PROMISES2KIDS

Creating a brighter future for foster children™

PROMISES2KIDS FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2013

Leaf & Cole, LLP
Certified Public Accountants

PROMISES2KIDS FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2013

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Independent Auditor's Report

To the Board of Directors
Promises2Kids Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Promises2Kids Foundation, 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 period January 1, 2012 to June 30, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Promises2Kids Foundation as of June 30, 2013, and the changes in its net assets and its cash flows for the period January 1, 2012 to June 30, 2013 then ended in accordance with accounting principles generally accepted in the United States of America.

Leaf & Cole LLP

San Diego, California
November 4, 2013

PROMISES2KIDS FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS

Assets: (Notes 1, 2, 3, 4, 5 and 6)		
Cash and cash equivalents	$	823,332
Contributions receivable		222,142
Interest receivable		2,705
Grants receivable		32,200
Investments		3,346,918
Prepaid expenses		17,968
Property and equipment, net		423,298
TOTAL ASSETS	$	4,868,563

LIABILITIES AND NET ASSETS

Liabilities: (Note 1)		
Accrued liabilities	$	116,119
Total Liabilities		116,119
Commitment (Note 10)		
Net Assets: (Notes 1, 7 and 8)		
Unrestricted		1,120,053
Temporarily restricted		3,093,636
Permanently restricted		538,755
Total Net Assets		4,752,444
TOTAL LIABILITIES AND NET ASSETS	$	4,868,563

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

PROMISES2KIDS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE PERIOD JANUARY 1, 2012 TO JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue:				
Public Support:				
Contributions	$ 417,791	$ 874,439	$ -	$ 1,292,230
Grants	37,874	484,248		522,122
In-kind contributions	1,106,870	-	-	1,106,870
Special events (net of related expenses of $673,195)	752,142	-	-	752,142
Total Public Support	2,314,677	1,358,687	-	3,673,364
Revenue:				
Realized and unrealized gains on investments	11,769	253,266	-	265,035
Interest and dividend income	145,921	22,002	-	167,923
Program income	1,070	-	-	1,070
Loss on disposal of property and equipment	(391)	-	-	(391)
Total Revenue	158,369	275,268	-	433,637
Net Assets Released From Restrictions	1,290,445	(1,290,445)	-	-
Total Public Support and Revenue	3,763,491	343,510	-	4,107,001
Expenses:				
Program Services:				
Children's and young adults' programs	1,668,723	-	-	1,668,723
In-kind children's and young adults' programs	1,017,540	-	-	1,017,540
Total Program Services	2,686,263	-	-	2,686,263
Supporting Services:				
Fundraising	412,886	-	-	412,886
General and administrative	209,111	-	-	209,111
Total Supporting Services	621,997	-	-	621,997
Total Expenses	3,308,260	-	-	3,308,260
Change in Net Assets	455,231	343,510	-	798,741
Net Assets at December 31, 2011	664,822	2,750,126	538,755	3,953,703
NET ASSETS AT JUNE 30, 2013	$ 1,120,053	$ 3,093,636	$ 538,755	$ 4,752,444

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

PROMISES2KIDS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD JANUARY 1, 2012 TO JUNE 30, 2013

	Program Services	General and Administrative	Fundraising	Total
Salaries and Related Expenses:				
Salaries and benefits	$ 312,436	$ 136,755	$ 227,716	$ 676,907
Payroll taxes	26,977	11,327	19,975	58,279
Total Salaries and Related Expenses	339,413	148,082	247,691	735,186
Other Expenses:				
Prevention, advocacy, and education	1,098,208	-	-	1,098,208
In-kind designated gifts	991,967	-	-	991,967
In-kind occupancy	25,573	9,878	19,089	54,540
Printing and production	21,597	2,594	24,127	48,318
Consultants	17,175	8,208	16,600	41,983
Training and education	29,529	1,016	2,016	32,561
Financial services	3,881	8,055	11,146	23,082
Travel expense	16,317	1,565	4,332	22,214
Graphic art and design	9,366	407	11,726	21,499
Bad debt	20,000	-	-	20,000
Office supplies and equipment	9,396	3,264	6,590	19,250
Insurance	8,934	2,333	4,758	16,025
Marketing and Public Relations	8,977	1,490	4,463	14,930
Telephone	6,124	3,125	5,368	14,617
Computer expense	5,494	2,452	6,127	14,073
Postage and courier	2,664	733	9,479	12,876
Website expenses	6,692	1,782	4,079	12,553
Audit fees	5,593	2,142	4,165	11,900
Meetings expense	3,579	710	3,907	8,196
Donor recognition	3,519	564	2,871	6,954
Staff development and recognition	3,777	853	2,074	6,704
Donor cultivation	984	49	3,594	4,627
Dues and subscriptions	1,648	888	1,719	4,255
Miscellaneous	2,330	511	840	3,681
Board development	1,775	310	442	2,527
Legal fees	306	117	228	651
Repairs and maintenance	249	38	74	361
Total Other Expenses	2,305,654	53,084	149,814	2,508,552
Total Expenses Before Depreciation	2,645,067	201,166	397,505	3,243,738
Depreciation	41,196	7,945	15,381	64,522
TOTAL EXPENSES	$ 2,686,263	$ 209,111	$ 412,886	$ 3,308,260

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

PROMISES2KIDS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE PERIOD JANUARY 1, 2012 TO JUNE 30, 2013

Cash Flows From Operating Activities:		
Change in net assets	$	798,741
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		64,522
Donated property and equipment		(57,909)
Net realized and unrealized gain on investments		(265,035)
Loss on disposal of property and equipment		391
(Increase) Decrease in:		
Contributions receivable		(56,991)
Interest receivable		(2,705)
Grant receivable		(32,200)
Prepaid expenses		(10,921)
Increase (Decrease) in:		
Accrued liabilities		36,974
Deferred revenue		(2,650)
Net Cash Provided by Operating Activities		472,217
Cash Flows From Investing Activities:		
Purchases of investments, net		(72,744)
Purchases of property and equipment		(21,200)
Net Cash Used in Investing Activities		(93,944)
Increase in Cash and Cash Equivalents		378,273
Cash and Cash Equivalents at December 31, 2011		445,059
CASH AND CASH EQUIVALENTS AT JUNE 30, 2013	$	823,332

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

Note 1 - Organization and Significant Accounting Policies:

Organization

The Promises2Kids Foundation (formerly: Child Abuse Prevention Foundation) (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.

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

A.B. and Jessie Polinsky Children's Center

Previously 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 during the period ended June 30, 2013:

- Developmental Screening and Enhancement Program (DSEP)
- Youth2Youth Advocates
- Developmental Preschool
- Pet Therapy Program
- Health, Recreation and Wellness Program

Guardian Scholars

Guardian Scholars is a scholarship and support 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. A unique component to Guardian Scholars reaches foster youth while they are in high school – intervening at a critical time in their lives – preparing them for graduation, a higher education, and beyond. Junior Guardian Scholars provides multifaceted support through mentoring, SAT preparation, college planning, financial aid and college application workshops, and STE[+a]M programs at the University of California, San Diego (UCSD).

Camp Connect

The Foundation partners with the Health and Human Services Agency of San Diego County in order to provide foster children with the opportunity to reconnect with their siblings who live apart through a four-day summer camp and structured recreational and educational day camps throughout the year. This program allows children to build further on sibling interaction and enhance a sense of belonging.

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

Organization (Continued)

Foster Funds

Promises2Kids understands that foster children often feel alone and isolated. They may go without simple pleasures of childhood such as birthday gifts, cap and gown for graduation, a sports uniform or a musical instrument. We ensure foster children know that they too are heard, special and deserving. Promises2Kids has special funds set up to support these needs not met through typical funding, which include Something Special Fund, Birthday Club, Community Drives and Driver Education.

Additional Community Programs

In addition to the above major programs, the Foundation also has community programs including Mary's House and Law Enforcement. Mary's House is a female transitional housing program operated by the YMCA Youth Family Services for former foster youth. Law Enforcement was developed to teach agencies how to work together in identifying, investigating and prosecuting child abuse. Promises2Kids with the help of its community partners, continues to provide support to this important community collaboration by hosting advanced trainings.

Method of Accounting

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

Financial Statement Presentation

The financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

- Unrestricted net assets – Net assets not subject to donor imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor imposed stipulations that will be met by actions of the Foundation and/or the passage of time. When a donor stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- Permanently restricted net assets – Net assets subject to donor imposed stipulations requiring that they be maintained permanently by the Foundation. The income from these assets is available for either general operations or specific programs as specified by the donor.

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

Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

The FASB has issued reporting standards for endowments of not-for-profit Organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and enhanced disclosures for all endowment funds. The standards provide guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The standards also require additional disclosures about endowments (both donor-restricted funds and board-designated funds) to enable users of financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

The Foundation invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of financial position.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the Foundation has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the investment.

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

Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

The Foundation's statement of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in mutual and index funds and a REIT are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

Allowance for Doubtful Accounts

Management believes that all accounts and grant receivable were fully collectible; therefore, no allowance for doubtful accounts was recorded as of June 30, 2013.

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 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.

Capitalization and Depreciation

The Foundation capitalizes all expenditures in excess of $500 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long 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	3 - 10 years

Depreciation totaled $64,522 for the period ended June 30, 2013.

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. Any resultant gain or loss is credited or charged to earnings.

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

Significant Accounting Policies (Continued)

Impairment of Real Estate

The Foundation reviews its investment in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2013.

Compensated Absences

Accumulated unpaid vacation totaling $10,223 at June 30, 2013 is accrued when incurred and included in accrued liabilities.

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.

The Foundation received donated office space, contributions of goods for program services, professional services, supplies and equipment. The Foundation donated facility space to the YMCA of San Diego County for the operation of Mary's House. These in-kind items have been recorded at fair value as in-kind contributions in the statement of activities.

The in-kind contributions consist of the following for the period ended June 30, 2013:

In-kind designated gifts	$ 991,967
Property and equipment	57,909
Office rental	54,540
Professional services	2,250
Supplies	204
Total In-kind Contributions	$ 1,106,870

Allocated 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.

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

Significant Accounting Policies (Continued)

Income Taxes

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

The Foundation's Return of Organization Exempt from Income Tax for the periods ended June 30, 2013, June 30, 2012, December 31, 2011 and 2010 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

Concentration of Credit Risk

The 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.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 4, 2013, the date the financial statements were available to be issued.

Note 2 - Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy as of June 30, 2013:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2013
Mutual and index funds:				
U.S. bond funds	$ 889,949	$ -	$ -	$ 889,949
Foreign bond funds	298,896	-	-	298,896
U.S. large cap stock funds	811,498	-	-	811,498
U.S. small and medium cap stock funds	337,407	-	-	337,407
Foreign stock funds	471,260	-	-	471,260
Real estate securities	173,941	-	-	173,941
Piedmont REIT	363,967	-	-	363,967
	$ 3,346,918	$ -	$ -	$ 3,346,918

Note 3 – Contributions Receivable:

Contributions receivable totaling $222,142 at June 30, 2013 are due within one year. Management believes that all contributions receivable are fully collectible; therefore, no allowance for doubtful accounts was recorded as of June 30, 2013.

Note 4 – Grant Receivable:

Grant receivable consists of the following as of June 30, 2013:

San Diego County Office of Education	$ 32,200
Total Grant Receivable	$ 32,200

Note 5 - Investments:

Investments consist of the following at June 30, 2013:

Mutual and index funds	$ 2,982,951
Piedmont REIT	363,967
Total Investments	$ 3,346,918

Note 5 - Investments: (Continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the period ended June 30, 2013:

	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	$ 145,921	$ 22,002	$ 167,923
Net realized and unrealized gains on investments	11,769	253,266	265,035
	$ 157,690	$ 275,268	$ 432,958

Note 6 - Property and Equipment:

Property and equipment consist of the following at June 30, 2013:

Land	$ 55,597
Building and improvements	528,232
Furniture and equipment	205,227
Subtotal	789,056
Less: Accumulated depreciation	(365,758)
Property and Equipment, Net	$ 423,298

Note 7 - Temporarily Restricted Net Assets:

Temporarily restricted net assets were available for the following purposes at June 30, 2013:

Sunshine Brooks Endowment	$ 2,425,262
Back to School Days	201,055
Polinsky Children’s Center	146,321
Guardian Scholars	107,455
Camp Connect	86,461
Polinsky Children’s Center Endowment	39,756
Birthday Club	20,919
Law Enforcement	15,077
Other	11,940
Driver Education	11,161
Junior League Scholarship	9,636
Mary’s House	8,165
Adoption	6,500
Something Special	3,928
Total Temporarily Restricted Net Assets	$ 3,093,636

Net assets totaling of $1,290,445 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 for the period ended June 30, 2013.

Note 8 - Endowment Net Assets:

The Foundation's endowment consists of three individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the enacted version of the Uniform Prudent management of Institutional Funds Act of 2006 (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 Foundation classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment (2) investment income or increases in fair value if required to be restricted by the donors. 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 Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2013.

The Foundation has adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a level commensurate with that of the median fund in comparable foundations
- Comply with applicable laws

The Foundation's endowment funds are invested in debt and other securities that are structured to satisfy its long-term rate-of-return objectives. The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Foundation's spending policy is to disburse funds available to meet the current program needs of the Foundation.

Note 8 - Endowment Net Assets: (Continued)

Endowment composition by type of fund at June 30, 2013:

	Temporarily Restricted	Permanently Restricted	Total
Polinsky Children's Center Endowment	$ 41,253	$ 381,410	$ 422,663
General Endowment	-	87,345	87,345
Junior League Scholarship Endowment	9,637	70,000	79,637
Total Donor-Restricted Endowment Funds	$ 50,890	$ 538,755	$ 589,645

Changes in Endowment Net Assets for the period ended June 30, 2013:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, December 31, 2011	4,591	538,755	543,346
Investment income	65,487	-	65,487
Appropriation of endowment assets for expenditure	(19,188)	-	(19,188)
Endowment Net Assets, June 30, 2013	$ 50,890	$ 538,755	$ 589,645

Note 9 – Program Services:

Children's Programs

Children's programs consist of funds provided to the following agencies or programs for the period ended June 30, 2013:

General Program Support	335,440
Guardian Scholars	330,043
Polinsky Children's Center	299,202
Holiday Gift Program	235,058
Back to School Days	154,144
Community Events & Partnerships	97,661
Something Special	68,959
Birthday Club	40,880
Camp Connect	34,097
Law Enforcement	24,264
Mary's House	23,091
Theatrical Tickets	11,750
Driver Education	8,173
Adoption	5,961
	$ 1,668,723

Note 9 – Program Services: (Continued)

Children's Programs (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. Rent totaling $54,000 for the donated space for the period ended June 30, 2013, has been reflected in the accompanying financial statements. 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, consist of in-kind contributions given to the following agencies or programs for the period ended June 30, 2013:

Community Partnerships	$ 292,968
Polinsky Children's Center	202,727
Holiday Gift Program	201,400
Costumes for Kids	200,026
Mary's House	54,000
Camp Connect	27,740
Back to School Days	23,133
Guardian Scholars	15,470
Something Special	76
	$ 1,017,540

Note 10 – Commitment:

Foundation maintains a Memorandum of Agreement with the County of San Diego that states that the Foundation shall use its best efforts to provide to Polinsky Center monetary and in-kind support for programs that contribute to the well-being, health, recreation and happiness of residents of PCC in the annual amount of $189,900. The parties shall use the calendar year for determining Foundation's compliance. For the period ended June 30, 2013, the Foundation had met their requirement and was in compliance.