family Health Centers of San Diego</u>		
Consolidated Health Centers- Homeless Grant (HG)	*93.224	20,282
<u>County of San Diego</u>		
Expanded HIV Testing	93.943	80,513
HIV High Acuity Case Management	93.917	149,112
Ryan White Part A- HIV Case Management	*93.914	216,090
HIV Counseling and Testing Services	*93.914	34,522
HIV Early Intervention Service Center	*93.914	78,159
<u>California Family Health Council</u>		
Title X Family Planning	93.217	167,695
<u>Regents of University of California San Diego</u>		
Ryan White Part D	93.153	31,552
<u>City of Carlsbad</u>		
Community Development Block Grant Forgivable Loan	93.383	89,502
Total U.S. Department of Health and Human Services		<hr/> 7,615,279
<u>U.S. Department of Agriculture:</u>		
Pass through:		
<u>California Department of Health Care Services</u>		
WIC Peer Counseling Breastfeeding	*10.557	211,302
WIC Farmers Nutrition Market Program	10.572	1,183
Supplemental Nutrition Program for Woman, Infants and Children	*10.557	2,258,377
Total U.S. Department of Agriculture		<hr/> 2,470,862
Total Expenditures of Federal Awards		<hr/> \$ 10,086,141

*Major Programs

**North County Health Project, Inc.
d/b/a North County Health Services**
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013

Note A: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the expenditures of North County Health Services (the "Center") under programs of the federal government for the year ended December 31, 2013. Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows for the Center.

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

Note B: Basis of Accounting

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

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

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

Note D: Pass-Through Awards

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

Cluster/Program	Subrecipient	CFDA Number	Amount Expended
Grants to provide Outpatient Early Intervention Services with Respect to HIV Disease	Vista Community Clinic	93.918	\$ 60,667
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	Neighborhood Health Center	93.918	69,894
			<u>\$ 130,561</u>

TCA Partners, LLP

A Certified Public Accountancy Limited Liability Partnership
1111 East Herndon, Suite 211, Fresno, California 93720
Voice: (559) 431-7708 Fax: (559) 431-7685

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of North County Health Project, Inc., d/b/a North County Health Services (the "Center"), which comprise the balance sheets as of December 31, 2013 and 2012 and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 22, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

7CA Partners, LLP

Fresno, California
April 22, 2014

TCA Partners, LLP

A Certified Public Accountancy Limited Liability Partnership
1111 East Herndon, Suite 211, Fresno, California 93720
Voice: (559) 431-7708 Fax: (559) 431-7685

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited North County Health Project, Inc.'s, d/b/a North County Health Services (the "Center") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended December 31, 2013. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, North County Health Project, Inc., d/b/a North County Health Services complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the Center as of and for the year ended December 31, 2013, and have issued our report thereon dated April 22, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

7CA Partners, LLP

Fresno, California

April 22, 2014

**North County Health Project, Inc.
d/b/a North County Health Services
Schedule of Findings and Questioned Costs
Year Ended December 31, 2013**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified	
Internal Control over financial reporting: Material weakness identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to the financial statements was disclosed by the audit?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Federal Awards		
Internal control over major programs: Material weakness identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported by OMB Circular A-133.	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Identification of Major Program

CFDA Number	Name of Federal Program or Cluster
93.224	Community Health Centers
93.526	ACA Capital Development Grant
93.918	Ryan White Part C- Outpatient Early Intervention Services Program
93.224	Consolidated Health Centers- Homeless Grant
93.914	Ryan White Part A- HIV Case Management
93.914	HIV Counseling and Testing Services
93.914	HIV Early Intervention Service Center
10.557	WIC Peer Counseling Breastfeeding
10.557	Supplemental Nutrition Program for Woman, Infants and Children

Dollar threshold used to distinguish between Type A and B programs	\$302,584
--	-----------

The Center qualified as a low-risk auditee	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
--	---	-----------------------------

**North County Health Project, Inc.
d/b/a North County Health Services
Schedule of Findings and Questioned Costs
Year Ended December 31, 2013**

II Current Year Audit Findings and Questioned Costs

Financial Statement Findings:

No matters are reportable.

Federal Awards Findings and Questioned Costs:

No matters are reportable.

III Prior Year Audit Findings and Questioned Costs

None Reported

Alta Farley

From: Imelda Sanchez
Sent: Wednesday, June 18, 2014 3:26 PM
To: Romanna Ferriter
Subject: FW: Project All Ready

Hi Alta,

Great success story for hearing.

Imelda Paz
Project All Ready Assistant
t. (760) 736-8702
Imelda.sanchez@nchs-health.org
www.nchs-health.org



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NCHS is proud to announce that we have achieved the highest level Patient Centered Medical Home (PCMH) recognition from the NCQA.

From: Melinda Q. Ruiz [mailto:RuizMQ@TCMC.com]
Sent: Friday, June 28, 2013 7:22 AM
To: Imelda Sanchez
Subject: RE: Project All Ready

Hi Imelda,

My son had been sick almost continuously for about 6 months (he would be home sick, get better, go back to preschool and be sick again within 1-3 days), and he was increasingly asking, "What did you say?" or stating, "I did not hear you." It was usually just a cold and cough, but he never complained of ear pain nor was diagnosed with any ear infections during those times he was sick. After having his hearing screened at preschool through Project All Ready, he was referred to his doctor. The night before he was scheduled to go to the doctor's office for his hearing re-screen he got sick again complaining of throat pain. The doctor put him on antibiotics for tonsillitis, and then a few weeks later he went back to the doctor for the hearing re-screen, which still showed a problem. The doctor referred him to an ENT.

A couple of weeks later when I took him to the ENT, she only had to take one look in his throat and ears before turning to us to say that he was one of the 5% of children with this condition that needed to have surgery ASAP to remove the

adenoids, tonsils and insert tubes in both ears. His adenoids were so enlarged that the fluid from his ears was not draining.

As we were waiting the month for him to have surgery his hearing continuously worsened to the point that he was bringing his better ear up to our mouths asking us, "What did you say?" His hearing seemed to be much better after the surgery, and his hearing re-screen by the LA specialist was within normal limits!

Thank you all for catching this early so the process was expedited! I really appreciate it!

Thanks again,

Melinda

Melinda Ruiz | MSN, CNS-BC, RNC-OB, RNC-MNN, C-EFM

Tri-City Medical Center | Mother Baby & Antepartum Clinical Nurse Specialist

4002 Vista Way | Oceanside, CA 92056

Phone 760-940-7346 | Pager 760-926-0134 | Fax 760-940-4046

ruizmq@tcmc.com | www.tricitymed.org

CONFIDENTIALITY NOTICE

This message and any included attachments are from the Tri-City Healthcare District and are intended only for the addressee. The information contained in this message is confidential and may constitute non-public information under international, federal, or state securities laws and is intended only for the use of the addressee. Unauthorized forwarding, printing, copying, distributing, or using such information is strictly prohibited and may be unlawful. If you are not the addressee, please promptly delete this message and notify the sender of the delivery error by e-mail.

From: Imelda Sanchez [<mailto:Imelda.Sanchez@nchs-health.org>]

Sent: Thursday, June 27, 2013 15:48

To: Melinda Q. Ruiz

Subject: Project All Ready

Hi Melinda

It would be great if you can please share your success story about your son and how our program is beneficial to families.

Thank you

Imelda Paz

Project All Ready Assistant

North County Health Services

150 Valpreda Rd.

San Marcos, Ca. 92069

Office (760) 736-8702

Fax (760) 736-6782

Imelda.Sanchez@nchs-health.org

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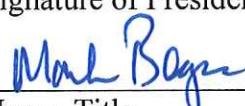
SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

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

Project Name: Employment Services Date Submitted: 6/16/14	Total # of people served: 1,000 Total # of San Marcos residents served: 10	Amount Requested: \$10,000
Non-Profit Organization Name and Address, Website Partnerships With Industry 7540 Metropolitan Drive, Suite 105 San Diego, CA 92108	Contact Person – Name, Title & Phone, email Mark Berger President & CEO (619) 681-1999 ext. 1103; mberger@pwiworks.org	

Briefly describe your request for funds (to be expanded upon in narrative for regular grant):
Currently, ten of PWI's clients live in the City of San Marcos. This request will provide the vocational assessment, training, placement and on-going support nine adults with disabilities, living in San Marcos, need to thrive in a work environment. Each year PWI must raise approximately \$1100 for each of the individuals it serves. A grant of \$10,000 from the San Marcos Community Foundation will provide nine clients from San Marcos with the workplace opportunities they need to move toward maximum independence.

Briefly describe the significance of your request to the San Marcos community:
According to the most recent US Census, 6465 adults living in San Marcos have a disability and 296 children have a disability. Adults with disabilities are the single minority with the highest unemployment rate, at 75 percent. PWI has opened the doors for adults with intellectual and/or developmental disabilities, who want to work, to find meaningful employment and move toward maximum independence; stimulating the economy and reducing their dependency on government support through Social Security Disability.

Please attach the following items. Both Mini-Grant & Regular: 1. Budget for request (use SMCF Budget Worksheet) 2. Annual Operating budget for the organization or unit 3. Federal & State Tax ID numbers 4. Board of Directors listing with affiliations 5. Regular Grants Only: a. 1-2 page narrative b. First 2 pages of Federal 990 c. Most recent year-end Statement or Audit including any management letters associated with Audit. d. Signature of President or Authorized Officer on Application e. Optional: letters of support	Expected date project will begin/end: 7/1/14 – 6/30/15 Date by which funds will be expended: 6/30/15
	Signature of President or Authorized Officer  Name, Title  Date 
	Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): wkaserman@san-marcos.net

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>70 Job Coaches including salary, tax, and benefits</u>	<u>\$ 1,549,199</u>
<u>375 Client Salaries and Wages (most clients paid directly by business)</u>	<u>\$ 796,000</u>
<u>Staff Trainings</u>	<u>\$ 72,378</u>
<u>Mileage (daily visits to clients at their job sites)</u>	<u>\$ 87,100</u>
<u>Rent 4 Work and Training Centers including warehouses</u>	<u>\$ 62,970</u>
<u>Transportation and Delivery Vehicle Lease</u>	<u>\$ 20,400</u>
<u>Transportation and Delivery Vehicle Mileage</u>	<u>\$ 14,500</u>
<u>Shipping Supplies (boxes, tape, postage, stuffing, etc.)</u>	<u>\$ 30,500</u>
<u>Safety Supplies (gloves, goggles, first aid kits, etc.)</u>	<u>\$ 1,300</u>
<u>Brochures (500)</u>	<u>\$ 120</u>
<u>PWI Professional Polos for Job Coaches (client uniforms provided by bus.)</u>	<u>\$ 1,100</u>
<u>Indirect Costs (15%)</u>	<u>\$ 395,335</u>

Total budget for this PROJECT:

Grant Request Amount:

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

Is this a challenge grant? NO

Could it be? NO

Please list any other funding sources for this project.

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

<u>\$2,152,607 - San Diego Regional Center</u>	<u>** (CD – Fee for service)</u>
<u>\$97,900 – Department of Rehabilitation</u>	<u>** (CD – Fee for service)</u>
<u>\$20,000 – Genentech</u>	<u>** (C)</u>
<u>\$10,000 – San Diego Gas & Electric</u>	<u>** (C)</u>
<u>\$17,200 – SD County Board of Directors</u>	<u>** (C)</u>
<u>\$12,000 – Art Pratt Foundation at Old Mission Rotary</u>	<u>** (C)</u>
<u>\$25,000 – Qualcomm Foundation</u>	<u>** (P)</u>
<u>\$7,500 – Price Family Charitable Fund</u>	<u>** (P)</u>

Partnerships with Industry
Organization Budget FY14

Income

San Diego Regional Center	\$3,973,450
Department of Rehab	\$43,560
Contract Revenue	\$1,192,450
Contributions	\$169,200
Total:	<u>\$5,378,660</u>

Expenses

Staff Salaries and Wages	\$2,719,320
Client Salaries and Wages	\$864,430
Payroll Taxes, Benefits and Insurance	\$637,700
Staff Training	\$124,920
Facilities - Lease, Utilities and Maintenance for 4 locations	\$676,200
Professional Services - Accounting, Payroll and Legal	\$67,440
Equipment - Vehicles, Depreciation and Supplies	\$264,380
Misc	\$24,270
Total:	<u>\$5,378,660</u>

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

In reply refer to: 4077552844
June 29, 2011 LTR 4168C 0
33-0169950 000000 00
00040582
BODC: TE

PARTNERSHIPS WITH INDUSTRY
% MARK BERGER
7540 METROPOLITAN DR STE 105
SAN DIEGO CA 92108-4416

39

Employer Identification Number: 33-0169950
Person to Contact: Ms Fox
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Apr. 14, 2011, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in August 1986.

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

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

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

4077552844

June 29, 2011 LTR 4168C 0

33-0169950 000000 00

00040583

PARTNERSHIPS WITH INDUSTRY
% MARK BERGER
7540 METROPOLITAN DR STE 105
SAN DIEGO CA 92108-4416

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

Sincerely yours,

Cindy Thomas

Cindy Thomas
Manager, EO Determinations



PO BOX 1286
RANCHO CORDOVA CA 95741-1286

In reply refer to
755:G :GRW

March 24, 2008

PARTNERSHIPS WITH INDUSTRY
7540 METROPOLITAN DR STE 105
SAN DIEGO CA 92108-4416

Purpose : CHARITABLE
Code Section : 23701d
Form of Organization : Corporation
Accounting Period Ending: June 30
Organization Number : 1375185

EXEMPT DETERMINATION LETTER

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

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

For filing requirements see, FTB Pub. 1068, Exempt Organizations - Requirements for Filing Returns and Paying Filing Fees is available online at www.ftb.ca.gov.

Note: This exemption is for state franchise or income tax purposes only.

G WALKER
EXEMPT ORGANIZATIONS
BUSINESS ENTITIES SECTION
TELEPHONE (916) 845-6053
FAX NUMBER (916) 845-9501

RTF:

Partnerships With Industry
A California Public Benefit Nonprofit Corporation
2014-2015 Board of Directors (as of May 2014)

The PWI board dedicates their valuable experience and professional resources to ensure that the organization is managed well, defines and meets challenging, but realistic, goals for the future, and carefully oversees the well-being of our clients, staff and fellow board members. First term is limited to one year, after that the term period extends to two years per term.

Name and Title	Business Affiliation (informational purposes only)
Jeffrey Litteken – Board Chair (06/2014 – 06/2016)	Principal, General Ledger Resources jlitteken@gl-resources.com (619) 252-1615
Barrett Lambert – Board Treasurer (06/2013 – 06/2015)	Retired Chief Financial Officer and Financial Consultant barrett.lambert@cox.net (619) 990-6681
Michael Dorris – Board Secretary (06/2014 – 06/2016)	Real Estate Management, HCPI michaelsdorris@gmail.com (858) 405-4681
Mark Berger – Board Member	President/CEO mberger@pwiworks.org (619) 681-1999 x1103 C: (619) 303-1200
Clint Carney – Board Member (06/2014 - 06/2016)	Vice President for Business Development, telmedx clintcarney@gmail.com (619) 917-6003
Ted Finkel – Board Member (06/2014 – 06/2015)	Retired Financial Advisor tvfinkel@gmail.com (619) 417-8410
Reese Reeves – Board Member (06/2013 - 06/2015)	Financial Management Consultant rwreeves45@gmail.com (619) 913-6565
Carol Stachwick – Board Member (06/2013 - 06/2015)	CPA, Manager at AKT Accountants, Advisors, Consultants cstachwick@gmail.com (858) 212-3147
Joseph Wilkinson – Board Member (06/2014 – 06/2015)	CFO at Taiyo Yuden (USA) jwilkinson@t-yuden.com (858) 756-0856

Each year, Partnerships with Industry (PWI) helps 1,000 individuals with disabilities find a job and thrive in a work environment. This request is for \$10,000 to support PWI's Employment Services. Specifically, this grant will provide nine "clients" (adults with intellectual and/or developmental disabilities) who live in San Marcos the training, support, and placement they need to excel in a work environment and move towards maximum independence.

PWI clients have a wide range of intellectual, developmental, and/or other disabilities, including but not limited to: Autism Spectrum Disorder, Down syndrome, cerebral palsy, epilepsy, blindness, physical disabilities, and mental illnesses. PWI assists clients in identifying their talents and challenges, marketing their skills, developing professional behavior and overcoming obstacles that may prevent them from entering the workforce. A specialized staff of job coaches, job trainers and assessors, and business developers work tirelessly to find the best environments for our clients; environments where both the clients can thrive and we can provide a service to the business.

PWI's Employment Services evokes and fosters independence in each client. Clients are responsible for getting to work on time, providing their own lunch, meeting the expectations of their job description, and managing their paychecks. By finding employment through PWI's Employment Services, individuals with disabilities increase their capacity for independence, become more active consumers, and help stimulate the economy.

The impact of employment goes beyond financial stability. American culture expects and values independence and self-reliance, and assumes capable adults will enter the workforce. This expectation is not lost on individuals with disabilities; they too want to contribute, to put their abilities to work and be part of the workforce. Steady employment evokes feelings of dignity, pride, purpose, and identity that are essential to the overall happiness of any person, no matter their abilities. The individuals active in PWI Employment Services benefit financially, psychologically, and socially; as well as increasing their connectedness to the community.

PWI strives to help every client achieve maximum independence and success in a work environment. Three goals guide the services provided by PWI:

Goal 1: Understand each client's talents and challenges in a work environment.

Objective A: Conduct vocational assessments on every new client to identify their vocational goals, skills and the training they need.

Objective B: Assign a PWI Manager and an Employment Training Specialist (aka job coach) to each client to develop an individualized work plan and achievable vocational goals.

Goal 2: Provide all the training and support clients need to succeed in their jobs, and advance in their employment.

Objective A: Ensure an Employment Training Specialist is dedicated for every 10 clients in the Work and Training Center, for every 3-4 clients in Group Services, and for every client in

Individual Placement; clients enrolled in Individual Placement are the most independent and only require occasional support from their Employment Training Specialist.

Objective B: Provide trainings on workplace etiquette, how to react in an emergency situation, sexual harassment, interview skills, resume writing, and any other vital information necessary for a work environment.

Objective C: Encourage growth within each client, by exposing them to new job skills and moving them into job positions with increasing independence. Ex: moving from Group Services where clients work in teams of 3-4, into Individual Placement where they work independently.

Goal 3: Foster a healthy environment both physically and emotionally.

Objective A: Host after-hours social events at each of the 4 locations every other month for clients to socialize with their friends and have fun. Past social events have included: a talent show, masquerade ball, and sock-hop.

Objective B: Educate clients on ergonomics and reinforce their use.

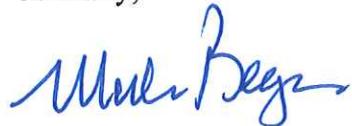
Objective C: Invite guest presenters to social events to teach clients healthy activities like yoga, dancing, healthy eating, etc.

Partnerships With Industry provides hope to adults with disabilities that they can and will be successful in a work environment. It is of upmost importance at PWI that clients, staff, and the public see adults with disabilities for their many ABILITIES, instead of focusing on their few disabilities. Through the constant encouragement and support of their PWI manager, Employment Training Specialist, and fellow clients, the individuals served by PWI begin to build confidence in themselves and their abilities. Just one example of how PWI encourages the growth and development of its clients is by hosting a celebration as the clients embark on their new job position.

A grant of \$10,000 from the San Marcos Community Foundation will provide nine San Marcos residents, who have intellectual and/or developmental disabilities, the opportunity to find meaningful employment and move towards maximum independence; including the opportunity to work with two local San Marcos businesses: Hunter Industries and Golden State Graphics. Hunter Industries and Golden State Graphics are two of the 234 businesses that have partnered with PWI to employ adults with disabilities. Support from the San Marcos Community Foundation will give nine San Marcos residents with disabilities the tools and opportunities they need to fulfill their lifelong goal of employment.

If you have any questions or require any additional information please do not hesitate to contact me: 619-681-1999 ext. 1103 or mberger@pwiworks.org. Thank you for your time and consideration.

Cordially,



Mark Berger
President & CEO

Return of Organization Exempt From Income Tax

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

OMB NO. 1545-0047

2012

Open to Public
InspectionDepartment of the Treasury
Internal Revenue Service

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

A For the 2012 calendar year, or tax year beginning		7/01	, 2012, and ending		6/30	, 2013	
B Check if applicable:		C		D Employer identification number			
<input type="checkbox"/>	Address change	PARTNERSHIPS WITH INDUSTRY		33-0169950			
<input type="checkbox"/>	Name change	7540 METROPOLITAN DR #105		E Telephone number			
<input type="checkbox"/>	Initial return	SAN DIEGO, CA 92108		619-681-1999			
<input type="checkbox"/>	Terminated			F Gross receipts \$ 4,970,361.			
<input type="checkbox"/>	Amended return			G			
<input type="checkbox"/>	Application pending	F Name and address of principal officer: SAME AS C ABOVE		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
I	Tax-exempt status	X 501(c)(3)	501(c) () <input type="checkbox"/> (insert no.)	4947(a)(1) or	527	H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No	
J	Website:	► WWW.PWIWORKS.ORG				If 'No,' attach a list. (see instructions)	
K	Form of organization:	X Corporation	Trust	Association	Other ►	L Year of Formation:	1985
						M State of legal domicile:	CA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <u>JOB TRAINING, PLACEMENT, AND ONGOING SUPPORT SERVICES FOR ADULTS WITH DEVELOPMENTAL DISABILITIES.</u>		

Revenue	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)		
Expenses	4 Number of independent voting members of the governing body (Part VI, line 1b)		
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)		
Net Assets or Fund Balances	6 Total number of volunteers (estimate if necessary)		
	7a Total unrelated business revenue from Part VIII, column (C), line 12		
b Net unrelated business taxable income from Form 990-T, line 34.			
8 Contributions and grants (Part VIII, line 1h)		Prior Year	Current Year
9 Program service revenue (Part VIII, line 2g)		142,739.	166,719.
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)		4,698,465.	4,798,414.
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		7,670.	4,287.
12 Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12)		15,827.	941.
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)		4,864,701.	4,970,361.
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)		3,537,672.	3,691,127.
16a Professional fundraising fees (Part IX, column (A), line 11e)			
b Total fundraising expenses (Part IX, column (D), line 25) ► 117,307.			
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)		1,419,636.	1,322,264.
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)		4,957,308.	5,013,391.
19 Revenue less expenses. Subtract line 18 from line 12		-92,607.	-43,030.
20 Total assets (Part X, line 16)		Beginning of Current Year	End of Year
21 Total liabilities (Part X, line 26)		1,878,382.	1,775,218.
22 Net assets or fund balances. Subtract line 21 from line 20		286,628.	226,494.
		1,591,754.	1,548,724.

Part II Signature Block

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

Sign Here	► Signature of officer	Date		
	► MARK BERGER	11/14/14		
Type or print name and title.		PRESIDENT & CEO		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	CHERYL RHODE	CHERYL RHODE		
	Firm's name ► WEST RHODE & ROBERTS			P00234939
Firm's address ► 3104 FOURTH AVE			Firm's EIN ► 33-0783983	
	SAN DIEGO, CA 92103		Phone no. 619-615-5380	

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

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

TEEA0113L 12/18/12

Form 990 (2012)

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response to any question in this Part III.

1 Briefly describe the organization's mission:

TO PROVIDE INSTRUCTION, TRAINING, AND PLACEMENT TO PERSONS WITH DEVELOPMENTAL AND OTHER DISABILITIES IN PERMANENT JOBS WITHIN THE COMMUNITY.

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

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

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 1,944,329, including grants of \$) (Revenue \$ 1,664,491.)
GROUP SERVICES - THERE WERE 33 BUSINESSES THAT PARTNERED WITH PWI TO MEET THEIR BUSINESS NEEDS THIS YEAR. THESE PARTNERSHIPS PROVIDED WORK OPPORTUNITIES FOR OVER 135 CLIENTS.

4b (Code:) (Expenses \$ 1,464,423, including grants of \$) (Revenue \$ 2,084,205.)
WORK ACTIVITY PROGRAM - WORK SKILLS TRAINING WAS OFFERED TO OVER 350 CLIENTS THROUGHOUT THE YEAR, SERVING OVER 265 AVERAGE EACH DAY. CLIENTS GAINED VALUABLE WORK SKILLS RESULTING IN 46 CLIENTS TRANSITION INTO JOBS IN THE COMMUNITY.

4c (Code:) (Expenses \$ 856,316, including grants of \$) (Revenue \$ 1,049,718.)
INDIVIDUAL PLACEMENT - THERE WERE 151 CLIENTS THAT RECEIVED WORK SUPPORT SERVICES FROM PWI THIS YEAR. INDIVIDUALS WORKING IN THE COMMUNITY HAVE, ON AVERAGE, BEEN IN THEIR JOBS FOR 77 MONTHS.

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

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

4e Total program service expenses ► 4,265,068.

BAA

TEEA0102L 08/08/12

Form 990 (2012)



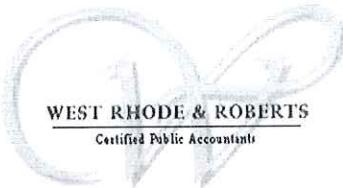
FINANCIAL REPORT

JUNE 30, 2013



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Statement of Financial Position.....	2
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Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 – 10



3104 Fourth Avenue
San Diego, California 92103
619.615.5380 Fax 619.615.5389

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Partnerships With Industry
San Diego, California

We have audited the accompanying financial statements of Partnerships With Industry (a California nonprofit Public Benefit Corporation) as of June 30, 2013, and the related statements of activities 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.

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 includes 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 of 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 Partnerships With Industry as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information – We have previously audited Partnerships With Industry 2012 financial statements, and in our report dated October 18, 2012 expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cheryl Rhode, CPA
for WEST RHODE & ROBERTS

San Diego, California
October 29, 2013

An independent member of CPA Associates International with associated offices in principal U.S. Cities

PARTNERSHIPS WITH INDUSTRY
STATEMENTS OF FINANCIAL POSITION
June 30, 2013
(With Summarized Financial Information for June 30, 2012)

	2013	2012
		(Note 12)
ASSETS		
CURRENT ASSETS		
Cash	\$ 272,371	\$ 406,605
Investments	597,423	632,297
Accounts receivable, net of allowance for doubtful accounts of \$7,000 (2013 and 2012)	623,449	562,977
Prepaid expenses and other assets	<u>67,065</u>	<u>31,705</u>
Total current assets	1,560,308	1,633,584
Property and Equipment, net of accumulated depreciation	164,088	187,230
Deposits	<u>50,822</u>	<u>57,568</u>
Total assets	<u><u>\$ 1,775,218</u></u>	<u><u>\$ 1,878,382</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 16,080	\$ 50,678
Current portion of long-term debt	-	44,804
Accrued expenses	<u>210,414</u>	<u>191,146</u>
Total current liabilities	226,494	286,628
NET ASSETS		
Unrestricted	1,522,522	1,580,327
Temporarily restricted	<u>26,202</u>	<u>11,427</u>
Total net assets	<u>1,548,724</u>	<u>1,591,754</u>
Total liabilities and net assets	<u><u>\$ 1,775,218</u></u>	<u><u>\$ 1,878,382</u></u>

See accompanying notes to financial statements.

Page 2

PARTNERSHIPS WITH INDUSTRY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

(With Summarized Financial Information for June 30, 2012)

	2013			2012
	Unrestricted	Temporarily Restricted	Total	(Note 12)
REVENUE AND SUPPORT				
Fees for service	\$ 3,685,305	\$ -	\$ 3,685,305	\$ 3,620,284
Employer contracts	1,113,109	-	1,113,109	1,078,181
Donations and other support	147,519	19,200	166,719	142,739
Interest income	4,287	-	4,287	7,670
Other income	941	-	941	15,827
Net assets released from restrictions, satisfaction of program restrictions	4,425	(4,425)	-	-
Total revenue and support	4,955,586	14,775	4,970,361	4,864,701
EXPENSES				
Program services - instruction, training and placement	4,265,068	-	4,265,068	4,233,518
Supporting services:				
Administrative and general	631,016	-	631,016	625,093
Fundraising	117,307	-	117,307	98,697
Total expenses	5,013,391	-	5,013,391	4,957,308
Change in net assets	(57,805)	14,775	(43,030)	(92,607)
Net assets at beginning of year	1,580,327	11,427	1,591,754	1,684,361
Net assets at end of year	\$ 1,522,522	\$ 26,202	\$ 1,548,724	\$ 1,591,754

See accompanying notes to financial statements.

Page 3

PARTNERSHIPS WITH INDUSTRY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2013
(With Summarized Financial Information for June 30, 2012)

	Program Services	Supporting Services		2013 Total	2012 Total (Note 12)
		Administrative and General	Fundraising		
Payroll and related costs	\$ 3,246,945	\$ 357,908	\$ 86,274	\$ 3,691,127	\$ 3,537,672
Office	624,133	30,505	748	655,386	682,700
Insurance	165,434	23,547	139	189,120	223,319
Staff training and reimbursement	113,367	18,826	4,275	136,468	124,207
Depreciation	162	92,420	-	92,582	95,500
Professional services	-	71,795	5,612	77,407	82,958
Supplies	87,006	17,477	20,227	124,710	135,603
Vehicle expense	27,912	-	5	27,917	30,410
Other	109	18,538	27	18,674	44,939
	<u>\$ 4,265,068</u>	<u>\$ 631,016</u>	<u>\$ 117,307</u>	<u>\$ 5,013,391</u>	<u>\$ 4,957,308</u>

PARTNERSHIPS WITH INDUSTRY
STATEMENT OF CASH FLOWS
Year Ended June 30, 2013
(With Summarized Financial Information for June 30, 2012)

	2013	2012 (Note 12)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (43,030)	\$ (92,607)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation	92,420	101,091
(Increase) decrease in operating assets:		
Accounts receivable	(60,472)	(12,392)
Prepaid expenses	(35,360)	14,720
Deposits	6,746	(11,181)
Increase (decrease) in operating liabilities:		
Accounts payable	(34,598)	32,731
Accrued expenses	19,268	(6,960)
Net cash (used in)provided by operating activities	<u>(55,026)</u>	<u>25,402</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases and proceeds of investments, net	34,874	85,875
Purchases of property and equipment	<u>(69,278)</u>	<u>(1,463)</u>
Net cash (used in) provided by investing activities	<u>(34,404)</u>	<u>84,412</u>
CASH FLOWS USED BY FINANCING ACTIVITIES		
Payments on long-term debt	<u>(44,804)</u>	<u>(64,774)</u>
Net cash (used in) investing activities	<u>(44,804)</u>	<u>(64,774)</u>
NET INCREASE (DECREASE) IN CASH	(134,234)	45,040
CASH AT BEGINNING OF YEAR	406,605	361,565
CASH AT END OF YEAR	<u>\$ 272,371</u>	<u>\$ 406,605</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 3,621</u>	<u>\$ 4,847</u>

See accompanying notes to financial statements.

Page 5

PARTNERSHIPS WITH INDUSTRY
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ORGANIZATION

Nature of Activities – Partnerships With Industry (Organization) is a California nonprofit Public Benefit Corporation providing instruction, training, and placement to persons with disabilities to develop their self-care, independence, and vocational capabilities in San Diego County.

Method of Accounting – The financial statements of the Organization have been prepared utilizing the accrual basis of accounting

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

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

There were no permanently restricted net assets during the years ended June 30, 2013.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the report period. Accordingly, actual results could differ from those estimates.

Investments – Investments are carried at fair value in the statements of financial position.

Accounts Receivable – The accounts receivable arise in the normal course of business. All accounts receivables are reviewed for collectability and reserves for uncollectible amounts are recorded based on previous experience and history with the Company. Accounts are written off against the allowance for doubtful accounts when deemed uncollectible. Management has determined that an allowance of \$7,000 is needed for the year ended June 30, 2013.

Property and Equipment – Acquisitions of property and equipment of \$1,000 or more are capitalized. Property and equipment are recorded at cost or, if donated, at approximate value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of five years. Amortization of leasehold improvements is included in depreciation expense.

Depreciation expense for the year ended June 30, 2013 was \$92,420.

PARTNERSHIPS WITH INDUSTRY

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ORGANIZATION (continued)

Revenue and Support – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

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

Income Taxes – The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization, however, may be subject to tax on income which is not related to its exempt purpose. For the years ended June 30, 2013, the Organization is reporting no such unrelated business taxable income and, therefore, no provision for income taxes has been made. The Organization reviewed its tax positions for all open tax years and has determined that no provisions for uncertain tax positions under FASB Accounting Standards Codification No. 740-10 is required.

Subsequent Events – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at that date, including the estimates inherent in the process of preparing financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after that date and before the financial statements are available to be issued.

The Organization has evaluated subsequent events through October 29, 2013, which is the date the financial statements are available for issuance, and concluded that there were no events or transaction that needed to be disclosed.

NOTE 2. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in financial institutions which, at times, may exceed federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts.

NOTE 3. INVESTMENTS

Investments are held in fixed income securities carried at quoted market prices in active markets for identical assets and are classified as level 1 under the fair value measurement hierarchy.

PARTNERSHIPS WITH INDUSTRY
NOTES TO FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE

The Financial Accounting Standards Board (FASB) issued FASB Accounting Standards Codification 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:

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

Fair Value Measurement at June 30, 2013, using					
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs		
	Total	(Level 1)	(Level 2)	(Level 3)	
Assets					
Investments	\$ 597,423	\$ 597,423	\$ -	\$ -	

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. All of the Organization's investments are based upon the quoted market prices at June 30, 2012.

The carrying value of cash, receivables, and payables approximate fair values as of June 30, 2013, due to the relative short maturities of these instruments.

The management of the Organization is responsible for making the fair value measurements and disclosures in the financial statements. As part of fulfilling this responsibility the management of the Organization has established an accounting and financial reporting process for determining the fair value measurements and disclosures, which identifies and adequately supports the valuation methods and assumptions used and ensures that the presentation of the fair value measurement is in accordance with GAAP.

PARTNERSHIPS WITH INDUSTRY
NOTES TO FINANCIAL STATEMENTS

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment are comprised of:

Equipment	\$ 553,024
Leasehold improvements	401,604
Furniture and fixtures	<u>20,238</u>
	974,866
Less accumulated depreciation	<u>(810,778)</u>
	<u>\$ 164,088</u>

NOTE 6. LONG-TERM DEBT

In March 2008, the Organization entered into a loan agreement of \$300,000 with a bank to finance tenant improvements at the Santee location. The term of the loan is 5 years. During the year ended June 30, 2013 the Organization paid the loan off in full.

NOTE 7. COMMITMENTS

Operating Leases – The Organization leases various office furniture and space under operating leases. The equipment leases expire at various dates through May 2017. The office leases expire at various dates through June 2017. For the year ended June 30, 2013, rent expense totaled \$524,829.

At June 30, 2013, the aggregate minimum rental commitments under non-cancellable operating leases are as follows:

<u>Year Ending June 30,</u>	
2014	\$ 499,982
2015	341,112
2016	237,744
2017	<u>195,075</u>
	<u>\$ 1,273,913</u>

NOTE 8. NET ASSETS RELEASED FROM RESTRICTION AND TEMPORARILY RESTRICTED NET ASSETS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose restriction accomplished:

Training materials	<u>\$ 4,425</u>
--------------------	-----------------

Temporarily restricted net assets consist of the following:

Technology	\$ 19,200
Staff training of youth	4,102
Translation project	2,000
Spanish language materials	<u>900</u>
	<u>\$ 26,202</u>

PARTNERSHIPS WITH INDUSTRY
NOTES TO FINANCIAL STATEMENTS

NOTE 9. CONCENTRATION OF RISK

The Organization depends significantly on revenue received from the California Department of Developmental Services (DDS). Under the terms of this arrangement, the Organization is classified as a vendor and submits monthly invoices for reimbursement, based on the participants' enrollment and activities according to DDS's funding policies. Revenues for the year ended June 30, 2013 were \$3,685,305 and accounts receivable at June 30, 2013 includes \$482,549 due from DDS.

NOTE 10. RETIREMENT PLAN

The Organization has a 401(k) employer contributory tax deferred retirement plan covering all employees who have met certain service agreements, other than employees who are covered under a collective bargaining agreement. During the year ended June 30, 2013, the Organization made no contributions to the Plan.

NOTE 11. FUNCTIONAL ALLOCATION OF EXPENSE

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

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs 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.

NOTE 12. JUNE 30, 2012 FINANCIAL INFORMATION

The financial statements include certain prior year summarized comparative information totals, but not by net asset class, audited by other auditors. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for year ended June 30, 2012, from which the summarized information was derived.



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

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

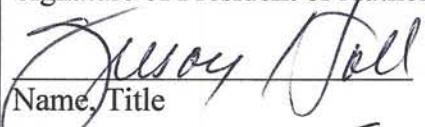
Project Name: Senior Emergency Meal Box Program	Total # of people served: 1,066 every month	Amount Requested: \$5,000
Date Submitted:	Total # of San Marcos residents served: 60 every month	
Non-Profit Organization Name and Address, Website The Angel's Depot 1497 Poinsettia Ave Vista, CA 92081 www.theangelsdepot.org	Contact Person – Name, Title & Phone, email Philip Stutzman, ESQ Director of Grant Development (760) 599-7093	

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

We respectfully request \$5,000 to support our continued efforts to feed 60 seniors living in poverty in San Marcos. The Angel's Depot "Senior Emergency Meal Boxes" provide 24 pounds of nutritious, non-perishable food to some 900 seniors monthly. What separates the Angel's Depot emergency meal program from others in the area is that it provides specially formulated food to meet the nutritional needs of impoverished seniors, free of charge. With 50,000 seniors already living in poverty in San Diego County and the aging of the Baby Boomer generation, the need for this program is more urgent than ever.

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

On the second Friday of every month, pre-qualified seniors arrive at two distribution sites in San Marcos - the San Marcos Senior Center or the San Marcos Americare - to pick up their meal box, which includes 24 pounds of specially formulated food. Food items are high in protein, fiber, folates with modest sugar, and make 21 easily prepared meals: breakfasts, lunches, dinners and snacks, for a week. The average age of the seniors is 72, and their average income was \$835/month. These senior residents of San Marcos are at high-risk for malnutrition and its related maladies, and they live with the anxiety of food insecurity every day. The Angel's Depot Senior Emergency Meal Box Program provides a survival lifeline between Social Security checks.

Please attach the following items. Both Mini-Grant & Regular: 1. Budget for request (use SMCF Budget Worksheet) 2. Annual Operating budget for the organization or unit 3. Federal & State Tax ID numbers 4. Board of Directors listing with affiliations 5. Regular Grants Only: a. 1-2 page narrative b. First 2 pages of Federal 990 c. Most recent year-end Statement or Audit including any management letters associated with Audit. d. Signature of President or Authorized Officer on Application e. Optional: letters of support	Expected date project will begin/end: Ongoing Date by which funds will be expended: 7/1/2015 Signature of President or Authorized Officer  Name, Title <u>SUSAN HALE - Founder</u> Date <u>6-27-14</u> <u>REC</u> Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): wkaserman@san-marcos.net
--	---

SAN MARCOS COMMUNITY FOUNDATION
Budget Worksheet

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

<u>Salaries & Wages (including benefits)</u>	\$ 19,230
<u>Consultant/Professional Services</u>	\$ 1,800
<u>Office & Warehouse Rent</u>	\$ 3,322
<u>Utilities</u>	\$ 393
<u>Telephone</u>	\$ 303
<u>Office Supplies & Postage</u>	\$ 1,910
<u>Equipment</u>	\$ 444
<u>Printing & Copying</u>	\$ 1,375
<u>Travel/Mileage & Vehicle Maintenance</u>	\$ 1,475
<u>Program Food & Boxes</u>	\$ 9,440
<u>Other: Insurance</u>	\$ 1,306
<u>Other: Fundraising & Marketing</u>	\$ 5,215

Total budget for this PROJECT: \$ 46,213

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

Is this a challenge grant? No Could it be?

Please list any other funding sources for this project.

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

\$ <u>25,000</u> (Name of source) <u>Caesar's Foundation</u>	** <u>C</u>
\$ <u>30,000</u> (Name of source) <u>Rancho Santa Fe Foundation</u>	** <u>C</u>
\$ <u>10,000</u> (Name of source) <u>JCF Weingart Foundation</u>	** <u>C</u>
\$ <u>12,500</u> (Name of source) <u>Nordson Corp. Foundation</u>	** <u>P</u>



2014 OPERATING BUDGET FINAL

PROJECTED EXPENSES

INSURANCE

Accident Liability	\$ 500
Directors/Officer Liability	\$ 1,650
General Liability & Auto	\$ 7,000
Property Liability	\$ 700
Umbrella Policy	\$ 2,900
Worker's Comp	\$ 11,000

OPERATIONS

Advertising & Marketing	\$ 7,000
Audits & Bank Fees	\$ 7,000
Capital Equipment	\$ 8,000
Chamber/Membership Dues	\$ 3,000
Community Participation	\$ 3,000
Donor/Volunteer Retention	\$ 8,600
Emergency Funds	\$ 6,000
Food - Senior Meal Boxes	\$ 168,000
Fundraising/Events	\$ 80,000
Office Equipment Maint.	\$ 1,000
Office Supplies/Paper	\$ 15,000
Phones/FAX	\$ 5,500
Postage/Bulk Mail	\$ 7,000
Printing/Copying	\$ 25,000
Subscriptions	\$ 4,500
Travel/Meetings/Mileage	\$ 10,000
Utilities	\$ 3,500
Vehicle Gas/Maintenance	\$ 15,000
Warehouse Rent/CAM	\$ 57,200
Warehouse Storage Rent	\$ 3,200
Warehouse Supplies/Boxes	\$ 14,000
Warehouse Security/Repairs	\$ 4,000

STAFFING

Payroll for Six Employees	\$ 274,000
Payroll Taxes	\$ 30,000
Outside Consultants/Labor	\$ 20,000
Employee Health Insurance	\$ 32,000
Employee Retention	\$ 5,000

PROJECTED EXPENSES: **\$ 840,250**

PROJECTED REVENUE

ANNUAL S.O.S. CAMPAIGN: **\$ 40,000**

FOUNDATION GRANTS: **\$ 327,250**

Previous Funders: Caesar's Foundation, The California Wellness Foundation, The Rincon Band of Luiseno Indians, NRG Energy, Leichtag Foundation, Genentech Foundation, Seth Sprague Charitable Foundation, Walmart Foundation, Howard Charitable Foundation, Nordson Foundation, TriCity Medical Center, VONS Foundation, Sempra Energy Foundation, AT&T Foundation, SCAN Foundation, Rancho Santa Fe Foundation, Weingart Foundation.

FUNDRAISING EVENTS: **\$ 115,000**

*** 8th Annual "Angel's Day at the Races"

*** 9th Annual "Holiday Gala Evening"

Previous Sponsors: Harrah's Rincon Casino, Sun Wireless, Datron, Wal-Mart, Anderson Direct Mktg., AT&T, SDG&E, PCH Litho, Humana, CHM Hotels, BluFi Lending, Holiday Travel of America, Joe Bradley Auctioneers, Grand Pacific Resorts.

GOVERNMENT GRANTS: **\$ 168,000**

Local City CDBG Funds

INDIVIDUAL DONATIONS: **\$ 80,000**

CORPORATE GRANTS/SPONSORSHIPS:

\$ 65,000

MISCELLANEOUS INCOME: **\$ 5,000**

IN-KIND FOOD DRIVES: **\$ 40,000**

PROJECTED REVENUE: **\$ 840,250**

Expense Breakdown: Program: 63%

Administration: 23%

Fundraising: 14%

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248167571

Apr. 06, 2012 LTR 4168C E0

20-2723243 000000 00

00019895

BODC: TE

THE ANGELS DEPOT
% SUSAN HALL
1497 POINSETTIA AVE STE 158
VISTA CA 92081-8542

019588

Employer Identification Number: 20-2723243
Person to Contact: MS. LEE
Toll Free Telephone Number: 1-877-829-5500

Dear TAXPAYER:

This is in response to your Mar. 28, 2012, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in JULY 2005.

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

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

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

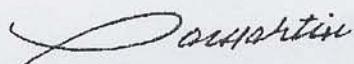
1468167571 0025 0248167571
00 00000 00000000 00000000
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00000000 00000000 00000000

Apr. 06, 2012 LTR 4168C EO
20-2723243 000000 00
00019896

THE ANGELS DEPOT
% SUSAN HALL
1497 POINSETTIA AVE STE 158
VISTA CA 92081-8542

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

Sincerely yours,



S. A. Martin, Operations Manager
Accounts Management Operations



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

In reply refer to
755:G :RW

June 12, 2007

THE ANGEL'S DEPOT
SUSAN HALL
1851 LITAC COURT
CARLSBAD CA 92009

Purpose : CHARITABLE
Code Section : 23701d
Form of Organization : Corporation
Accounting Period Ending: December 31
Organization Number : 2589426

You are exempt from state franchise or income tax under the section of the Revenue and Taxation Code indicated above.

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

In the event of a change in relevant statutory, administrative, judicial case law, a change in federal interpretation of federal law in cases where our opinion is based upon such an interpretation, or a change in the material facts or circumstances relating to your application upon which this opinion is based, this opinion may no longer be applicable. It is your responsibility to be aware of these changes should they occur. This paragraph constitutes written advice, other than a chief counsel ruling, within the meaning of Revenue and Taxation Code Section 21012(a)(2).

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

You are not required to file state franchise or income tax returns

Members of the Board – Listed by Seniority

Juanita Hayes

Member of the Board

Public Affairs Manager, San Diego Gas & Electric

Home Address: P.O. Box 549, San Marcos, CA 92079

Office: (760) 480-7650

Office: jhayes1@semprautilities.com

Robin Zetts

Member of the Board

Director, Product & Service Excellence, Harrah's Resort Southern California

Office Address: 777 Harrah's Rincon Way, Valley Center, CA 92082

Office: (760) 801-7557

Office: rzetts@rincon.harrahs.com

Russell Barbour

Member of the Board

Market Sales Director, Southern California, Humana

Office Address: 5421 Avenida Encinas, Suite N, Carlsbad, CA 92008

Mobile: (858) 213-6482

Office: rbarbour@humana.com

Julia Cain

Member of the Board

Senior Manager, HR Systems, Qualcomm

Office Address: 5775 Morehouse Drive, San Diego, CA 92121

Mobile: 858-740-0212

Office Email: jcain@qualcomm.com

David Bennett

Member of the Board

Sr. Vice President/ Chief Marketing Officer, Tri City Medical Center

Office Address: 4002 Vista Way, Oceanside, CA 92056

Office: (760) 940-7365

Office Email: bennettdm@tcmc.com

MISSION STATEMENT

The Angel's Depot was founded to provide food for the elderly poor living in San Diego County and to help improve the quality of their lives; to promote community awareness and support for impoverished seniors and to act as a conduit to other available resources in the community.

BACKGROUND

According to the San Diego County Department of Aging and Independence Services, at least **50,000 senior citizens live in poverty in the County of San Diego**. As the baby boomer population ages, that number is expected to rise dramatically. Founder and Executive Director Susan Hall started The Angel's Depot in 2005 to meet this growing crisis with a simple solution: a specially formulated, nutritious, nonperishable Senior Emergency Meal Box, given **free of charge**, to age and income qualified seniors who cannot afford Meals on Wheels and other services that charge fees. To qualify for this program, seniors must be at least 60 years of age or 55 with a permanent disability; their income must be less than \$1,000 per month; they must not have over \$10,000 in cash assets, and they must live in San Diego County.

The seniors we serve have an average monthly income of **\$835** and are often forced to choose between purchasing life-saving medication or food. Many dangerously ration both by skipping doses and/or meals. Further, it is more difficult for the elderly to access food because they must overcome age-related obstacles to nutrition, e.g. lack of funds to purchase food, lack of physical endurance and stamina to stand in line and carry heavy bags from local food banks and pantries, lack of transportation, and insufficient food education and cognitive skills to make good food choices.

In San Marcos, the Angel's Depot has been delivering Senior Emergency Meal Boxes every month since April 2007. To date, 5,097 meal boxes have been provided at no cost to San Marcos seniors living in poverty – 107,037 meals, comprising a total of 122,328 pounds of food. A grant of \$5,000 represents the cost of providing 200 meal boxes to the direct benefit of this at-risk and vulnerable population of seniors living in San Marcos.

PURPOSE & OBJECTIVES

1) Providing Emergency Food to Seniors

Providing "Senior Emergency Meal Boxes" to seniors living in poverty who are at high risk for malnutrition and routinely suffer from the anxiety of food insecurity. Emergency Meal Boxes contain 24 pounds of nutritious, nonperishable food for 21 easily prepared meals: breakfasts, lunches, dinners and snacks for a week. This hearty food bridge between Social Security checks is critical in preventing malnutrition and its related physical and mental maladies; knowing they have a food lifeline can help emotionally stabilize low income seniors, many of whom suffer from anxiety and depression as a result of living in poverty in their fragile senior years. The Depot has partnered with two distribution sites in San Marcos, the Senior Center and Americare, to provide meal boxes for 60 desperately poor seniors in May 2014. By year-end 2014, The Angel's Depot aims to be serving 1,065 seniors monthly county-wide to help end senior hunger;

2) Senior Advocacy

Advocating for seniors through a level of case management to address complex aging challenges, assisting senior clients with meal box applications and required documents, calling to help solve meal box pick up challenges, researching and connecting seniors with other free or low-cost community resources and services to enhance their health and well-being, and publishing a senior newsletter, the Depot Dispatch (tucked into monthly meal boxes) featuring health, safety, favorite recipes, senior humor, historical trivia and living well tips;

3) Community Education

Educating the community as to the plight of the local elderly poor at speaking engagements, community fair booths, community forums such as the County Department of Aging and Independence Services, volunteer activities, fundraising events, annual giving opportunities such as our S.O.S. Campaign (Saving Our Seniors) affording the community to sponsor a \$25 meal box, media releases, and promoting Depot activities on The Angel's Depot web site (www.theangelsdepot.org) and Facebook page; literature mailed to the community is geared toward community education and support opportunities;

4) Community Outreach

Engaging the community in solving the senior hunger crisis by providing opportunities for donors and volunteers to step-up and serve as a Board Member or Volunteer Program Manager, contribute in-kind gifts such as initiating food drives, volunteer labor, i.e., sorting and packing food, helping with bulk mailings and fundraisers, or contributing cash gifts such as corporate, foundation and government grants, sponsoring meal boxes or attending fundraisers.

COMMUNITY IMPACT & NEED

To demonstrate the critical need for the "Senior Emergency Meal Box" Program is the story of one of our senior meal box recipients, Ms. Millie. In June 2013 Rick Cunningham, then new to the Depot staff, personally delivered Ms. Millie's Emergency Meal Box to her front door. As he approached the address, the stark realization hit . . . she was living in a converted garage, though not likely legally inhabitable or structurally sound. Knocking on the door he identified himself and waited for Ms. Millie to answer. It took her a few minutes to respond, though once she did, Rick immediately understood the reasons for the delay. Ms. Millie's single car garage had barely enough room for a bed and a chair, and because she depended on the use of a walker, it was extremely difficult for her to maneuver around the small space. When Ms. Millie saw the Emergency Meal Box Rick carried in his arms, she exclaimed "Thank God you are here, I am so hungry!" She had not eaten anything since breakfast the day before - a period of over 24 hours - because she did not have food or the means to access or purchase it. When Rick returned to the office of The Angel's Depot he informed Executive Director Susan Hall of Ms. Millie's response to the Emergency Meal Box delivery and of the sub-standard conditions she inhabited, relating further specifics that her apartment was unbearably hot, with no air flow because she was not permitted to open any windows. Ms. Hall approved the purchase of a fan to be delivered to Ms. Millie, who was tearful when Rick delivered it. Though Ms. Millie lives in dire circumstances, substandard living conditions are common for poverty-stricken seniors. A simple 24-pound monthly "Senior Emergency Meal Box" staves off hunger and makes survival possible from one Social Security check to the next. This population of elderly poor must routinely choose between purchasing food and medicine and dangerously rations both. Please join us in this noble effort.

Form 990

Return of Organization Exempt From Income Tax

Department of the Treasury
Internal Revenue Service

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

OMB No. 1545-0047

2013

Open to Public
Inspection► Do not enter Social Security numbers on this form as it may be made public.
► Information about Form 990 and its instructions is at www.irs.gov/form990

A For the 2013 calendar year, or tax year beginning _____ and ending _____

B Check if applicable:	C Name of organization THE ANGEL'S DEPOT		D Employer identification number 20-2723243
<input type="checkbox"/> Address change	Doing Business As		E Telephone number 760-599-7093
<input type="checkbox"/> Name change	Number and street (or P.O. box if mail is not delivered to street address) 1497 POINSETTIA AVENUE		F Gross receipts \$ 667,066.
<input type="checkbox"/> Initial return	Room/suite 158		G Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Terminated	City or town, state or province, country, and ZIP or foreign postal code VISTA, CA 92081		H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Amended return	F Name and address of principal officer: SUSAN HALL		If "No," attach a list. (see instructions)
<input type="checkbox"/> Application pending	SAME AS C ABOVE		H(c) Group exemption number ►
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c)() (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
J Website: ► WWW.THEANGELSDEPOT.ORG			
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►		L Year of formation: 2006 M State of legal domicile: CA	

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: TO PROVIDE "SENIOR FOOD-FOR-A-WEEK" EMERGENCY MEAL BOXES FOR 7-10 DAYS.
	2 Check this box ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.
Revenue	3 Number of voting members of the governing body (Part VI, line 1a) 3
	4 Number of independent voting members of the governing body (Part VI, line 1b) 4
Expenses	5 Total number of individuals employed in calendar year 2013 (Part V, line 2a) 5
	6 Total number of volunteers (estimate if necessary) 6
Net Assets or Fund Balances	7a Total unrelated business revenue from Part VIII, column (C), line 12 7a
	b Net unrelated business taxable income from Form 990-T, line 34 7b
	Prior Year Current Year
	8 Contributions and grants (Part VIII, line 1h) 548,067. 548,820.
	9 Program service revenue (Part VIII, line 2g) 0. 0.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) 175. 2,414.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 57,555. 21,780.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) 605,797. 573,014.
	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) 0. 0.
	14 Benefits paid to or for members (Part IX, column (A), line 4) 0. 0.
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 294,157. 297,150.
	16a Professional fundraising fees (Part IX, column (A), line 11e) 0. 0.
	b Total fundraising expenses (Part IX, column (D), line 25) ► 89,539.
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) 378,432. 389,235.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) 672,589. 686,385.
	19 Revenue less expenses. Subtract line 18 from line 12 -66,792. -113,371.
	Beginning of Current Year End of Year
	20 Total assets (Part X, line 16) 360,369. 272,425.
	21 Total liabilities (Part X, line 26) 17,794. 43,221.
	22 Net assets or fund balances. Subtract line 21 from line 20 342,575. 229,204.

Part II Signature Block

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

Sign Here	► Signature of officer SUSAN HALL, EXECUTIVE DIRECTOR	Date
	Type or print name and title	
Paid Preparer	Print/Type preparer's name RICHARD HOTZ	Preparer's signature
	Date 05/14/14	Check if self-employed <input type="checkbox"/> PTIN P00452784
Use Only	Firm's name ► CONSIDINE & CONSIDINE	Firm's EIN ► 95-2694444
	Firm's address ► 1501 FIFTH AVENUE, SUITE 400 SAN DIEGO, CA 92101-3297	Phone no. 619.231.1977

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

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

Form 990 (2013)

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:

DEDICATED TO PROVIDING NUTRITIOUS NON PERISHABLE FOOD BOXES FREE TO
THE ELDERLY LIVING IN POVERTY IN SAN DIEGO COUNTY.

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

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 \$ 445,987 • including grants of \$) (Revenue \$)

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4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)
**COMMUNITY EDUCATION - PROVIDING INFORMATION REGARDING THE NEEDS OF
50,000 SENIOR CITIZENS LIVING IN POVERTY IN SAN DIEGO COUNTY; PROVIDING
VOLUNTEER AND DONOR OPPORTUNITIES TO ENGAGE THE COMMUNITY IN SOLVING
THE SENIOR HUNGER CRISIS.**

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

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

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

4e Total program service expenses ► 445,987.

**THE ANGEL'S DEPOT
A NONPROFIT ORGANIZATION
FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

**THE ANGEL'S DEPOT
A NONPROFIT ORGANIZATION**

	<u>Pages</u>
I. Index	1
II. Independent Auditor's Report	2 - 3
III. Statements of Financial Position	4
IV. Statements of Activities	5 - 6
V. Statements of Functional Expenses	7 - 8
VI. Statements of Cash Flows	9
VII. Notes to the Financial Statements	10 - 16

CONSIDINE CONSIDINE
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
The Angel's Depot
A Nonprofit Organization

We have audited the accompanying financial statements of The Angel's Depot, which comprise the financial position as of December 31, 2012 and 2011, 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

The Organization's 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 statement. 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 statement 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

1501 FIFTH AVENUE, SUITE 400 • SAN DIEGO, CALIFORNIA 92101-3297
TEL 619-231-1977 • FAX 619-231-8244 • www.ccpa.com

SMCF 8/19/2014 Item 3 (b) Page 112 of 193

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Angel's Depot, as of December 31, 2012 and 2011, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Conside & Considine

CONSIDINE & CONSIDINE
An Accountancy Corporation

May 10, 2013

THE ANGEL'S DEPOT
A NONPROFIT ORGANIZATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

Page 4

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash (Note 3)	\$ 137,783	\$ 176,990
Inventory	19,609	5,279
Prepaid Expenses	6,756	3,066
Grants Receivable (Note 4)	20,832	8,651
Unconditional Promises to Give - Current Portion (Note 6)	150,000	100,000
	<hr/> 334,980	<hr/> 293,986
PROPERTY AND EQUIPMENT (Note 5)	21,741	29,269
OTHER ASSETS		
Unconditional Promises to Give (Note 6)	-	96,154
Deposits	3,649	3,649
	<hr/> 3,649	<hr/> 99,803
TOTAL ASSETS	<hr/> 360,370	<hr/> 423,058
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	10,085	6,313
Accrued Liabilities (Note 8)	7,709	7,378
TOTAL LIABILITIES	<hr/> 17,794	<hr/> 13,691
NET ASSETS		
Unrestricted	<hr/> 342,576	<hr/> 409,367
TOTAL LIABILITIES AND NET ASSETS	<hr/> \$ 360,370	<hr/> \$ 423,058

See Accompanying Notes

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**THE ANGEL'S DEPOT
A NONPROFIT ORGANIZATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Page 5

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT AND REVENUE			
Grants	\$ 412,672	\$ -	\$ 412,672
Contributions	99,854	-	99,854
Special Events (Net Expenses of \$81,520)	57,280	-	57,280
Contributed Food	35,541	-	35,541
Other Revenues	275	-	275
Interest Income	176	-	176
	<hr/> 605,798	<hr/> -	<hr/> 605,798
NET ASSETS RELEASED FROM RESTRICTION			
	-	-	-
FUNCTIONAL ALLOCATION OF EXPENSES			
Program	426,963	-	426,963
General and Management	153,405	-	153,405
Fundraising	92,221	-	92,221
	<hr/> 672,589	<hr/> -	<hr/> 672,589
CHANGE IN NET ASSETS	(66,791)	-	(66,791)
NET ASSETS - BEGINNING OF YEAR	<hr/> 409,367	<hr/> -	<hr/> 409,367
NET ASSETS - END OF YEAR	<hr/> \$ 342,576	<hr/> \$ -	<hr/> \$ 342,576

See Accompanying Notes

SMCF 8/19/2014 Item 3 (b) Page 115 of 193

**THE ANGEL'S DEPOT
A NONPROFIT ORGANIZATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Page 6

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT AND REVENUE			
Grants	\$ 225,565	\$ -	\$ 225,565
Contributions	179,815	-	179,815
Special Events (Net Expenses of \$28,035)	49,741	-	49,741
Contributed Food	27,152	-	27,152
Other Revenues	718	-	718
Interest Income	292	-	292
	<hr/> 483,283	<hr/> -	<hr/> 483,283
NET ASSETS RELEASED FROM RESTRICTION			
	-	-	-
FUNCTIONAL ALLOCATION OF EXPENSES			
Program	377,143	-	377,143
General and Management	101,540	-	101,540
Fundraising	79,715	-	79,715
	<hr/> 558,398	<hr/> -	<hr/> 558,398
CHANGE IN NET ASSETS	(75,115)	-	(75,115)
NET ASSETS - BEGINNING OF YEAR	<hr/> 484,482	<hr/> -	<hr/> 484,482
NET ASSETS - END OF YEAR	<hr/> \$ 409,367	<hr/> \$ -	<hr/> \$ 409,367

See Accompanying Notes

SMCF 8/19/2014 Item 3 (b) Page 116 of 193

THE ANGEL'S DEPOT
A NONPROFIT ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

Page 7

	PROGRAM	GENERAL AND MANAGEMENT	FUNDRAISING	TOTAL
EXPENSES				
Advertising	\$ 8,057	\$ -	\$ 4,338	\$ 12,395
Auto	11,375	-	-	11,375
Bank Service Charges	-	1,388	-	1,388
Communications	2,709	1,328	1,275	5,312
Dues and Subscriptions	-	4,808	-	4,808
Food Purchases	150,335	-	-	150,335
Insurance	9,998	4,901	4,705	19,604
Meals and Entertainment	2,737	684	-	3,421
Office	3,740	1,247	-	4,987
Outside Services	6,174	24,698	-	30,872
Postage and Delivery	2,516	-	4,673	7,189
Printing and Copying	18,154	484	5,570	24,208
Professional Fees	500	2,000	-	2,500
Rent	41,825	13,942	-	55,767
Salaries and Related Benefits	150,020	73,539	70,598	294,157
Security	1,059	353	-	1,412
Supplies	3,318	18,800	-	22,118
Tax and License	1,190	583	560	2,333
Travel	4,028	504	504	5,035
Utilities	2,507	836	-	3,342
TOTAL EXPENSES				
BEFORE DEPRECIATION	420,242	150,095	92,221	662,558
Depreciation	6,721	3,310	-	10,031
TOTAL EXPENSES	\$ 426,963	\$ 153,405	\$ 92,221	\$ 672,589

See Accompanying Notes

THE ANGEL'S DEPOT
A NONPROFIT ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

Page 8

	PROGRAM	GENERAL AND MANAGEMENT	FUNDRAISING	TOTAL
EXPENSES				
Advertising	\$ 4,898	\$ -	\$ 2,412	\$ 7,310
Auto	11,450	- -	- -	11,450
Communications	3,556	1,248	1,435	6,239
Dues and Subscriptions	- -	1,794	- -	1,794
Food Purchases	128,294	- -	- -	128,294
Insurance	7,450	2,614	3,006	13,070
Meals and Entertainment	2,316	1,140	- -	3,456
Office	3,704	1,300	1,495	6,499
Outside Services	3,299	13,195	- -	16,494
Postage and Delivery	2,331	818	941	4,090
Printing and Copying	4,952	1,737	1,998	8,687
Professional Fees	1,140	4,560	- -	5,700
Rent	27,173	9,058	- -	36,231
Salaries and Related Benefits	143,768	50,445	58,012	252,225
Security	498	246	- -	744
Supplies	21,076	7,395	8,504	36,975
Tax and License	426	995	1,422	2,843
Travel	320	- -	- -	320
Utilities	1,217	427	490	2,134
TOTAL EXPENSES				
BEFORE DEPRECIATION	367,868	96,972	79,715	544,555
Depreciation	9,275	4,568	- -	13,843
TOTAL EXPENSES	\$ 377,143	\$ 101,540	\$ 79,715	\$ 558,398

See Accompanying Notes

THE ANGEL'S DEPOT
A NONPROFIT ORGANIZATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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	2012	2011
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ (66,791)	\$ (75,115)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	10,031	13,843
Change in Operating Assets and Liabilities:		
Inventory	(14,330)	(958)
Prepaid Expenses	(3,690)	359
Grants Receivable	(12,181)	(8,651)
Unconditional Promises to Give	46,154	96,228
Deposits	-	(1,172)
Accounts Payable	3,772	5,096
Accrued Liabilities	331	(7,227)
	<hr/> 30,087	<hr/> 97,518
NET CASH PROVIDED BY OPERATING ACTIVITIES	<hr/> (36,704)	<hr/> 22,403
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchase of Property and Equipment	(2,503)	(18,671)
NET (DECREASE)/INCREASE IN CASH	<hr/> (39,207)	<hr/> 3,732
CASH, BEGINNING OF YEAR	<hr/> 176,990	<hr/> 173,258
CASH, ENDING OF YEAR	<hr/> \$ 137,783	<hr/> \$ 176,990
SUPPLEMENTAL DISCLOSURES:		
Interest Paid	\$ -	\$ -
Income Taxes Paid	\$ -	\$ -

See Accompanying Notes

**THE ANGEL'S DEPOT
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

Page 10

NOTE 1 ORGANIZATION

The Angel's Depot (the "Organization") is a California nonprofit organization, with no religious affiliation, formed in April 2005, and dedicated to serving a population of 50,000 senior citizens living in poverty in San Diego County.

The Organization's Mission Statement is: "The Angel's Depot was founded to provide food for the elderly poor living in San Diego County and to help improve the quality of their lives; to promote community awareness and support for impoverished seniors and to act as a conduit to other available resources." The Angel's Depot program has 3 key service areas: 1).

Providing "Senior Food-for-a-Week" Emergency Meal Boxes, containing breakfast, lunch, dinner and snacks for a week, free of charge, to seniors living in poverty in San Diego County. This program was designed to eradicate senior malnutrition and food insecurity and to provide a food safety net between Social Security checks; the average income of seniors served is \$791 per month. 2). Providing advocacy for seniors who have complex critical needs, including services of a Senior Case Manager, who also writes a health and wellness newsletter for insertion into the monthly emergency meal boxes, with other valuable senior resource information. 3). Providing community education as to the plight of the local elderly poor and engaging the community in solving their senior hunger crisis by providing volunteer opportunities such as food drives, meal box packings and community ambassadorship; providing donor opportunities such as foundation and corporate grant funding, the annual S.O.S. (Saving Our Seniors) \$25 Meal Box Sponsorship Campaign, corporate sponsorship and special event fundraisers, such as the annual gala evening each November.

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.

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

Basis of Presentation - The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**THE ANGEL'S DEPOT
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

Page 11

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted Net Assets - 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. Unrestricted net assets also include amounts designated for certain purposes by the Board of Directors.

Temporarily Restricted Net Assets - Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds. At December 31, 2012 and 2011, there were no temporarily restricted net assets.

Permanently Restricted Net Assets - Permanently restricted amounts are those which are restricted by donors that neither expire by the passage of time nor can be fulfilled or removed by actions of the Organization. At December 31, 2012 and 2011, there were no permanently restricted net assets.

Cash - The Organization considers financial instruments with a fixed maturity date of less than three months to be cash equivalents.

Inventory - Inventory consists of non-perishable food and is valued at the lower of cost, market, or donated value determined using the first-in-first-out method.

Property and Equipment - Property and equipment are carried at cost. Depreciation is computed using the straight-line method of depreciation over the assets' estimated useful lives of five to seven 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.

Fair Value Measurement - The Organization follows accounting standards consistent with the 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.

Revenue Recognition - Revenue is recognized when earned, which may be when cash is received, unconditional promises made, in-kind donations received or services rendered.

**THE ANGEL'S DEPOT
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services - Contributions of donated noncash assets are recorded at their fair values in the period received. The fair market value of donated food is determined using observable prices of identical or similar products sold by major retailers. The value of the donated food received was \$35,541 and \$27,152 for the years ended December 31, 2012 and 2011, respectively. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and that would have been purchased if they were not donated, are recorded at their fair values in the period received. During the years ending December 31, 2012 and 2011, the Organization had many individuals volunteer substantial time and effort in order to perform a variety of tasks including assembling and distributing of food boxes for senior citizens. However, these services do not meet the criteria for recognition as contributed services.

Functional Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Advertising Costs - The Organization expenses advertising costs as they are incurred. Advertising expense was \$12,395 and \$7,310 for the years ended December 31, 2012 and 2011, respectively.

Income Taxes - The Organization is exempt from federal or state 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 standards which provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax position and believes that all of the positions taken in its exempt organization tax returns are more likely than not to be sustained upon examination. As of December 31, 2012 and 2011, the Organization has not accrued interest or penalties related to uncertain tax positions. The Organization files tax returns in the U.S. Federal jurisdiction and the State of California. The Organization is no longer subject to U.S. and California examination by tax authorities for years before 2009 and 2008, respectively.

**THE ANGEL'S DEPOT
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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NOTE 3 CASH

The Organization did not have cash in excess of the federally insured limits of \$250,000 as of December 31, 2012 and 2011. The Company maintains its bank accounts at one commercial bank located in California.

NOTE 4 GRANTS RECEIVABLE

The Organization has received Community Development Block Grants (CDBG) from five different cities: San Diego, Oceanside, Carlsbad, Vista and El Cajon. Under the grant agreements the cities will reimburse the Organization for allowable costs incurred in generating their emergency meal boxes and distributing them inside their city limits. Receivables at year end represent amounts that have been incurred and billed for allowable costs. Payments on these invoices are typically collected within sixty days. Grant receivables totaled \$20,832 and \$8,651 as of December 31, 2012 and 2011 respectively.

NOTE 5 PROPERTY AND EQUIPMENT

Major categories of property and equipment are summarized as follows:

	2012	2011
Vehicles	\$ 48,061	\$ 48,061
Warehouse Equipment	25,775	24,574
Computer Equipment	24,635	23,333
Office Equipment	11,343	11,343
Furniture and Fixtures	3,791	3,791
	<hr/> 113,605	<hr/> 111,102
Accumulated Depreciation	(91,864)	(81,833)
	<hr/> \$ 21,741	<hr/> \$ 29,269

Depreciation expense was \$10,031 and \$13,843 for the years ended December 31, 2012 and 2011, respectively.

**THE ANGEL'S DEPOT
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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NOTE 6 UNCONDITIONAL PROMISES TO GIVE

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.

Unconditional promises to give consist of the following at December 31:

	2012	2011
Unrestricted	\$ 150,000	\$ 200,000
Less: Discount to Present Value	-	(3,846)
	<u>\$ 150,000</u>	<u>\$ 196,154</u>

Unconditional promises to give due in one to three years are discounted at 4%.

NOTE 7 FAIR VALUE MEASUREMENT

The Organization follows the methods of fair value measurement to value its financial assets. 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.

THE ANGEL'S DEPOT
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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NOTE 7 FAIR VALUE MEASUREMENT (Continued)

Assets Recorded at Fair Value on a Nonrecurring Basis - The Organization may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. The adjustments to fair value usually result from the application of lower-of-cost-market accounting or write-downs of individual assets. For assets measured at fair value on a nonrecurring basis in 2012 and 2011 that were still held in the balance sheet at each respective year end, the following table provides the fair value hierarchy and the carrying value of the related individual assets or portfolios at year end.

	2012	2012	2012	2012
	Level 1	Level 2	Level 3	Total
Assets Unconditional Promises to Give	\$ -	\$ -	\$ 150,000	\$ 150,000

	2011	2011	2011	2011
	Level 1	Level 2	Level 3	Total
Assets Unconditional Promises to Give	\$ -	\$ -	\$ 196,154	\$ 196,154

The unconditional promises to give are valued using a discounted cash flow model and are classified as Level 3.

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2012:

	Unconditional Promises to Give
Balance at January 1, 2012	\$ 196,154
New Pledges Received	50,000
Collections	(100,000)
Change in Present Value on Pledges	3,846
Balance at December 31, 2012	<u>\$ 150,000</u>

**THE ANGEL'S DEPOT
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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NOTE 7 FAIR VALUE MEASUREMENT (Continued)

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2011:

	Unconditional Promises to Give
Balance at January 1, 2011	\$ 292,382
New Pledges Received	-
Collections	(100,000)
Change in Present Value on Pledges	3,772
Balance at December 31, 2011	<u><u>\$ 196,154</u></u>

NOTE 8 ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	2012	2011
Payroll	\$ 4,696	\$ 5,276
Vacation	3,013	2,102
	<u><u>\$ 7,709</u></u>	<u><u>\$ 7,378</u></u>

NOTE 9 COMMITMENTS

The Organization currently has an agreement to lease office space. The lease is non-cancelable and expires in August 2013. Minimum future payments under the non-cancelable lease for the year ended December 31, 2013 is \$34,485. The Organization also leases a storage space on a month-to-month basis for \$329 per month.

The total rent expense including CAM charges for the years ended December 31, 2012 and 2011 was \$55,767 and \$36,231, respectively.

NOTE 10 SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 10, 2013, the date which the financial statements were available to be issued. There were no material subsequent events which affected the amounts or disclosures in the financial statements.



Where you will find us . . .
1497 Poinsettia Avenue, Suite 158
Vista, CA 92081
Telephone: (760) 599-7093
FAX: (760) 599-6402
Web Site: www.theangelsdepot.org
The Angel's Depot is a 501(c)3

Providing Dignity and "Senior Food-for-a-Week"
21-Meal Emergency Food Boxes FREE to
Older Americans Living in Poverty
in San Diego County

December 19, 2013

BOARD RESOLUTION

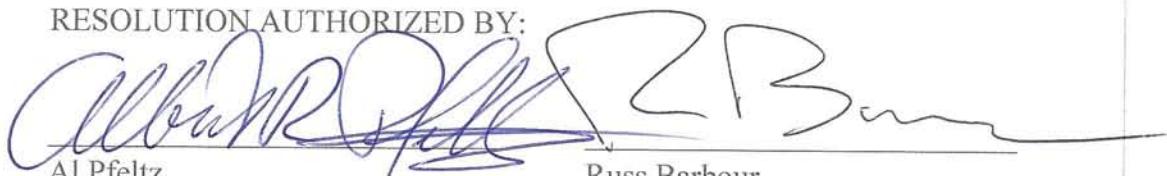
WHEREAS, The Angel's Depot requires the financial support of the community to operate;

AND WHEREAS, The Angel's Depot therefore needs to solicit for funds for food and operations by means of grant writing to government agencies, private and public foundations, corporations and individuals;

AND WHEREAS, The Angel's Depot must enter into contracts for grants and general operating purposes;

BE IT RESOLVED that The Angel's Depot Board of Directors hereby voted at the Board Meeting on this date, December 19, 2013, to give Susan Hall, Founder & Executive Director of The Angel's Depot, the authority to request funding and enter into contracts on behalf of the Board of Directors for the upcoming calendar year 2014.

RESOLUTION AUTHORIZED BY:



Al Pfeltz

President of the Board of Directors
The Angel's Depot

Date: 12/19/13

Russ Barbour

Treasurer of the Board of Directors
The Angel's Depot

Date: 12/19/13

The Angels Who Support Us

FOUNDING PARTNERS
Rincon Band of Luiseno Indians
Caesars Foundation
County of San Diego

THE BOARD OF DIRECTORS

Al Pfeltz
Founding President of the Board
Owner, Sun Wireless
Dale Ganzow
1st Vice President of the Board
Sales Manager, S.D. Business Journal
Al Guerin
2nd Vice President of the Board
Founding Board Member
Assistant Sheriff, SDSO, Retired
Susan Stames Hall
Secretary of the Board
Founder & Executive Director, The Angel's Depot
Russell Barbour
Treasurer of the Board
Market Sales Director, So. California, Humana
Juanita Hayes
Public Affairs Manager, SDG&E
Robin Zetts
Director, Product & Service Excellence,
Harrah's Rincon Casino & Resort

HONORARY BOARD MEMBERS

Janet Beronio, JD
Founding Board Member
Regional President
Harrah's Rincon & Ak Chin Casinos & Resorts
Attorney Carla DiMare, J.D.
Rancho Santa Fe, CA & Boston, MA
Jack Feller
Oceanside City Councilmember
Derek J. Lobo, J.D.
Law Firm Partner, Page, Lobo, Costales & Preston
Debra Lusardi
Owner, Lusardi Construction
Richard Romanello
Owner, Holiday Travel of America
John Sanders
Owner, CHM Hotels
Ted Vallas, Sr.
Founder, California Pacific Airlines

~ ANGEL DONORS ~

\$300,000 and above
Rincon Band of Luiseno Indians
Caesars Foundation
County of San Diego

\$150,000 and above
City of San Diego, funded by CDBG/HUD
The California Wellness Foundation
Walmart Foundation

\$100,000 and above
Harrah's Rincon Casino & Resort
Estate of Janet Wilson
Leichtag Family Foundation
Genentech Foundation
Seth Sprague Charitable Foundation

\$75,000 and above
NRG Energy San Diego
Rancho Santa Fe Foundation

\$50,000 and above
Howard Charitable Foundation
TriCity Healthcare District
DATRON/Barter Family

\$20,000 and above
Al Pfeltz, Sun Wireless
Anonymous Donor Number One
AT&T Foundation
BioFilm – Dan & Lois Wray
City of Oceanside funded by CDBG/HUD
City of Vista funded by CDBG/HUD
Debra and Warner Lusardi Foundation
Gladys Young

Nordson Foundation
Weingart Foundation
Wells Fargo Bank Foundation

DARRELL E. ISSA
49TH DISTRICT, CALIFORNIA

WASHINGTON OFFICE:
2347 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-3906
FAX: (202) 225-3303

DISTRICT OFFICE:
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VISTA, CA 92081
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COMMITTEE ON OVERSIGHT AND
GOVERNMENT REFORM
CHAIRMAN

COMMITTEE ON THE JUDICIARY
INTELLECTUAL PROPERTY
SUBCOMMITTEE

Congress of the United States
House of Representatives
Washington, DC 20515-0549

August 7, 2013

Ms. Susan Hall
Founder and Executive Director
The Angel's Depot
1497 Poinsettia Avenue, Suite 158
Vista, California 92081

Dear Ms. Susan Hall,

I would like to express admiration for your unparalleled commitment to creating and leading The Angel's Depot. I would like to personally congratulate The Angel Depot's accomplishments, including the distribution of One Million Pounds of Food in only 80 months of operation. Along with the generosity and dedication of our community members, you have made it possible to assist others and lend a hand in times of need while maintaining their sense of pride and personal independence. Your organization is truly an asset to the community.

The 49th District of California immensely appreciates your efforts and I am sincerely honored to represent constituents who have altruistically dedicated their time and efforts to help others. I wish you continued success in your future endeavors.

Sincerely,

A handwritten signature in blue ink that reads "Darrell E. Issa".

Darrell E. Issa
Member of Congress



SAN MARCOS COMMUNITY FOUNDATION
Grant Cover Page

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

Project Name: Residential Services Program Date Submitted: 06/25/2014 7/2/2014	Total # of people served: 60 Total # of San Marcos residents served: 60	Amount Requested: \$5,000
Non-Profit Organization Name and Address, Website Casa de Amparo 325 Buena Creek Road San Marcos, California 92069 http://www.casadeamparo.org		Contact Person – Name, Title & Phone, email Katherine M. Karpé, CFRE Director of Development 760-754-5500 kkarpe@casadeamparo.org
Briefly describe your request for funds (to be expanded upon in narrative for regular grant): Casa de Amparo is respectfully requesting support for our Residential Services Program (RSP) which improves the quality of life for children and teens that have been removed from their homes due to abuse or neglect. The RSP is a Level 12 residential group home meaning the majority of residents are dealing with significant behavioral and mental health challenges as a result of their mistreatment. The program's services are therapeutically-based and ensure that each resident has the necessary means to succeed once they leave our care. The RSP accommodates up to 42 children, prenatal to 21 years old, while supporting approximately 60 residents throughout the year. The program's ultimate goal is to assist residents as they overcome the traumatic effects of abuse so they can enter their next stage in life as healthy members of our community.		
Briefly describe the significance of your request to the San Marcos community: The RSP is a unique program that provides our most vulnerable children with an opportunity to overcome horrific events in their lives. All the residents of our RSP are residents of San Marcos. Our programs are aimed at the treatment and prevention of child abuse and neglect in our community. By assisting children as they overcome the trauma of abuse, we are able to prepare them academically, emotionally and developmentally to excel at the next stage in their lives.		
Please attach the following items. Both Mini-Grant & Regular: 1. Budget for request (use SMCF Budget Worksheet) 2. Annual Operating budget for the organization or unit 3. Federal & State Tax ID numbers 4. Board of Directors listing with affiliations 5. Regular Grants Only: a. 1-2 page narrative b. First 2 pages of Federal 990 c. Most recent year-end Statement or Audit including any management letters associated with Audit. d. Signature of President or Authorized Officer on Application e. Optional: letters of support		Expected date project will begin/end: September 1, 2014 to June 30, 2015 Date by which funds will be expended: June 30, 2015 Signature of President or Authorized Officer Name, Title _____ Date _____ Executive Director
Submit Via Mail, In Person or Via Email to: San Marcos Community Foundation c/o City of San Marcos 1 Civic Center Drive San Marcos, CA 92069 Email (PDF Format): wkaserman@san-marcos.net		

Narrative

Casa de Amparo was established in 1978 in California as a 501(c)(3) and has been providing supportive services to San Diego County residents for over 36 years. The mission of Casa de Amparo is to support those affected by and at risk of child abuse and neglect through a range of programs and services that promote healing, growth and healthy relationships. This continuum of services promotes family enrichment, reunification, and preservation through programs focused on child and parent education, as well as child abuse prevention and intervention. Casa de Amparo's goals are to: 1) Break the cycle of family violence, 2) Prevent behaviors which endanger children, and 3) Implement programs and services that further Casa de Amparo's mission. Casa de Amparo's continuum of programs and services supports approximately 850 children, 450 adults and 675 families on an annual basis. These programs include:

1. **Residential Services** - 24-hour services, support and care for abused and neglected children, prenatal to age 21.
2. **Hayward Child Development Center** - Therapeutic preschool for children, 18 months to 5 years of age, and evidence-based parent education for families.
3. **New Directions** - Transitional housing for young adults, ages 18 to 24, who have emancipated from the foster care system.
4. **Young Parent Network** - Evidence-based treatment and recovery services for pregnant and parenting youth ages 24 and younger.
5. **Family Visitation Services** - For parents that have been separated from their children and wish to interact in a safe and supervised setting, while working with the court system toward healthy reunification, if appropriate
6. **Counseling Services** - For clients in other Casa de Amparo programs or outpatient families needing evidence-based clinical support to improve their ability to provide a safe and nurturing home for their children.

Casa de Amparo is respectfully requesting \$5,000 from the San Marcos Community Foundation to offset expenses associated with Residential Services, our most underfunded program. Casa de Amparo's Residential Services opened in 1978 and provides 24-hour trauma-informed child abuse treatment and support for approximately 60 foster youth removed from their homes due to abuse or neglect each year. The program ensures that regardless of a child's medical condition, behavioral challenge or length of time in our care, every child has access to an environment where they have the fullest range of healthy childhood experiences and ultimately maximize their level of independence as young adults. Support from the San Marcos Community Foundation will continue to benefit the individualized treatment for residents affected by child abuse and neglect in San Marcos by insuring they receive an exceptional level of care through the following services at our Residential Services Program:

- Medical assessments and coordination with specialists for residents with special health care needs
- Transportation to all medical appointments and supervised visits with extended family members
- 1 to 1 counseling and group therapy with licensed clinicians and pre-licensure interns
- Education and tutoring via 1:1 instruction
- Literacy skill building
- Job readiness for older teens nearing emancipation from foster care
- Nutrition education
- Encouraging healthy eating habits and providing nutritious meals and snacks for every resident, every day of the year
- Recreational and therapeutic activities incorporating art, life skills, sports and outdoor activities

Since moving to our new 11.4-acre Casa Kids Campus in San Marcos in 2012, Casa de Amparo has continued to increase offerings and expand our footprint in San Diego County. Those suffering from and impacted by child abuse and neglect are thriving in a place of healing in which they can be proud, while our organization can

prosper and grow to help additional underserved populations. Our three Residential Services cottages, counseling offices, a library, medical services center, expansive outdoor learning areas, arts and recreation rooms, a basketball court, picnic areas, and gardens provide convenience and accessibility. Child-friendly interiors, sustainable landscaping and design add to a comforting, healing and efficient environment for children receiving residential care with and other elements providing convenience, accessibility and welcoming interiors in a comforting and efficient environment for healing and learning. The Campus improves and enhances our ability to support additional children and meet continuously evolving needs by integrating education, physical wellness, life skills and other services for our full-time residents.

Casa de Amparo uses "Social Solutions Efforts to Outcomes" (ETO) software for confidential and secure data collection, such as bednights, demographics and number of unduplicated youth served. This is our main source for tracking outcomes and qualitative/ quantitative results and has been customized by our project software managers to meet the individualized needs and outcomes of all of our programs. Outcomes, participation, and demographic reports are reviewed monthly by our Program Managers and reported to funders in an effort to share the impact of their support.

Casa de Amparo also monitors each resident's progress by using the County's Functional Assessment Rating Scale (CFARS) measuring physical, emotional and academic development. In measuring children at intake and discharge, we typically expect the following percentages of children to show improvement in the listed areas upon discharge:

- 90% to show improvement with ADL functioning (= adult daily living activities)
- 80% to show improvement in medical status and physical health
- 80% to show improvement with substance use
- 75% to show improvement in relationships (= interpersonal, hyperactivity, cognitive thought process)
- 70% to show improvement in emotionality (= anxiety, traumatic stress, depression)

We received licensure in early 2014 to support pregnant and parenting teen moms in the foster care system and enrolled our first client in April. This has increased our capacity from 20 to 42 residents (including 10 infants). Casa de Amparo is experiencing tremendous program growth as we remain responsive to the evolving needs of local youth. Your support will be leveraged with other current and new partners dedicated to the community's most pressing needs. During the time period supported by our most recent award from the San Marcos Community Foundation, Casa de Amparo has served 54 children with 4,766 bednights through the end of May 2014. Since our current capacity did not take effect until the current grant period was underway, we anticipate supporting an increased number of foster youth in the next grant period.

Partnering with San Marcos Community Foundation and our local community, we can put an end to the prevalent problem of child abuse and neglect. With your support, the future can be one where children are safe, nurtured and provided with the opportunity to thrive, without the fear of abuse or neglect. Casa de Amparo appreciates your consideration to support our Casa Kids and looks forward to strengthening our partnership that directly impacts San Marcos's most vulnerable children.

SAN MARCOS COMMUNITY FOUNDATION
Budget Worksheet

Provide an itemized list of expenses for this project:

Residential Services has an operating budget shortfall of \$393,842.37 (please see attached annual operating budget):

<u>Total Operating Expenses</u>	
Personnel Salaries	1,060,868.55
Personnel Taxes	202,043.76
Personnel Benefits	96,507.15
Supplies	45,535.00
Telephone	4,766.25
Postage & Shipping	80.00
Occupancy	87,809.02
Printing	75.00
Transportation	42,068.05
Training, Meetings & Other	5,240.52
Advertising & Recognition	1,280.00
Children's Medical	300.00
Children Psychology	2,400.00
Recreation & Cultural Events	7,000.00
Child Allowance	7,000.00
Other Program Expense	10,000.00
Licenses/Prints	2,200.00
Equipment Expense	11,189.85
Miscellaneous Expense	105.47
Administrative Overhead	110,571.90
Total EXPENDITURES	1,697,040.53

Total budget for this PROJECT: **\$1,697,040.53**

Grant Request Amount: **\$5,000.00**

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

Is this a challenge grant? **No**

Could it be? **No**

Please list any other funding sources for this project.

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

Committed and Received (*These are major sources of funding (greater than \$1,000) for Residential Services during FY 2013-14. We anticipate receiving a similar amount of support from the same entities during FY 2014-15.)*

\$25,161.94 - Zable Foundation

\$20,000.00 - St. Germaine Children's Charity

\$15,000.00 - Genentech

\$10,000.00 - Variety - The Children's Charity of Southern California

\$10,000.00 - Day For Change

\$8,000.00 - Nordson Corporation Foundation
\$5,000.00 - SDG&E
\$5,000.00 - Tri-City Healthcare District
\$5,000.00 - Livingston Family Foundation
\$5,000.00 - Nordstrom
\$5,000.00 - TJX Foundation
\$2,500.00 - Heller Foundation
\$2,250.00 - Pratt Memorial Fund
\$2,000.00 - San Marcos Community Foundation
\$1,500.00 - Daphne Seybolt Culpepper Memorial Foundation
\$1,000.00 - San Diego Unified School District Community Service Association
\$1,000.00 - The SUNDT Foundation

Committed and Pending – *Approved during FY 2013-14, but funds will not be awarded until FY 2014-15.*

\$10,000.00 - Country Friends
\$5,000.00 - Nordstrom Cares

Pending – *Applied during FY 2013-14, but any awards will not be awarded until FY 2014-15.*

\$100,000.00 Genentech Foundation
\$15,000.00 Variety – The Children's Charity of Southern California
\$10,000.00 - Nordson Corporation Foundation
\$5,500.00 - Dalebrook Fund
\$5,000.00 - Cubic Corporation
\$5,000.00 - Fox Fund
\$5,000.00 - Northrop Grumman
\$3,000.00 - Daphne Seybolt Culpeper Memorial Foundation



The following budget reflects program services for up to 20 children. Casa de Amparo is currently in the process of finalizing our program budget to reflect our recently increased capacity (see Narrative) and the associated staffing and resource expenditures. We will send along an updated budget to the San Marcos Community Foundation by July 31, 2014.

**Casa de Amparo FY 14-15
General Operating Program Budgets**

**Residential
Services**

<u>Total Operating Expenses</u>	
Personnel Salaries	1,060,868.55
Personnel Taxes	202,043.76
Personnel Benefits	96,507.15
Supplies	45,535.00
Telephone	4,766.25
Postage & Shipping	80.00
Occupancy	87,809.02
Printing	75.00
Transportation	42,068.05
Training, Meetings & Other	5,240.52
Advertising & Recognition	1,280.00
Children's Medical	300.00
Children Psychology	2,400.00
Recreation & Cultural events	7,000.00
Child Allowance	7,000.00
Other Program Expense	10,000.00
Licenses/Prints	2,200.00
Equipment Expense	11,189.85
Miscellaneous Expense	105.47
Administrative Overhead	110,571.90
Total EXPENDITURES	1,697,040.53

Secured Revenue

AFDC	1,298,198.16
CDBG Contracts	5,000.00
Total REVENUE	1,303,198.16

AMOUNT UNFUNDDED **(393,842.37)**

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

325 Buena Creek Road, San Marcos, CA 92069

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

SMCF 8/19/2014 Item 3 (b) Page 134 of 193

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



Casa de Amparo FY 2014-2015 Annual Operating Budget

INCOME

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

EXPENSES

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

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

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

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

014742

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

Dear Taxpayer:

This is in response to your Jan. 16, 2014, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in August 1979.

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

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

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

4077589886
Mar. 10, 2014 LTR 4168C 0
95-3315571 000000 00
00049737

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

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

Sincerely yours,



Tamara Ripperda
Director, Exempt Organizations



FRANCHISE TAX BOARD

SACRAMENTO, CALIFORNIA 95867

Telephone: (800) 852-5711

March 26, 1979

In reply refer to
344: R:bp:g

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

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

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

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

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

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

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

This exemption effective as of January 15, 1979.

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

Anderson Scott
Exempt Organization Section

cc: Registrar of Charitable Trusts



**Casa de Amparo
2014 Board of Directors Roster**

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

Chair of the Board

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

Shannon Gonzalez (10/13-12/16)

Finance Director, Noble Environmental
Technologies

Vice-Chair

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

Jim Grant (8/12-12/15)

President, J.E. Grant General
Contractors

Immediate Past Chair

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

Kayleen Huffman (10/13-12/16)

CFO, Bassett Home Furnishings

Treasurer

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

Duffy Keys (5/10-12/15)

Principal, B Cellars Napa Valley Blends

Secretary

Sharon Stein (6/93-12/14)
Member of the Board of Directors, Stein
Family Foundation

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

Business Consultant

Jerry Stein (12/03-12/15)

Member of the Board of Directors, Stein
Family Foundation

Members of the Board

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

Executive Director

Tamara Fleck-Myers, LMFT

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

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

Jim Fish (5/12-12/14)
Retired Executive

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

325 Buena Creek Road, San Marcos, CA 92069

Phone: 760-754-5500 • Fax: 760-566-3569 • www.casadeamparo.org Item 3 (b) Page 140 of 193

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

Return of Organization Exempt From Income Tax

Department of the Treasury
Internal Revenue ServiceUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

2012

Open to Public
Inspection

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

A For the 2012 calendar year, or tax year beginning

07/01/2012, and ending

06/30/2013

B Check if applicable:		C Name of organization CASA DE AMPARO		D Employer identification number 95-3315571	
Address change	Doing Business As			E Telephone number (760) 754-5500	
Name change	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite			
Initial return	325 BUENA CREEK ROAD				
Terminated	City or town, state or country, and ZIP + 4				
Amended return	SAN MARCOS, CA 92069				
Application pending					
		F Name and address of principal officer: TAMARA FLECK-MYERS 325 BUENA CREEK ROAD, SAN MARCOS, CA 92069		G Gross receipts \$ 5,536,348.	
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.)		4947(a)(1) or 527		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
J Website: ► WWW.CASADEAMPARO.ORG				H(b) Are all affiliates included? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►		L Year of formation: 1979		M State of legal domicile: CA	

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: TO SUPPORT THOSE AFFECTED BY AND AT RISK OF CHILD ABUSE AND NEGLECT, THROUGH A RANGE OF PROGRAMS AND SERVICES THAT PROMOTE HEALING, GROWTH AND HEALTHY RELATIONSHIPS.		
	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 13.	
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4 13.	
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5 115.	
	6 Total number of volunteers (estimate if necessary)	6 250.	
	7a Total gross unrelated business revenue from Part VIII, column (C), line 12	7a 0	
	b Net unrelated business taxable income from Form 990-T, line 34	7b 0	
	8 Contributions and grants (Part VIII, line 1h)	Prior Year 3,176,464. Current Year 1,764,642.	
	9 Program service revenue (Part VIII, line 2g)	3,245,229. 3,493,888.	
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	6,544. 15,005.	
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	56,305. 10,601.	
12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	6,484,542. 5,284,136.		
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0 0		
14 Benefits paid to or for members (Part IX, column (A), line 4)	0 0		
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	3,077,277. 3,533,800.		
16a Professional fundraising fees (Part IX, column (A), line 11e)	0 0		
b Total fundraising expenses (Part IX, column (D), line 25) ► 594,037.			
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	1,714,186. 1,738,442.		
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	4,791,463. 5,272,242.		
19 Revenue less expenses. Subtract line 18 from line 12	1,693,079. 11,894.		
20 Total assets (Part X, line 16)	Beginning of Current Year 19,786,493. End of Year 19,597,146.		
21 Total liabilities (Part X, line 26)	4,037,991. 3,836,757.		
22 Net assets or fund balances. Subtract line 21 from line 20	15,748,502. 15,760,389.		

Part II Signature Block

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

Sign Here	► Signature of officer	Date		
	► TAMARA FLECK-MYERS	EXECUTIVE DIRECTOR		
	► Type or print name and title			
Paid Preparer Use Only	Print/Type preparer's name SANDRA L. FEINSMITH	Preparer's signature	Date	Check if self-employed ► <input type="checkbox"/> PTIN P01064157
	Firm's name ► BDO USA, LLP		EIN ► 13-5381590	
	Firm's address ► 4250 EXECUTIVE SQUARE SUITE 600 LA JOLLA, CA 92037		Phone no. ► 858-404-9200	

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

For Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2012)

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response to any question in this Part III 1 Briefly describe the organization's mission:ATTACHMENT 1

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 \$ 1,829,359. including grants of \$ _____) (Revenue \$ 1,310,573.)ATTACHMENT 24b (Code: _____) (Expenses \$ 929,908. including grants of \$ _____) (Revenue \$ 890,542.)ATTACHMENT 34c (Code: _____) (Expenses \$ 587,017. including grants of \$ _____) (Revenue \$ 458,854.)ATTACHMENT 44d Other program services (Describe in Schedule O.) ATTACHMENT 5
(Expenses \$ 1,278,525. including grants of \$ _____) (Revenue \$ 833,919.)4e Total program service expenses ► 4,624,809.

Casa de Amparo

**Financial Statements and
Supplemental Information
As of and for the Year Ended June 30, 2013
(With Comparative Information for June 30, 2012)**

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

BDO
®

Casa de Amparo

Financial Statements and Supplemental Information

**As of and for the Year Ended June 30, 2013
(With Comparative Information for June 30, 2012)**

Casa de Amparo

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Casa de Amparo

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Tel: 858-404-9200
Fax: 858-404-9201
www.bdo.com

4250 Executive Square, Suite 600
La Jolla, CA 92037

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Casa De Amparo (the "Organization"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Casa De Amparo as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited Casa De Amparo 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 4, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2013 on our consideration of Casa De Amparo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Casa De Amparo's internal control over financial reporting and compliance.

BDO USA, LLP

San Diego, California
November 8, 2013

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Financial Statements

Casa de Amparo
Statement of Financial Position

As of June 30,	2013	2012
Assets		
Current assets		
Cash and cash equivalents	\$ 2,576,982	\$ 2,573,665
Restricted cash	303,633	80
Accounts receivable	470,105	251,995
Pledges receivable, net	201,465	421,896
Prepaid expenses and other current assets	59,918	176,515
Total current assets	3,612,103	3,424,151
Property and equipment, net of accumulated depreciation	13,976,372	14,271,085
Other assets		
Pledges receivable, net	270,440	307,994
Land lease	1,391,889	1,445,082
Deposits	9,460	104,149
Assets held by others	336,882	234,032
Total other assets	2,008,671	2,091,257
Total assets	\$ 19,597,146	\$ 19,786,493
Liabilities and Net assets		
Current liabilities		
Accounts payable	\$ 70,807	\$ 89,881
Construction loan payable	-	3,413,846
Accrued compensation and other expenses	302,760	240,004
Contract overpayments	6,351	788
Deferred revenue	160,550	247,866
Current portion of loan payable	124,488	-
Total current liabilities	664,956	3,992,385
Other Liabilities		
Fair value of interest rate swap contract	12,193	-
Loan Payable, net current portion	3,114,002	-
Note Payable	45,606	45,606
Total other liabilities	3,171,801	45,606
Total liabilities	3,836,757	4,037,991
Commitments and Contingencies		
Net assets		
Unrestricted	14,275,782	14,217,984
Temporarily restricted	1,421,869	1,467,780
Permanently restricted	62,738	62,738
Total net assets	15,760,389	15,748,502
Total liabilities and net assets	\$ 19,597,146	\$ 19,786,493

See accompanying notes to financial statements.

Casa de Amparo
Statement of Activities
(With Comparative Totals for the Year Ended June 30, 2012)

June 30,	2013				2012 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Revenue and support					
Contract revenue	\$ 3,402,801	\$ -	\$ -	\$ 3,402,801	\$ 3,215,205
Contributions	524,051	583,724	-	1,107,775	1,613,282
Special events revenue and related contributions	714,358	-	-	714,358	611,704
In-kind donations	207,220	-	-	207,220	1,114,473
Interest and other income	110,635	7,282	-	117,917	57,217
Net assets released from restrictions	636,917	(636,917)	-	-	-
Total revenue and support	5,595,982	(45,911)	-	5,550,071	6,611,881
Expenses					
Program services	4,635,168	-	-	4,635,168	4,082,561
Supporting services:					
General and administrative	55,768	-	-	55,768	99,004
Fundraising:					
Special events	252,212	-	-	252,212	132,774
Other	595,036	-	-	595,036	609,898
Total expenses	5,538,184	-	-	5,538,184	4,924,237
Change in net assets	57,798	(45,911)	-	11,887	1,687,644
Net assets, beginning of year	14,217,984	1,467,780	62,738	15,748,502	14,060,858
Net assets, end of year	\$ 14,275,782	\$ 1,421,869	\$ 62,738	\$ 15,760,389	\$ 15,748,502

See accompanying notes to financial statements.

Casa de Amparo

Statement of Functional Expenses (With Comparative Totals for the Year Ended June 30, 2012)

	June 30,	Residential Services	New Transitional Housing	Hayward Child Development Center	Family Visitation	Counseling Services	Young Parent Network	Total Program Services	General and Administrative	Fundraising	Total 2013	Total 2012
Salaries	\$ 1,072,431	\$ 395,557	\$ 285,710	\$ 59,373	\$ 334,381	\$ 173,843	\$ 2,543,324	\$ 8,345	\$ 380,322	\$ 2,931,991	\$ 2,578,379	
Benefits	267,869	60,985	63,951	64,586	24,543	541,307	1,390	59,111	601,808	498,897		
Professional Services	35,246	8,605	4,279	3,975	38,136	4,654	94,895	2,609	14,878	112,382	161,295	
Supplies	50,389	19,383	11,129	3,839	3,899	3,482	92,121	229	3,307	95,657	105,965	
Telephone	9,288	5,958	1,082	2,362	2,593	1,006	22,289	125	3,091	25,505	29,215	
Postage & Shipping	283	121	145	70	167	45	831	34	3,658	4,523	9,519	
Occupancy	52,100	190,935	27,882	32,198	21,411	5,386	329,912	695	13,590	344,197	378,800	
Printing	119	88	28	61	36	25	357	2	10,201	10,560	15,959	
Transportation	39,924	25,389	1,122	26,507	2,916	6,498	102,356	76	2,246	104,678	70,928	
Training, Meetings, Other	5,664	2,642	1,489	1,809	11,770	5,848	29,222	344	7,976	37,542	36,353	
Advertising and Promotion	1,331	549	274	675	331	155	3,315	30	3,436	6,781	5,068	
Program Expense	28,914	43,548	7,833	1,674	12,152	2,158	96,279	17	-	96,296	58,477	
Equipment Expense	39,747	13,717	5,627	8,344	9,759	4,551	81,745	1,119	19,223	102,087	457,180	
Special Event Expense	-	-	-	-	-	-	-	-	252,212	252,212	132,774	
Other In Kind	66,540	71,406	11,172	20,114	176	9,735	179,143	93	16,952	196,188	98,293	
Interest Expense	44,987	25,363	3,180	13,709	21,274	1,097	109,610	1,096	12,544	123,250	55,336	
Depreciation and Amortization	107,509	61,614	62,804	75,938	62,228	8,936	379,029	37,796	25,134	441,959	185,029	
Miscellaneous	11,279	6,490	2,987	3,543	3,354	1,780	29,433	1,768	19,367	50,568	46,770	
Total Functional Expenses	\$ 1,833,620	\$ 932,350	\$ 490,694	\$ 535,593	\$ 589,169	\$ 253,742	\$ 4,635,168	\$ 55,768	\$ 847,248	\$ 5,538,184	\$ 4,924,237	

See accompanying notes to financial statements.

Casa de Amparo

Statement of Cash Flows

Years ended June 30,	2013	2012
Cash Flows from Operating Activities		
Increase in net assets:	\$ 11,887	\$ 1,687,644
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	388,766	131,836
Amortization of free use of land	53,193	53,193
Investment (gains) losses	(20,730)	3,784
Loss on disposition of property and equipment	-	12,889
Loss on interest rate swap contract	12,193	-
(AIncrease) decrease in cash resulting from change in:		
Accounts receivable	(218,110)	(126,985)
Pledges receivable	257,985	450,995
Prepaid expenses and other current assets	116,597	(115,576)
Increase (decrease) in cash resulting from change in:		
Accounts payable	(19,074)	(36,917)
Construction loan payable	-	(737,248)
Accrued compensation and other expenses	62,756	77,542
Contract overpayments	5,563	(3,086)
Deferred revenue	(87,316)	49,194
Net cash provided by operating activities	563,710	1,447,265
Cash Flows from Investing Activities		
Purchases of property and equipment	(94,053)	(7,819,272)
Purchases of investments	(82,120)	-
Decrease (Increase) in deposits	94,689	(1,205)
Net cash used by investing activities	(81,484)	(7,820,477)
Cash Flows from Financing Activities		
Increase (decrease) in restricted cash for construction in progress/loan payments	(303,553)	3,106,643
Repayments on loan payable	(175,356)	3,413,846
Net cash provided by (used in) financing activities	(478,909)	6,520,489
Net increase in cash	3,317	147,277
Cash, beginning of year	2,573,665	2,426,388
Cash, end of year	\$ 2,576,982	\$ 2,573,665
Supplemental disclosure:		
Interest capitalized to loan payable	\$ 14,399	\$ 55,335
Interest paid	\$ 96,657	\$ -

See accompanying notes to financial statements.

Casa de Amparo

Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies

Nature of Activities

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

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

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

Basis of Presentation

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

Casa de Amparo

Notes to Financial Statements

Use of Estimates

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

Financial Statement Presentation

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

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

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. No allowance was considered necessary at June 30, 2013 and 2012 as management believes that all amounts are collectible.

Pledges Receivable

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

Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are discounted to their estimated net present value, see Note 3. After pledges are originally recorded, an allowance for uncollectible pledges may be established based on specific circumstances.

Investments

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

Casa de Amparo
Notes to Financial Statements

Property and Equipment

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

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

Valuation of Long-Lived Assets

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

Impairment, which is determined based upon the estimated fair value of the asset, is recorded when estimated undiscounted cash flows expected to be generated by the asset is insufficient to recover its net carrying value. As of June 30, 2013, the Organization did not identify any events or circumstances that would require the recognition of an impairment loss under this standard.

Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Included in temporarily restricted contributions are contributions pertaining to the Casa Kids Campus Campaign totaling \$286,335 and \$944,156 for the years ended June 30, 2013 and 2012, respectively.

Revenue from grants/contracts is recognized to the extent of eligible costs incurred up to an amount not to exceed the total grant/contract authorized. Deferred revenue results from grant awards received that are applicable to the subsequent period.

Casa de Amparo

Notes to Financial Statements

Contributed Materials and Services

Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to operations as appropriate. Certain contributed items are auctioned at the Organization's special events. Contributed items are included in the statements of activities as contributions and program and special event expenses. The Organization receives a substantial amount of services donated by volunteers in carrying out the Organization's program services. The services do not meet the criteria as contributions and are, therefore, not recognized in the financial statements. Included in temporarily restricted contributed materials are contributed materials pertaining to the Casa Kids Campus Campaign totaled \$0 and \$1,001,094 for the years ended June 30, 2013 and 2012, respectively.

Income Taxes

The Organization is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. This exemption is for all income taxes except for those assessed on unrelated business income, if any. The Organization is not a private foundation.

The Organization uses a loss contingencies approach for evaluating uncertain tax positions and continually evaluates changes in tax law and new authoritative rulings. Management believes that the Organization has no uncertain tax positions. The Organization's returns for years ended June 30, 2012, 2011, and 2010 are subject to examination by federal and state taxing authorities, generally for three years after they are filed.

Restricted Cash

The Organization has restricted cash of \$303,633 and \$80 held at Wells Fargo Bank as of June 30, 2013 and 2012, respectively for the construction of the building at Twin Oaks Valley and for payments on the debt related to the Casa Kids Campus.

Fair Value Measurements

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

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

Casa de Amparo

Notes to Financial Statements

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

The carrying value of cash, receivables, and payables approximates fair value as of June 30, 2013, due to the relative short maturities of these instruments. The loan payable approximates fair value as the loan was just obtained at market value and there have been no significant changes in interest rates.

Functional Allocation of Expenses

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

Recently Issued Accounting Pronouncement

In October 2012, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2012-05, "Statement of Cash Flows: Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows." ASU 2012-05 requires a not-for-profit to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any not-for-profit imposed restrictions for sale and were converted nearly immediately into cash. Accordingly, the cash receipts from the sale of those securities would be classified as cash flows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts would be classified as cash flows from financing activities. Otherwise, receipts from the sale of donated securities would be classified as cash flows from investing activities by the not-for-profit. The amendments are to be applied prospectively and are effective for fiscal years beginning after June 15, 2013. Management is currently evaluating the effect that the provisions of ASU 2012-05 will have on the financial statements.

Accounting Guidance Issued But Not Adopted as of June 30, 2013

Effective July 1, 2013, the Organization will adopt the amended guidance in ASC 210, Balance Sheet. The amended guidance addresses disclosure of offsetting financial assets and liabilities. It requires entities to add disclosures showing both gross and net information about instruments and transactions eligible for offset in the balance sheet and instruments and transactions subject to an agreement similar to a master netting arrangement. The updated disclosures will be implemented retrospectively and will not impact the Organization's financial position or results of operations.

Casa de Amparo
Notes to Financial Statements

Comparative Totals

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, the prior year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2012 from which the summarized information was derived.

Subsequent Events

The Organization has evaluated subsequent events through November 8, 2013, which is the date the financial statements were available to be issued.

2. Concentration of Credit Risk

Cash

The Organization maintains cash balances at several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). On May 20, 2009, the Helping Families Save Their Homes Act temporarily increased FDIC deposit insurance limits from \$100,000 to \$250,000 until December 31, 2013. The SIPC is a non-profit membership corporation funded by its member securities broker-dealers. The SIPC is not a government agency or regulatory agency. The Organization's uninsured cash balance was \$2,378,866 at June 30, 2013 at top tier rated institutions.

Revenue

The Organization receives a significant portion of its revenue from government contracts. For the year ended June 30, 2013, the Organization received \$1,290,806, or 23% of its total revenue for its Foster Care Group Home and \$820,877, or 15% of its total revenue for its New Directions program. Contract revenue also includes \$127,816 received from private foundations for the year ended June 30, 2013.

Casa de Amparo
Notes to Financial Statements

3. Pledges Receivable

Pledges receivable consist of the following at June 30:

	2013	2012
Gross pledges receivable	\$ 484,635	\$ 770,071
Less imputed discount	(12,730)	(19,181)
	471,905	750,890
Less allowance for doubtful accounts	-	(21,000)
	\$ 471,905	\$ 729,890
 Pledges receivable consist of the following:		
Due in less than one year	\$ 201,465	\$ 442,896
Due after one to five years	283,170	327,175
	\$ 484,635	\$ 770,071

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

Pledges receivable of \$450,000 are due from four individuals at June 30, 2013. Pledge payments of \$272,187 were collected during the year ended June 30, 2013. The amounts due and the payments received are all in line with the original pledge agreements.

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

4. Assets Held By Others

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

The San Diego Foundation's endowment funds are invested in a diversified portfolio which invests 50% in domestic and international equities, 19% in fixed income, 11% in real estate, and 20% in alternative funds. The San Diego Foundation's distribution allocation policy is to disburse 5% annually, based upon endowment principal market value over the last 36 months. These calculations are made on a monthly basis. If the market value of the endowment principal of any fund, at the end of each month, is less than the initial value of all the contributions made to endowment principal, then distributions will be limited to interest and dividends received.

Casa de Amparo
Notes to Financial Statements

The Jewish Community Foundation's endowment funds are invested in an endowment pool which invests 49.6% in domestic and international equities, 10.2% in fixed income, 10.2% in real assets, 29.4% in multi-strategy funds and 0.6% in cash and cash equivalents.

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

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

Assets	Level 1	Level 2	Level 3	Total Fair Value
Endowment Investment Pool - San Diego Foundation	\$ -	\$ -	\$ 187,084	\$ 187,084
Endowment Investment Pool - Jewish Community Foundation	-	-	149,798	149,798
	\$ -	\$ -	\$ 336,882	\$ 336,882

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

	San Diego Foundation	Jewish Community Foundation	Total
Fair value, beginning of year	\$ 171,312	\$ 62,720	\$ 234,032
Contributions	-	82,120	82,120
Change in Value	15,772	4,958	20,730
Fair value, ending of year	\$ 187,084	\$ 149,798	\$ 336,882

The Organization's policy is to disburse funds available in accordance with donor restrictions to meet the current program needs of Casa de Amparo.

5. Property and Equipment

Property and equipment consist of the following at June 30:

	2013	2012
Land	\$ 916,587	\$ 916,587
Buildings	13,628,685	13,534,632
Furniture and equipment	155,803	155,803
Vehicles	112,285	112,285
	14,813,360	14,719,307
Less accumulated depreciation	(836,988)	(448,222)
	\$ 13,976,372	\$ 14,271,085

Casa de Amparo

Notes to Financial Statements

Depreciation and amortization expense related to property and equipment was \$388,766 and \$131,836 for the years ended June 30, 2013 and 2012, respectively.

In 1998 the Organization began a strategic capital campaign to establish permanent facilities for existing and future child abuse prevention and treatment programs and the development of technology infrastructure that is crucial to effective and well-monitored service delivery. Phase I concluded the construction of the \$1,559,789 Casa de Amparo Child Development and Family Services Center located in Oceanside, California. The site currently houses three programs.

In March 2009, a major use permit was approved by the County Board of Supervisors to build a second campus in Twin Oaks Valley. In fiscal year 2012, the organization completed the construction of the approximately \$12 million Casa Kids Campus which was occupied beginning April 2012. The site houses Residential Services as well as the administrative offices.

6. Loan Payable

During fiscal year 2012 the Organization was in the final development of its Casa Kids' Campus located in San Marcos. In the event that it did not raise all of the necessary charitable contributions via its Capital Campaign to pay for all of the construction costs, the Organization secured a commitment letter, up to the amount of \$5,500,000, bearing interest, at 5%, from Wells Fargo to obtain a construction loan for the remaining dollars needed to complete the Casa Kids' Campus Construction in fiscal year 2012. During fiscal year 2013, permanent financing of the Casa Kids Campus was secured in the form of a loan, combined with an interest rate swap, entered into with Wells Fargo Bank effective August 1, 2012. The loan totaled \$3,524,631 with 30% of the amount being at a variable rate of LIBOR plus 2.5 percentage points and the remaining 70% at a fixed rate of 3.51%. The loan is for a period of five years. The swap is used to fix the variable rate loan amount at an interest rate of 3.51%. The notional amount of the swap is \$2,467,242 and the general terms are to receive the LIBOR floating amount and pay fixed interest. The Organization is accounting for the derivative contract according to ASC 815 which requires a derivative contract to be recorded as an asset or liability on the balance sheet at its fair value. Gains or losses will be recorded currently in earnings. The outstanding balance as of June 30, 2013 was \$2,396,862. The swap has a fair value at June 30, 2013 of \$12,193. Principle payments on the loan for the first two months of fiscal year 2013-2014 are \$10,054 and for the remaining ten months are \$10,438 per month.

7. Note Payable

The Organization has a loan agreement that was executed on July 12, 2006 with the City of Oceanside that was used to finance costs of the child development and family services center in Ivey Ranch. The note matures July 11, 2016. Principal and annual accrued interest of 5% is due at maturity. The loan and accrued interest will be forgiven at the end of 10 years if the Organization complies with all restrictions and encumbrances as noted in the loan agreement. The note is secured by the Organization's assets. The outstanding balance was \$45,606 as of June 30, 2013.

Casa de Amparo

Notes to Financial Statements

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

Years ending

2014	\$ 124,488
2015	129,236
2016	134,172
2017	2,862,787
Thereafter	45,606
	<hr/>
	\$ 3,296,289

8. Contingencies and Commitments

Government Contracts

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

Operating Leases

The Organization leased program facilities and administrative offices under non-cancelable operating leases which expire at various dates through December 2013. The Organization also leases office equipment under an operating lease which expires April 2017. Total rent expense was \$150,821 and \$289,536 for the years ended June 30, 2013 and 2012, respectively.

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

Years ending June 30,

2014	\$ 31,817
2015	6,778
2016	6,778
2017	6,778
2018	-
	<hr/>
	\$ 52,151

The Organization leases real property from the City of Oceanside located at Ivey Ranch Park. The Organization constructed a facility on the Ivey Ranch property that is used for a child development center. The lease commenced in 2007 with a term of 35 years and an option to extend an additional 25 years. Rent is free as long as the facility is used exclusively to provide child development, care, education, family visitation and counseling services. The unamortized fair value of the free rent is reported as land lease in the statements of financial position. Amortization of the free use of land was \$53,193 and \$53,193 for the years ended June 30, 2013 and 2012, respectively.

Casa de Amparo
Notes to Financial Statements

9. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes as of June 30:

	2013	2012
Land Lease - Ivey Ranch	\$ 1,391,889	\$ 1,445,082
Permanently Restricted Investment Earnings	29,980	22,698
	\$ 1,421,869	\$ 1,467,780

Net assets in the amounts of \$636,917 and \$5,345,924 were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors for the years ended June 30, 2013 and 2012, respectively.

10. Permanently Restricted Net Assets

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

	2013	2012
Teppler Endowment	\$ 12,738	\$ 12,738
Satler Endowment	50,000	50,000
	\$ 62,738	\$ 62,738

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

11. Endowment Investments

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

In accordance with authoritative guidance, the amount that is classified as permanently restricted net assets is not reduced by losses on investments of the fund or by the Organization's appropriations from the fund unless required by the donor. Furthermore, the portion of the fund that is not classified as permanently restricted net assets must be classified as temporarily restricted net assets until appropriated for expenditure by the Organization. Such appropriation is deemed to occur upon the Organization's governing board's approval of expenditures in the current period. Once the appropriation for expenditure has occurred, the appropriated amount is reclassified to unrestricted net assets.

Casa de Amparo

Notes to Financial Statements

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

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

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

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

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

The Organization considers the value of the endowment gift to be considered for appropriation under UPMIFA to be equal to the sum of the original gift (and any subsequent donations) plus accumulated investment earnings, less accumulated investment losses and appropriations for expenditure by the Organization at any point in time. Thus, pursuant to this interpretation of UPMIFA, the total value of the Organization's donor-restricted endowment funds was \$62,738 at June 30, 2013 and 2012, respectively.

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

Casa de Amparo
Notes to Financial Statements

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated Donor-restricted	\$ 247,848	\$ 26,296	\$ 62,738	\$ 247,848 89,034
Total Funds	\$ 247,848	\$ 26,296	\$ 62,738	\$ 336,882

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, June 30, 2011	\$ 155,154	\$ 19,924	\$ 62,738	\$ 237,816
Investment return:				
Net depreciation (realized and unrealized)	(2,874)	(910)	-	(3,784)
Total Investment return	(2,874)	(910)	-	(3,784)
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment assets, June 30, 2012	\$ 152,280	\$ 19,014	\$ 62,738	\$ 234,032
Investment return:				
Net depreciation (realized and unrealized)	-	-	-	-
Total Investment return	13,448	7,282	-	20,730
Board designated additions	82,120	-	-	82,120
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment assets, June 30, 2013	\$ 247,848	\$ 26,296	\$ 62,738	\$ 336,882

12. Pension Plan

The Organization sponsors a non-contributory 403(b) retirement plan covering all employees who have completed 90 days of eligible service. Contributions to the retirement plan are at the discretion of each employee. There were no contributions by the organization for the years ended June 30, 2013 and 2012, respectively.

Supplemental Information

Casa de Amparo

Schedule of Expenditures of Federal, State and Other Awards

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Agency or Pass- Through Grantor No.	Expenditures
FEDERAL AWARDS			
U.S. Department of Health and Human Services			
Pass-through County of San Diego Health and Human Services:			
Foster Care Title IV-E	93.658	n/a	318,465
Promoting Safe and Stable Families - Family Visitation Program	93.556	517344	101,738
Enhance Safety of Children Affected by Substance Abuse - Family Visitation Program	93.087	517344	13,449
Stephanie Tubbs Jones Welfare Services Program - Family Visitation Program	93.645	517344	38,842
Total Pass-through County of San Diego Health and Human Services			472,494
Pass-through Metropolitan Area Advisory Committee:			
Head Start	93.600	09CH0028	27,192
Total U.S. Department of Health and Human Services			499,686
U.S. Department of Housing and Urban Development			
CDBG Entitlement Grants Cluster			
Pass-through City of Vista CDBG:			
Community Development Block Grants/ Entitlement Grants	14.218	n/a	5,000
Pass-through City of Carlsbad CDBG:			
Community Development Block Grants/ Entitlement Grants	14.218	n/a	5,000
Subtotal CFDA - #14.218			10,000
Total U.S. Department of Housing and Urban Development			10,000
U.S. Department of Agriculture			
Pass-through California Department of Education			
Child and Adult Care Food Program	10.558	n/a	22,839
Child Nutrition Cluster			
National School Lunch Program	10.555	n/a	5,164
School Breakfast Program	10.553	n/a	4,602
Subtotal Child Nutrition Cluster			9,766
Total U.S Department of Agriculture			32,605
Total Expenditures of Federal Awards			542,291

See independent auditor's report and note to schedule of expenditures of federal, state and other awards.

Casa de Amparo

Schedule of Expenditures of Federal, State and Other Awards

STATE AWARDS

California Department of Education				
General Child Care and Development Program	n/a	CCTR2225	\$	65,794
California State Preschool Program	n/a	CSPP2434		81,238
Total California Department of Education				147,032
California Department of Social Services				
Foster Care Group Home	n/a	n/a		422,567
Transitional Housing Program Plus	n/a	524015		805,863
Transitional Youth Housing	n/a	544529		15,014
Total California Department of Social Services				1,243,444
California Department of Health and Human Services				
Early and Periodic Screening, Diagnosis, and Treatment	n/a	44796		156,286
California Department of Child Welfare Services				
Family Visitation Program	n/a	541538		197,807
California State Children's Trust Fund				
Family Visitation Program	n/a	541538		18,071
Total Other State Awards				372,164
Total Expenditures of State Awards				\$ 1,762,640
OTHER AWARDS - County and Local				
County - Foster Care Group Home	n/a	549,774		
County and Other - Early and Periodic Screening, Diagnosis, and Treatment	44796			200,714
Total Expenditures of Other Awards - County and Local				750,488
Total Expenditures of Federal, State and Other Awards				\$ 3,055,419

See independent auditor's report and note to schedule of expenditures of federal, state and other awards.

Casa de Amparo

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

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal, state and other awards includes the federal grant activity of Casa De Amparo and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The accompanying schedule of expenditures of federal, state and other awards includes non-federal grants. The non-federal grant awards were presented in accordance with the California Department of Education Audit Guide.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Casa De Amparo (the "Organization"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Casa De Amparo'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 Casa De Amparo's internal control. Accordingly, we do not express an opinion on the effectiveness of Organization's internal control.

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

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Casa De Amparo'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs for the Department of Education as items 2013-01.

Casa De Amparo's Response to Findings

Casa De Amparo's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs for the Department of Education. Casa De Amparo's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

BDO USA, LLP

San Diego, California
November 8, 2013

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

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

Report on Compliance for Each Major Federal Program

We have audited Casa de Amparo's (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Casa de Amparo's major federal programs for the year ended June 30, 2013. Casa de Amparo'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 each of its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Casa de Amparo 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, 2013.

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Report on Internal Control Over Compliance

Management of Casa de Amparo 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 Casa de Amparo's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Casa de Amparo's internal control over compliance.

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

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

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

BDO USA, LLP

San Diego, California
November 8, 2013

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Casa de Amparo

Schedule of Findings and Questioned Costs for Federal Awards

Year ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
----------------------------------	------------

Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None Reported

Noncompliance material to financial statements noted?	No
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Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None Reported

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
---	----

Identification of Major Programs:

U.S. Department of Health and Human Services:	
Pass-through, State of California Department of Human Services:	
Foster Care - Title IV-E	93,658

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statements Findings

There are no findings required to be reported in accordance with *Generally Accepted Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

There are no findings nor questioned costs for Federal awards as defined in OMB Circular A-133.

Section IV - Summary Schedule of Prior Year Findings

There were no findings or questioned costs for federal awards (as defined in section .510(a) of the Circular) that were required to be reported for the prior year.

Supplementary Child Development Services Information



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**Independent Auditor's Report on the
Supplementary Child Development Services Information**

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

Our audit of the basic financial statements included in the preceding section of this report was performed for the purpose of forming an opinion on those statements taken as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis, and the information appearing on pages 35-50 is presented to highlight certain information in the basic financial statements; they are not a required part of those 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements taken as a whole.

BDO USA, LLP

San Diego, California
November 8, 2013

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Casa de Amparo
Supplementary Child Development Services Information
General Information

Full official name of agency:	Casa de Amparo	
Program type:	Child development program	
Project number:	37-B254-00	
Type of agency:	Nonprofit corporation	
Address of agency headquarters:	325 Buena Creek Rd San Marcos, CA 92069	
<u>Program Name</u>	<u>Contract Number</u>	<u>Project Number</u>
California State Preschool Program and General Child Care & Development Program	CSPP2434, CCTR2225	37 - B254-00-9
Name and address of Executive Director:	Tamara Fleck-Myers 325 Buena Creek Road San Marcos, CA 92069	
Name and address of Controller:	Elizabeth Porter 325 Buena Creek Road San Marcos, CA 92069	
Telephone number:	(760) 754-5500	
Period covered by examination:	July 1, 2012 to June 30, 2013	
Number of days of operation of agency:	246	
Scheduled hours of operation each day:	Monday through Friday: 7:00 am to 6:00 pm	

Casa de Amparo
Supplementary Child Development Services Information
Combining Statement of Financial Position

June 30, 2013	California Department of Education	Other Programs	Total
Assets			
Current assets			
Cash and cash equivalents	\$ -	\$ 2,576,982	\$ 2,576,982
Restricted cash	- 303,633	303,633	303,633
Accounts receivable	11,099	459,006	470,105
Pledges receivable, net	- 201,465	201,465	201,465
Prepaid expenses and other current assets	- 59,918	59,918	59,918
Total current assets	11,099	3,601,004	3,612,103
Property and equipment, net of accumulated depreciation	- 13,976,372	13,976,372	13,976,372
Other assets			
Pledges receivable, net	- 270,440	270,440	270,440
Land lease	- 1,391,889	1,391,889	1,391,889
Deposits	- 9,460	9,460	9,460
Assets held by others	- 336,882	336,882	336,882
Total other assets	- 2,008,671	2,008,671	2,008,671
Total assets	\$ 11,099	\$ 19,586,047	\$ 19,597,146
Liabilities and Net assets			
Current liabilities			
Accounts payable	\$ -	\$ 70,807	\$ 70,807
Accrued compensation and other expenses	- 302,760	302,760	302,760
Contract overpayments	- 6,351	6,351	6,351
Deferred revenue	- 160,550	160,550	160,550
Current portion of loan Payable	- 124,488	124,488	124,488
Total current liabilities	- 664,956	664,956	664,956
Fair value of interest rate swap contract	- 12,193	12,193	12,193
Loan Payable, net current portion	- 3,114,002	3,114,002	3,114,002
Note payable	- 45,606	45,606	45,606
Total other liabilities	- 3,171,801	3,171,801	3,171,801
Total liabilities	- 3,836,757	3,836,757	3,836,757
Net assets			
Unrestricted	11,099	14,264,683	14,275,782
Temporarily restricted	- 1,421,869	1,421,869	1,421,869
Permanently restricted	- 62,738	62,738	62,738
Total net assets	11,099	15,749,290	15,760,389
Total liabilities and net assets	\$ 11,099	\$ 19,586,047	\$ 19,597,146

Casa de Amparo
Supplementary Child Development Services Information
Combining Statement of Activities

<i>Year ended June 30, 2013</i>		California Department of Education	Other Programs	Total
Revenue and support				
Contract revenue	\$ 240,969	3,161,832	\$ 3,402,801	
Contributions	36,280	1,071,495	1,107,775	
Special events and related contributions	-	714,358	714,358	
In-kind donations	11,019	196,201	207,220	
Interest and other income	438	117,479	117,917	
Net assets released from restrictions, satisfaction of program restrictions	200,666	(200,666)		-
Total revenue and support	489,372	5,060,699	5,550,071	
Expenses				
Salaries	271,797	2,502,154	2,773,951	
Employee benefits	60,905	514,584	575,489	
Supplies	10,749	80,576	91,325	
Telephone and postage	967	26,062	27,029	
Occupancy	27,900	303,136	331,036	
Transportation	997	102,236	103,233	
Training, meetings, other	925	30,104	31,029	
Administrative overhead	29,476	310,885	340,361	
Other services and operating expenses	8,041	184,673	192,714	
Equipment expense	3,792	77,104	80,896	
Depreciation and amortization	62,804	379,155	441,959	
Interest expense	-	102,490	102,490	
In-kind and special events	11,019	435,653	446,672	
Total expenses	489,372	5,048,812	5,538,184	
Increase in net assets	\$ -	\$ 11,887	\$ 11,887	

Casa de Amparo
Supplementary Child Development Services Information
Child Development Expenses by Program

<u>Year ended June 30, 2013</u>	<u>California State Preschool Program and General Child Care & Development Program</u>	<u>Total CDE Contracts</u>	<u>Other Expenses</u>	<u>Total</u>
Salaries	\$ 271,797	\$ 271,797	\$ 2,502,154	\$ 2,773,951
Employee benefits	60,905	60,905	514,584	575,489
Total salaries and related expenses	332,702	332,702	3,016,738	3,349,440
Supplies	10,749	10,749	80,576	91,325
Telephone and Postage	967	967	26,062	27,029
Occupancy	27,900	27,900	303,136	331,036
Transportation	997	997	102,236	103,233
Training, Meetings, Other	925	925	30,104	31,029
Administrative overhead	29,476	29,476	310,885	340,361
Other services and operating expenses	8,041	8,041	184,673	192,714
Equipment Expense	3,792	3,792	77,104	80,896
Depreciation and amortization	62,804	62,804	379,155	441,959
Interest expense	-	-	102,490	102,490
In-kind and special events	11,019	11,019	435,653	446,672
Total expenses	\$ 489,372	\$ 489,372	\$ 5,048,812	\$ 5,538,184

Casa de Amparo

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

<i>Year ended June 30, 2013</i>	California State Preschool Program and General Child Care & Development Program	Total Child Development Grants
Total Reimbursable Expenditures	\$ 415,311	\$ 415,311
Adjustments to reconcile total expenses charged to grants to expenses recorded in the statement of activities:		
Various expenses related to personnel activities not charged to grants, but expensed in the financial statements	238	238
In-kind expenses and special events not charged to grants, but expensed in the financial statements	11,019	11,019
Depreciation of childcare center not charged to grants, but expensed in the financial statements	36,207	36,207
Amortization of free use of land not charged to grants, but expensed in the financial statements	26,597	26,597
Total youth program expenses in the statement of activities	\$ 489,372	\$ 489,372

Casa de Amparo

Supplementary Child Development Services Information

Project No: 37-B254-00-9

Contract No: CSPP2434 and CCTR2225

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

<i>Year ended June 30, 2013</i>		<i>Reimbursable</i>	<i>Non-Reimbursable</i>
1000	Certificated Salaries	\$ 164,512	\$ -
2000	Classified Salaries	107,285	-
3000	Employee Benefits	60,905	-
4000	Books and Supplies	8,149	-
5000	Services and Other Operating Expenses	44,984	238
6400	New equipment	-	-
	Depreciation	-	36,207
	Indirect Cost Rate Percentage 8%	29,476	-
	Amortization of free use of land	-	26,597
	In-kind expenses	-	11,019
	Total expenditures	\$ 415,311	\$ 74,061

We have examined the claims filed for reimbursement and the original supporting records covering the transactions under these contracts to an extent considered necessary to assure ourselves that the amounts claimed by the agency were proper.

We have examined the payments the agency paid to providers and found that they were proper.

Casa de Amparo

Project No: 37-B254-00-9

Contract No: CSPP2434 and CCTR2225

California State Preschool Program and General Child Care & Development Program Schedule of Administrative Costs

<u>Year ended June 30,</u>		<u>2013</u>
Salaries, benefits and overhead	\$	29,476
Total	\$	29,476

Casa de Amparo

Project No: 37-B254-00-9

Contract No: CSPP2434 and CCTR2225

California State Preschool Program and General Child Care & Development Program

Schedule of Equipment Expenditures Utilizing Contract Funds

Year Ended June 30, 2013

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

Casa de Amparo

Project No: 37-B254-00-9

Contract No: CSPP2434 and CCTR2225

California State Preschool Program and General Child Care & Development Program
Schedule of Repair and Renovation Expenditures

No repair or renovation expenditures were incurred in the fiscal year ended June 30, 2013.

AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs

Agency Name: Casa de Amparo Vendor No. B254
Fiscal Year Ended: June 30, 2013 Contract No. CSPP2434
Independent Auditor's Name: BDO USA, LLP

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	797		797	1.0000	797.000
Three-quarters-time	397		397	0.7500	297.750
One-half-time	220		220	0.6172	135.784
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	42		42	1.2000	50.400
Three-quarters-time	169		169	0.9000	152.100
One-half-time	24		24	0.6172	14.813
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.2980	-
Full-time	203		203	1.1000	223.300
Three-quarters-time	-		-	0.8250	-
One-half-time	24		24	0.6172	14.813
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	511		511	1.1000	562.100
Three-quarters-time	102		102	0.8250	84.150
One-half-time	-		-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6172	-
TOTAL DAYS OF ENROLLMENT	2,489	-	2,489		2,332.210
 DAYS OF OPERATION	246	-	246		
 DAYS OF ATTENDANCE	2,489	-	2,489		

NO NONCERTIFIED CHILDREN - Check this box, omit page 2, and continue to Section III if no noncertified children were enrolled in the program

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

See schedule of findings and recommendations. Revenue and expenses are combined with Contract No. CCTR2225 on pages 47-48.

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

Agency Name: Casa de Amparo Vendor No. B254

Fiscal Year Ended: June 30, 2013 Contract No. CSPP2434

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children.	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
DAY(S) OF ENROLLMENT					
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	2,414		2,414	1.0000	2,414.000
Three-quarters-time	-		-	0.7500	-
One-half-time	-		-	0.6172	-
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6172	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6172	-
TOTAL DAYS OF ENROLLMENT	2,414	-	2,414		2,414.000

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

See schedule of findings and recommendations. Revenue and expenses are combined with Contract No. CCTR2225 on pages 47-48.

AUDITED ATTENDANCE AND FISCAL REPORT
for Child Development Programs

Agency Name: Casa de Amparo Vendor No. B254

Fiscal Year Ended: June 30, 2013 Contract No. CCTR2225

Independent Auditor's Name: BDO USA, LLP

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus	-		-	2.006	-
Full-time	-		-	1.700	-
Three-quarters-time	-		-	1.275	-
One-half-time	-		-	0.935	-
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus	-		-	1.652	-
Full-time	-		-	1.400	-
Three-quarters-time	-		-	1.050	-
One-half-time	-		-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	-		-	1.652	-
Full-time	1,187		1,187	1.400	1,661.800
Three-quarters-time	237		237	1.050	248.850
On-half-time	4		4	0.770	3.080
<i>Three Years and Older</i>					
Full-time-plus	-		-	1.180	-
Full-time	-		-	1.000	-
Three-quarters-time	-		-	0.750	-
One-half-time	-		-	0.550	-
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.825	-
TOTAL DAYS OF ENROLLMENT	1,428	-	1,428		1,913.730
DAYS OF OPERATION	246	-	246		
DAYS OF ATTENDANCE	1,428	-	1,428		

NO NONCERTIFIED CHILDREN - Check this box, omit page 2, and continue to Section III if no noncertified children were enrolled in the program.

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

See schedule of findings and recommendations.

AUDITED ATTENDANCE AND FISCAL REPORT
for Child Development Programs

Agency Name: Casa de Amparo Vendor No. B254

Fiscal Year End: June 30, 2013 Contract No. CCTR2225
 Insert Any Commingled Contract No. CSPP2434

		COLUMN A	COLUMN B	COLUMN C
		CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE				
RESTRICTED INCOME				
Child Nutrition Programs		\$22,840	(\$1)	\$22,839
County Maintenance of Effort (EC § 8279)				0
Uncashed Checks to Providers				0
Other (Specify):				0
	Subtotal	\$22,840	(\$1)	\$22,839
Transfer from Reserve	Contract #			0
	Contract #			0
Family Fees for Certified Children	Contract #	CSPP2434	80	80
	Contract #			0
Interest Earned on Apportionments	Contract #			0
	Contract #			0
UNRESTRICTED INCOME				
Family Fees for Noncertified Children				0
Other (Specify): Headstart			27,192	27,192
	TOTAL REVENUE	\$22,920	\$27,191	\$50,111

SECTION IV - REIMBURSABLE EXPENSES				
<i>Direct Payments to Providers (FCCH Only)</i>		\$0	\$0	\$0
1000 Certificated Salaries		164,512		164,512
2000 Classified Salaries		107,286	(1)	107,285
3000 Employee Benefits		60,905		60,905
4000 Books and Supplies		8,149		8,149
5000 Services and Other Operating Expenses		44,984		44,984
6100/6200 Other Approved Capital Outlay				0
6400 New Equipment (<i>program-related</i>)				0
6500 Replacement Equipment (<i>program-related</i>)				0
Depreciation or Use Allowance				0
Start-Up Expenses (service level exemption)				0
Budget Impasse Credit	Contract #			0
	Contract #			0
Indirect Costs.	Rate: 7.64% (Rate is Self-Calculating)	29,476		29,476
	TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$415,312	(\$1)	\$415,311
TOTAL ADMINISTRATIVE COSTS (included in section IV above)		\$20,632	\$8,844	\$29,476
FOR CDE-A&I USE ONLY:				

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Child Development Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

YES

NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

YES

NO - Explain any discrepancies.

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

See schedule of findings and recommendations. Revenue and expenses above included Contract No. CSPP2434.

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental revenues or expenses to report.

**AUDITED ATTENDANCE AND FISCAL REPORT
for Child Development Programs**

Agency Name: Casa de Amparo Vendor No. B254

Fiscal Year End: June 30, 2013 Contract No. CCTR2225

Insert Any Commingled Contract Number CSPP2434

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION V - SUPPLEMENTAL REVENUE			
Enhancement Funding	\$27,192	(\$27,192)	\$0
Other (Specify): Contributions, Other Revenue	91,562	1	91,563
			0
			0
TOTAL SUPPLEMENTAL REVENUE	\$118,754	(\$27,191)	\$91,563

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries	\$0	\$0	\$0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies			0
5000 Services and Other Operating Expenses	150	88	238
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance	62,803	1	62,804
Indirect Costs			0
Other (Specify):			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify): In-kind expenses	88	10,931	11,019
			0
TOTAL SUPPLEMENTAL EXPENSES	\$63,041	\$11,020	\$74,061

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

See schedule of findings and recommendations. Revenue and expenses above included Contract No. CSPP2434.

Casa de Amparo

Schedule of Findings and Recommendations for the Child Development Services

Financial Reporting Findings

None noted

Compliance

Child Development Programs Findings

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

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

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

Condition - During our testing of reporting, we noted the following exceptions:

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

Questioned Costs - None

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

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

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

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

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

Casa de Amparo
Schedule of Findings and Recommendations for the
Child Development Services

Status of Prior Year Findings and Recommendations

There were no prior year findings for Child Development Programs as defined in the California Department of Education Guide.

SMCF Resolution No 2014-126

**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 2014 --

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 five (5) regular grant proposals were received by the Foundation prior to the July 2, 2014, submittal deadline established for the 2014 summer quarter; and

WHEREAS, the Board of Directors did, at its quarterly meeting of August 19, 2014, consider such proposals and oral arguments pertaining to such proposals in a public hearing duly advertised and held in the manner required by law.

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

<u>REQUESTING ORGANIZATION</u>	<u>GRANT AWARD</u>
The Boys & Girls Club of San Marcos	\$4,153
North County Health Services	\$4,315
Partnerships with Industry	\$2,000
The Angel's Depot	\$500
Casa de Amparo	\$3,000
	Total: \$16,668.00

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

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

PASSED AND ADOPTED by the San Marcos Community Foundation Board of Directors, at a regular meeting thereof, this 19th day of August, 2014, by the following roll call vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS: NONE

ABSENT: BOARD MEMBERS:

APPROVED:

Colleen Lukoff, President

ATTEST:

Wendy Kaserman, Secretary

Dated:

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

MAY 28, 2014 MEETING

CALLED TO ORDER: 6:04 PM

PLEDGE OF ALLEGIANCE: BOARD PRESIDENT LUKOFF led the Pledge of Allegiance.

ROLL CALL:

PRESENT: HALL, LUKOFF, MICAL, WASCO, WILLIAMS

ABSENT: BURTON, NAJERA

Also Present: Recording Secretary Kaserman
Staff, Sandra Gallegos

ORAL COMMUNICATIONS

Due to the number of speaker slips, the Board chose to move Oral Communications to the beginning of the agenda.

LAWRENCE OSON, teacher, San Marcos Middle School, thanked the Board for their grant award to help fund their trip to the Model United Nations Conference in New York City. JACKIE MORALES, student, stated she was on the United Nations Women Committee. MICHAEL HINDI, student, stated he was on the United Nations High Commission for Refugees Committee. They each spoke about their experience and what they learned.

DIMITRIS MAGEMENEAS of Edward Jones Investments gave an update on the Foundation's investments and submitted a proposal.

PRESIDENT LUKOFF stated the Board was prohibited from taking action because this item was not on the agenda however they could refer this matter for a future report and recommendation if they wished to do that. BOARD MEMBER HALL indicated he will work with Chief Financial Officer Rocha and Board Secretary Kaserman to determine if the Board would like to explore this further.

1. PRESIDENT'S REPORT

PRESIDENT LUKOFF reported on her work with the San Diego Grantmakers and the work being done locally to assist military service members as they transition from military to civilian life.

PRESIDENT LUKOFF stated that Board member Najera posted on the Foundation's website that she and a group of moms are putting together gratitude tubs containing snacks and beverages for the first responders to the Coco's Fire. PRESIDENT LUKOFF announced that this Saturday there will be an event for the community to recognize and thank the firefighters and first responders. The event will be held at Mission Hills High School from 11:00 a.m. to 3:00 p.m.

2. ELECTION OF OFFICERS

BOARD VICE PRESIDENT WILLIAMS MOTIONED TO NOMINATE LUKOFF AS PRESIDENT, COMMISSIONER MICAL SECONDED. THE MOTION PASSED BY UNANIMOUS VOICE VOTE.

BOARD MEMBER WASCO MOTIONED TO NOMINATE WILLIAMS AS VICE-PRESIDENT, COMMISSIONER WASCO SECONDED. THE MOTION PASSED BY UNANIMOUS VOICE VOTE.

3. REAPPOINTMENT OF CHIEF FINANCIAL OFFICER AND BOARD SECRETARY

BOARD MEMBER WASCO MOTIONED TO APPROVE RESOLUTION NO. 2014-123 EXTENDING POLICY NO. 2004-2007 UNTIL SPRING 2015, COMMISSIONER MICAL SECONDED. THE MOTION PASSED BY UNANIMOUS VOICE VOTE.

4. SMCF GRANT FUNDING COMMITTEE RECOMMENDATION

A) Spring Quarter and Arts & Cultural Grant Funding Recommendation Worksheet

B) Regular/Mini Grant Funding History Fiscal Year 2013/2014

The arts and cultural grants were heard before the regular grants.

C) SMCF Resolution No. 2014-125 – Arts & Cultural Grants

BOARD PRESIDENT LUKOFF introduced the arts & cultural grant proposals.

SECRETARY KASERMAN gave a brief overview of the arts & cultural grants program.

BOARD VICE PRESIDENT WILLIAMS MOTIONED TO APPROVE RESOLUTION NO. 2014-125 – ARTS & CULTURAL GRANTS, COMMISSIONER HALL SECONDED. THE MOTION PASSED BY UNANIMOUS VOICE VOTE.

C) SMCF Resolution No. 2014-124 – Regular Grants

BOARD PRESIDENT LUKOFF introduced the regular grant proposals.

BOARD VICE PRESIDENT WILLIAMS MOTIONED TO APPROVE RESOLUTION NO. 2014-124 – REGULAR GRANTS, COMMISSIONER WASCO SECONDED. THE MOTION PASSED BY UNANIMOUS VOICE VOTE.

The Board discussed the grants that were not funded.

BOARD MEMBER MICAL stated that the proposal from Palomar College indicates they wish to serve 2,000 students and of those the grant is to benefit 300 San Marcos residents. He wondered how they could know that those 300 are in fact San Marcos residents. He stated it is a great program and that the Board should be consistent with their methodology of awarding grants.

5. SAN MARCOS NOW AND FOREVER CAMPAIGN

BOARD PRESIDENT LUKOFF stated that those that have made commitments are making their pledges. She encouraged all Board members to commit toward this campaign and to think about who they can invite from the community to contribute toward this endeavor.

6. POLICY DISCUSSION – ACCEPTANCE OF TICKETS FROM GRANT SEEKING ORGANIZATIONS

BOARD PRESIDENT LUKOFF stated there is currently not a policy in place about accepting tickets from grant seeking organizations. Recently a grantee offered the Board members tickets to one of their events. None of the board members accepted.

SECRETARY KASERMAN spoke with the city attorney and the State's Fair Political Practices Commission allows a Board member to accept two tickets from a 501c3 organization to attend a fundraising event and not have to report it.

After discussion Board members decided they should not accept tickets from grant seeking organizations.

Item #7 and #8 were pulled from the Consent Calendar.

BOARD PRESIDENT LUKOFF stated that the market benchmarks look good and she feels comfortable having an entity manage the funds.

BOARD MEMBER MICAL agreed that the numbers look good.

BOARD PRESIDENT LUKOFF pointed out that the investment summary indicates the fund's performance in 5 years will be 13.73%.

SECRETARY KASERMAN indicated that these two items have always been on the consent calendar but if the Board is interested they can be agendaized as regular items and the Chief Financial Officer can make a short report.

The Board indicated they would like to have the Chief Financial Officer report on these items at the August meeting, which will be the first meeting after the end of the fiscal year.

CONSENT CALENDAR

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

- 7. WAIVER OF TEXT** – Waived
- 8. APPROVAL OF MINUTES** SMCF Board Meeting February 18, 2014 - Approved
- 9. REPORT: FUND STATEMENT and ASSETS AVAILABLE FOR DISTRIBUTION** – Noted and filed
- 10. REPORT: FY13/14 SUMMARY OF TRANSACTIONS** – Noted and filed

ITEMS FOR THE GOOD OF THE ORDER

12. MISCELLANEOUS

A) Selection of next quarter's Grant Funding Committee

Board Vice President Williams will serve as Chair for the next quarter. Board members Mical and Wasco will serve as the additional committee members and Hall as alternate.

13. ADJOURNMENT

BOARD MEMBER MICAL MOTIONED TO ADJOURN THE MEETING, SECONDED BY BOARD MEMBER WASCO. MOTION PASSED BY UNANIMOUS VOICE VOTE.

Meeting adjourned at 7:33 p.m.

Wendy Kaserman, Board Secretary

Colleen Lukoff, President

ATTEST:



A large, semi-transparent watermark is positioned in the center of the page. It features the word "DRAFT" in a bold, sans-serif font, oriented diagonally from bottom-left to top-right. To the right of the text is a simple icon of a gavel, also in a light gray color. The watermark is designed to indicate that the document is a draft version.

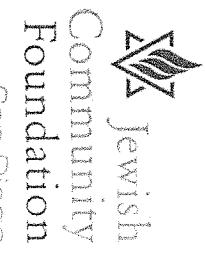
City of San Marcos Community Foundation
FY 13/14 Summary of Transactions

204-160100

Date	Check #	Payee	Description	Revenues	Expenditures	Balance
7/1/2013					Beginning Balance	1,195,768.90
<i>SM Community Foundation</i>						
7/11/2013	22793	Twin Oaks Elementary PTO refund	SMCF Grant Award	37.10		
8/6/2013	113517	Meals-On-Wheels City of San Marcos Teri, Inc.	SMCF Grant Award	(1,500.00)		
8/20/2013	113840		SMCF Grant Award	(1,500.00)		
9/4/2013	114009	Casa De Amparo	SMCF Grant Award	(2,000.00)		
9/4/2013	114068	North County health Services	SMCF Grant Award	(3,780.00)		
9/4/2013	114090	San Marcos High School	SMCF Grant Award	(3,555.00)		
9/25/2013	114423	San Marcos Boys & Girls Club	SMCF Grant Award	(4,339.00)		
9/25/2013	114389	Secretary of State	Filing Fee for Statement of Information	(20.00)		
9/25/2013	114389	GoDaddy.com	5-year domain name renewal for SMCF	(651.45)		
		Interest Earnings Qtr Ended 9/30/13	Cash held at City	(4.82)		
		Interest Earnings Qtr Ended 9/30/13	SD Jewish Foundation	10,255.86		
		SD Jewish Foundation	Qtr Ended 9/30/13 Management Fee	(1,676.17)		
		Unrealized Gain Qtr ended 9/30/13		50,311.76		
11/14/2013	115237	Dept of Justice	Registration Renewal Fee	(25.00)		
11/14/2013	115242	Franchise Tax Board	2012 CA Exempt Organization Return	(10.00)		
11/14/2013	115312	SM Chamber	2013 Membership Renewal	(105.00)		
11/14/2013	115311	SM Chamber	Advertisement	(107.50)		
11/14/2013	115314	SMUSD - Alvin Dunn	SMCF Grant Award	(1,469.46)		
11/26/2013	115473	Blackbaud, Inc.	Renewal fundraising solutions 11/5/13-11/4/14	(259.56)		
11/26/2013	115478	Just In Time For Foster Youth	SMCF Grant Award	(5,000.00)		
12/5/2013	115553	Comstock & Associates	SMCF Tax Preparation	(595.00)		
12/5/2013	115656	SD Grantmaker	2014 Membership Renewal	(525.00)		
12/19/2013	115864	Meals-On-Wheels City of San Marcos	SMCF Grant Award	(7,000.00)		
		Interest Earnings Qtr Ended 12/31/13	Cash held at City	10.23		
		Interest Earnings Qtr Ended 12/31/13	SD Jewish Foundation	25,094.87		
		SD Jewish Foundation	Qtr Ended 12/31/13 Management Fee	(1,695.34)		
		Unrealized Gain Qtr ended 12/31/13		24,603.84		
2/25/2014	116908	Tender Loving Canines Assistance Dogs	SMCF Grant Award	(2,000.00)		
2/25/2014	116899	Cynthia Fenimore	SMCF Grant Award	(7,000.00)		
2/25/2014	116897	SMUSD	SMCF Grant Award	(5,000.00)		
2/24/2014	116850	Fan of the Feather	SMCF Grant Award	(1,500.00)		
3/17/2014	117254	SMUSD	SMCF Grant Award	(1,500.00)		
3/17/2014	117236	Palomar Health Foundation	SMCF Grant Award	(1,500.00)		
		Interest Earnings Qtr Ended 3/31/14	Cash held at City	8.07		
		Interest Earnings Qtr Ended 3/31/14	SD Jewish Foundation	3,289.38		
		SD Jewish Foundation	Qtr Ended 3/31/14 Management Fee	(1,702.56)		
		Unrealized Gain Qtr ended 3/31/14		15,974.80		
5/27/2014	36054	SMUSD Grant refund	SMCF Grant Award	8.76		
6/2/2014	118552	Interfaith Community Services	SMCF Grant Award	(1,500.00)		
6/2/2014	118537	Elizabeth Hospice	SMCF Grant Award	(3,000.00)		
6/3/2014	118596	SM Historical Society	SMCF Grant Award	(1,000.00)		
6/3/2014	118573	Palomar College Foundation	SMCF Grant Award	(3,000.00)		
6/3/2014	118565	Meals-On-Wheels City of San Marcos	SMCF Grant Award	(500.00)		
		Interest Earnings Qtr Ended 6/30/14	Cash held at City	6.06		
		Interest Earnings Qtr Ended 6/30/14	SD Jewish Foundation	6,845.85		
		SD Jewish Foundation	Qtr Ended 6/30/14 Management Fee	(1,780.52)		
		Unrealized Loss Qtr ended 6/30/14		35,047.78		
				171,443.68	(66,750.70)	
<i>SM Wildlife Fund</i>						
9/4/2013	114075	Project Wildlife	SMCF Grant Award	(5,000.00)		
				-	(5,000.00)	Balance of Wildlife Fund:
						5,407.49
<i>25th Anniversary Event</i>						
9/3/2013	CR #25064	204-250001 Coleen Lukoff	25th Anniversary Event donation	10.00		
				10.00	-	Balance of 25th Anniversary Event Fund:
						34.55
<i>Now & Forever</i>						
7/31/2013	CR #23641	Sharon Jenkins	Now & Forever donation	500.00		
7/31/2013	CR #23639	James Desmond	Now & Forever donation	500.00		
9/3/2013	CR #25054	Coleen Lukoff	Now & Forever donation	125.00		
12/4/2013	CR #26667	Terri Williams	Now & Forever donation	100.00		
1/22/2014	CR #30527	Hitzke Development Corporation	Now & Forever donation	2,500.00		
3/7/2014	CR #32417	Terri Williams	Now & Forever donation	50.00		
3/20/2014	CR #33333	Coleen Lukoff	Now & Forever donation	375.00		
4/10/2014	CR #34048	James Desmond	Now & Forever donation	500.00		
5/28/2014	CR #36066	Sharon Jenkins	Now & Forever donation	500.00		
6/25/2014	CR #37382	NC Philanthropy Council	Now & Forever donation	35.00		
				5,185.00	-	Balance of Now & Forever Fund:
						5,325.00
						Ending Balance 6/30/14 <u>1,295,461.88</u>

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

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



San Diego

Wendy Kaserman
San Marcos Community Foundation
1 Civic Center Drive
San Marcos, CA 92069-2918

FUND STATEMENT

San Marcos Community Foundation Fund
For the Quarter Ending 6/30/2014



Jewish
Community
Foundation
San Diego
4950 Murphy Canyon Road
San Diego, CA 92123
(858) 279-2740 tel
(858) 279-6105 fax
www.jcfsandiego.org

**San Marcos Community Foundation Fund
Fund ID: Sanm
For the Quarter Ending 6/30/2014**

ASSETS AND LIABILITIES

Market Value as of 06/30/2014

Long Term Pool

Total Assets

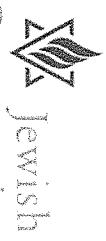
\$	1,300,541.17
\$	<u>1,300,541.17</u>

Liabilities and Fund Balance

Fund Balance

Total Liabilities and Fund Balance

\$	1,300,541.17
\$	<u>1,300,541.17</u>



Community Foundation 4950 Murphy Canyon Road
San Diego, CA 92123
(858) 279-2740 tel
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www.jcfsan diego.org

San Marcos Community Foundation Fund
Fund ID: Samm
For the Quarter Ending 6/30/2014

Period covered by this statement: 04/01/2014 - 06/30/2014
Statement Date: 07/01/2013 - 06/30/2014
Statement Type: Fund Activity Statement
Statement Type: Fund Activity Statement

FUND ACTIVITY SUMMARY

	Current Period	Year-To-Date
BEGINNING FUND BALANCE	<u>04/01/2014 - 06/30/2014</u>	<u>07/01/2013 - 06/30/2014</u>
Contributions	\$ 1,260,428.06	\$ 1,193,971.62
Additions	\$ 0.00	\$ 0.00
Total Contributions	\$ 0.00	\$ 0.00
Investment Activity		
Interest & Dividends	\$ 5,993.65	\$ 22,132.08
Realized Gains (Losses)	852.20	23,353.88
Unrealized Gains (Losses)	35,047.78	125,938.18
Investment Expenses	(367.51)	(1,263.63)
Total Investment Activity	\$ 41,526.12	\$ 170,160.51
Disbursements		
Custodial Withdrawals	0.00	(58,000.00)
Foundation Support	(1,413.01)	(5,590.96)
Total Disbursements	\$ (1,413.01)	\$ (63,590.96)
Net Change	40,113.11	106,569.55
ENDING FUND BALANCE	<u>\$ 1,300,541.17</u>	<u>\$ 1,300,541.17</u>



Community
Foundation

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San Diego, CA 92123
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S.M. Community Found - Now & Forever Fund
Fund ID: Sanma
For the Quarter Ending 6/30/2014

ASSETS AND LIABILITIES

Market Value as of 06/30/2014

Total Assets	\$	<u> </u>	<u>0.00</u>
 Liabilities and Fund Balance			
Fund Balance	\$		0.00
Total Liabilities and Fund Balance	\$	<u> </u>	<u>0.00</u>



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S.M. Community Found - Now & Forever Fund
Fund ID: Sanma
For the Quarter Ending 6/30/2014

FUND ACTIVITY SUMMARY

	Current Period <u>04/01/2014 - 06/30/2014</u>	Year-To-Date <u>07/01/2013 - 06/30/2014</u>
BEGINNING FUND BALANCE	\$ 0.00	\$ 0.00
Contributions		
Additions	\$ 0.00	\$ 0.00
Total Contributions	\$ 0.00	\$ 0.00
Investment Activity		
Total Investment Activity	\$ 0.00	\$ 0.00
Disbursements		
Custodial Withdrawals	0.00	0.00
Total Disbursements	\$ 0.00	\$ 0.00
Net Change	0.00	0.00
ENDING FUND BALANCE	<u><u>\$ 0.00</u></u>	<u><u>\$ 0.00</u></u>

**SAN MARCOS COMMUNITY FOUNDATION
TREASURER'S INVESTMENT REPORT
JUNE 30, 2014**

TYPE OF INVESTMENT	INSTITUTION	YIELD	MATURITY DATE	MARKET/FAIR VALUE	% OF PORTFOLIO
Cash and Investments - Pooled with the City	Various	0.60%	(1)	279	0.02%
Deposit with Jewish Community Foundation	Various	(2)	(1)	<u>1,300,541</u>	99.98%
Total Cash and Investments:				<u>\$ 1,300,820</u>	100.00%

(1) Liquid and currently available.

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