CITY OF SURPRISE
Planning and Zoning Commission Agenda
16000 N. Civic Center Plaza
Surprise, AZ 85374

Thursday, February 7, 2013 @ 6:00 PM
Council Chambers

Back Print

CALL TO ORDER.

A. Roll Call

B. Pledge of Allegiance

C. Current Events and Reports – Pursuant to A.R.S. §38-431.02(k) the chief administrator, presiding officer or a member of a public body may present a brief summary of current events without listing in the agenda the specific matters to be summarized, provided that 1) The summary is listed on the agenda; and 2) The public body does not propose, discuss, deliberate or take legal action at that meeting on any matter in the summary unless the specific matter is properly noticed for legal action.

D. Staff Reports

Planning and Zoning Commission Agenda:

CALL TO THE PUBLIC:

INSTRUCTIONS: In order to address the Board\Commission, you will need to fill out a Call to the Public Form available at the front counter, and then turn it in to the Secretary before the meeting begins.

Note: A.R.S. 38-431.01(H) - During this time members of the public may address the Board\Commission on any item not on the agenda. At the conclusion of the open call, the Board\Commission may respond to criticism, may ask staff to review the matter or may ask that the matter be put on a future agenda. No discussion or action shall take place on any item raised.

E. Approval of items on the Consent Agenda – all items with an asterisk (*) are considered to be routine matters and will be enacted by one motion and one roll call vote to the Board\Commission. There will be no separate discussion on these items unless a board member or commissioner requests, in which event the item will be removed from the consent agenda and considered in its normal sequence on the agenda.

CONSENT AGENDA:

REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

ITEM #	DISTRICT #	ITEM DESCRIPTION	STAFF RECOMMENDATION/ PRESENTED BY

#1	District Internal	**<u>Consideration and action on the January 10, 2013 Planning and Zoning Commission minutes.</u>**	Approve Deb Perry, Community & Economic Development
#2	District Citywide	**<u>Discussion regarding development issues and noise contours.</u>**	No Action Hobart Wingard, Community & Economic Development
#3	District 5	**<u>Consideration and action on case FS11-243, a site plan for Hope Community Church.</u>**	Approve Hobart Wingard, Community & Economic Development

REGULAR AGENDA ITEM - PUBLIC HEARING:

ITEM #	DISTRICT #	ITEM DESCRIPTION	STAFF RECOMMENDATION/ PRESENTED BY
#4	District Citywide	**<u>Public service agency presentations for the Community Development Block Grant Program Year 2013-14 Public Services Grant applications.</u>**	No Action Christina Ramirez, Community & Economic Development

OTHER BUSINESS:

ADJOURNMENT:

SHERRY ANN AGUILAR, CITY CLERK, CMC

POSTED: AMENDED: Correction of posting time on Thursday, January 31, 2013 at 4:00pm

SPECIAL NOTE: PERSONS WITH SPECIAL ACCESSIBILITY NEEDS, INCLUDING LARGE PRINT MATERIALS OR INTERPRETER, SHOULD CONTACT THE CITY CLERK'S OFFICE @ 623.222.1200 OR TTY 623.222.1002, BY NO LATER THAN 24 HOURS IN ADVANCE OF THE REGULAR SCHEDULED MEETING TIME.

CITY OF SURPRISE
Planning and Zoning Commission

February 7, 2013 @ 6:00:00 PM

Back Print

Board Meeting Date:	February 7, 2013	Contact Person:	Deb Perry, Community & Economic Development
Submitting Department:	CD Boards and Commissions	District:	Internal
Staff Recommendations:	Approve		

Consent	Regular x	Public Hearing	Report/Discussion

Agenda Wording:

Consideration and action on the January 10, 2013 Planning and Zoning Commission minutes.

Motion:

I move to approve the January 10, 2013 Planning and Zoning Commission minutes.

Background:

Financial Impact Statement:

N.A.

ATTACHMENTS:

Click to download

Minutes

External Attachment Links:

Meeting Requirements:

Powerpoint x	Video	White Board	Other x

Presentation Speaker Names (spelling and titles for TV captions):

CITY OF SURPRISE

PLANNING AND ZONING COMMISSION
16000 North Civic Center Plaza
Surprise, AZ 85374

January 10, 2013

MEETING MINUTES

CALL TO ORDER

Chair Jan Blair called the Planning and Zoning Commission Meeting to order at 6 p.m. at the Surprise City Hall, 16000 North Civic Center Plaza, Surprise, Arizona 85374, on Thursday, January 10, 2013.

ROLL CALL

In attendance with Chair Blair were Vice Chair Steve Somers and Commissioners Matthew Bieniek, Ken Chapman, John Hallin, and Jerry Hoyler. Commissioner Dennis Smith was absent.

PLEDGE OF ALLEGIANCE

CURRENT EVENTS REPORT

STAFF REPORT

Community and Economic Development Assistant Director Chris Boyd stated that Luke Air Force Base has confirmed their attendance at the February meeting to discuss noise contours.

AD Boyd introduced Planner Nichole Arbeiter who recently joined city staff. Planner Arbeiter gave a brief overview of her education and professional background.

CALL TO THE PUBLIC

Chair Blair opened the call to the public to discuss any issues not noted on the agenda.

Martha Bails, resident, stated that she attended the open house at Sun City Grand and there were only 5 charts available to view. She also expressed disappointment with the GPAC meeting that was recently held. Ms. Bails stated that she also has a concern with the landscaping in the medians by developers. In several areas Sisso trees had been planted and these trees grow to be 30’ and will need to be pulled in the future.

Hearing no further comments, Chair Blair closed the call to the public.

CONSENT AGENDA

All items listed with an asterisk (*) are considered to be routine by the Planning and Zoning Commission and were approved by one motion. There was no separate discussion of these items during this meeting.

REGULAR AGENDA ITEMS NOT REQUIRING A PUBLIC HEARING

- **Item 1: Consideration and Action - Planning and Zoning Commission Minutes for December 6, 2012.**

Chair Somers requested a change in the minutes to reflect that Chair Blair closed the meeting.

Commissioner Chapman made a motion to approve the **Planning and Zoning Commission Minutes for December 6, 2012, as amended.** Vice Chair Somers seconded the motion. The motion passed with a vote of 6 ayes and 1 absent (Smith).

- **Item 2**: **Discussion Only - General Plan Survey Results**

GIS Technician Ami Izzo presented the survey results to the Commission.

The Commission had a few questions and some discussion regarding the survey findings.

- **Item 3: FS11-312 - Discussion Only – General Plan Update**

Planner Vamshee Kovuru presented the project update to the Commission.

Topics included:

- Update Process
- General Plan Advisory Committee
- Planning Hierarchy
- 2030 vs 2035 document

There was some general discussion regarding the General Plan Update.

- **Item 4: Consideration and Action – Planning and Zoning Commission 2013 Work Plan**

Assistant Director Boyd presented the work plan to the Commission.

Commissioner Hoyler made a motion to approve the **Planning and Zoning Commission 2013 Work Plan.** Commissioner Bieniek seconded the motion. The motion passed with a vote of   ayes and 1 absent (Smith).

REGULAR AGENDA ITEMS REQUIRING A PUBLIC HEARING

OTHER BUSINESS

ADJOURNMENT

Hearing no further business, Chair Blair adjourned the Planning and Zoning Commission meeting at 7:12 p.m.

STAFF PRESENT:

Community and Economic Development Assistant Director Chris Boyd, Assistant City Attorney Jim Gruber, GIS Division Manager Lloyd Abrams, Planner Vamshee Kovuru, Planner Nichole Arbeiter, GIS Technician Ami Izzo, and Planning and Zoning Commission Secretary Deb Perry.

COUNCIL MEMBERS PRESENT:

____
Chris Boyd
Assistant Director
Community and Economic Development

____
Jan Blair, Chair
Planning and Zoning Commission

Board Meeting Date:	February 7, 2013	Contact Person:	Hobart Wingard, Community & Economic Development
Submitting Department:	CD Boards and Commissions	District:	Citywide
Staff Recommendations:	No Action		

Consent	Regular x	Public Hearing	Report/Discussion

Agenda Wording:

Discussion regarding development issues and noise contours.

Motion:

Discussion Only

Background:

Financial Impact Statement:

N.A.

ATTACHMENTS:

Click to download

Staff Report

External Attachment Links:

Meeting Requirements:

Powerpoint x Video White Board Other x

Presentation Speaker Names (spelling and titles for TV captions):

James "Rusty" Mitchell, Director of the Community Initiatives Team at Luke Air Force Base
Hobart Wingard, Planner, Community & Economic Development

COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT

Date: February 7, 2013

To: Planning and Zoning Commission

From: Jeffrey J. Mihelich, Assistant City Manager
Hobart Wingard, Planner
623.222.3156, hobart.wingard@surpriseaz.gov

Re: Luke Air Force Base Workshop

As requested by the Planning and Zoning Commission, James "Rusty" Mitchell, Director of the Community Initiatives Team at Luke Air Force Base, will briefly outline the position of Luke in regards to Development. Issues such as the noise contours and the proposed F-35A Joint Strike Fighter may be addressed.

SURPRISE
ARIZONA

CITY OF SURPRISE
Planning and Zoning Commission

February 7, 2013 @ 6:00:00 PM

Back Print

Board Meeting Date:	February 7, 2013	Contact Person:	Hobart Wingard, Community & Economic Development
Submitting Department:	CD Boards and Commissions	District:	5
Staff Recommendations:	Approve		

Consent	Regular x	Public Hearing	Report/Discussion

Agenda Wording:

Consideration and action on case FS11-243, a site plan for Hope Community Church.

Motion:

I move to approve FS11-243, a site plan for Hope Community Church and to accept staffs findings.

Background:

This request is to construct an 8,750-square-foot worship facility on Reems Road approximately 3,000 feet south of Bell Road.

Financial Impact Statement:

All activity related to ongoing development of the city of Surprise has an economic and fiscal impact on the city and the region.

ATTACHMENTS:

Click to download

- Staff Report
- Vicinity Map
- Site Plan
- Elevations
- Landscape Plans

External Attachment Links:

Meeting Requirements:

Powerpoint x Video White Board Other x

Presentation Speaker Names (spelling and titles for TV captions):

Hobart Wingard, Planner, Community & Economic Development

COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT

Date: February 7, 2013

To: Planning and Zoning Commission

From: Jeffrey J. Mihelich, Assistant City Manager
Hobart Wingard, Planner
hobart.wingard@surpriseaz.gov 623-222-3156

Re: FS11-243, Hope Community Church

Application Summary

The applicant is requesting site plan approval for the first phase of an 8,750-square-foot worship facility.

Location

The project is located approximately 3,000 feet south of the intersection of Bell and Reems Roads at 16051 North Reems Road.

History

On June 20, 1984, the subject property was annexed into the City of Surprise.

Project Summary

Hope Community Church is proposing to construct the first phase of an 8,750-square foot multipurpose building. The single storey facility will house classrooms, offices, and an assembly area to accommodate approximately 300 participants. A 1,400-square-foot office area is planned for the eastern side of the structure in a subsequent phase.

Both vehicular and pedestrian access will be from Reems Road to the west. There is an opportunity to provide an additional vehicular connection to the north via the northeastern parking area. Parking calculations based on the development code require a minimum of 67 vehicle spaces while the facility is providing parking for 106 vehicles.

The worship facility plans to hold services on Sundays from 9:00 am to 12:00 pm. Midweek services will occur on Wednesdays from 7:00 pm to 9:00 pm. Child care and education activities will only be provided during worship services.

The architecture of the structure reflects a modern southwest theme that utilizes stone, iron, and stucco that will complement the intended character of the area.

Landscaping will occupy the remainder of the site. The plant palette was selected to provide water conservation through the use of low-water use plant material. A 36-inch-high masonry wall, designed to complement the architecture, will be installed along the parking spaces nearest Reems Road to provide screening of parked vehicles.

Economic Impact

The worship facility will minimally improve the Surprise economy and job base.

Department Review

All departments and outside agencies involved in the subject review are recommending the project for approval.

Findings

1. Staff finds that the proposed site plan complies with the Surprise Municipal Code.

2. Staff finds that the proposed site plan complies with the Surprise General Plan.

Recommendation

Staff recommends approval of the project, subject to the following conditions:

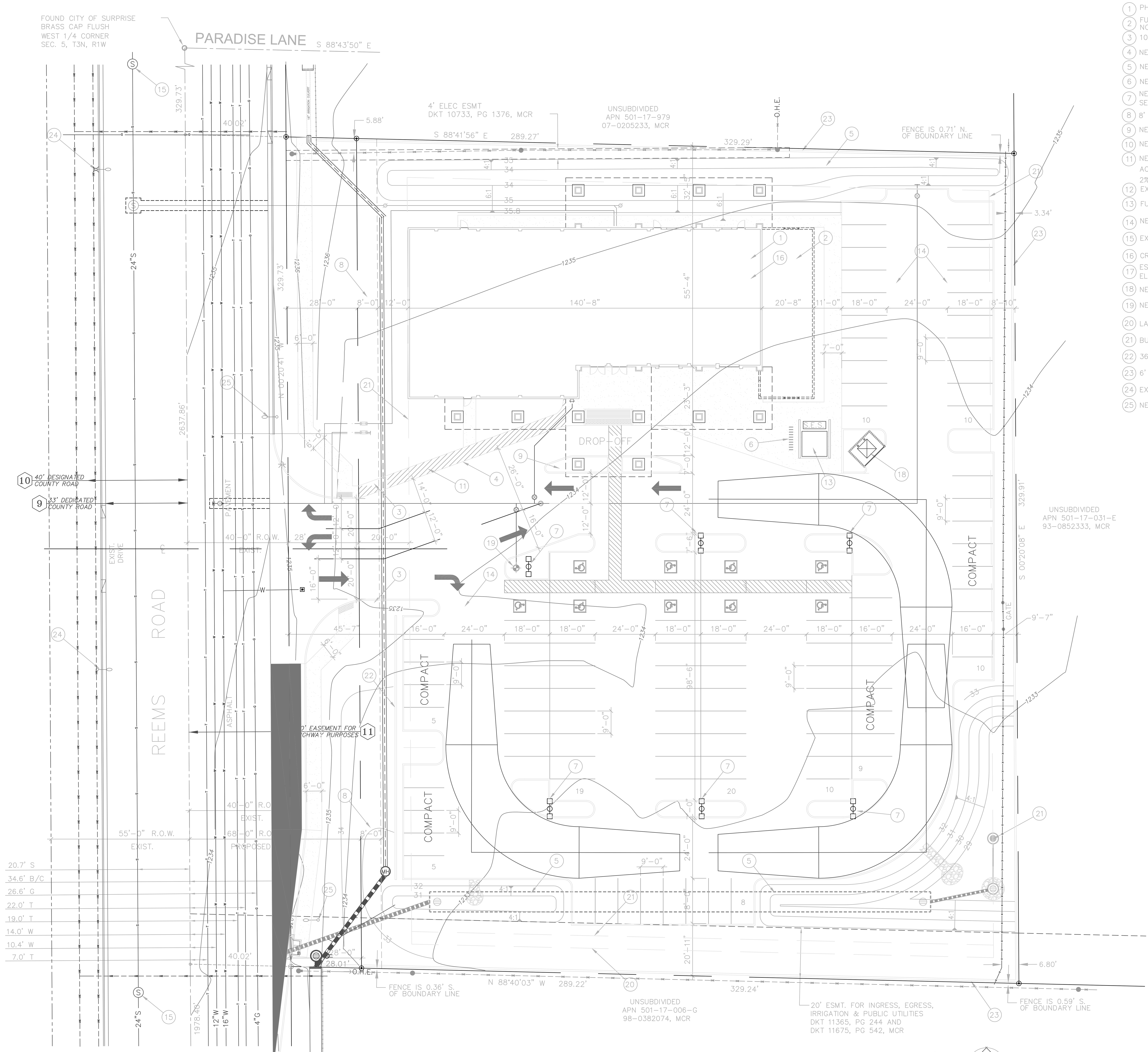
a) The site plan prepared by Klein & Associates, Inc. and dated December 1, 2012 will be revised and submitted to the city for administrative review and approval to include the following modifications:
    1. The western edge of the six (6) foot perimeter wall will terminate five (5) feet east of the western edge of the primary structure.
    2. Note 12 will be removed as there is no existing transformer shown.
    3. Note 13 will be changed from “future power transformer” to “new power transformer.
    4. Crosshatching will be provided as described in Note 16.
    5. The future phased area will be covered with a dust controlled surface.
    6. Provide sight visibility triangles as described in Note three (3).
b) The landscape plan prepared by Site Design and dated October 9, 2012 will be revised and submitted to the city for administrative review and approval to include the following modifications:
    1. The western edge of the six (6) foot perimeter wall will terminate five (5) feet east of the western edge of the primary structure.
    2. The future phased area will be covered with a dust controlled surface.
    3. Provide sight visibility triangles as referred to on the plan.

4. The plant material for the northwestern landscape island will be relocated from the pavement to the interior of the adjacent planting island.

Attachments

Vicinity map, site plan, landscape plan, and elevations,

Location Map – FS11-243



MASTER SITE PLAN
SCALE: 1" = 20'-0"

KEYNOTES:

1. PHASE I – MULTI-PURPOSE BUILDING
2. FUTURE PHASED CONSTRUCTION – NO TIMETABLE SET AT THIS TIME
3. 10' X 20' VISIBILITY TRIANGLE
4. NEW 5' SIDEWALK
5. NEW RETENTION BASIN
6. NEW BIKE RACK – SEE DETAIL ON SHEET A-2
7. NEW PARKING LOT LIGHT – SEE ELECTRICAL PLANS
8. 8' P.U.E.
9. NEW LANDSCAPE ISLAND
10. NEW D.G. GROUND COVER
11. NEW ACCESS FROM PUBLIC WAY ACCESSIBLE ROUTE – 5% MAX. SLOPE – 2% MAX. INCREASE SLOPE
12. EXIST. POWER TRANSFORMER
13. FUTURE POWER TRANSFORMER
14. NEW ASPHALT PARKING LOT
15. EXIST. SEWER MANHOLE – FIELD VERIFY
16. CROSS-HATCHED AREAS ARE THIS PROJECT
17. ESTIMATED LOCATION OF UNDERGROUND ELECTRICAL LINES – SEE ELECTRICAL PLANS
18. NEW TRASH ENCLOSURE
19. NEW FIRE HYDRANT
20. LANDSCAPE SETBACK LINE
21. BUILDING SETBACK LINE
22. 36" HIGH C.M.U. SCREEN WALL
23. 6' HIGH C.M.U. SCREEN WALL
24. EXIST. STREET LIGHT
25. NEW STREET LIGHT

PROJECT DATA

CODES :
2006 IBC
2006 IRC
2006 IMC
2006 IFGC
2006 IPC
2005 NEC
2006 IFC AND SURPRISE AMENDMENTS
2006 IECC
ORDINANCE # 07-08 – LOCAL AMENDMENTS
SURPRISE MUNICIPAL CODE (SMC)
ENGINEERING DEVELOPMENT STANDARDS
SURPRISE FIRE DEPARTMENT ACCESS AND GUIDELINE BOOK
NFPA
AASHTO

FIRE ZONE : N.A.
OCCUPANCY : A-3
SITE AREA :
GROSS: 108,553 S.F. 2.42 ACRES
NET: 95,363 S.F. 2.19 ACRES

LANDSCAPE AREA: 19,075 S.F. REQUIRED (20%)
31,771 S.F. PROVIDED (33%)

CONSTRUCTION TYPE :
WORSHIP BLDG. = TYPE V-A – W/A.F.E.S. PER N.F.P.A # 13
(AFES USED TO SUBSTITUTE FOR I HR. – TYP.)

BUILDING AREA : (FOOTPRINT) 8,644.9 S.F. PHASE I
1,419.4 S.F. PHASE II
10,064.3 S.F. PROPOSED

LOT COVERAGE: 45% ALLOWED
10,065/95,363 = 10.51% ACTUAL

BUILDING AREA BREAKDOWN:
WORSHIP BUILDING
A-3/ASSEMBLY BASE AREA = 10,064.3 S.F.
CANOPY AREA = 3,728.7 S.F.
13,793 S.F.

EMERGENCY LIGHTING: YES
FIRE ALARMS: YES
BUILDING HEIGHT: 31'-0"
PARKING CALCULATIONS (PHASE I):
268/4 = 67 SPACES REQUIRED

67 FULL SIZE SPACES PROVIDED
10 ACCESSIBLE SPACES PROVIDED
29 COMPACT SPACES PROVIDED
106 TOTAL SPACES PROVIDED

BICYCLE PARKING: 1/15 VEH. SPACES = 7 REQUIRED
8 SPACES PROVIDED

PROJECT DEVELOPER:

HOPE COMMUNTIY CHURCH
16051 W. REEMS ROAD
SURPRISE, ARIZONA 85374
PASTOR BRIAN SHAW
602-708-1616

ARCHITECT:

KLEIN & ASSOCIATES, LTD.
14817 N. 47TH PLACE
PHOENIX, ARIZONA 85032
JAMES E. KLEIN
602-404-4027

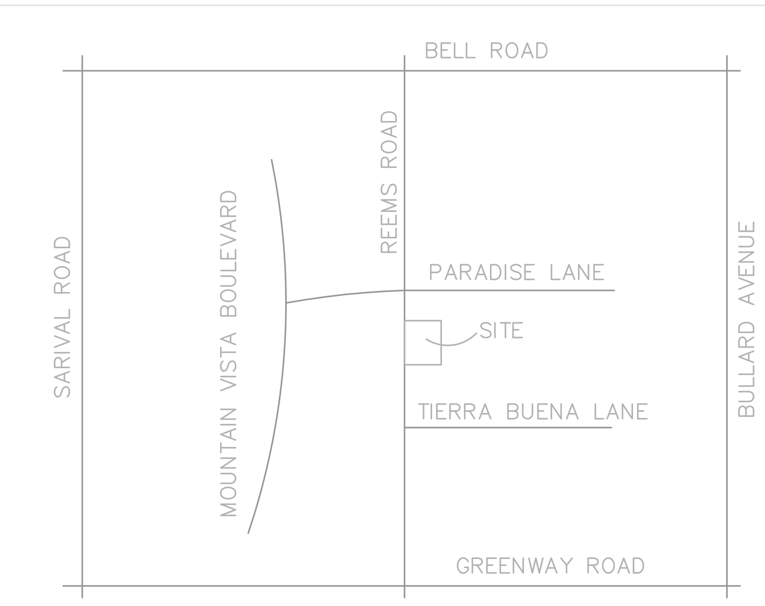
GENERAL NOTE:

1. ALL CHANGES TO BE APPROVED BY THE CITY OF SURPRISE COMMUNITY DEVELOPMENT DEPARTMENT
2. SIGNS REQUIRE A SEPARATE PERMIT
3. ALL UTILITY BOXES AND STRUCTURES ARE TO BE SCREENED FROM VIEW
4. PLANT MATERIAL IS NOT TO BE LOCATED WITHIN 3 FEET OF ANY FIRE HYDRANT OR FIRE DEPARTMENT CONNECTION
5. TREES IN PAVED AREAS ARE TO HAVE DEEP ROOT BARRIERS
6. ALL PLANT MATERIAL SIZES ARE TO BE CONSISTENT WITH ANA STANDARDS
7. ALL PLANT MATERIAL LOCATED WITHIN AASHTO VISIBILITY TRIANGLES ARE TO BE MAINTAINED NO HIGHER THAN 2 FEET HIGH, AND HANG NO LOWER THAN 7 FEET FROM THE GROUND ELEVATION
8. ALL BACKFLOW PREVENTERS, ETC. MUST BE ENCLOSED IN A LOCKING PROTECTIVE CAGE

PARCEL NUMBER

501-17-006X

VICINITY MAP



KLEIN & ASSOCIATES, INC.
ARCHITECTURE & PLANNING
NCARB
14817 N. 47TH PLACE
PHOENIX, ARIZONA 85032
PHONE (602) 404-4027 FAX (602) 404-9633

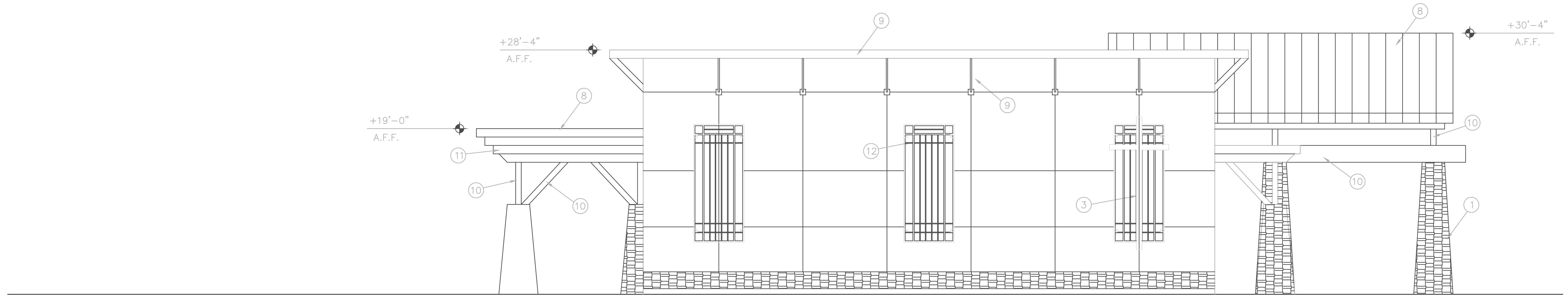
REGISTERED ARCHITECT CERTIFICATE NO. 13453 JAMES ERWIN KLEIN Date Signed ARIZONA, U.S.A. Expires 6-30-15

HOPE COMMUNITY CHURCH
16051 N. REEMS ROAD
SURPRISE, ARIZONA 85374

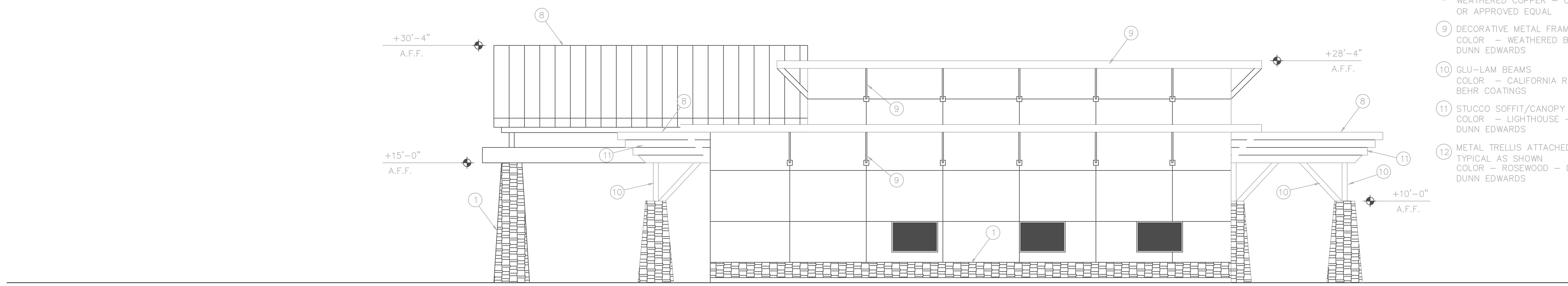
20TH SCALE MASTER SITE PLAN

JOB NO.	20090901
DATE:	09-13-09
DR'N BY:	J.E.K.
CK'D BY:	J.E.K.
REVISIONS	

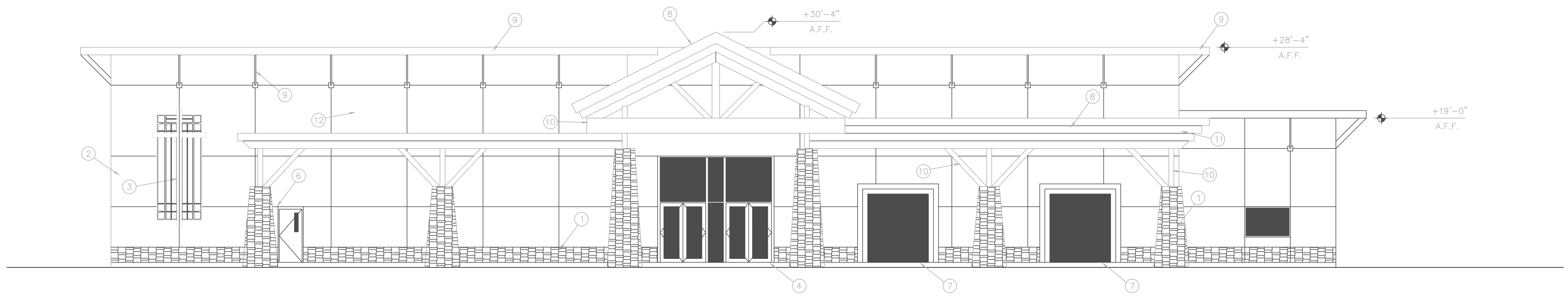
A-1 OF



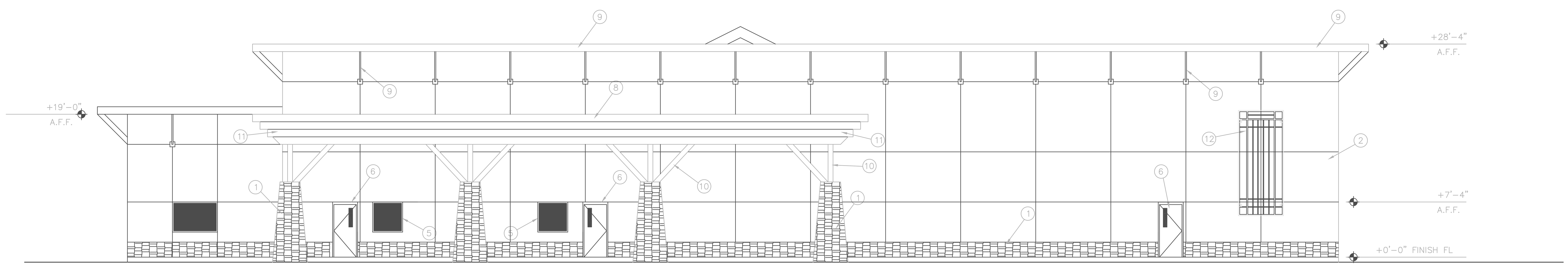
WEST ELEVATION



EAST ELEVATION



SOUTH ELEVATION



NORTH ELEVATION

BUILDING ELEVATIONS

SCALE: 1" = 8'-0"

0' 8' 16' 24'

KEYNOTES:

1. IMPERIAL STACK STONE
COLOR - PIZARA
VENEER STONE
2. WESTERN ONE-COAT STUCCO OVER
STANDARD 8816 CMU
COLOR - CLIFF'S VIEW - DEC720 - LRV 54
DUNN EDWARDS
3. 8" SQ. MTL. TUBE CROSS
COLOR - COPPER - POWDER COAT
4. ALUMINUM AND GLASS STOREFRONT
BRONZE - UC-52179XL / VA4-18 GLASS
5. 4040 WINDOW IN H.M. FRAME - TYP.
COLOR - ROSEWOOD - DEC706 - LRV 17
DUNN EDWARDS
6. 3070 H.M. DOOR IN H.M. FRAME - TYP.
COLOR - ROSEWOOD - DEC706 - LRV 17
DUNN EDWARDS
7. 9080 GARAGE DOOR - TYP.
COLOR - ROSEWOOD - DEC706 - LRV 17
DUNN EDWARDS
8. STANDING SEAM METAL ROOFING
WEATHERED COPPER - CUSTOM-BILT METALS
OR APPROVED EQUAL
9. DECORATIVE METAL FRAME/FASCIA
COLOR - WEATHERED BROWN - DEC758 - LRV 8
DUNN EDWARDS
10. GLU-LAM BEAMS
COLOR - CALIFORNIA RUSTIC - DP-351
BEHR COATINGS
11. STUCCO SOFFIT/CANOPY CEILING
COLOR - LIGHTHOUSE - DEW385 - LRV 83
DUNN EDWARDS
12. METAL TRELLIS ATTACHED TO WALL -
TYPICAL AS SHOWN
COLOR - ROSEWOOD - DEC706 - LRV 17
DUNN EDWARDS

KLEIN & ASSOCIATES, INC.
ARCHITECTURE & PLANNING
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14817 N. 47TH PLACE
PHOENIX, ARIZONA 85032
PHONE (602) 404-4027 FAX (602) 404-9633

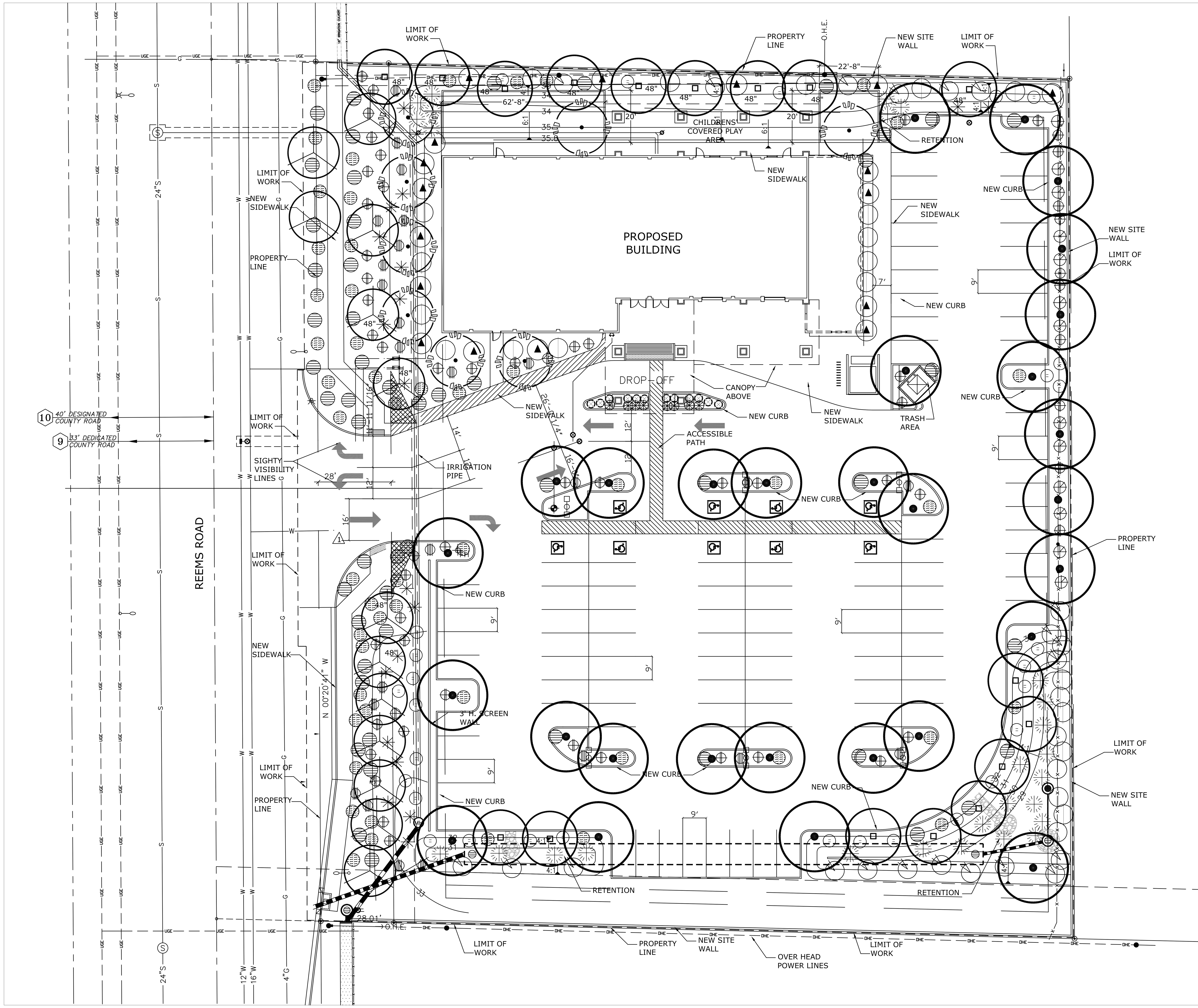
REGISTERED ARCHITECT
CERTIFICATE NO. 13453
JAMES ERWIN KLEIN
Date Signed
ARIZONA, U.S.A.
Expires 6-30-15

HOPE COMMUNITY CHURCH
16051 N. REEMS ROAD
SURPRISE, ARIZONA 85374

1/8" SCALE BUILDING ELEVATIONS

JOB NO.	20090901
DATE:	09-13-09
DR'N BY:	J.E.K.
CK'D BY:	J.E.K.
REVISIONS	

A-7
OF



SCALE 1" = 20'

LANDSCAPE PLAN

PLANT LEGEND

TREES

NAME	CAL./QTY
CHITALPA TASHKINENSIS CHITALPA	24" BOX/8
PROSOPIS CHILENSIS HYBRID THORNLESS MESQUITE	48" BOX/9, 36" BOX/8
ULMUS PARVIFOLIA EVERGREEN ELM	24" BOX/26, 36" BOX/3
ACACIA SALICINA WILLOW ACACIA	48" BOX/4, 36" BOX/9

SHRUBS

NAME	SIZE/QTY
CAESALPINIA PULCHERIMA RED BIRD OF PARADISE	5 GAL./21
CALLIANDRA CALIFORNICA BAJA RED FAIRY DUSTER	5 GAL./29
DIETES VEGETA FORTNIGHT LILLY	5 GAL./8
EROMPHILA M. "VALENTINE" VALENTINE BUSH	5 GAL./25
HESPERALOE PARVIFLORA RED YUCCA	5 GAL./21
LEUCOPHYLLUM LAEVIGATUM CHIHUAHUAN SAGE	5 GAL./59
MUHLENBERGIA RIGENS DEER GRASS	5 GAL./27
NERIUM OLEANDER 'PETITE PINK' OLEANDER	5 GAL./13
RUELLIA BRITTONIANA 'KATIE' RUELLIA	5 GAL./12
TECOMA STANS ORANGE JUBILEE	5 GAL./26
TECOMA STANS YELLOW BELLS	5 GAL./15

GROUND COVERS

NAME	SIZE/QTY
LANTANA 'NEW GOLD' NEW GOLD LANTANA	1 GAL./52
LANTANA 'PURPLE PURPLE LANTANA	1 GAL./51

MATERIALS

2" DEPTH, 5/8" SCREENED PALOMINO GOLD DECOMPOSED GRANITE IN ALL PLANTING AREAS.	
SOD- GN1 OR APPROVED EQUAL	1,630 S.F.

SITE DESIGN
6939 E. Chaparral Road
Scottsdale, Arizona 85253
Phone 480-219-4559
Fax 480-718-9073
mail@sitedesignla.com

HOPE COMMUNITY CHURCH
16051 N. REEMS ROAD
SURPRISE ARIZONA 85374

REGISTERED LANDSCAPE ARCHITECT CERTIFICATE NO. 32932 DREW AQUILINA ARIZONA EXPIRES 9/30/2013

NORTH

0 10 20 40

JOB #	11-105
DATE	8-22-11
DRAWN	DA
CHECKED	DA
1	REVISION 8-28-12
2	REVISION 10-09-12
3	

LAND.

L2.5

2 OF 5

CITY OF SURPRISE
Planning and Zoning Commission

February 7, 2013 @ 6:00:00 PM

Back Print

Board Meeting Date:	February 7, 2013	Contact Person:	Christina Ramirez, Community & Economic Development
Submitting Department:	CD Boards and Commissions	District:	Citywide
Staff Recommendations:	No Action		

Consent	Regular	Public Hearing	x	Report/Discussion

Agenda Wording:

Public service agency presentations for the Community Development Block Grant Program Year 2013-14 Public Services Grant applications.

Motion:

Discussion Only

Background:

The city's 5 year Consolidated Plan was adopted that included set funding priorities. As a result staff and designated commissions created a public service process that utilizes a city approved scoring rubric .

Financial Impact Statement:

Unknown at this time.

ATTACHMENTS:

Click to download

- STAFF REPORT
- Scoring Rubric
- Evaluation
- Applicant Rubric
- ACA
- COS SYEP
- St Marys
- CASS
- Benevilla

External Attachment Links:

Meeting Requirements:

Powerpoint x Video White Board Other x

Presentation Speaker Names (spelling and titles for TV captions):

Christina Ramirez, Neighborhood Services Supervisor
Alicia Rubio, Community Programs Coordinator

COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT

Date: February 7, 2013

To: Planning and Zoning Commission Members

From: Jeffrey J. Mihelich, Assistant City Manager
Christina Ramirez, Neighborhood Services Supervisor
Alicia Rubio, Neighborhood Services Coordinator

Re: CDBG-Funded Public Service Activities

Introduction

As an entitlement city, Surprise receives a yearly allotment of Community Development Block Grant (CDBG) funding from the U. S. Department of Housing and Urban Development (HUD). Per grant guidelines, the city has the ability to designate up to 15% of the grant award to fund eligible public services with the intent of serving low- to moderate-income persons within the City of Surprise.

Today's Planning and Zoning Commission meeting is aimed at evaluating and recommending applicant(s) to City Council from the staff recommended pool of applicants. Upon approval by City Council, the CDBG Public Services Activities will be submitted to HUD as part of the Annual Action Plan 2013-14.

Background

CDBG Public Service Activities can be carried out by either city departments or qualified nonprofit organizations that are interested in providing services that address one or more of the public service needs targeted in the city's Consolidated Plan. CDBG public service funds can be used to provide a variety of public services, such as child care, health services, job training, youth services, and recreation activities for low- to moderate-income individuals and families.

According to HUD regulations, CDBG funds may be used to provide public services (including labor, supplies, materials and other costs), provided the public service is:

- A new service or a quantifiable increase in the level of a service (for city-initiated projects only).
- Serve low- to moderate-income persons in the City of Surprise through area benefit or serving a particular clientele like seniors or homeless persons.

Funding Limit

CDBG Public Service funding is limited to 15% of the annual CDBG allocation for the program year (PY). For example, the CDBG allocation for City of Surprise for the PY 2012-13 was $449,087, thus the funding available to award to any and all applications would not exceed $67,363. Funding from HUD for PY 2013-14 is not yet determined but it is estimated that we will receive approximately $67,150. Discussion today will be based on this preliminary amount.

Previous Actions

During the 2009 Annual Action Plan process, staff, commission members, and public agencies identified local public services as a high priority. In 2010 the City's 5 year Consolidated Plan was adopted that included set funding priorities. As a result, staff and designated commissions created a Public Service process that utilizes a city approved scoring rubric.

Updated Actions

The Request for Application for CDBG Public Service Activities for PY 2013-14 was released on December 3, 2012. Applications were due January 10, 2013. Staff has evaluated the eligible applications as per the scoring rubric (Attachment 1) approved by the now disbanded CDBG Commission.

Based on the evaluation (Attachment 2), staff requests the commission members analyze and recommend applicant(s) to City Council for the granting of CDBG Public Services funding.

Future Actions

City Council Public Hearing: April 18, 2013

Recommendations

Not Applicable.

CDBG Public Service Scoring Rubric

Program Design and Community Impact		50 Points
Evidence of need	10 Points	
High Priority in Consolidated Plan	10 Points	
Feasible as presented	10 Points	
Sustainable	5 Points	
Assisting priority population	10 Points	
Program can be completed within 12 months	5 Points	
Experience and Capacity		30 Points
Existing ongoing program	5 Points	
Readiness	5 Points	
Sufficient Experienced staff	10 Points	
Experience working with Federal programs	10 Points	
Leveraging		10 Points
Letters of Commitment for Additional funds needed	5 Points	
Pledge of leveraging resources	5 Points	
References		10 Points

NOTE: Scoring panel consisted of 3 individual reviewers.

Applicant	Project Name	Project Description	Awarded Points (100)	Remarks
Surprise Neighborhood Services	Surprise Youth Employment Program	Summer employment and life skill training to 12 income qualified Surprise youths. Funding request = $47,144	95	Meets employment priority in Consolidated Plan. $3,100 / per unit
St. Mary's Food Bank Alliance	Emergency Food Boxes	Provide emergency food to 7,500 Surprise residents. Funding requested = $ 25,000	95	Existing project. $8.45/unit cost
Arizona Charter Academy	Summer Youth Basketball and Life Skill Camp	Provision of a month long summer camp to 290 income qualified youths from the OTS area. Funding request = $16,479	85	May need to charge small enrollment fee to offset program cost if not fully funded.
Benevilla	Intergenerational family support center/information and referral services	Services to youth/seniors/families. 3,412 possible units of service. Funding requested = $ 25,000	79	Home delivered meals, adult day and child day care assistance. Past performance issues . $8.53/unit cost
Central Arizona Shelter Services, Inc. (CASS)	Regional Emergency Shelter for Single Adults and Families with Children	Services to homeless persons. Funding requested $8,000	72	Not a high priority in Consolidated Plan. Need to verify that participants are Surprise residents.

NOTE: Scoring panel consisted of 3 individual reviewers.

	Program Design and Community Impact (50 PTS)						Experience and Capacity (30 Points)				Leveraging (10 Points)		Reference (5)	
Organization	Evidence of Need (10 Points)	High Priority in Consolidated Plan (10 Points)	Feasible as presented (10 Points)	Sustainable (5 Points)	Assisting Priority Population (10 Points)	Program can be completed within 12 months (5 Points)	Existing ongoing Program (5 Points)	Readiness (5 Points)	Sufficient Experienced Staff (10 Points)	Experience working with Federal Programs (10 Points)	Letters of Commitment for Additional Funds Needed (5 Points)	Pledge of Leveraging Resources (5 Points)	Letters of Reference (5 Points)	TOTAL
ACA	25	28	30	10	26	14	15	15	30	27	0	4	16	240
City of Surprise-SYEP	29	29	29	12	30	15	14	15	30	30	0	9	29	271
Benevilla	25	26	25	8	30	7	15	15	23	24	0	6	21	225
St. Mary's Food Bank	30	28	30	13	30	15	15	15	29	28	0	9	29	271
CASS	25	9	27	14	29	14	15	15	29	26	0	0	0	203

NOTE: Scoring panel consisted of 3 individual reviewers.

Arizona Charter Academy

APPLICATION

SURPRISE
ARIZONA

APPLICATION FOR CDBG-FUNDED PUBLIC SERVICES ACTIVITIES

Please complete & submit this form to the Welcome Center,
City of Surprise,
16000 N. Civic Center Plaza
Surprise, AZ 85374
We do not accept e-mail or electronic submissions

Organization Information

Name of Organization:	Arizona Charter Academy
Contact Person:	Melissa Holdaway
Contact Person Title:	Chief Operating Officer
Mailing Address:	PO Box 1381 Surprise, AZ 85378
Street Address *(if different from mailing)*:	16011 N. Dysart Road Surprise, AZ 85374
Phone:	623-974-4959 x205
Fax:	623-974-4931
E-mail:	mholdaway@azcharter.com
Website URL *(if applicable)*:	www.azcharter.com

Legal Status of Applicant:

- ☐ State-Certified CHDO
- ☐ Non-Profit (non-CHDO)
- ☐ Public Housing Authority
- ☐ State Agency
- ☐ Local Government
- ☐ Tribal Government
- ☐ Council of Government
- ☐ General Partnership
- ☐ Limited Partnership
- ☐ Limited Liability Company
- ☐ Corporation

Applicant's Qualifications:	**Yes**	**No**	**NA**
Drug Free Policies	X		
Fair Housing Policies			N/A
Equal Employment Opportunity Employer	X		

Project Description

Proposed Project Title:	Give it your A.L.L. – Athletics, Leadership, and Literacy

Check applicable priority area(s) that the project addresses:

- ☐ Child care
- ☐ Health care
- ☐ Job training
- ☐ Recreation programs
- ☐ Education programs
- ☐ Public safety services
- ☐ Fair housing activities
- ☐ Services for senior citizens
- ☐ Services for homeless persons
- ☐ Drug abuse counseling and treatment
- ☐ Energy conservation counseling and testing
- ☐ Homebuyer down-payment assistance
- ☐ Welfare (as defined by CDBG)
- ☐ Other

If Other, describe Other:______________________

Describe the problem or need to be addressed by proposed project. (Please attach an extra sheet if needed)

The original Townsite of Surprise (OTS) has been identified in both the city's Consolidated Plan and General Plan as an area of focus for revitalization. The Consolidated plan performed a priority needs analysis for the OTS and identified youth activities, youth recreation programs, heath services and crime reduction as a priority. This proposal addresses all of these items which are critical to the revitalization of the community. The primary area of program delivery is youth services, but the proposed athletic camps will entice youth off of the streets during unsupervised summer and school break times, develop leadership and character through lessons in sportsmanship as well as what it means to be a team member thus reducing crime in an area of high crime. It will use sports as a motivator to increase healthy behaviors such as exercise and diet thus reducing the need for health services. Interest in athletics will be channeled into literacy activities that increase reading comprehension.

Between the grades of 4-8, students either solidify the academic skills needed to succeed in high school, or they cultivate the behaviors that lead to dropping out of school. Research proves that successful physical education programs actually increase academic achievement and decrease juvenile crime.

- A review of national research prompted Blue Cross Blue Shield of Tennessee to state: "Quality physical education programs have been shown to: enhance learning readiness, improve academic performance, enrich self-esteem, deter antisocial behavior, restrain drug and alcohol abuse, and reduce absenteeism."
- National Association for Sport and Physical Education (NASPE) commended a 2002 statewide study in California that found, distinct relationship between academic achievement and physical fitness of California's public school students.

In addition high school students face a wide range of challenges including limited support and academic struggles which place them at risk of dropping out.

Combining sports, reading, and leadership/character development equips students with the health habits, academic progress, and positive attitudes needed for success in the coming years.

The majority of the students to be served will come from the OTS. Arizona Charter Academy already serves many students from that area and anticipates that the youth taking advantage of the proposed basketball camp will mirror or exceed the school's demographics: 75% qualify as impoverished, 70% as minorities (52% Hispanic, 18% African American). In other words, the majority of participants fit the classification of "at risk."

At risk youth face many problems. Chief among them are obesity and academic underachievement. Obesity and the health problems associated with it are rampant in the at risk population. Inactivity is common.

- *Obesity rates are rising among children and adolescents, especially those who are African-American or Hispanic. Marion Nestle,* Food Politics
- *weight problems lead to high blood pressure, high cholesterol, joint problems, asthma, anxiety, depression, low self-esteem, and diabetes, but children who are overweight miss as much as four times as much school as children of normal weight (Satcher, 2005).*
- *, "Children with type 2 diabetes . . . . . Most are black or Hispanic, with a particularly high rate found among children of Mexican descent." Bruce Fife, Saturated Fat May Save Your Life*
- *Especially in the Mexican American community — childhood diabetes rates were soaring. So were the rates for a wide variety of other weight-related diseases, among them coronary heart disease, cardiovascular disease, bone disease, and a wide range of endocrine and metabolic disorders. (http://www.naturalnews.com/008951.html)*

Without intervention, continued inactivity and obesity within the at-risk population will cause increased community supplied health costs in years to com.

Reading comprehension is basic to academic achievement. To move from poverty to self-sufficiency requires education beyond high school. High school dropout rates continue to be a problem in our community. Researchers at Northeastern University in Boston found one in 10 male high school dropouts are in jail or juvenile detention compared to one in 35 of those who are high school graduates

The Rodel scholars, led by ASU's Gregory Hickman, found that the drop out profile can begin in elementary school but the characteristics are not set in stone. <u>Reducing the</u>

High School Dropout Rate, a report for The Annie E. Casey Foundation says efforts to improve academic achievement and reduce the dropout rate need to begin long before children enter high school—or even middle school. The report recommends providing intensive support to students who struggle in elementary and middle school because students who fall behind in core subjects, including reading and math, are especially prone to dropping out (Steinberg & Almeida, 2008). Athletic camps will not solve all of a student's academic problems, but its focus on reading comprehension can help by interrupting the long summer and breaks away from academics. It can lay the basis of a positive attitude toward reading by linking reading to a sport the student enjoys.

Project Location & Service Area - Describe the area to be served by the project. If possible, include a map.

Arizona Charter Academy (ACA) is located within the OTS near Dysart and Grand Roads. The athletic camps will be held on the ACA campus, with the exception of football. The campus includes a gymnasium, a service kitchen, indoor eating area, and computer labs which can be used for pre and post testing and surveys. ACA campus is safe and secure with exterior fencing and interior alarms. All employees of the school, including coaches, have a comprehensive background check prior to being hired.

Any resident of Surprise may attend one of the four week long basketball camps, but ACA will advertise heavily within the OTS.

Targeted demographic population of the city:

OTS is the only Census Tract (#608) in Surprise with a population that is more than 51% low and moderate income. The crime rate in OTS exceeds more affluent areas of Surprise. Property crimes, substance abuse, theft, and disturbing the peace are the leading crimes. These are typically crimes of poverty and are learned behaviors. For those students who are at risk of developing criminal behaviors or dropping out of high school, often the last chance a community has to break the cycle of poverty is through education and of at risk behaviors through character education and role modeling.

Crime in the OTS has increased dramatically over the last year. The total number of occurrences increased by 20% from 7,550 occurrences in 2011 to 9,405 in 2012. Graffiti has also increased by 42% from 2011 to 2012. Many of the graffiti occurrences stem from unsupervised youth that have little or no options for positive recreation when school is not in session.

Approximately 670 students attend Arizona Charter Academy, ACA, in grades K-12, and most come from the targeted OTS area. The school's demographics mirror those of the target area. Almost 70% of the students represent minority populations. By Title I definitions, 75% of all ACA students are living in poverty.

Minority students in the low socio economic range are half as likely to participate in classes outside of school …. Due to limited access to resources that can support extra-curricular classes (Salis et al., 1996). Most of the sport camps available in Surprise require a fee. This grant will enable ACA to offer a wide variety of athletic camps and open it up to all students in the targeted area. Most of the sport camps in Surprise also focus only on the sport. ACA's proposed program will include leadership/character development along with reading comprehension activities. A study published in the Journal of School Health, (v80 n3 p119-125 March 2010) concluded that Children participating in sports and clubs had greater social competence during middle childhood compared with children who did not participate in any outside of school activities. Social competence is basic to making the wise decisions outside of school that help students avoid at-risk behaviors.

Proposed Measurable Outcomes – Please provide an outcome statement to be achieved through the use of CDBG funding:

Arizona Charter Academy's winter/spring/summer athletic camp, ***Give it your A.L.L. - Athletics, Leadership, and Literacy,*** will increase the athletic skills, reading comprehension, leadership development and character awareness of 290 participating youth in grades 4-12.

During key school breaks (fall/spring/summer), youth from 4^{th}-12^{th} grades will have the opportunity to attend an athletic camp featuring different sport activities. They will be divided into teams (grades 4-6 and 7-12). Highly qualified coaches will work with them to develop skills, learn game strategies, build strength and endurance, and learn about the history and leaders of basketball. On a daily basis participants will practice playing and at the end of the week a tournament will be held. Trophies and medals or ribbons will be awarded to the winning team, members who have made athletic progress, to members who have demonstrated leadership skills, good character and sportsmanship, and to members who have made reading progress. The program several week long sessions and has the capacity to serve a minimum of 290 youth.

This program meets several of the needs in the OTS as outlined in the Consolidated plan including providing youth activities during unsupervised breaks, providing heath opportunities through increased exercise, and providing a positive recreation alternative for youth of the OTS.

The program will provide the following athletic camps:

Fall Break (October 2013)

- Basketball Camp – 20 Grades 4-6 boys/girls
- Basketball Camp – 20 Grades 7-12 boys/girls

Spring Break (March 2014)

Morning Session

- Basketball Camp – 20 Grades 4-6 boys/girls
- Basketball Camp – 20 Grades 7-12 boys/girls

Afternoon Session

- Volleyball Camp – 20 Grades 4-6 boys/girls
- Volleyball Camp – 20 Grades 7-12 girls

April 2014

- Football Camp – 30 – Grades 7-12 boys

Summer Break (June 2014)

Week 1

- Basketball Camp – 20 High School boys
- Basketball Camp – 15 High School girls

Week 2

- Basketball Camp – 15 Grades 4-8th girls
- Basketball Camp – 20 Grades 4-8th boys

Week 3

- Volleyball Camp – 15 Grades 4-8th boys
- Volleyball Camp – 20 Grades 4-8th girls

Week 4

- Volleyball Camp – 15 Grades 7-12 boys
- Volleyball Camp – 20 Grades 7-12 girls

It is the intent of the City of Surprise to fund those activities that meet a High Priority in City's Consolidated Plan and comply with CDBG National Objectives- Describe in detail how the proposed project complies with these two objectives:

Consolidated Plan: The plan includes developing providing additional resources including recreational facilities and providing public services through non-profit organizations. ACA is a non-profit organization with a history of involvement in its community. It has always provided recreational opportunities to its students. ACA is excited to continue to open its recreational facilities to a wider audience of youth. Its gym with weight and strength building equipment will be the main site of activities. Breaks in the physical activities (skill building, basketball games, exercise) will use classroom space for reading and character development activities. Through the National School Lunch Program, ACA will provide participants with nutritious lunches during the camps.

Annual Action Plan for CDBG National Objectives: ***Give it your A.L.L – Athletics, Leadership, and Literacy*** addresses the youth activities objective of the CDBG National Objectives and impacts two others: Anti-crime Programs and Health Services. It does this by improving the quality of living environment in the OTS area – an aging neighborhood that is the only area of Surprise with greater than 51% low and moderate income and the area of Surprise with the highest crime rate.

ACA has had great success in running a similar program as students not only increased their athletic skills but their reading comprehension as well. Based on feedback from the community and students who live in the OTS, we would like to launch **Give it your A.L.L**. and include more sport offerings including football, volleyball and basketball. This will increase "our net" to attract students as there will be something for everyone in terms of sport choices.

In a study of Hispanic children ages 8-13, published in the *Journal of Clinical Endocrinology & Metabolism*, reading and mathematics scores were matched with fitness scores of 353,000 fifth graders, 322,000 seventh graders, and 279,000 ninth graders. The key finding at all grades was that higher academic achievement was associated with higher levels of fitness. In other words, physically fit children do perform better academically. The proposed basketball camp's focus is basketball skills, but developing those skills will be a vehicle to increase reading comprehension and to expand awareness of good character. Breaks in the physical activities will include reading that takes advantage of student interest in the sport of basketball. Students will encounter articles on how to play, referee, and score the game, as well as books that are biographies of outstanding players, and stories centered on sports. Adult led discussions of readings will focus on positive character traits and on challenges overcome. ACA has the technology to access on-line sports magazines and project them onto a large screen in classrooms thus enabling group discussion and analysis of articles.

A study published by the *Australian Institute of Criminology* in September 2000 states that it appears that sport and physical activity can reduce crime by providing accessible, appropriate activities in a supportive social context. The evidence suggests that with careful planning, sport and physical activity have crime prevention potential. It concludes that the planning should aim at one or all of the following objectives:

- reduce the supply of motivated offenders
- create structures that increase the supervision of possible offenders
- make crime more difficult to commit

ACA's proposal will address the first two objectives by providing youth in this impoverished area a free, enjoyable and supervised alternative to the unsupervised "hanging out" that too often leads to crime. This can be measured by tracking participation rates and comparisons of the camp schedule and the times of crime commissions. The third objective will be addressed through reading and character development activities. Progress on reading for comprehension can be measured by pre and post testing. The impact of character development activities can initially be measured with a pre and post attitudinal survey. A four week camp is a small step in developing the self awareness and self confidence that helps youth make the good choices that avoid the "petty" crimes that lead to a criminal way of life and which can destroy a community, but every journey must begin with a step.

Organizational Capacity

Please describe organization's history and prior experience, including a list of similar projects: (Please attach an extra sheets if needed)

ACA is a public charter school which opened in 2001. It has continually increased both enrollment and academic achievement. Today, approximately 670 students attend Arizona Charter Academy in grades K-12, and almost 70% of the students represent minority populations. By Title I definitions, 75% of all ACA students are living in poverty. ACA has demonstrated its ability to work with the target population found in the OTS area.

ACA has managed multiple state and federal grants, the most recent is the 21st Century Community Classroom grant which includes before and after activities for both students and parents. It is a five year grant which requires managing and reporting on $120,000.00 for each of the first three years. Under that grant, ACA has established multiple before and after school activities for ACA students and their parents. Prior to that, ACA received and successfully completed a state grant which funded free after school tutoring in reading and math for students whose test scores indicated need.

In addition, ACA has partnered with the city of Surprise in the past for a similar program, B.A.L.L., basketball achieving literacy and life-skills. This program was very successful with ACA meeting and exceeding all grant goals. In addition, on several occasions ACA arranged for the news media (channel 10) to come out and interview both representatives from the city of Surprise and ACA to promote the program as well as showcase the great work the city of Surprise is doing for the community.

For the past eight years the school has run a successful and award winning after school sports program for its own students. It continues to operate academic tutoring and acceleration activities before and after school. The campus lends itself to these activities because it has exceptional facilities and dedicated staff. The campus is designed to provide a physically safe environment.

Arizona Charter Academy has also been recognized for its positive culture and community service programs. These include Arizona Most Admired Companies, Arizona's "100 Best" Companies, Top 25 Best Workplaces for Women, Community Partner of the Year, and the Changemaker award.

It has a tradition of working to improve the community and of leading its students to see themselves as capable of working for a greater good.

The school's leaders and employees work collaboratively to model and implement core values in education, community, and personal growth. COO, Melissa Holdaway sums it up, "Our goal is to develop life long learners who give back to the community. As a result, I feel it is very important to BE the community by becoming involved not only to make it better but to open doors for students."

Financial Audits and Reports: *(Please submit a copy of most recent financial audit)*	**Yes**	**No**	**NA**
Were the financial statements of the organization prepared in accordance with generally accepted accounting principles?	**Yes**		
Was there accurate and complete disclosure of the financial expenditures of each federally sponsored program?	**Yes**		
Was an audit of the financial records obtained annually (or at least biennially) in accordance with federal regulations and local requirements?	**Yes**		
Was the audit performed by a licensed Certified Public Accountant?	**Yes**		
Was the latest audit forwarded to the funding agency?	**Yes**		
Has a copy of all applicable audits/reviews (including any management letter, if appropriate) been forwarded to the funding agency?	**Yes**		

Please Provide Other Funding Source References: (Please attach extra sheets if needed)

ACA will serve healthy lunches at no costs to participants through the National School Lunch Program (a federal grant). The school will continue to seek additional donations that will go directly to the participants through national and local businesses.

<table>
<tr><td colspan="2">Program Team:
Identify the name of the responsible party and the experience that they have in this role. Team members identified after the application are subject to review. Attach extra sheets if needed.</td></tr>
<tr><th>Staff Member</th><th>Background and Expertise of Personnel</th></tr>
<tr><td>Name: Melissa Holdaway
Title: COO
FTE on This Project: .10

Mrs. Holdaway will have financial oversight and reporting responsibilities for this grant</td><td>• Successfully managed private and federal grants for ACA
• Corporate career founded on financial and risk avoidance expertise
• Serves as a Commissioner for the Surprise General Plan Commission and on the Advisory Committee for the Surprise Youth Leadership program
• Graduate of Leadership West
• MBA Degree</td></tr>
<tr><td>Name: Stephanie Olson
Title: Vice Principal
FTE on This Project: 25</td><td>Ms. Olson developed ACA's award winning sports program serving 400 students each year. Mrs. Olson has a Master's degree in education and is a certified principal.</td></tr>
<tr><td>Name:
Title:
FTE on This Project:</td><td><u>Coach 1:</u> <u>will be finger printed and background checked as are all employees of ACA</u></td></tr>
<tr><td>Name:
Title:
FTE on This Project: .5</td><td><u>Coach 2:</u> <u>will be finger printed and background checked as are all employees of ACA</u></td></tr>
<tr><td>Name:
Title:
FTE on This Project: .5</td><td><u>Coach 3:</u> <u>will be finger printed and background checked as are all employees of ACA</u></td></tr>
<tr><td>Name:
Title:
FTE on This Project:</td><td><u>Coach 4:</u> <u>will be finger printed and background checked as are all employees of ACA</u></td></tr>
<tr><td>Name: Gloria Ramos
Title: NSLP Coordinator
FTE on This Project: .2</td><td>Ms. Ramos has multiple years' experience overseeing the national school lunch program with an annual budget of over $250,000. She also oversees the school's DES after school enrichment program.</td></tr>
</table>

Project Cost

Estimated Total Cost of Project:	$ 22,669.35		
CDBG Funding Amount Requested for Project:	$ 16,479.50		
Total Number of Units Served:	290		
Total Cost per Unit	$ 78.17		
Total CDBG Cost per Unit	$ 56.83		
Amount and Source of Other Funds Leveraged for Project: *(Please submit proof of other funding sources)*	**Source**	**Year**	**Amount**
	National School Lunch Program	2013-14	$4,190.50
Project Sustainability: How will your organization continue providing these services if CDBG funds are not awarded next year?	ACA will utilize current grants and seek future grants as well as develop sponsoring partnerships to continue the program. It will also consider charging a small participation fee if needed.		
If your project is not fully funded, will your organization be able to implement project with partial funding?	Yes, but in a revised format.		

Project Timeline

Project start date: 10/1/2013 **Project completion date:** 6/30/2014

Applicants must provide a schedule for the Program that lists major activities and indicate when they will be executed. Additional information such as contractor selection, final inspection, loan closing, etc. should be included when known.

Program Schedule

Major Program Activities:	**1st Quarter**			**2nd Quarter**			**3rd Quarter**			**4th Quarter**		
	(each box represents one month)											
Hire Program Director						X						
Market Program							X					
Establish Enrollment Process							X					
Purchase supplies								X				
Hire coaches									X			
Conduct Camps										X		

Arizona Charter Academy

PROJECT BUDGET

SURPRISE
ARIZONA

Proposed Budget				
Specific Cost *Item/Description*	**CDBG Amount Requested**	**Other Funds Source**	**Other Funds Amount**	**Total Amount** *CDBG + Other Sources*
	$		$	$
10 (each) footballs, basketballs, and volleyballs @25 each	$750.00			
Case of mouth guards	$40.00			
Scrimmage Helmet Covers/accessories	$134.00			
First Aid Supplies	$167.00			
2 speed chutes	$140.00			
2 Tackling dummies/speed and agility training kit	$359.00			
Intramural League Coaching Stipends- (1 coach at $200 per age group/per session for 15 sessions)	$3,000.00			
Benefits (taxes, ASRS)@ .33.29%	$998.70			
1 coordinator@$250.00 per session for 8 sessions	$2,000.00			
Benefits (taxes, ASRS)@ .33.29%	$665.80			
Advertizing/ Marketing (flyers, mailers, press releases, banners, postage)	$500.00			
Football field rental (for football camp) $55/hour for 24 hours	$1,320.00			
Facilities Equipment (nets, mesh bags, cups)-	$125.00			
Scrimmage Vests/jerseys/t-shirts	$800.00			
Lunch free to participants $2.89 / student / day	0	National Free and Reduced School Lunch Program	$4,190.50	

EQUAL HOUSING OPPORTUNITY

Participant Incentives/ Awards (trophies & medals) for 8 sessions $120 per session	$960.00			
Utilities: 3-6 hours over 30 days to cool the gym, cafeteria, and 2 classrooms	$2,200.00			
Reading Materials ($8/student for 290 students camp)	$2,320.00			
Maintenance/cleaning staff for 30 days @50 day (plus benefits)			1999.35	
Total	$16,479.50		$6,189.85	$22,669.35

Arizona Charter Academy

501 (c) 3

SURPRISE
ARIZONA

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

DEPARTMENT OF THE TREASURY

Date: AUG 21 2001

SUCCESS SCHOOL
C/O DR JOHN ATKINSON
10705 W WEDGEWOOD DR
SUN CITY, AZ 85351
c/o
ARIZONA CHARTER ACADEMY

Employer Identification Number:
86-1023123
DLN:
17053116031021
Contact Person:
RENEE RAILEY NORTON ID# 31172
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
June 30
Form 990 Required:
Yes
Addendum Applies:
Yes

Dear Applicant:

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

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

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

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

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

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the

SUCCESS SCHOOL

part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

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

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

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

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

You are required to make your annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.

SUCCESS SCHOOL

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

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

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

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

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

Sincerely yours,

Steven T. Miller

Steven T. Miller
Director, Exempt Organizations

ADDENDUM

You are not subject to the specific publishing, reporting, and record-keeping requirements of Revenue Procedure 75-50, 1975-2 C.B. 587, so long as you operate as a charter school. If your method of operations changes to the extent that your charter is terminated, cancelled or not renewed, you should notify us. You will then be required to comply with Revenue Procedure 75-50 to maintain your exempt status as a school described in sections 509(a)(1) and 170(b)(1)(A)(ii) of the Code.

Arizona Charter Academy

AUDIT

SURPRISE
ARIZONA

SUCCESS SCHOOL

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, AND INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2012

Lorenzo, PLC
Certified Public Accountant

Anthony Lorenzo, CPA
Member of American Institute of Certified Public Accountants
Member of Arizona State Society of Certified Public Accountants

Independent Auditor's Report

Board of Directors
Success School

We have audited the accompanying statement of financial position of Success School (School) as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. 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 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 the 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 Success School as of June 30, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2012, on our consideration of Success School'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* and should be considered in assessing the results of our audit.

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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the accompanying debt service coverage ratio is presented for purposes of additional analysis as required by the Industrial Development Authority of the County of Pima, and are 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 expenditures of federal awards and the debt service coverage ratio are fairly stated in all material respects in relation to the financial statements as a whole.

Lorenzo, PLC

Lorenzo, PLC
Gilbert, Arizona
November 5, 2012

1450 W. Guadalupe Rd., Suite 111 • Gilbert, AZ 85233 • Ph: 480.644.1097 • Fax: 480.644.9405

SUCCESS SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

UNRESTRICTED	
Revenues:	
State equalization assistance	$ 3,729,355
Classroom site fund	174,496
Instructional improvement funds	23,209
Federal & State grants	617,083
National school lunch program (federal)	186,486
Local grants	16,938
Food service sales	21,530
Full day kindergarten	44,123
Rentals	56,278
School activities	105,622
Extracurricular tax credit contributions	4,860
Interest	37,728
Miscellaneous	9,189
Total Revenue and Other Support	5,026,897
Expenses:	
Program Services	4,551,895
Management and General	457,678
Total Expenses	5,009,573
Increase in net assets	17,324
Net assets, beginning of year	725,070
Net assets, end of year	$ 742,394

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Success School (School) is an Arizona not-for-profit organization formed in fiscal year 2001-02. The School was established under a charter contract with the Arizona State Board for Charter Schools, which mandates policy and operational guidelines. Success School's mission is to help all students find their purpose, build their character, and provide excellence in education through parental involvement, community collaboration, and career exploration. The School provides educational services to students in kindergarten through twelfth grade, and is funded primarily through the State of Arizona based on student membership.

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation – The School presents these financial statements in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Not-for-Profit Entities, Presentation of Financial Statement.* This codification establishes standards for general purpose external financial statements provided by a not-for-profit organization. Those financial statements include a statement of financial position, a statement of activities, and a statement of cash flows.

Under this codification, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly net assets of the School and changes therein are classified and reported as unrestricted, temporarily, or permanently restricted net assets. Unrestricted net assets are not subject to donor imposed restrictions. Temporarily restricted net assets are subject to donor imposed restrictions that may or will be met either by actions of the School and/or the passage of time. Permanently restricted net assets are subject to donor imposed restrictions that will be maintained permanently by the School. Generally, the donors of permanently restricted assets allow the School to use all or part of the income earned on related investments for general or specific purposes.

Donor Imposed Restrictions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the School reports that support as unrestricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Property and Equipment – Land, buildings, and improvements with a cost of $5,000 or more and vehicles, furniture, and equipment with both a cost of $1,000 or more and an estimated useful life of one year or more are capitalized. All expenses for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Assets are stated at cost. Assets donated are recorded at their estimated fair market value as of the date received. Amortization of buildings and improvements and depreciation of furniture and equipment are provided on a straight–line basis over the useful lives of the respective assets.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash in bank – The School maintains all of its cash with two financial institutions. The carrying amount of deposits was $954,987 and the bank balance was $1,071,451 at June 30, 2012. As of June 30, 2012, $1,071,237 was covered by federal depository insurance, and the remaining $214 was uninsured and uncollateralized.

Restricted cash held by trustee – The trustee of the note payable to IDA (Note 7) holds cash in a debt service reserve fund account. The reserve funds are held in trust solely for the benefit of the bondholders. The School has no legal, equitable, or reversionary right to the reserve funds. In the event of default of the loan agreement by the School, amounts held in the reserve funds and any proceeds from the sale of collateral will be used to satisfy/repay the promissory notes. If the reserve funds equal the outstanding note payable balance, the note payable will be paid in full from the reserve funds.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2012 consisted of the following:

Land, buildings and improvements	$ 10,451,374
Vehicles, furniture and equiment	913,815
Construction in progress	11,511
Property and equipment, total	11,376,700
Accumulated depreciation and amortization	1,787,615
Property and equipment, net	$ 9,589,085

Amortization and depreciation expense was $322,177 for the year ended June 30, 2012.

NOTE 4 – DEFERRED CHARGES

In connection with the IDA note payable listed below (Note 7), the School incurred issuance costs of $682,606. These costs have been deferred and are being amortized over the term of the note using the straight-line method. Amortization expense and accumulated amortization of deferred issuance costs for the fiscal year ended June 30, 2012 totaled $22,754 and $56,854, respectively.

NOTE 7 – NOTE PAYABLE TO IDA

Education Revenue Bonds - The Industrial Development Authority of the County of Pima (IDA) issued tax-exempt Education Revenue Bonds (Bonds) under Indentures of Trust dated as of November 21, 2006 and February 1, 2008. The proceeds of the bonds were loaned to the School for the purpose of financing the costs of acquiring, constructing, renovating and/or equipping educational facilities for the borrower; paying the issuance costs of the bonds; and establishing reserves to be used in the event of default.

Loan Agreement - The School is obligated to the IDA under its respective Loan Agreement and promissory notes to make payments sufficient to pay the principal, premium, and interest on its loan; and to pay its share of ongoing costs.

The School has pledged substantially all of its revenues in order to meet its obligations under the Loan Agreement and promissory notes. The primary revenues of the School are state equalization assistance, which are statutorily owed by the State to the School based on student enrollment. The School has irrevocably directed the State to make its monthly state equalization payments directly to the trustee of the bonds so long as any of its obligations under the Loan Agreement remain outstanding and unsatisfied. The trustee of the bonds calculates and retains the amount due under the Loan Agreement and remits the remaining state equalization payments to the School.

The Loan Agreement and promissory notes remain in force until either all payments required by the promissory note have been paid or there are sufficient monies in the reserve funds to redeem all outstanding bonds.

$7,215,000 promissory note payable to the IDA in monthly installments ranging from $43,181 to $47,328 through November 1, 2036 with an interest rate ranging from 5.25% to 6.75%, collateralized by cash held by trustee, land and buildings.	$ 6,566,251
$4,785,000 promissory note payable to the IDA in monthly installments ranging from $13,458 to $31,503 through November 1, 2038 with an interest rate ranging from 5.25% to 6.75%, collateralized by cash held by trustee, land and buildings.	$ 4,571,148
	11,137,399
Less current portion	(180,834)
	$ 10,956,565

Interest expense under the promissory note for the year ended June 30, 2012 was $736,832.

NOTE 9 – DESIGNATED UNRESTRICTED NET ASSETS (CONT'D)

The CSF funds are nonreverting; therefore unspent monies at fiscal year-end may be used in future years. However restrictions placed on the original allocation of revenues apply in future years. Therefore the unexpended balance must be carried forward in each of the three categories.

NOTE 10 – CONCENTRATIONS

The School receives a substantial amount of its support from the state government agencies of Arizona. If the State and its agencies significantly reduced the level of support provided to the School it would have a material effect on the School's operations. Management is aware of the concentration and its potential impact. If any reduction did occur, management would take action as appropriate to limit the effect on its programs.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 2, 2012 and the financial statements were available to be issued on November 5, 2012.

Lorenzo, PLC
Certified Public Accountant

Anthony Lorenzo, CPA

Member of American Institute of Certified Public Accountants
Member of Arizona State Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Success School

We have audited the financial statements of Success School (School) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 5, 2012. 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.

Internal Control Over Financial Reporting
Management of Success School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the School's financial statements are free of 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*.

1450 W. Guadalupe Rd., Suite 111 • Gilbert, AZ 85233 • Ph: 480.644.1097 • Fax: 480.644.9405

Lorenzo, PLC
Certified Public Accountant

Anthony Lorenzo, CPA
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Member of Arizona State Society of Certified Public Accountants

Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of Directors
Success School

Compliance
We have audited Success School's 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 School's major federal programs for the year ended June 30, 2012. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School's management. Our responsibility is to express an opinion on the School's compliance based on our audit.

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 Success School'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. Our audit does not provide a legal determination of the School's compliance with those requirements.

In our opinion, Success School complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance
Management of the School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Success School's internal control over compliance.

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SUCCESS SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture			
Passed through the Arizona Department of Education			
School Breakfast Program	10.553*		$ 26,678
National School Lunch Program	10.555*		148,196
Summer Food Service Program for Children	10.559*		11,612
Total U.S. Department of Agriculture			186,486
U.S. Department of Education			
Passed through the Arizona Department of Education			
Title I Cluster			
Title I - Grants to Local Education Agencies	84.010A	S010A110003	241,485
Title I – Continuation Summer School (ARRA)	84.389A	S389A090003	14,472
Total Title I Cluster			255,957
Special Education Cluster			
Special Education Grants to States (IDEA-Basic)	84.027A	H027A0110007	86,374
Special Ed-IDEA-Capacity Bldg & Improvement Act	84.027A	H027A000007	1,660
Total Special Education Cluster			88,034
Education Jobs Fund (ARRA)	84.410	ISA OER-11-ISA-E-001	2,258
Improving Teacher Quality State Grants (Title II)	84.367A	S281A030003	10,958
Title III LEP Program	84.365A	T365A30003A	9,725
21st Century Community Learning Centers Renewal	84.287C	S287C0200004A	120,000
Total U.S. Department of Education			142,941
Total Expenditures of Federal Awards			$ 673,418

* Denotes a major program

See accompanying notes to schedule

SUCCESS SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2012

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unqualified
Were significant deficiencies disclosed by the audit of the financial statements?	NO
Is any significant deficiency in internal control a material weaknesses?	NO
Any noncompliance which is material to the financial statements?	NO

FEDERAL AWARDS

Were significant deficiencies in internal control over major programs disclosed by the audit of the financial statements?	NO
Is any significant deficiency reported for any major program a material weaknesses?	NO
Type of auditor's report issued:	Unqualified
Any audit findings disclosed which are required to be reported under OMB Circular A-133 (§ .510(a))?	NO

Major program:

Program	CFDA#
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Low risk auditee?	YES

Arizona Charter Academy

CERTIFICATIONS

SURPRISE
ARIZONA

Required Certifications for CDBG Public Services Activities Application

Signature of Agency Representative with Binding Authority below certifies the following statements:

- Organization has no conflict of interests with City of Surprise appointed or elected representatives and does not employ city appointed or elected representatives or their families.
- Organization will comply with federal requirements to be observed by organizations being funded with CDBG funds, including compliance with federal Labor Standards, Section 3, Segregated Facilities, Equal Opportunity, and Non-Discrimination. Section 109, Title VI and EO 11246. All requirements are described in 24 CFR 570 (CDBG Entitlement Grants).
- Authorized official certifies that this CDBG Public Services application package has been reviewed and all information provided in this application and attachments is true and correct.
- Sufficient funds are available from non-CDBG sources to complete the project, as described, if CDBG funds are allocated to the applicant.

Melissa Holdaway 1/10/13

Signature of authorized agency representative Date:

Melissa Holdaway

Printed name

Board President / C.O.O

Title

Arizona Charter Academy / Success School

Organization

EQUAL HOUSING OPPORTUNITY

APPLICATION FOR CDBG-FUNDED PUBLIC SERVICES ACTIVITIES

Please complete & submit this form to the Welcome Center,
City of Surprise,
16000 N. Civic Center Plaza
Surprise, AZ 85374
We do not accept e-mail or electronic submissions

Organization Information

Name of Organization:	City of Surprise
Contact Person:	Kelly Mortensen
Contact Person Title:	Program Assistant
Mailing Address:	16000 N Civic Center Plaza
Street Address *(if different from mailing)*:	
Phone:	623-222-3241
Fax:	623-222-3001
E-mail:	Kelly.mortensen@surpriseaz.gov
Website URL *(if applicable)*:	

Legal Status of Applicant:

- ☐ State-Certified CHDO
- ☐ Non-Profit (non-CHDO)
- ☐ Public Housing Authority
- ☐ State Agency
- ☑ Local Government
- ☐ Tribal Government
- ☐ Council of Government
- ☐ General Partnership
- ☐ Limited Partnership
- ☐ Limited Liability Company
- ☐ Corporation

Applicant's Qualifications:	**Yes**	**No**	**NA**
Drug Free Policies	X		
Fair Housing Policies	X		
Equal Employment Opportunity Employer	X		

Project Description

Proposed Project Title:	Youth Employment Program

Check applicable priority area(s) that the project addresses:

- ☐ Child care
- ☐ Health care
- ☑ Job training
- ☐ Recreation programs
- ☐ Education programs
- ☐ Public safety services
- ☐ Fair housing activities
- ☐ Services for senior citizens
- ☐ Services for homeless persons
- ☐ Drug abuse counseling and treatment
- ☐ Energy conservation counseling and testing
- ☐ Homebuyer down-payment assistance
- ☐ Welfare (as defined by CDBG)
- ☑ Other

If Other, describe Other: Youth Services

Describe the problem or need to be addressed by proposed project. (Please attach an extra sheet if needed)

Job training has been an identified as a high priority in many City organized surveys as well as comprehensive planning tools such as the city's Strategic Plan and the HUD 5 year Consolidated Plan. Along with this, youth services have also been identified as a high need within the city for those youths between the ages of 12-18. Therefore, a youth employment program seems to be the most logical fit in order to meet both of these high priority needs. Through a youth job training program, local area youths will have the opportunity to learn job and life skills while earning a wage that will assist these participants economically.

Last year, over 100 applications were received and 19 youths were allowed the opportunity to participate. Within this program design, it is anticipated that this year a maximum of 19 youths between the ages of 15 – 19 would work a maximum of 25 hours per week in area job positions during a period of 11 weeks over the school summer break. Once a week, approximately four hours would be set aside to conduct life skill training classes that would teach these youths basic concepts related to resume building, interviewing, financial management, scholarship seeking, customer service, and team building.

Project Location & Service Area - Describe the area to be served by the project. If possible, include a map.

The service area for this project will be the entire City of Surprise. Participants of the program will be income qualified to be at or below 80% of median income, and be required to prove city residency.

City departments and non-profit partners will be approached in establishing employment locations for the youth training.

Targeted demographic population of the city: The residents targeted for this program will be Surprise youths between the ages of 15-19 who are full time students. The program participants will be income qualified to determine the family income is at or below 80% of median income. Applicants will be taken into the program on a first-come, first-serve basis based on the completion of the qualifying criteria. Program participants will be sought from city youth program outlets such as the Teen Advisory Board, Youth Leadership Program, Junior Sundancers, and other volunteer and development programs along with area high schools.

Proposed Measurable Outcomes – Please provide an outcome statement to be achieved through the use of CDBG funding: The outcome for the program will be the delivery of services to 19 area youths that will provide income through a summer internship and job readiness in preparation for the workforce.
It is the intent of the City of Surprise to fund those activities that meet a High Priority in City's Consolidated Plan and comply with CDBG National Objectives- Describe in detail how the proposed project complies with these two objectives: As a high priority within the city's strategic plan as well as the city's Community Development Block Grant, the provision of this service is of great need within the Surprise area. The program would meet CDBG National Objectives under the service category criteria for employment training. The program participants would be income qualified therefore meeting the low-mod criteria of the grant.

Organizational Capacity

Please describe organization's history and prior experience, including a list of similar projects: (Please attach an extra sheets if needed)

The city has extensive organizational capacity through the collaborated effort between Community and Economic Development – Neighborhood Services, and the Human Resources Department with regard to grant management, youth program creation and implementation, civic education programming, and career preparation training.

Financial Audits and Reports: *(Please submit a copy of most recent financial audit)*	Yes	No	NA
Were the financial statements of the organization prepared in accordance with generally accepted accounting principles?			X
Was there accurate and complete disclosure of the financial expenditures of each federally sponsored program?			X
Was an audit of the financial records obtained annually (or at least biennially) in accordance with federal regulations and local requirements?			X
Was the audit performed by a licensed Certified Public Accountant?			X
Was the latest audit forwarded to the funding agency?			X
Has a copy of all applicable audits/reviews (including any management letter, if appropriate) been forwarded to the funding agency?			X

Please Provide Other Funding Source References: (Please attach extra sheets if needed)

None

Program Team:

Identify the name of the responsible party and the experience that they have in this role. Team members identified after the application are subject to review. Attach extra sheets if needed.

Staff Member	Background and Expertise of Personnel
Name: Christina Ramirez Title: FTE on This Project:	Ms. Ramirez has over 17 years of financial, grant, project, and policy management in the public and non-profit sector. Specific grant management experience includes successful implementation and management of CDBG, HOME, Housing Trust Fund, and Recovery grant awards.
Name: Kelly Mortensen Title: FTE on This Project:	Ms. Mortensen has 16 years of project and program management, and teaching experience in the private sector, as well as 2 years of program administration in the public sector. Specific program management experience includes successful implementation of youth programs such as recreation, education, and the 2012 Summer Youth Employment Program.
Name: Title: FTE on This Project:	
Name: Title: FTE on This Project:	
Name: Title: FTE on This Project:	
Name: Title: FTE on This Project:	
Name: Title: FTE on This Project:	

Project Cost

Estimated Total Cost of Project:	$ 47,144
CDBG Funding Amount Requested for Project:	$ 47,144
Total Number of Units Served:	19
Total Cost per Unit	$ 2,376
Total CDBG Cost per Unit	$ 2,376

Amount and Source of Other Funds Leveraged for Project: *(Please submit proof of other funding sources)*

Source	Year	Amount
None		

Project Sustainability: How will your organization continue providing these services if CDBG funds are not awarded next year?	Grant programs will be sought with the advantage of showing a successful program in place that has proven results. It is not anticipated that this program will receive future General Fund funding for continuation independently.
If your project is not fully funded, will your organization be able to implement project with partial funding?	The program participants will be scaled back to continue with the implementation of the program within the amount awarded.

Project Timeline

Project start date: March 1, 2013 **Project completion date:** September 30, 2013

Applicants must provide a schedule for the Program that lists major activities and indicate when they will be executed. Additional information such as contractor selection, final inspection, loan closing, etc. should be included when known.

Program Schedule

Major Program Activities:	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	(each box represents one month)											
Program advertising	X											
Application acceptance and screening	X	X	X									
Job placement locations identified	X	X	X									
Job training				X	X	X						
Program closeout						X						

Proposed Budget				
Specific Cost *Item/Description*	**CDBG Amount Requested**	**Other Funds Source**	**Other Funds Amount**	**Total Amount** *CDBG + Other Sources*
Youth Salary ($8.00/hr x .08 fringe) x 25 hrs/week x 11 weeks x 19 participants)	$ 45,144	None	$ 0	$ 45,144
Life Skills Teaching Contractual Services	$ 1,500	None	$ 0	$ 1,500
Uniforms	$ 500	None	$ 0	$ 500
Total	$ 47,144	None	$ 0	$ 47,144

Required Certifications for CDBG Public Services Activities Application

Signature of Agency Representative with Binding Authority below certifies the following statements:

- Organization has no conflict of interests with City of Surprise appointed or elected representatives and does not employ city appointed or elected representatives or their families.
- Organization will comply with federal requirements to be observed by organizations being funded with CDBG funds, including compliance with federal Labor Standards, Section 3, Segregated Facilities, Equal Opportunity, and Non-Discrimination. Section 109, Title VI and EO 11246. All requirements are described in 24 CFR 570 (CDBG Entitlement Grants).
- Authorized official certifies that this CDBG Public Services application package has been reviewed and all information provided in this application and attachments is true and correct.
- Sufficient funds are available from non-CDBG sources to complete the project, as described, if CDBG funds are allocated to the applicant.

Jeffrey J. Mihelich
Signature of authorized agency representative

12-11-12
Date:

Jeffrey J. Mihelich
Printed name

CED Director
Title

City of Surprise - CED
Organization

APPLICATION FOR CDBG-FUNDED PUBLIC SERVICES ACTIVITIES

Please complete & submit this form to the Welcome Center,
City of Surprise,
16000 N. Civic Center Plaza
Surprise, AZ 85374
We do not accept e-mail or electronic submissions

Organization Information

Name of Organization:	St. Mary's Food Bank Alliance
Contact Person:	Elizabeth Wilkinson
Contact Person Title:	Grants Development Officer
Mailing Address:	2831 N. 31st Ave. Phoenix, AZ 85009
Street Address *(if different from mailing)*:	Service location: 13050 W. Elm Street Surprise, AZ 85374
Phone:	602-242-3663
Fax:	602-352-3665
E-mail:	eawilkinson@firstfoodbank.org
Website URL *(if applicable)*:	www.FirstFoodBank.org

Legal Status of Applicant:

- ☐ State-Certified CHDO
- √ Non-Profit (non-CHDO)
- ☐ Public Housing Authority
- ☐ State Agency
- ☐ Local Government
- ☐ Tribal Government
- ☐ Council of Government
- ☐ General Partnership
- ☐ Limited Partnership
- ☐ Limited Liability Company
- ☐ Corporation

Applicant's Qualifications:	**Yes**	**No**	**NA**
Drug Free Policies	X		
Fair Housing Policies			X
Equal Employment Opportunity Employer	X		

Project Description

Proposed Project Title:	Emergency Food Boxes

Check applicable priority area(s) that the project addresses:

- ☐ Child care
- ☐ Health care
- ☐ Job training
- ☐ Recreation programs
- ☐ Education programs
- ☐ Public safety services
- ☐ Fair housing activities
- ☐ Services for senior citizens
- ☐ Services for homeless persons
- ☐ Drug abuse counseling and treatment
- ☐ Energy conservation counseling and testing
- ☐ Homebuyer down-payment assistance
- ☐ Welfare (as defined by CDBG)
- √ Other

If Other, describe Other: Emergency Food Boxes

Describe the problem or need to be addressed by proposed project. (Please attach an extra sheet if needed)

By understanding the population in need, communities can better identify strategies for reaching the people who most need food assistance. Arizona continues to have one of the highest poverty rates in the nation, with a poverty rate of 19% (the national poverty rate is 15.9%). One in five Arizonans lives in poverty, 1.4 million individuals (20.6% of the population).

Families are struggling to regularly put enough food on the table to live in a healthy manner. A Feeding America study found that emergency food boxes are fast becoming a regular component of households' long term strategies to supplement monthly shortfalls in food. Fifty-four percent of clients visited a food bank at least six months out of the year.

High unemployment and slow growth since the beginning of the recession in 2008 has increased the number of people needing emergency food aid to record levels. While poverty was rising, incomes were falling. According to the U.S. Census Bureau, median income in Arizona fell 2.9 % in 2011, to $46,709, while income nationally fell 1.3 %, to a median of $50,502.

Experts say the numbers in Arizona reflect the state's recent economic problems. Lee McPheters, a research professor at the W.P. Carey School of Economics at Arizona State University, noted the link between unemployment and poverty. "From the labor-market perspective, there is a likely 'cause and effect' from Arizona's loss of over 300,000 jobs in 2008-2010 and increases in poverty levels in the state," he said.

The U.S. Census Bureau's American Community Survey states that the current unemployment rate in Surprise is 10.6% (about 9,000 people). Unemployment rates are directly related to the increase in demand for emergency food. There are 26,382 people in the City of Surprise living at or below 185% of the federal poverty level. This is an increase of 25% from the previous year. This marks the third straight increase in the poverty rate for Arizona, one of 16 states that saw a statistically significant rise from 2010 to 2011, according to the Bureau's American Community Survey statistics.

The working poor often have trouble making ends meet. Fixed expenses must be paid while the food budget is flexible. When an unexpected event occurs, it is often the food budget that suffers. Emergency food boxes provide families in crisis with a supply of nutritionally well-balanced food for three days including fresh, refrigerated and frozen products. Every box contains perishable and nonperishable food and is packed while the client is waiting so that all the items are as fresh as possible and will have the maximum amount of shelf life.

Most people who suffer from hunger are confronted with constant shame, worry and insecurity about how they are going to feed themselves and their families. Children who are hungry experience stunted emotional and developmental growth, inability to concentrate, lower test scores, a greatly increased chance of repeating a grade and a 30% greater chance of never attending college. Among the elderly, hunger exacerbates chronic and acute health problems and speeds the onset of degenerative diseases. In every age group, hunger hinders people from having healthy and productive lives.

Food is a basic necessity that we all must have to survive. No one should have to worry about where their next meal is coming from. The Emergency Food Box program helps clients deal with their ongoing expenses without having to face hunger. When clients' basic needs are met, they are more likely to continue contributing to the community.

Project Location & Service Area - Describe the area to be served by the project. If possible, include a map.

Surprise residents are served citywide. See attached map.

Targeted demographic population of the city:

St. Mary's Food Bank Alliance serves Surprise residents with an income at or below 185% of the federal poverty level. This includes individuals, families, single parents, seniors, handicapped and the working poor. Many people in today's economy do not earn enough to cover all their expenses. They come to the Food Bank for food so they have money to cover other costs such as housing and medical care. Services are provided to residents citywide.

Surprise emergency food recipient demographics are:
39% Hispanic
43% White
13% Black
2% American Indian
2% Asian
1% Other

Proposed Measurable Outcomes – Please provide an outcome statement to be achieved through the use of CDBG funding: Emergency food helps clients deal with an immediate crisis. People who are receiving the proper nutrition are better able to cope with the challenges in their lives and contribute to society. The evaluation process includes tracking the amount of food distributed, number of clients served and an annual client satisfaction survey. The Food Bank expects to provide 14,000 emergency food boxes to Surprise residents in fiscal year 2013/2014. CDBG funds will support distribution of 2,959 emergency food boxes.
It is the intent of the City of Surprise to fund those activities that meet a High Priority in City's Consolidated Plan and comply with CDBG National Objectives- Describe in detail how the proposed project complies with these two objectives: The Emergency Food Box Program meets the CDBG National Objective of benefiting low to moderate income persons. Clients are living at or below 185% of the federal poverty rate which fulfills the low/moderate income area benefit national objective. The Emergency Food Box Program addresses several priority needs of low-income seniors, low-income youth and people in poverty. The program supports the priority need of creating suitable living environments by providing food that allows clients to deal with unexpected emergencies, which frees clients from worrying about how to feed their families. Another priority need addressed is the services to seniors and youth because nearly half of those receiving emergency food are children and nearly 15% of the households seeking food assistance are caring for someone who is 65 years or older. In addition, the food provided addresses health issues and improves clients' quality of life.

Organizational Capacity

Please describe organization's history and prior experience, including a list of similar projects: (Please attach an extra sheets if needed)

St. Mary's Food Bank Alliance, the first food bank in America, has been providing supplemental and emergency food in the Valley since 1967. Serving 10 of Arizona's 15 counties, the Food Bank is committed to volunteerism, building community relationships and improving the quality of life for Arizonans in need. Facilities are located in Phoenix, Surprise and Flagstaff. The mission is to alleviate hunger through the gathering and distribution of food while encouraging self-sufficiency, collaboration, advocacy and education.

The Food Bank distributed more than 440,000 Emergency Food Boxes last fiscal year (an average of more than 36,000 boxes each month). This food is packed and distributed by 76,000 volunteers. They provided more than 371,000 hours – the equivalent of 140 full-time employees – saving the Food Bank more than $5 million in labor costs.

A variety of programs target specific groups like children, seniors and families. These programs include Kids Cafe (after school program with an evening meal), Emergency Food Boxes (three day supply of food), Value Marketplace (food buying cooperative), Senior Programs (home food delivery, senior brown bag and social interaction), Commodity Supplemental Food Program (USDA supplemental food boxes), Community Kitchen (training and job placement for low-income adults), Agency Food Distribution (food and supplies for hundreds of partner agencies), Mobile Pantry (delivery of fresh produce to families in the poorest neighborhoods) and Backpack Distribution (food for low income children when school is not in session).

Fiscal controls are in place to manage and track the use of these funds. The Food Bank manages grants from private foundations and corporations as well as government grants. Currently there are four Community Development Block Grants, from the City of Phoenix, the City of Glendale and the City of Surprise being administrated by the Food Bank. In addition, a contract with the Arizona Department of Health Services for the Commodity Supplemental Food Program, a contract with the Arizona Department of Economic Security for Food Administration and contracts with First Things First for emergency food distribution are managed by the Food Bank.

Financial Audits and Reports: *(Please submit a copy of most recent financial audit)*	**Yes**	**No**	**NA**
Were the financial statements of the organization prepared in accordance with generally accepted accounting principles?	X		
Was there accurate and complete disclosure of the financial expenditures of each federally sponsored program?	X		
Was an audit of the financial records obtained annually (or at least biennially) in accordance with federal regulations and local requirements?	X		

Was the audit performed by a licensed Certified Public Accountant?	X		
Was the latest audit forwarded to the funding agency?	X		
Has a copy of all applicable audits/reviews (including any management letter, if appropriate) been forwarded to the funding agency?	X		

Please Provide Other Funding Source References: (Please attach extra sheets if needed)

See attached sheet.

Program Team:

Identify the name of the responsible party and the experience that they have in this role. Team members identified after the application are subject to review. Attach extra sheets if needed.

Staff Member	Background and Expertise of Personnel
Name: Bryan Leesberg Title: Chief Operating Officer FTE on This Project: 11	Provides general oversight for the project.

Project Cost

Estimated Total Cost of Project:	$3,754,236 (entire EFB program), $118,236 (Surprise EFB's)		
CDBG Funding Amount Requested for Project:	$25,000		
Total Number of Units Served:	14,000		
Total Cost per Unit	$8.45		
Total CDBG Cost per Unit	$8.45		
Amount and Source of Other Funds Leveraged for Project: *(Please submit proof of other funding sources)*	**Source**	**Year**	**Amount**
	Food Bank General Operating Fund	2013/2014	$93,236
Project Sustainability: How will your organization continue providing these services if CDBG funds are not awarded next year?	The Emergency Food Box Program is an ongoing program at the Food Bank. Each year, during the budgeting process, funds are allocated for the Emergency Food Box program. In addition, there is a comprehensive fund raising program which includes direct mail, foundation grants and support from individuals, business, civic and community organizations, special events, wills, and bequests.		

If your project is not fully funded, will your organization be able to implement project with partial funding?	The amount of the request is the optimum required to continue the program at the current level. Poverty data suggests that the need will continue to grow. The amount of funding received determines the level of service. This program will continue, but the Food Bank may be forced to scale back accordingly and may not be able to provide service at the current level.

Project Timeline

Project start date: July 1, 2013 Project completion date: June 30, 2014

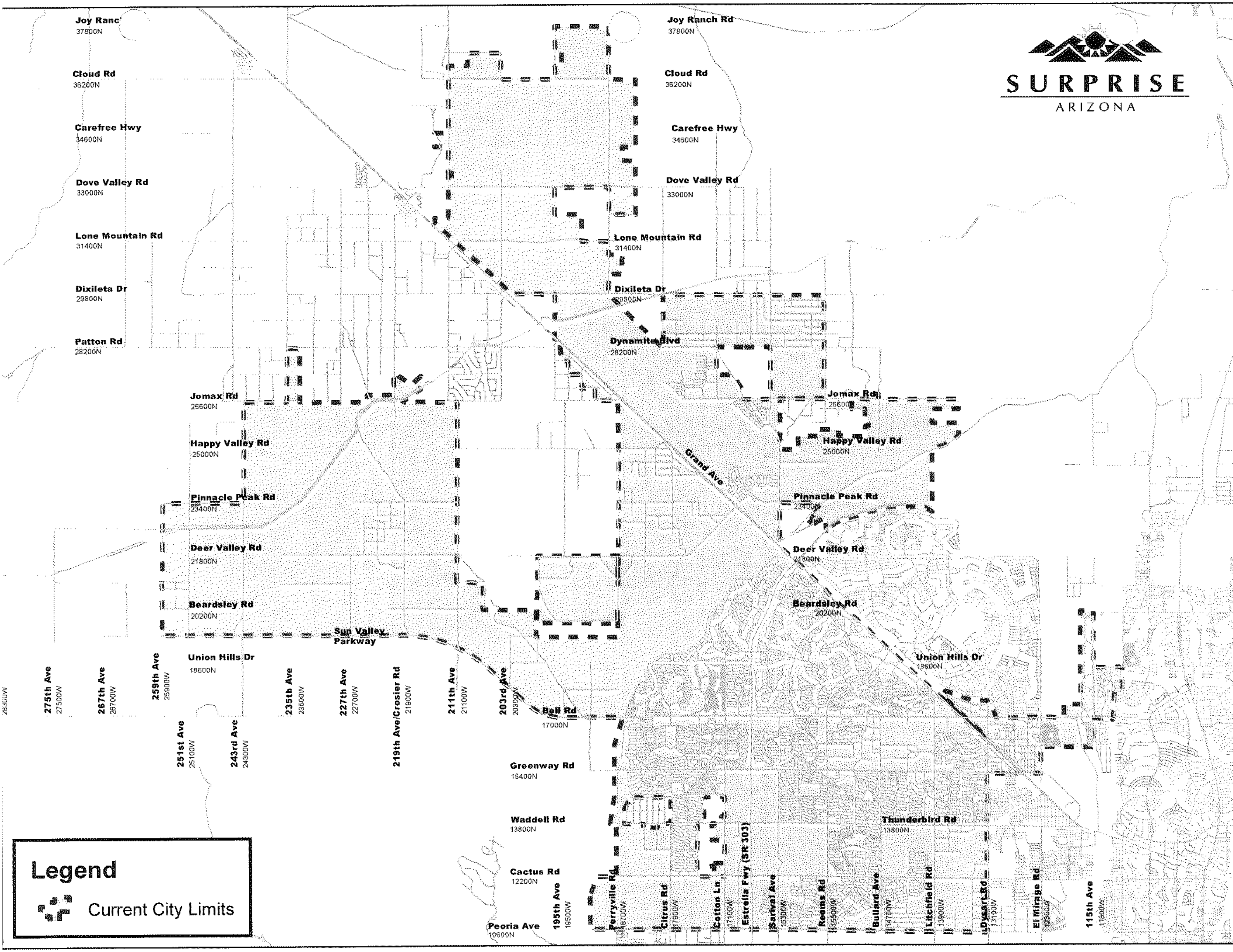
Applicants must provide a schedule for the Program that lists major activities and indicate when they will be executed. Additional information such as contractor selection, final inspection, loan closing, etc. should be included when known.

Program Schedule

Major Program Activities:	**1st Quarter**			**2nd Quarter**			**3rd Quarter**			**4th Quarter**		
	(each box represents one month)											
Food Box Distribution	X	X	X	X	X	X	X	X	X	X	X	X

Proposed Budget

Specific Cost *Item/Description*	**CDBG Amount Requested**	**Other Funds Source**	**Other Funds Amount**	**Total Amount** *CDBG + Other Sources*
Cost to produce and distribute Emergency Food Boxes in Surprise	$25,000	Community Donations	$93,236	$118,236
Total	$25,000		$93,236	$118,236



SURPRISE
ARIZONA
Joy Ranc
37800N
Cloud Rd
36200N
Carefree Hwy
34600N
Dove Valley Rd
33000N
Lone Mountain Rd
31400N
Dixileta Dr
29800N
Patton Rd
28200N
Joy Ranch Rd
37800N
Cloud Rd
36200N
Carefree Hwy
34600N
Dove Valley Rd
33000N
Lone Mountain Rd
31400N
Dixileta Dr
29800N
Dynamite Blvd
28200N
Jomax Rd
26600N
Happy Valley Rd
25000N
Pinnacle Peak Rd
23400N
Deer Valley Rd
21800N
Beardsley Rd
20200N
Sun Valley Parkway
Union Hills Dr
18600N
Jomax Rd
26600N
Happy Valley Rd
25000N
Pinnacle Peak Rd
23400N
Deer Valley Rd
21800N
Beardsley Rd
20200N
Union Hills Dr
18600N
Grand Ave
Bell Rd
17000N
Greenway Rd
15400N
Waddell Rd
13800N
Thunderbird Rd
13800N
Cactus Rd
12200N
Peoria Ave
10600N
28300W
275th Ave
27500W
267th Ave
26700W
259th Ave
25900W
251st Ave
25100W
243rd Ave
24300W
235th Ave
23500W
227th Ave
22700W
219th Ave/Crosier Rd
21900W
211th Ave
21100W
203rd Ave
20300W
195th Ave
19500W
Perryville Rd
18700W
Citrus Rd
17900W
Cotton Ln
17100W
Estrella Fwy (SR 303)
Sarival Ave
16300W
Reems Rd
15500W
Bullard Ave
14700W
Litchfield Rd
13900W
Dysart Rd
13100W
El Mirage Rd
12300W
115th Ave
11500W
Legend
Current City Limits

IRS Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248467576
Oct. 03, 2012 LTR 4168C E0
23-7353532 000000 00
00018305
BODC: TE

ST MARYS FOOD BANK ALLIANCE
2831 N 31ST AVE
PHOENIX AZ 85009-1518

025148

Employer Identification Number: 23-7353532
Person to Contact: MS YATES
Toll Free Telephone Number: 1-877-829-5500

Dear TAXPAYER:

This is in response to your Sep. 24, 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 MARCH 1974.

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.

0248467576
Oct. 03, 2012 LTR 4168C E0
23-7353532 000000 00
00018306

ST MARYS FOOD BANK ALLIANCE
2831 N 31ST AVE
PHOENIX AZ 85009-1518

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

Sincerely yours,

Richard McKee

Richard McKee, Department Manager
Accounts Management Operations

Other Funding Source References:

Commodity Supplemental Food Program

Stacy Beauregard, Program Coordinator
Office of Nutrition and Chronic Disease Prevention
Arizona Department of Health Services
150 North 18th Avenue, Suite 310
Phoenix, AZ 85007

Phone 602-542-2824
Dates of Work Performance: Continually since 1987

DES Food Administration

Gloria Garcia Hernandez, Contract Specialist
Arizona Department of Economic Security
Aging and Adult Administration
Senior Community Services Employment Program
1789 West Jefferson
Phoenix, AZ 85007

Phone 602-542-0303
Dates of Work Performance: Continually since 1999

CDBG Public Service and Public Facilities Projects

Rachel Milne, Management Assistant II
City of Phoenix
Neighborhood Services Department
200 W. Washington St., 4th Floor
Phoenix, AZ 85003

Phone 602-262-7369
Dates of Work Performance: Continually since 1989

CDBG Public Service and Public Facilities Projects

Carin Imig, Neighborhood & Revitalization Administrator
City of Peoria
Neighborhood Services
9875 N. 85th Ave.
Peoria, AZ 85345

Phone 623 773-7381
Dates of Work Performance: 2004-2011

CDBG Public Service and Public Facilities Projects

Elizabeth Garcia, Revitalization Coordinator
City of Glendale
Community Revitalization Division
5850 W. Glendale Ave., Suite 107
Glendale, AZ 85301

Phone 623-930-3673
Dates of Work Performance: Continually since 2003

United Way Primary Partner

Lora Reid, Project Coordinator
Valley of the Sun United Way
1515 E. Osborn Rd.
Phoenix, AZ 85014-5386

Phone 602 631-4877
Member agency in good standing since 1977

Consolidated Financial Statements
June 30, 2012 and 2011

St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation
Phoenix, Arizona

We have audited the accompanying consolidated statement of financial position of St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation (nonprofit organizations) as of June 30, 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The prior year summarized comparative information has been derived from the financial statements of St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation as of June 30, 2011, and in our report dated October 20, 2011, 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 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 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 our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidating statement of financial position and consolidating statement of activities themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation
Phoenix, Arizona

We have audited the accompanying consolidated statement of financial position of St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation (nonprofit organizations) as of June 30, 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The prior year summarized comparative information has been derived from the financial statements of St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation as of June 30, 2011, and in our report dated October 20, 2011, we expressed an unqualified opinion on those financial statements.

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	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	$ 2,816,606	$ 2,941,040
Inventories	7,431,653	9,467,089
Program and other receivables, net	590,451	691,777
Other current assets	170,398	111,839
Total current assets	11,009,108	13,211,745
Investments	8,076,443	6,033,168
Cash Restricted for Purchase of Equipment	8,760	8,760
Assets Restricted to Investment in Long-Term Purposes		
Pledges receivable, net	402,321	1,344,023
Property and Equipment, net	17,019,119	18,510,511
Total assets	$ 36,515,751	$ 39,108,207
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 598,786	$ 498,834
Accrued payroll expenses	282,171	229,523
Other accrued liabilities	372,948	385,439
Current maturities of gift annuities payable	26,832	28,277
Current maturities of capital lease obligations	230,714	230,714
Current maturities of notes payable	910,444	274,667
Total current liabilities	2,421,895	1,647,454
Gift annuities payable, less current maturities	249,916	245,982
Capital lease obligations, less current maturities	645,878	889,377
Notes payable, less current maturities	4,003,600	4,914,044
Total liabilities	7,321,289	7,696,857
Net Assets		
Unrestricted	20,963,623	24,302,234
Board designated	7,709,042	5,647,837
Total unrestricted	28,672,665	29,950,071
Temporarily restricted	515,797	1,455,279
Permanently restricted	6,000	6,000
Total net assets	29,194,462	31,411,350
Total liabilities and net assets	$ 36,515,751	$ 39,108,207

St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation

Consolidated Statements of Activities

Year Ended June 30, 2012 with Comparative Totals for the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2012	Total 2011
Public Support					
Donated surplus food and commodities	$ 93,508,438	$ -	$ -	$ 93,508,438	$ 107,051,652
Community contributions	12,795,248	2,220	-	12,797,468	14,520,430
Governmental grants	3,982,967	-	-	3,982,967	966,996
Kid's Café	900,533	-	-	900,533	2,399,424
Source program	563,465	-	-	563,465	363,805
Shared maintenance fees	247,472	-	-	247,472	316,537
Food Value Club	236,769	-	-	236,769	65,757
CK Catering	42,251			42,251	
Community Kitchen	15,925	-	-	15,925	2,500
Miscellaneous revenue	12,985	-	-	12,985	3,699
	112,306,053	2,220	-	112,308,273	125,690,800
Net assets released from restrictions	941,702	(941,702)	-	-	-
Total public support	113,247,755	(939,482)	-	112,308,273	125,690,800
Expenses					
Program services					
Distributions	66,724,976	-	-	66,724,976	70,472,799
Emergency Box programs	29,259,332	-	-	29,259,332	33,919,976
Food Value Club	240,847	-	-	240,847	3,862,595
Kid's Café	1,721,605	-	-	1,721,605	915,399
Commodity supplemental food program	10,043,004	-	-	10,043,004	13,374,681
Source distribution	550,745	-	-	550,745	377,421
Community Kitchen	728,652	-	-	728,652	512,756
	109,269,161	-	-	109,269,161	123,435,627
Supporting services					
Fundraising and communications	2,756,221	-	-	2,756,221	2,645,792
Management and general	2,544,295	-	-	2,544,295	2,168,599
Total expenses	114,569,677	-	-	114,569,677	128,250,018
Change in Net Assets Before Nonoperating Activities	(1,321,922)	(939,482)	-	(2,261,404)	(2,559,218)
Nonoperating Activities					
Investment interest and dividends	167,956	-	-	167,956	123,540
Net realized and unrealized losses/(gains) on investments	(107,841)	-	-	(107,841)	149,430
Loss on sale of property and equipment	(224,378)	-	-	(224,378)	(376,250)
Other income	208,779	-	-	208,779	955,158
Total nonoperating activities	44,516	-	-	44,516	851,878
Change in Net Assets	(1,277,406)	(939,482)	-	(2,216,888)	(1,707,340)
Net Assets, Beginning of Year	29,950,071	1,455,279	6,000	31,411,350	33,118,690
Net Assets, End of Year	$ 28,672,665	$ 515,797	$ 6,000	$ 29,194,462	$ 31,411,350

APPLICATION FOR CDBG-FUNDED PUBLIC SERVICES ACTIVITIES

Please complete & submit this form to the Welcome Center,
City of Surprise,
16000 N. Civic Center Plaza
Surprise, AZ 85374
We do not accept e-mail or electronic submissions

Organization Information

Name of Organization:	St. Mary's Food Bank Alliance
Contact Person:	Elizabeth Wilkinson
Contact Person Title:	Grants Development Officer
Mailing Address:	2831 N. 31st Ave. Phoenix, AZ 85009
Street Address *(if different from mailing)*:	Service location: 13050 W. Elm Street Surprise, AZ 85374
Phone:	602-242-3663
Fax:	602-352-3665
E-mail:	eawilkinson@firstfoodbank.org
Website URL *(if applicable)*:	www.FirstFoodBank.org

Legal Status of Applicant:

- ☐ State-Certified CHDO
- √ Non-Profit (non-CHDO)
- ☐ Public Housing Authority
- ☐ State Agency
- ☐ Local Government
- ☐ Tribal Government
- ☐ Council of Government
- ☐ General Partnership
- ☐ Limited Partnership
- ☐ Limited Liability Company
- ☐ Corporation

Applicant's Qualifications:	**Yes**	**No**	**NA**
Drug Free Policies	X		
Fair Housing Policies			X
Equal Employment Opportunity Employer	X		

Project Description

Proposed Project Title:	Emergency Food Boxes

Check applicable priority area(s) that the project addresses:

- ☐ Child care
- ☐ Health care
- ☐ Job training
- ☐ Recreation programs
- ☐ Education programs
- ☐ Public safety services
- ☐ Fair housing activities
- ☐ Services for senior citizens
- ☐ Services for homeless persons
- ☐ Drug abuse counseling and treatment
- ☐ Energy conservation counseling and testing
- ☐ Homebuyer down-payment assistance
- ☐ Welfare (as defined by CDBG)
- √ Other

If Other, describe Other: Emergency Food Boxes

Describe the problem or need to be addressed by proposed project. (Please attach an extra sheet if needed)

By understanding the population in need, communities can better identify strategies for reaching the people who most need food assistance. Arizona continues to have one of the highest poverty rates in the nation, with a poverty rate of 19% (the national poverty rate is 15.9%). One in five Arizonans lives in poverty, 1.4 million individuals (20.6% of the population).

Families are struggling to regularly put enough food on the table to live in a healthy manner. A Feeding America study found that emergency food boxes are fast becoming a regular component of households' long term strategies to supplement monthly shortfalls in food. Fifty-four percent of clients visited a food bank at least six months out of the year.

High unemployment and slow growth since the beginning of the recession in 2008 has increased the number of people needing emergency food aid to record levels. While poverty was rising, incomes were falling. According to the U.S. Census Bureau, median income in Arizona fell 2.9 % in 2011, to $46,709, while income nationally fell 1.3 %, to a median of $50,502.

Experts say the numbers in Arizona reflect the state's recent economic problems. Lee McPheters, a research professor at the W.P. Carey School of Economics at Arizona State University, noted the link between unemployment and poverty. "From the labor-market perspective, there is a likely 'cause and effect' from Arizona's loss of over 300,000 jobs in 2008-2010 and increases in poverty levels in the state," he said.

The U.S. Census Bureau's American Community Survey states that the current unemployment rate in Surprise is 10.6% (about 9,000 people). Unemployment rates are directly related to the increase in demand for emergency food. There are 26,382 people in the City of Surprise living at or below 185% of the federal poverty level. This is an increase of 25% from the previous year. This marks the third straight increase in the poverty rate for Arizona, one of 16 states that saw a statistically significant rise from 2010 to 2011, according to the Bureau's American Community Survey statistics.

The working poor often have trouble making ends meet. Fixed expenses must be paid while the food budget is flexible. When an unexpected event occurs, it is often the food budget that suffers. Emergency food boxes provide families in crisis with a supply of nutritionally well-balanced food for three days including fresh, refrigerated and frozen products. Every box contains perishable and nonperishable food and is packed while the client is waiting so that all the items are as fresh as possible and will have the maximum amount of shelf life.

Most people who suffer from hunger are confronted with constant shame, worry and insecurity about how they are going to feed themselves and their families. Children who are hungry experience stunted emotional and developmental growth, inability to concentrate, lower test scores, a greatly increased chance of repeating a grade and a 30% greater chance of never attending college. Among the elderly, hunger exacerbates chronic and acute health problems and speeds the onset of degenerative diseases. In every age group, hunger hinders people from having healthy and productive lives.

Food is a basic necessity that we all must have to survive. No one should have to worry about where their next meal is coming from. The Emergency Food Box program helps clients deal with their ongoing expenses without having to face hunger. When clients' basic needs are met, they are more likely to continue contributing to the community.

Project Location & Service Area - Describe the area to be served by the project. If possible, include a map.

Surprise residents are served citywide. See attached map.

Targeted demographic population of the city:

St. Mary's Food Bank Alliance serves Surprise residents with an income at or below 185% of the federal poverty level. This includes individuals, families, single parents, seniors, handicapped and the working poor. Many people in today's economy do not earn enough to cover all their expenses. They come to the Food Bank for food so they have money to cover other costs such as housing and medical care. Services are provided to residents citywide.

Surprise emergency food recipient demographics are:
39% Hispanic
43% White
13% Black
2% American Indian
2% Asian
1% Other

Proposed Measurable Outcomes – Please provide an outcome statement to be achieved through the use of CDBG funding: Emergency food helps clients deal with an immediate crisis. People who are receiving the proper nutrition are better able to cope with the challenges in their lives and contribute to society. The evaluation process includes tracking the amount of food distributed, number of clients served and an annual client satisfaction survey. The Food Bank expects to provide 14,000 emergency food boxes to Surprise residents in fiscal year 2013/2014. CDBG funds will support distribution of 2,959 emergency food boxes.
It is the intent of the City of Surprise to fund those activities that meet a High Priority in City's Consolidated Plan and comply with CDBG National Objectives- Describe in detail how the proposed project complies with these two objectives: The Emergency Food Box Program meets the CDBG National Objective of benefiting low to moderate income persons. Clients are living at or below 185% of the federal poverty rate which fulfills the low/moderate income area benefit national objective. The Emergency Food Box Program addresses several priority needs of low-income seniors, low-income youth and people in poverty. The program supports the priority need of creating suitable living environments by providing food that allows clients to deal with unexpected emergencies, which frees clients from worrying about how to feed their families. Another priority need addressed is the services to seniors and youth because nearly half of those receiving emergency food are children and nearly 15% of the households seeking food assistance are caring for someone who is 65 years or older. In addition, the food provided addresses health issues and improves clients' quality of life.

Organizational Capacity

Please describe organization's history and prior experience, including a list of similar projects: (Please attach an extra sheets if needed)

St. Mary's Food Bank Alliance, the first food bank in America, has been providing supplemental and emergency food in the Valley since 1967. Serving 10 of Arizona's 15 counties, the Food Bank is committed to volunteerism, building community relationships and improving the quality of life for Arizonans in need. Facilities are located in Phoenix, Surprise and Flagstaff. The mission is to alleviate hunger through the gathering and distribution of food while encouraging self-sufficiency, collaboration, advocacy and education.

The Food Bank distributed more than 440,000 Emergency Food Boxes last fiscal year (an average of more than 36,000 boxes each month). This food is packed and distributed by 76,000 volunteers. They provided more than 371,000 hours – the equivalent of 140 full-time employees – saving the Food Bank more than $5 million in labor costs.

A variety of programs target specific groups like children, seniors and families. These programs include Kids Cafe (after school program with an evening meal), Emergency Food Boxes (three day supply of food), Value Marketplace (food buying cooperative), Senior Programs (home food delivery, senior brown bag and social interaction), Commodity Supplemental Food Program (USDA supplemental food boxes), Community Kitchen (training and job placement for low-income adults), Agency Food Distribution (food and supplies for hundreds of partner agencies), Mobile Pantry (delivery of fresh produce to families in the poorest neighborhoods) and Backpack Distribution (food for low income children when school is not in session).

Fiscal controls are in place to manage and track the use of these funds. The Food Bank manages grants from private foundations and corporations as well as government grants. Currently there are four Community Development Block Grants, from the City of Phoenix, the City of Glendale and the City of Surprise being administrated by the Food Bank. In addition, a contract with the Arizona Department of Health Services for the Commodity Supplemental Food Program, a contract with the Arizona Department of Economic Security for Food Administration and contracts with First Things First for emergency food distribution are managed by the Food Bank.

Financial Audits and Reports: *(Please submit a copy of most recent financial audit)*	**Yes**	**No**	**NA**
Were the financial statements of the organization prepared in accordance with generally accepted accounting principles?	X		
Was there accurate and complete disclosure of the financial expenditures of each federally sponsored program?	X		
Was an audit of the financial records obtained annually (or at least biennially) in accordance with federal regulations and local requirements?	X		

Was the audit performed by a licensed Certified Public Accountant?	X		
Was the latest audit forwarded to the funding agency?	X		
Has a copy of all applicable audits/reviews (including any management letter, if appropriate) been forwarded to the funding agency?	X		

Please Provide Other Funding Source References: (Please attach extra sheets if needed)

See attached sheet.

Program Team:
Identify the name of the responsible party and the experience that they have in this role. Team members identified after the application are subject to review. Attach extra sheets if needed.

Staff Member	Background and Expertise of Personnel
Name: Bryan Leesberg Title: Chief Operating Officer FTE on This Project: 11	Provides general oversight for the project.

Project Cost

Estimated Total Cost of Project:	$3,754,236 (entire EFB program), $118,236 (Surprise EFB's)		
CDBG Funding Amount Requested for Project:	$25,000		
Total Number of Units Served:	14,000		
Total Cost per Unit	$8.45		
Total CDBG Cost per Unit	$8.45		
Amount and Source of Other Funds Leveraged for Project: *(Please submit proof of other funding sources)*	**Source**	**Year**	**Amount**
	Food Bank General Operating Fund	2013/2014	$93,236
Project Sustainability: How will your organization continue providing these services if CDBG funds are not awarded next year?	The Emergency Food Box Program is an ongoing program at the Food Bank. Each year, during the budgeting process, funds are allocated for the Emergency Food Box program. In addition, there is a comprehensive fund raising program which includes direct mail, foundation grants and support from individuals, business, civic and community organizations, special events, wills, and bequests.		

If your project is not fully funded, will your organization be able to implement project with partial funding?	The amount of the request is the optimum required to continue the program at the current level. Poverty data suggests that the need will continue to grow. The amount of funding received determines the level of service. This program will continue, but the Food Bank may be forced to scale back accordingly and may not be able to provide service at the current level.

Project Timeline

Project start date: <u>July 1, 2013</u> Project completion date: <u>June 30, 2014</u>

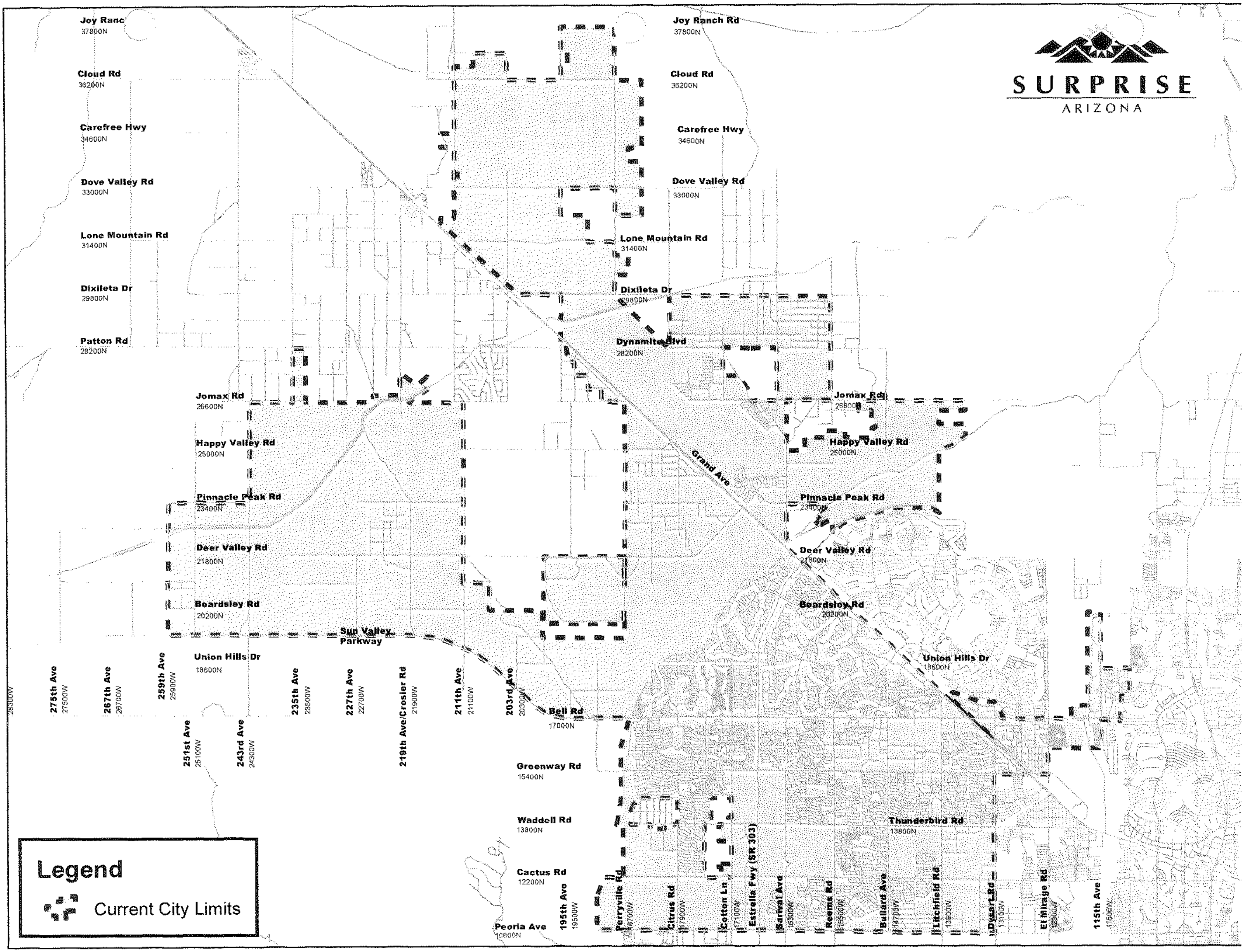
Applicants must provide a schedule for the Program that lists major activities and indicate when they will be executed. Additional information such as contractor selection, final inspection, loan closing, etc. should be included when known.

Program Schedule

Major Program Activities:	**1st Quarter**			**2nd Quarter**			**3rd Quarter**			**4th Quarter**		
	(each box represents one month)											
Food Box Distribution	X	X	X	X	X	X	X	X	X	X	X	X

Proposed Budget

Specific Cost *Item/Description*	**CDBG Amount Requested**	**Other Funds Source**	**Other Funds Amount**	**Total Amount** *CDBG + Other Sources*
Cost to produce and distribute Emergency Food Boxes in Surprise	$25,000	Community Donations	$93,236	$118,236
Total	$25,000		$93,236	$118,236


SURPRISE
ARIZONA
Joy Ranch Rd
37800N
Cloud Rd
36200N
Carefree Hwy
34600N
Dove Valley Rd
33000N
Lone Mountain Rd
31400N
Dixileta Dr
29800N
Patton Rd
28200N
Dynamite Blvd
28200N
Jomax Rd
26600N
Happy Valley Rd
25000N
Pinnacle Peak Rd
23400N
Deer Valley Rd
21800N
Beardsley Rd
20200N
Union Hills Dr
18600N
Sun Valley Parkway
Bell Rd
17000N
Greenway Rd
15400N
Waddell Rd
13800N
Thunderbird Rd
13800N
Cactus Rd
12200N
Peoria Ave
10600N
Grand Ave
283rd Ave
28300W
275th Ave
27500W
267th Ave
26700W
259th Ave
25900W
251st Ave
25100W
243rd Ave
24300W
235th Ave
23500W
227th Ave
22700W
219th Ave/Crosier Rd
21900W
211th Ave
21100W
203rd Ave
20300W
195th Ave
19500W
Perryville Rd
18700W
Citrus Rd
17900W
Cotton Ln
17100W
Estrella Fwy (SR 303)
Sarival Ave
16300W
Reems Rd
15500W
Bullard Ave
14700W
Litchfield Rd
13900W
Dysart Rd
13100W
El Mirage Rd
12300W
115th Ave
11500W
Legend
Current City Limits

IRS Department of the Treasury
Internal Revenue Service
P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248467576
Oct. 03, 2012 LTR 4168C E0
23-7353532 000000 00
00018305
BODC: TE

ST MARYS FOOD BANK ALLIANCE
2831 N 31ST AVE
PHOENIX AZ 85009-1518

025148

Employer Identification Number: 23-7353532
Person to Contact: MS YATES
Toll Free Telephone Number: 1-877-829-5500

Dear TAXPAYER:

This is in response to your Sep. 24, 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 MARCH 1974.

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.

0248467576
Oct. 03, 2012 LTR 4168C E0
23-7353532 000000 00
00018306

ST MARYS FOOD BANK ALLIANCE
2831 N 31ST AVE
PHOENIX AZ 85009-1518

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

Sincerely yours,

Richard McKee

Richard McKee, Department Manager
Accounts Management Operations

Other Funding Source References:

Commodity Supplemental Food Program

Stacy Beauregard, Program Coordinator
Office of Nutrition and Chronic Disease Prevention
Arizona Department of Health Services
150 North 18th Avenue, Suite 310
Phoenix, AZ 85007
Phone 602-542-2824
Dates of Work Performance: Continually since 1987

DES Food Administration

Gloria Garcia Hernandez, Contract Specialist
Arizona Department of Economic Security
Aging and Adult Administration
Senior Community Services Employment Program
1789 West Jefferson
Phoenix, AZ 85007
Phone 602-542-0303
Dates of Work Performance: Continually since 1999

CDBG Public Service and Public Facilities Projects

Rachel Milne, Management Assistant II
City of Phoenix
Neighborhood Services Department
200 W. Washington St., 4th Floor
Phoenix, AZ 85003
Phone 602-262-7369
Dates of Work Performance: Continually since 1989

CDBG Public Service and Public Facilities Projects

Carin Imig, Neighborhood & Revitalization Administrator
City of Peoria
Neighborhood Services
9875 N. 85th Ave.
Peoria, AZ 85345
Phone 623 773-7381
Dates of Work Performance: 2004-2011

CDBG Public Service and Public Facilities Projects

Elizabeth Garcia, Revitalization Coordinator
City of Glendale
Community Revitalization Division
5850 W. Glendale Ave., Suite 107
Glendale, AZ 85301
Phone 623-930-3673
Dates of Work Performance: Continually since 2003

United Way Primary Partner

Lora Reid, Project Coordinator
Valley of the Sun United Way
1515 E. Osborn Rd.
Phoenix, AZ 85014-5386
Phone 602 631-4877
Member agency in good standing since 1977

Consolidated Financial Statements
June 30, 2012 and 2011

St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation
Phoenix, Arizona

We have audited the accompanying consolidated statement of financial position of St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation (nonprofit organizations) as of June 30, 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The prior year summarized comparative information has been derived from the financial statements of St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation as of June 30, 2011, and in our report dated October 20, 2011, 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 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 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 our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidating statement of financial position and consolidating statement of activities themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation
Phoenix, Arizona

We have audited the accompanying consolidated statement of financial position of St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation (nonprofit organizations) as of June 30, 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The prior year summarized comparative information has been derived from the financial statements of St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation as of June 30, 2011, and in our report dated October 20, 2011, we expressed an unqualified opinion on those financial statements.

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In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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www.eidebailly.com

1850 N. Central Ave., Ste. 400 | Phoenix, AZ 85004-4624 | T 602.264.5844 | F 602.277.4845 | EOE

St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation
Consolidated Statements of Financial Position
June 30, 2012 and 2011

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	$ 2,816,606	$ 2,941,040
Inventories	7,431,653	9,467,089
Program and other receivables, net	590,451	691,777
Other current assets	170,398	111,839
Total current assets	11,009,108	13,211,745
Investments	8,076,443	6,033,168
Cash Restricted for Purchase of Equipment	8,760	8,760
Assets Restricted to Investment in Long-Term Purposes		
Pledges receivable, net	402,321	1,344,023
Property and Equipment, net	17,019,119	18,510,511
Total assets	$ 36,515,751	$ 39,108,207
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 598,786	$ 498,834
Accrued payroll expenses	282,171	229,523
Other accrued liabilities	372,948	385,439
Current maturities of gift annuities payable	26,832	28,277
Current maturities of capital lease obligations	230,714	230,714
Current maturities of notes payable	910,444	274,667
Total current liabilities	2,421,895	1,647,454
Gift annuities payable, less current maturities	249,916	245,982
Capital lease obligations, less current maturities	645,878	889,377
Notes payable, less current maturities	4,003,600	4,914,044
Total liabilities	7,321,289	7,696,857
Net Assets		
Unrestricted	20,963,623	24,302,234
Board designated	7,709,042	5,647,837
Total unrestricted	28,672,665	29,950,071
Temporarily restricted	515,797	1,455,279
Permanently restricted	6,000	6,000
Total net assets	29,194,462	31,411,350
Total liabilities and net assets	$ 36,515,751	$ 39,108,207

St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation
Consolidated Statements of Activities
Year Ended June 30, 2012 with Comparative Totals for the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2012	Total 2011
Public Support					
Donated surplus food and commodities	$ 93,508,438	$ -	$ -	$ 93,508,438	$ 107,051,652
Community contributions	12,795,248	2,220	-	12,797,468	14,520,430
Governmental grants	3,982,967	-	-	3,982,967	966,996
Kid's Café	900,533	-	-	900,533	2,399,424
Source program	563,465	-	-	563,465	363,805
Shared maintenance fees	247,472	-	-	247,472	316,537
Food Value Club	236,769	-	-	236,769	65,757
CK Catering	42,251			42,251	
Community Kitchen	15,925	-	-	15,925	2,500
Miscellaneous revenue	12,985	-	-	12,985	3,699
	112,306,053	2,220	-	112,308,273	125,690,800
Net assets released from restrictions	941,702	(941,702)	-	-	-
Total public support	113,247,755	(939,482)	-	112,308,273	125,690,800
Expenses					
Program services					
Distributions	66,724,976	-	-	66,724,976	70,472,799
Emergency Box programs	29,259,332	-	-	29,259,332	33,919,976
Food Value Club	240,847	-	-	240,847	3,862,595
Kid's Café	1,721,605	-	-	1,721,605	915,399
Commodity supplemental food program	10,043,004	-	-	10,043,004	13,374,681
Source distribution	550,745	-	-	550,745	377,421
Community Kitchen	728,652	-	-	728,652	512,756
	109,269,161	-	-	109,269,161	123,435,627
Supporting services					
Fundraising and communications	2,756,221	-	-	2,756,221	2,645,792
Management and general	2,544,295	-	-	2,544,295	2,168,599
Total expenses	114,569,677	-	-	114,569,677	128,250,018
Change in Net Assets Before Nonoperating Activities	(1,321,922)	(939,482)	-	(2,261,404)	(2,559,218)
Nonoperating Activities					
Investment interest and dividends	167,956	-	-	167,956	123,540
Net realized and unrealized losses/(gains) on investments	(107,841)	-	-	(107,841)	149,430
Loss on sale of property and equipment	(224,378)	-	-	(224,378)	(376,250)
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Net Assets, Beginning of Year	29,950,071	1,455,279	6,000	31,411,350	33,118,690
Net Assets, End of Year	$ 28,672,665	$ 515,797	$ 6,000	$ 29,194,462	$ 31,411,350

	Distributions	Emergency Box Programs	Food Value Club	Kid's Café	Commodity Supplemental Food Program	Source Distribution
Salaries and Related Expenses	$ 3,419,658	$ 1,348,131	$ 25,672	$ 374,858	$ 281,966	$ 56,382
Food Purchases	722,331	1,201,968	183,231	925,561	40,417	447,983
Occupancy Costs	459,589	190,790	3,361	24,641	32,428	7,979
Donated Food Surplus	59,884,672	25,600,243	-	271,380	9,493,396	-
Education and Training	12,683	5,265	73	2,808	893	220
Fuel	372,619	154,677	2,155	12,038	26,315	6,469
Insurance	85,913	35,665	497	2,729	6,048	1,492
Supplies	-	-	-	2,121		
Other Expenses	66,143	9,042	7	1,663	6,933	378
Packaging Products	136,303	56,583	728	24,369	42,327	2,366
Postage/Mail	255	106	1	8	18	4
Printing	5,530	2,297	2,543	1,371	389	96
Professional Fees	66,519	27,614	385	3,397	4,683	1,155
Rental/Lease	207,489	86,793	1,209	6,640	14,718	3,630
Administration	110,475	52,464	14,190	7,383	9,187	2,194
Shipping and Freight						
Technology	26,461	10,985	153	1,388	2,349	459
Travel	31,018	12,876	179	5,001	2,281	539
Vehicle Costs	236,829	98,315	1,370	10,386	16,672	4,112
Total functional expenses before depreciation	65,844,487	28,893,814	235,754	1,677,742	9,981,020	535,458
Depreciation and Amortization	880,489	365,518	5,093	43,863	61,984	15,287
Total functional expenses	$ 66,724,976	$ 29,259,332	$ 240,847	$ 1,721,605	$ 10,043,004	$ 550,745

Community Kitchen	Total Program Services	Fundraising and Communications	Management and General	Total Supporting Services	2012	2011
$ 455,282	$ 5,961,949	$ 1,414,609	$ 1,366,195	$ 2,780,804	$ 8,742,753	$ 7,814,164
16,483	3,537,974	149	-	149	3,538,123	2,839,506
6,696	725,484	14,825	4,937	19,762	745,246	1,169,247
90,461	95,340,152	-	-	-	95,340,152	110,198,754
12,594	34,536	5,995	18,369	24,364	58,900	68,303
124	574,397	516	784	1,300	575,697	489,104
-	132,344	6,704	29,593	36,297	168,641	241,960
11,901	14,022	1,419	15,865	17,284	31,306	108,726
30,597	114,763	576,819	117,612	694,431	809,194	979,800
159	262,835	12,480	-	12,480	275,315	319,479
-	392	258,270	17,279	275,549	275,941	411,642
4,085	16,311	97,178	8,049	105,227	121,538	640,745
530	104,283	46,410	421,064	467,474	571,757	298,079
-	320,479	-	12,012	12,012	332,491	20,906
14,295	210,188	194,794	80,006	274,800	484,988	
	-		-	-	-	3,366
2,081	43,876	70,852	393,406	464,258	508,134	470,704
1,700	53,594	29,455	35,958	65,413	119,007	107,345
-	367,684	-	130	130	367,814	719,904
646,988	107,815,263	2,730,475	2,521,259	5,251,734	113,066,997	126,901,734
81,664	1,453,898	25,746	23,036	48,782	1,502,680	1,348,284
$ 728,652	$ 109,269,161	$ 2,756,221	$ 2,544,295	$ 5,300,516	$ 114,569,677	$ 128,250,018

	2012	2011
Operating Activities		
Changes in net assets	$ (2,216,888)	$ (1,707,340)
Adjustments to reconcile changes in net assets to net cash from operating activities		
Depreciation and amortization	1,502,680	1,348,284
Change in discount on pledges receivable	(143,642)	(121,088)
Bad debt expense	-	35,000
Loss on disposal of property and equipment	224,378	376,350
Net realized and unrealized losses/(gains) on investments	107,841	(149,430)
Changes in operating assets and liabilities		
Inventories	2,035,436	2,745,154
Program and other receivables	31,326	(99,123)
Other current assets	(58,559)	134,204
Accounts payable	99,952	(586,860)
Accrued payroll expenses	52,648	78,988
Other accrued liabilities	(12,491)	49,570
Gift annuities payable	2,489	43,249
Net Cash from Operating Activities	1,625,170	2,146,958
Investing Activities		
Purchases of property and equipment	(1,156,518)	(1,890,900)
Proceeds from sale of property and equipment	920,852	100
Purchase of investments	(2,620,423)	(1,980,000)
Proceeds from sale of investments	469,307	641,829
Net Cash used for Investing Activities	(2,386,782)	(3,228,971)
Financing Activities		
Collections on contributions restricted to investment in long-term purposes	1,155,344	797,539
Payments on capital lease obligations	(243,499)	(237,055)
Proceeds from the issuance of notes payable	-	169,000
Payments on notes payable	(274,667)	(1,774,667)
Net Cash from (used for) Financing Activities	637,178	(1,045,183)
Net Change in Cash and Cash Equivalents	(124,434)	(2,127,196)
Cash and Cash Equivalents, Beginning of Year	2,941,040	5,068,236
Cash and Cash Equivalents, End of Year	$ 2,816,606	$ 2,941,040
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 139,204	$ 206,917
Donated equipment	$ 54,247	$ -

Note 1 - Principal Business Activity and Significant Accounting Policies

Nature of Operations

St. Mary's Food Bank Alliance (the "Food Bank"), the world's first food bank, was established in 1967 in Phoenix, Arizona. The Food Bank is a community-based, not-for-profit corporation whose primary mission is to alleviate hunger through advocacy, education, and gathering and distributing food to those in need.

The Food Bank is supported by various sources including community donations, the United Way, and government funding. The Food Bank is committed to volunteerism, the building of community partnerships, and improving the quality of life for the entire community. The Food Bank's programs provide food to individuals and organizations. The Food Bank serves as a food clearing house for over 500 partner agencies. The Food Bank also works as an advocate for solutions to end hunger.

St. Mary's Food Bank Foundation (the "Foundation") is a 501(c)(3) entity established to facilitate the New Market Tax Credit financing and to provide a platform from which to enable the growth of the Food Bank's long-term reserves.

Principles of Consolidation

The consolidated financial statements include the accounts of the St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation (collectively, the "Organization"), financially interrelated organizations. All significant intercompany transactions and accounts have been eliminated in consolidation. The types of transactions that have been eliminated include advances between the entities and costs paid on behalf of another.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting. 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.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid assets with an initial maturity of three months or less to be cash equivalents. Cash collateral for certain debt is classified as investments. The Organization maintains cash at financial institutions, which, at times, may exceed federally insured amounts.

Inventories

Donated inventories are stated at the estimated value per pound as determined by Feeding America (formerly known as America's Second Harvest), the Nation's Food Bank Network, ("Feeding America") a national association of food banks, which provides assistance and valuation of food and grocery products. Purchased inventories are stated at the lower of cost, as determined using the first-in, first-out (FIFO) basis, or market value.

Investments

The Organization accounts for its investments in accordance with generally accepted accounting principles (GAAP). Under GAAP, the Organization is required to report investments in equity securities that have readily determinable fair values, and all investments in debt securities, at fair value. The fair value is based on quoted market prices. Certificates of deposit are held to maturity and are carried at cost.

Investments 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 risks in the near term would materially affect account balances and the amounts reported in the accompanying financial statements.

Contributions/ Unconditional Promises to Give

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 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 statement of activities as net assets released from restrictions.

Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, unconditional promises to give are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the unconditional promise to give is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the Organization's past collection experience and its policies concerning the enforcement of promises to give, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivable's collectability. Amortization of the discounts is included in support from contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Revenue Recognition

Shared maintenance fee revenue is recognized as services are provided. Food Value Club revenue consists of amounts charged to customers for food boxes. The Food Value Club allows the general public to purchase boxes of food for a 30 – 50% savings from retail value. Food Value Club revenue is recognized as goods are provided. Kid's Café is a program providing meals to disadvantaged children in an environment that is safe and accessible. Kid's Café revenue is recognized as goods are provided.

Program and Other Receivables

Program and other receivables consist primarily of program-related receivables. Program and other receivables are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based upon its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to program and other receivables.

Property and Equipment

Purchased property and equipment is recorded at cost. Additions, renewals, and betterments are capitalized, whereas expenditures for maintenance and repairs are charged to expense. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved and any gain or loss is included in operations. The Organization capitalizes assets with a basis of $500 or more and an estimated useful life of three years or more. Depreciation and amortization of property and equipment is computed on a straight-line basis over the following general range of estimated useful lives:

	Estimated Useful Lives
Building and improvements	20 - 40 years
Furniture, fixtures and equipment	3 - 10 years
Vehicles	5 - 10 years
Equipment held under capital leases	6 - 8 years

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets 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 contributions absent donor stipulations regarding how long those donated assets must be maintained. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The Organization reviews its property and equipment whenever events indicate that the carrying value amount of the asset may not be recoverable. An impairment loss is recorded when the sum of the future cash flows is less than the carrying amount of the asset. An impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. No impairment charges were recorded for 2012 and 2011.

Donated Materials and Services

Donated materials and services are at their estimated fair value if they enhance the Organization's nonfinancial assets or require specialized skills that the Organization would normally purchase if not provided by donation.

No amounts have been reflected in the accompanying financial statements for certain donated volunteer services because they did not qualify under GAAP; however, a substantial number of volunteers have donated over 390,500 and 310,900 hours in 2012 and 2011, respectively, in processing donated food as well in the Organization's other program services, fundraising campaigns, and administrative support.

Functional Expense Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited based on pounds distributed per program, square footage, and payroll. Management and general include those expenses that are not directly identifiable with any specific program, but provide for the overall support and direction to the Organization.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising charged to operations was $61,584 for 2012 and $52,561 for 2011.

Management's Use of Estimates

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

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and accordingly, there is no provision for income taxes.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of June 30, 2012 and 2011, the unrecognized tax benefit accrual was zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred. The Company is no longer subject to Federal tax examination by tax authorities for years before 2009 and state examinations for years before 2008.

Fair Value Measurements

The Organization has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined 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. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity 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 related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Note 2 - Inventories

Inventories consisted of the following at June 30:

	2012	2011
Donated food inventory	$ 4,833,586	$ 3,707,077
Commodities inventory	1,733,415	4,992,359
Purchased food inventory	853,988	756,753
Other inventory	10,664	10,900
	$ 7,431,653	$ 9,467,089

The Organization received donated food from various private and public sources. In order to provide a measurable basis evaluating the primary mission of the Organization, management values food for purposes of including donated and distributed food as components of the accompanying financial statements. For the years ended June 30, 2012 and 2011, donated food of approximately 57,400,000 and 64,500,000 pounds, respectively, valued at a composite price of $1.66 per pound, is reflected in the accompanying statements of activities at $93,508,438 and $107,051,652, respectively. The composite price is the estimated weighted average wholesale amount per pound, as determined by Feeding America.

Shipping and handling costs for donated food are expensed as they are incurred, and are included in the accompanying consolidated statement of functional expenses. Donated food shipping and handling expenses were $316,581 and $590,060 for the years ended June 30, 2012 and 2011, respectively.

Donated food surplus expense included in the accompanying statement of functional expense, net of discarded spoiled food, is included in the following program services:

	2012	2011
Distributions	$ 59,884,672	$ 64,351,369
Emergency Box programs	25,600,243	30,863,097
Food Value Club	-	2,841,765
Kid's Café	271,380	57,250
Commodity supplemental food program	9,493,396	12,063,228
Community Kitchen	90,461	22,045
	$ 95,340,152	$ 110,198,754

Note 3 - Program and Other Receivables

Program and other receivables consisted of the following at June 30:

	2012	2011
Program	$ 570,325	$ 364,879
Grants and bequests receivables	-	306,798
Other receivables	40,126	40,100
Total other receivables	610,451	711,777
Less allowance for doubtful accounts	(20,000)	(20,000)
	$ 590,451	$ 691,777

Note 4 - Investments

Investments at fair value consisted of the following at June 30:

	2012	2011
Cash and money market funds	$ 2,947,285	$ 2,185,296
Mutual funds	4,505,452	3,258,018
Bond investments	623,706	589,854
	$ 8,076,443	$ 6,033,168

Investment income consisted of the following at June 30:

	2012	2011
Dividends and interest income	$ 167,956	$ 123,540
Net realized and unrealized gains/(losses) on investments	(107,841)	149,430
Total investment income (loss)	$ 60,115	$ 272,970

Expenses relating to investment income, including custodial fees and investment advisory fees, totaled $6,176 and $3,579 for the years ended June 30, 2012 and 2011, respectively, and are included in other expenses in the accompanying statement of functional expenses.

Note 5 - Split-Interest Agreements

The Organization is party to split-interest agreements classified as charitable gift annuities. Assets of the Organization that are derived from charitable gift annuities totaled $324,107 and $344,257 at June 30, 2012 and 2011, respectively, and are included within investments in the accompanying statement of financial position.

The Organization reports contribution support from split-interest agreements and the change in valuation of split-interest agreements in contributions in the accompanying statement of financial position.

Charitable gift annuities are arrangements between a donor and the Organization in which the donor contributes assets to the Organization in exchange for a promise from the Organization to pay the donor a fixed amount for a specified period of time. Assets received have been recognized at fair value, and an annuity payment liability has been recognized at the present value of the future cash flow expected to be paid. Unrestricted contribution revenue is recognized as the difference between these two amounts as the donor has placed no restriction on the Organization's use of its portion of the assets. To calculate the present value of the charitable gift annuity, the life expectancy tables (published annually by the Internal Revenue Service Treasury Department) and the Applicable Federal Rate ("AFR") of 4.01% were used. Charitable gift annuities are estimated to mature through 2039.

Note 6 - Pledges Receivable

During 2007, the Organization began a capital campaign to raise funds for improvements to and expansion of their facilities. The capital campaign had a total goal of $10 million, $3 million of which will be used for expansion of the Kid's Café program, $3.6 million for agency food distribution and $3.4 million for the Community Kitchen. During the year ended June 30, 2012, the capital projects were completed.

Pledges receivable consisted of unconditional promises to give as follows:

	2012	2011
Unconditional promises to give due in less than one year	$ 278,257	$ 457,378
Unconditional promises to give due in two to five years	207,023	983,246
Unconditional promises to give due in excess of five years	-	200,000
Total unconditional promises to give	485,280	1,640,624
Less discount to present value	(27,959)	(171,601)
Less allowance for doubtful pledges	(55,000)	(125,000)
Net unconditional promises to give	$ 402,321	$ 1,344,023

The estimated cash flows for pledges receivable are discounted over an eight-year collection period using a management determined discount rate of 4%.

Pledges receivable are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based upon its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to unconditional pledges receivable.

Note 7 - Property and Equipment

Property and equipment consisted of the following at June 30:

	2012	2011
Land	$ 2,202,865	$ 2,646,890
Building and improvements	16,389,595	17,305,187
Furniture, fixtures and equipment	3,046,436	2,989,719
Vehicles	965,224	747,221
Equipment held under capital leases	1,875,740	1,875,740
Construction in progress	229,348	109,036
Total cost or donated value	24,709,208	25,673,793
Accumulated depreciation and amortization	(7,690,089)	(7,163,282)
	$ 17,019,119	$ 18,510,511

Depreciation and amortization expense charged to operations was $1,502,680 and $1,348,284 for the years ended June 30, 2012 and 2011, respectively.

The Organization leases warehouse and hauling equipment under capital leases expiring through 2015. The assets and liabilities under capital leases are recorded at the present value of the minimum lease payments. Accumulated depreciation and amortization includes amortization expense on hauling equipment held under capital leases of approximately $281,000 and $325,000 for the years ended June 30, 2012 and 2011, respectively.

Note 8 - Line of Credit

The Organization has a line of credit with an available borrowing limit of $2,000,000. The line of credit is collateralized by a deed of trust on property, inventory, and operating facilities. Interest is payable monthly at the one-month LIBOR (London Interbank Offered Rate) plus 350 basis points (3.795% at June 30, 2012). The line of credit matures on January 31, 2013. As of June 30, 2012 and 2011, there was no outstanding balance on this line of credit.

Note 9 - Capital Lease Obligations

Capital lease obligations consist of equipment leases, collateralized by the equipment, payable in monthly installments totaling approximately $27,000 including interest at 6% to 8%, with varying maturity dates through February 2016.

The obligations under capital leases reflect the present value of future rental payments, discounted at the interest rate implicit in the leases. The future minimum lease payments required under the capital leases at June 30, 2012 are as follows:

Years Ending June 30,	
2013	$ 316,638
2014	259,681
2015	257,242
2016	191,433
Total minimum lease payments	1,024,994
Less amount representing interest	(148,402)
Present value of future minimum lease payments	876,592
Less current maturities	(230,714)
Noncurrent portion	$ 645,878

Note 10 - Notes Payable

In connection with facilities expansion as noted in Note 7, the Organization obtained long-term financing. The notes payable consisted of the following at June 30:

	2012	2011
Note payable, bearing interest at 0.8143%, due in monthly interest-only payments of $2,602 until November 1, 2017 at which time a principal payment of $3,652,600 will be due. Beginning December 1, 2017, monthly interest-only payments of $124 will be due, with a balloon payment of $182,000 due on December 10, 2024. Collateralized by $1,259,957 of cash held in investments.	$ 3,834,600	$ 3,834,600
Note payable due in monthly principal payments of $22,889, plus interest at LIBOR plus 2.75%, subject to a floor of 4.50%, with a balloon payment being due October 28, 2012. Collateralized by property.	910,444	1,185,111
Mortgage payable, forgivable within ten years with repayment credits. Years 1-5 are forgiven at a rate of 0% and years 6-10 are forgiven at a rate of 20% annually. Collateralized by property.	169,000	169,000
	4,914,044	5,188,711
Less current portion	(910,444)	(274,667)
	$ 4,003,600	$ 4,914,044

Minimum future principal payments are as follows at June 30, 2012:

Years Ending June 30,	
2013	$ 910,444
2014	-
2015	-
2016	-
2017	-
Thereafter	4,003,600
	$ 4,914,044

Note 11 - Leases

The Organization leases office equipment and a building in Flagstaff, Arizona under operating lease agreements that expire through August 2017. Minimum future payments under these non-cancelable operating leases as of June 30, 2012 are as follows:

Years Ending June 30,	
2013	$ 246,772
2014	153,643
2015	106,656
2016	90,696
2017	90,696
Thereafter	7,558
Total minimum future rental payments	$ 696,021

In the normal course of business, operating leases are generally renewed or replaced by other leases. Total rental expense for operating leases with terms in excess of one month was approximately $202,000 for 2012 and $199,000 for 2011.

Note 12 - Employee Benefit Plan

The Food Bank sponsors a 401(k) retirement plan, which covers all employees who meet specified age and service requirements. An employee may contribute funds to the plan up to IRS limits and the Food Bank matches 100% of the employee's contribution up to 3% of their compensation. The Food Bank's matching contributions to the plan were $118,168 for 2012 and $101,434 for 2011.

Note 13 - Board Designated Unrestricted Net Assets

The Board of Directors has designated portions of the unrestricted net assets as an operating reserve.

Note 14 - Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at June 30:

	2012	2011
Capital campaign receivables	$ 402,321	$ 1,344,023
Cash restricted for purchase of property and equipment	8,760	8,760
Eisenhower charitable trust	18,667	18,667
Purpose restrictions		
Community Kitchen	43,294	41,074
Affordable living houses	42,755	42,755
	$ 515,797	$ 1,455,279

Note 15 - Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following at June 30:

	2012	2011
Robert S. and Esther E. Haldema endowment fund	$ 6,000	$ 6,000

Permanently restricted net assets consist of funds for which the donors stipulated the principal is to be maintained in perpetuity. The earnings and net appreciation on these funds are unrestricted.

Note 16 - Fair Value Measurements

There are three general valuation techniques that may be used to measure fair value, as described below:

1. Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;
2. Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
3. Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Assets itemized below were measured at fair value during the years ended June 30, 2012 and 2011 using the market approach.

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
June 30, 2012				
Cash and money market	$ 2,947,285	$ -	$ -	$ 2,947,285
Mutual funds:				
Bond funds	720,203	-	-	720,203
Large blend	1,262,213	-	-	1,262,213
Mid blend	123,001	-	-	123,001
Small blend	12,508	-	-	12,508
International	1,189,107	-	-	1,189,107
Large cap	49,537	-	-	49,537
Mid cap	257,662	-	-	257,662
Small cap	188,535	-	-	188,535
Mid Growth	190,871	-	-	190,871
Commodities broad basket	227,927	-	-	227,927
Real estate	283,888	-	-	283,888
Bond Investments:				
Financial	-	209,557	-	209,557
Oil and gas	-	109,346	-	109,346
Other	-	304,803	-	304,803
	$ 7,452,737	$ 623,706	$ -	$ 8,076,443

June 30, 2011	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash and money market	$ 2,185,296	$ -	$ -	$ 2,185,296
Mutual funds:				
Bond funds	574,659	-	-	574,659
Large blend	777,360	-	-	777,360
Mid blend	108,241	-	-	108,241
Small blend	12,684	-	-	12,684
International	943,973	-	-	943,973
Large cap	49,949	-	-	49,949
Mid cap	168,857	-	-	168,857
Small cap	123,600	-	-	123,600
Large growth	144,740	-	-	144,740
Commodities broad basket	151,534	-	-	151,534
Real estate	202,421	-	-	202,421
Bond Investments:				
Financial	-	203,224	-	203,224
Oil and gas	-	101,017	-	101,017
Other	-	285,613	-	285,613
	$ 5,443,314	$ 589,854	$ -	$ 6,033,168

Note 17 - Subsequent Events

The Organization has evaluated subsequent events through October 23, 2012, which is the date the consolidated financial statements were available to be issued.

Supplemental Information
June 30, 2012

St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation

St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation
Consolidating Statement of Financial Position
June 30, 2012

	SMFBA	SMFB Foundation	Consolidating Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	$ 2,764,981	$ 51,625	$ -	$ 2,816,606
Inventories	7,431,653	-	-	7,431,653
Program and other receivables, net	590,451	-	-	590,451
Due from SMFB Foundation	847,170	-	(847,170)	-
Other current assets	170,398	-	-	170,398
Total current assets	11,804,653	51,625	(847,170)	11,009,108
Investments	367,401	7,709,042	-	8,076,443
Cash Restricted for Purchase of Equipment	8,760	-	-	8,760
Assets Restricted to Investment in Long-Term Purposes				
Pledges receivable, net	402,321	-	-	402,321
Construction in progress	-	-	-	-
Property and Equipment, net	17,019,119	-	-	17,019,119
	$ 29,602,254	$ 7,760,667	$ (847,170)	$ 36,515,751
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$ 598,786	$ -	$ -	$ 598,786
Accrued payroll expenses	282,171	-	-	282,171
Due to St. Mary's Food Bank Alliance	-	847,170	(847,170)	-
Other accrued liabilities	372,948	-	-	372,948
Current maturities of gift annuities payable	26,832	-	-	26,832
Current maturities of capital lease obligations	230,714	-	-	230,714
Current maturities of notes payable	-	910,444	-	910,444
Total current liabilities	1,511,451	1,757,614	(847,170)	2,421,895
Gift annuities payable, less current maturities	249,916	-	-	249,916
Capital lease obligations, less current maturities	645,878	-	-	645,878
Notes payable, less current maturities	4,003,600	-	-	4,003,600
Total liabilities	6,410,845	1,757,614	(847,170)	7,321,289
Net Assets				
Unrestricted	22,669,612	(1,705,989)	-	20,963,623
Board designated	-	7,709,042	-	7,709,042
Total unrestricted	22,669,612	6,003,053		28,672,665
Temporarily restricted	515,797	-	-	515,797
Permanently restricted	6,000	-	-	6,000
Total net assets	23,191,409	6,003,053	-	29,194,462
	$ 29,602,254	$ 7,760,667	$ (847,170)	$ 36,515,751

St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation

Consolidating Statement of Activities

Year Ended June 30, 2012

	SMFBA	SMFB Foundation	Consolidating Eliminations	Total
Public Support				
Donated surplus food and commodities	$ 93,508,438	$ -	$ -	$ 93,508,438
Community contributions	12,797,468	2,316,241	(2,316,241)	12,797,468
Governmental grants	3,982,967	-	-	3,982,967
Kid's Café	900,533	-	-	900,533
Source program	563,465	-	-	563,465
Shared maintenance fees	247,472	-	-	247,472
Food Value Club	236,769	-	-	236,769
CK Catering	42,251	-	-	42,251
Community Kitchen	15,925	-	-	15,925
Miscellaneous revenue	12,985	-	-	12,985
Total public support	112,308,273	2,316,241	(2,316,241)	112,308,273
Expenses				
Program services				
Distributions	66,724,976	-	-	66,724,976
Emergency Box programs	29,259,332	-	-	29,259,332
Food Value Club	240,847	-	-	240,847
Kid's Café	1,721,605	-	-	1,721,605
Commodity supplemental food program	10,043,004	-	-	10,043,004
Source distribution	550,745	-	-	550,745
Community Kitchen	728,652	-	-	728,652
Grants to other non profits	2,316,241	-	(2,316,241)	-
	111,585,402	-	(2,316,241)	109,269,161
Supporting services				
Fundraising and communications	2,756,221	-	-	2,756,221
Management and general	2,459,146	295,149	(210,000)	2,544,295
Total expenses	116,800,769	295,149	(2,526,241)	114,569,677
Change in Net Assets Before Nonoperating Activities	(4,492,496)	2,021,092	210,000	(2,261,404)
Nonoperating Activities				
Investment interest and dividends	6,052	161,904	-	167,956
Net realized and unrealized losses on investments	(2,290)	(105,551)	-	(107,841)
Loss on sale of property and equipment	(224,378)	-	-	(224,378)
Other income	418,779	-	(210,000)	208,779
Total nonoperating activities	198,163	56,353	(210,000)	44,516
Change in Net Assets	(4,294,333)	2,077,445	-	(2,216,888)
Net Assets, Beginning of Year	27,485,742	3,925,608	-	31,411,350
Net Assets, End of Year	$ 23,191,409	$ 6,003,053	$ -	$ 29,194,462

Consolidated Financial Statements
June 30, 2012 and 2011

St. Mary's Food Bank Alliance and St. Mary's Food Bank Foundation

www.[illegible].com

Required Certifications for CDBG Public Services Activities Application

Signature of Agency Representative with Binding Authority below certifies the following statements:

- Organization has no conflict of interests with City of Surprise appointed or elected representatives and does not employ city appointed or elected representatives or their families.
- Organization will comply with federal requirements to be observed by organizations being funded with CDBG funds, including compliance with federal Labor Standards, Section 3, Segregated Facilities, Equal Opportunity, and Non-Discrimination. Section 109, Title VI and EO 11246. All requirements are described in 24 CFR 570 (CDBG Entitlement Grants).
- Authorized official certifies that this CDBG Public Services application package has been reviewed and all information provided in this application and attachments is true and correct.
- Sufficient funds are available from non-CDBG sources to complete the project, as described, if CDBG funds are allocated to the applicant.

Signature of authorized agency representative

January 9, 2013
Date:

Rick Fresia
Printed name

Chief Financial Officer
Title

St. Mary's Food Bank Alliance
Organization

SURPRISE
ARIZONA

COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT

APPLICATION FOR CDBG-FUNDED PUBLIC SERVICES ACTIVITIES

Please complete & submit this form to Purchasing Division,
City of Surprise,
16000 N. Civic Center Plaza
Surprise, AZ 85374
We do not accept e-mail or electronic submissions

Organization Information

Name of Organization:	Central Arizona Shelter Services, Inc. (CASS)
Contact Person:	Linda L. Snidecor
Contact Person Title:	Grants Manager
Mailing Address:	230 South 12th Avenue Phoenix, Arizona 85007
Street Address *(if different from mailing)*:	
Phone:	602-256-6945 (x3080)
Fax:	602-256-6401
E-mail:	Lsnidecor@cass-az.org
Website URL *(if applicable)*:	www.cass-az.org

Legal Status of Applicant:

- ☐ State-Certified CHDO
- X Non-Profit (non-CHDO)
- ☐ Public Housing Authority
- ☐ State Agency
- ☐ Local Government
- ☐ Tribal Government
- ☐ Council of Government
- ☐ General Partnership
- ☐ Limited Partnership
- ☐ Limited Liability Company
- ☐ Corporation

Applicant's Qualifications:	Yes	No	NA
Drug Free Policies	X		

Fair Housing Policies	X		
Equal Employment Opportunity Employer	X		

Project Description

Proposed Project Title:	**Regional Emergency Shelter for Single Adults and Families with Children**

Check applicable priority area(s) that the project addresses:

- ☐ Child care
- ☐ Health care
- ☐ Job training
- ☐ Recreation programs
- ☐ Education programs
- ☐ Public safety services
- ☐ Fair housing activities
- ☐ Services for senior citizens
- X Services for homeless persons
- ☐ Drug abuse counseling and treatment
- ☐ Energy conservation counseling and testing
- ☐ Homebuyer down-payment assistance
- ☐ Welfare (as defined by CDBG)
- ☐ Other

If Other, describe Other:______________________

Describe the problem or need to be addressed by proposed project. (Please attach an extra sheet if needed)

According to homeless counts performed with the 2012 HUD Continuum of Care process, there were an estimated 6,485 homeless individuals in shelters and on the streets in Maricopa County on any given night, an increase of 10% over the previous year. This increase is most likely due to co-occurring factors that began in 2008 and continued through 2011, including losses in state funding for social programs that once helped the working poor stay housed and offset low incomes, Arizona's poverty and unemployment rates, and the economic decline. These losses can have a snowball effect for individuals and families, as many run through their savings after a job loss and struggle to make ends meet. For some, that can end in losing their home. Some rely on family and friends for a time; those who lack support systems can find themselves homeless much sooner. The road to homelessness is not only extremely stressful, but it can sometimes very long.

Catholic Charities in Peoria is Surprise's nearest available shelter. They provide 4 units for families but do not accommodate single adults. CASS provides 410 beds for single adults and 36 units for families. Our family shelter, Vista Colina, is located near Dunlap and 17th Avenue and our Single Adult Shelter is located on the Human Services Campus in downtown Phoenix. In addition to shelter, supportive services are provided for individuals and families to help them achieve or regain their independence and return to their communities. Many of these services are provided directly on-site to streamline and ease the process for those were serve.

Living unsheltered on the streets is extremely dangerous and dramatically increases risks for injury, illness and death due to violence, poor nutrition and hygiene, and hard physical conditions. Cities that do not have shelter facilities for their homeless appreciate the services CASS and other homeless shelters provide for their residents. CASS is currently the largest provider of emergency shelter for single adults and the second largest provider of emergency shelter for families in Maricopa County.

CASS continues to see numerous "first time homeless" clients. Nearly half of all individuals and families we served during our last fiscal year were experiencing their first time being homeless. Staff is also helping an increased number of younger homeless single adults (18-30 year olds). In 2008, only 15% of single adult clients were in this age range; this year the number remained where it was last year, at 22%.

In addition to providing regional shelter and supportive services, CASS conducts many outreach efforts. These include sending a mobile outreach team to respond to emergency community needs, engaging homeless Veterans living on the streets, working closely with CONTACS to find immediate solutions for homeless individuals in need, and participating in other Valley-wide outreach efforts by attending monthly meetings with other homeless providers to discuss data sharing, affordable housing options, and new research and study results. Staff also communicates regularly with Family Promise, domestic violence shelters and transitional housing programs (Homeward Bound, Labor's Community Housing, UMOM transitional, Save the Family, and House of Refuge East) to access additional resources for individuals and families.

Project Location & Service Area - Describe the area to be served by the project. If possible, include a map.

While CASS' facilities are located within the Phoenix boundary (230 South 12th Avenue and 1050 West Mountain View Road), our shelter is regional - clients come from all cities throughout Maricopa County. We serve homeless men, women, and children regardless of city or town of origin. CASS operates a Single Adult Shelter (110 beds for women and 300 beds for men), and a Family Shelter (Vista Colina) that houses up to 36 families with children.

CASS uses the Homeless Management Information System to track clients and services provided. During our last fiscal year (July 1, 2011 through June 30, 2012) we served a total of 17 clients from Surprise. Clients report their previous address, in addition to other personal identifying information, to their Case Manager. This year to date (July 1 through December 12, 2012) we have served 25 unduplicated clients from Surprise. This includes 9 children and their families at our family shelter, Vista Colina.

CASS' Single Adult Shelter physical layout offers clients an opportunity to increase their level of comfort and privacy while they are sheltered and working toward their case plan goals. As they achieve their goals, comply with facility rules, and/or secure employment, new areas of the shelter become available to them (i.e. Working Men's Dorm). This incentive has worked very well with clients over the years. In addition, the shelter's co-location on the Human Services Campus works to reduce physical barriers to addressing their needs.

CASS' family shelter, Vista Colina, provides individual apartments for up to 36 homeless families. Homeless families with children have their own unique challenges, including enrolling their children in school, attending to their children's ongoing or periodic medical and dental needs, ensuring their children are cared for while they are looking for employment and housing, providing them with nutritional meals, establishing regular routines and family time, etc. Vista Colina provides the following supportive services for parents and children: Case Management, Employment Services, Developmental Childcare, an Afterschool Program, Parenting Classes, Support Groups, etc.

The average length of stay in CASS shelters is just 42 days.

Targeted demographic population of the city:
Homeless single adults and families with children.

"Homeless" is a generic term that only specifies the individual or family's housing status. While shelter resolves the immediate housing need, there are numerous underlying issues that cause homelessness – CASS' supportive programs address these underlying issues. The crises or situations most commonly associated with homelessness are unemployment, lack of transportation, low levels of education or job skills, no or low income and lack of affordable housing. Many homeless are dealing with one or more of these issues, and unfortunately, many of them have even deeper barriers that threaten self-sufficiency and housing stability.

Proposed Measurable Outcomes – Please provide an outcome statement to be achieved through the use of CDBG funding:

CASS' primary goal is to provide safe, stable shelter and supportive services to empower men, women and children to end their homelessness. This is achieved through helping clients address the issue(s) that led to their homelessness, secure a stable income through benefits or a stable job with a livable wage income, and obtain permanent housing.

For purposes of this request, in FY 13/14:

CASS will provide 1,260 nights of emergency shelter for 30 unduplicated homeless men, women, and children from Surprise.

It is the intent of the City of Surprise to fund those activities that meet a High Priority in City's Consolidated Plan and comply with CDBG National Objectives- Describe in detail how the proposed project complies with these two objectives:

While the City of Surprise's Consolidated Plan does not include serving those that are currently homeless, CASS' program complies with the CDBG National Objective of benefiting low-and moderate-income persons. The Request for Grant Application for CDBG-Funded Public Service Activities includes Services for Homeless Persons as one of Surprise's targeted public service activities. This program serves primarily low to moderate income persons, including homeless persons from the City of Surprise. CASS serves an estimated 20-30 men, women, and children from Surprise each year.

Unengaged and/or unaddressed homelessness has a significant impact on both the homeless individual or family (physical and behavioral health), and on the community (impacts on police, fire and safety services). Cost studies conducted through Maricopa County, including a study by the Morrison Institute, "Richard's Reality: The Costs of Chronic Homelessness in Context" have shown that health care, emergency services, and policing costs in dealing with unengaged homeless individuals far exceed the cost of shelter and services. Homeless individuals living on the street are more likely to suffer from many types of health issues, especially those related to exposure, violence, poor nutrition and hygiene, and many health conditions can become acute due to homelessness. CASS allows police and emergency response units, hospitals, jails, social service providers and government offices in Surprise to refer homeless clients to CASS at great savings to the taxpayers. Based upon Surprise projected utilization figures for FY 13/14, CASS will provide 1,260 nights of shelter for 30 unduplicated homeless men, women, and children from Surprise. It costs CASS $21 per night to shelter each client. The average length of stay in our shelters is currently 42 days. Using our cost per night of shelter and the average length of stay, if the city were to operate a shelter large enough to accommodate its homeless, it would cost over $26,000. We are requesting $8,000 and will leverage the remaining $18,000 required to support clients who lived in Surprise prior to accessing our shelters.

CASS uses its resources wisely through collaboration, avoids service duplication, and leverages resources to provide a continuum of services, in addition to basic needs. On-site collaborative partners include: health care (Maricopa County Healthcare for the Homeless Clinic, ASU School of Nursing), substance abuse treatment (Community Bridges), legal assistance (ASU's Homeless Legal Assistance Project), food (St. Vincent de Paul, Andre House, the Desert Mission Food Bank, and the St. Mary's/Westside Food Bank Alliance), post corrections services (AZ Department of Corrections, Maricopa County Adult Probation), benefits (the Veteran's and Social Security Administrations), and behavioral health services (Magellan and Southwest Behavioral Health).

Organizational Capacity

Please describe organization's history and prior experience, including a list of similar projects: (Please attach an extra sheets if needed)

CASS has been providing emergency shelter and developing additional programs and services to serve the homeless population in the Valley of the Sun for nearly 28 years. In partnering with Surprise, CASS can share this experience and knowledge to develop strategies and solutions to address the unique homeless issues in Surprise.

Financial Audits and Reports: *(Please submit a copy of most recent financial audit)*	**Yes**	**No**	**NA**
Were the financial statements of the organization prepared in accordance with generally accepted accounting principles?	X		
Was there accurate and complete disclosure of the financial expenditures of each federally sponsored program?	X		

Was an audit of the financial records obtained annually (or at least biennially) in accordance with federal regulations and local requirements?	X		
Was the audit performed by a licensed Certified Public Accountant?	X		
Was the latest audit forwarded to the funding agency?	X		
Has a copy of all applicable audits/reviews (including any management letter, if appropriate) been forwarded to the funding agency?	X		

Please Provide Other Funding Source References: (Please attach extra sheets if needed)
CASS is supported by the cities of Chandler, Gilbert, Glendale, Goodyear, Mesa, Peoria, Phoenix, and Scottsdale. CASS also receives funding from Valley of the Sun United Way, US Vets, Maricopa County, the State of Arizona, and private foundations and corporations.

CASS receives CDBG funding from the following cities and towns to provide shelter for their residents: Chandler, Gilbert, Glendale, Peoria, and Tempe.

Program Team:
Identify the name of the responsible party and the experience that they have in this role. Team members identified after the application are subject to review. Attach extra sheets if needed.

Staff Member	Background and Expertise of Personnel
Name: Title: Development Assistant FTE on This Project: 0.6	To support fundraising efforts by working closely with the Director and team in securing and maintaining funding from cultivating current and developing new donors.
Name: Title: Custodian FTE on This Project: 1.5	Maintain a clean working and living environment by performing heavy duty cleaning of facilities and campus common areas.
Name: Title: Maintenance Technician FTE on This Project: 2	Perform the diverse maintenance duties required to ensure proper working conditions of the agency's facilities and equipment.
Name: Title: Family Care Coordinator FTE on This Project: 7	Maintain a safe, stable and supportive family shelter environment while assisting clients with their daily needs.
Name:	Manage the family shelter, as well as related staff. Successfully implement and achieve goals and objectives

Title: Family Shelter Supervisor FTE on This Project: 1	set by the Director in achieving the mission through providing shelter and supportive services.
Name: Title: Special Projects Manager FTE on This Project: 0.4	Responsible for researching, analyzing and implementing, as needed, special projects as directed by the CEO.
Name: Title: Facilities Supervisor FTE on This Project: 0.6	Maintain and supervise a facilities program that provides for the health and safety needs of all clients and staff of the agency and its affiliates.
Name: Title: Driver FTE on This Project: 1	Provide safe and timely operational transportation based on the needs of the agency.
Name: Title: Director of Programs & Shelters FTE on This Project: 0.5	Ensure the advancement of the agency mission through the development, management, and effective delivery of single adult and family shelter and program services.
Name: Title: Client Care Coordinator FTE on This Project: 12	Maintain a safe, orderly, and humane shelter environment while assisting clients with their daily needs.
Name: Title: Client Care Representative FTE on This Project: 10	Maintain a safe, orderly, and humane shelter environment while assisting clients with their daily needs.
Name: Title: Client Care Supervisor FTE on This Project: 1	Supervise and direct the activities of the downtown shelters, staff, clients and program.
Name: Title: Shelter Manager FTE on This Project: 1	Oversee the Shelter Department by establishing a long-term vision and training department leadership to ensure quality client care, financial viability, excellent customer service, and a safe and clean environment.
Name: Title: Respite Coordinator	Provide basic client care and customer service to respite clients. Maintain a safe, orderly and humane respite area while assisting clients with minor medical issues. Direct

FTE on This Project: 1	clients during more serious medical issues. Monitor OSHA compliance for bloodborne pathogen clean-up.
Name: Title: Senior Client Care Coordinator FTE on This Project: 4	Support Client Care Supervisors and Shelter Manager by providing supportive leadership to clients and staff during shift. Responsible for ensuring a successful and productive shift through completion of check lists, shift tasks, activities, logs, etc., while supporting basic client needs.

Project Cost

Estimated Total Cost of Project:	$ 4,040,000		
CDBG Funding Amount Requested for Project:	$ 8,000		
Total Number of Units Served:	4,400 total; 30 from Surprise		
Total Cost per Unit	$ 21		
Total CDBG Cost per Unit	$ 21		
Amount and Source of Other Funds Leveraged for Project: *(Please submit proof of other funding sources)*	**Source**	**Year**	**Amount**
	Valley of the Sun United Way	13/14	$ 350,000
	Government funding	13/14	$2,176,000
	Contributions/Donations	13/14	$ 264,000
	In-Kind	13/14	$1,250,000
Project Sustainability: How will your organization continue providing these services if CDBG funds are not awarded next year?	CASS relies on a wide range of supporters to continue serving the Valley's homeless. CASS has an active fund development department which works to secure new partnerships and to sustain current partnerships with local governments, foundations, and corporations. In addition, through a very successful volunteer program, CASS is able to increase awareness about homelessness in Maricopa County. CASS is hopeful Surprise will join in our efforts to ensure the Valley's homeless will continue to be safe and cared for.		
If your project is not fully funded, will your organization be able to implement project with partial funding?	Yes		

Project Timeline

Project start date: Ongoing **Project completion date:** n/a

Applicants must provide a schedule for the Program that lists major activities and indicate when

they will be executed. Additional information such as contractor selection, final inspection, loan closing, etc. should be included when known.

Program Schedule

Major Program Activities:	**1st Quarter**			**2nd Quarter**			**3rd Quarter**			**4th Quarter**		
	(each box represents one month)											
Provide shelter for homeless men, women and children from Maricopa County, including the City of Surprise	X	X	X	X	X	X	X	X	X	X	X	X

Proposed Budget

Specific Cost *Item/Description*	**CDBG Amount Requested**	**Other Funds Source**	**Other Funds Amount**	**Total Amount** *CDBG + Other Sources*
Salaries	$8,000	Government funding, Valley of the Sun United Way, Contributions, Special Events, Fees, Reimbursements	$1,047,000	$1,055,000
Employee Benefits and Taxes		Government funding, Valley of the Sun United Way, Contributions, Special Events, Fees, Reimbursements	$281,000	$281,000
Professional Fees and Contracts		Government funding, Valley of the Sun United Way, Contributions, Special Events, Fees, Reimbursements	$400,000	$400,000
Supplies/Equipment Rental and Maintenance		Government funding, Valley of the Sun United Way, Contributions, Special Events, Fees, Reimbursements	$102,000	$102,000
Occupancy (rent, utilities, building &		Government funding, Valley of the Sun United Way, Contributions,	$530,000	$530,000

grounds)		Special Events, Fees, Reimbursements		
Travel/Meetings/Conferences		Government funding, Valley of the Sun United Way, Contributions, Special Events, Fees, Reimbursements	$6,000	$6,000
In-Kind Expense		Government funding, Valley of the Sun United Way, Contributions, Special Events, Fees, Reimbursements	$1,250,000	$1,250,000
Other Expenses (Operating Services, Admin. Expense Allocation, Miscellaneous)		Government funding, Valley of the Sun United Way, Contributions, Special Events, Fees, Reimbursements	$416,000	$416,000
Total	$8,000	Government funding, Valley of the Sun United Way, Contributions, Special Events, Fees, Reimbursements	$4,032,000	$4,040,000

Required Certifications for CDBG Public Services Activities Application

Signature of Agency Representative with Binding Authority below certifies the following statements:

- Organization has no conflict of interests with City of Surprise appointed or elected representatives and does not employ city appointed or elected representatives or their families.
- Organization will comply with federal requirements to be observed by organizations being funded with CDBG funds, including compliance with federal Labor Standards, Section 3, Segregated Facilities, Equal Opportunity, and Non-Discrimination. Section 109, Title VI and EO 11246. All requirements are described in 24 CFR 570 (CDBG Entitlement Grants).
- Authorized official certifies that this CDBG Public Services application package has been reviewed and all information provided in this application and attachments is true and correct.
- Sufficient funds are available from non-CDBG sources to complete the project, as described, if CDBG funds are allocated to the applicant.

_______________________________ 12/17/12
Signature of authorized agency representative Date:

Mark Holleran
Printed name

Chief Executive Officer
Title

Central Arizona Shelter Services (CASS)
Organization

APPLICATION FOR CDBG-FUNDED PUBLIC SERVICES ACTIVITIES

Please complete & submit this form to the Welcome Center,
City of Surprise,
16000 N. Civic Center Plaza
Surprise, AZ 85374
We do not accept e-mail or electronic submissions

Organization Information

Name of Organization:	Benevilla
Contact Person:	Michelle Dionisio
Contact Person Title:	President/CEO
Mailing Address:	PO Box 8450, Surprise, Arizona 85374
Street Address *(if different from mailing)*:	16752 N Greasewood Street, Surprise, Arizona 85374
Phone:	623-584-4999
Fax:	623-546-1589
E-mail:	mdionisio@benevilla.org
Website URL *(if applicable)*:	www.benevilla.org

Legal Status of Applicant:

- ☐ State-Certified CHDO
- ☒ Non-Profit (non-CHDO)
- ☐ Public Housing Authority
- ☐ State Agency
- ☐ Local Government
- ☐ Tribal Government
- ☐ Council of Government
- ☐ General Partnership
- ☐ Limited Partnership
- ☐ Limited Liability Company
- ☐ Corporation

Applicant's Qualifications:	**Yes**	**No**	**NA**
Drug Free Policies	X		
Fair Housing Policies			X
Equal Employment Opportunity Employer	X		

Project Description

Proposed Project Title:	Adult Day Services, Home Delivered Meals, and Wirtzie's Child Development Center

Check applicable priority area(s) that the project addresses:

- ☒ Child care
- ☒ Health care
- ☐ Job training
- ☐ Recreation programs
- ☒ Education programs
- ☐ Public safety services
- ☐ Fair housing activities
- ☒ Services for senior citizens
- ☐ Services for homeless persons
- ☐ Drug abuse counseling and treatment
- ☐ Energy conservation counseling and testing
- ☐ Homebuyer down-payment assistance
- ☐ Welfare (as defined by CDBG)
- ☒ Other

If Other, describe Other: Services for disabled adults

Describe the problem or need to be addressed by proposed project. (Please attach an extra sheet if needed): The City of Surprise is a diverse community with a demographic population that is nationally recognized as having the fourth highest senior population (age 65+) in the nation per capita (Census, 2010). Over the last 10 years, the City's population increased by 117%, making it the 10th fastest growing community in the U.S. In Arizona, seniors make up 19.1% of the population; in Surprise, it is 28.45%. The Centers for Disease Control and others report that improvements in nutrition and medical advances are enabling people -- including disabled persons -- to live longer. Thus, it is imperative to ensure the elderly and disabled in our community feel productive and secure as they age. The Center for Sustainable Health at ASU's Biodesign Institute reports that some of the ways to improve the lives of seniors is to reduce their isolation and loneliness, ensure they have access to health care, and offer more integration among generations (Republic, 2012).

The AARP reported in May 2012 that an estimated 175,000 Arizona seniors face hunger every day (AARP, 2012). Feeding America reports that, in 2011, 8.4 percent of households with seniors (2.5 million households) were food insecure and that the number of food insecure seniors is projected to increase by 50% when the youngest of the Baby Boom Generation reaches age 60 in 2025 (Feeding, 2012). Chronic hunger among seniors negatively impacts them physically and mentally. For example, receiving fewer nutrients than they need can hinder their ability to live a full and active life, food-insecure adults have an increased risk of developing diabetes, and food insecurity is associated with a range of chronic illnesses such as hypertension, hyperlipidemia, and various cardiovascular risk factors (Feeding, 2012). While poverty is a major contributor to senior hunger, another is people's inability to get to the grocery store to purchase food and/or to prepare meals due to a disability, weak eyesight, and other factors that keep them from driving. (Continued in Appendix A)

Project Location & Service Area - Describe the area to be served by the project. If possible, include a map. Benevilla will provide its increased and enhanced services to residents within the City of Surprise, including the OTS (see map in Attachment C).

Targeted demographic population of the city: The demographic population that Benevilla will target are elderly (ages 65 and up) and disabled City of Surprise residents through its Adult Day Centers and HDM programming, and children, many from low-income families, ages six weeks to five years, and their parents and family members who will be served by our Wirtzie's Child Development Center. Many of these individuals and families reside within the OTS.
Proposed Measurable Outcomes – Please provide an outcome statement to be achieved through the use of CDBG funding: Through the use of CDBG funding, Benevilla plans to <u>quantifiably increase</u> the level of service provided through its Adult Day Care Program, Home Delivered Meal Program, and Wirtzie's Child Development Center. These programs will improve the health and well-being of children, seniors and disabled adults in Surprise; will provide needed respite for caregivers; and will positively impact the emotional, mental, social and academic development of the children served. Our measurable <u>outcomes</u> for the grant period include: • At least 400 elderly participants and their families (including at least 88 Surprise residents) will be assisted by the Adult Day Centers programming. • At least 90% of participants will agree that the activities offered provided socialization and educational opportunities. • At least 50% of the caregivers attending caregiver support groups will report a decrease in their stress level and improved quality of life at home for them and their elderly loved one. • Reducing our clients' re-admissions to local hospitals by at least 25%. • A total of 35-40% of the caregivers will participate in monthly caregiver support groups to provide encouragement and respite. • Conducting at least 100 home visits to discuss the HDM Program with potential new clients, at least 50% of whom will be Surprise residents. • Delivering at least 9,000 nutritious meals or entrees to low-income, homebound, disabled and other adults. Of these, we expect 3,500 - 4,000 meals will be delivered to Surprise residents. • Enrollment in Wirtzie's Child Development Center will increase by at least 25%. This will bring our enrollment up from 72 to 90 students. Of these, at least 48 children will be Surprise residents.
It is the intent of the City of Surprise to fund those activities that meet a High Priority in City's Consolidated Plan and comply with CDBG National Objectives- Describe in detail how the proposed project complies with these two objectives: The population served through the program includes high-priority targeted individuals, including seniors, the frail elderly, and disabled persons that will be served through Benevilla's Adult Day Center and Home Delivered Meals programs; and youth and their families residing in the Original Townsite of Surprise. The <u>goals</u> of Benevilla's Adult Day Programs are to enrich the lives of elderly and disabled adults; reduce their isolation and loneliness; provide opportunities for socialization; and stimulate their interests in leisure activities. We serve elderly adults who need health monitoring or supervision during the day, who need personal care and would benefit from socialization and activities, and family members and caregivers needing respite. Benevilla works with several partner agencies to facilitate its Adult Day Centers. These include the Arizona Department of Health Services' Division of Developmentally Disabled (DDD), which provides some funding for low-income participants to attend; the Boys and Girls Club of Peoria, which brings children on-site to visit with seniors at our Peoria Day Center during summer break; Audrey's Angels, which provides

free musical entertainment twice a month; and the Area Agency on Aging, which provides Benevilla with its Elder Resource Guide of Maricopa County that we distribute to people in the community and provides funding for our adult day services and caregiver support groups. Services provided through the Adult Day Centers include:

- Healthcare Personnel and Activity Therapists, who ensure programs are tailored to individual preferences, goals and choices. At specific centers, a registered nurse is on staff to provide skilled nursing services.
- Structured Activities: Social, health and therapeutic activities in a home-like setting. A wide variety of games; educational opportunities (i.e. fall prevention, safety awareness, etc.); meals and snacks; entertainment; crafts; community outings; and exercise, including walking and stretching.
- Hot, nutritious meals and snacks are included.
- Person-Centered Care: Benevilla believes that everyone deserves to be treated with dignity and respect. As such, we empower participants by providing choices for daily activities, environment changes, meals, and development of their care plan.
- Caregiver support groups to provide encouragement and assistance they need to care for their loved one. The AARP reports that nearly two-thirds of the baby boomer generation will be taking care of an elderly parent within the next 10 years and thus will need support groups like Benevilla's where they can talk with others who are in their same situation and learn how to care for their parents at home.

The goal of the Home Delivered Meals Program (HDM) is to improve the health, well-being, and nutritional status of elderly and disabled adults by delivering hot, nutritious meals to them. People served include those who are critically ill, convalescing, homebound, or disabled; those with a terminal illness; and senior adults. Meals are delivered Monday through Friday from 11:15 a.m. - 1:00 p.m. Benevilla's standard meal includes an entrée, starch, vegetable, soup or salad, bread, beverage and dessert. We also offer hardy, heart-healthy, and weekend meals. All meals are chef-planned, dietician-approved, and prepared in Benevilla's Birt's Bistro commercial kitchen.

Since January 2011, Benevilla has assisted 333 people through the HDM Program, delivered 13,151 meals, and delivered 2,348 orders of entrees-only. The number of meals delivered between January 1 and November 30, 2012 increased by **nearly 61%** from the prior year (not including December 2012 numbers), which was due to our success in marketing the program to the community over the past two years. In addition, a total of 6,166 volunteer hours were invested to make the deliveries and these volunteers logged 47,238 miles. Recent comments from program beneficiaries include, "I appreciate having such nutritionally well-balanced meals," "I am so grateful for the wonderful service...The volunteers are all so wonderful," and "The food is great. Also I enjoy the special holiday meals." It should be noted that, due to federal and state budget cuts, Benevilla's HDM is the **only home delivery meal option for Surprise residents**.

Finally, the goal of Benevilla's Wirtzie's Child Development Center is to provide quality childcare in a stimulating, developmentally-appropriate learning environment and improve children's health and well-being. Wirtzie's provides licensed childcare, specially-designed classrooms, an effective and proven educational curriculum, development play structures and an outdoor playground for up to 95 children ages six weeks to five years. Through multi-sensory, hands-on activities, children develop their social, physical, cognitive and language skills. In addition, because good, healthful meals are the fuel on which young minds and bodies run, Wirtzie's registered dietitian works in conjunction with our professional chef to ensure children receive hot, nutritious meals and snacks daily. This is especially important for the low-income children we serve that may be at risk of missing home meals -- especially at the end of the month when money is tight. One of the most unique and exciting aspects of Wirtzie's is our Intergenerational Program, through which we bring the children together with elderly clients who attend our Lucy Anne's Place – one of our adult daycare programs. The children and adults typically interact five times each week through a number of activities, including playing games and reading together. Benevilla's was the first childcare program in Arizona to build a space for intergenerational programming.

Benevilla also operates a gardening project as part of its Intergenerational Program. The adults from Lucy Anne's Place work with the children to plant seeds and seedlings and teach them how to maintain the garden. They are assisted by a volunteer gardener who is a retired nurse and knows the importance of eating lots of fresh vegetables. In addition, Benevilla uses curriculum to teach the children about the health benefits of vegetables. As an added bonus, the children's parents take home free produce at harvest time to help them prepare nutritious meals for their family.

All of the enhanced programming proposed in this document supports services that will result in improved health, wellness and quality of life for Surprise residents in need, many of whom reside within the OTS. Finally, the programs comply with CDBG National Objectives to benefit low- and moderate-income persons. Funding from the City of Surprise for the Home Delivered Meals Program, for example, will help subsidize the cost of those meals for low- and moderate-income seniors and disabled adults residing in Surprise. Wirtzie's provides childcare, education, and other services that serve low- and moderate-income children and families in Surprise.

Organizational Capacity

Please describe organization's history and prior experience, including a list of similar projects: (Please attach an extra sheets if needed): Benevilla was formed in 1981 by a group of citizens in the Sun Cities area of Arizona who were concerned that many of the community's elderly residents could not obtain important services locally, and that this lack of services and support could potentially cause premature institutionalization or rapid decline in physical and mental well-being. Benevilla's mission is to enhance the experience of life for people of all ages. For more than 31 years, Benevilla has been accomplishing its mission with compassion, efficiency and integrity, holding the care and dignity of the individual at its highest value.

Benevilla grew rapidly. In 1982, we opened our first Adult Day Center with 11 participants. In 1984, participation in our three Adult Day Centers doubled. In the 1990s, the Sun City West Adult Day Health Center opened, the home care assistance program was established, and a day center transportation program was implemented. The next decade saw the Grand Opening of Mary's Place and the Bovard Center. Benevilla has received the Caring Spirit Award and CARF (Commission on Accreditation of Rehabilitation Facilities) accreditation, celebrated its 30th Anniversary in 2011, purchased 6.5 acres of land to build a multi-generational community care campus; and opened Lucy Anne's Place, Art's Center for All Ages and Wirtzie's Child Development Center. (Please see Attachment B for more information)

Financial Audits and Reports: *(Please submit a copy of most recent financial audit)*	**Yes**	**No**	**NA**
Were the financial statements of the organization prepared in accordance with generally accepted accounting principles?	X		
Was there accurate and complete disclosure of the financial expenditures of each federally sponsored program?	X		
Was an audit of the financial records obtained annually (or at least biennially) in accordance with federal regulations and local requirements?	X		
Was the audit performed by a licensed Certified Public Accountant?	X		
Was the latest audit forwarded to the funding agency?	X		
Has a copy of all applicable audits/reviews (including any management letter, if appropriate) been forwarded to the funding agency?	X		

Please Provide Other Funding Source References: (Please attach extra sheets if needed): Other agency funding sources include individuals (including bequests); congregations; foundation and corporate grants (Bank of America Foundation, Bellevue Heights Foundation, BHHS Legacy, Fry's, Season for Sharing, US Airways, etc.); Area Agency for Aging, Region One; service clubs; in-kind donations; special events; client services; and the Cities of Peoria and Goodyear.

Program Team:

Identify the name of the responsible party and the experience that they have in this role. Team members identified after the application are subject to review. Attach extra sheets if needed.

Staff Member	Background and Expertise of Personnel
Name: Jane Bruzzese Title: Senior Director of Programs FTE on This Project: 0.1	Received a Bachelor of Arts from Anderson University in Indiana. Working for 30 years (including 20 years at Benevilla) in social work. Received basic certification in Aging Services Management and Administrative Training from Phoenix College in 2004. She will oversee the Home Delivered Meals Program.
Name: Allison Koegel Title: Director of Wirtzie's Child Development Center FTE on This Project: 1.0	Received a degree in Elementary Education with a minor in Psychology from DePaul University in Chicago, IL. Has 12 years of experience in the Early Childhood and Elementary Education fields and served as Assistant Director at two different preschools. Work includes full facility management of the day to day operation of the Wirtzie's Child Development Center; management and coordination of 15+ employees; overseeing daily implementation of curriculum; and ensuring the program remains in compliance with State regulations in every classroom at all times.
Name: Joanne Thomson Title: Senior Director of Day Services FTE on This Project: 1.0	Received a Bachelor of Science degree in Recreation Administration from California State University in Chico with an option in Therapeutic Recreation. She served as Benevilla's Day Center Supervisor for six years and became the agency's Senior Director of Day Services in 2012. Prior to this, served as Recreation Therapist III at Arizona State Hospital and as Certified Therapeutic Recreation Specialist at Sonoma Developmental Center in California for six years.
Name: Title: FTE on This Project:	
Name: Title: FTE on This Project:	

Project Cost			
Estimated Total Cost of Project:	$181,021		
CDBG Funding Amount Requested for Project:	$25,000		
Total Number of Units Served:	21,222 – 22,887 16,000 home delivered meals 3,665 hours of adult day care 1,557 full days OR 3,222 half days of childcare 21,222 – 22,887 units of service		
Total Cost per Unit	$8.53 - $7.90		
Total CDBG Cost per Unit	$1.18 - $1.09		
Amount and Source of Other Funds Leveraged for Project: *(Please submit proof of other funding sources)*	**Source**	**Year**	**Amount**
	Bank of America Foundation	2013	$10,000
	BHHS Legacy	2013	$60,000
	Walmart	2012	$ 1,000
	Tohono O'odham	2013	$20,000
	General Donations that will be received through direct mail, events, etc.	2012/13	$65,021
Project Sustainability: How will your organization continue providing these services if CDBG funds are not awarded next year?	Benevilla would continue providing services by raising additional funds from individuals, corporations, foundations, congregations, events and service clubs. This would be done via formal grant applications, direct mail, direct appeals and other fundraising strategies.		
If your project is not fully funded, will your organization be able to implement project with partial funding?	Yes. However, if the project were not fully funded, it would limit the amount of support that could be provided to Surprise residents in need.		

***PLEASE NOTE**: Benevilla's Adult Day Center in Surprise is licensed by the Arizona Department of Health Services. As such, Benevilla is required to maintain a certain ratio and level of staff members, including a registered nurse, a therapist, and other professionals and support staff. As a result, these regulations and requirements contribute to our having a higher per unit cost than non-licensed agencies or volunteer-based agencies.

Project Timeline

Project start date: 10/1/13 **Project completion date:** 9/30/14

Applicants must provide a schedule for the Program that lists major activities and indicate when they will be executed. Additional information such as contractor selection, final inspection, loan closing, etc. should be included when known.

Program Schedule

Major Program Activities:	**1st Quarter**			**2nd Quarter**			**3rd Quarter**			**4th Quarter**		
	(each box represents one month)											
Conduct training of Adult Day Care staff to increase their expertise in meeting the needs and strengths of our clients as the number of those served increases.		X		X		X		X		X		X
Conduct outreach to inform Surprise residents about the Adult Day Centers and HDM Programs and increase participation, including distributing flyers about the programs at senior housing developments like Sunflower Resort, Coyotes Lakes Housing, Quilceda, Rose Garden Manufactured Home Park and other senior living areas in Surprise; advertising and promoting the program at health fairs, churches, and apartment complexes in Surprise; promoting the program, and providing collateral materials to people at one or more events at the Surprise Baseball Stadium; placing ads and notices in local papers; posting flyers and other information about the programs at all of our partner agencies' facilities; placing special interest stories in local papers and on Benevilla's website; and putting additional information on Benevilla's website about the programs to increase awareness. Benevilla's Day Center Supervisor also regularly attends brown bag networking and breakfast events where she has the opportunity to talk about the program.	X	X	X	X	X	X	X	X	X	X	X	X
Conduct a specialized Early Stage				X	X	X		X	X	X		X

Memory Loss Program at Lucy Anne's Place, utilizing innovative brain activities designed to improve our clients' socialization and cognitive skills, as well as a caregiver support group for those caring for someone with Early Stage Memory Loss.												
Conduct pre-program in-home visit assessments with potential new Home Delivered Meals clients and coordinate volunteers to deliver meals to clients.	X	X	X	X	X	X	X	X	X	X	X	X
Manage Home Delivered Meal routes, client files, and other data to ensure accurate meal delivery services. Many clients utilize this for short periods of time, such as while recovering from surgery, or a few weeks prior to entering an assisted living facility. That is why it is imperative to manage the program to keep track of a large, but fluid, client list.	X	X	X	X	X	X	X	X	X	X	X	X
Secure additional funds to further subsidize the cost of the home delivered meals for those participants from low-income households.	X	X	X	X	X	X	X	X	X	X	X	X
Increase public awareness of Wirtzie's Child Development Center through Open House events (March and October 2013), the Healthy Families/Healthy Kids Fair (April 2013), the Festival of Cheer (December 2013), other community events, and through advertising on our website and other venues.			X	X						X		X
Conduct staff development and continuing education for the teachers involved in the Wirtzie's Child Development Center to keep staff as educated as possible in current educational practices and theories.			X			X			X			x

Proposed Budget				
Specific Cost *Item/Description*	**CDBG Amount Requested**	**Other Funds Source**	**Other Funds Amount**	**Total Amount** *CDBG + Other Sources*
Salaries & Wages Senior Director of Programs ($54,530 x .25 FTE = $13,633) Senior Director of Adult Day Centers ($38,627 x .5 FTE = $19,313) Director of Wirtzie's Child Development Center ($41,200 x1.0 FTE = $41,200)	$10,000	Bank of America Foundation, BHHS Legacy, Walmart, and other Grants and General Donations from individuals, events, civic organizations, etc.	$64,146	$74,146
Fringe Benefits Social Security, AZ unemployment, Worker's comp, Medicare, Insurance	$0	Grants and General Donations from individuals, events, etc.	$4,511	$4,511
Meals Funds to subsidize the cost of home delivered meals to low-income Surprise residents are paying $2.00 per meal ($7.50 per meal minus $5.50 subsidy).	$10,000	Grants and General Donations from individuals, events, etc.	$2,000	$12,000
Supplies - Program Purchase software updates to track Surprise residents receiving home delivered meals, frequency, etc.; seeds for the garden, paper, curriculum, pens, and other items for childcare program; purchase items to create flyers and ads to inform residents about the programs; and purchase arts and crafts materials, board games, and a host of other supplies for the	$5,000	Grants and General Donations from individuals, events, etc.	$21,146	$26,146

Adult Day Center.				
Supplies - Office General office supplies for program staff.	$0	Grants and General Donations from individuals, events, etc.	$16,106	$16,106
Staff Mileage Mileage for in-city traveling, meetings, outreach to HDM clients, etc.	$0	Grants and General Donations from individuals, events, etc.	$3,402	$3,402
Conferences/ Education Opportunities for staff to advance their skills and better serve our clients	$0	Grants and General Donations from individuals, events, etc.	$2,875	$2,875
Dues/Memberships Subscriptions	$0	Grants and General Donations from individuals, events, etc.	$3,040	$3,040
Advertising/Outreach Creating and placing ads in newspapers, magazines and other publications; creating items and updates and placing them on Benevilla's website; printing flyers and other items to advertise the programs in Surprise; printing other materials for staff training purposes.	$0	Grants and General Donations from individuals, events, etc.	$12,000	$12,000
Miscellaneous	$0	Grants and General Donations from individuals, events, etc.	$1,795	$1,795
General and Admin. – Allocated General Admin Costs for programs	$0	Grants and General Donations from individuals, events, etc.	$25,000	$25,000
Total	$25,000		$156,021	$181,021

Required Certifications for CDBG Public Services Activities Application

Signature of Agency Representative with Binding Authority below certifies the following statements:

- Organization has no conflict of interests with City of Surprise appointed or elected representatives and does not employ city appointed or elected representatives or their families.
- Organization will comply with federal requirements to be observed by organizations being funded with CDBG funds, including compliance with federal Labor Standards, Section 3, Segregated Facilities, Equal Opportunity, and Non-Discrimination. Section 109, Title VI and EO 11246. All requirements are described in 24 CFR 570 (CDBG Entitlement Grants).
- Authorized official certifies that this CDBG Public Services application package has been reviewed and all information provided in this application and attachments is true and correct.
- Sufficient funds are available from non-CDBG sources to complete the project, as described, if CDBG funds are allocated to the applicant.

Michelle Dionisio
Signature of authorized agency representative

1/8/13
Date:

Michelle Dionisio
Printed name

President/CEO
Title

Benevilla
Organization

Appendix A

Finally, families with young children need safe, education- and relationship-based childcare to ensure their children are developing physically, mentally, socially and cognitively. Approximately 8% of Maricopa County's population is under age five (approximately 300,000 children) and one in four children lives below the poverty level. Currently, there are more than 10,000 children under the age of five (more than 11% of the population) residing in the City of Surprise. The report, *Young Children Develop In an Environment of Relationships*, states that children ages 0-5 experience their world as an environment of relationships, and these relationships affect virtually all aspects of their development – intellectual, social, emotional, physical, behavioral, and moral. The quality and stability of a child's human relationships <u>in the early years</u> lay the foundation for a wide range of later developmental outcomes that really matter. These include self-confidence, sound mental health, motivation to learn, achievement in school and life, and knowing the difference between right and wrong (Young, 2012).

That is why Benevilla will continue to operate and expand its six Adult Day Centers and its Home Delivered Meals programming to improve the lives of more seniors and disabled adults in Surprise, reduce their isolation and provide intergenerational interaction and a host of activities to keep them engaged. In addition, Benevilla will continue to expand its Wirtzie's Child Development Center programming to serve more children (including many low-income children) and ensure they are receiving care, nutritious meals and snacks, and educational assistance in a safe, healthy, nurturing, relationship-based environment where they also participate in intergenerational activities.

Appendix B

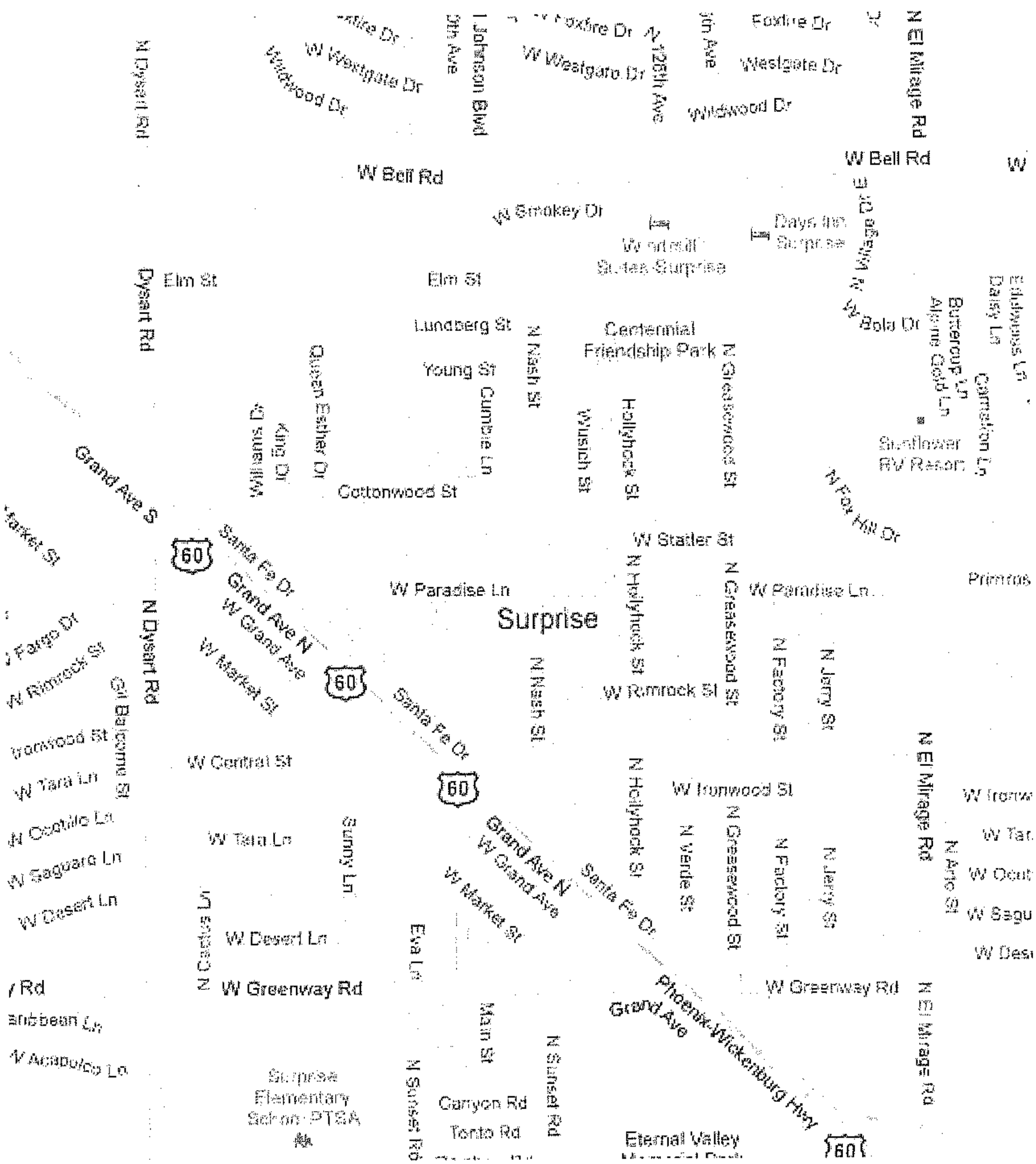
Benevilla's current programs include a Child Development Center; a Family Resource Center; an Intergenerational Program; a network of six adult care centers; a volunteer Home Services Program; a Home Delivered Meals Program; easily-accessible education; and referral and support groups. Within these programs, Benevilla offers a number of unique services. Our Birt's Bistro and Bookstore is the only (or one of the only) social enterprise of its kind in the Southwest. We operate the only adult day-time memory and Alzheimer's centers in the state of Arizona. Benevilla also is the only licensed adult day healthcare services provider in Maricopa County to be accredited by CARF, the National Commission on Accreditation of Rehabilitation Facilities. Our intergenerational programming is an innovative blending of daycare for children with an elderly daycare population, which helped create the "blueprint" for the entire nation in successful intergenerational care. Benevilla also provides programs of psychosocial support for people caring for a loved one with Alzheimer's, who recently had a stroke, or is developmentally disabled. Benevilla is licensed by the Arizona Department of Health Services and maintains service contracts with the Area Agency on Aging, Veterans Administration, the Division of Developmental Disabilities, and others. Finally, Benevilla has won the "Best of The West" award for service to communities with Rio Salado College and the City of Surprise

All of Benevilla's adult day programs exceed the expectations of the Department of Health Services and maintain best practices in the field of Adult Day Services. In 2011, Benevilla provided 47,506 participant hours -- *8,102 more hours than the prior year.* Other programmatic achievements over the last year include providing more than 105,000 acts of service, receiving and responding to 600 calls per month from people in need of services and/or referrals, expanding our home delivered meal services for frail and other elderly adults, training 25 disabled adults for a career in the food service industry, and assisting people in many other ways.

Benevilla is one of just five agencies selected by the Arizona Community Foundation to develop a working vision of a Sustainable Community for All Ages (CFAA). Through this initiative, we are building collaborations with young and older community members, the City of Surprise, Maricopa Association of Governments, ADOT, Dysart School District, City of Surprise Police Department, Thompson Ranch Elementary School, Rio Salado College and many other organizations to develop ways to meet the needs of a wide range of residents while protecting the quality of life for generations to come. CFAA projects to date have included a community garden that has become the "hub" of social and educational activities for people of all ages; a monthly farmer's market at Benevilla's Community Campus; conducting transit coordination between several local organizations, associations, and cities in the Northwest Valley to provide needed transport for elderly and disabled residents; working with the City of Surprise to improve connectivity for residents by creating handicapped-accessible sidewalks that connect Bell Road to the Surprise Original Town Site; conducting anti-graffiti projects to benefit public restrooms and parks; and conducting monthly arts activities at Benevilla's Birt's Bistro, including having musicians of all ages conduct jam sessions for community members to enjoy.

Recognizing that collaboration is **critical** to achieving our mission, Benevilla has developed partnerships with a host of public and private agencies. In addition to those cited above, these include Area Agency on Aging, the Veteran's Administration, Gabriel's Angels, Surprise Senior Center, Valley View Food Banks, congregations and service organizations.

Appendix C
City of Surprise Map



Attachment D

IRS Department of the Treasury Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248358237
Apr. 23, 2012 LTR 4168C E0
86-0404687 000000 00
00022858
BODC: TE

SUN CITY AREA INTERFAITH SERVICES
INC
PO BOX 8450
SURPRISE AZ 85374-0124

040747

Employer Identification Number: 86-0404687
Person to Contact: Mr. Kammerer
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Apr. 12, 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 December 1981.

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.

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

Sincerely yours,

S. A. Martin

S. A. Martin, Operations Manager
Accounts Management Operations

Attachment E

Attachment E
Other Program Funding Sources

Funder	Amount	Date Received	Dates Utilized
Bank of America Foundation	$10,000	8/6/12	9/1/12 - 8/30/13
BHHS Legacy	$60,000	4/25/12	5/1/12 - 4/30/13
Walmart	$ 1,000	7/24/12	8/1/12 - 12/31/12
Tohono O'odham	$20,000	12/11/12	1/1/13 - 12/31/13
General Donations (individuals and other private funders)	$65,021	Ongoing	1/1/13 - 12/31/13

Attachment F

BENEVILLA AND SUBSIDIARIES
Surprise, Arizona

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2011 and 2010

TABLE OF CONTENTS

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

CliftonLarsonAllen

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Benevilla
Surprise, Arizona

We have audited the accompanying consolidated statements of financial position of Benevilla and Subsidiaries (the Organization) as of December 31, 2011 and 2010, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Benevilla as of December 31, 2011 and 2010, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

Phoenix, Arizona
June 19, 2012

BENEVILLA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2011 and 2010

ASSETS

	2011	2010
CURRENT ASSETS		
Cash and cash equivalents	$ 252,006	$ 53,147
Cash restricted for employee education	40,129	40,129
Accounts receivable, net of allowance	316,151	267,871
Grants receivable	50,000	-
Bequests receivable	17,289	20,089
Inventory	10,413	14,753
Prepaid expenses	51,500	21,411
Total current assets	737,488	417,400
BEQUESTS RECEIVABLE, less current portion and net of unamortized discount	1,665	12,574
INVESTMENTS	3,327,749	3,623,469
PROPERTY HELD FOR SALE	11,377	102,650
PROPERTY AND EQUIPMENT, NET	8,329,133	8,598,991
ASSETS RESTRICTED FOR CAPITAL CAMPAIGN		
Cash	44,236	181,814
Pledges receivable, less unamortized discount	486,471	373,785
Total assets restricted for capital campaign	530,707	555,599
TOTAL ASSETS	$ 12,938,119	$ 13,310,683

LIABILITIES AND NET ASSETS

	2011	2010
CURRENT LIABILITIES		
Accounts payable	$ 151,778	$ 266,511
Accrued expenses	210,578	167,905
Current maturities of long-term debt	38,916	56,991
Current maturities of charitable gift annuities	22,817	16,627
Total current liabilities	424,089	508,034
LINE OF CREDIT	631,773	632,000
NOTES PAYABLE	500,000	-
LONG-TERM DEBT, less current maturities	1,823,803	2,768,355
CHARITABLE GIFT ANNUITIES, less current maturities	74,094	63,958
Total liabilities	3,453,759	3,972,347
NET ASSETS		
Unrestricted	6,043,709	6,063,327
Temporarily restricted	693,547	681,163
Permanently restricted	2,747,104	2,593,846
Total net assets	9,484,360	9,338,336
TOTAL LIABILITIES AND NET ASSETS	$ 12,938,119	$ 13,310,683

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

BENEVILLA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended December 31, 2011 and 2010

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
SUPPORT AND REVENUE				
Contributions	$ 1,422,439	$ 640,000	$ 193,258	$ 2,255,697
Participant fees	2,556,555	-	-	2,556,555
In-kind contributions	197,486	-	-	197,486
Grants	896,927	50,000	-	946,927
Interest and dividend income	136,316	35,767	-	172,083
Unrealized/realized gains (loss)	(114,307)	-	-	(114,307)
Change in value on gift annuities	(16,326)	-	-	(16,326)
Food sales	826,917	-	-	826,917
Loss on disposal of assets	(12,031)	-	-	(12,031)
Other income	117,250	-	-	117,250
Net assets released from restrictions	753,383	(713,383)	(40,000)	-
Total support and revenue	6,764,609	12,384	153,258	6,930,251
EXPENSES				
Program Services				
Day Care	2,311,321	-	-	2,311,321
Family resource center	141,823	-	-	141,823
Lifeline	73,862	-	-	73,862
Home services	89,349	-	-	89,349
Intake	97,463	-	-	97,463
Transportation	294,523	-	-	294,523
Volunteer recruitment and training	89,551	-	-	89,551
Child care center	714,906	-	-	714,906
Food services	1,289,012	-	-	1,289,012
Total program services	5,101,810	-	-	5,101,810
Supporting Services				
Management and general	820,998	-	-	820,998
Facilities maintenance	80,950	-	-	80,950
Marketing	220,299	-	-	220,299
Fundraising	560,170	-	-	560,170
Total supporting services	1,682,417	-	-	1,682,417
Total expenses	6,784,227	-	-	6,784,227
CHANGES IN NET ASSETS	(19,618)	12,384	153,258	146,024
NET ASSETS, BEGINNING OF YEAR	6,063,327	681,163	2,593,846	9,338,336
NET ASSETS, END OF YEAR	$ 6,043,709	$ 693,547	$ 2,747,104	$ 9,484,360

2010			
Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
$ 1,452,087	$ 583,442	$ 2,386,152	$ 4,421,681
2,229,627	-	-	2,229,627
247,588	-	-	247,588
660,547	-	-	660,547
14,662	17,400	-	32,062
81,933	-	-	81,933
(68,375)	-	-	(68,375)
538,632	-	-	538,632
-	-	-	-
79,470	-	-	79,470
646,322	(646,322)	-	-
5,882,493	(45,480)	2,386,152	8,223,165
2,072,604	-	-	2,072,604
94,179	-	-	94,179
62,551	-	-	62,551
86,926	-	-	86,926
52,469	-	-	52,469
210,598	-	-	210,598
46,436	-	-	46,436
371,270	-	-	371,270
870,747	-	-	870,747
3,867,780	-	-	3,867,780
1,389,431	-	-	1,389,431
77,581	-	-	77,581
236,851	-	-	236,851
409,649	-	-	409,649
2,113,512	-	-	2,113,512
5,981,292	-	-	5,981,292
(98,799)	(45,480)	2,386,152	2,241,873
6,162,126	726,643	207,694	7,096,463
$ 6,063,327	$ 681,163	$ 2,593,846	$ 9,338,336

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

BENEVILLA AND SUSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2011

	Program Services									
	Day Care	Family Resource Center	Lifeline	Home Services	Intake	Transportation	Volunteer Recruitment and Training	Child Care Center	Food Services	Total Program Services
Salaries	$ 1,162,152	$ 99,044	$ 6,009	$ 73,292	$ 76,282	$ 128,864	$ 48,529	$ 391,069	$ 460,930	$ 2,446,171
Payroll taxes	82,813	7,031	459	6,254	5,405	9,864	3,770	29,209	28,531	173,336
Employee benefits	133,860	11,720	64	2,111	14,487	6,797	10,535	37,445	22,752	239,771
	1,378,825	117,795	6,532	81,657	96,174	145,525	62,834	457,723	512,213	2,859,278
In-kind rent	181,416	-	-	-	-	-	-	-	-	181,416
Participant meals	232,897	-	-	-	-	-	-	33,264	374,917	641,078
Vehicle expenses	11,505	838	2,150	636	526	97,333	298	124	7,289	120,699
Supplies	198,486	3,613	178	491	284	402	1,221	14,690	101,290	320,655
Telephone	30,494	4,271	-	785	419	2,267	-	4,595	5,302	48,133
Occupancy	117,758	-	-	2,425	-	-	-	46,858	56,580	223,621
Interest expense	25,733	-	-	-	-	-	-	49,506	29,924	105,163
Postage	-	-	385	-	-	-	-	-	-	385
Conferences and meetings	2,126	239	-	-	60	(2,195)	132	1,584	3,921	5,867
Printing	-	-	-	-	-	-	-	-	-	-
Equipment leases	-	-	-	-	-	-	-	-	-	-
Insurance	20,101	-	-	3,355	-	27,845	-	1,685	768	53,754
Special events	-	-	-	-	-	-	-	-	-	-
Advertising	2,375	15,067	49	-	-	-	428	11,029	10,787	39,735
Fees and taxes	-	-	64,568	-	-	-	-	-	118,276	182,844
Computer services	-	-	-	-	-	-	-	-	4,852	4,852
Miscellaneous	241	-	-	-	-	-	24,638	472	3,670	29,021
Depreciation and amortization	109,364	-	-	-	-	23,346	-	93,376	59,223	285,309
TOTAL FUNCTIONAL EXPENSES	$ 2,311,321	$ 141,823	$ 73,862	$ 89,349	$ 97,463	$ 294,523	$ 89,551	$ 714,906	$ 1,289,012	$ 5,101,810

(Continued)

BENEVILLA AND SUSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2011

	Supporting Services					
	Management and General	Facilities Maintenance	Marketing	Fundraising	Total Supporting Services	Total Functional Expenses
Salaries	$ 305,174	$ 64,251	$ 103,041	$ 337,829	$ 810,295	$ 3,256,466
Payroll taxes	26,521	4,712	6,325	21,155	58,713	232,049
Employee benefits	31,926	9,684	5,925	37,054	84,589	324,360
	363,621	78,647	115,291	396,038	953,597	3,812,875
In-kind rent	-	-	-	-	-	181,416
Participant meals	-	-	-	-	-	641,078
Vehicle expenses	6,340	535	241	2,178	9,294	129,993
Supplies	41,645	403	3,003	24,561	69,612	390,267
Telephone	19,520	1,130	104	4,561	25,315	73,448
Occupancy	55,434	235	-	-	55,669	279,290
Interest expense	67,037	-	-	-	67,037	172,200
Postage	3,484	-	3,168	10,643	17,295	17,680
Conferences and meetings	7,849	-	670	3,601	12,120	17,987
Printing	443	-	(2,038)	29,117	27,522	27,522
Equipment leases	10,652	-	-	-	10,652	10,652
Insurance	9,479	-	-	-	9,479	63,233
Special events	-	-	81,527	6,467	87,994	87,994
Advertising	6,869	-	18,272	2,350	27,491	67,226
Fees and taxes	119,727	-	-	68,831	188,558	371,402
Computer services	250	-	-	11,823	12,073	16,925
Miscellaneous	18,031	-	61	-	18,092	47,113
Depreciation and amortization	90,617	-	-	-	90,617	375,926
	$ 820,998	$ 80,950	$ 220,299	$ 560,170	$ 1,682,417	$ 6,784,227

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

BENEVILLA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2010

	Program Services									
	Day Care	Family Resource Center	Lifeline	Home Services	Intake	Transportation	Volunteer Recruitment and Training	Child Care Center	Food Services	Total Program Services
Salaries	$ 1,058,293	$ 74,845	$ 5,202	$ 69,852	$ 39,837	$ 87,232	$ 35,848	$ 210,230	$ 307,142	$ 1,888,481
Payroll taxes	75,490	5,721	436	6,224	3,676	5,736	2,448	15,295	20,740	135,766
Employee benefits	117,703	4,285	160	2,331	7,311	45	324	14,593	32,781	179,533
	1,251,486	84,851	5,798	78,407	50,824	93,013	38,620	240,118	360,663	2,203,780
In-kind rent	195,204	-	-	-	-	-	-	-	-	195,204
Participant meals	166,656	-	-	-	-	-	-	21,493	289,770	477,919
Vehicle expenses	3,734	1,222	2,433	892	249	59,346	430	6	6,898	75,210
Supplies	202,002	3,245	140	475	968	-	1,936	5,310	58,733	272,809
Telephone	30,404	3,420	262	428	428	2,462	-	4,833	4,433	46,670
Occupancy	109,985	-	-	2,348	-	-	-	37,784	29,421	179,538
Interest expense	-	-	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-	-	-	-
Conferences and meetings	2,322	-	-	-	-	-	166	-	4,246	6,734
Printing	-	-	-	-	-	-	-	-	-	-
Equipment leases	-	-	-	-	-	-	-	-	-	-
Insurance	19,887	-	-	3,294	-	29,001	-	1,654	-	53,836
Special events	-	-	-	-	-	-	-	-	-	-
Advertising	18,759	1,441	-	1,082	-	-	1,180	34,638	30,701	87,801
Fees and taxes	-	-	53,680	-	-	-	-	-	64,912	118,592
Computer services	-	-	-	-	-	-	-	-	1,341	1,341
Miscellaneous	6	-	238	-	-	-	4,104	-	4,586	8,934
Depreciation and amortization	72,159	-	-	-	-	26,776	-	25,434	15,043	139,412
TOTAL FUNCTIONAL EXPENSES	$ 2,072,604	$ 94,179	$ 62,551	$ 86,926	$ 52,469	$ 210,598	$ 46,436	$ 371,270	$ 870,747	$ 3,867,780

BENEVILLA AND SUSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2010

	Supporting Services					
	Management and General	Facilities Maintenance	Marketing	Fundraising	Total Supporting Services	Total Functional Expenses
Salaries	$ 474,261	$ 65,643	$ 129,628	$ 164,179	$ 833,711	$ 2,722,192
Payroll taxes	33,093	4,033	5,581	8,036	50,743	186,509
Employee benefits	147,516	5,614	1,839	27,889	182,858	362,391
	654,870	75,290	137,048	200,104	1,067,312	3,271,092
In-kind rent	-	-	-	-	-	195,204
Participant meals	-	-	-	-	-	477,919
Vehicle expenses	2,005	325	1,507	467	4,304	79,514
Supplies	41,410	240	6,558	13,888	62,096	334,905
Telephone	21,320	1,136	126	3,040	25,622	72,292
Occupancy	43,172	590	-	-	43,762	223,300
Interest expense	213,985	-	-	-	213,985	213,985
Postage	3,496	-	3,298	12,560	19,354	19,354
Conferences and meetings	1,602	-	-	205	1,807	8,541
Printing	62	-	1,944	27,104	29,110	29,110
Equipment leases	9,121	-	-	-	9,121	9,121
Insurance	8,351	-	-	-	8,351	62,187
Special events	-	-	21,352	50,045	71,397	71,397
Advertising	6,369	-	64,712	10,276	81,357	169,158
Fees and taxes	91,364	-	-	80,368	171,732	290,324
Computer services	642	-	196	11,592	12,430	13,771
Miscellaneous	63,996	-	110	-	64,106	73,040
Depreciation and amortization	227,666	-	-	-	227,666	367,078
	$ 1,389,431	$ 77,581	$ 236,851	$ 409,649	$ 2,113,512	$ 5,981,292

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

BENEVILLA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 146,024	$ 2,241,873
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	375,926	367,078
Donated property held for sale	-	(91,273)
Loss on disposal of assets	12,031	-
Change on discount on pledges receivable	-	(13,806)
Provision for doubtful accounts receivable	3,604	(3,419)
Net realized gains on investments	(41,022)	(64,473)
Net unrealized loss (gains) on investments	155,329	(17,460)
Change in value of charitable gift annuities liability	16,326	68,375
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	(51,884)	10,164
Grants receivable	(50,000)	-
Bequests receivable	13,709	52,744
Inventory	4,340	(14,753)
Prepaid expenses	(30,089)	2,046
Property held for sale	91,273	-
Assets restricted for capital campaign	(523,914)	(569,636)
Accounts payable	(114,733)	47,419
Accrued expenses	42,673	(4,158)
Net cash provided by operating activities	49,593	2,010,721
CASH FLOWS FROM INVESTING ACTIVITIES		
Use of cash restricted for employee education	-	94,086
Purchase of investments	(1,479,931)	(5,693,915)
Proceeds from sale of investments	1,661,344	3,204,564
Purchase of property and equipment	(118,099)	(92,254)
Net cash provided by (used in) investing activities	63,314	(2,487,519)

(Continued)

BENEVILLA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended December 31, 2011 and 2010

	2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit, net	$ (227)	$ -
Proceeds from notes payable	500,000	-
Proceeds from long term debt	3,615	-
Payments on long term debt	(966,242)	(160,625)
Collections from capital capital campaign pledges	548,806	386,350
Net cash provided by financing activities	85,952	225,725
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	198,859	(251,073)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	53,147	304,220
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 252,006	$ 53,147
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 172,129	$ 203,705

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Benevillla, formerly known as Sun City Area Interfaith Services, Inc. d/b/a Interfaith Community Care, was incorporated in the state of Arizona in May 1981. As of April 15, 2010, the Organization changed its d/b/a name to Benevilla. Benevilla was formed to meet the existing and emerging human service needs by promoting the physical, psychological, spiritual and social well being of aging individuals and their families so that they may develop and maintain dignity and independence. In doing so, these individuals will be afforded the opportunity to remain in their homes as long as possible. This is accomplished in cooperation with other agencies by adherence to the highest professional, moral, ethical, and spiritual standards. These services are provided primarily throughout the Sun City area and throughout the west valley of the greater Phoenix metropolitan area.

ICC Bistro and Catering, Inc. d/b/a Birt's Bistro (Birt's Bistro), was incorporated in the State of Arizona in 2009 and is 100% owned by Benevilla. Birt's Bistro, Inc. is a restaurant and catering business that is open to the public and also prepares meals for the day centers operated by Benevilla. Birt's Bistro issued 10,000 shares of common stock to the Organization.

ICC Child Care, LLC d/b/a Wirtzie's Child Development Center (Wirtzie's) was incorporated in the State of Arizona in 2009 and is 100% owned by Benevilla. Wirtzie's offers quality, affordable child care, infant care and preschool for children six weeks to 5 years old in Surprise, Arizona.

Consolidated Financial Statements

The consolidated financial statements include the accounts of Benevilla, ICC Bistro and Catering, Inc. and ICC Child Care, LLC (collectively referred to as the Organization). All of the financial activities and balances of these organizations are included in these consolidated financial statements. All significant interorganization accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements are presented in accordance with American Institute of Certified Public Accountants *Audit and Accounting Guide for Not-For-Profit Organizations* (Audit Guide). Under the Audit Guide, the Organization is required to report 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 as follows:

<u>Unrestricted Net Assets</u>
Unrestricted net assets are not subject to donor imposed stipulations and are those currently available at the discretion of the Board of Directors for use in the Organization's operations, in accordance with its bylaws. Temporarily restricted assets received and expended in the same year are classified as unrestricted.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Temporarily Restricted Net Assets
Temporarily restricted net assets are those which are subject to donor-imposed stipulations that will be met by the Organization and/or the passage of time.

Permanently Restricted Net Assets
Permanently restricted net assets are those which represent permanent endowments where it is stipulated by donors that the total aggregate contributions remain in perpetuity and a portion of total investment return is available as unrestricted or temporarily restricted, as per the endowment agreements.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted explicitly by donor stipulation or by law. Expirations of temporary restrictions on net assets, i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as reclassifications to unrestricted net assets.

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of 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.

Cash and Cash Equivalents

Cash and cash equivalents may, at times, include cash equivalents, which consist of highly liquid investments with original maturities of three months or less when acquired.

Accounts Receivable

Accounts receivable consist primarily of amounts due from various agencies and individuals and are unsecured. Accounts receivable are stated at the amount management expects to collect. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management provides for probable, uncollectible amounts through a charge to operations and a credit to a valuation allowance based on the assessment of the current status of individual balances. Management reviews all accounts receivable balances monthly and based on an assessment of creditworthiness, estimates the portion, if any, of the balances that will not be collected. The Organization considers all receivables past due over 90 days to be delinquent. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a decrease to accounts receivable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Unconditional promises to give (pledges receivable) are recognized as revenues in the period the promise is received and as assets, decreases of 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. Monies received pursuant to conditional promises are reflected as deferred revenue. Unconditional promises to give that are to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using rates as determined by management, applicable to the years in which the promises are received. Amortization of the discounts is included in contribution support. The carrying amount of pledges receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected.

Inventory

Inventory consists of food held for sale at Birt's Bistro and is carried at cost.

Investments

Investments, consisting primarily of equities and mutual funds with readily determinable market values are measured at fair value as of year-end in the consolidated statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) are recognized in the consolidated statements of activities and changes in net assets.

Property and Equipment

Purchased property and equipment are initially recorded at cost, and donated property and equipment are recorded at fair value at the date of the gift to the Organization. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Maintenance and repairs are charged to operations when incurred. Betterments and renewals in excess of $500 and leasehold improvements in excess of $1,000, are capitalized. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation and amortization accounts are relieved, and any gain or loss is included in operations. Depreciation and amortization is provided using the straight-line method over the respective useful lives of the assets, which range from 3 to 40 years. Leasehold improvements are amortized over the shorter of the useful lives of the improvements or the lease terms.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators were present at December 31, 2011 and 2010.

Contributions

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 restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished or a donor removes a restriction), temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

Participant Fees

Participant fee revenues consist of government reimbursements at contracted rates and individual pay for the adult day care center program. Participant fees are recognized when services are provided and earned.

Donated Services and Material

Donated materials are recognized as contributions if the services (a) create or enhance non-financial assets; or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. The Organization utilizes the services of volunteers to perform a variety of tasks that assist the Organization with specific programs. This support has not been recorded, as it does not meet the recognition criteria. However, the Organization has estimated the number of volunteer labor hours to be approximately 32,896 and 30,476 for the years ended December 31, 2011 and 2010, respectively, which include the day centers, home services, administrative, reception, social work and other programs.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expense totaled $67,226 and $169,158 for the years ended December 31, 2011 and 2010, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expense

Expenses are charged to program services and management and general categories based on direct expenditures incurred. Expenditures not directly chargeable are generally allocated based on personnel activity.

Income Tax Status

Benevilla qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code), and accordingly, there is no provision for corporate income taxes in the accompanying consolidated financial statements. In addition, Benevilla qualifies for the charitable contribution deduction under Section 170 of the Code and has been classified as an organization that is not a private foundation. Income determined to be unrelated business taxable income (UBTI) would be taxable.

ICC Bistro and Catering, Inc. is taxed separately as a for-profit corporation at the Federal and State income tax rates. Deferred income taxes are provided on temporary differences between financial statement and income tax reporting. Temporary differences are differences between the amounts of assets and liabilities reported for financial statement purposes and their tax bases.

Deferred tax assets are recognized for temporary differences that will be deductible in future years' tax returns and for operating loss and tax credit carryforwards. Deferred tax assets are recognized only if it is more likely than not that a tax position will be realized or sustained upon examination by the relevant taxing authority. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information.

Deferred tax assets are reduced by a valuation allowance if it is deemed more likely than not that some or all of the deferred tax assets will not be realized. Deferred tax liabilities are recognized for temporary differences that will be taxable in future years.

ICC Child Care, LLC is a limited liability company incorporated in the State of Arizona which is a pass-through entity. All income or loss of this entity is reported at the Benevilla level.

The Federal and state income tax returns of the Organization for 2008, 2009, and 2010 are subject to examination by the Internal Revenue Service and state taxing authorities generally for three years after they were filed.

Reclassifications

Certain reclassifications have been made to the 2010 amounts to correspond to the 2011 consolidated financial statement presentation. Total net assets and changes in net assets for 2010 are unchanged as a result of the reclassifications.

NOTE 2 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of:

	2011	2010
Participant fees	$ 240,739	$ 246,777
Other receivables	84,788	26,866
Total accounts receivable	325,527	273,643
Allowance for doubtful accounts	(9,376)	(5,772)
Accounts receivable, net	$ 316,151	$ 267,871

NOTE 3 - BEQUESTS RECEIVABLE

Bequests receivable are recorded net of a discount to reflect the present value of future cash flows and are expected to be collected as follows:

	2011	2010
Amounts expected to be collected in:		
Less than one year	$ 17,289	$ 20,089
One to five years	10,909	21,818
Less discount to present value (discount rate of 5.0%)	(9,244)	(9,244)
	$ 18,954	$ 32,663

These amounts are presented on the consolidated statements of financial position as follows:

	2011	2010
Current portion of bequests receivable	$ 17,289	$ 20,089
Long-term portion of bequests receivable	1,665	12,574
	$ 18,954	$ 32,663

In 2003, the Organization was named a 9% income beneficiary for a period of ten years in a certain trust estate. The estimated income earnings on this estate are included in bequests receivable. After the ten years, the Organization becomes a 20% beneficiary of the remaining principal. Five additional entities were named beneficiaries and, if any of these organizations become defunct or lose their tax-exempt status, each remaining organization will receive a larger proportionate share. The amount that the Organization will ultimately collect is unknown; therefore, no amounts related to this promise to give (principal portion) are included in bequests receivable at December 31, 2011 and 2010.

NOTE 3 - BEQUESTS RECEIVABLE (CONTINUED)

In 2011, the Organization was named the beneficiary in an individual's will. The Organization is expected to receive approximately $200,000 upon the death of the donor. This amount has not been reflected in the accompanying consolidated financial statements.

NOTE 4 - INVESTMENTS

Investments consist of the following:

	2011	2010
Equities	$ 896,149	$ 1,105,403
Bonds	2,116,909	2,297,506
Money market	266,139	169,012
Arizona Community Foundation	48,552	51,548
Total	$ 3,327,749	$ 3,623,469

Investment income, gains, and losses presented on the consolidated statements of activities and changes in net assets are comprised of the following components:

	2011	2010
Realized gain	$ 41,022	$ 64,473
Unrealized gain (loss)	(155,329)	17,460
Interest and dividend income	172,083	32,062
Total	$ 57,776	$ 113,995

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring 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 measurements) 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.

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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 a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments

The Organization's investments are held in funds with Chase Investment Services. The fair value on these investments held by the Organization is readily available and is based upon unadjusted quoted market prices. Equity securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy.

The Organization also invests in the Arizona Community Foundation, Inc. (ACF) Pool. The fair value of these investments is based on its investment percentage in the investment pool. The ACF Pool is invested in cash, bonds and other investments. This investment is classified within Level 3 of the valuation hierarchy.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2011 and 2010:

	2011 Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Equities:				
U.S. large cap	$ 465,990	$ -	$ -	$ 465,990
U.S. mid cap	61,318	-	-	61,318
Non U.S. equities	368,841	-	-	368,841
Total equities	896,149	-	-	896,149
Bonds:				
U.S. corporate bonds	1,995,505	-	-	1,995,505
Government bonds	121,404	-	-	121,404
Total bonds	2,116,909	-	-	2,116,909
Arizona Community Foundation	-	-	48,552	48,552
Total assets at fair value	$ 3,013,058	$ -	$ 48,552	$ 3,061,610

	2010 Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Equities:				
U.S. large cap	$ 588,306	$ -	$ -	$ 588,306
U.S. mid cap	94,158	-	-	94,158
Non U.S. equities	422,939	-	-	422,939
Total equities	1,105,403	-	-	1,105,403
Bonds:				
U.S. corporate bonds	1,504,356	-	-	1,504,356
Government bonds	793,150	-	-	793,150
Total bonds	2,297,506	-	-	2,297,506
Arizona Community Foundation	-	-	51,548	51,548
Total assets at fair value	$ 3,402,909	$ -	$ 51,548	$ 3,454,457

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended December 31, 2011 and 2010.

	2011	2010
Balance, beginning of year	$ 51,548	$ 52,099
Realized and unrealized losses	(2,996)	(551)
Balance, end of year	$ 48,552	$ 51,548

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2011	2010
Land	$ 844,343	$ 844,343
Buildings	7,824,232	7,824,232
Office equipment and furniture	824,742	813,748
Vehicles	280,508	222,725
Leasehold improvements	152,497	160,763
	9,926,322	9,865,811
Accumulated depreciation and amortization	(1,597,189)	(1,266,820)
	$ 8,329,133	$ 8,598,991

Depreciation and amortization expenses charged to operations were $375,926 and $367,078 for the years ended December 31, 2011 and 2010, respectively.

NOTE 7 - ASSETS RESTRICTED FOR CAPITAL CAMPAIGN

The Organization has a capital campaign to raise funds to secure full funding (pay principal on outstanding debt) for the new facility and to support delivery of services and programs. Assets attributable to investment for long-term purposes consist of unconditional promises to give.

NOTE 7 - ASSETS RESTRICTED FOR CAPITAL CAMPAIGN (CONTINUED)

Total unconditional promises to give consist of:

	2011	2010
Pledges receivable before unamortized discount and allowance for uncollectibles	$ 512,000	$ 399,314
Less unamortized discount	(25,529)	(25,529)
Less allowance for uncollectibles	-	-
Net pledges receivable	$ 486,471	$ 373,785
Gross amounts due in:		
Less than one year	$ 339,458	$ 218,854
One to five years	172,542	180,460
Total	$ 512,000	$ 399,314

The estimated cash flows for the pledges receivable are discounted over the collection period using a discount rate as determined by management of 6%.

The Organization solicited pledges from members of the Board of Directors, as well as selected individuals in the community. Pledges receivable from Board members amounted to $146,659 and $215,302 at December 31, 2011 and 2010, respectively.

NOTE 8 - LINE OF CREDIT

The Organization has available a $650,000 line of credit with a bank, bearing interest at prime plus 1.00% (4.25% at December 31, 2011 and 2010), which matures on July 30, 2013. The outstanding balance on the line of credit was $631,773 and $632,000 at December 31, 2011 and 2010, respectively. The line of credit is collateralized by land and a building. Under the terms of this line of credit agreement, the Organization is required to satisfy certain restrictive debt covenants. Management believes the Organization was in compliance with all covenants as of December 31, 2011.

NOTE 9 – NOTES PAYABLE

Notes payable consist of the following:	2011	2010
Note payable to a board member in the amount of $100,000, semi annual interest only payments due, interest rate of 3%, balloon payment due March 2013, the note is unsecured.	$ 100,000	$ -
Note payable to a board member in the amount of $200,000, semi-annual interest only payments due, interest rate of 3%, balloon payment due February 2016, the note is unsecured.	200,000	-
Note payable to an individual in the amount of $200,000, semi-annual interest only payments due, interest rate of 3%, balloon payment due March 2014, the note is unsecured.	200,000	-
	$ 500,000	$ -

Future maturities of the notes are as follows:

2012	$ -
2013	100,000
2014	200,000
2015	-
2016	200,000
Total	$ 500,000
Less current maturities	(-)
Long-term maturities	$ 500,000

NOTE 10 – LONG-TERM DEBT

The Organization has a note payable with National Bank of Arizona with an original amount of $3,000,000 and is payable in monthly installments of $12,628. This note matures in September 2014 with interest payable monthly at 6.0%. This note is secured by a building. During 2011 and subsequent to year end, the monthly installment amounts were reduced by the bank to reflect the advance pay downs on the principal balance. The note payable had a total outstanding balance of $1,862,719 and $2,784,982 at December 31, 2011 and 2010, respectively.

NOTE 10 – LONG-TERM DEBT (CONTINUED)

Future maturities of this note are as follows:

2012	$ 38,916
2013	41,675
2014	1,782,128
Total	1,862,719
Less current maturities	(38,916)
Long-term maturities	$ 1,823,803

Under the terms of this debt agreement, the Organization is required to satisfy certain restrictive debt covenants. Management believes the Organization was in compliance with all covenants as of December 31, 2011.

NOTE 11 – CHARITABLE GIFT ANNUITIES

The Organization administers twelve charitable gift annuities. The assets contributed under the charitable gift annuities are carried at fair value and are included with investments. Contribution support is recognized at the date the annuities are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. Present values are calculated using discount rates determined at the time the annuities are established, which range from 7.3% to 11.3%, and actuarial table and guidelines are used for calculating the available deduction for income tax purposes. The liabilities are adjusted for the accretion of the discount and other changes in the estimates of future benefits. The present value of the estimated annuity payments associated with the gift annuities are as follows:

	2011	2010
Current portion of charitable gift annuities	$ 22,817	$ 16,627
Long-term portion of charitable gift annuities	74,094	63,958
	$ 96,911	$ 80,585

NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	2011	2010
Vehicles provided under Arizona Department of Transportation Elderly and Persons with Disabilities Grant	$ 19,544	$ 68,035
Capital Campaign (receivables and cash received to date)	530,707	555,599
Quality care services for developmentally disabled individuals	50,000	-
Cash available to assist employees with educational costs related to the organization	40,129	40,129
Interest on Bovard endowment	53,167	17,400
	$ 693,547	$ 681,163

Net assets of $713,383 and $646,322 were released from restriction during the years ended December 31, 2011 and 2010, respectively, related to the fulfillment of program and time restrictions.

NOTE 13 - PERMANENTLY RESTRICTED NET ASSETS

The Organization's endowments consist of several funds established to support a variety of charitable efforts of the Organization. Its endowments consist of donor-restricted funds where the principal is to be held in perpetuity. Investment income is restricted and is to be used to cover operating expenses of the Bovard building.

During 2011, the Organization contacted the Attorney General to grant permission to release old and small permanently restricted donor funds per state law. During the year ended December 31, 2011, $40,000 of donor funds were released from restriction and used for operations.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Consequently, the Organization classifies permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

NOTE 13 - PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

The remaining portion of the donor-restricted endowment funds not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization's Board. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose 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 policies of the Organization

Endowment Net Asset Composition by Type of Fund as of December 31, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ 317,843	$ 53,167	$ 2,747,104	$ 3,118,114

Changes in endowment net assets for the year ended December 31, 2011 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 124,081	$ 17,400	$ 2,593,846	$ 2,735,327
Investment return:				
Investment income	-	35,767	-	35,767
Net appreciation	193,762	-	-	193,762
Total investment return	193,762	35,767	-	229,529
Contributions	-	-	193,258	193,258
Release of restrictions	-	-	(40,000)	(40,000)
Endowment net assets, end of year	$ 317,843	$ 53,167	$ 2,747,104	$ 3,118,114

NOTE 13 - PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

Endowment Net Asset Composition by Type of Fund as of December 31, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ 124,081	$ 17,400	$ 2,593,846	$ 2,735,327

Changes in endowment net assets for the year ended December 31, 2010 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 207,694	$ 207,694
Investment return:				
Investment income	-	17,400	-	17,400
Net appreciation	124,081	-	-	124,081
Total investment return	124,081	17,400	-	141,481
Contributions	-	-	2,386,152	2,386,152
Endowment net assets, end of year	$ 124,081	$ 17,400	$ 2,593,846	$ 2,735,327

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a mix of relevant benchmarks, while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return ranging between 4% to 7% annually.

NOTE 14 - REVENUE AND RECEIVABLE CONCENTRATION

The Organization received approximately 11% of their revenue from one government funder during the year ended December 31, 2011. The Organization received approximately 30% of their revenue from one donor during the year ended December 31, 2010.

Approximately 70% and 53% of the accounts receivable balance is due from two and three government funders as of December 31, 2011 and 2010, respectively.

Approximately 58% and 49% of the pledges receivable (assets restricted for capital campaign) balance is due from two and three donors as of December 31, 2011 and 2010, respectively.

NOTE 15 - DONATED FACILITIES

Amounts have been recorded for the use of facilities, which are used in the daily operating activities of the Organization. Facilities have been provided by St. Clement of Rome Catholic Church, First Baptist Church of Peoria, and Sun City West Foundation. Approximately $181,000 and $195,000 for 2011 and 2010, respectively, has been recorded in the consolidated statements of activities and changes in net assets related to the use of these facilities.

NOTE 16 - RETIREMENT PLAN

The Organization has a retirement plan that allows for employee contributions under Section 403(b) of the Internal Revenue Code (the Code). Eligible employees may elect to make contributions subject to the maximum amounts allowed by the Code. There were employer matching contributions of $45,009 and $41,642 for the years ended December 31, 2011 and 2010, respectively.

NOTE 17 – INCOME TAXES

A provision for federal and state income taxes has not been made in the accompanying consolidated financial statements as Birt's Bistro has incurred significant net operating losses since inception.

Birt's Bistro has recorded a 100% valuation allowance against its deferred tax asset (its net operating loss carryforward) due to the uncertainty as to whether Birt's Bistro will realize a substantial portion of the benefits of its deferred tax assets prior to their expiration. The valuation allowance against deferred tax assets increased by approximately $301,000 during 2011, to fully offset the increase in net operating loss carryforwards.

Birt's Bistro has federal and state net operating loss carryforwards of approximately $584,000 at December 31, 2011. The federal and state net operating losses begin to expire in various amounts starting in 2029 and 2014, respectively. Historical trends indicate that it is more likely than not that the deferred tax assets will not be realized. However, the amount of the deferred tax assets considered realizable could be increased if Birt's Bistro generates taxable income during the carryforward period.

NOTE 17 – INCOME TAXES (CONTINUED)

Birt's Bistro files income tax returns in the U.S. federal jurisdiction and one state. Birt's Bistro is subject to U.S. Federal or state income tax examinations by tax authorities for all years since 2009.

NOTE 18 - CONCENTRATION OF CREDIT RISK

The Organization maintains all of its cash with high-credit quality financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. The unlimited guarantee of non-interest-bearing transaction deposit accounts is over and above the $250,000 coverage on all deposit accounts. At times throughout the year, the Organization may have cash balances that exceed the balance insured by the FDIC.

NOTE 19 - COMMITMENTS AND CONTINGENCIES

The Organization participates in a number of federal and state-assisted grant and contract programs which are subject to financial and compliance audits. Accordingly, the Organization's compliance with applicable grant or contract requirements may be determined at some future date. The amount, if any, of expenditures or fees for units of service, which may be disallowed by the granting or contracting agencies cannot be determined at this time, although the Organization's management expects such amounts, if any, to be immaterial.

Pursuant to a lease agreement with the State of Arizona, the Organization is required to demolish and remove an old administrative building so as to restore the land to its original condition. The Organization is pursuing this service to be provided on an in-kind basis. Therefore, the amount of the costs cannot be reasonably estimated at his time, and as a result, no accruals have been recorded in the consolidated financial statements. However, management does not believe that the ultimate cost to be incurred for the demolition of the building to be material to the Organization. Subsequent to year end, the old administration building was demolished and removed and the land was restored to its original condition at no cost to the Organization.

NOTE 20 - SUBSEQUENT EVENTS

Management evaluated subsequent events through June 19, 2012, the date the consolidated financial statements were available to be issued. Events or transactions occurring after December 31, 2011, but prior to June 19, 2012, that provided additional evidence about conditions that existed at December 31, 2011, have been recognized in the consolidated financial statements for the year ended December 31, 2011. Events or transactions that provided evidence about conditions that did not exist at December 31, 2011, but arose before the consolidated financial statements were available to be issued have not been recognized in the consolidated financial statements for the year ended December 31, 2011.

SUPPLEMENTARY INFORMATION

BENEVILLA AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2011

ASSETS

	Benevilla	Birt's Bistro	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 232,913	$ 19,093	$ -	$ 252,006
Cash restricted for employee education	40,129	-	-	40,129
Accounts receivable, net of allowance	911,905	9,792	(605,546)	316,151
Grants receivable	50,000	-	-	50,000
Bequests receivable	17,289	-	-	17,289
Inventory	-	10,413	-	10,413
Prepaid expenses	51,500	-	-	51,500
Total current assets	1,303,736	39,298	(605,546)	737,488
BEQUESTS RECEIVABLE, less current portion and net of unamortized discount	1,665	-	-	1,665
INVESTMENTS	3,327,749	-	-	3,327,749
PROPERTY HELD FOR SALE	11,377	-	-	11,377
PROPERTY AND EQUIPMENT, NET	8,311,310	17,823	-	8,329,133
ASSETS RESTRICTED FOR CAPITAL CAMPAIGN				
Cash	44,236	-	-	44,236
Pledges receivable, less unamortized discount	486,471	-	-	486,471
Total assets restricted for capital campaign	530,707	-	-	530,707
TOTAL ASSETS	$ 13,486,544	$ 57,121	$ (605,546)	$ 12,938,119

LIABILITIES AND NET ASSETS

	Benevilla	Birt's Bistro	Eliminations	Total
CURRENT LIABILITIES				
Accounts payable	$ 128,552	$ 628,772	$ (605,546)	$ 151,778
Accrued expenses	197,794	12,784	-	210,578
Current maturities of long-term debt	38,916	-	-	38,916
Current maturities of charitable gift annunities	22,817	-	-	22,817
Total current liabilities	388,079	641,556	(605,546)	424,089
LINE OF CREDIT	631,773	-	-	631,773
NOTES PAYABLE	500,000	-	-	500,000
LONG-TERM DEBT, less current maturities	1,823,803	-	-	1,823,803
CHARITABLE GIFT ANNUNITIES, less current maturities	74,094	-	-	74,094
Total liabilities	3,417,749	641,556	(605,546)	3,453,759
NET ASSETS				
Unrestricted	6,628,144	(584,435)	-	6,043,709
Temporarily restricted	693,547	-	-	693,547
Permanently restricted	2,747,104	-	-	2,747,104
Total net assets	10,068,795	(584,435)	-	9,484,360
TOTAL LIABILITIES AND NET ASSETS	$ 13,486,544	$ 57,121	$ (605,546)	$ 12,938,119

See independent auditor's report.

BENEVILLA AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2011

	Benevilla	Birt's Bistro	Eliminations	Total
Contributions	$ 2,255,697	$ -	$ -	$ 2,255,697
Participant fees	2,556,555	-	-	2,556,555
In-kind contributions	197,486	-	-	197,486
Grants	946,927	-	-	946,927
Interest and dividend income	172,083	-	-	172,083
Unrealized/realized loss	(114,307)	-	-	(114,307)
Change in value on gift annuities	(16,326)	-	-	(16,326)
Food sales	27,713	799,204	-	826,917
Loss on disposal of assets	(12,031)	-	-	(12,031)
Other income	107,188	10,062	-	117,250
Total support and revenue	6,120,985	809,266	-	6,930,251
EXPENSES				
Program Services				
Day Care	2,311,321	-	-	2,311,321
Family resource center	141,823	-	-	141,823
Lifeline	73,862	-	-	73,862
Home services	89,349	-	-	89,349
Intake	97,463	-	-	97,463
Transporation	294,523	-	-	294,523
Volunteer recruitment and training	89,551	-	-	89,551
Child care center	714,906	-	-	714,906
Food services	191,611	1,097,401	-	1,289,012
Total program services	4,004,409	1,097,401	-	5,101,810
Supporting Services				
Management and general	807,848	13,150	-	820,998
Facilities maintenance	80,950	-	-	80,950
Marketing	220,299	-	-	220,299
Fundraising	560,170	-	-	560,170
Total supporting services	1,669,267	13,150	-	1,682,417
Total expenses	5,673,676	1,110,551	-	6,784,227
CHANGES IN NET ASSETS	447,309	(301,285)	-	146,024
NET ASSETS (DEFICIT), BEGINNING OF YEAR	9,621,486	(283,150)	-	9,338,336
NET ASSETS (DEFICIT), END OF YEAR	$ 10,068,795	$ (584,435)	$ -	$ 9,484,360

See independent auditor's report.