

**CHILD ABUSE PREVENTION FOUNDATION
OF SAN DIEGO COUNTY
(A NONPROFIT CORPORATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2007**



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(A NONPROFIT CORPORATION)
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Independent Auditor's Report

To the Board of Directors
Child Abuse Prevention Foundation of San Diego County
9440 Ruffin Court
San Diego, California 92123

We have audited the accompanying statement of financial position of Child Abuse Prevention Foundation of San Diego County (A Nonprofit Corporation) as of December 31, 2007, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Child Abuse Prevention Foundation of San Diego County's 2006 financial statements and in our report dated May 10, 2007, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child Abuse Prevention Foundation of San Diego as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Leaf & Cole LLP

San Diego, California
May 7, 2008

CHILD ABUSE PREVENTION FOUNDATION OF SAN DIEGO COUNTY
(A NONPROFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2006)

ASSETS

	<u>2007</u>	<u>2006</u>
<u>Assets:</u> (Notes 1, 2, 3, 4, 5 and 6)		
Cash and cash equivalents - unrestricted	\$ 486,057	\$ 715,281
Cash and cash equivalents - restricted	22,834	251,165
Investments	4,139,899	4,150,122
Interest receivable	53,785	48,926
Other assets	-0-	6,609
Unconditional promises to give	64,280	9,100
Grants receivable	50,000	-0-
Land, building and equipment, net	<u>428,071</u>	<u>397,221</u>
TOTAL ASSETS	<u>\$5,244,926</u>	<u>\$5,578,424</u>

LIABILITIES AND NET ASSETS

<u>Liabilities:</u> (Note 6)		
Accrued liabilities	\$ 106,193	\$ 245,578
Capital lease obligation	<u>5,475</u>	<u>6,843</u>
Total Liabilities	<u>111,668</u>	<u>252,421</u>
<u>Net Assets:</u> (Notes 1 and 7)		
Unrestricted	999,393	1,137,589
Temporarily restricted	3,595,110	3,649,659
Permanently restricted	<u>538,755</u>	<u>538,755</u>
Total Net Assets	<u>5,133,258</u>	<u>5,326,003</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$5,244,926</u>	<u>\$5,578,424</u>

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

CHILD ABUSE PREVENTION FOUNDATION OF SAN DIEGO COUNTY
(A NONPROFIT CORPORATION)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2006)

	2007			Total	2006
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Public Support and Revenue:					
Public Support:					
Contributions	\$ 350,640	\$ 520,129	\$	\$ 870,769	\$1,116,411
In-kind contributions	497,041	28,376		525,417	477,418
Special events (net of related expenses of \$82,140 and \$60,475 for the years ended December 31, 2007 and 2006, respectively)	249,578			249,578	220,345
Auxiliary contributions		42,562		42,562	117,853
Total Public Support	<u>1,097,259</u>	<u>591,067</u>	<u>-0-</u>	<u>1,688,326</u>	<u>1,932,027</u>
Revenue:					
Interest income	196,523	27,555		224,078	205,892
Unrealized gain on investments	26,588	342		26,930	530
Total Revenue	<u>223,111</u>	<u>27,897</u>	<u>-0-</u>	<u>251,008</u>	<u>206,422</u>
Net Assets Released From Restrictions	<u>673,513</u>	<u>(673,513)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Public Support and Revenue	<u>1,993,883</u>	<u>(54,549)</u>	<u>-0-</u>	<u>1,939,334</u>	<u>2,138,449</u>
Expenses:					
Program Services:					
Children's programs	987,471			987,471	1,085,587
In-kind children's programs	494,887			494,887	474,886
Grants to agencies				-0-	39,927
Total Program Services	<u>1,482,358</u>	<u>-0-</u>	<u>-0-</u>	<u>1,482,358</u>	<u>1,600,400</u>
Supporting Services:					
Fundraising	441,577			441,577	346,535
General and administrative	208,144			208,144	130,512
Total Supporting Services	<u>649,721</u>	<u>-0-</u>	<u>-0-</u>	<u>649,721</u>	<u>477,047</u>
Total Expenses	<u>2,132,079</u>	<u>-0-</u>	<u>-0-</u>	<u>2,132,079</u>	<u>2,077,447</u>
Change in Net Assets	(138,196)	(54,549)	-0-	(192,745)	61,002
Net Assets, Beginning of Year	<u>1,137,589</u>	<u>3,649,659</u>	<u>538,755</u>	<u>5,326,003</u>	<u>5,265,001</u>
NET ASSETS, END OF YEAR	<u>\$ 999,393</u>	<u>\$3,595,110</u>	<u>\$538,755</u>	<u>\$5,133,258</u>	<u>\$5,326,003</u>

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

**CHILD ABUSE PREVENTION FOUNDATION OF SAN DIEGO COUNTY
(A NONPROFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2006)**

	2007				
	Program Services	General and Administrative	Fundraising	Total	2006
Salaries and Related Expenses:					
Salaries and benefits	\$ 160,135	\$150,389	\$255,849	\$ 566,373	\$ 427,810
Payroll taxes	<u>13,754</u>	<u>11,724</u>	<u>20,791</u>	<u>46,269</u>	<u>33,991</u>
Total Salaries and Related Expenses	<u>173,889</u>	<u>162,113</u>	<u>276,640</u>	<u>612,642</u>	<u>461,801</u>
Other Expenses:					
Prevention, advocacy, and education	671,808			671,808	786,877
In-kind program gifts	494,887			494,887	474,886
Community awareness	72,374			72,374	54,177
Consultants	6,722	8,580	30,208	45,510	27,389
Printing	815	520	35,520	36,855	29,527
Office and storage space rental	9,946	7,548	16,577	34,071	34,540
Insurance	4,797	3,198	8,008	16,003	17,605
Computer expense	2,937	2,840	9,300	15,077	4,659
Graphic art and design	635	2,003	10,030	12,668	8,333
Office supplies	2,793	2,429	5,152	10,374	8,147
Postage and courier	961	806	7,727	9,494	8,116
Audit fees		3,700	5,550	9,250	8,990
Meetings expense	2,039	3,817	1,772	7,628	4,218
Travel expense	1,450	762	4,327	6,539	8,318
Telephone	1,534	1,350	2,212	5,096	3,141
Website expenses	730		3,690	4,420	8,169
Financial services		3,095	1,194	4,289	1,355
Repairs and maintenance	3,150	335	732	4,217	6,142
Mailing services			4,012	4,012	4,475
Donor recognition			3,502	3,502	1,533
Dues and subscriptions	50	118	3,097	3,265	1,406
Miscellaneous	529	1,632	1,077	3,238	3,243
Donor Cultivation			2,410	2,410	16,576
Training and education	705	270	1,062	2,037	914
Other purchased services		247	1,402	1,649	852
Fees and licenses	247	394	413	1,054	612
Equipment rental	393	131	323	847	1,554
Grants to agencies				-0-	39,927
Temporary office help				-0-	<u>18,730</u>
Total Other Expenses	<u>1,279,502</u>	<u>43,775</u>	<u>159,297</u>	<u>1,482,574</u>	<u>1,584,411</u>
Total Expenses Before Depreciation	1,453,391	205,888	435,937	2,095,216	2,046,212
Depreciation	<u>28,967</u>	<u>2,256</u>	<u>5,640</u>	<u>36,863</u>	<u>31,235</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$1,482,358</u>	<u>\$208,144</u>	<u>\$441,577</u>	<u>\$2,132,079</u>	<u>\$2,077,447</u>

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

CHILD ABUSE PREVENTION FOUNDATION OF SAN DIEGO COUNTY
(A NONPROFIT CORPORATION)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2006)

	<u>2007</u>	<u>2006</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ (192,745)	\$ 61,002
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	36,863	31,235
Donated land, building and equipment	(5,400)	(8,600)
Donated stock	(7,509)	-0-
Unrealized (gains) losses on investments	(26,930)	(530)
(Increase) Decrease in:		
Interest receivable	(4,859)	(17,440)
Other assets	6,609	(6,609)
Unconditional promises to give	(55,180)	8,900
Grants receivable	(50,000)	198,229
Increase (Decrease) in:		
Accrued liabilities	<u>(139,385)</u>	<u>(62,816)</u>
Net Cash (Used) Provided by Operating Activities	<u>(438,536)</u>	<u>203,371</u>
<u>Cash Flows From Investing Activities:</u>		
Additions to land, building and equipment	(62,313)	(42,735)
Purchases of investments	(1,785,990)	(2,470,096)
Maturities of investments	<u>1,830,652</u>	<u>2,300,617</u>
Net Cash Used by Investing Activities	<u>(17,651)</u>	<u>(212,214)</u>
<u>Cash Flows From Financing Activities:</u>		
Capital lease obligation	<u>(1,368)</u>	<u>-0-</u>
Net Cash Used by Financing Activities	<u>(1,368)</u>	<u>-0-</u>
Decrease in Cash and Cash Equivalents	(457,555)	(8,843)
Cash and Cash Equivalents at Beginning of Year	<u>966,446</u>	<u>975,289</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>508,891</u>	\$ <u>966,446</u>
<u>Supplemental Disclosure of Noncash Investing and Financing Activities:</u>		
Equipment acquired through capital lease obligation	<u>\$ -0-</u>	<u>\$ 6,843</u>

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

**CHILD ABUSE PREVENTION FOUNDATION OF SAN DIEGO COUNTY
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2006)**

Note 1 - Organization and Nature of Activities and Significant Accounting Policies:

Organization and Nature of Activities

The Child Abuse Prevention Foundation of San Diego County (the "Foundation") is a California Nonprofit Corporation formed in 1981 for public and charitable purposes. The mission of the Foundation is to break the cycle of child abuse through prevention, education, advocacy and funding.

The following is a brief description of the Foundation's programs:

A.B. and Jessie Polinsky Children's Center

The Foundation raised \$12 million to build the A.B. and Jessie Polinsky Children's Center (the "Polinsky Center"), the County's emergency shelter for abused and neglected children. In October 1994, the Foundation deeded the facility to the County of San Diego. The Polinsky Center offers a full range of assessment and care programs to more than 2,000 children every year. The Foundation continues to support the Polinsky Center by raising funds for the urgent and long-term needs of the young residents during their stay. The following are just a few examples of the programs and projects at the Polinsky Center supported by the Foundation:

- . Developmental screening
- . Polinsky Children's Center school education enhancement
- . Recreation program
- . Renovation of the sports/recreation field with artificial turf
- . Chaplaincy program
- . Youth to Youth Mentor program
- . Annual holiday gift drives
- . Pet therapy program
- . Gymnasium improvements and playground improvements
- . Construction of a new nursery

**CHILD ABUSE PREVENTION FOUNDATION OF SAN DIEGO COUNTY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2006)**

Note 1 - Organization and Nature of Activities and Significant Accounting Policies: (Continued)

Organization and Nature of Activities (Continued)

Guardian Scholar Program

The guardian scholar program is a scholarship program that is established to assist current and former foster youth to further their education and become successful, independent adults. The program is much more than just financial aid - it is an investment in the future of each individual recipient. Depending on their individual needs, scholarship recipients receive assistance with items such as college tuition and fees, mentoring, vocational training, books and supplies, as well as housing and transportation costs. Scholarships available to current and former foster youth between the ages of 16 and 24 years of age from throughout San Diego County.

Mary's House

The Foundation joined forces with HomeAid San Diego, William Lyon Homes and YMCA Youth & Families Services to open North County's first transitional living program for former foster youth. In the fall of 2003 Mary's House became home to six young women emancipated from San Diego's foster care system. The Foundation does not operate Mary's House, but continues to provide financial support. Expansion plans are currently under way for a second home on the property.

Additional Programs

In addition to the above major programs, the Foundation also has many other programs including, but not limited to, the Foster Fund, Birthday Club, Clean Start Fund, Adoption Recruitment, Lumina College Connections, Protecting Children Online, First Responders Training, Foster Teen Driver's Education, Holiday Gift, Back to School for Kids, and Give Your Heart to Kids Campaign that support the thousands of abused and neglected children of all ages in San Diego County.

**CHILD ABUSE PREVENTION FOUNDATION OF SAN DIEGO COUNTY
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2006)**

Note 1 - Organization and Nature of Activities and Significant Accounting Policies: (Continued)

Significant Accounting Policies

Method of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

The financial statements are presented in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations", which requires the Foundation 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.

Estimates

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

Investments

The Foundation follows Statement of Financial Accounting Standards No. 124 "Accounting for Certain Investments Held by Not-For-Profit Organizations" whereby investments in certificates of deposits and marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. The Foundation initially records its investments in securities without readily determinable fair values at cost as of the date of investment and thereafter includes reinvested earnings in the value.

CHILD ABUSE PREVENTION FOUNDATION OF SAN DIEGO COUNTY
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2006)

Note 1 - Organization and Nature of Activities and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Contributions

Contributions are recognized when the donor makes a promise to give to the Foundation that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Land, Building and Equipment

Land, building and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment is depreciated using the straight-line method over the estimated useful asset lives as follows:

Building and improvements	5 - 30 years
Furniture and equipment	5 - 10 years
Vehicle	5 years

Depreciation aggregated \$36,863 and \$31,235 for the years ended December 31, 2007 and 2006, respectively.

Maintenance, repairs and minor renewals are charged to operations as incurred. Upon sale or disposition of land, buildings and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale of any resultant gain or loss is credited or charged to earnings.

**CHILD ABUSE PREVENTION FOUNDATION OF SAN DIEGO COUNTY
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2006)**

Note 1 - Organization and Nature of Activities and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Donated Services, Office Space and Materials

The Foundation utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated services have not been reflected in the accompanying financial statements since none met the criteria established above.

The Foundation received donated office space with an estimated fair value of \$32,760 and \$32,760 for the years ended December 31, 2007 and 2006, respectively. The amount has been included in both in-kind contributions revenue and expense in the accompanying financial statements.

In-kind contributions of goods used for program services with an estimated fair value of \$494,887 and 474,886 and donated equipment with an estimated fair value of \$5,400 and \$8,600 and for the years ended December 31, 2007 and 2006, respectively are included in in-kind contributions and auxiliary contributions in the statement of activities.

Functional Allocation of Expenses

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

CHILD ABUSE PREVENTION FOUNDATION OF SAN DIEGO COUNTY
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2006)

Note 1 - Organization and Nature of Activities and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Income Tax Status

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Foundation is not a private foundation.

Concentration of Credit Risk

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Comparative Totals for December 31, 2006

The financial statements includes certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2006, from which the summarized information was derived.

CHILD ABUSE PREVENTION FOUNDATION OF SAN DIEGO COUNTY
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007
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Note 2 - Investments:

Investments in certificates of deposits and marketable securities are stated at fair value. The investment in the American Express Quantum Select Annuity is stated at cost plus reinvested earnings at the contract rate. The investment in Wells REIT is stated at cost plus reinvested earnings, which does not represent fair value based on a valuation of the properties held by the fund.

	<u>2007</u>	<u>2006</u>
<u>Certificates of Deposit</u>	<u>\$1,745,945</u>	<u>\$1,114,539</u>
<u>Marketable Securities:</u>		
Corporate bonds and notes	591,741	582,379
U.S. Agency Securities	<u>646,782</u>	<u>1,239,549</u>
	<u>1,238,523</u>	<u>1,821,928</u>
<u>Other Securities:</u>		
American Express Quantum Select Annuity	680,938	771,109
Wells REIT (56,810.387 shares)	<u>474,493</u>	<u>442,546</u>
	<u>1,155,431</u>	<u>1,213,655</u>
 Total Investments	 <u>\$4,139,899</u>	 <u>\$4,150,122</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2007</u>	<u>Total 2006</u>
Interest and dividend income	\$196,523	\$27,555	\$224,078	\$205,892
Net realized and unrealized gains/(losses) on investments	<u>26,588</u>	<u>342</u>	<u>26,930</u>	<u>530</u>
	<u>\$223,111</u>	<u>\$27,897</u>	<u>\$251,008</u>	<u>\$206,422</u>

CHILD ABUSE PREVENTION FOUNDATION OF SAN DIEGO COUNTY
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
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(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2006)

Note 3 - Unconditional Promises to Give:

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

	<u>2007</u>	<u>2006</u>
Receivable in less than one year	\$59,280	\$4,100
Receivable in more than five years	<u>5,000</u>	<u>5,000</u>
Total Unconditional Promises to Give	<u>\$64,280</u>	<u>\$9,100</u>

Management believes that all unconditional promises to give were fully collectible, therefore, no allowance for doubtful accounts was recorded at December 31, 2007 and 2006.

Note 4 - Grants Receivable:

Grants receivable consist of the following at December 31:

	<u>2007</u>	<u>2006</u>
Qualcomm - Guardian Scholars	<u>\$50,000</u>	<u>\$-0-</u>

Management believes that all grants receivable, were fully collectible, therefore, no allowance for doubtful accounts was recorded at December 31, 2007 and 2006.

**CHILD ABUSE PREVENTION FOUNDATION OF SAN DIEGO COUNTY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2006)**

Note 5 - Land, Building and Equipment:

Land, building and equipment consist of the following at December 31:

	<u>2007</u>	<u>2006</u>
Land	\$ 55,597	\$ 55,597
Building and improvements	472,845	437,827
Furniture and equipment	122,927	101,472
Vehicle	<u>20,000</u>	<u>20,000</u>
Total	671,369	614,896
Less: Accumulated depreciation	<u>(243,298)</u>	<u>(217,675)</u>
Land, Building and Equipment, Net	<u>\$428,071</u>	<u>\$397,221</u>

Note 6 - Capital Lease Obligation:

In 2007, the Foundation acquired a copy machine under a capital lease. The economic substance of the lease is that the Foundation is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the Foundation's assets and liabilities. The leased property under capital lease has a cost of \$6,843, accumulated depreciation of \$1,482 and \$114 and a net book value of \$5,361 and \$6,729 at December 31, 2007 and 2006, respectively.

The future minimum lease payments under the capital lease and the net present value of the future minimum lease payments at December 31, 2007 are as follows:

Total minimum lease payments	\$6,333
Less: Amount representing interest	<u>(858)</u>
Present Value of Net Minimum Lease Payments	<u>\$5,475</u>

Future minimum lease payments are summarized as follows:

December 31,

2008	\$1,689
2009	1,689
2010	1,689
2011	<u>1,266</u>
	<u>\$6,333</u>

**CHILD ABUSE PREVENTION FOUNDATION OF SAN DIEGO COUNTY
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2006)**

Note 7 - Net Assets:

Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at December 31:

	<u>2007</u>	<u>2006</u>
Sunshine Brooks Endowment	\$2,806,344	\$2,806,344
Polinsky Children's Center	338,370	367,014
Scholarship Fund	110,268	110,001
Guardian Scholar	106,098	81,449
Foster Teen Driver's Education Program	53,600	52,314
Polinsky Children's Center Endowment	39,756	39,756
Beth Lennon Memorial Fund	38,762	38,762
Beth Lennon Symposium	28,388	22,514
Birthday Club	22,086	19,376
Family Finding Program	18,440	-0-
Special Needs Fund	6,797	10,461
Lumina College Connections	6,250	16,667
Other	5,864	2,052
Pledges Receivable	5,000	5,000
Costumes for Kids	4,569	4,651
Clean Start Program	3,295	22,446
Back to School Program	1,223	-0-
Just In Time Auxiliary	-0-	43,853
Development Screener Expansion Program	-0-	6,999
	<u>\$3,595,110</u>	<u>\$3,649,659</u>

Net Assets Released From Restrictions

For the year ended December 31, 2007, net assets in the amount of \$673,513 were released from donor restrictions by incurring expenses satisfying the purpose or by occurrence of other events such as the passage of time restrictions specified by donors.

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Note 7 - Net Assets: (Continued)

Permanently Restricted Assets

Permanently restricted net assets consist of the following at December 31:

	<u>2007</u>	<u>2006</u>
Polinsky Children's Center Endowment	\$381,410	\$381,410
General Endowment	87,345	87,345
Junior League Scholarship Endowment	<u>70,000</u>	<u>70,000</u>
	<u>\$538,755</u>	<u>\$538,755</u>

Note 8 - Auxiliaries:

The Foundation's supporting auxiliaries contributed the following amounts to the Foundation for the years ended December 31:

	<u>2007</u>	<u>2006</u>
Just in Time	\$34,099	\$104,823
The Polinsky Children's Center Auxiliary	8,463	4,925
St. Germaine	<u>-0-</u>	<u>8,105</u>
	<u>\$42,562</u>	<u>\$117,853</u>

During 2006, St. Germaine applied for and obtained their own exempt status. They are now known as St. Germaine Children's Charities. During 2007, Just in Time applied for and obtained their own exempt status. The amount of contribution reflected in the accompanying financial statements includes the auxiliaries' earnings prior to obtaining their exempt status.

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Note 9 - Program Services:

Children's Programs

Children's programs consist of funds provided to the following agencies or programs for the years ended December 31:

	<u>2007</u>	<u>2006</u>
Guardian Scholar Program	\$256,475	\$ 215,852
Polinsky Children's Center	120,503	283,442
Mary's House	94,031	98,202
Community Awareness	79,324	59,230
Emancipated Foster Youth Program	73,280	62,474
Development Screener Program at Polinsky	58,715	40,310
Holiday Toys Program	46,022	6,265
Recreation and Life Skills Program at Polinsky	44,714	44,637
Parenting Conference	44,116	-0-
Beth Lennon Symposium	33,678	14,645
Clean Start Program	19,187	17,118
Protecting Children Online	16,509	9,435
Foster Youth Driver's Education Program	13,714	7,686
Chaplaincy Program at Polinsky	12,032	31,250
Lumina College Connections	10,427	40,564
Birthday Club	10,191	14,021
Foster Youth Website Makeover	10,000	15,221
Adoption Recruitment Program	8,534	22,120
Foster Fund	7,918	6,564
Costumes for Kids	6,840	-0-
Family Finding Program	6,560	-0-
Back to School Program	6,282	5,956
Other	5,869	88
Wildfire Relief Fund	2,425	-0-
Foster Care Extreme Makeover	125	2,047
Serenity Cottage at Polinsky	-0-	33,879
Developmental Screener Expansion Program	-0-	31,990
St. Germaine's Children's Charities	-0-	22,591
	<u>\$987,471</u>	<u>\$1,085,587</u>

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Note 9 - Program Services: (Continued)

During 2003, the Foundation finished renovating a house located in Escondido, California. The Foundation donated the use of the house to the YMCA, which operates a transitional living program for former foster youths. No amounts have been reflected in the accompanying financial statements for the donated space, estimated by the Foundation to have a value of \$24,000 and \$24,000 for the years ended December 31, 2007 and 2006, respectively. Depreciation of this asset is considered a program service expense for financial statement purposes and is included in children's programs.

In-Kind Children's Programs

In-kind children's programs, the value of which is determined by estimating the fair value of the gift, consists of in-kind contributions given to the following agencies or pro-grams for the years ended December 31:

	<u>2007</u>	<u>2006</u>
Holiday Gift Program	\$215,312	\$160,928
Costumes for Kids	144,350	136,275
Polinsky Children's Center	54,898	38,529
Back to School Program	41,615	67,225
Guardian Scholar Program	12,451	2,605
Wildfire Relief Fund	12,050	-0-
Foster Care Extreme Makeover	7,000	28,185
Emancipated Foster Youth Program	4,670	38,779
Foster Fund	1,677	-0-
Other	<u>864</u>	<u>2,360</u>
	<u>\$494,887</u>	<u>\$474,886</u>

Note 10 - Related Party Transactions:

The Foundation received contributions from certain members of its board of directors. Contributions totaled \$111,261 and \$117,401 for the years ended December 31, 2007 and 2006, respectively.